



# **PLANNING COMMISSION**

## **AGENDA REPORT**

MEETING DATE: JULY 22, 2024

ITEM NUMBER: PH-1

**SUBJECT: ORDINANCE ADOPTION FOR A FIRST AMENDMENT (DA-20-05) TO THE AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA DEVELOPMENT AGREEMENT (DA-94-01) TO ALLOW FOR A 20 YEAR TIME EXTENSION THAT WOULD EXPIRE OCTOBER 31, 2044; TO AMEND PROVISIONS PERTAINING TO THE RATE AND METHODOLOGY FOR CALCULATING TRAFFIC IMPACT FEES; AND, TO AMEND PROVISIONS RELATED TO THE SETBACK OF A FUTURE PARKING STRUCTURE; LOCATED AT 3333 FAIRVIEW ROAD**

**FROM: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/  
PLANNING DIVISION**

**PRESENTATION BY: CHRISTOPHER ALDANA, ASSISTANT PLANNER**

**FOR FURTHER INFORMATION CONTACT: CHRISTOPHER ALDANA, ASSISTANT PLANNER  
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### **RECOMMENDATION:**

Staff recommends the Planning Commission adopt a Resolution to:

1. Find, pursuant to CEQA Guidelines Section 15162, that the project is within the scope of the June 20, 1994-certified Final Environmental impact Report (EIR) #1045 (State Clearinghouse No. 94021036) for the Auto Club Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project and no new mitigation measures are required. Therefore, the 1994 FEIR for the Automobile Club Expansion project is determined to be adequate to serve as the environmental documentation for this project, that no further environmental review is required, and that all requirements of CEQA are satisfied; and
2. Adopt Resolution 2024-XX recommending City Council approval of the first amendment (DA-20-05) to the Automobile Club of Southern California Development Agreement (DA-94-01) by adopting an ordinance to allow for a 20-year time extension until October 31, 2044; to amend provisions pertaining to the rate and methodology for calculating traffic impact fees; and, to amend provisions related to the setback of a future parking structure.

**APPLICANT OR AUTHORIZED AGENT:**

The applicant and authorized agent is Jennifer J. Farrell, Esq., representing the property owner, Interinsurance Exchange Automobile Club of Southern California.

**BACKGROUND:**

The Automobile Club of Southern California (AAA) has operated at 3333 Fairview Road since the 1980s. The site operates and is developed with AAA office and support services that were approved pursuant to Development Review (DR-80-05). The AAA site is a 29.5-acre lot subdivided in 1979 as Parcel 1 of Parcel Map No. 79-381 and an adjacent 9.7-acre site to the west that was later subdivided in 1994 as Parcel 2 of Parcel Map No. 94-120.

**Exhibit 1 – Vicinity Map**

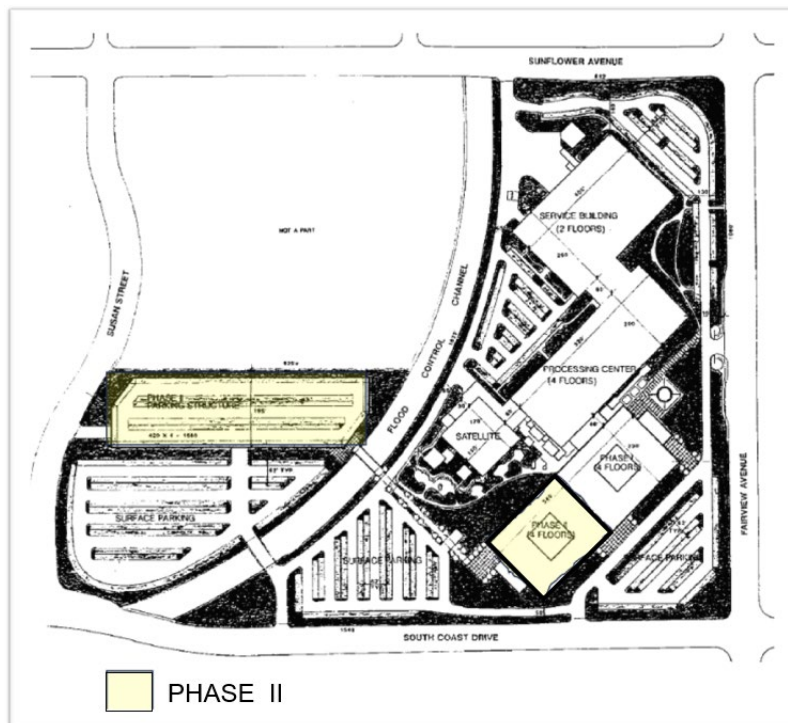


In 1994, the City of Costa Mesa approved a series of applications for the development of the subject property. These approvals include:

- 1) Final Environmental Impact Report #1045;
- 2) General Plan Amendment (GP-94-01A) to redesignate the subject property and the adjacent 9.7-acre parcel from Industrial Park and Medium Density Residential to Urban Center Commercial;
- 3) Rezone (R-94-01) to change the subject property from Industrial Park (MP) and Planned Development Residential-Medium Density (PDR-MD) to Planned Development Commercial (PDC);
- 4) Planning Action (PA-94-15) for a final development plan for a 500,000-square-foot expansion of the existing Automobile Club facility with four-level parking structure with conditional use permit to reduce vehicle trips through a transportation demand management program;
- 5) Tentative Parcel Map (S-94-120) to divide the northerly portion of the Segerstrom Home Ranch site into three parcels to accommodate the proposed project; and
- 6) Development Agreement (DA-94-01)

Exhibit 2, below, depicts the existing site plan along with the 1994-approved expansion.

**Exhibit 2 – DA-94-01 Approved AAA Site Plan**



As indicated above, the 1994 entitlements included a 500,000 square-foot expansion that was planned to occur in two phases. Each phase was to consist of an approximate 250,000 square foot building. Additionally, a four-level 1,840 space parking structure is approved on the adjacent 9.7-acre parcel. To date, AAA has completed Phase I improvements, which total 235,825 square feet of the 500,000-square-foot expansion. This square footage is located in a four-story office building situated south of the existing processing center. Additionally, the 9.7-acre parcel to the west, which has a driveway along Susan Street, has been improved and is utilized as a surface parking lot for AAA employees. This surface parking lot is fenced and is accessed internally by a 40-foot-wide bridge that connects the main AAA facility. The remaining Phase II improvements are shown in yellow-shading on the below Exhibit 2.

The original development agreement (DA-94-01) provided for a 30-year timeframe in which to develop the project. This term will expire on October 31, 2024 unless extended. AAA is in full compliance with all terms of the Development Agreement for the square footage that has been constructed to date, which includes payment of traffic impact fees and Transportation Corridor fees.

In recent years, AAA management has contemplated consolidating their southern California regional operations to their Costa Mesa facility. The square footage that remains to be built pursuant to the Development Agreement is believed to be adequate to accommodate this consolidation. In 2023, AAA approached the City with a request to extend the Development Agreement by 20 years starting on November 1, 2024 to October 31, 2044, in order to accommodate their consolidation plans. During conversations with the applicant, City staff requested additional updates to terms of the development agreement that include the payment of traffic impact fees, and consideration of the setback of the future parking structure from the adjacent residential community, which was contemplated in the original project approval. The applicant was amenable to these updates and has included them in their application.

### **SETTING:**

The project site is located north of South Coast Drive, east of Susan Street and west of Fairview Road. Sunflower Avenue, which is located north of the site, separates the City of Costa Mesa from the City of Santa Ana. The project site consists of two parcels that are bisected by the Greenville Banning Channel. The larger parcel is located east of the channel, is 29.5 acres in size, and is improved with a four-story, 310,000 sq. ft. processing center, a 2-story, 130,000 sq. ft. service building, a one-story, 27,000 sq. ft. satellite building, and a 235,000 sq. ft. (Phase I) office building (approximately 702,825 sq. ft. total). The smaller parcel is 9.7 acres in size and is used as a surface parking lot. The project site is designated Urban Center Commercial (UCC) and is zoned Planned Development Commercial (PDC).

### Exhibit 3 – Aerial Image of AAA Site and Surrounding Uses



As shown above in Exhibit 3, properties located across Sunflower Avenue are improved with a gas station, Calvary Chapel Church/High School, and a United States Post Office. Adjacent to and north of the smaller parcel, is a residential community developed in 2003. This residential property is zoned Medium-Density Planned Residential Development (PDR-MD) and consists of detached single-family homes, attached townhomes and condominiums. Located east of the subject property (i.e., across Fairview) is a Medium-Density Planned Residential Development (PDR-MD) zoned property that is developed with a residential neighborhood consisting of two-story detached single-family homes (Wimbledon Village). The property located to the south (across South Coast Drive) is designated for commercial use and is zoned Planned Development Commercial (PDC). This property is a component of the Segerstrom Home Ranch development, which is entitled for future office space and a new fire station. This property is approximately 45 acres in size with 7.5 acres improved with a home, office space for the Festival of Children Foundation, and agriculture support buildings. The remainder of the property is used for agriculture. To the west, across Susan Street, is a 13.78-acre site that is currently improved with a multi-tenant office building and a sports field previously used by the Los Angeles Chargers. The City is currently processing a planning application to redevelop this site with a 1,050 unit apartment complex known as “Hive Live.”

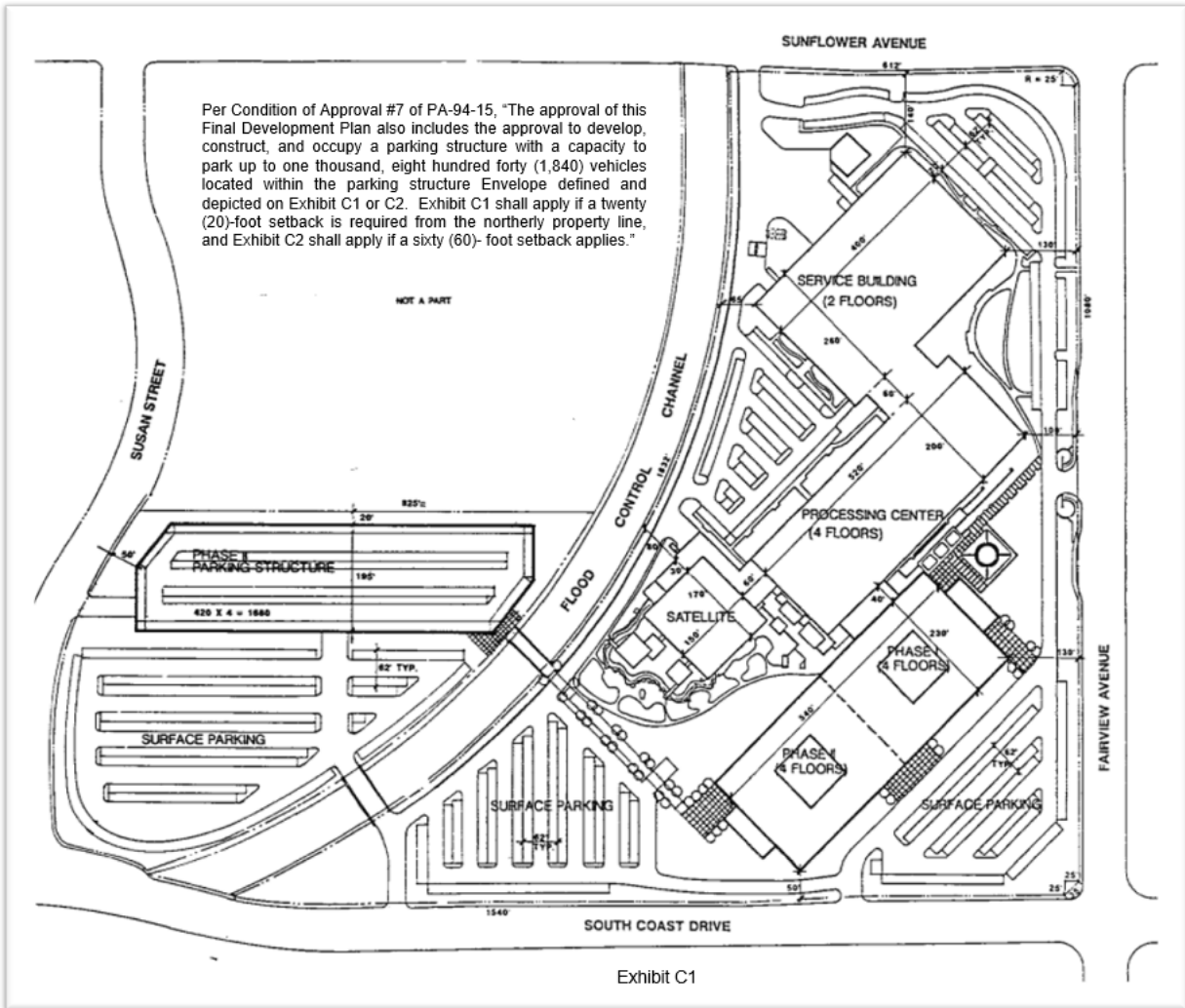
## **REQUEST:**

In support of their long-term plans to consolidate regional business operations in Costa Mesa, AAA proposes the following revisions to the Development Agreement (see Attachment 6):

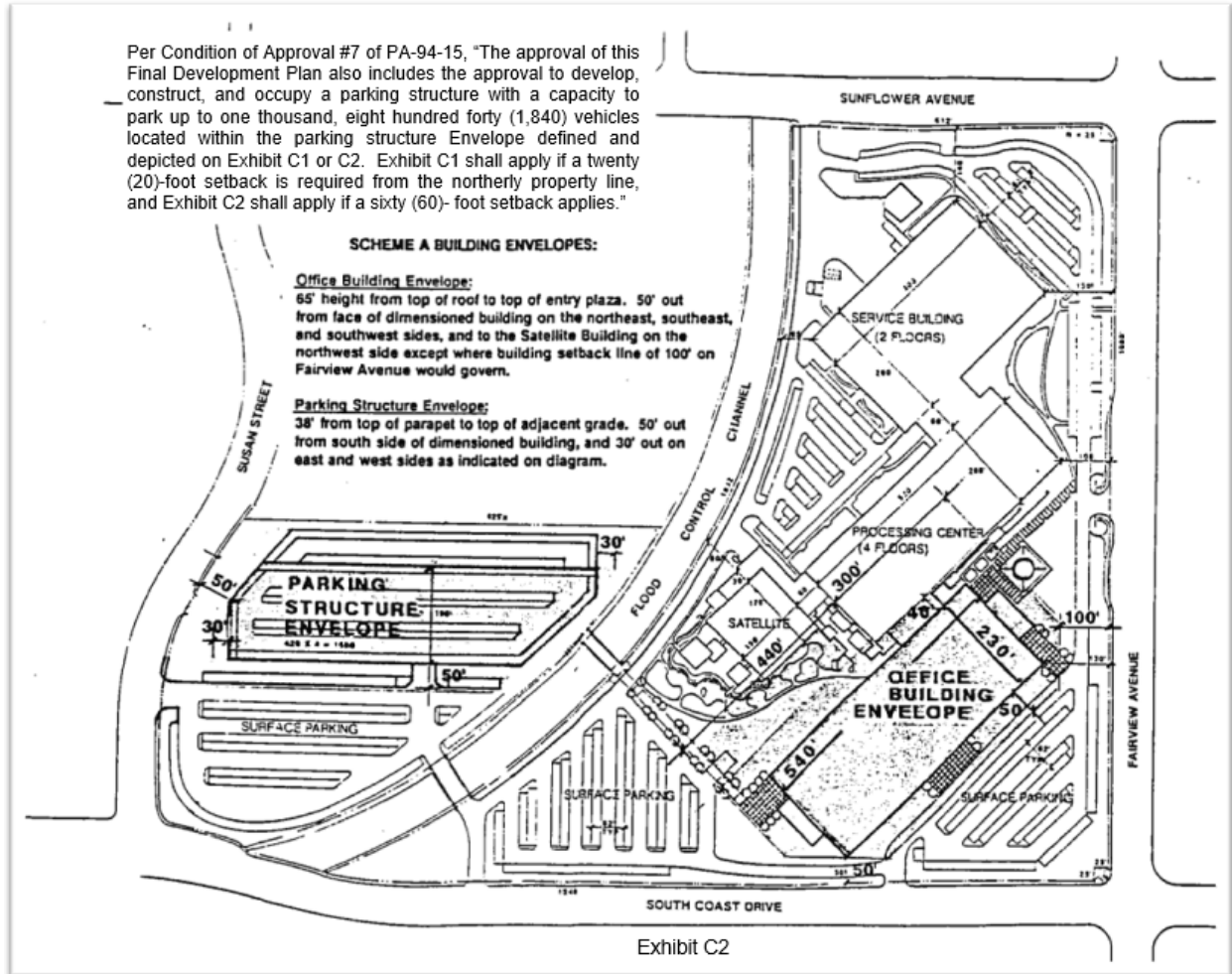
1. Page 2, Section 2: Change the expiration year from 2024 to 2044. This will extend the Development Agreement for an additional 20 years, commencing on November 1, 2024 and terminating on October 31, 2044.
2. Page 3, Section 6 (a): Update the average daily vehicle trip “ADT” multiplier from .00718 to .00989. This change reflects the current Institute of Transportation Engineers (ITE) trip generation factor for office land uses.
3. Page 4, Section 6 (b): Update the Traffic Impact Fee from \$228 to \$235, or the current rate at time of development, whichever is less. This change is necessary to reflect the City’s current adopted fee.
4. Page 3, Section 5 (e): Specify that the Phase II parking structure shall be proposed a minimum of 60 feet from the existing residential uses located to the north of the smaller parcel to improve land use compatibility.
5. Other non-substantive numbering, references, and/or formatting edits to clarify intent and implement the proposed changes.

As summarized above, the intent of the proposed DA amendment will allow AAA an additional 20 years to complete the previously approved development. In addition, the amendment includes a modification to the project average daily vehicle trip multiplier to update the traffic study conducted more than 20-years ago to current anticipated office use trip demand. Consistent with language in the current DA, the proposed amendment also updates the project traffic impact fee to reflect the City’s current fee rate. Lastly, when the original project DA was approved, the adjacent parcel to the north of the subject property was unimproved with no development contemplated. At that time and in consideration of potential development compatibility of the site, two project exhibits were provided (see Exhibits 3 and 4 below) showing either a 20-foot or a 60-foot setback from the proposed AAA parking garage to the north property line of the adjacent vacant property. As stipulated in the AAA entitlements, the greater of the two setback distances is to be used if the adjacent property is developed with residential. This distance was adopted as a mitigation measure within the final EIR and was included as Condition of Approval #7 within PA-94-15. Since the neighboring site has now been developed with residential, language within the first amendment to the development agreement is proposed to clarify that a minimum 60-foot setback from the adjacent residential property to the proposed parking garage is required.

### Exhibit 3 – Illustration of the 20' North Parking Structure Setback



## Exhibit 4 – Illustration of the 60-Foot North Parking Structure Setback



### JUSTIFICATIONS FOR APPROVAL:

#### *Amendment to Development Agreement*

Pursuant to City Council Resolution No. 88-53, Development Agreement Procedures and Requirements, and Government Code Section 65865(c), staff recommends approval of the requested amendments, based on the following assessment of facts and findings, which are also reflected in the draft Resolution:

- *The Development Agreement between the City of Costa Mesa and Developer is:*
  - *Consistent with the objectives, policies, general land uses and programs specified in the General Plan and with the General Plan as a whole;*
  - *Compatible with the uses authorized in, and the existing land use regulations prescribed for, the zoning district in which the real property is and will be located; and*



- Is in conformity with and will promote public convenience, general welfare, and good land use practice.

The proposed first amendment to the development agreement is consistent with General Plan policies and objectives, primarily objective LU-6C, in that the long-term build-out of the AAA office campus will support the retention and expansion of the City's employment base with diverse and quality employment opportunities. Additionally, the City's Land Use Element specifies that the "Urban Center Commercial" Land Use District is intended to "allow for high-intensity mixed-use commercial development within a limited area" and identifies that one of the four major developments located within the Urban Center Commercial Land Use District is the "Automobile Club of Southern California". The proposed development is also compatible with the existing land uses located north of Interstate 405 which includes larger developments such as South Coast Plaza, Metro Pointe, IKEA and the Segerstrom Center for the Arts. Lastly, AAA has operated from this site since 1980 without any impacts to surrounding uses, including the nearby residential developments.

- The Development Agreement between the City of Costa Mesa and Developer will not:
  - Be detrimental to the health, safety and general welfare; and
  - Adversely affect the orderly development of property or the preservation of property values.

This AAA headquarters has operated at the site since 1980 and there have been no incompatibilities with the surrounding uses. The proposed use, size, and intensity of the project is consistent with the existing development within the general area located north of the 405 freeway, and would not be detrimental to the health, safety, and general welfare of the community. There are no modifications proposed to the site's previously entitled development intensity and only minor considerations are proposed to improve the site's physical layout to avoid potential impacts to nearby residential development. As such, the extension of the DA will not be detrimental to the health, safety and general welfare, or adversely affect the orderly development of property or the preservation of property values.

#### **ENVIRONMENTAL DETERMINATION:**

Pursuant to CEQA Guidelines Section 15162 this project remains within the scope of the June 20, 1994 certified Final Environmental Impact Report (FEIR) #1045 (State Clearinghouse No. 94021036) for the AAA Expansion project. The effects of the project were examined in the 1994 FEIR, and all feasible mitigation measures and alternatives developed in the 1994 FEIR are incorporated into this project, and no new mitigation measures are required. Therefore, the 1994 FEIR for AAA Expansion project is determined to be adequate to serve as the environmental documentation for this

project, no further environmental review is required, and that all requirements of CEQA are satisfied.

### **ALTERNATIVES:**

Other than the recommended action, the Planning Commission may consider the following alternatives:

1. Recommend Approval of the project with modifications. The Planning Commission may suggest specific changes for City Council consideration that are appropriate to alleviate concerns or improve the project.
2. Recommend Denial of the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must recommend denial of the application, provide facts in support of the denial recommendation, and direct staff to forward the denial recommendation to the City Council.

### **LEGAL REVIEW:**

The draft Resolution has been approved as to form by the City Attorney's Office.

### **PUBLIC NOTICE:**

Pursuant to CMMC Section 13-29(d) 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.

In response to the public notice, staff has received one comment letter (see Attachment 8). The commentor requested additional information from staff relating to the proposed parking structure location. Staff spoke with the commentor by phone and addressed their questions. The commentor then indicated to staff that they had no concerns.

Public comments received after the Planning Commission Agenda is published can be viewed at this link: <https://costamesa.legistar.com/Calendar.aspx>

**CONCLUSION:**

An Ordinance for DA 94-01 was adopted by the City Council in 1994 and included a 30-year time frame for completion. Unless extended, the DA will expire on October 31, 2024. As approved, the AAA development consists of two phases of which only Phase I has been completed. AAA is now interested in completing the second phase of the approved entitlements to consolidate regional operations in Costa Mesa. Beyond extending the date of expiration, updating the rate and method of calculating traffic impact fees, and modifying language pertaining to the location of a future parking structure, there are no changes to the DA agreement. Staff is in support of the proposed first amendment because the extended term will retain a large local employer, allow the City the opportunity to benefit from the remaining traffic impact fees which would be used on road improvement projects, and the development will create additional quality employment opportunities. Finally, the proposal is in conformance with the City's General Plan.