



MINUTES

SAN MARCOS CREEK SPECIFIC PLAN OVERSIGHT COMMITTEE MEETING

VALLEY OF DISCOVERY ROOM
CITY HALL, 1 CIVIC CENTER DRIVE
SAN MARCOS, CALIFORNIA
MONDAY, APRIL 24, 2017 – 6:00 PM

CALL TO ORDER: Steve Kildoo (Chair) called the meeting to order at 6:05 pm.

PRESENT: COMMITTEE MEMBERS: Arnold, Garcia, Harris, Hayes, Hyde, Kildoo, Simmons, Smith, Tilton, Zahl

ABSENT: COMMITTEE MEMBER: Caltabiano, Crews, Ferguson, Morelos, Russo
(Called in via Phone Conference: Caltabiano, Crews)

PRESENT: CITY STAFF: Development Services Director Lynch, Planning Manager Brindley, Sr. Management Analyst Herzog, Office Specialist III Kiss, Economic Development Manager Radmill; CITY CONSULTANTS: Michael Baker International (MBI): Dan Wery, Shane Burkhardt and Howard Blackson; OTHERS: Mark Schiel/SMUSD, Michael Hunsaker, Eric Matson, Janet Brotherton, Ryan Huff, Ash Hayes, Jim Hernandez (arrived late)

1. Welcome – Handouts, Meeting Overview

Dan Wery/MBI: Distributed various handouts and discussed meeting overview.

2. Approval of Minutes – 3/27/17

MOTION: SMITH MOVED TO APPROVE THE MINUTES AS PRESENTED; SECONDED BY ZAHL AND CARRIED BY A UNANIMOUS VOTE.

3. Framework Principles – Conceptual Land Use Alternatives

Wery: PowerPoint presentation shown and discussed.

Lynch: Announced that the presentations and handouts would be available on City website.
(Kelly Crews joined meeting via phone conference call).

Wery: Stated their purpose is to help develop, guide and evaluate three conceptual land use alternatives for the Specific Plan (SP) which will be previewed at the meeting.

Blackson: Added that they'll talk about the pattern of development based upon the retail re-evaluation.

Wery: Discussed Framework Principle Handout. They've extracted nine principles from existing plan and added five new for the updated plan. The vast majority of the plan remains sound and relevant.

Harris: Asked for clarification, #1-9 has to do with aesthetics and attractiveness. Wants to confirm that the Committee won't be diving into architecture or landscaping. Need to make sure they focus on the things they need to recommend.

Kildoo: Commented that between now and June 27th, it's a level they won't have time to get into. The original plan does have some detail.

Harris: Pointed out that the builders won't be coming to the Committee for approval.

Tilton: Mentioned item #1, and what's missing was the goal of it being the nicest place in the City. Suggested adding "worthy of the center of San Marcos." At the last meeting, he remarked that 150,000 s.f. of commercial retail is about what the district could handle and some people misconstrued that. He doesn't think the Committee should be interested in architecture. Feels it would be easy to under park the community, especially if it's more than a place where people live. His concern will be making sure they demand more parking. It's needed particularly in townhouse type developments.

Blackson: Commented if you want to create a pedestrian oriented, mixed-use place, the configurations, orientation and function use of the building and how it fronts the street, does facilitate walkability, bikeability, and less auto-oriented places, he does consider that part of the task and not just aesthetics. Development standards say the building and parking will be here, there will be this many floors, etc.

Harris: Indicated that's not what he was referring to. They'll look at the entitlements and configurations.

Kildoo: It tells the builder what standards they're trying to meet. Asked if any questions regarding the first nine items.

Tilton: Someone had suggested creating a special place, perhaps an entertainment district that coincides with the other side of San Marcos Blvd. at the end of Las Posas Rd.

Kildoo: Recalls early talk about arts, design or entertainment specialty districts. They want to create an opportunity to make it a regional draw.

(Michael Caltabiano joined meeting via phone conference call).

Wery: Discussed principles for updated plan. Plan needs to be flexible, realistic and respond to market changes. Overall it's a solid plan.

Blackson: The entitlement process needs to be predictable. Recommend Committee adds "predictable" to #5.

Arnold: Recalled in the last SP, they looked at financing and it formed the basis of land use densities and types and whether they generated enough tax revenue to pay for improvements. Asked if there's a component of that, which they're looking at putting into new plan, and how much effort should be put into that.

Wery: Indicated the study will lay the foundation for that. Plan has implementation chapter. Some strategies are still there, but redevelopment is unavailable.

Arnold: Inquired if they'll need to go to General Fund to get money. There are a lot of public improvements needed. Need to look at Financing and how it impacts the plan. Suggested it be added, maybe to #1.

Blackson: Recommended adding "Phasing" as #6.

Kildoo: Added that the financial side is critical. If plan doesn't pay for itself, it doesn't pencil and won't happen.

Wery: Explained that the CEQA limits set an umbrella that the plan must operate under. The plan has very high thresholds and allows for considerable flexibility. They approved so much intentionally and that was the strategy, to approve as much as they could with original plan, based on capacity of road network. Didn't want to have to come back, amend and ask for more. Reminded Committee that the limits are 2,300 dwelling units, 1.265M s.f. of retail and 589,000 s.f. office. Reductions in retail and office would equate to roughly 10,000 additional dwelling units (not recommended- just for comparison purposes). Retail generates many more trips than residential and office.

Blackson: Added that the plan entitled this much, the CEQA study made an assumption. The EIR didn't study the maximum development capacity that they enabled, but what they thought would be a reality of build out over time. The amount of development will be limited and it will still be within what CEQA proposed.

Lynch: Commented that from a timing and process standpoint, the City doesn't want to go through another EIR. It's already been done, and the new proposals will have less impact. Need to keep that in mind, however, planning the right thing is primary, the EIR is secondary.

Wery: Added that it's a good thing there's a high bar and plenty of room to work with.

Harris: Inquired about new, residential greenhouse gas requirements.

Wery: The trips are half of what was originally anticipated. Displayed and discussed graphic: Number of acres, mixed-use, streets/R-O-W, parks and open space. The new plan would have a big increase in open space.

Tilton: Questioned if the area within the floodway is included in numbers.

Wery: Indicated the gray area pulls that out.

Tilton: Commented that he was surprised the example layout doesn't include the properties in floodplain (light blue). Those areas can be filled and then developed. The floodway can't be developed until other things happen.

Wery: Agreed the floodplain can be filled in and built, the floodway is where the water will go. They weren't certain when the build-up/levees would happen, so they're looking at a phased approach and what can be done now. If it gets resolved, there is more land and potential.

4. Retail Market Study Presentation

Burkhardt: PowerPoint presentation shown and discussed. Indicated they reviewed the London Group study, what types of stores, how much retail, projections, what can be supported now vs. over the next 5 years and at build out. There is some unmet consumer demand in the area. Need to better understand consumer base. Indicated they plan on running two different types of Pro-forma's.

Smith: Asked about the coordination with University District SP and San Marcos Blvd. focus area. Questioned how big a regional draw there will be.

Burkhardt: Indicated if not answered tonight, would be in final report. Continued presentation and discussed Methodology, Study Comparisons, Creek District SP Trade Area, City Trade Area, etc. Looked at trade area where City draws customer base. They analyzed demographics/market segmentation. Calculated surplus and leakage of retail demand and supply by retail store type. Discussed London Group vs. Michael Baker studies. London Group report is a little more conservative based on time of studies. MBI concurs with major findings of the London Group retail study. There is insufficient demand for retail and office space based upon current SP. The current retail vacancy rate is about 10.3% and anything beyond 6-7% is a potential problem. Current retail is not as strong as it could be. Will need to diversify types of households in Creek area and increase number of households to support retail. There's potential for 50,000 - 120,000 s.f. retail to be supported now. Carlsbad and Escondido are strong competitors.

Harris: Asked if it takes into consideration the growth of the University.

Burkhardt: Indicated the population models are based on past history. It's households and doesn't count students in dorms. Retailers look at household size, median age, income and projected annual growth in median income. Overall they are lower in the Creek SP Trade Area and this area won't be able to keep up with inflation. Retail changes quickly, and it's hard to make predictions - no one could have imagined Amazon Prime, etc. A grocery store needs 20,000 consumers to support it.

Harris: Asked if this considers all new development.

Burkhardt: They weren't able to run separate models for population projections. That's going to potentially change and it's been factored in.

Smith: Commented that the income average in San Marcos is pretty strong. Questioned how it could be below if the fifteen minute radius pulls in Carlsbad.

Burkhardt: Pointed out they're also using census statistics from the North and Escondido area. Retailers look at educational attainment and this area is lower. Demographic findings: Population expected to grow faster than US average but slower than the City (not counting SP), household size is smaller than City and North County, annual income is lower than City and US average and projected increase will be far outpaced by inflation, lower levels of education attainment and income.

Hyde: Commented there are a lot of retired there. Asked if it's based on what's there now.

Burkhardt: Yes, 2016, and is a relatively small area.

Harris: Inquired if the Creek Trade Area is the 2-mile radius of the Creek District.

Burkhardt: Correct. Discussed Market Segmentation, Retail Demand, Expenditures, Retail Supply and annual sales. Explained color-coded map and titles. City is capturing about 36% of overall sales. They removed Escondido car sales to even it out.

Harris: Questioned where the bulk is leaking to, if City is 36%, what is Carlsbad, Escondido or Vista?

Burkhardt: Indicated he can provide that information later. Restaurants are #1 in annual sales in San Marcos and the City is a regional hub for retail attracting consumers from other areas. Discussed Trade Capture and Leakages (losing sales to other areas), Emerging Opportunities, Expansion and Attraction Opportunities. City wide can support 400,000-425,000 s.f. of retail, with a quarter of that in Creek area. Largest leakage is clothing stores, general and department stores. Creek Trade Area could support 53,000-117,000 s.f. retail space. Smaller establishments could be supported such as shoe stores, music, drinking places, jewelry, luggage and leather stores. Discussed three Trade Area Projections 2021: 1). No growth, 2). 2,300 dwelling units, 3). 3,600 dwelling units.

Lynch: Asked the average size of a Little Italy project.

Burkhardt: Clothing store is about 1,500-2000 s.f. Trader Joes also has smaller models.

Harris: Inquired if numbers/projections given go into the next component of discussion.

Blackson: Yes.

Harris: Asked about the 275,000 s.f. retail supported with 3,600 dwelling units and whether its s.f. would go up if looking at City Trade Area.

Burkhardt: Not necessarily, depends on type of retail and their trade area. If destination retail, it can locate anywhere.

5. Preliminary Conceptual Land Use Alternatives

Wery: Continued with presentation and displayed original plan layout. Indicated they're trying to live within perimeters of the Engineering Master Plan that's been permitted, with Army Corp and

Wildlife Agency approval, infrastructure improvements, bridges, etc. That trimmed off a good chunk, 15-20% of project. Explained the layers of the Specific Plan and pointed out areas that were lost. Stated they can't do anything in the floodway that will change the conveyance of water, but can build in the floodplain with caveats. The water would need to go somewhere and there is no plan or schedule for those improvements, so about 56 acres of blocks can be worked with now.

Blackson: Previously it was about 80 acres.

Kildoo: Expressed that the Committee anticipated the existing buildings along San Marcos Blvd. would be the last to be built.

Blackson: Commented that there are only two spots that aren't built on that aren't in a floodplain and City has already built two affordable projects.

Kildoo: Added that some areas on the interior have been taken out that the Committee thought would have roads to create momentum, and drive the old properties to rebuild new.

Blackson: Indicated that has been lost and there are now three scenarios to work with.

Tilton: Feels the reason you don't have buildings in the floodplain is because of the uncertainty if not allowed to flood, you could overtax another area.

Wery: Agreed, any properties that aren't raised, if you try to build one block, the water would go down to the neighbor property.

Kildoo: The Committee's understanding was, as the creek was levied to create the channel, dirt would be moved up. Without the culvert, you can't channel creek.

Wery: The levee makes improvement in one area, but it must go all the way down.

Kildoo: Committee thought that was the plan.

Blackson: Explained that it's a big change. (Pointed out how the floodway goes around and splits at Hwy. 78 and then re-enters the site).

Tilton: Indicated they all knew that. He believes the confusion is MBI is concentrating on what can be done immediately, where the Committee is more concerned about the project's totality. Asked if floodway/floodplain would be eliminated when culvert at Hwy. 78 is done.

Blackson: Replied yes, because they're connected, but can't rely on that to happen.

Wery: Commented that fixing Hwy. 78 would eliminate the split flow floodway but the floodplain would still require levees and improvements.

Kildoo: Stated that was always the core of what they're doing.

Wery: That was Phase 1 Implementation Plan.

Blackson: Pointed out it's not a near-term planned facility to take that on. It's a Caltrans facility and issue.

Harris: Committee needs to look at what can be done now. In floodplain, if a culvert gets done, then the remaining part can be developed in the future.

Blackson: Stated the road would be 10 feet high, and then drop down to nothing. The whole floodway area needs to be coordinated to get the road along the creek that was planned previously.

Tilton: Committee presumed and thought they approved a concept that contained all the water when the culverts were done.

Blackson: Reminded group they don't have redevelopment tool any longer. Culvert is not in City's jurisdiction and they'd have to get in with Caltrans CIP.

Lynch: Pointed out it's the driving reason why Committee is here today other than retail analysis.

Wery: Reminded group there is 1 million s.f. development available just at ground level.

Tilton: He wonders if City is no longer committed to the plan.

Blackson: Stated they're committed and entitlement is in place. Issue is, is there the ability to generate enough revenue.

Lynch: Explained there's recognition that the numbers without the known income sources is very unrealistic. It doesn't mean there couldn't be a Phase 2 option, if money does come in, what would be the next item to tackle. It's a reality check, the likelihood of getting several million dollars and getting Caltrans on board is low. They need to make a choice whether to do something now.

Tilton: Expressed that these joint projects get done all the time and he's feeling kind of skeptical as to why they're looking at it in phases. Perhaps there's been a policy change; they don't want to create the value that would have allowed the big fix.

Blackson: Explained the only land able to be built on was built or entitled. Without redevelopment, you can't assemble the property or bring in people to build to that level. Now, it's parcel by parcel, improvement by improvement. There are even improvement plans for San Marcos Blvd. that isn't earmarked money for. It's a different economic reality.

Hyde: Commented that it's hard for Committee to focus on an area, when they don't know what they're doing with San Marcos Blvd. Asked if that plan is solid.

Blackson: It's solid policy-wise, but, not implementation.

Tilton: Feels the reason they're doing this is a change of City policy and not because nothing has happened. There was an 8-year recession, what did City expect to happen then?

Kildoo: Commented that there are now two affordable housing projects built, and another approved. Committee is surprised because the core of all of this was about channelizing the creek. Everything else was about how to pay for it. With all the changes, the core reason got lost. Now, they're not talking about channelization, but living with the floodplain that exists and working around the edges which are mostly developed. It will be challenging to get people to tear down and re-build. Projects close to creek are now lost.

Harris: Commented that the culvert isn't in the City's jurisdiction, and they should focus on what they have to work with now. They won't be able to make deadlines. If floodplain becomes a second option, then they go forth.

Kildoo: Expressed that many of the members have years invested, and just got slammed that the core has gone away.

Blackson: Continued with presentation and discussed options. Pointed out nodes at main intersections, nodes with a center. Retail could be along San Marcos Blvd, intersections, or bring in to the center along Via Vera Cruz.

Garcia: Stated the City doesn't have to build it.

Blackson: The reality is you're losing space and a riverfront downtown, but still have 10 blocks and millions of s.f. of buildable area in the center of town.

Garcia: Asked if he has driven down San Marcos Blvd. at 2:30 PM. Commented that he can't approve any of this and doesn't want to slam San Marcos Blvd with a bunch of retail shops.

Lynch: Indicated residential component would be discussed at next meeting.

Wery: Explained the three alternatives.

Hayes: Stated there's a severe need for a large banquet/conference center for more than 800 people. Asked if that can be incorporated.

Blackson: Commented that the vision would be discussed next month.

6. Outreach and Engagement Update

7. Next Steps

Harris: Asked when the builder focus group comes into play.

Wery: Second week of June.

8. Public Input

Michael Hunsaker, resident: Inquired if the leakage includes internet sales.

Burkhardt: Responded that it was factored at 11%. It could potentially go up - it's unknown.

Hunsaker: Commented that multi-purpose facilities don't provide enough local jobs. Asked if there should be a jobs analysis. There are no innovations on how to build a medical facility. You could build multi-story, 5-6 different companies on the same small site; build distribution centers and a special biotechnology center in the floodplain area that you can't use otherwise.

Mark Schiel, Assistant Superintendent of Business Services, SMUSD : Asked the Committee to consider: 1). There have been a lot of changes since '07. The City and school district are much larger now. Developments are completed that weren't even considered in '07, with more coming on line, resulting in a complete change on the CEQA and EIR process that was completed at that time. The new Twin Oaks residential development and Creek development feed into Discovery Elementary. There is no capacity at Discovery Elementary or San Marcos High. Increasing residential will further impact these schools. 2). Student generation rate is over .7 students per unit. Last year was .5. They're seeing a big increase in number of young families moving here because of the schools and community. If City proposes changing anything on the plan, he recommends re-opening the EIR to review school needs.

9. Adjournment / Next Meeting

Kildoo: Adjourned meeting at 8:19 p.m. Next meeting: Monday, May 22, 2017.

Steve Kildoo, San Marcos Creek Specific Plan Oversight Committee Chair

ATTEST:

Lisa Kiss
Office Specialist III