



MINUTES

SAN MARCOS CREEK SPECIFIC PLAN OVERSIGHT COMMITTEE MEETING

VALLEY OF DISCOVERY ROOM
CITY HALL, 1 CIVIC CENTER DRIVE
SAN MARCOS, CALIFORNIA
MONDAY, MAY 22, 2017 – 6:00 PM

CALL TO ORDER: Steve Kildoo (Chair) called the meeting to order at 6:03 pm.

PRESENT: COMMITTEE MEMBERS: Arnold, Crews, Hyde, Kildoo, Russo, Simmons, Smith, Tilton

ABSENT: COMMITTEE MEMBER: Caltabiano, Garcia, Ferguson, Harris, Hayes, Morelos, Zahl
(Called in via Phone Conference: Caltabiano, Harris)

PRESENT: CITY STAFF: City Manager Jack Griffin, Development Services Director Lynch, Planning Manager Brindley, Sr. Management Analyst Herzog, Economic Development Manager Tess Radmill, Communications Officer Sarah Macdonald

CITY CONSULTANTS: Michael Baker International (MBI): Dan Wery, Howard Blackson, Shane Burkhardt; OTHERS: Jim Hernandez, Gil Miltenberger, and students

1. Welcome – Handouts, Meeting Overview

Kildoo: Commented that a couple people may join meeting via phone conference. The meeting is very important; to understand what's true and what's not. Indicated Matt Simmons and he had an interim meeting with staff and consultants to talk about the last meeting, to make clear their concerns and ask what they can do. The meeting was productive and everyone will hear about it. Based on what they've learned, the Committee can get back on track; and focus on the important things that need to be decided, and not get sidetracked by things that may not be entirely true.

2. Approval of Minutes – 4/24/17

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

3. Infrastructure

Kildoo: Discussed Agenda and commented that the Committee will likely need to add another meeting prior to City Council meeting.

Wery: Commented that the last meeting left off with infrastructure. They've brought a variety of maps; will discuss limitations of infrastructure as it stands today, the near and long term.

Kildoo: Announced that Betty Ferguson has regretfully resigned from the Committee. She's an amazing lady, has been an icon in the community and involved with the Creek District effort for many years. We all appreciate the value she brought to the City.

Griffin: Apologized for missing the last meeting. Understands there was some confusion over infrastructure and what the City is/isn't doing. It was a false impression that there would be no channelization of the creek. That is not the case. City is designing five key elements right now: two bridges at Bent Avenue and Via Vera Cruz, the creek improvements to the east of Bent Avenue down to the west of Via Vera Cruz - the channelization area, the promenade trail that parallels creek, and improvements to the habitat. The City is fully designing the area, channelizing the creek and widening Discovery Street (pointed out on map). City will spend approximately \$70 million total. Funding from federal dollars went away years ago and the City is currently negotiating with Caltrans on a reimbursement agreement. The City will be fronting the cash, either through cash or financing, and will be reimbursed for the bridge cost. Indicated they're at 90% design completion, essentially the final design. Discussed schedule: Before the end of 2017, above and below ground utilities will be going in and those will take about six months. In 2018, significant construction activity will occur on the two bridges and street. Discovery Street will be widened and raised, with creek channelization and promenade walkway. Hope to be done by 2020. The City is not doing the drainage area in the floodway to the west of Via Vera Cruz. It's not part of the environmental permits they have to operate under and there is no funding. It doesn't mean it can't get done; it's just not part of this phase. There are options available, you can design a building to keep it up out of floodplain and allow water to pass in some places, but City is not designing it and is not aware of this practice being implemented in the region. It was always going to be a later phase. Parcel by parcel is challenging.

Kildoo: Asked if certain parcels will remain in floodplain?

Griffin: For the short term, yes, and that has been the plan since 2007. Clarified that the City hasn't made the project smaller; they're working within the permit.

Hyde: Inquired if Discovery Street will be raised?

Griffin: Explained that Via Vera Cruz and Discovery Streets will be about 8 feet higher when done. It's the only way to make bridge work.

Hyde: Asked if area by church is high enough, and, if the pink house will be moved?

Griffin: Church is fine and the pink house is in its permanent location. There are significant property impacts at corner of Via Vera Cruz and Discovery Street. Council has given actions authorizing and City is actively acquiring R-O-W. They're dealing with existing residences, there are a lot of details involved and that intersection comes up a lot.

Smith: Asked for clarification of channel?

Griffin: (Pointed out on map).

Smith: Inquired about the depth of channel?

Griffin: Not sure the depth. One design change made was not building the floodwall, and changing it to a levee, which resulted in a significant cost savings. It widened the floodway and narrowed some parcels. When funding went away, the City had to find an affordable way – and it's not a Caltrans piece.

Kildoo: The maps now show one center street as opposed to two.

Blackson: Commented that the blocks could be reconfigured and the group can discuss when they get to the 3rd phase.

Simmons: Asked if the floodgates on Bent Avenue have gone away?

Griffin: Yes.

Kildoo: Inquired if there are other tools to help mitigate pollutants headed toward the lake?

Wery: Stated that the quality of water will be better exiting the project.

Griffin: Indicated there are significant requirements for water quality. Discussed SR-78 culvert. That project won't happen anytime soon and the culvert doesn't do much for Caltrans from a traffic capacity standpoint. Caltrans is doing a better job at maintaining it and the water is flowing and not getting backed up, even with the recent heavy rains. It will cost a lot of money, there's no identified source of funding before 2035. The reality is the City needs to deal with it. Discussed San Marcos Blvd. Complete Street Design. It was a decent plan, but what the Committee comes up with will dictate what happens there. Not sure if it's the plan the City will build. City has not funded any of it, but did get a fair share contribution from Buffalo Wild Wings. There are right-of-way issues there; it's fully developed on both sides for the most part, so it's a real challenge. One of the challenges of the current plan is, it didn't talk about San Marcos Blvd. very much and what has to happen there. We all know something has to happen there. The City is doing what they always said they'd do and making the area as development-ready as possible. The bridges are the huge piece in terms of access to the site.

Simmons: Asked if negotiations with Caltrans are predicted to affect schedule?

Griffin: Unless they give City a tremendously long payback. Assuming a 5-10 year reimbursement. City is in a deep pool of competition.

Simmons: The grading to the west needs to happen at once. Asked how they'll handle a request on one parcel?

Griffin: Explained that grading can't be done unless they've analyzed the impacts. It must be done cohesively; can't cause a flooding problem where one doesn't exist.

Wery: Added that anything significant has the potential to cause issues.

Arnold: Inquired how many parcels will be left downstream? A dozen?

Griffin: Hard to say, they're looking at a plan that is superimposed on a plan they're re-working. The parcel lines on the maps are hard to review, suggested 15-20% of land area.

Tilton: His concern is the area in the floodway and associated floodplain on north side of San Marcos Blvd. When they were developed, they were high and dry. Now they are not and they're on the FEMA map. Area of study on south side of San Marcos Blvd. was mostly in the floodplain and now is almost all in the floodplain. He's concerned about the obligations to people on the north side. The area south of San Marcos Blvd. is being relegated to blight because it's unfunded. He doesn't see a commitment by the City to fix that on both sides. The City should commit to it, he's not sure when, but whatever it takes, and then eventually it would be fixed so properties can develop. If something burnt down there, nothing could be built, it's undevelopable (dark blue on map). The expectation of the Committee has been that it would be part of the dream or future. It's not now and he believes it's a big mistake. The plan needs to include that area.

Griffin: Commented that he can't recommend Council commit to something when he hears "whatever it takes."

Kildoo: Recalls hearing of a possible solution to the problem at the recent developer meeting. Agreed that having the four blocks sit fallow is concerning.

Griffin: Encouraged Committee to not think of it in terms of four blocks. It may not be developable to its ultimate potential or profitable, but there are smart ways to deal with it and make it useable. He recommends they think differently about how it can be used.

Tilton: Added that it can't be raised out of the floodplain, it's undevelopable and a single structure could not be built there.

Griffin: Pointed out that is nothing new. The plan that was adopted assumed it would be done, but didn't identify by whom or how.

Tilton: The Committee trusted that the highway would be fixed. It was the first thing on the list for the future.

Griffin: Responded that it didn't and won't happen based on costs and Caltrans' role, as discussed previously. The goal is to make the plan as close to the vision the Committee had and a place developers want to develop.

Kildoo: Brought up the possibility of a building with parking on the first level; where water could go through forever and the rest is livable space. Or, ask engineering staff to identify a wide path for water to flow and make it an architectural feature. The Committee must deal with reality as it is and bring value to the project as a whole. The culvert isn't going to be fixed in the short term.

Griffin: Explained that the only reason the current project is going forward is the City has residual bonds from a redevelopment fund, funding the local share. Since 2012, the State said no more redevelopment bonds and no one expects that to change. There is no local money to commit to or future money available. The City is not trying to avoid doing it, but there is no source of funding at the local level, unless City decides to ask voters to pay.

Simmons: Pointed out they need to make sure whatever they do now doesn't have to go back through the process again. Asked if they can put in standards that allow for the pass-thru design, or a future culvert, or some option to solve the problem, so the rest can go forward?

Arnold: He recalls seeing some dips in roadways to channelize by-pass flow.

Griffin: The City is only designing Discovery Street and bridges, nothing internally.

Arnold: Asked if it could be taken care of as part of Phase 1?

Griffin: Stated it's not possible as part of this project, it's outside the limits of the regulatory permits.

Tilton: Commented that during previous process there was no mention of sources of funding. The number was \$200 million and it was presumed developer fees would pay for it. Regardless of where money comes from, he feels it's the City's duty to do the engineering. Need to determine the solutions, and then engineer it. Then, a developer would not have to start from scratch. Timing is not the issue. The University District is going ahead. He's concerned that this project has not been given a chance. Just went through a recession, there was too much retail and assemblage must happen. It's a 20-30 year project. The City should create a tool that can be changed, but not curse that property in the middle for no good reason, because of the timing and City's responsibility to design the solution.

Smith: Inquired if neighboring cities have invested this much on one project, and how much has been spent? \$70M infrastructure is a big number.

Griffin: Guessed about \$5M on preliminary engineering and environmental and \$8M on design contracts, but would need to confirm. The City has spent a lot of money already and none is

reimbursable. Indicated he is not sure what other cities are doing. Beach communities probably spend a lot on beach restoration projects but get lots of grants. Cities less than 100,000 probably don't spend more than \$60M on a project like this.

Kildoo: Liberty Station may be closest example.

Griffin: Commented that he would not make a commitment for City to engineer sites. The City does have some role to help, perhaps some baseline surveying points to assist, but people want to engineer their own sites. A master developer would be ideal. That's what is making University District successful. Assembling the properties is time consuming and expensive. City must create a winning plan that entices those types of developers.

Kildoo: Added that there will be a workshop held with some developers. Not everyone can go, but a few Committee members can attend.

Crews: Asked if the City can spread out some costs to those property owners in the flood areas?

Griffin: There will be a lot of conversations with those owners. The City can't subsidize everyone's infrastructure costs. Some of them may be rendered useless and not everyone will reap the maximum amount of return. There are concepts to look at and the City will do what they can to help.

Crews: Agreed. They may get rich, or they may shut down the whole project.

Kildoo: That's a possibility that will be decided by Council after they meet with the Committee.

Hernandez: Asked about triangular figure/blue line on map? It's the first he's heard that you can build in the floodway.

Griffin: Indicated he worked on a similar Specific Plan project in a floodplain in Sebastopol (Sonoma County) that had existing developments, warehouses and was highly controversial. They ended up solving the flood problem by building flood walls in the buildings. When floodway came up, doors came down/up and it worked - it didn't create flooding in other places.

Hyde: Added that there are all kinds of developments like that in towns along the Mississippi, Meramec & Missouri Rivers.

4. Retail Market Study Presentation

Burkhardt: Reminded group to focus on what could be, not what is. Plan can support 200,000-400,000 s.f. of additional retail space depending on the number of residences built. It's much less than the original, but is the equivalent of two to three Costco's. It's significant and is not a negative. The demographics will represent greater San Marcos with higher spending power. The market

report is being finalized. There are 13 or so recommendations. Need to focus on three: 1). Maximizing flexibility of the development and land use. Retail is changing; it's more volatile and dynamic. Retail structures need to be able to expand or retract.

(Michael Caltabiano joined meeting via phone conference. Michael Harris on call since start of meeting).

Burkhardt: First floor space must have flexibility to allow residential. When markets improve, the units can convert. Also need the right-size parking standards and understanding of the demographics. 2). Retail visibility is of prime importance. The car is still king. The vision hopes to change that. Need to bring traffic in. Anchors drive the internal traffic circulation to be able to support adjoining retail. 3). Need to complement, not compete. Don't want to cannibalize other retailers. Need to look at the nearby retail areas and Restaurant Row and who they're targeting then partner with them.

Arnold: Inquired if 200,000-400,000 s.f. feet are above what's there now?

Burkhardt: Yes.

Arnold: Asked what the total would be?

Burkhardt: Don't have the actual property reports. Although City has a higher vacancy rate in terms of retail, this area's vacancy rate is not high.

Tilton: Retail space is better than office right now.

Crews: Asked if they know where people live that are shopping there?

Burkhardt: Have not done any surveys or point of sale studies. It's a small trade area, about two miles.

Kildoo: Commented that much of the traffic along San Marcos Blvd. isn't from here, they are driving through.

Burkhardt: They looked at number of people employed vs. residents.

Blackson: The original issue was the required ground floor retail. City can require predictability with permit processing and put more flexibility in the plan.

Hyde: The retail there now is not conducive to people passing through but the future retail may be.

5. Preliminary Conceptual Land Use Alternatives

Blackson: About 30% of the land has been drawn back. (Discussed/pointed out colored areas on map).

Wery: The purpose of the project is to come up with realistic land uses. It was unrealistic to require so much retail/office even ten years ago. Must balance land use program to support infrastructure costs. The plan was approved for a lot of development, so they have a large umbrella to work under. Need to balance the mix of uses and get it right, with a flexible design and layout, form-based code elements and convertible space.

Blackson: No requirement is a 4th option.

Wery: Let the free market determine. (Map: Red is required commercial non-residential on the ground floor, yellow is allowed commercial and non-residential, and gray is residential).

Blackson: Intersections are where most traffic will be, the commercial should be there, where it will generate revenue.

Lynch: Asked consultants to walk through the different land use plan concepts.

Arnold: Asked about the terminology, required vs. allowable.

Blackson: Discussed map: Shows layouts of buildings being built, applied to same pattern as before. Showed major intersections and nodes and existing buildings. They know retail will want to be along San Marcos Blvd. where the traffic is, so that would be required. You could allow for retail in intersections off the main street. The main street is now San Marcos Blvd. Recommended allowing some retail on the nodes, on Las Posas, Via Vera Cruz and Grand Avenue.

Wery: Pointed out ghost building images underneath floodplain areas. Can plan for those areas and integrate them, we just don't know when.

Blackson: Plan has sub districts. Maybe that is something to reconfigure?

Smith: Inquired how much it costs developer to develop an acre? And whether City will charge more in channel area vs. non-channel? Does City have an idea what the developer cost is based on infrastructure?

Blackson: Could form a self-taxing district. It's a management issue.

Smith: Asked about clarification on San Marcos Blvd. complete street and if a rendering is available?

Wery: Didn't bring rendering, but has one. San Marcos Blvd. multi-way is a complete street idea. Will remain four lanes, with a center boulevard, widened R-O-W, add outboard boulevard, with access/service road along each side, slower lane for bikes/pedestrians, with parking/access and

sidewalks and cafes. That area is protected from faster moving traffic and slip lanes allow access in and out. Believes he recalls that the total construction cost is roughly estimated at \$9 million, but with extras and contingencies the total could be more like \$20 million.

Kildoo: Asked if it increased throughput?

Wery: Indicated it's about the same. There's 40,000 ADT and PM is the most troubling. Technically you have six lanes and flow should be better. It will carry a little more traffic than it does today and can be phased in, in reasonable segments.

Simmons: Thought he heard earlier that it wasn't a plan that is set now?

Lynch: Clarified that the multi-way is a conceptual plan; City doesn't have funding for it. The Creek plan needs to be a driver. Part of the objective is to make sure it pencils out financially to attract developers and make sure people are paying their fair share. How much development is going to have to be here to make it financially viable?

Griffin: Pointed out that the City is not looking for reimbursement for initial \$70 million. It's the City's effort to get bridges done, flood control, etc. There's a significant challenge to fund infrastructure internally. Half of the City's CFD program gets used by Police & Fire. Not a lot of taxable space to create revenue for infrastructure. State has allowed financing districts, sort of redevelopment-like. City can take their taxes and dedicate them back. It's an idea they could try, but no one has done it. It would not work well in San Marcos because City only receives 0.70 cents for every \$1.00 property tax, the lowest rate of any in the County.

Kildoo: Discussed Prop 13 background. Years ago redevelopment gave about 0.60 cents on the dollar. San Marcos had the second largest percentage of geography designated as "redevelopment" in the state. At about 66%, it was one of the reasons they changed the rules and the loss was substantial.

Simmons: Commented that the CFD topic is viable, but you need density to support it. It's not necessarily the solution.

Tilton: Presume that PFF's can be focused on an area?

Griffin: Explained that current PFF can't. The PFF ordinance has to identify what the improvements are City-wide that those developments are paying for. People are paying the fees for the cumulative impact on the infrastructure of the City, not an area. Theoretically, San Marcos Blvd. could be a PFF element, but those costs would be spread across the City-wide development, not the particular area. Could create a sub-PFF, but that would be challenging.

Tilton: Indicated he misspoke, the \$220,000 was not just the PFF's; at one time it included the flood fee for this district.

Simmons: Pointed out that the businesses on south side of San Marcos Blvd. would be contributing to Creek infrastructure plus the complete street \$20 million project. They are the toughest to convert and will have to pay more than anyone. Need to be careful in how they distribute the load, so they aren't tripled up on.

Blackson: Asked if anyone has thoughts on the scenarios?

Kildoo: Commented that it clearly points retail back to San Marcos Blvd., which the Committee talked about putting it in the interior.

Blackson: Or, within nodes, and focus on San Marcos Blvd.

Smith: Would like to see the rendering of San Marcos Blvd. He likes the residential idea with promenade walk and improved restaurant row area across street.

Kildoo: The original plan had lots of graphics.

Hyde: The times are changing and this gives flexibility that can at a later date revert back to original plan.

Arnold: Commented he doesn't think plan should get too detailed, or designate everything residential. They could do something with sub-districts along Creek area, and preserve area for future generations. Everyone likes the creek promenade idea. Don't want to blanket cover as residential subdivision, or it will be that way forever, and they'll have lost the opportunity to do something special. Must keep the planning options open.

Tilton: Questioned if residential would be townhomes with parking in rear or elevator served buildings?

Blackson: Suggested allowing all those building types and reconfiguring the blocks.

Kildoo: It's a minor deviation from the original plan.

Tilton: It's challenging their old Main Street. He'd like to picture it.

Simmons: Commented that he looked at the constraints and envisioned a paseo and road in the floodway adjacent to the creek. Homes and retail can't go in that area. It means the main street is only one-side loaded. Pedestrians on one side, and row homes, townhomes or high density is served on the other side, with node streets coming in. The upper section will redevelop over time. Discussed where circulation should come through, drive aisle, connections. Where it's buildable in the middle, it's a footprint of retail or residential. Put all the circulation in the more challenging areas.

Blackson: Indicated that would mean a re-draw and change the Main Street, which he could do.

Kildoo: Where retail and residential is, is critical information. Need to maintain a sense of open space, paseos, walkability and gathering area. The community likes open space.

Hernandez: The plan must allow for flexibility. The biggest problem now is the requirements. Need to be able to modify later without going through a SP Amendment or Text Amendment.

Gil Miltenberger: Commented that he's from the developer side and doesn't like the extra lane on the complete street plan. It reminds him of Hwy. 111 in the desert. Retail should be in the center, not on the ends - people don't walk to the ends. Need to create an experience, or cool place that attracts people. Play to your strengths. It should be low intensity along creek. He didn't like the old Main Street plan. New retailers look at demographics. It's hard to be first, but once the momentum gets going, others will be attracted. It's a great thing the City is putting up \$70 million. Main Street could be more of a bike/pedestrian connection pulling people to the center. Developer's costs go up dramatically over four-stories.

6. Outreach and Engagement Update

Wery: Stated the Developer group meeting is Wednesday, May 31st, between 1-5 PM (timeframe being refined).

Kildoo: Suggested a few Committee members attend, who have a non-developer view. Dean, Matt and Steve will be attending also.

Michael Harris: Indicated he'd like to attend. He has a development background, but is not a developer. He knows some developers and can ask appropriate questions.

Smith: Commented he'd like to attend.

Crews: Indicated she could attend.

Kildoo: Six total and is under the quorum.

Arnold: Inquired if there is a rough agenda?

Kildoo: No.

Arnold: Asked what they're expecting to get out of the meeting?

Blackson: To gauge how much subsidy to make it happen and how much help.

Simmons: Believes they are meeting with non-local developers to get perspective and unbiased opinions.

Blackson: What kind of rules and regulations would help them build here.

7. Next Steps

Kildoo: Announced that next meeting would be Monday, June 19th at 6:00 pm., (prior to 6/27/17 City Council).

Russo: Indicated he'd be out of town.

Kildoo: Suggested anyone who can't attend can call him and he'll provide an update.

8. Public Input

No other public input.

9. Adjournment / Next Meeting

Kildoo: Adjourned meeting at 7:55 p.m. Next meeting: Monday, June 19, 2017.

Steve Kildoo, San Marcos Creek Specific
Plan Oversight Committee Chair

ATTEST:

Lisa Kiss
Office Specialist III