

# STAFF REPORT

## PLANNING COMMISSION MEETING

MEETING DATE: February 5, 2018

SUBJECT: H.G. Fenton Development Co. LLC (Discovery Village North)

CASE NUMBER: P16-0005: DA 16-001; TSM 16-001, CUP 17-007, and GV 17-005

Assessor Parcel Numbers: 221-080-18-00, 221-080-24-00, 221-080-19-00, 221-080-11-00, 221-070-20-00, 221-142-07-00, 221-080-23-00, 221-080-12-00, and 221-070-19-00

### **Recommendation**

Recommend approval to City Council for:

- 1) Termination of the Scripps Memorial Hospital Development Agreement (DA 16-001) and the Owner Participation Agreement between Scripps Memorial Hospitals and the City of San Marcos;
- 2) A Tentative Subdivision Map (TSM 16-001) for future development under the University District Specific Plan;
- 3) A Conditional Use Permit (CUP 17-004) to allow the operation of a temporary rock crusher;
- 4) A Grading Variance (GV 17-005) to allow slopes greater than 20 feet in height; and
- 5) Environmental Determination that the project is within the scope of the Final Environmental Impact Report (FEIR) for the University District Specific Plan and 2014 and 2017 Addendum to the FEIR (State Clearinghouse No. 2008101083) for the University District Specific Plan.

### **Background**

In 1991, the City of San Marcos adopted the Scripps Health Care Campus Specific Plan (SHCCSP) on 80 acres. This plan envisioned a hospital, medical office space, medical health center/chemical dependency hospital, a skilled nursing facility, a health education center, child care center, fitness center, a special treatment clinic, helipad and research buildings. The total anticipated build out (structures) under SHCCSP is 1,240,000 square feet and the buildings range in height from one to seven stories. In 2009, approximately 41 acres on the north side of the future Discovery Street was removed from the SHCCSP area and adopted under the University District Specific Plan anticipating office, commercial, residential, a potential school site, and a future park site. The remaining 39 acres retained the designation as the Scripps Health Care Campus Specific Plan.

On January 26, 2016 an application was submitted by the H.G. Fenton Development Company LLC (Fenton) requesting approval of a Tentative Subdivision Map (TSM 16-001) with the intent to create new lots for future development on the north side of the future Discovery Street within the University District Specific Plan Area. Pending the TSM 16-001 approval, this site could be graded to create building pads, install drainage infrastructure and build roads. A Conditional Use Permit (CUP 17-004) is requested to allow the temporary operation of a portable rock crusher and a Grading Variance (GV 17-005) to allow slopes to exceed 20 feet in height. Pending future Site Development Plan submittals, this area could potentially be developed to construct Office Flats, Townhouse Flats, Freeway Commercial Buildings, West Creek Park, and a potential school site per the adopted University District Specific Plan. Discovery Village North will complete the full width of Discovery Street from Bent Avenue to Twin Oaks Valley Road. Approximately 15.3 acres of this site will be preserved and enhanced as permanent wetland and sensitive habitat, enhancing the quality of the San Marcos Creek. Prior to approving TSM 16-001, CUP 17-004, and/or GV 17-005, the existing Scripps Hospital Development Agreement (Ordinance 91-910/DA 91-05 Attachment "A") must be terminated by the City Council.

### **Public Workshop:**

A public workshop was held on October 5, 2017. Fenton is concurrently processing two projects with the City that includes this project as well as "Discovery Village South" (P16-0037), so the workshop discussed both projects, including the proposed housing layout and design for the "South" project as well as the proposed construction of the future Discovery Street. Fourteen people attended this work shop. Concerns expressed by the public included density and potential impacts the project would have on the School District. There were also inquiries relating to the temporary rock crusher, hours of operation and the portable rock crusher's general location. Another topic included the concern about ongoing college student parking issues in the general area.

### **Discussion**

#### **Development Agreement:**

Prior to approval of any entitlement for TSM 16-001, the Applicant/Developer must obtain approval by City Council to terminate the Scripps Memorial Hospital Development Agreement and Owner Participation Agreement under DA 16-001.

The original purpose of the Development Agreement was to facilitate development of a Scripps Memorial Hospital campus on the site, while ensuring that the City was compensated for infrastructure and fiscal impacts caused by the development. The Development Agreement ensures that the site will remain entitled as a hospital or medically-related uses, and obligates Scripps and the City to a variety of road and infrastructure improvements, certain of which are either no longer feasible or the plans for which have been superseded by those for other improvements. For example, plans for a Grand Avenue bridge have been superseded by those for bridges at Bent and Via Vera Cruz. The Development Agreement also required Scripps to pay annual fees to the City to guarantee the

land use entitlement on the site for up to thirty years, in part to offset the loss of potential property taxes that would be generated by earlier development of the site under a possible alternate land use. Finally, the agreement exempted Scripps from the need to establish or pay fees associated with a future Community Facilities District and the payment of Public Facilities Fees. Under the current proposal, instead of being exempted from these requirements, the project would pay full Public Facilities Fees and would be annexed to all applicable Community Facilities Districts.

Since the Development Agreement was established, a number of the obligations within the Agreement have been met; the landowner Scripps has paid fees to the City under the Agreement and some of the infrastructure assigned to each of the parties has been constructed. Both staff and Fenton representatives, on behalf of Scripps, agree that the parties have endeavored in good faith to meet the applicable obligations of the Development Agreement and that many of the remaining obligations are no longer priorities, are not viable or are disproportionate to the proposed residential project. Therefore, the Development Agreement is no longer necessary.

Finally, as a benefit to the proposed project and to the City and its residents, Fenton proposes to construct all of Discovery Street from Twin Oaks Valley Road to Bent Avenue. Proportionally and according to standard City practice, the proposed project would only be required to construct the Discovery Street segment along the project frontage. However, Fenton has committed the project to build the entire road; with Fenton (or subsequent developer agreed to by the City) funding the portion along its frontage, consistent with standard development exactions. City staff and Fenton representatives have negotiated a proposed Reimbursement Agreement that will allow the City to fund the remaining segments of the road that are outside the scope of a standard project obligation, with the City to exact reimbursement from adjacent landowners as future development occurs along the Discovery Street frontage. The Reimbursement Agreement will be brought forward to the City Council for decision with the proposed entitlements described in this staff report.

Advancing the construction of Discovery Street would not only improve access to the project site, but it would provide important benefits to the City, including; expediting the construction of a major piece of infrastructure identified in the City's General Plan Mobility Element and Capital Improvement Projects Program but not fully funded, providing an east-west roadway connection through the City to enhance the roadway network and relieve traffic from San Marcos Boulevard, and reducing the cost of road construction by avoiding future cost escalation.

**General Plan Conformance:**

Currently, Fenton has no intentions of developing Discovery Village North at this time or in the near future. However, Fenton is seeking approval of Tentative Subdivision Map (TSM 16-001) in order to subdivide 10 existing lots into 12 new lots, then proceed to mass grade the entire 80 acre site, install the street network and associated infrastructure. If approved, this would allow future merchant builders to come forward and process Site Development Plan(s) (SDP) to pursue development under permitted land

use entitlements per the adopted University District Specific Plan in conformance with the adopted General Plan Land Use and Community Plan.

**Mass Grading:**

Fenton intends to mass grade the entire 80 acres (north and south project) as one operation under their ownership moving approximately 918,500 cubic yards of material. The site grading is proposed to be balanced. The mass grading will allow Fenton to establish the necessary grade elevations for the extension of Discovery Street from Twin Oaks Valley Road to Bent Avenue and establish future buildable pads. The project is conditioned with the restriction not to sell any material from the site.

**Tentative Subdivision Map:**

The proposed Tentative Subdivision Map (TSM 16-001) would create 12 new lots on the 41-acre site. Seven of the proposed 12-lots would be graded to create building pads, install drainage infrastructure and build roads for future development consistent with the University District Specific Plan. The TSM will also create an approximate 15.3-acre open space lot for enhancement and preservation of San Marcos Creek, two storm water detention basin lots and an HOA lot. The 39-acre Discovery Village South property (P16-0037) is delineated as a remainder parcel as part of this TSM. TSM 16-001 also includes construction of Discovery Street from Bent Avenue, along the project frontage and off-site to Twin Oaks Valley Road and the realignment of Craven Road.

**Temporary Rock Crusher:**

As part of the mass grading efforts, Fenton anticipates the need to rely on a temporary portable rock crusher. The temporary rock crusher shall be limited to the north side of future Discovery Street for the purpose of breaking down the material for sub-base material. This will allow a substantial reduction in truck trips to and from this site. A rock crusher was anticipated and evaluated under the Final Environmental Impact Report (FEIR) for the University District Specific Plan and the 2017 Addendum to the EIR (State Clearing House Number 2008101083) pursuant to the California Environmental Quality Act and concluded less than significant impacts with the implementation of mitigation measures. The proposed project is conditioned on implementing mitigation measures to initiate the necessary sound attenuation and screening during the use of the temporary rock crusher.

**Construction of Discovery Street:**

Currently, Discovery Street is an unbuilt section of the City's Mobility Element of the General Plan. Fenton has agreed to construct Discovery Street concurrent with the grading of the proposed project. The extension of Discovery Street was previously approved for development (with a certified EIR) under the University District Specific Plan Area. As a part of the Discovery Village North Project, Discovery Street is proposed as a four-lane major arterial that begins at Twin Oaks Valley Road. The existing Discovery Street segment from Twin Oaks Valley Road to Rush Drive will be widened to four lanes. Discovery Street will then be extended westerly from Rush Drive to the Discovery Drive/Bent

Avenue intersection. From this point west, Discovery Street would be constructed to a four-lane road, as one of the City's Capital Improvement Projects within the adjacent San Marcos Creek District.

**Potential School Site:**

The University District Specific Plan identifies a potential school site within the Discovery Village North project boundaries for a K-6 elementary school on a 10-acre site, with 8 net usable acres. Should the School District decide not to pursue acquisition of the site, this area would revert to residential uses (townhomes/flats) without need to amend the Specific Plan. Fenton's representative has contacted the School District and is continuing discussion accordingly. If the K-6 elementary school is constructed, there will be no resulting decrease in the allowed number of Mixed-Use Residential dwelling units. Per the Specific Plan, the units that would have been constructed in the area of the potential school site may be redistributed into the residential dwelling units proposed elsewhere within the Specific Plan boundary.

Over the past several months, both the San Marcos School District and City of San Marcos have made significant strides in working together to ensure there are sufficient school facilities for current and future class room demand. The University District Specific Plan identifies a portion of Discovery Village North as potential school location for the San Marcos School District. Both H.G. Fenton and the School District have been meeting to discuss the possibility of locating a school facility in this area.

**Park Site:**

The University District Specific Plan identifies West Creek Park (Figure IV. A) located in the westerly portion of Discovery Village North just north of the future Discovery Street. This park is anticipated to be a minimum of 1.63 acres consisting of a dog park, open field/play space, playground/tot lot and shaded seating areas. West Creek Park will serve as a convenient connection to the Grand Avenue urban trail and also serve as an internal University District bike and pedestrian path. West Creek Park has been conditioned to be constructed prior to occupancy of any building.

**Boardwalk Design:**

As part of the entitlement process, staff has worked with Fenton in determining the location of a boardwalk multi-use trail as required by the University District Specific Plan. The boardwalk was envisioned to meander within the slope created to support the Discovery Street extension with the boardwalk encroaching further into the San Marcos Creek open space area. To avoid additional biological impacts to the open space area, the boardwalk was redesigned to more closely follow the Discovery Street alignment and serve as the primary pedestrian route on this segment of Discovery Street. The boardwalk will consist of a 10-foot decorative concrete boardwalk adjacent to Discovery Street from the future Grand Avenue extension west to Bent Avenue. It will include a 5-7 foot landscaped buffer area between the boardwalk and Discovery Street. The boardwalk will meander from the top of the slope and cantilever over the slope at certain areas. Three viewing areas with seating will be accommodated along the boardwalk for users to stop and view the San Marcos Creek open space area. The boardwalk will connect to the proposed pedestrian walkways located east and west of the boardwalk.

segment which will ultimately provide connectivity from the University District to the San Marcos Creek District. Construction of the boardwalk will take place simultaneously with the construction of Discovery Street.

**Grading Variance:**

A grading variance is required to allow limited sloped areas higher than 20 feet to create buildable pads for future development. The TSM for this project includes the Discovery Village South project area as a remainder parcel. As such the grading variance request includes slopes both north and south of the future Discovery Street alignment. The slopes will be up to approximately 30 feet in height on the north side of Discovery Street. A temporary slope would occur on the south remainder parcel of approximately 50 feet. The slopes are a result of the grading needed to accommodate the future Discovery Street alignment. Slopes exceeding 20 feet in height are shown on the attached GV17-005 Resolution exhibit. Said manufactured slopes will be irrigated and planted to blend into the surrounding environment.

**Phasing Plan Restrictions:**

A phasing plan will be required to file a Final Map in order to ensure that adequate internal circulation infrastructure and recreational amenities are in place in a timely manner.

**Environmental Determination:**

The project is within the scope of the Final Environmental Impact Report (FEIR) for the University District Specific Plan and 2014 and 2017 Addendum to the FEIR (State Clearinghouse No. 2008101083) for the University District Specific Plan pursuant to the California Environmental Quality Act (CEQA).

**Fiscal Impact:**

The project will result in both service costs as well as the generation of revenues through sales tax, property tax and development impact fees. As this portion of the project is consistent with the University District Specific plan, a fiscal impact analysis was not conducted for the project; however, the largest service costs (fire, police services and landscape maintenance) will be mitigated in part through the established city-wide Community Facilities Districts.

**Attachment(s)**

Adopting Resolutions:

- Resolution PC 17-4649 (DA 16-001)
- Resolution PC 17-4639 (TSM16-001)
- Resolution PC 17-4640 (CUP 17-004)
- Resolution PC 17-4641 (GV 17-005)

- A – Vicinity Map
- B – Aerial Photo
- C – Requested Entitlements
- D – Site & Project Characteristics
- E – Tentative Subdivision Map
- F – Boardwalk Site Plan/Cross-sections
- G – Public Comments

Prepared by:



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Joseph Farace, Principal Planner

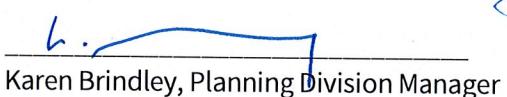
Reviewed by:



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Peter Kuey, Principal Civil Engineer

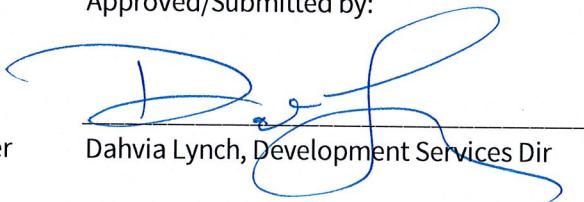
Approved by:



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Karen Brindley, Planning Division Manager

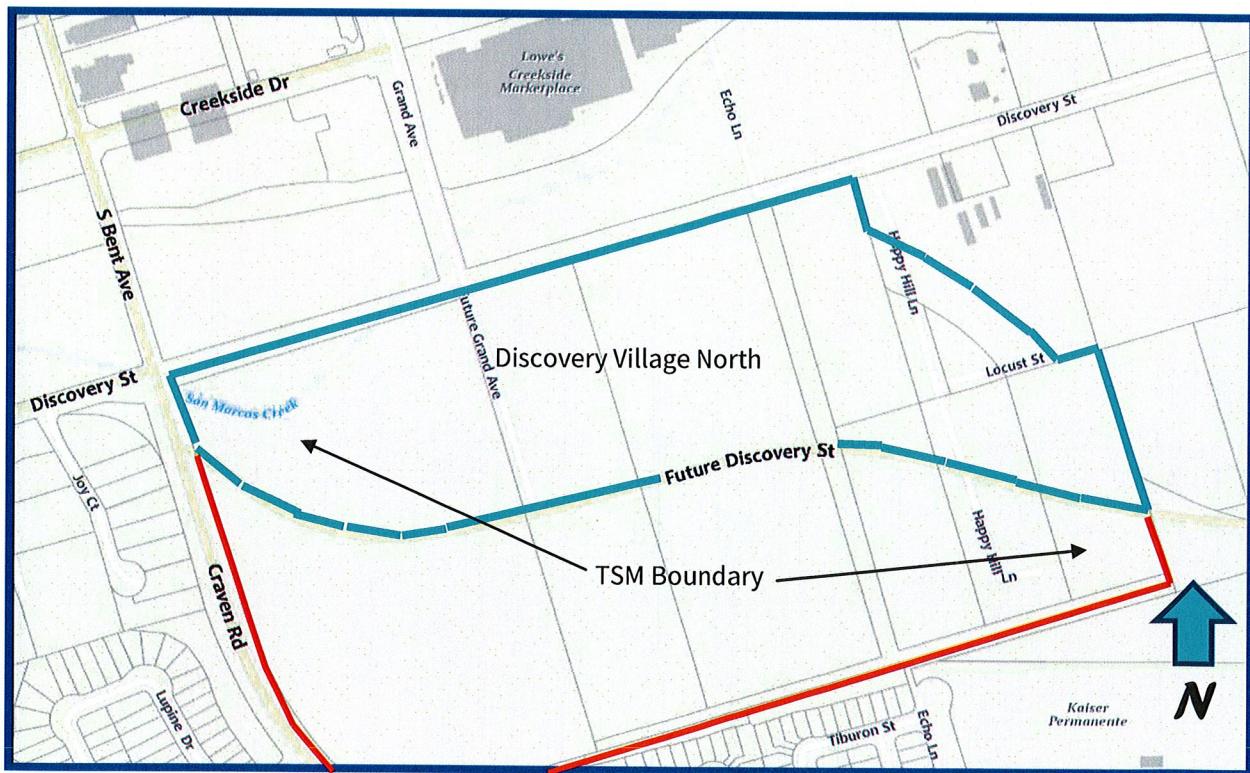
Approved/Submitted by:



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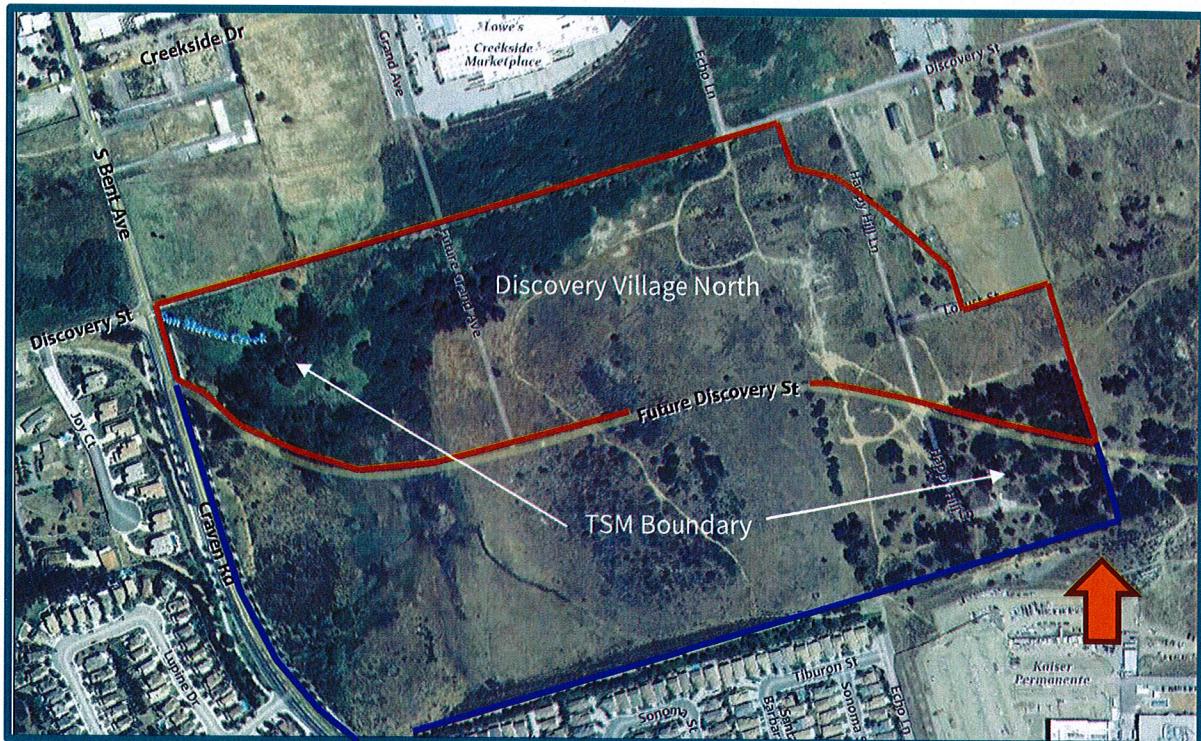
Dahvia Lynch, Development Services Dir

**Attachment A**  
Vicinity Map



## Attachment B

### Aerial Photo



PC AGENDA ITEM # 2

**Attachment C**  
Requested Entitlements

- Termination of Development Agreement (DA 16-001)
- Adoption of Tentative Subdivision Map (TSM 16-001)
- Adoption of Conditional Use Permit (CUP 17-004)
- Adoption of a Grading Variance (GV 17-005)

PC AGENDA ITEM # 2

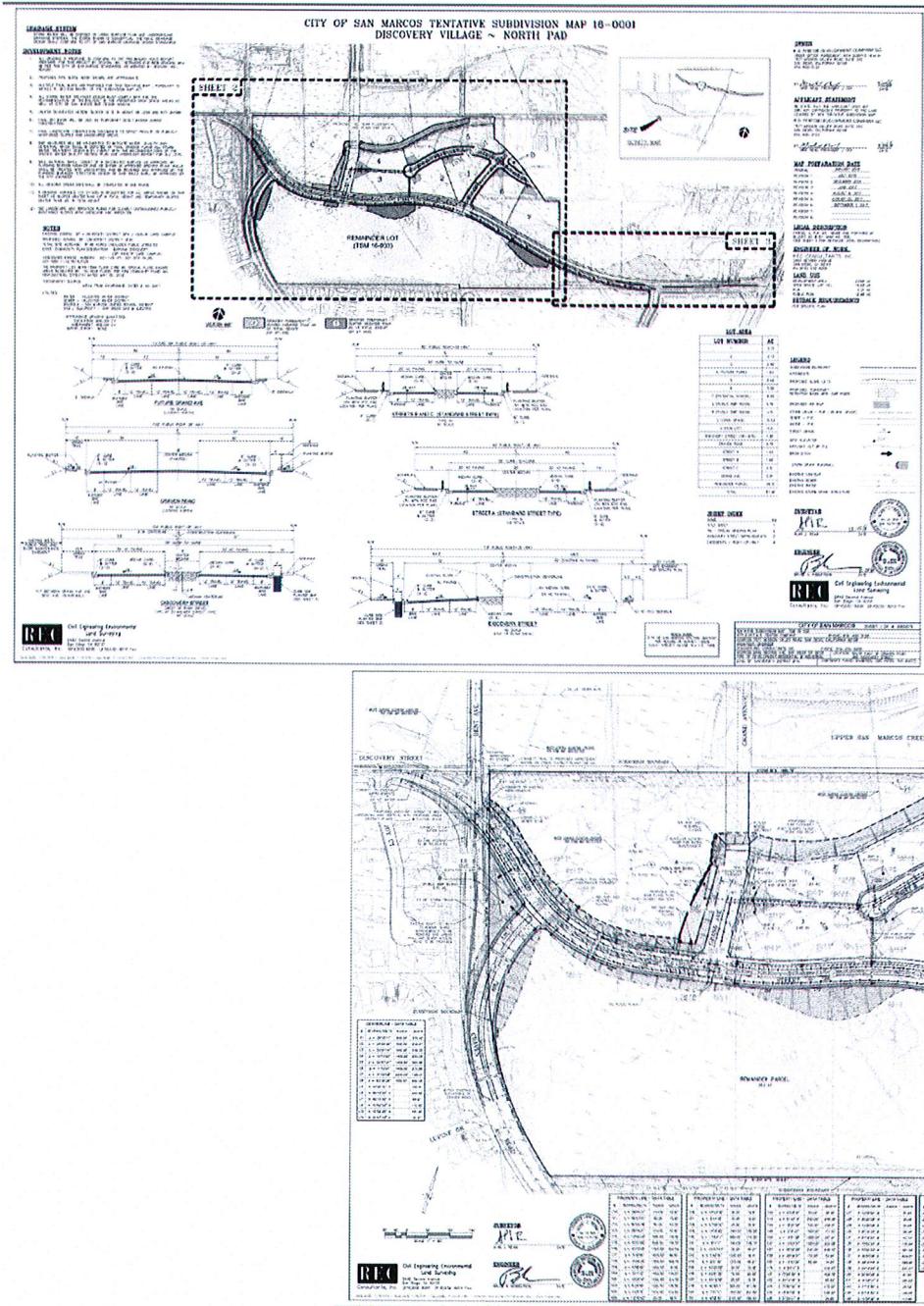
City of San Marcos, California 1 Civic Center Drive | San Marcos, CA 92069 | (760) 744-1050

**Attachment D**  
**Site & Project Characteristics**

	<b>Existing</b>	<b>Zoning Designation</b>	<b>Land Use Designation</b>
Property	Vacant	SPA	SPA
North	San Marcos Creek	SPA	SPA
South	Discovery Residential	SPA	SPA
East	Vacant Land/UDSP	SPA	SPA
West	Single Family Res.	SPA	SPA

Flood hazard zone	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Sewers	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Water	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
General Plan Conformance	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Land Use Compatibility	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Attachment E**  
Tentative Subdivision Map



PC AGENDA ITEM # 2

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## Attachment F

### Boardwalk Site Plan

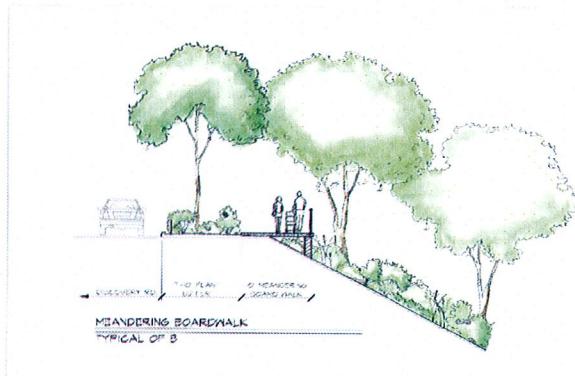
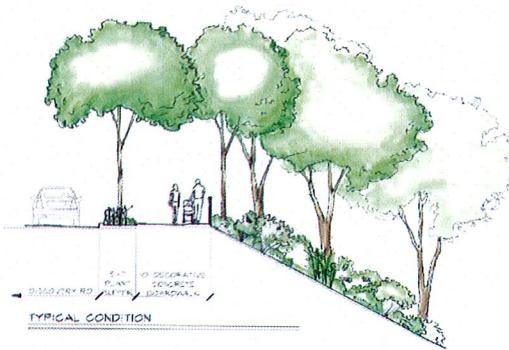


PC AGENDA ITEM # 2

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## Attachment F

### Boardwalk Cross-sections



PC AGENDA ITEM # 2



**City of San Marcos**  
1 Civic Center Drive  
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**Attachment G**  
Public Comments

PC AGENDA ITEM # 2

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August 31, 2017

City of San Marcos  
Planning Department  
1 Civic Center Drive  
San Marcos, CA 92078

Re: A Portion of University District West  
Known as Discovery Village North  
HG Fenton Group  
TSM 16-0003

To Whom It May Concern:

The San Marcos Unified School District (District) is providing this letter of comments for the proposed Tentative Site Map (TSM 16-0003) labeled Discovery Village North Project (Project), which includes a portion of the future school site located in the University District Master Plan of 4.11 acres. The San Marcos Unified School District will address the impacts the proposed number of units planned north of Discovery Road although that actual number of units has not been determined. This letter also addresses the future school site that will serve Discovery Village North and South, and the University District.

Please be advised that the District periodically updates enrollment data, capacity data, and other relevant data contained in this letter. Therefore, information contained in this letter is accurate as of the date of this letter, but is subject to change. Additionally, the information provided is in response to the ongoing discussion of adequate educational facilities, and does not represent an opinion of the District for approval or disapproval of the Project. The letter was based on current known facts and information supplied to the District, and any changes to those facts and information may change the District's response at a later date.

The following schools currently serve the Project area:

School	Grade Level	Distance	Enrollment	School Capacity
Discovery Elementary	K-5	1.1	634	676
San Elijo Middle	6-8	4.7	1,933	1,300
San Marcos High	9-12	2.42	3,274	3,000

The existing school capacity within the District is not adequate to meet the estimated student population growth from this project, as well as the approved and planned future developments of the San Elijo area, University and Creekside Districts, and Rancho Tesoro. As illustrated above, the current serving schools are currently at capacity before the approval of the proposed Project. Although the Project falls in the attendance area for these schools, there is potential for students being required to attend other schools throughout the District where excess capacity may exist.

The Governing Board has recently approved an Attendance Boundary Committee (Committee) to review the current boundaries for each school, based on current enrollment and developments in the near future. The Committee will work with District staff to develop recommendations for attendance boundary adjustments, which will be presented to the Governing Board at a future date.

Governing Board: Stacy Carlson Victor Graham Pam Lindamood Janet McClean Randy Walton  
Melissa Hunt, Superintendent



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City of San Marcos  
HG Fenton Group  
TSM 16-0003

The University District Master Plan designated eight (8) acres for a future school site. However, the Discovery Village North Pad Project Map designates only 4.11 acres for the school site. While the District is appreciative regarding the ongoing conversations and dialog regarding possibly locating a new school within the University District Master Plan, the District remains concerned that 8 acres is not sufficient for the type of educational facilities needed within the District. The number of acres needed will be based on the type of school (i.e. elementary or K-8) as well as the number of students projected to attend the school. At this time, it would be mutually beneficial to the District and the developers to discuss the various options that will be acceptable for locating a school within the project areas.

The District is also interested in providing information for options on mitigating the cost of providing facilities with established programs to levy and collect developer fees, as authorized by State statute and local ordinances. The developer fees serve as a method to assist in providing financial resources to provide the necessary educational facilities. However, current developer fees are not sufficient to fully mitigate the additional school fees needed for the 100% cost of new school construction. Other forms of mitigation can also include the formation of a community facilities district.

We anticipate that with respect to the above comments the City and HG Fenton Company will have further discussions with the District relative to the project and propose agreements for mitigation.

Please do not hesitate to contact me if you have any questions or comments regarding the foregoing.

Sincerely,

A handwritten signature in black ink that reads 'Mark A. Schiel'.

Mark A. Schiel  
Assistant Superintendent  
Business Services

MS/km

cc: Tova K. Corman, Executive Director, Facilities

Governing Board: Stacy Carlson Victor Graham Pam Lindamood Janet McClean Randy Walton  
Melissa Hunt, Superintendent

# VIEJAS

TRIBAL GOVERNMENT

PO Box 908  
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#1 Viejas Grade Road  
Alpine, CA 91901

September 26, 2017

Phone: 619445.3810  
Fax: 619445.5337  
viejas.com

**RECEIVED**

**OCT - 2 2017**

**CITY OF SAN MARCOS  
PLANNING DIVISION**

Garth Koller  
Principal Planner  
City of San Marcos  
1 Civic Center Drive  
San Marcos, CA 92069

**RE: Fenton- Discovery Village South & North Project**

Dear Mr. Koller,

In reviewing the above referenced project the Viejas Band of Kumeyaay Indians ("Viejas") would like to comment at this time.

The project area may contain many sacred sites to the Kumeyaay people. We request that these sacred sites be avoided with adequate buffer zones.

Additionally, Viejas is requesting, as appropriate, the following:

- All NEPA/CEQA/NAGPRA laws be followed
- Immediately contact Viejas on any changes or inadvertent discoveries.

Thank you for your collaboration and support in preserving our Tribal cultural resources. I look forward to hearing from you. Please call me at 619-659-2312 or Ernest Pingleton at 619-659-2314, or email, [rteran@viejas-nsn.gov](mailto:rteran@viejas-nsn.gov) or [epingleton@viejas-nsn.gov](mailto:epingleton@viejas-nsn.gov), for scheduling. Thank you.

Sincerely,



Ray Teran, Resource Management  
VIEJAS BAND OF KUMEYAAY INDIANS