



MINUTES

SAN MARCOS CREEK SPECIFIC PLAN OVERSIGHT COMMITTEE MEETING

Valley of Discovery Room
CITY HALL, 1 CIVIC CENTER DRIVE
SAN MARCOS, CALIFORNIA
MONDAY, NOVEMBER 27, 2017 – 6:00 PM

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

PRESENT: COMMITTEE MEMBERS: Arnold, Crews, Engert, Garcia, Harris, Hayes, Hyde, Kildoo, Russo, Simmons, Tilton, Zahl

ABSENT: COMMITTEE MEMBERS: Morelos
(Called in via Phone Conference: Caltabiano, Smith)

PRESENT: CITY STAFF: City Manager Griffin, Development Services Director Lynch, Planning Manager Brindley, Sr. Management Analyst Herzog, Office Specialist I Neveu.

CITY CONSULTANTS: Michael Baker International (MBI): Dan Wery & Stephanie Cheng

OTHERS: Carlos Sandoval, Ash Hayes, Chris Boyd, Jose Luna, Rancho Buena Vista High School students

1. Welcome – Handouts, Meeting Overview

Dan Wery/MBI: Distributed Preliminary Pro Forma and San Marcos Creek Specific Plan Update and Amendment Preliminary Recommendation Report Outline.

2. Approval of Minutes – 10/23/17


MOTION: MOTION MADE BY HAYES TO APPROVE THE MINUTES AS PRESENTED; SECONDED AND CARRIED BY A MAJORITY VOTE WITH THOSE WHO WERE ABSENT ABSTAINING.

3. Preliminary Recommendations Report Contents and Plan Alternatives

Wery: Stated the goal was to follow up from the last meeting and answer any Pro Forma questions. Outline describes the next major steps, which are to provide a Preliminary Recommendations Report to present to City Council, and then make any final revisions. After that, they'd do the actual amendments to the Specific Plan (SP).

Kildoo: Asked staff if it would go to Planning Commission first?

Griffin: Replied that he doesn't believe it's necessary to get direction on the next steps because they're not asking for SP approval. It would go later when they're asking for the amendment of SP.



Wery: Added that as they get into the actual Draft Amendments, MBI has in their scope of work attendance at a workshop or hearing with Planning Commission, and possibly combined with City Council, to bring everyone up to speed. An update of the Pro Forma analysis that was reviewed last month was provided. He pointed out that the numbers on the flats had an error in terms of construction costs. It changed the math, basic conclusions are the same, but some things are more profitable. The highest density, lowest density and for sale units are most profitable. The tables show internal rates of return. Developers like to see at least 20%. Discussed the Preliminary Recommendations Report outline. They summarized the efforts to date, covered the findings and identified preliminary recommendations, discussed alternatives and additional considerations. Gave a review of the work that's been done to date. If they take out the required commercial and go with what they think is supportable, 200,000 s.f., it's about a 70% reduction in the amount of traffic that was projected and approved in the '07 plan. Discussed the barriers to development. City owned land and infrastructure improvements are critical to development of the district. The City owns a significant portion, mostly the creek and floodplain as well as roads, and includes much of what will be built in next few years and the widening of Bent Avenue, Via Vera Cruz and Creekside Promenade Park. Roughly 75% of the non-City-owned lands are adjacent to City-owned land. The SR-78 split flow issues are greater than the district itself. The district is about 40% of the properties affected by it. Their recommendation is it shouldn't be the sole responsibility of the Creek District to fix it. It also goes with any future San Marcos Blvd. multi-way. It's a plan on the books and is a significant cost, about \$22M, and shouldn't be borne entirely by the district. The Pro Forma Analysis was based on 2,300 units. Discussed the advantages and opportunities. The city will invest up to \$70M by the time bridges, levee and park are built.

Hayes: Inquired if schools should be included in the plan?

Wery: Replied that they'll make a point to address that. The assumption is like any new development, the development would pay fees that go to the school district that they use to build. He understands the school district needs land, but isn't sure this area would work. It's shallow and may not have the dimensions they need. The district may need to go vertical at some point.

Hyde: Suggested they should avoid bringing it up.

Kildoo: Commented that the school district will bring it up. Development must provide mitigation, but every development is not required, expected or able to provide the land for schools. It's the district's obligation to figure out where there is available land to develop.

Zahl: Feels it is more of an issue of the room, not necessarily the land. This plan would have new housing increasing the population of school age kids that they need to put somewhere.

Simmons: Pointed out that they're talking about a zoning document not a project specific document, and typically that's when you engage the school district. The zoning document exists today and it has 2,300 homes in it. They haven't said anything about it to this point. The committee shouldn't ignore it, but may not want to get overly involved in that discussion in a zoning document. Project document is the next step.

Kildoo: Agreed.

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Wery: The school district needs to know the long-term plans and project their calculations for schools needed. It's been in the works for a long time and the plan is approved.

Hyde: Commented that the type of development they're looking at may be childless.

Wery: Added that it depends on what gets built. The school district gets money from impact fees and they must invest and project what their needs are. Continued with presentation and reviewed eleven preliminary recommendations: 1). Need to reduce required ground floor retail. 2). Plan for 200,000 s.f. supportable commercial. 3). Concentrate retail within a node so it supports itself.

Kildoo: Reminded group that it's important the first floor be built with flexibility, the ability to convert to retail if the market changes.

Engert: Agreed, it could change with the economy.

Wery: Continued with recommendations: 4). Center node to be on Via Vera Cruz, the center of the district. 5). Limit required retail to key corners where they have most impact. 6). Require design of ground floor spaces to be flexible and convertible. 7). Maintain flexibility of existing height ranges, currently set at 2-5 and 3-6 stories. 8). Keep Promenade Park as it is critically important to overall district identity and character. 9). Promote pedestrian and multi-modal access enhancements along San Marcos Blvd. frontage. The Complete Street design is not the only answer. 10). Fix the SR-78 split flow floodway issue. Until floodway problem is fixed, the affected properties (about 30 of them) are in limbo. 11). The City will continue to have an active role in the success of the Creek District and has already contributed an enormous amount. The City-owned properties will play an important role.

Arnold: Questioned the cost for the split-flow fix?

Wery: Explained there were four different scenarios in the Pro Forma and briefly reviewed those. Pointed out they take worst case scenarios.

Simmons: Inquired about split-flow repair and if they've looked at whether there are any benefits to the upstream properties?

Wery: Indicated he wasn't sure.


Griffin: Commented that he's aware of some residential flooding issues at the end of Johnson against SR-78. He has not heard of significant flooding as you go further upstream. The City has cleared the creek area east of Twin Oaks Rd. The culvert is undersized and gets plugged up with debris.

Simmons: Stated he was trying to think of other options to look at for potential dollars for the solution.

Wery: Indicated the buildings and land in the floodway is roughly \$450-480M in assessed value.

Tilton: Mentioned the two classifications, 2-5 and 3-6 stories, and asked if it's been calculated what the dwelling unit count might be if built to maximum height?

Wery: Replied that it would be considerably more than 2,300 units. There are four different maps.



Tilton: Commented that it seems they're talking about a housing project. From what he heard at the workshop, a lot of people don't want that. Asked group if they should really be discussing six stories? It could easily end up 3,500 dwelling units.

Wery: Last month they touched on mechanisms to control the density. Height goes to the Form Based Code.

Tilton: His concern is there hasn't been a calculation if everyone builds to the max.

Cheng: Explained as it gets built over time there's flexibility, and it would deduct from 2,300. It can't be exceeded from a policy standpoint.

Tilton: The last 20% of development might be limited.

Kildoo: Commented it would have to be, based on the density that would be built prior to that.

Group continued to discuss.

Harris: Asked if the 2,300 units are part of the floodway?

Wery: Replied yes and it depends on which map you look at.

Harris: If the 2,300 includes part of the floodway, it's not a realistic number to communicate out in the near future, until the culvert gets done.

Simmons: Commented that the first development may get the easiest picking. They may build six stories and 700 units, and the next one may get five stories, etc. He's viewing it at 2,300 units total for every property in the SP. If the floodway is fixed in the future, there'd be GP and SP Amendments, and a new task force to figure out if they want to increase the density. If it gets dedicated as park or floodway, then that is what it is.

Harris: Stated that perception is everything to the public. When you say 2,300 units right now, it's not really the case. It's a marketing thing too.

Kildoo: The 2,300 units was established when they didn't factor in the floodway and culvert issues. It was the whole development.

Griffin: Commented that the original plan assumed the culvert was taken care of in the first phase of infrastructure and was a fully built out area.

Wery: Added that it was a bit larger area then.

Crews: Inquired if any restrictions are needed to make sure the dwelling units are scattered throughout the blocks?

Wery: Discussed the four drawings: 1). 2,300 units distributed amongst 29 blocks. 2). Orange represents higher density along Via Vera Cruz, the "Node plan," with key corners as commercial. Yellow would be townhouses.

Group continued to discuss potential plans.

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Tilton: Inquired why Via Vera Cruz commercial hub would need residential?

Wery: Replied it was part of the original dream of mixed-use, but doesn't have to be.

Harris: Commented if something like a Belly Up was brought in, you wouldn't want residential above.

Hayes: Reminded group they were at one time trying to come up with ideas to bring people into the city. A conference center is very needed in North County.

Kildoo: Pointed out that could occur in the yellow areas.

Wery: Agreed and it's all permitted there. Suggested uses could be put in the plan as possibilities, give incentives, or note where it must be a certain use such as a park or central green.

Kildoo: Suggested they could look for an Urge equivalent.

Harris: He feels it is the committee's responsibility to make the recommendation, what components they want to see in certain areas of the district.

Hayes: Suggested they put it together as a package. Uses that could go in, as opposed to saying it must be a park or certain use.

Kildoo: Added that the original plan was not too specific about each block, except for the required retail which can't be supported now. Form Based zoning and the marketplace was going to set the tone for the rest of the district. He likes Dean's idea of the node being one-story.

Hayes: Commented she doesn't like eating in Gaslamp, where cars are parked or driving by.

Engert: Suggested an area where no cars are allowed, a parking garage away from the area and the rest a walking zone. Asked about timeline for streets?

Wery: Stated that most streets don't exist and would be built with the blocks.

Engert: City can set the stage of what will happen. He feels the plan should have more roundabouts instead of expensive traffic lights.

Kildoo: Commented there isn't enough space for roundabouts.

Wery: Explained there were a number of roundabouts initially but traffic is so reduced now they are not needed. They do allow continuous movement but there are pros and cons. In some cases they're harder for pedestrians to cross. Two or four-way stops may work fine here.

Cheng: Added that the design component and pedestrian scale will dictate and naturally slow traffic.

Wery: Continued to discuss traffic and additional plan options: 3). Pink was added where Main Square is. This assumes the highest density but doesn't have to be all five stories. If built at higher density it could free up other lots for lower density development. 4). The most compact footprint is a total of eight blocks; two, including Main Square, and six blocks on either side of Via Vera Cruz. All 2,300 units could be five stories. In

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summary, there are options available; the 2,300 units can be built out in different ways and it depends on the market. Maybe someone would want to capture it early on? It raises an issue in terms of equity. It's allowed, but should they allow it?

Hyde: Commented there's room for a school, but you wouldn't be able to build houses. Somewhere down the road, there'd be a lot of property that we'd tell people they can't build on.

Zahl: Or, they'll kick the can down the road and there will be another committee formed in ten years.

Russo: Maybe by then the culvert will be fixed?

Zahl: He feels if someone develops a big chunk in the center, it deteriorates the ability for the entire district. The committee should be the overall master developer and determine what we want in order to make it viable for all, or it could get out of control.

Kildoo: Explained the original plan was flawed because of the required retail. He feels the goal of the committee is how to adjust to the loss of retail but still maintain the 2,300 unit max that they started with. They must allow enough flexibility for developers to make money and meet requirement of 2,300 units, and also create a place that brings people in and looks good.

Zahl: His point is they should be able to say how much required commercial and what area, then add some flexibility on the remaining residential areas.

Simmons: Commented that maybe the answer is a combined alternative #1 and #3? The last thing they want is to go to an existing entitlement and tell them they are now 3-story townhome. This would leave it intact. It offers flexibility on the center node, they don't know if it will be 3 or 6-story. On the underutilized properties, it still has some density associated with it that has a potential to be built. How are they not doing something with the properties out of the floodplain? They could build on that now. Some are challenged but they should keep the same allowed uses that are in the plan today. If #1 and #3 are mixed, the next issue would be how to control the density flow, so someone doesn't come in and put 2,300 units on Via Vera Cruz and nothing else can be built. Each project would go through City planning staff and Council as part of the control system.

Zahl: His biggest issue is that 50,000 s.f. required retail is too little. They're going from one extreme to the other. If #4 happened, it would push all residential in the middle and not the retail. He thought the goal was to try to create an active, shopping area. In the densest scenario, it's all going to be residential and very little retail.

Kildoo: Pointed out if you require more than the market can do, you'll end up with empty space, which you can find all over the County.

Zahl: He feels the reality is somewhere in the middle.

Simmons: Agreed it's a tough challenge. San Elijo Hills has 3,400 homes and Old Creek Ranch about 7,000, and it's taken this long to fill the retail. It's low for that amount of density.

Hyde: Commented he doesn't like the unused area. He likes the focus around Via Vera Cruz, but with the overall plan #1. They have to include the whole Creek area, that's what they're supposed to focus on. If they

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don't, they've changed the boundaries and everything. Fifteen years from now there may be another committee to decide what to do with the unused area.

Wery: Stated they weren't suggesting they carve that out, but just illustrating what could happen. Under market forces, they may want it totally clustered and consume 2,300 units.

Hyde: He likes a combined #1 and #3 also.

Tilton: Commented if that were the case, the unused properties would need special designation and put back to original zone, create GP & SP area, so they're not dead in the water.

Wery: Entitlements that are already there need to be acknowledged, show the node and where that goes. The existing Main Square fits in the plan they've been working on.

Tilton: Inquired if condos are three-story?

Wery: Two and three.

Harris: If they don't push whether it's required or possible commercial into the center, his worry is as it builds out and they're into a dwelling issue, you could have a commercial piece three nodes over on its own. That doesn't work with what they're trying to do as far as a walkable area.

Kildoo: Commented it's not the downtown they originally envisioned, however, if they stay with the central node, it can be nice and inviting.

Cheng: Stated the key corners are not shown on the exhibits.

Crews: Recalled when they met with developers, they discussed leaving 1st floor as flexible space throughout the plan so it could be residential until it was later converted to retail.

Wery: They're showing required commercial use, primarily in the node and along San Marcos Blvd., other areas could be flexible.

Crews: She felt it was not expressed clearly enough at the public meeting that those areas won't always be residential.

Russo: Commented he could see Amazon wanting to build a grocery store in the future.

Zahl: Agreed the builder must have flexibility, but they must figure out a way to nudge them into the vision. The builder's main job is to make money and we don't want to restrict them.

Wery: Mentioned the event center area. Do they want to make it a requirement of the plan?

Engert: Suggested making the area unique, put a fountain in, a place for street fairs, movie, theater, and to sit down and relax.

Kildoo: Asked for everyone's input regarding which map or combination they like best. Requested MBI bring back the map they were working on previously to the next meeting.

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Wery: Added that it's important to have development on both sides of the street, the block and street grid.

Simmons: Commented on ground floor land use plan from 8/25/17, it has mandatory ten corners of retail, flexible but encouraged 200,000 s.f. retail in the node, and all gray areas are flexible.

Crews: Feels the public needs to know this.

Kildoo: Asked committee if after looking at the other alternatives, is the consensus that the previous plan is the direction they want to go?

Wery: Indicated there's a lot of flexibility in that plan. Asked if everything should have the potentially commercial floor plate? Generally residential floor plates are two feet off the street for privacy.

Kildoo: The original plan had four-five blocks farthest east and west as non-commercial, retail, residential only.

Harris: Inquired if the Main Square development would take out some of the 200,000 s.f. commercial?

Wery: Replied they're not limited to 200,000 s.f., so it would compete.

Hayes: Asked how far along that plan is?

Griffin: Replied that it's been entitled for two or three years. It's five stories, 400+ dwelling units and 75,000 s.f. commercial focused on San Marcos Blvd. It would be built to commercial standards but allow residential use along Main Street frontage. It's impossible to say whether it will ever happen.

4. Next Steps

Kildoo: Commented they want to go back to the original map and discuss how it can meet everyone's perception of what they want to accomplish at the end. Find a balance with retail they demand, what they allow as a possibility, and straight residential, and how it all comes together.

Harris: Inquired about timeline?


Kildoo: Stated the Committee would like to go back to the public one more time and then update the City Council. Asked if they have a tentative council date?

Lynch: Indicated first quarter of 2018.

5. Public Input

Mike Hunsaker, resident: Commented he owns two properties, one in San Marcos and one in San Diego. Feels some San Diego infill experiences are applicable here. Years ago, Mission Bay residents passed a requirement that no building could go over 30'. The City of San Diego decided to re-do the community plan and rezoned a couple areas, and suddenly there were 100' buildings proposed. Then when it came time to build, they didn't take into account the density bonuses. So they have a 15-story building where it should be three. It's classic political bait and switch. He hasn't heard anything at these meetings about density bonuses or concessions.

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Asked how anything is going to be planned once you let loose with rezoning? San Marcos is a suburban community. The people have rejected the urban high density, to live out away from crime, drugs and poorer schools. What started as a vibrant city is shrinking into a high density development. The City needs good transportation. There are no plans in it for new jobs. They need something other than walkable to make it a vibrant community. San Diego is doing smart growth, and we'll have all the suburban places built up in San Marcos. Developers can get 57% profit margins if we pay for the infrastructure, and they'll put in incompatible, high density in the middle of a suburban, healthy city. He doesn't think there will be good reactions. This is what we're trying to get away from and it's not sustainable as it's designed.

Ed Musgrove, resident and member of Traffic Commission: Commented he likes that there won't be a lot of traffic moving through and understands there are still a lot of moving parts. This supposes that the improvements will be in place and is there anything that says this is what we want and what is the order? You can't just piecemeal the infrastructure; it has to be done to make it attractive to develop. Do you start off in one zone? You almost have sub-communities in the grids. It should be made attractive so each area has something.

6. Adjournment / Next Meeting

Kildoo: Announced there's no December meeting. Next meeting will be January '18. Adjourned at 7:56 p.m.

Steve Kildoo, San Marcos Creek
Specific Plan Oversight Committee Chair

ATTEST:

Lisa Kiss
Office Specialist III

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