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|   | CITY COUNCILAGENDA REPORT |
| DATE: | November 7, 2017 |

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| AGENDA OF: | November 14, 2017 |
| DEPARTMENT: | Planning  |
| SUBJECT: | **Downtown Recovery Plan Amendments (GP15-0002)** Amendment to Downtown Recovery Plan, (a Specific Plan); Amendment to General Plan 2030; Amendment to Local Coastal Program Land Use Plan Text; Amendment to Municipal Code Section 24.10, Part 24, Central Business District (CBD) of the Zoning Code; and Environmental Determination: Environmental Impact Report (PL)  |

RECOMMENDATION: 1. Resolution certifying the Final Environmental Impact Report (FEIR) for amendments to Downtown Recovery Plan (a Specific Plan) to extend Additional Height Zone A, modify Additional Height Zone B, and modify development standards; amendment to General Plan 2030 to modify floor area ratio for Regional Visitor Commercial land use designation; amendment to Local Coastal Program land use plan text to modify San Lorenzo Urban River Plan land use development policies; amendment to municipal code Section 24.10, Part 24 Central Business District (CBD) of the Municipal Code, an implementing ordinance of the City’s Local Coastal Program, to modify development standards and modify outdoor extension area regulations (Attachment 1); and

2. Resolution adopting Findings of Fact, a Mitigation Monitoring and Reporting Program (MMRP) and a Statement of Overriding Considerations (SOC) for the project consisting of amendments to the Downtown Recovery Plan (a Specific Plan), text amendment to the General Plan 2030, text amendments to the Local Coastal Program land use plan policies, and amendments to Municipal Code Chapter 24.10 an implementing ordinance of the City’s Local Coastal Program (Attachment 2); and

3. Resolution amending the General Plan 2030 relating to increasing the floor area ratio for the Regional Visitor Commercial General Plan land use designation in the downtown area (Attachment 3); and

4. Resolution amending the City’s Local Coastal Program land use policies relating to Front Street properties adjacent to the San Lorenzo River (Attachment 4); and

5. Resolution amending the Downtown Recovery Plan (a Specific Plan) to extend and modify height zones, modify development standards, and to rename the plan as “Downtown Plan” (Attachment 5); and

6. Introduce for Publication an ordinance Amending the Municipal Code, Title 24, modifications to Central Business District (CBD) and Outdoor Extension Area regulations. (Attachment 6)

The purpose of this meeting is for the City Council to hear public testimony, discuss the items and consider taking final action on the environmental analysis and associated amendments to the Downtown Recovery Plan and Municipal Code as summarized in the above recommendation.

BACKGROUND: After the October 17, 1989 Loma Prieta earthquake, which devastated a large portion of downtown Santa Cruz, the City undertook a comprehensive planning and reconstruction effort, which was led by a large resident-based group – Vision Santa Cruz. With significant assistance from nationally recognized architecture and urban planning experts, the Vision Santa Cruz process produced the Downtown Recovery Plan, which was adopted by the City Council in 1991. This document set forth First Principles for redevelopment and established land use objectives and development standards for the downtown core with specific emphasis placed on Pacific Avenue.

The downtown has recovered from the earthquake and the final vacant ‘hole’ was reapproved by the City Council at their October 24th meeting. In response to opportunities for the METRO Pacific Station site and nearby properties, in October 2014, the City Council directed the Planning Department to initiate an architectural massing study for this area to evaluate issues and opportunities associated with raising height limits at the METRO site and within the expanded study area. The study area for these amendments includes properties fronting Pacific Avenue, between Cathcart Street and Laurel Street, and properties along Front Street, between Soquel Avenue and Laurel Street. The Planning Department and Planning Commission have been working on development standards for the Pacific Avenue Retail District and the Front Street/Riverfront Corridor over the past three years.

The scope of the initial massing study was to identify issues that might be of concern if allowable building heights were to be increased for properties in the study area. This effort and direction was never intended to be an entire re-write of the Downtown Recovery Plan or to modify the successful policies and standards that have served the City well for the past 28 years. Therefore, no amendments are proposed to Chapters 5 (Circulation and Parking Plan), 6 (Streetscape and Open Space Plan) and 7 (Implementation and Planning Strategy) of the original Downtown Recovery Plan.

Instead, the massing study effort was to focus on these areas as opportunities to achieve some of the key City objectives (e.g., providing additional housing and connections to the Riverwalk), while still preserving the positive aspects of downtown and the original vision as developed from the post Loma Prieta earthquake Vision Santa Cruz process.

Santa Cruz has been fortunate to work with some of the top architects and urban design consulting firms in the country and for continuity purposes, contributing consultants in this process included Bob Odermatt, The Odermatt Group; Boris Dramov, ROMA Design Group; and Jim Adams, McCann Adams Studio. All three of these firm principals were original contributors to and authors of the initial Downtown Recovery Plan and provided strong community context and leadership in helping craft current proposed language and regulations for the study area.

Attachment 7 to this report is the ‘clean’ version of the Downtown Plan. The redlined version reflects modifications made after the September 2016 Planning Commission meeting. (Attachment 8)

The October 12, 2017 Planning Commission Agenda Report describes in more detail the process undertaken and the public input received over the past three years to produce the draft amendments. (Attachment 9)

DISCUSSION: The amended Downtown Plan reflects that the City has ‘recovered’ from the devastating 1989 Loma Prieta earthquake and the past 28 years have seen redevelopment of the downtown into an active community environment.

**Components of the Downtown Plan Amendment Package**

Together, the following items are considered the “project” for the purposes of the environmental analysis.

1. Text amendments to the Downtown Recovery Plan. (Attachments 7 and 8)
2. Text amendment to the City’s General Plan 2030 relating to modification of the Regional Visitor Commercial land use designation Floor Area Ratio range. (Attachment 3)
3. Text Amendments to the City’s certified Local Coastal Program’s Land Use Plan in the form of modification to San Lorenzo Urban River Plan policies. (Attachment 4 and 4B)
4. Ordinance amendments to the Central Business District and Outdoor Extension Area regulations. (Attachment 6)

**Downtown Plan Amendments**

The focus of the modifications to the Downtown Recovery Plan is on Chapter 4, Development Standards and Design Guidelines. However, when viewing the Downtown Recovery Plan as a guiding document for context, it was apparent that simply modifying Chapter 4 would lead to internal inconsistencies. Maintaining the context of the original plan is critical, but an update of some of the language is equally important to recognize the past 28 years of positive development that has occurred in the downtown. Proposed modifications to Chapters 1 (Introduction), 2 (Executive Summary), and 3 (Land Use Plan) represent an attempt to maintain a balance between the key visions from the original plan, with the opportunities to promote more downtown housing. These revisions are part of an overall effort to re-confirm the City objective to maintain a compact and efficient urban form with public greenbelt; to limit suburban-type sprawl; and to provide some appropriate development incentives to activate the river connections, a longstanding and unrealized objective of the City’s vision.

Chapter 4 of the Downtown Plan includes the following key changes:

* Includes Use Charts in a table format for both ground level and upper level uses for the districts. This modification allows for easier reference and includes notes with details about particular uses.
* Combines the Guideline language with Development Standard language into the same sections. As noted above, this change allows both the intent of the topic to be read alongside the specific regulatory language in one location and should help with administration.
* Changes the upper level stepback 42 degree or 52 degree standard to either a numeric stepback above a specific height or a percentage limitation of height.
* Introduces a maximum allowable percentage footprint at various heights for the Pacific Avenue Retail District and west of Front Street for projects taller than 55 feet. This volumetric approach ensures both vertical and horizontal variation to avoid monolithic structures. This regulatory approach is appropriate for the Pacific Avenue Retail District between Cathcart and Laurel Streets. These standards will provide a framework for new development to create the appearance of multiple buildings that more closely follow the existing development pattern of the downtown.
* Includes requirements for contributing to adjacent public passageways along Cathcart, Elm and Maple Streets. These accessways were identified in the original Downtown Recovery Plan, but the draft plan introduces standards that can directly lead to their construction.
* Includes language to require filling adjacent to the river levee to facilitate activation of the Riverwalk. The original Downtown Recovery Plan did encourage filling along the levee, but the proposed language makes this public objective a mandatory design feature for new development.
* Increases allowable heights from 50 feet between Pacific Avenue and Front Street (between Cathcart and Laurel Streets) to 75 feet under certain conditions and up to 85 feet for a smaller portion of sites larger than 50,000 square feet. The 85-foot height limit is not likely to result in an extra story above the 75-foot level due to building code requirements for taller buildings. The 85-foot limit represents the upper limit of mid-rise construction as defined in the building code, where 5 stories of wood-frame floors can be constructed over a concrete podium. The 85-foot height limit can allow for increased architectural variation or a mezzanine level that does not qualify as a separate story. Allowing buildings with six or more floors above a concreate podium will trigger steel frame construction, which essentially equates to a high-rise construction type under the building code. Steel frame construction is much more expensive and the required heights and number of stories to make this type of construction economically feasible are not appropriate for downtown Santa Cruz and not in character with the community.
* Increases the allowable height along Front Street Properties between Soquel Avenue and Laurel Street from a maximum of 50 feet to a maximum of 70 feet under specific conditions.

Summaries of the changes to the Front Street Riverfront District and the Pacific Avenue Retail District are found in Attachments 13 and 14.

The following map illustrates the areas proposed for changes to the maximum allowable height.



The redlined version (Attachment 8) also shows language proposed for deletion from the Appendices relating to Floor Area Ratio, High Density Overlay Zone District, a Live Entertainment Ordinance and other Central Business District ordinances. The Floor Area Ratio and High Density Overlay (HDO) Zone District appendices are no longer relevant since the adoption of the General Plan 2030 included specific General Plan floor-area-ratio for the Regional Visitor Commercial designation and HDO Zone was repealed in 2016. The Live Entertainment and Central Business District ordinances are found in the Municipal Code and therefore not needed as appendices in the Downtown Plan.

**General Plan 2030 Text Amendment**

The Central Business District (CBD) zone is the primary zone district that implements the broader Regional Visitor Commercial (RVC) General Plan land use designation. The modifications proposed for the CBD Additional Height Zone A between Pacific Avenue and Front Street would potentially allow for upper level floor area that could exceed the existing 3.5 Floor Area Ratio (FAR) limit as established for the General Plan RVC designation. The FAR limit is one of three development standards that work together to address bulk and mass of new construction: 1) FAR, 2) height, and 3) establishing a percentage limitation of varying heights in direct relationship to the size of the property (a volumetric standard).

The proposed text change for RVC designation for the downtown area is from 3.5 FAR to 5.0 FAR. (Attachment 3) The 5.0 FAR is an appropriate limit for downtown development and is consistent with the diagrams in the Downtown Plan for the Additional Height Zone A, beginning on page 74 of the Downtown Plan. (Attachment 7)

**Local Coastal Program (LCP) Amendments, Coastal Commission Comments, and Consistency with Coastal Act**

The City’s LCP consists of a Land Use Plan, implementing ordinances and maps applicable to the coastal zone portions of the City. The Land Use Plan (LUP) consists of policies, programs and maps; Area Plan coastal policies and maps; and a Coastal Access Plan. The Implementation Plan (IP) consists of ordinance and regulations used to implement the Land Use Plan, including sections in the Municipal Code.

A portion of the downtown lies within the coastal zone (basically the areas south of Elm Street), and Chapter 4 (Development Standards and Design Guidelines) of the Downtown Recovery Plan is incorporated by reference for the development standards of the Central Business District, as an implementation section of the LCP. This means that revisions to the Chapter 4 require approval (certification) by the Coastal Commission.

For the purposes of the LCP amendment package, the project requires amendments to both the Land Use Plan and the Implementation Plan:

LCP Land Use Plan Text Amendment

* Nine (LCP) policies from San Lorenzo Urban River Plan (SLURP), deleted, combined and rephrased to three policies.

LCP Implementation Plan Amendment

* Chapter 4 of the Downtown Plan sets forth the Central Business District Zone District development standards for the Regional Visitor Commercial land use designation.
* Municipal Code Section 24.10 sets forth Outdoor Extension Area regulations in the Central Business District, including future publicly accessible areas created west of the Riverwalk.

The Coastal Commission staff submitted comment letters relating to the proposed Downtown Plan amendments (included with the Final Environmental Impact Report (EIR)). These comments were produced in the context of the environmental review process, but some are relevant to policy discussion and not necessarily related to evaluating the environmental impacts of the proposed changes. The Environmental Review section of this report includes a summary of the Final EIR and conclusions from the analysis. The Final EIR includes responses to comment letters, including responses to the Coastal Commission correspondence, as well as a consistency analysis with the Coastal Act. Rather than repeat the analysis from the Final EIR, the analysis in this report expands the focus of the LCP amendment components and provides additional supporting evidence of consistency with the Coastal Act.

Subsequent to the original certification of the City’s LCP in 1985, additional plans have been prepared and policies incorporated into the LCP as amendments. One of the documents that the City independently approved in 2003 was the San Lorenzo Urban River Plan (SLURP). This document was approved as a resource management protection plan for the river and included many recommendations for management of the river. After the City Council approved the SLURP, several resource-related and land use recommendations were extracted from the SLURP and repackaged as policies for certification by the Coastal Commission as an amendment to the City’s LCP.

Recommendations included in the SLURP were summarily converted to six Goals and 118 Objectives and Policies; which were forwarded to the Coastal Commission for certification as part of the LCP in 2004. The proposed Downtown Plan amendments include addressing nine of the LCP policies (plus two non-LCP policies) relating to adjacent land use regulations and this amendment package does not affect the other 107 policies that are appropriately related to resource management and maintenance of the San Lorenzo River. All of these river management and environmental policies remain intact with no proposed changes as part of the update to the Downtown Recovery Plan and are therefore consistent with Coastal Act, specifically the Land Resource policies of Article 5.

The land use policies recommended in the SLURP were oriented toward encouraging greater access to the Riverwalk and improving the interface between the built environment and the Riverwalk. The three proposed policies strongly promote improved coastal access and are therefore consistent with Coastal Act Article 2, Public Access and Article 3, Recreation. (Attachment 4)

The original Downtown Recovery Plan included recommendations for connections to the Riverwalk as key urban development concepts. These connections were identified for Cathcart Street, Elm Street and Maple Street. The SLURP recommended reinforcing these connections to the Riverwalk. While the downtown has largely been reconstructed after the Loma Prieta earthquake and development has successfully followed the Downtown Recovery Plan guidelines and standards, the redevelopment of Front Street properties to encourage these Riverwalk connections to link downtown and the river have not materialized. There has been no redevelopment of properties on the east side of Front Street in this area, other than minor remodels, and none of the identified connections to the Riverwalk have been improved beyond the existing two asphalt paths (south of Cathcart and north of Laurel). The Cathcart Street extension connection to the Riverwalk is not within the coastal zone.

A fundamental component of improving these public connections to the Riverwalk is to provide development incentives to a degree that will facilitate private construction and maintenance of the public connections, while also allowing for increased opportunities for transit-oriented development in the appropriate locations of the downtown.

The Coastal Commission letters expressed concerns over the height of buildings and changes that may occur relating to the visitor experience along the Riverwalk. These concerns are most directly related to Article 6, Development Section 30251 of the Coastal Act, which reads:

Section 30251.

The scenic and visual qualities of coastal areas shall be considered and protected as a scenic resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, and where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastal Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

The programmatic EIR for the project included analysis of policy consistency and found that the proposed amendments are consistent with the Coastal Act policies. For this Coastal Act policy in particular, any proposed development to be reviewed under these amendments will not conflict with “views to and along the ocean and scenic coastal areas”, which have been identified in the LCP and General Plan as primary scenic views in the City. The project area is not adjacent to the coast and the views toward the downtown from Riverwalk do not constitute “scenic coastal areas”. The photographic simulations clearly indicate that the backdrop of views from the Riverwalk is downtown Santa Cruz and not the coast or a scenic mountain vista. The developed downtown is clearly not relevant to this Coastal Act policy and therefore, the amendments are not only consistent with the scenic, visual and aesthetic related policies of the Act, the amendments will also not result in a significant impact to the environment.

There has been no evidence provided to indicate that the maximum 70-foot height limit would be more degrading to the user experience of the Riverwalk than the existing allowed 50-foot height limit. The plan requires upper level stepbacks (ABOVE the 50 foot level), as well as a variation in the skyline. People do not experience the Riverwalk at 50 or 70-foot level, they experience at eye-level and with required landscaping and upper level stepbacks, the upper portions of the buildings will likely not be visible from an adjacent pedestrian view, similar to existing tree-lined views of buildings along Pacific Avenue in which many upper floors are not visible from the pedestrian level. Distant views of the downtown skyline will change, but will not result in a better or worse experience to the viewer than presently exists of the buildings that comprise the downtown skyline.

In 2010, the City completed another study to specifically analyze the development standards along Front Street (and other areas) to evaluate and identify the impediments to construction and redevelopment to make these connections more realistic. The River/Front and Lower Pacific Design Guidelines and Development Incentives (River/Front Study) concluded that the shallow depth of the Front Street parcels and the associated on-site parking requirements did not incentivize redeveloping these parcels. The 2010 River/Front Study included an economic analysis that concluded that redevelopment of the parcels at 50-foot height limits would not be economically viable due to the land costs, shallow parcel depth and on-site parking requirements. The in-depth River/Front Study was more complete as a land use planning document for properties adjacent to the river than the SLURP and the original Downtown Recovery Plan. The SLURP was a conceptual land use document with emphasis on the management of the river ecosystem between the levees, while the River/Front Study was a more in-depth economic and feasibility study that included evaluation of some of the concept recommendations identified in the SLURP. Therefore, it is entirely reasonable for the City to use this additional information from the River/Front Study to formulate land use planning development standards for the area considered with the Downtown Plan amendments. The Coastal Commission’s standard of review for an LCP amendment is consistency with the Coastal Act itself.

The ROMA Design Group recommendations relating to the Downtown Plan reinforced the River/Front Study analysis that to achieve these river connections and to incentivize more activity along the Riverwalk, additional height would be needed to make the redevelopment of this area economically feasible. The amendments will also allow for the option of parking to be located off-site within the Downtown Parking District, which will relieve these shallow parcels from the requirement to include parking on-site.

The combination of the River/Front Study and the additional ROMA massing evaluation has provided technical analysis to move the development standards from the original concepts of the Downtown Recovery Plan and the SLURP. The resulting Downtown Plan will include far superior (and realistic) development incentives to finally implement the downtown vision to connect people from downtown to the Riverwalk.

While Coastal staff strongly desired to require continuous commercial uses along the Riverwalk, there is no justification for this additional requirement as the allowed uses have not changed from the original Downtown Recovery Plan. Planning staff and the Planning Commission also support commercial uses as opposed to residential uses at the Riverwalk level, but the length of the Riverwalk and isolation from other commercial portions of the downtown make this requirement unrealistic. Planning staff met with Coastal staff to explain that economic analysis and urban planning consultants agreed that a continuous commercial strip along the Riverwalk is not likely to be economically viable. After meeting with Coastal staff and in direct response to the Coastal Commission staff letters, the following language was prepared and recommended for approval by the Planning Commission to strengthen the intent of active public uses adjacent to the public passageways and along the Riverwalk:

E. FRONT STREET/RIVERFRONT CORRIDOR DEVELOPMENT STANDARDS AND DESIGN GUIDELINES

1. Access to the Riverwalk.

e. Pedestrian oriented uses. The pedestrian passageways shall be lined with active pedestrian-oriented uses that create a safe and interesting environment, including commercial uses, outdoor cafes, resident-serving amenities, building entries and/or lobbies. Such uses, particularly restaurants and outdoor cafes, are strongly encouraged to provide direct frontage and active outdoor areas along both the pedestrian passageway and the Riverwalk.

This revised language reflects the shared Coastal Commission’s and City’s desire to create a publicly active area along the Riverwalk.

Planning staff is also suggesting a clarification to the Use Charts to respond to concerns expressed by Coastal Commission staff. The Ground Floor uses chart would be modified to read Ground Floor (Street Level) to be clear as to where this chart would apply; and the Upper Floors uses chart would be modified to read Upper Floors (Including Riverwalk Level). These minor clarification changes will help eliminate confusion as to where allowed uses may be located.

Chapter 4 of the Downtown Plan, the amended LCP Land Use Plan policies and the Municipal Code amendments to the Central Business District and Outdoor Extension areas are all consistent with the Coastal Act and together will:

* Encourage and incentivize maximum public access to the San Lorenzo River in accordance with the Public Access Section 30210 of the Coastal Act.
* Achieve superior connections to the San Lorenzo River above the existing Downtown Recovery Plan and existing SLURP policies consistent with Section 30211 of the Coastal Act. While the downtown has no coastal beach access within its boundaries, the Plan will facilitate better public access to the Riverwalk.
* Ensure that development adjacent to the Riverwalk will be designed to prevent impacts to the adjacent sensitive San Lorenzo River and will incentivize clean-up of degraded areas along the levee. The Plan will continue to be sensitive to the pedestrian experience along the Riverwalk with design guidelines and upper floor step backs and open river pedestrian connects that will provide light, air and open space between buildings. The Plan is consistent with Section 30240 of the Coastal Act relating to Land Resources and adjacent development.
* Enhance opportunities to view and interact with the San Lorenzo River as a coastal resource. The Plan standards ensure that development will be sited and designed to be visually compatible with the surrounding downtown, while promoting new open space pedestrian plazas and passageways to the Riverwalk. The filling of the levee and associated required landscaping of these areas is superior to the existing Downtown Recovery Plan and SLURP land use policies and will better achieve stewardship and scenic values over the existing conditions near the Riverwalk. The Plan supports the Coastal Act Scenic and Visual protection policy Section 30251 to protect and increase opportunities for viewing the river, a coastal resource. New development will not obstruct public views to the San Lorenzo River since the levee is an average of about 10 feet above the Front Street sidewalk such that the river is not visible from Front Street, but will increase ability and opportunities for the public to view the river through the backfilling of the levee to the new building faces with enhancements to the Riverwalk area.

The amendment package has been fully analyzed in the EIR, including an evaluation of the amendments for consistency with the Coastal Act. The Downtown Plan and associated amendments have been determined by City staff and the Planning Commission to be consistent with the Coastal Act, specifically Chapter 3 and the policies and standards relating to Public Access, Land Resources and Development. The proposed Downtown Plan amendments do not affect the allowed land uses other than to increase the opportunities for coastal access. Ultimately, it will be the Coastal Commission’s determination to confirm consistency with the Coastal Act in its oversight role for the City’s Local Coastal Program.

As evidenced by the lack of redevelopment along the Front Street properties over the past 28 years, the desire for public connections to the Riverwalk will not materialize on their own without corresponding development incentives such as increasing the height to allow for more housing and visitor-serving uses.

As noted in the Environmental Review section of this report, below, the CEQA process does not take into account beneficial impacts, except at the stage where the Council may adopt a statement of overriding considerations if it decides to approve the project. The long-held objectives of the Riverwalk connections from Front Street and downtown must be prioritized to be successful, and the evidence strongly suggests that without incentivizing increased (smart compact growth) development in the most appropriate locations of the City, the public improvements will not be developed. This is an opportunity for the City to achieve multiple objectives and the difference of 20 feet in height above the existing development standards will be viewed as a minor variation to the City skyline when compared to the substantial public benefits created by the Downtown Plan changes.

**Environmental Review**

The Planning Commission agenda report contains a more detailed history of the EIR process. (Attachment 9)

The Draft EIR was circulated for public review in July, and the Final EIR (Attachment 11) was completed and made available to the public on October 5, 2017. Hard copies, CDs or notices of website availability of the Final EIR were distributed to agencies, organizations and individuals that submitted comments. In addition to the City website, members of the public have been able to access the Final EIR at the main branch of the public library. During the public review period, three agencies, four organizations and 12 individuals commented on the Draft EIR (Attachment 12) for a total of 19 comments.

The EIR has been prepared as a “Program EIR” pursuant to the State CEQA Guidelines. A program EIR may be prepared on a series of actions that can be characterized as one large project, such as the geographically-related Downtown Plan. A program EIR can provide a more exhaustive consideration of effects and alternatives than would be practical in an EIR on an individual action and can ensure consideration of cumulative impacts that might be slighted in a case-by-case analysis. A program EIR can be used as part of the environmental review for later individual projects to be carried out pursuant to the project previously analyzed in the program EIR, where impacts have been adequately addressed in the program EIR. This is referred to as “tiering” as set forth in the State CEQA Guidelines. “Tiering” uses the analysis of general matters contained in a broader EIR (such as one prepared for a Specific or Area plan) with later EIRs and negative declarations on narrower projects, incorporating by reference the general discussions from the broader EIR and concentrating the later EIR or negative declaration solely on the issues specific to the later project. The State CEQA Guidelines encourage agencies to tier the environmental analyses which they prepare for separate but related projects, including general plans, zoning changes, and development projects.

As a program EIR, the document focuses on the overall effect of the modifications proposed to the Downtown Plan, the General Plan text amendment, LCP policy amendments, and the Municipal Code amendment*.* The analysis in the EIR does not examine the effects of site-specific projects that may occur within the overall umbrella of the Downtown Plan in the future.

To aid the environmental analysis, a “buildout” projection was developed, which considers a reasonable maximization of the development potential of land permitted under the proposed Downtown Plan amendments that could occur as estimated in Appendix D of the Draft EIR.

CEQA Guidelines require that an EIR describe and evaluate alternatives to the project that could eliminate significant adverse project impacts or reduce them to a less-than-significant level. The alternatives studied were:

* No Project – (this “No Project” alternative is required by CEQA)
* Alternative 1 – Reduced Height for Expanded Additional Height Zone A to 75 feet and Elimination of Additional Height Zone B
* Alternative 2 – Reduced Height for Additional Height Zone A to 75 feet along Pacific/Front and Reduced Height for Additional Height Zone B to 60 feet along the San Lorenzo River with Development Standard Modifications: eliminate encroachment over property line and require 10-foot setback above 50 feet

Environmentally Superior Alternative

According to CEQA Guidelines section 15126.6(e), if the environmentally superior alternative is the “no project” alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives. Furthermore, Sections 21002 and 21081 of CEQA require lead agencies to adopt feasible mitigation measures or feasible alternatives in order to substantially lessen or avoid otherwise significant adverse environmental effects, unless specific social or other conditions make such mitigation measures or alternatives infeasible. Where the environmentally superior alternative also is the no project alternative, CEQA Guidelines in Section 15126(d)(4) requires the EIR to identify an environmentally superior alternative from among the other alternatives.

For the Downtown Plan defined as the “Project” for CEQA purposes, none of the alternatives, including the No Project Alternative would eliminate significant project impacts and cumulative impacts related to traffic, although both alternatives would result in reducing the level of impacts. Table 5-5 of the Draft EIR presents a full comparison of project impacts between the proposed project and the alternatives. Excluding the No Project Alternative, Alternative 1 – Reduced Height for Additional Height Zone A and Elimination of Additional Height Zone B – is considered the environmentally superior alternative of the alternatives considered. Although it would not reduce significant impacts to less-than-significant levels, it could result in the greatest reduction of traffic and water demand impacts and reduce some of the other identified significant impacts. However, it would not fully meet project objectives.

Limitations of CEQA

While the CEQA evaluation process for projects has been established to identify adverse impacts to the physical environment, it is only one criterion for a jurisdiction to consider when evaluating the merits of a project. The CEQA process is not required to identify or address beneficial, social or economic effects on the environment in the EIR, although such considerations play a role in the approval stage, with the adoption of a statement of overriding considerations (required where there are significant and unavoidable environmental impacts). The Project, as evaluated for CEQA purposes, contains many positive environmental impacts including: promoting more opportunities for transit-oriented development in the downtown, which will directly lead to a reduction in vehicle miles traveled and fewer greenhouse gas (GHG) emissions per capita than development located further away from transit opportunities; directly requiring improvements to the Riverwalk, thereby increasing pubic activity along the river; requiring filling adjacent to the river levee to eliminate areas that encourage negative social behavior and degrade and create an unsafe experience for Riverwalk users; providing development incentives through additional height, which can lead to economic development for public uses adjacent to the Riverwalk, such as restaurants and cafes; and finally, increasing opportunities for much needed housing near the City’s job centers.

When positive impacts are weighed with the potential adverse impacts identified through the CEQA process, the benefits of the proposed amended developments standards far exceed any identified environmental impact, resulting in a net positive environmental impact for the community.

**Ordinance Amendments to the Central Business District and Outdoor Extension Area Regulations**

The Central Business District (CBD) zone district is described in Municipal Code Sections 24.10.2300, et. seq. These sections are being revised to reflect the changes to the Downtown Recovery Plan and essentially reference the Downtown Plan as the source for CBD development standards.

Section 24.10.2340 addresses the Outdoor Extension Area procedures for allowing private property owners to lease public land adjacent to a business, most commonly used for restaurant seating. This section, which historically only applied to sidewalks along Pacific Avenue, is being expanded to reflect the concept that uses adjacent to the Riverwalk may also utilize the City’s license agreement process to be able to allow for private maintenance of public areas adjacent to the Riverwalk. The filling of land adjacent to the levee creates the opportunity for more useable public space, and through the extension area agreement process and these areas adjacent to the Riverwalk can be more publicly active spaces. The proposed ordinance changes are consistent with the proposed Downtown Plan changes to encourage activation of these areas adjacent to the Riverwalk.

Finally, Section 24.10.2341 is a newly proposed section of the Municipal Code, which will formalize the Parklet Pilot Program created in 2016. While this section is not directly related to the Downtown Plan amendments, it is an important component of the downtown activity scene to improve business opportunities and provide another way to activate the street with positive uses. The two existing Parklet facilities have been very successful and the proposed ordinance language reflects the installation and operational details that have been developed during the pilot program by Public Works, Planning and Economic Development. The Planning Commission reviewed this draft ordinance in June 2017, and staff is suggesting modifications to the term ‘parklet’ to more accurately reflect the use of these spaces. A parklet typically refers to publicly accessible open spaces 24 hours per day and typically do not contain an exclusively- commercial component. The City’s Parklet Pilot Program was set up to allow adjacent business the opportunity to lease space in the public right-of-way adjacent to the curb. Therefore, the proposed ordinance language refers to these spaces as Curbside Extension Areas instead of parklets. The procedure and intent remains the same and there are no substantive differences in the previous parklet ordinance.

The draft ordinance amendments are located in Attachment 6.

**Other Issues Raised by Public**

At the October 12th Planning Commission hearing, a few public comments were made relating to unbundling parking from development projects; incorporating more transportation demand management (TDM) strategies to reduce traffic and parking; concern with increased flooding; and concern that the aesthetic evaluation in the EIR was inadequate.

In response to the concept of unbundling or decoupling parking (renting or selling parking spaces in a project separate from the rent or sales of the units themselves) and providing more regulation to support TDM measures, these concepts are not new ideas and continue to be implemented on a project-specific basis. The Downtown Plan is a Specific Plan and contains land use standards for the Central Business District, but does not take the place of the General Plan, nor does the Downtown Plan need to duplicate the multiple policies already in place relating to TDM measures. The Downtown Plan does not set parking standards, but does include modified language, which will potentially allow all required parking to be constructed off-site of a proposed project, or within the boundaries of the downtown parking district. This alternative, off-site parking arrangement can be evaluated on a project-specific basis, where the merits can be weighed in the context of the uses proposed within the project. There is no need to attempt to pre-define when unbundling or de-coupling parking is appropriate, and a one-size-fits-all approach is not appropriate when evaluating parking. The uses of a specific proposal will be evaluated and considered at the time of a project application. The important point is that the policy framework is in place to allow the flexibility of providing parking off-site, where appropriate. Unbundling of parking is already allowed under current regulations and would continue to be allowed.

There are many General Plan 2030 policies relating to TDM measures and it is not necessary to repeat the Citywide measures in the Downtown Plan. Some of the many measures identified in the General Plan include:

* M2.3 Increase the efficiency of the multi-modal transportation system.
* M2.3.1 Design for and accommodate multiple transportation modes.
* M2.3.2 Promote alternative transportation improvements with transportation system management (TSM) strategies, road improvements, and widening/expansion projects that can achieve an acceptable level of service.
* M2.5 Consider innovative transportation solutions.
* M2.5.1 Promote the use of new technologies for transportation and other community services.
* M2.5.2 Utilize TSM planning, implementation, and monitoring to improve transportation efficiency and safety.
* M3.1.7 Encourage businesses and employees to participate in ridesharing, bus pass, and shuttle programs.
* M3.1.8 Encourage variable work hours including the institution of staggered hours, flextime, telecommuting, or compressed work weeks.
* M3.1.9 Consider reducing parking requirements for employers, developments, businesses, and major destination centers that implement effective alternative transportation programs.

These existing policies are in place to allow evaluation of individual projects to determine where the incorporation of TDM measures is appropriate and should be required. The Zoning Code also implements some of these policies, e.g., reduced parking ratios for developments that incorporate additional bicycle parking.

In response to the concern about increased flooding downtown, the EIR contains an extensive response to flood issues in section 4.5 and no new information was provided at the Planning Commission hearing relating to downtown flooding. The EIR correctly describes the potential for flooding downtown and the current A-99 Zone designation for portions of downtown remains in effect at the time of this Downtown Plan update. In-channel maintenance, similar to that which has been routinely performed in recent years, may be necessary to retain the A-99 designation in the future. The City will continue to work closely with the United States Army Corps of Engineers (USACE) and the Federal Emergency Management Agency (FEMA) to evaluate and implement any measures necessary to retain the A-99 designation. For the purposes of the Downtown Plan updates, the A-99 Zone remains a voluntary program to allow property owners to choose to flood-proof any basement or ground-level building space. The City Council is expected to receive an update later this year on the recent in-channel maintenance efforts in the San Lorenzo River to prepare for the upcoming wet weather season.

The DEIR does acknowledge that flood hazards in the downtown area could be more significant in the future with sea level rise, and expanded text was added to this discussion in the Final EIR. The DEIR discloses the other studies, plans and actions that the City has and continues to undertake to address issues of climate change and sea level rise. In particular, the EIR cites and summarizes the City’s Climate Change Vulnerability Study, which indicates that there are significant flood risks that will increase with a rising sea level and that the City needs to continue to work with state and federal agencies to regarding the ability of the river levees to contain a 100‐year flood event, which could include additional pumping or other strategies as determined by ongoing monitoring. The City’s Climate Adaptation Plan identifies the priorities and actions to address risks and hazards associated with climate change, including sea level rise.

Finally, in response to a comment relating to the aesthetic evaluation in the EIR, there was no evidence provided at the Planning Commission hearing indicating that the impacts relating to aesthetics were improperly or inadequately evaluated, or that the EIR conclusions drawn were inappropriate. CEQA does not require the extensive photographic simulations that were included in the EIR and the realistic eye-level views illustrate the reasonable worst-case scenario to appropriately evaluate aesthetic impacts.

**Planning Commission Summary**

In addition to the language added to encourage commercial uses along the Riverwalk and public passageways to respond to Coastal staff concerns, the Planning Commission discussed a provision in the existing Downtown Recovery Plan, which requires non-conforming uses to cease in October 2020. In 2000, the City Council approved an ordinance requiring certain non-conforming uses to cease in 20 years. The background memorandum to the Planning Commission is Attachment 10. There were some nonconforming use owners who testified at the Planning Commission hearing that they were unaware of the proposed language to phase-out certain uses (mostly relating to alcohol sales). The draft language proposes to establish some criteria as to how the non-conforming uses can be considered under certain conditions. The Council has the ability to modify the termination date, develop criteria for allowing continued use under specified circumstances, or leave the existing language as written in the 2000 version of the Downtown Recovery Plan. Staff and Planning Commission recommend modifying the language as proposed in the October 6, 2017 memorandum.

Staff has met with owner of Bonesio’s Liquors and the owners of that property at 801 Pacific Avenue (the northwest corner of Pacific Avenue and Laurel Street). They expressed concerns that the business of 67 years would be forced to close as a result of the proposed changes. The Plan currently calls for a future (2020) change to the Zoning Code that would eliminate all off-sale of alcohol in the Plan area. The staff and Planning Commission recommendation calls for future (2020) Zoning Code changes that could allow for off-sale establishments to continue, so long as they meet various use, floor plan, and operational criteria. The owner of Bonesio’s liquors indicated that he would have challenges conforming with the new criteria as drafted.

In response to the Final EIR and identified mitigation measures, additional language was added to the Riverwalk properties to incorporate additional bird protection measures for projects adjacent to the Riverwalk. This language has been incorporated into the Downtown Plan on page 65 of Attachment 7.

**Additional Update for Consideration**

The Economic Development Department has indicated that the changing economic environment downtown requires land use regulation flexibility in order to retain tenants and for downtown to remain competitive in a changing market, especially to the changing nature of retail uses. The Ground Floor uses chart of the Downtown Plan specifies that ground level office uses are to only be considered when they include “Walk In Clientele”. This issue was discussed with the Planning Commission at a previous meeting with the intent being to avoid having any ground level uses that are not active. Staff is suggesting that the ‘Walk In Clientele” language be eliminated. This simplification allows regular office uses to be considered in the interior of ground level spaces along Pacific Avenue that may not have walk in clientele. The Plan has always required a strong retail-frontage along Pacific Avenue and the typical required depth has been 75 feet of retail. Exceptions to this depth were already written into the Plan, but office use cannot be located directly on Pacific Avenue, though an entryway to an office could be a necessary component of a ground- (or upper-) floor office occupancy. An Administrative Use Permit is still required for considering interior office space uses along Pacific Avenue. The façade and retail business entrances are still required to meet the storefront guidelines specified in the Plan. Given these safeguards, staff is recommending that this deletion be included with the Council action as noted in Attachment 8, page 35, the change of which has no environmental impact.

SUMMARY AND RECOMMENDATION: The proposed Downtown Plan changes reflect the City Council direction from October 2014 to provide opportunities for additional housing and revitalization in key parts of downtown. The November 14th City Council meeting will be the 21st public meeting on these amendments, including multiple Planning Commission meetings, public events such as City Hall to You, and the Downtown Commission. The Planning Commission carefully considered these amendments and the associated environmental analysis after conducting an extensive public process. The resulting Downtown Plan will achieve many of the long-proposed objectives for downtown. It is therefore recommended that the City Council, conduct a public hearing, discuss the proposed project components, and take action on the 6 items as outlined in page 1 of this report.

FISCAL IMPACT: The preparation of the plan amendments and associated environmental impact report required assistance from numerous professional consultants. This work was previously authorized and budgeted over the past three years and totaled approximately $229,000. The source of these funds was the General Plan maintenance fee. Additional funds from the City’s General Fund were not required.

The report and associated documents are available for public review on the Planning Department website and at Planning Department, Room 107.

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| Prepared by:Ron PowersPrincipal Planner | Submitted by:Lee ButlerDirector of Planning and Community Development | Approved by:Martín BernalCity Manager |

ATTACHMENTS:

1. Resolution certifying the Final Environmental Impact Report (FEIR)
2. Resolution including Findings of Fact, a Mitigation Monitoring and Reporting Program, and a Statement of Overriding Considerations
3. Resolution amending the General Plan 2030 text
4. Resolution amending the Local Coastal Program Land Use Plan text

4B. Redline changes of Proposed Local Coastal Program Land Use Plan text

1. Resolution amending the Downtown Recovery Plan
2. Ordinance amending Section 24.10, Part 24 of the Santa Cruz Municipal Code
3. Clean version of the Downtown Plan (hard copy not printed, electronic only)
4. Redlined version of the Downtown Recovery Plan (hard copy not printed, electronic only)
5. Planning Commission Agenda Report October 10, 2012 (without attachments)
6. Memorandum to Planning Commission regarding Non-Conforming Uses and Coastal Language October 6, 2017
7. Final Environmental Impact Report (previously provided to City Council)
8. Draft Environmental Impact Report (previously provided to City Council)
9. Summary of Front Street Riverfront Development Standards
10. Summary of Pacific Avenue Retail District Development Standards