



CITY COUNCIL AGENDA REPORT

MEETING DATE: OCTOBER 20, 2015

ITEM NUMBER: PH-1

SUBJECT: AN ORDINANCE FOR THE SECOND AMENDMENT TO DEVELOPMENT AGREEMENT DA-00-02 (DA-15-02) AND RESOLUTION TO ADOPT NORTH COSTA MESA SPECIFIC PLAN AMENDMENT SP-15-01 FOR THE SEGERSTROM TOWN CENTER SUBAREA AT THE SOUTHEAST CORNER OF BRISTOL/SUNFLOWER

DATE: OCTOBER 9, 2015

**FROM: MINOO ASHABI, PRINCIPAL PLANNER
PLANNING DIVISION / DEVELOPMENT SERVICES DEPARTMENT**

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER

**FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, AIA (714) 754-5610
minoo.ashabi@costamesaca.gov**

RECOMMENDATION

Pursuant to the Planning Commission's recommendation:

1. Adopt SP-15-01 North Costa Mesa Specific Plan Amendment and
2. Give first reading to an Ordinance to approve the Second Amendment to the Development Agreement DA-00-02 for Segerstrom Town Center.

BACKGROUND

Proposed Project

The proposed project involves the following:

- 1) ***Specific Plan Amendment SP-15-01 for clarifying language and minor updates to the North Costa Mesa Specific Plan for the Segerstrom Town Center subarea at the southeast corner of Bristol and Sunflower.***

No changes to the previously-approved entitlements and trip budgets are proposed.

- 2) ***Second amendment to Development Agreement DA-00-02 (Segerstrom Town Center):***

- Extend the term of the development agreement (originally executed in 2001) for additional 20 years until 2035.
- Include entitlements approved on January 16, 2007 by General Plan Amendment (GP-06-02) in the Development Agreement. These entitlements are described the in North Costa Mesa Specific Plan.

Planning Commission Action

On September 28, 2015, with a 4-1 vote (Commissioner Dickson recused himself) the Planning Commission recommended that the City Council approve the proposed amendment to Development Agreement and the minor amendment to the North Costa Mesa Specific Plan.

The Planning Commission staff report may be found per the link below:
<http://www.costamesaca.gov/modules/showdocument.aspx?documentid=19591>

The Planning Commission's final resolution is attached (Attachment 4).

North Costa Mesa Specific Plan & Segerstrom Town Center

Segerstrom Town Center is a sub-area of the South Coast Plaza Town Center. The 2000 General Plan designates the area as "Cultural Arts Center" and the corresponding zoning is "Town Center". In February 2001, City Council approved General Plan Amendment GP-00-02, which resulted in the following entitlements for Segerstrom Town Center. City Council also amended the North Costa Mesa Specific Plan (as shown below), adopted a Preliminary Master Plan, and entered into the Development Agreement in conjunction with the general plan amendment.

MAXIMUM ALLOWABLE FAR	MAXIMUM BUILDING SQUARE FOOTAGE	AM PEAK HOUR BUDGET	PM PEAK HOUR BUDGET
1.98	2,118,550	2,764	3,453

On April 5, 2004, City Council approved an amendment to the Development Agreement for Segerstrom Town Center (Ordinance 04-3) that allowed obligations for discount parking for Costa Mesa residents attending cultural events to be fulfilled in the parking structure located at the southwest corner of Sunflower Avenue and Park Center Drive.

On January 16, 2007, City Council approved General Plan Amendment GP-06-02 that allows additional development options involving the transfer of building area within the Segerstrom Town Center sub-area.

As a development option, proposed new development within this sub-area includes:

1. One mixed-use high-rise tower with 233,170 square feet of office uses and 225 residential units;
2. 200-room hotel and 50 residential units;

The implementation of these entitlements require the demolition of office uses and two cinemas in this sub-area. (Both of the cinemas have been demolished and removed from this sub-area.)

An excerpt of the North Costa Mesa High Rise Residential Environmental Impact Report is attached (Attachment 3, Program EIR).

History of Amendments to Specific Plan

The North Costa Mesa Specific Plan was adopted by the Costa Mesa City Council in July 1994. Since adoption, the plan has been amended. The following table provides a list and a brief description of the amendment(s).

AMENDMENT #	DATE OF ADOPTION	DESCRIPTION OF AMENDMENT
SP-98-04	April 19, 1999	Created a site-specific FAR of 0.72 for South Coast Metro Center (Area 6).
SP-99-02	July 3, 2000	Increased the site-specific FAR to 0.79 for South Coast Metro Center (Area 6).
SP-00-01	February 5, 2001	Created a new Cultural Arts Center designation and corresponding FAR of 1.77 for South Coast Plaza Town Center (Area 4).
SP-00-02	November 19, 2001	Increased the size of Area 1, and amended land use designations, floor area ratio, and trip budgets for Segerstrom Home Ranch (Area 1)
SP-02-01	July 1, 2002	Updated regulations to be consistent with 2000 General Plan
SP-03-02	November 17, 2003	Amended acreage and building square footage allocation in Area 1 sub-areas.
SP-03-01	February 2, 2004	Incorporated the Theater and Arts District Plan into the plan.
SP-06-01	March 27, 2006	Amendment to the Theater and Arts District Plan regarding financing.
SP-06-02	January 16, 2007	Amendment to allow high-rise residential development in Sub-areas 4, 5, and 6 in this specific plan.
SP-07-01	November 20, 2007	Amendment to allow high-rise residential development for Wyndham Boutique Hotel / High-Rise residential project at 3350 Avenue of Arts, Area 5.
SP-11-01	September 20, 2011	Amendment to Sakioka Lot 2

ANALYSIS

Specific Plan Amendment SP-15-01 to the North Costa Mesa Specific Plan.

The NCMSP was adopted in July 1994. The proposed project includes a SP-15-01 North Costa Mesa Specific Plan Amendment. The primary objectives of the proposed Specific Plan Amendment are to:

- Further clarify the maximum allowable buildout of Segerstrom Town Center.
- Clearly specify the entitlements, including the high rise residential entitlements that have been approved to date.

Given that the Specific Plan will be incorporated by reference in the second amendment to the Development Agreement, staff is ensuring that the Specific Plan language is comprehensive and consistent with prior Council actions. Segerstrom staff have made specific requests for clarifying language in certain areas, and the proposed amendment reflects discussion and review with Segerstrom staff.

The proposed amendment will provide clarifying language related to, but not limited to, the following (*Exhibit 1 of Attachment 1, Redline*):

- Expanded description of the preliminary and final master plan process required for development in the Specific Plan areas.
- New clarifying language regarding approved and available entitlements in the Segerstrom Town Center area of the Specific Plan.
- Add new map exhibits and related exhibits for Area 4, South Coast Plaza Town Center.
- **NO CHANGES** to existing trip budgets or maximum allowable development are proposed as part of this Specific Plan amendment.

No significant changes to Specific Plan

The amended text is shown in redline in the page excerpts from the Specific Plan document (*Attachment 1, Resolution for Specific Plan Amendment*). Staff collaborated with the Segerstrom staff to refine and better describe the allowable buildout of the Segerstrom Town Center subarea, including the development options for high rise residential development at 3400 and 3420 Bristol Street.

No changes to these entitlements are being proposed. The Specific Plan Amendment provides clarifying text without modifying the previously-approved entitlements as adopted by the City Council in 2007.

Proposed Amendment to Development Agreement DA-00-02 (DA-15-02)

The applicant is proposing an amendment to the development agreement to make it consistent with the approved General Plan Amendment GP-06-02 approved in 2007 reflecting the entitlement options that were adopted with the North Costa Mesa Specific Plan Amendment. (*Attachment 2, Ordinance for the Second Amendment*)

The proposal includes the following:

- 1) The proposed amendment will modify the term of the development agreement which will expire in 2021 for another 20 years until 2035.
- 2) The amendment will incorporate the entitlements noted in North Costa Mesa Specific Plan Subarea 3 pertaining to 3400 and 3420 Bristol Street as noted below (page 48 of Amended NCMSP). At this time, the development agreement does not include and therefore makes no reference to these entitlements:

The clarifying language in the Specific Plan document is briefly referenced below:

“Segerstrom Town Center Sub-Area 3: GP-06-02 amended the 2000 General Plan to allow high-rise/high-density residential units in the Cultural Arts Center land use designation. In this sub-area on 3.3 acres, the following unbuilt entitlements have been approved:

- 200-key hotel (220,000 sq.ft.) and 50 residential units at 3400 Bristol

Street.

- Office high rise building (336,525 square feet) at 3420 Bristol Street (**OR**) mixed-use development of office uses (233,170 square feet) in addition to residential units (225 units) at 3420 Bristol Street.

In order to be fully implemented, these entitlements require the demolition of the former theater uses (31,500 square feet) which have been demolished and the existing office uses of 84,025 square feet. This would result in a maximum non-residential FAR of 1.88 with a maximum number of 275 high-rise residential units (Option 1 in Table 5A) in this sub-area. This maximum non-residential FAR and building square footage may be increased to no more than the Option 2 non-residential FAR of 1.98 and associated building square footage in direct relation to the decrease in the maximum allowable number of high-rise residential units.

Should the property owner determine not to develop the high-rise residential option in any form, the maximum allowable non-residential building square footage for this sub-area would be 2,118,550 square feet with a corresponding FAR of 1.98, AM Peak Hour trip budget (2,764 trips), PM Peak Hour trip budget (3,453 trips). This is the Option 2 development scenario shown in Table 5A. Table 5A/Option 2 describes the maximum buildout potential for the Segerstrom Town Center for commercial development. The existing buildings may be demolished, and the property may be redeveloped provided that the specified maximum allowable standards for nonresidential development, as shown in Table 5A, are not exceeded. For example, the single-story (with mezzanine) Park Tower annex building (32,316 square feet) on Town Center Drive may be demolished, and new construction may occur within the Segerstrom Town Center area as described in Table 5A.

For both Options 1 and 2, Table 5A indicates the a.m. and p.m. trip budgets, maximum number of dwelling units, maximum non-residential building square footage, and associated floor area ratios with the maximum FAR and building square footage, the Option 1 a.m. trip budget may be adjusted to be no more than the Option 2 a.m. trip budget in direct relation to the decrease in the maximum allowable number of dwelling units.”

Justifications for Approval

The applicant is not proposing additional public benefits in exchange for the proposed amendment to the development agreement. Any change to the public benefits section of the development agreement is considered a policy decision by the City Council.

State Law requires that amendments to Development Agreements be adopted by Ordinance. The attached Planning Commission resolution includes recommendations for the approval of the Specific Plan Amendment and Ordinance.

Following are justifications for approval of the proposed project:

- Proposal does not involve any material changes to the maximum allowable traffic generation beyond the currently established trip budgets for Segerstrom Town Center.

The site has established maximum trip budgets for the AM Peak Hour and PM peak hour. Future proposed development of commercial office buildings, hotels, mixed-use high rise residential buildings, etc. shall be required to comply with Specific Plan and the maximum trip budgets.

Table 5A- South Coast Plaza Town Center Sub-Area Statistics North Costa Mesa Specific Plan					
	Maximum Allowable Non-Residential FAR	Maximum Non-Residential Building Square Footage	Maximum Allowable Number of High-Rise Residential Units	Maximum A.M. Peak Hour Trip Budget	Maximum P.M. Peak Hour Trip Budget
Pacific Arts Plaza Sub-Area 1 (18.19 acres)					
Option 1	1.46 ^{1,2}	1,160,528 sq. ft. ²	180	2,111 ³	2,150
Option 2	1.55 ¹	1,227,978 sq. ft.	0	2,133	2,150
Segerstrom Center for the Arts Sub-Area 2 (11.21 acres)					
	1.67 ⁵	815,285 sq. ft.	80	283	1,029
Segerstrom Town Center Sub-Area 3 (24.5 acres)					
Option 1	1.88 ²	2,015,195 sq. ft. ²	275	2,729 ³	3,453
Option 2	1.98	2,118,550 sq. ft.	0	2,764	3,453
TOTAL SOUTH COAST PLAZA TOWN CENTER					
Option 1	1.70 ²	3,991,008 sq. ft. ²	535	5,123 ³	6,632
Option 2 ⁴	1.77 ⁵	4,161,813 sq. ft.	80	5,180	6,632
<ol style="list-style-type: none"> 1. Maximum floor area ratio calculation includes land dedicated or reserved for right-of-way for the Avenue of the Arts off-ramp and associated flood control improvements. 2. This maximum FAR and building square footage may be increased to no more than the Option 2 FAR and building square footage in direct relation to the decrease in the maximum number of high-rise residential units. 3. This maximum peak hour trip budget may be increased to no more than the Option 2 peak hour trip budget in direct relation to the decrease in the maximum number of high-rise residential units. 4. This alternative includes the 80 high-rise residential units associated with the museum site in Segerstrom Center for the Arts Sub-Area 2. 5. This maximum FAR may not be increased if the 80-unit residential component is not constructed in conjunction with art museum/art academy in Sub-Area 2. 					

- Proposal does not modify the previously-approved high rise residential entitlements, as adopted by the City Council in 2007.

City Council adopted the Development Agreement for Segerstrom Town Center in 2001. Once the second amendment to the DA is adopted, the changes would be in place prior to the next review of the development agreement. Other than incorporating the Specific Plan entitlements and extending the life of the development agreement by another 20 years, the changes to the development agreement do not involve increased intensity or higher density.

Table 5B- Statistical Summary of Unbuilt SCPTC Components as of 2006 North Costa Mesa Specific Plan				
Map Key	Unbuilt Entitlements Approved prior to 2006	Slated for Demolition (sq. ft.)	New Construction Approved in 2006 (GP-06-02)	Maximum Building Height (above grade level)
Segerstrom Town Center Sub-Area 3				
E.	Hotel-200-key (220,000 sq. ft.) 3400 Bristol Street	2 theaters (31,500 square feet)	200-key hotel (220,000 sq. ft.) and a maximum of 50 high-rise residential units in a mixed-use development	315 ft. <u>agl</u>
F.	Office 336,525 sq. ft. 3420 Bristol Street	84,025 sq. ft. office building	A. 336,525 sq. ft. office OR B. Maximum 233,170 sq. ft. office and maximum 225 residential high-rise units in a mixed-use development.	315 ft. <u>agl</u>
Source: City of Costa Mesa May 2006, North Costa Mesa High Rise Residential Projects Program Environmental Impact Report (SCH# 2006011077).				

- *Proposal is in compliance with the broader goals of the General Plan and the North Costa Mesa Specific Plan.*

No changes to the City of Costa Mesa’s General Plan are required. The proposal is in conformance with the City’s General Plan and is consistent with the land use designation.

ALTERNATIVES

1. Approve the request, with any other modifications to the Specific Plan or Development Agreement.
2. Deny the request. An alternative action would involve denial of the applicant’s request for an amendment to the development agreement. Staff would recommend that the minor amendments to the Specific Plan be adopted as these changes provide clarifying text.

ENVIRONMENTAL DETERMINATION

The project is exempt from the provisions of the California Environmental Quality Act under Section Exempt under Section 15061 (b) (3) (general rule) of the CEQA Guidelines.

LEGAL REVIEW

The draft resolution and has been reviewed and approved as to form by the City Attorney’s Office.

CONCLUSION

Planning Commission determined that the applicant has demonstrated good faith compliance with the provisions and conditions of the DA-00-02 as they pertain to date. The proposed amendment will ensure the entitlements granted by GP-06-02 is memorialized in the development agreement and extended for twenty years. The

amendment to the Development Agreement are consistent with the Final EIR, North Costa Mesa Specific Plan and the City's General Plan.

MINOO ASHABI, AIA
Principal Planner

GARY ARMSTRONG, AICP
Economic and Development Services
Director

- Attachments:
1. [City Council Resolution to Adopt the North Costa Mesa Specific Plan](#)
 2. [Ordinance for Second Amendment to Development Agreement](#)
 3. [Excerpt of Environmental Impact Report](#)
 4. [Planning Commission Resolution](#)

Distribution:

- Director of Economic & Development Services/Deputy CEO
- Assistant Development Services Director
- Senior Deputy City Attorney
- Public Services Director
- City Engineer
- Transportation Services Manager
- Fire Protection Analyst
- File (2)