



CITY COUNCIL AGENDA REPORT

MEETING DATE: SEPTEMBER 06, 2016

ITEM NUMBER: PH-2

SUBJECT: FOURTH AMENDMENT TO DEVELOPMENT AGREEMENT DA-00-01 (DA-16-03) FOR HOME RANCH

DATE: AUGUST 25, 2016

FROM: PLANNING DIVISION / DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER

**FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, AIA (714) 754-5610
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DESCRIPTION

The request is the fourth amendment to Development Agreement DA-00-01 (Home Ranch) to address the following:

- Correct the inconsistency and clear up the uncertainty related to the State dedicated Land;
- Add the 10,000 SF Water District Parcel to the Office Portion for all purposes;
- Reflect the allocation in the Trip Budget between the Office Portion and the Industrial Portion;
- Update the description of the Office Portion; and,
- Ensure that the Development Agreement includes and references the changes to the Home Ranch Project approved by the City.

APPLICANT

Justin McCusker of C.J. Segerstrom and Sons (CJS).

RECOMMENDATION

Planning Commission recommended that City Council give first reading of the Ordinance approving Fourth Amendment to Home Ranch Development Agreement.

BACKGROUND

Segerstrom Home Ranch is generally located north of the Interstate I-405, east of Harbor Boulevard, and south of Sunflower Avenue. The Home Ranch development project was approved in November 2001, and presently contains IKEA, Emulex, and the Providence Park residential development (143 units). The development of office uses in the southeast quadrant of Susan Street and South Coast Drive intersection is pending.

Development Agreement DA-00-01 for Home Ranch was adopted by City Council on December 3, 2001. The following three amendments have been approved since the original document was executed:

- First amendment approved in 2003 related to surplus transportation fees and the Huscroft House contribution;
- Second amendment approved in 2007 that excluded the approximate 1.3 acre-segment of the exit ramp between the I-405 North distributor road and the IKEA driveway intersection; and,
- Third amendment approved in July 2010 extended the DA for 13 additional years, increased the future Fire Station site from 30,000 to 40,000 square feet and identifies a location on South Coast Drive, prepayment of the remainder of the fire impact fee in the amount of \$264,210.83, and deferred ultimate disposition of historic structures for 50 years and deposit and establishment of a historic preservation (?) account.

The original Development Agreement and Subsequent Amendments are available as Attachment 2 of Planning Commission report at the following link:

<http://www.costamesaca.gov/ftp/planningcommission/agenda/2016/2016-08-22/PH-2.pdf>

ANALYSIS

Proposed Fourth Amendment to Development Agreement DA-00-01 (DA-16-03)

The applicant proposes an amendment to the development agreement to make it consistent with the approved 2015-2035 General Plan Update and to reflect the entitlement options that were adopted with the North Costa Mesa Specific Plan Amendment.

The proposed amendment provides the following:

- Accurately refer to the dedication area to the State of California and correct the inconsistencies related to freeway improvements;
- Add the Water District Parcel to the Office Portion for all calculation purposes;
- Reflect the allocation in the Trip Budget between the Office Portion and the Industrial Portion;
- Update the description of the Office Portion; and,

- Ensure that the Development Agreement includes and references the changes to the Home Ranch project approved by the City.

Each of these issues are discussed in more detail below:

- 1) *Freeway Improvements* -- The first proposed change would eliminate 4.47 acres of land from the definition of "Property" that CJS dedicated to the State of California for freeway improvements. The Development Agreement covers certain Property as defined in Exhibits A and B to the Original Agreement. This original definition of the Property excluded land adjacent to the 405 Freeway conveyed by CJS to the State of California consisting of approximately 4.47 acres. However, the acreage numbers and maximum allowable square footage given for the Office Portion of the Property in the Original Agreement, the Second Amendment, and the City's General Plan in effect as of the date of the Original Agreement (as well as in the City's current General Plan) included the State Land. Thus, the proposed modification would resolve these inconsistencies.
- 2) *Water District Parcel* – The second proposal would add the 10,000 sq.ft. Water District Parcel. Approximately 10,000 square feet of land as more particularly described in Exhibit AA of the Development Agreement was not included in the Segerstrom Home Ranch property covered by the Development Agreement because it was under a long term lease with the Mesa Consolidated Water District ("MCWD"). The Original Agreement called for the development rights, including square footage and Trip Budget, for any portion transferred to MCWD to be utilized by the Office Portion of the Property south of South Coast Drive and east of Susan Street. The lease with MCWD has since terminated, MCWD has abandoned the Water District Parcel altogether, and CJS still owns the Water District Parcel; therefore, the parcel is being requested to be included in the Home Ranch site areas, but not for the purposes of changing any maximum FAR or square footage.
- 3) *Emulex Property* – The third proposed change would adjust subarea trip budgets for CJS transfer of property. CJS transferred the entire Industrial Portion to Emulex Corporation. This includes the transfer of 376 a.m. and 362 p.m. peak trips from the Trip Budget for the combined Office and Industrial Portions of the Home Ranch to Emulex. This assignment is reflected in that certain partial assignment executed by CJS, Emulex and the City, recorded as Instrument No. 2004000089554 in the County Records.
- 4) *IKEA* -- CJS transferred to IKEA Property, Inc. that portion of the Office Portion described as Parcel 2 of City of Costa Mesa Lot Line Adjustment No. LL - 02-01 recorded as Instrument No. 20020581758 in the County Records and consisting of approximately 2.07 acres. IKEA thereafter received a specific plan amendment (SP-03-02) reallocating said Parcel 2 out of the Office Portion and into the Retail Portion for use as a parking lot. With this reallocation, the entirety of the Office Portion is owned by CJS.

Justifications for Approval

Because this amendment will not increase the maximum allowable traffic generation, and it is consistent with the goals of recently adopted general plan, 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 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 Home Ranch as adopted by 2015-2035 General Plan.*

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. Other than incorporating the Specific Plan entitlements and, the changes to the development agreement do not involve increased intensity or higher density.

- *Proposal is in compliance with the broader goals of the 2015-2035 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.

- *The Proposed Amendment will update the facts and figures related to properties that have been developed under Home Ranch and have been transferred to other entities.*

The Fourth Amendment will clarify the areas under the development agreement and exclude dedicated areas as well areas under different ownerships; it will also clarify the trip budget for each of subareas.

ENVIRONMENTAL DETERMINATION

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines, and the City environmental procedures. The proposed changes to the agreement are consistent with the Segerstrom Home Ranch Environmental Impact Report, SCH No. 2000071050, November 2001, the North Costa Mesa Specific Plan and General Plan. Specifically, the majority of the changes involve clean up of

inconsistencies. Additionally, the original EIR analyzed the entire property, including the 10,000 sq. ft. incorporated into this amendment. Finally, all traffic impacts have been reviewed with the City of Costa Mesa General Plan Environmental Impact Report, SCH No. 2015111053, June 2016. Therefore, the relevant environmental analysis contained in the previously-approved environmental documents is still valid, and no further environmental review is required.

LEGAL REVIEW

The draft resolution and ordinance have been reviewed and approved as to form by the City Attorney's Office.

CONCLUSION

The Planning Commission determined that the applicant has demonstrated good faith compliance with the provisions and conditions of the DA-00-01 as they pertain to date and recommended first reading of the ordinance approving the Fourth Amendment to Home Ranch Development Agreement. The proposed amendment will ensure the entitlements granted by 2015-2035 General Plan is memorialized in the development agreement which was extended for 13 years with the previous amendment until 2030. The amendment to the Development Agreement are consistent with the Final EIR, North Costa Mesa Specific Plan and the City's General Plan.

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Services Director / Deputy CEO

Attachments: 1. [Planning Commission Resolution](#)
 2. [Draft Ordinance including Exhibit 1 \(fourth amendment\)](#)

cc: Justin McCusker
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