



# City Council Memorandum

City of Arts & Innovation

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: FEBRUARY 14, 2017**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT              WARD: 2**  
**DEPARTMENT**

**SUBJECT: PLANNING CASES P16-0101 (GENERAL PLAN AMENDMENT/SPECIFIC PLAN AMENDMENT), P16-0102 (TENTATIVE PARCEL MAP), P14-1082 (MINOR CONDITIONAL USE PERMIT), P16-0103 (VARIANCE/GRADING EXCEPTIONS), P14-1081 (DESIGN REVIEW), AND P14-1072 (ENVIRONMENTAL IMPACT REPORT) - BY HILLWOOD ENTERPRISES L.P. AND THE MAGNON COMPANIES FOR CONSTRUCTION AND OPERATION OF TWO INDUSTRIAL WAREHOUSE BUILDINGS – WEST SIDE OF LANCE DRIVE BETWEEN DAN KIPPER DRIVE AND SIERRA RIDGE DRIVE – APPEAL AND CONSIDERATION OF PROJECT APPROVAL**

**ISSUE:**

Approve a proposal by Hillwood Enterprises L.P. and The Magnon Companies for a General Plan Amendment/Specific Plan Amendment, Tentative Parcel Map, Minor Conditional Use Permit, Variance and Grading Exceptions, Design Review, and certification of the project Environmental Impact Report to permit the construction and operation of two industrial warehouse buildings, totaling 1,375,169 square feet, on a 76-acre site located on the west side of Lance Drive between Dan Kipper Drive and Sierra Ridge Drive (the “Project”).

**RECOMMENDATIONS:**

That the City Council:

1. Adopt the attached CEQA Resolution (Attachment 3) certifying that the Final Environmental Impact Report (EIR) for the proposed project: (a) has been completed in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code 21000 et seq.); (b) was presented to the City Council and the City Council reviewed and considered the information contained in the Final EIR prior to approving the project; and (c) reflects the City’s independent judgment and analysis, and making certain findings of fact;
2. Adopt the Findings of Fact attached to the CEQA Resolution;
3. Adopt the Statement of Overriding Considerations (SOC) attached to the CEQA Resolution;

4. Adopt the Mitigation Monitoring and Reporting Program attached to the CEQA Resolution;
5. Concur with the findings contained in the Final EIR, the attached CEQA Resolution, the case file and the administrative record;
6. Find that no feasible alternatives to the project have been proposed that will avoid or substantially lessen the significant environmental effects as set forth in the Final EIR;
7. Reject all late comments as untimely;
8. Adopt the attached Resolution (Attachment 4) amending the General Plan 2025;
9. Adopt the attached Resolution (Attachment 5) amending the Sycamore Canyon Business Park Specific Plan; and
10. Approve Planning Cases P16-0101 (General Plan Amendment/Specific Plan Amendment), P16-0102 (Tentative Parcel Map), P14-1082 (Minor Conditional Use Permit) and P16-0103 (Variance/Grading Exceptions), and P14-1081 (Design Review), based on and subject to the Planning Commission findings and recommended conditions found in the attached staff report.

#### **PLANNING COMMISSION RECOMMENDATION:**

On December 15, 2016, the City Planning Commission recommended approval of the Project, by a vote of 5 ayes, 3 noes and 0 abstentions and recommended to the City Council that: 1) the Draft EIR has been completed in compliance with the California Environmental Quality Act (CEQA); 2) the Project will have a significant effect on the environment; 3) there are no environmental superior alternatives to the project that will avoid or substantially lessen the significant environmental effects as identified in the Draft EIR for Air Quality standards as to cumulative impacts during operations; noise impacts during construction and operation; and project specific and cumulative traffic impacts to the I-215 freeway on-ramp Levels of Service (LOS).

#### **BACKGROUND:**

The project site consists of 17 contiguous vacant parcels, totaling approximately 76 acres. It is located within the Sycamore Canyon Business Park Specific Plan (SCBPSP), originally adopted on April 10, 1984. The SCBPSP provides for a planned industrial park consisting of approximately 920 acres of industrial and commercial uses and a 480 acre wilderness park (Sycamore Canyon Wilderness Park) within an approximately 1,500 acre area. The project site is surrounded to the north and northwest by residences, built between 1998 and 2000. The residences are located within the Sycamore Highlands Specific Plan, adopted on November 13, 1990. When adopted in 1990 it was known as the Lusk-Highlands Specific Plan. On October 21, 1997, the Specific Plan was amended and renamed as the Sycamore Highlands Specific Plan.

The Sycamore Wilderness Park is located to the west of the site and is located within the Sycamore Canyon Specific Plan and the Sycamore Canyon Business Park Specific Plan. Both the Sycamore Canyon Specific Plan and the Sycamore Canyon Business Park Specific Plan were adopted on April 10, 1984. Industrial distribution centers are located to the east, across Lance Drive, and south of the site within the Sycamore Canyon Business Park Specific Plan.

## **DISCUSSION:**

### **Project Description:**

The applicant proposes to develop two industrial warehouse buildings on two parcels. Parcel 1 will be 56 acres and located on the southern portion of the property. This property will be developed with a 1,012,995 square foot industrial distribution building (Building 1), with 147 dock doors located on the east and west sides of the building. An on-site trail and fire access lane is proposed along the south property line to provide connectivity to the Sycamore Canyon Wilderness Park which is located west of the project site. A 16 space public parking lot is proposed on the southeast corner of the parcel to serve trail users. The property will include 446 parking spaces and 278 trailer spaces.

Parcel 2 will be located on the northern portion of the property and will be approximately 20.2 acres. Parcel 2 will be developed with a 362,174 square foot industrial building (Building 2), with 49 dock doors located on the south side of the building. No dock doors are proposed on the north or west side of the building, facing the adjacent residences. The building will be set back 100 feet from the north property line and 138 feet from the west property line adjacent to existing single-family residences in the Sycamore Highlands neighborhood. This property will include 143 parking spaces and 74 trailer spaces.

Access to both parcels will be provided from Lance Drive, which is proposed to be extended north to connect to Dan Kipper Drive to ensure adequate access is provided to Parcels 1 and 2. In addition, raised traffic delineators (pork-chops) are proposed at each driveway to limit vehicular traffic exiting from the site from going north on Lance Drive.

### **Required Entitlements:**

Implementation of this project requires amendments to the Circulation Figures of the General Plan and Specific Plan for the removal of paper streets; a Tentative Parcel Map for consolidation of 17 parcels into two parcels; a Minor Conditional Use Permit to allow a building larger than 400,000 square feet, a Variance to allow 446 spaces where 1,043 spaces are required for Parcel 1 and 143 spaces where 393 spaces are required for Parcel 2; and Grading Exceptions to allow 2:1 and 3:1 slopes with a bench, between 20-feet and 35-feet in height, where slopes would be limited to 20 feet in height.

### **Community Concerns:**

The following is an overview of concerns about the Project expressed by the community and interested parties during the Planning Commission hearing. A response by Staff is provided with each concern.

**Concern:** *The proposed buildings are located too close to surrounding residences. The project will have aesthetic impacts similar to the recently constructed CT Commercial warehouse buildings on Dan Kipper Drive, which are too close to the property line and are imposing on adjacent residences.*

**Response:** The CT Commercial warehouse buildings have a 50 foot building setback and a 20 foot landscape setback. The proposed Project will have a 100 foot building setback and a 64 foot landscape setback. In addition, the Planning Commission added a condition of approval requiring gates to be installed at the entrances to the emergency vehicle access

lanes on the north side of the building that would preclude all non-emergency vehicles from using the emergency access lane for circulation. Additional design features include installation of an 8-foot high decorative masonry wall adjacent to surrounding residences, and articulation of the north facing building wall of Building 2 to provide light/shadow pockets and enhance the aesthetics of the building.

*Concern: The Project impacts to air quality and health risks were not properly analyzed in the DEIR and are significant and unavoidable*

*Response:* It is important to clarify that air quality and health risk impacts are different issues and are analyzed separately. With respect to the air quality impacts, because the Project's estimated daily operation emissions for oxides of nitrogen (NOx) will exceed the SCAQMD threshold, the Draft Environmental Impact Report (DEIR) concluded that air quality impacts would be significant and unavoidable. The air quality analysis was provided to SCAQMD for review, and SCAQMD staff had no comment on that analysis.

Pertaining to health risk impacts, the City's 2008 Good Neighbor Guidelines require a Health Risk Assessment (HRA) be prepared for industrial warehouse buildings located within 1,000 feet of residential uses. Consistent with these Guidelines, a Health Risk Assessment was prepared in June, 2016 and was included in the DEIR. The HRA determined that the Project would not exceed either SCAQMD cancer or non-cancer thresholds.

However, the City received comments from SCAQMD, dated October 5, 2016, indicating that the screening HRA did not utilize the recommended SCAQMD guidance. In response to the October 5, 2016 letter, a refined HRA, dated November 9, 2016, was prepared, and provided to SCAQMD on November 14, 2016 for review. The refined HRA confirmed the determination in the screening HRA that none of the SCAQMD cancer or non-cancer thresholds would be exceeded by the Project.

At the time of the December 14, 2016 Planning Commission meeting, staff had not received a written response from SCAQMD on the refined HRA. City Staff met with SCAQMD staff on December 22, 2016, to discuss the modeling assumptions and methodology used to prepare the refined HRA. Subsequently, City Staff received a letter from SCAQMD, dated December 23, 2016, documenting the guidance discussed at the December 22, 2016 meeting. In response to the SCAQMD guidance, City Staff directed the HRA consultant to perform further refined modeling.

In addition to the SCAQMD guidance, the project proponent agreed to require all medium and heavy duty trucks visiting the Project site to meet or exceed the U.S. EPA's 2010 heavy duty engine emission standards or be powered by natural gas, electricity or other diesel alternative. Based on the above, the further refined modeling calculated the maximum lifetime health risk estimate (30 year exposure) from the Project to any residential use in the vicinity of the Project at 4.87 in one million, which is less than the SCAQMD's threshold of 10 in one million. The further refined modeling was submitted to the SCAQMD on January 9, 2017, for review. On January 18, 2017, the SCAQMD submitted written correspondence to City Staff indicating the Agency had no further comments on the HRA analysis.

In summary, the DEIR included an HRA prepared in June, 2016. In response to a comment letter received from the SCAQMD, a refined HRA was prepared in November, 2016 and

submitted to SCAQMD for comment. In December, 2016, the SCAQMD provided additional comments and guidance on the refined HRA. As a result, further refined modeling was prepared and submitted to SCAQMD in January 2017 and SCAQMD stated they had no further comments.

Neither the November refined HRA nor the further refined modeling constitute significant new information that would require recirculation of the DEIR pursuant to CEQA Guidelines §15088.5. Notably, the estimated maximum cancer risk that was previously identified as 5.3 in one-million was reduced to 4.87 in one-million as a result of the further refined modeling performed at the request of and in accordance with the SCAQMD guidance and recommendations.

*Concern: The Project will result in loss of endangered species habitat and removal of a blue-line stream.*

*Response:* The Project will construct an approximately 3-acre biological Mitigation Conservation Area adjacent to the Sycamore Canyon Wilderness Park to replace the existing approximately 1.9-acre riparian habitat (blue line stream) that traverses the site. The Mitigation Conservation Area was: a) developed in accordance with the Multi-Species Habitat Conservation Plan (MSHCP); b) is considered superior to the existing drainage and habitat; and, c) will be subject to a Habitat Mitigation Monitoring Plan that will establish criteria to measure the long-term success and maintenance of the habitat area. The Project site is not within either a MSHCP criteria cell or a Stephens Kangaroo Rat (SKR) Habitat Conservation Plan designated Core Reserve. The Project proponent is required to pay all applicable SKR habitat mitigation fees.

*Concern: The DEIR does not properly measure noise impacts from existing warehouse facilities, and does not account for the increase in noise impacts to surrounding residents that will result from the proposed Project.*

*Response:* The Noise Impact Analysis, prepared for this project by a professional Acoustical Engineer, modeled noise impacts at over 60 locations, including the first and second story of each residence immediately adjacent to the Project. The noise modeling accounted for topography, existing and proposed buildings and location of noise sources (i.e. HVAC, trash compactors, and truck and trailer movements and back-up alarms). The Noise Impact Analysis recommended several mitigation measures for both construction and operational noise impacts. Noise mitigation during construction includes, among other things, installation of a 12-foot tall temporary sound barrier adjacent to the residences during construction, locating construction staging at the southern portion of the Project site away from residences. Mitigation measures for operations include restricting the use of the western portion of the trailer parking area and loading docks for Building 2 during nighttime hours, prohibiting all non-emergency vehicles from using access road on north and west sides of Building 2, and construction of a 10-foot sound barrier at the two residences most affected by operational noise from the Project (6063 Bannock and 6066 Cannich). The operational noise mitigation measures will reduce the Project's operational noise to below a level of significance at all residences. Because it is not certain that the two property owners will allow the 10-foot sound barrier to be installed, the operational noise is considered significant and unavoidable. However, if permitted to be installed by these two property owners, the proposed 10-foot noise barrier will bring operational noise levels into compliance with the City's residential noise limits.

*Concern:* *The Project will significantly increase and exacerbate existing traffic impacts in surrounding residential areas, including causing more trucks to travel through residential neighborhoods to access the Fair Isle Drive/I-215 interchange.*

*Response:* The Traffic Impact Analysis (TIA), prepared for this project, determined that the Project will not result in traffic delays or impacts to streets in the surrounding residential neighborhoods. The TIA was based on the Project design features that prevent vehicles leaving the Project site from turning left and traveling on Dan Kipper through the use of raised traffic delineators (pork-chops) that will force traffic south onto Lance Drive. In response to concerns raised by the residents, the following conditions are recommended by staff: a) modify traffic signals to direct traffic south towards Eucalyptus/I-215 interchange; and b) install weight limit signs at Sycamore Canyon/Fair Aisle Drive to alert drivers that trucks are not allowed north of Fair Aisle.

*Appeals:*

Subsequent to the Planning Commission meeting, two appeal letters were received by staff from Craig M. Collins from Blum Collins LLP and Richard Drury from Lozeau Drury. One of letters indicates the Final EIR is inadequate, and the second letter disagrees with the conclusion in the Draft EIR. The Final EIR was prepared in compliance with the CEQA Guidelines and with implementation of the recommended mitigation measures and conditions of approval, the impacts related to the project have been adequately addressed.

*Final Environmental Impact Report*

In conjunction with this project, a Final Environmental Impact Report (EIR) has been completed in accordance with all CEQA requirements. Staff received a total of 56 comment letters. A total of 19 letters were received after the DEIR comment period. Staff has reviewed all submitted comments and appropriate responses to all comments are provided in the Final EIR (Attachment 10). In summary, residents expressed concerns with impacts to their quality of life including but not limited to: noise, traffic, loss of views, and pollution associated with the operation and construction of the proposed industrial business center, and considered inappropriate the siting of the project in close proximity to residences.

Written responses to public agency comments were also provided by the City to those commenting public agencies ten days prior to this meeting. Any clarifications requested by those who commented on the project do not result in significant new information or additional environmental impacts. Further, any change made to the Draft EIR merely clarifies or amplifies or makes insignificant modifications to the EIR.

For additional background, please refer to the December 15, 2016 City Planning Commission staff report, recommended conditions of approval and minutes.

**FISCAL IMPACT:**

There is no impact to the General Fund, since all project costs are borne by the applicant.

Prepared by: Rafael Guzman, Community & Economic Development Director  
Certified as to availability of funds: Scott G. Miller PhD, Chief Financial Officer/City Treasurer  
Approved by: Al Zelinka, FAICP, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. City Planning Commission Recommended Conditions
2. City Planning Commission Minutes – December 15, 2016
3. Resolution certifying Final EIR and adopting the Findings of Fact, the Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program
4. Resolution to amend the General Plan 2025
5. Resolution to amend the Sycamore Canyon Business Park Specific Plan
6. Appeal Letter – December 19, 2016
7. Appeal Letter – December 21, 2016
8. SCAQMD Correspondence – January 18, 2017
9. Presentation
10. City Planning Commission Report – December 15, 2016
11. Final Environmental Impact Report (including DEIR) – Distributed to the City Council and available electronically at <http://www.riversideca.gov/planning/> and at the Planning Division front counter