

Agenda Report

DATE: FEBRUARY 9, 1998

TO: CITY COUNCIL

FROM: PHILIP A. HAWKEY, CITY MANAGER

SUBJECT: SOUTH FAIR OAKS SPECIFIC PLAN, ENVIRONMENTAL IMPACT REPORT, IMPLEMENTATION STRATEGY AND IMPLEMENTING ORDINANCES.

RECOMMENDATIONS:

It is recommended that the City Council:

1. Certify the Final Environmental Impact Report as modified by the Planning Commission recommendations, and approve the Statement of Overriding Considerations;
2. Find that the South Fair Oaks Specific Plan and implementing ordinances are consistent with the policies of the General Plan and the purposes of Title 17 of the Municipal Code;
3. Approve the South Fair Oaks Specific Plan and direct staff to incorporate commission modifications as recommended in this report;
4. Hold a first reading of an "Ordinance of the City of Pasadena amending Title 17 of the Municipal Code, establishing the South Fair Oaks Specific Plan overlay district, land use regulations, development standards, and development incentives for the South Fair Oaks Specific Plan Overlay District;"
5. Hold first reading of an "Ordinance of the City of Pasadena amending the official zoning map of the City of Pasadena established by section 17.08.040 of the Pasadena Municipal Code;"
6. Adopt a "Resolution of the City of Pasadena establishing design guidelines for the South Fair Oaks Specific Plan area; "
7. Direct the staff to file the Notice of Determination with the Los Angeles County Registrar/Recorder and County Clerk;
8. Direct staff to move forward with the Implementation Strategy outlined in Attachment H;
9. Hold a first reading of an "Ordinance of the City of Pasadena amending Title 4 of the Pasadena Municipal Code, amending chapter 4.32, construction tax;"
10. Authorize the City Manager to execute an amendment to the South Fair Oaks EIR contract as needed to reimburse for additional work for an amount not to exceed \$6,900; and
11. Authorize the City Manager to execute amendments to the South Fair Oaks redevelopment consultant contract as needed in order to reduce the boundaries for the final South Fair Oaks redevelopment documents for an amount not to exceed \$12,000.

BACKGROUND

Pasadena's recent General Plan revision was the product of an extensive community outreach effort aimed at defining the future patterns of growth for the City. One component of this unified vision is to facilitate the transition of the area located along Fair Oaks and Raymond Avenues south of California Boulevard, to become a center for biomedical and research facilities. The General Plan designates this area as the South Fair Oaks Biotech Specific Plan area. The City of Pasadena has long been investigating how to build upon the combined assets of California Institute of Technology, Jet Propulsion Laboratory (JPL), Huntington Memorial Hospital, and several private institutions. Local research in physics, chemistry, electrical engineering and biology has spawned new businesses which all too often do not locate in Pasadena. The goal is to establish an environment in Pasadena that encourages the commercialization of new technology, provides a location for new business, and accommodates the needs of existing businesses.

In October 1995, the City Council initiated the South Fair Oaks planning process and appointed 12 members to an Area Advisory Committee (AAC). After 16 months of meetings, the AAC approved the draft South Fair Oaks Specific Plan, draft EIR and draft redevelopment plan. Since that time, the various city advisory bodies have completed their review of the appropriate documents.

Approval of the staff recommendations will result in the formal approval of the South Fair Oaks Specific Plan with related ordinances, environmental reports and resolutions. With respect to redevelopment, Council is only being requested to provide staff with direction on how to proceed.

OVERVIEW OF THE SPECIFIC PLAN COMPONENTS

The South Fair Oaks area, as shown in the Specific Plan, is located south of California Boulevard along Raymond and Fair Oaks Avenues as shown on Attachment A. The Specific Plan area encompasses 122 acres including the Huntington Memorial Hospital and the City's Power Facility at Glenarm Street. As called for in the General Plan, the Specific Plan accommodates 1.225 million square feet of new development in addition to the existing master plan approved for Huntington Hospital. The following text briefly describes each chapter of the Specific Plan:

Introduction (Chapter 1): Describes how the plan works and outlines the Specific Plan goals. The goals include: (1) create an attractive physical environment for businesses which commercialize emerging technology; (2) integrate land uses and transportation programs with the light rail station at Fillmore Street; (3) support the retention and enhancement of local business; (4) mitigate related traffic impacts, and; (5) promote research coalitions with Pasadena institutions.

Plan Area Context (Chapter 2): Provides a description of the district's regional and historical context.

District Design (Chapter 3): Describes the district's vision with respect to all the public improvements (Public Realm) and private development (Private Realm). The *Private Realm* section maintains the vast majority of the existing development standards, and proposes approximately nine development standard changes designed to provide for quality

development. The major development standards recommended in the plan include: eliminating the front setback requirement, locating the parking behind the building, limiting the number of driveways, and introducing a 300 square foot open space requirement. This section also includes new design guidelines for both new construction and rehabilitation projects. The guidelines will only be used for formal design review consistent with existing citywide thresholds.

Land Use (Chapter 4): This chapter indicates that the PS, CO, and IG zoning designations in the Specific plan area will remain in place. There are no changes proposed for the PS and CO zones. The Specific Plan does update a few "IG" (General Industrial) land use regulations for the South Fair Oaks Area. For example, modifications include the addition of convalescent facilities and housing as allowed uses along the west side of Fair Oaks south of Hurlbut Street, and the elimination of detention facilities and swap meets as permitted land uses. These changes have been summarized on pages 66-67 of Attachment B. Consistent with the comments received during the planning process, small businesses (e.g. florists, nurseries, building supply companies) will continue to operate as permitted uses in the IG zone.

Mobility (Chapter 5): This section incorporates the citywide mobility goals with those recently approved as part of the Southwest Traffic Study. The plan acknowledges the increased use of Arroyo Parkway and Fair Oaks Avenue as major thoroughfares and recommends a variety of improvement/mitigation measures to support current and future traffic needs.

Implementation (Chapter 6): This chapter outlines a series of important implementation measures. Implementation of the Specific Plan will require a comprehensive package of initiatives related to organizational development, local regulations, financing, capital improvements and development incentives. Incentives include modifications to the developments standards as they relate to new construction. Modified setback requirements will provide the primary development sites with more buildable area. Other components to the incentive package include eliminating the need for a CUP for Major Projects requirement for targeted land uses consistent with the Specific Plan and providing a certified EIR for the district. Other elements of the proposed implementation strategy have been recommended by the Community Development Committee in Attachment G.

IMPLEMENTATION STRATEGY

The Implementation Strategy outlines a series of important implementation measures. Implementation of the Specific Plan will require a comprehensive package of initiatives related to an industry consortium, local regulations, financing, capital improvements and development incentives. The attached Implementation Strategy includes:

Component One:	Organizational Framework
Component Two:	Regulatory Relief
Component Three:	Tax Increment Financing
Component Four:	MTA Call for Projects and Joint Development Programs and Other Capital Programs
Component Five:	Business Incentives

The Implementation Strategy must work in conjunction with the incentives found within the Specific Plan which related to modifications in the developments standards and project

requirements. Modified setback requirements will provide the primary development sites with more buildable area. Other components to the incentive package include eliminating the need for a CUP for Major Projects requirement for targeted land uses consistent with the Specific Plan, and providing a certified EIR for the district. These targeted land use categories include: Office, Business and Professional; Office, Medical; Laboratories; and Industry, Restricted.

However, other proactive steps must be taken by the City of Pasadena to support the emerging technology companies. The implementation strategy approved by the Community Development Committee on October 9, 1997 acknowledges the dependence on private investment and collaboration. The plan strongly promotes the formation of the private technology industry consortium to facilitate the commercialization of emerging technology. Several elements incorporated into the strategy include policy implementation which should be evaluated by the City Council. These include: the waiver of the construction tax and tax increment financing.

The Planning Commission withheld approval of the implementation program and expressed objections to certain components, including, among others, offering incentives only to technology-based businesses and using redevelopment tax increment financing. The Planning Commission agreed to provide oral comments to the City Council at the hearing on the Specific Plan and designated a commissioner to represent the Commission before the Council.

Redevelopment

As called for in the General Plan, redevelopment has been considered as a mechanism to implement the South Fair Oaks Specific Plan. As a result of the October 1995 Council action, City staff and GRC Redevelopment Consultants have been investigating whether or not the conditions in the South Fair Oaks Survey area comply with the standards of blight called for in California Redevelopment Law.

In 1995, the preliminary GRC reports indicated that the necessary economic and physical conditions to support the formation of a redevelopment plan did exist with the redevelopment boundary matching Specific Plan boundaries.

Staff has reevaluated the blighting conditions as the planning process continued. In the Summer of 1997, staff recommended that approximately 98 acres of the 122 acre survey area be eliminated from further consideration due to improvements which have occurred in the area.

However, the Water and Power site and several properties along Fillmore Street still exhibit the economic and physical conditions which make them eligible for formal redevelopment consideration. Significant soil contamination and the poor building conditions are among the key factors supporting this evaluation (Attachment K).

Staff's recommendation to pursue limited redevelopment on the parcels identified on the attached map, is important to the overall effectiveness of the Implementation Strategy. Even with a reduced area, tax increment funds can be utilized to fund public improvement throughout the district. Over the life of the plan, \$18 million (present value) of tax increment can be generated to improve the area. Additional money would be allocated to the citywide affordable housing efforts.

Without a new revenue source available (tax increment) for public improvements and business assistance, implementation will depend exclusively on capital programs, development impact fees, construction tax relief, and floor area bonuses. This dependence will reduce the ability to provide flexible incentives that can address site conditions and direct assistance such as loans for specialized equipment. Considering the limited resources of the General Fund, the length of time required for implementation would be extended significantly without a new funding source.

Construction Tax Amendment

The proposed Construction Tax Amendment would exempt preferred technology based projects in the South Fair Oaks Specific Plan from the City's existing 1.87% construction tax. Preferred business classifications are limited to: Drug Research and Manufacturing; Communications Equipment; Laboratory Analytical Instruments; Surgical, and Medical Instruments; Communications services; Computer Programming and Software; Motion Picture Production and Allied Services; and Research and Development and Testing.

EIR SUMMARY

Consistent with the California Environmental Quality Act and the City of Pasadena Environmental Guidelines, a Environmental Impact Report (EIR) has been prepared. The intent of this document is to assess the various impacts associated with the implementation of the Specific Plan and to provide an environmental document which can be utilized as well for future building projects consistent with the Specific Plan. The document was originally prepared to include redevelopment in the formal analysis. However, based on the Planning Commission action, the EIR was modified to eliminate formal consideration of redevelopment.

Of the various types of impacts analyzed by the EIR (e.g. Land Use, Traffic, Air Quality, Housing, and Aesthetics), the only significant environmental impact is traffic. Given the fact that much of the local traffic is directed through the specific plan area, most of the traffic volume increases are attributed to citywide and regional growth. The intersections impacted the most include Fair Oaks and California, Arroyo Parkway and California, and Arroyo Parkway and Glenarm. It has been determined that up to 88 percent of the total Specific Plan development program can be completed with the busiest intersection (Arroyo and California) fully mitigated. However, due to certain existing conditions which prevent 100% mitigation, a statement of overriding consideration is required.

GENERAL PLAN CONSISTENCY

The Specific Plan and the ordinances support the transition described for the area in the General Plan Land Use Element and also support existing businesses in the area and diverse economic base.

PUBLIC PARTICIPATION

Based on the Council action in October 1995, the South Fair Oaks Area Advisory Committee was formed. Committee members include representatives from Caltech, Huntington Hospital, JPL, the Chamber of Commerce, adjacent neighborhood associations and individual property owners, and business owners. The AAC meetings were held approximately once a month.

In addition, several community workshops were organized to elicit ideas and to identify issues prior to the preparation of the draft documents. In the 28 months since the initial council action, over 60 public meetings, including meetings of the Planning Commission, Design Commission, AAC and other city bodies, have taken place (see Attachment J).

COMMISSION ACTIONS

The Planning Commission approved the South Fair Oaks Specific Plan on October 8, 1997, with specific recommendations on changes to the document. The Planning Commission recommendations have been incorporated into the attached Specific Plan (Attachment B). The Planning Commission held public hearings for the Specific Plan during August-September 1997 and for the ordinances amending Title 17 of the PMC and the official zoning map on January 14, 1998. The Commission's action concerning the ordinances is discussed below in the Summary of Ordinances section of this report.

Other Commissions The recommendations of the Design Commission Cultural Heritage Commission, Transportation Advisory Commission, and Community Development Committee, enclosed as Attachment D, were presented to the Planning Commission. Where recommendations conflict, the Planning Commission recommendation is incorporated into the attached Specific Plan.

Staff recommends that the City Council approve the Commission and Committee recommendations conveyed in Attachments B and D, except in the instances described below. There are four instances when Commission recommendations conflict with one another. Staff recommendations are given at the end of each item.

1. Design Review. Design Commission recommended lowering the design review threshold for South Fair Oaks to match the North Lake Specific Plan. The Planning Commission disagrees with this proposed change. As the area transitions as a result of new technology-based development, there will be little need for a reduced design review threshold. However, if economic market forces in the area result in substantial retail growth, a lower threshold may need to be reconsidered. Staff Recommendation: Maintain Planning Commission and AAC position supporting existing design thresholds.
2. Height Limits. For biomedical and tech-based related land uses categories the Specific Plan recommends a height increase of 11 feet (45' to 56') along portions of Fair Oaks Avenue which do not abut residential areas. The Planning Commission disagreed with the height bonus concept. It also recommended the down zoning of existing Raymond Avenue heights 11 feet (56' to 45'). The Planning Commission also reduced the permitted height of roof appurtenances for only this area from a 20 feet limit to a maximum of 12 feet. This Planning Commission direction conflicts with the AAC, Design Commission, and CDC recommendations. Staff recommendation supports the AAC, DC and CDC position regarding height limit, height bonus, and appurtenances.
3. Street Lights. The Design Commission encourages the continuation of the street light standard which exists along Fair Oaks Avenue and the southern portion of Raymond Avenue. The Planning Commission recommends pursuing a new district light standard with a historic design. Staff recommendation supports the Design Commission.

4. Raymond Street Extension. The Planning Commission recommends adding language to the Specific Plan which would allow Raymond Avenue to be extended under or over the Light Rail R.O.W. and through the Broadway Power Facility site in order to connect with the 110 Freeway. This concept was identified as one of the issues raised during the Southwest traffic study's community process and opposed by staff. Staff recommendation is to keep the original language in the Specific Plan as approved by the AAC and the TAC.

SUMMARY OF ORDINANCES

Ordinance No. _____ amends various provisions of Title 17, the Revised Zoning Code, by creating the SP-2 South Fair Oaks Specific Plan Overlay District and Chapter 17.58, including specific purposes, applicability, and land use, is added to Title 17. The Ordinance modifies portions of the existing IG zoning regulations as they relate to the South Fair Oaks Specific Plan, consistent with the staff recommendation described in this report (See Attachment E-1). Ordinance No. _____ provides a summary for publication. The Planning Commission held a public hearing on January 14, 1998 and, on January 28, recommended approval of amendments to Title 17 with modifications to reflect the Commission's Specific Plan recommendations concerning height reductions (as described above #2). The attached ordinance reflects staff recommendations without the Planning Commission modifications.

Ordinance No. _____ adds the South Fair Oaks Specific Plan Overly District to the official zoning map of the City of Pasadena established by section 17.08.040 of the Pasadena Municipal Code." (See Attachment E-2)

Ordinance No. _____ exempts the preferred technology based projects from the construction tax to provide a substantial incentive to businesses considering a location in the Specific Plan area. The construction tax represents 1.87 percent of the building's construction value. The ordinance will amend Title 4 of the Pasadena Municipal Code. Staff recommends a five year review of the effectiveness of this ordinance amendment (See Attachment F-3). Preferred business classifications are limited to: Drug Research and Manufacturing; Communications Equipment; Laboratory Analytical Instruments; Surgical, and Medical Instruments; Communications services; Computer Programming and Software; Motion Picture Production and Allied Services; and Research and Development and Testing (See Attachment F).

CONSULTANT CONTRACTS

In October 1995, the City Council approved three consultant contracts for the South Fair Oaks planning process. Two contracts require amendments to complete the required documents.

HBA performed the environmental impact services. Due to the increased number of community meetings and subsequent modifications to the draft EIR, the original \$45,000 requires modification. At this time, a final addition of \$6,900 is required to reimburse HBA for extra meetings and unanticipated level of modifications to the Final EIR. The Housing and Development Department's budget appropriation will be utilized.

If directed by City Council, GRC redevelopment consultants will need to revise the redevelopment documents to reflect the significant boundary reduction and the new base year. The cost of the work will be \$12,000.

Futterman Associates performed the specific plan/urban design services. At this time, only the project completion date (originally targeted for earlier this year) must be modified. Necessary modifications to the specific plan to reflect the final commission and council actions will be absorbed by the current contract.

FISCAL IMPACT

Consultant Contracts: The \$6,900 and \$12,000 amendments have been anticipated as part of the Housing and Development Department's '98 Budget Account #809-682310.

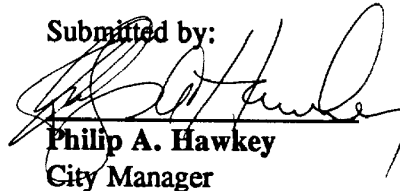
Capital Improvements: It is a General Plan policy to approve new City capital improvements consistent with concentrated development under Specific Plans. Public streetscape and mobility improvements, which can be implemented over several years, will total approximately \$3.5 million. Many of the improvements should be timed with the completion of the Blue Line with costs offset by development impact fees and transportation funds. Many traffic mitigation costs have already been incorporated into the City's Capital Plan based on the approved Southwest Traffic Study and light rail improvements.

Construction Tax: If a 40,000 square foot building met the waiver classification requirements in the proposed ordinance, it would result in a waiver of the current 1.87% construction tax. Assuming a construction cost of \$190 per square foot, this new building's construction tax waiver would represent \$150,000. The City would still receive over \$300,000 in fees.

Many other fiscal impacts will depend on the council decision on redevelopment. Tax Increment financing will provide a new source of funds to improve the area. The fact that many parcels considered for redevelopment are currently tax exempt will provide additional benefit to the City when they are developed to accommodate taxable uses. Even with a reduced boundary, tax increment could be utilized for district wide public improvements.

The long term fiscal benefits to the city will be enormous if the Specific Plan area can successfully attract biomedical and other tech-based businesses. These industries represent the future economy with significant growth projected in the next century. Based on the General Plan's vision, the area could accommodate over 2,400 additional jobs at buildout. The jobs will be diverse and provide significant opportunities for Pasadena residents. The subsequent increases in sales tax and property values will be substantial.

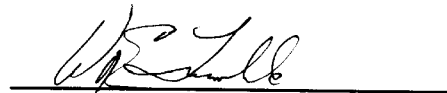
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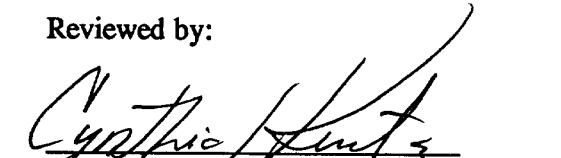

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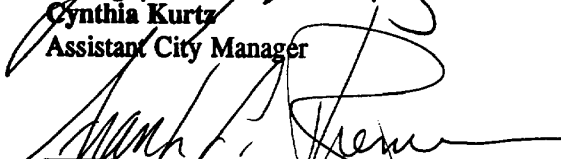
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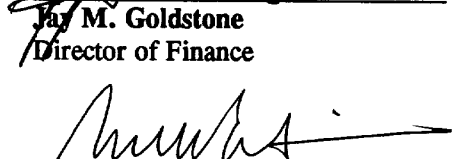

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LIST OF ATTACHMENTS

South Fair Oaks Map	Attachment A
Specific Plan	Attachment B
EIR Statement of Overriding Consideration	Attachment C
Commission Recommendations	Attachment D
Ordinances: Zoning Overlay, Development Standards, Map	Attachment E
Ordinances: Construction Tax Amendment	Attachment F
Ownership Map	Attachment G
Implementation Strategy	Attachment H
Resolution for Design Guidelines	Attachment I
List of Public Meetings	Attachment J
Matrix of Blighting Conditions	Attachment K
Draft Final Environmental Impact Report	Exhibit 1