

STAFF REPORT

DATE: December 15, 2015
TO: City Council
FROM: Mike Webb, Assistant City Manager
Heidi Tschudin, Contract MRIC Project Manager
SUBJECT: Mace Ranch Innovation Center (MRIC) Update

Recommendation

1. Receive an update on the MRIC project including environmental review, public outreach, schedule, and next steps; and
2. Provide direction to staff regarding the next steps and how to treat the Mixed Use Alternative throughout the remainder of the development review process. Possible options for City Council consideration include:
 - a. Direct staff to proceed with development of a project action package for the project as proposed; OR
 - b. Direct staff to proceed with the development of dual project action packages (one for the project as proposed and one for the mixed use alternative); OR
 - c. Direct staff to return to Council in early January for a more focused discussion of how to proceed regarding the Mixed Use Alternative.

These three options, and the implications of each, are described in more detail within this report. These options are being presented by staff in response to the letter submitted by the MRIC applicant on December 9, 2015 (attachment 1).

Council Goals (2014-16)

This effort supports the following Goals/Objectives/Tasks:

- ◆ Facilitate business development through entrepreneur and startup support.
 - Task: Facilitate dispersed innovation strategy by:
 - Completion of EIRs and public hearings for innovation center applications.
 - Support the community decision-making process on Measure R regarding innovation centers and Nishi Gateway through education regarding challenges and opportunities.
- ◆ Engage in location and regional leadership.
 - Task: Work proactively with Yolo County and LAFCO on development of tax sharing agreements and review of Innovation Center proposals and Nishi.

Fiscal Impact

All application processing time and consultant resources are covered via fees from the applicant. Economic & Planning Systems (EPS) conducted an extensive fiscal and economic analysis of the MRIC proposal as part of its review of the combined innovation center projects. The results of the EPS analysis were presented to the City Council in September. The EPS analysis concluded that the proposed Innovation Centers have the potential to generate benefits to the City, Yolo County, and the region. The EPS report also included a sensitivity analysis with alternate provisions for parks and greenbelt maintenance, and assessment of the alternatives included in the Draft EIR (DEIR). The Finance and Budget Commission is actively engaged in ongoing review of the EPS analysis and staff and EPS will be returning to the FBC to address follow-up questions on the analysis at their December 14th meeting.

Staff has begun preliminary discussions with Yolo County staff on tax share agreements for both MRIC and Nishi. We anticipate more concerted discussions with Yolo County, along with the City Council Innovation Center Subcommittee in the months of January and February.

Public Outreach

During the DEIR comment period, discussions of the DEIR have occurred multiple times before the Planning Commission and the following subject-specific advisory commissions:

- Bicycle, Transportation, Street Safety Commission
- Finance and Budget Commission
- Natural Resources Commission
- Open Space and Habitat Commission
- Recreation and Park Commission

A “virtual” community workshop was launched October 29, 2015 and was active through November 15, 2015. During that time the workshop website was visited approximately 500 times and the City received 20 comments on the project.

An additional “wave” of outreach is planned in January and early February when the various commissions listed above will be asked to give specific recommendations, within their area of responsibility, on aspects of the project that should be changed, added, or removed, should the City Council move forward with the project. This will include a discussion of design and possible conditions for approval. This information will be summarized for the Planning Commission’s consideration and brought forward to the Council.

Environmental Review

The MRIC environmental impact report was released August 13, 2015 for a 47-day comment period extending through September 28, 2015. On September 1, 2015 the City Council extended the community comment period an additional 45 days to November 12, 2015. The comment period for state and federal agencies (August 13, 2015 to September 28, 2015) was not changed.

Both comment periods have now closed. Comments were received from 46 entities. Staff and the consulting team have begun the process of preparing responses to the comments. The Final

EIR, which will include responses to all timely comments, is targeted for release in mid-January 2016.

Schedule

As requested by Council, period updates on the project schedule have been provided by staff and most recently a “we are here” style poster board of the schedule has been posted at Council meetings. Key upcoming dates (including key Nishi dates) are as follows:

12/16	Planning Commission Hearing #1 (proposal overview) Nishi
12/16	Release of Nishi FEIR
1/6/16	Planning Commission Hearing #2 (public hearing) Nishi
1/13	Release MRIC FEIR
1/12	City Council Hearing #1 (proposal overview) Nishi
1/14	Bicycle, Transportation, Street Safety Commission (on possibly a special meeting)
1/19	City Council Hearing #2 (public hearing) Nishi
1/21	Recreation and Park Commission
1/25	Natural Resources Commission
1/27	Planning Commission (design workshop)
2/8	Open Space and Habitat Commission Finance and Budget Commission
2/10	Planning Commission Hearing #1(proposal overview)
3/9	Planning Commission Hearing #2 (public hearing)
4/5	City Council Hearing #1 (proposal overview)
4/26	City Council Hearing #2 (public hearing)
6/7	County election; Measure R vote on Nishi
7/5	Last day for Council to request November Measure R vote
7/26	Estimated last day for County to set November election
11/8	County election; Measure R vote

Next Steps and the Mixed Use Alternative

On December 9th the applicant submitted a letter to the City requesting that consideration be given to focusing staff time and energies on the Mixed Use alternative that was analyzed in the Draft EIR, rather than on the project proposal. The Mixed Use alternative was evaluated in the Draft EIR at the suggestion of staff and direction of Council to ensure a robust and defensible EIR by evaluating a full range of alternatives. As the applicant notes in their letter, they have since had the opportunity to more fully explore the concept of Mixed Use and are interested in the possibility of pursuing this concept further. In fact, the letter from the applicant suggests that Council give consideration to requesting that staff effectively “cease” reviewing the application at hand to focus solely on a Mixed Use concept. Furthermore, a letter from SACOG has been submitted to the City and concludes:

“Overall the proposed plan meets the spirit of the Blueprint growth principles. However, the Mixed Use Alternative illustrates that the city could further maximize the Blueprint benefits of this unique project by planning for additional housing

capacity within the city to accommodate the increased housing demand that will accompany the economic activity generated by the project.”

Notwithstanding the request by the applicant noted above, as the project proceeds throughout the remainder of the development review process, staff would be developing a package of materials for consideration and action by the Planning Commission and City Council. This “project action package” need be only as detailed as is necessary to meet regulatory requirements and allow for informed decision-making (by both the City and community) regarding the project. Given the magnitude of the project, staff envisions a package that allows for Council action on the basic components of the project, with direction to return with additional pertinent details prior to the November vote. This will avoid unnecessary expenditures on details until the Council’s position on the project and key features is known. Staff envisions bringing forward the following basic information as part of the project action package:

- Staff report and staff recommendation regarding the project and the EIR
- Proposed conditions of approval
- Recommendations regarding proposed site plan, design guidelines, and sustainability plan
- Recommendations regarding key development agreement commitments
- Direction to prepare necessary resolutions and ordinances
- Direction to prepare the development agreement
- Direction to prepare CEQA findings of fact
- Direction to prepare findings of fact for final action on the project
- Directions to negotiate a draft tax sharing agreement
- Direction to identify baseline project features for ballot

Absent direction otherwise, staffs intent has been to prepare this package only for the project as proposed, and not, for example, for any of the CEQA alternatives such as the Mixed Use Alternative. There are several reasons for this:

- 1) There is no application before the City for any project except the MRIC as proposed.
- 2) The City’s Request for Expressions of Interest (RFEI) expressly discouraged residential uses.

Were the City Council to ultimately decide to reject the proposed project in favor of the Mixed Use Alternative, the Council would direct staff at that time to return with a modified project action package. As an option, however, the Council could also direct staff to prepare two project action packages for consideration: one for the project as proposed and one for the Mixed Use Alternative (which was analyzed at an equal level of detail in the project EIR). With either direction the Council would be under no obligation to take any particular action on the project or any alterative until the hearings in April 2016. There is also a third option available to Council which is to direct staff to bring the item back in January for a more focused discussion of how best to proceed regarding the Mixed Use Alternative. Based on the description of the project action package provided above, key considerations for each option are as follows:

OPTION A: Direct staff to proceed with development of a project action package for the project as proposed. This allows the project to proceed without delay. After an action and

direction by the Council in April, the staff will finalize any necessary action documentation. It does not affect the schedule or budget prior to the hearings but could add some additional cost post-hearing (to finalize various documents as described above). If the Council denies the project there would be no significant additional work to do. If the Council approves the proposed project, staff will work with the applicant to finalize the approval package for the project. If, instead, the Council decides to approve the Mixed Use Alternative (supporting the MU alternative and not the project proposal in certifying the EIR), staff would work with the applicant to develop and finalize an approval package for the Mixed Use Alternative (as only the entitlement package for the project proposal would otherwise have been prepared). The schedule currently provides approximately two months between the scheduled April 26, 2016 decision point and the July 5, 2016 final date for Council to take any final remaining actions on the project, define the project baseline features for the ballot, and request the County set a November Measure R vote. This should be sufficient time to respond to the direction of the Council.

OPTION B: Direct staff to proceed with the development of dual project action packages (one for the project as proposed and one for the mixed use alternative). This allows the project to proceed without delay. It would allow for dual consideration of the project and the Mixed Use Alternative throughout the remainder of the process, including upcoming commission workshops in January and February, and during project hearings. It is not expected to significantly affect the schedule prior to hearings but would add cost associated with bringing two alternative projects through the hearing process. This likely will present a significant concern to the applicant, particularly if staff were to proceed with a relatively high level of detail in the entitlement package, as is currently the direction. However, if the level of detail needed for action by the Council is more conceptual (as described above) this cost should be reasonable. After action and direction by the Council in April, staff will finalize any necessary project documentation based on the Council direction. If the Council denies the project (and Mixed Use Alternative) there would be no significant additional work to do. If the Council approves the proposed project or the Mixed Use Alternative, staff will work with the applicant to finalize the appropriate approval package. As noted above the schedule currently allows approximately two months for this to occur which should be sufficient time.

OPTION C: Direct staff to return to Council in early January for a more focused discussion of how to proceed regarding the Mixed Use Alternative. This option would allow more time for Council to consider the issue. It would affect the schedule but would not likely affect the budget prior to the hearings. By creating uncertainty for staff regarding how to proceed through the holidays, this option would have the effect of pushing the Planning Commission and City Council hearings out by three to four weeks depending on the precise date in January the item was heard. This would have the effect of eliminating three to four weeks of “float” in the schedule post-approval which would then narrow the window of time available post-approval to finalize the action package to approximately one month. This is not expected to leave enough time to accomplish necessary steps, which could adversely affect the ability to make a November ballot.

The applicant has expressed an interest in pursuing the Mixed Use Alternative based on the conclusions in the EIR regarding environmental superiority of this alternative and based on other

factors outlined in their letter dated December 9, 2015. However, because a choice between the project and any of the alternatives is not properly before the Council until after completion of the environmental review process, analysis of the merits of the project by staff, and consideration and recommendation by the Planning Commission, we do not recommend the Council express a preference for any alternative over the project at this time or direct staff to focus on processing the Mixed Use Alternative rather than the proposed project as suggested by the applicant.

Staff is concerned that any such action could adversely affect the City's ability to substantiate findings of fact in support of rejecting the Mixed Use Alternative were that ultimately to be the desired direction of the Council. We also seek to preserve the Council's ability to make any appropriate decision regarding the project and alternatives, including consideration of the provision of workforce housing off-site rather than onsite which could attain the same or similar benefits as the Mixed Use Alternative without the inclusion of housing within the innovation center. Therefore, staff advises that any direction the Council might chose to provide on this item should be limited to the options described above.

Attachments

- 1) December 8, 2015 Letter from Applicant
- 2) November 17, 2015 Letter from SACOG



December 9, 2015

City Council
City of Davis
23 Russell Boulevard
Davis, California 95616

Re: Mace Ranch Innovation Center: Direction on the Mixed Use Alternative

Dear Mayor Wolk and Members of the Council:

Since the release of the Draft EIR for the Mace Ranch Innovation Center, there has been a substantial amount of discussion regarding the Mixed-Use Alternative identified in the document. That alternative, which was developed by the preparers of the EIR, was intended, as we understand it, to identify an alternative project which would be less environmentally impacting, specifically with respect to traffic, air quality, VMT and greenhouse gas impacts. Yet that identified alternative, which was deemed the environmentally superior alternative, is inconsistent with the initial notion expressed by the Council that any innovation project contain no housing, a concept which was reaffirmed on December 16, 2014 when you adopted the Guiding Principles for the proposed innovation parks. These Guiding Principles do not include housing as a potential use in an innovation center, but they do encourage the concept of “work, live, play.” All of this has resulted in a somewhat confusing situation.

The Mace Ranch Innovation Center applicants would accordingly like to request that the Council provide feedback to the staff and the applicants concerning how to proceed with the identified mixed use alternative. In particular, we are interested in having the Council direct the staff to employ its primary resources to the preparation of an entitlement package and development agreement which relies upon the mixed use alternative as opposed to the submitted project. This request, if granted, would involve the deployment of staff resources only. It would not constitute a project approval nor would it preclude the Council from eventually approving the project as submitted or approving no project at all after environmental review and public hearings are completed. Put simply, it would constitute only initial direction to staff regarding what the Council would like to have more thoroughly prepared and presented to it when it actually considers whether or not to approve a proposal.

Furthermore, we recognize that the Council could elect, at the public hearing on our proposal, to proceed with the originally submitted project instead of the mixed use alternative. If this occurs, there could be a processing delay while a complete entitlement package and development agreement for the original proposal are being prepared. It is understood that any such delay could, and likely would, impact our ability to be placed on the November, 2016 ballot.

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Tel (916) 372-6170 ● Fax (916) 372-0937 ● Email fcramos@ramco-ent.com

Interestingly enough, as we have proceeded over the last several months, our team has become convinced that a viable innovation center should contain a housing component such as the one reflected in the mixed use alternative. This is interesting because we initially were highly opposed to the inclusion of a housing component in our project. Over time, however, our view has changed. Why? First, because we have learned that cutting edge innovation centers now almost always contain a housing component, the primary purpose of which is to provide housing for those who work at the innovation center. This proximate housing is endemic of the unique live/work relationship prevalent in the tech industry and is essential to the effective marketing of innovation centers. Second, through both the Draft EIR and our own efforts at developing a first-rate sustainability plan, we have learned that a housing component contributes the reduction of VMT and has a corresponding reduction of air quality and greenhouse gas emissions. These highly desirable environmental results are important and it is difficult, if not impossible, to achieve a high degree of sustainability without them. Altogether it is these factors which have been so convincing to us and we hope will be to the Council as well.

We look forward to appearing before you, along with others from the community, on December 15 and would appreciate receiving your feedback to our request at that time.

Very truly yours,



Daniel F Ramos
Project Manager
Mace Ranch Innovation Center



November 17, 2015

Dirk Brazil
City of Davis
City Manager's Office
23 Russell Boulevard, Suite 2
Davis, CA 95616

Re: Proposed Plan for the Mace Ranch Innovation Center

Dear Mr. Brazil,

On behalf of the Sacramento Area Council of Governments (SACOG), I am submitting to you our comments on the proposed Mace Ranch Innovation Center (MRIC), which includes the 212-acre development site and the 17-acre Mace Triangle site in unincorporated Yolo County. Thank you for the opportunity to comment on this project as it relates to the Blueprint Preferred Scenario and growth principles. The Preferred Blueprint Scenario is a conceptual map based on the principles of smart growth. This Preferred Scenario is not intended to direct how a specific parcel should or should not be developed in a particular manner, but rather give some direction on how the region needs to develop generally to reap the benefits of the Blueprint.

SACOG staff evaluated the proposed plan and the Mixed-Use Alternative as identified in the Draft EIR for consistency with the Blueprint Preferred Scenario and growth principles. Our general reaction is that the proposed plan is supportive of the Blueprint, but the Mixed-Use Alternative illustrates how the project could be even more supportive of the Blueprint growth principles. The proposed plan and Mixed-Use Alternative are discussed below.

Proposed Plan

The MRIC, as defined in the Draft Environmental Impact Report, includes 2,654,000 square feet of retail, office, and industrial uses, as well as 75.8 acres of open space and 13.2 acres of transit plaza and parking (see Table 1 below). In addition to the transit hub, which will include car-share and vanpool parking, the proposed plan includes new roads, walkways, and bicycle paths connecting to the existing transportation and trail network.

The MRIC Draft Environmental Impact Report also includes analysis of a Mixed-Use Alternative, which includes the same employment uses as the proposed plan, but with the addition of 750 to 850 multifamily live-work units. This residential development is planned at an average density of 30 dwelling units per acre. Through underground private garages and vertical mixed use development, the Mixed-Use Alternative includes 11.2 additional acres of open space as compared to the proposed plan. Multimodal transportation features will generally be the same for the Mixed-Use Alternative as the proposed plan.

Auburn
Citrus Heights
Colfax
Davis
El Dorado County
Elk Grove
Folsom
Galt
Isleton
Lincoln
Live Oak
Loomis
Marysville
Placer County
Placerville
Rancho Cordova
Rocklin
Roseville
Sacramento
Sacramento County
Sutter County
West Sacramento
Wheatland
Winters
Woodland
Yolo County
Yuba City
Yuba County

Table 1
Land Uses in the Proposed Plan and Mixed-Use Alternative

Land Use	Proposed Plan	Mixed-Use Alternative
<i>Mace Ranch Innovation Center</i>		
Multifamily Residential	--	750-850 units
Office/Industrial	2,394,000 sf	2,394,000 sf
Retail	100,000 sf	100,000 sf
Hotel	160,000 sf	160,000 sf
Open Space	64.6 ac	75.8 ac
Landscaped Parking/Plaza	13.2 ac	0.6 ac
Total	2,654,000 sf/212 ac	2,654,000 sf/212 ac
<i>Mace Triangle</i>		
Office/Industrial	45,901 sf	45,901 sf
Retail	25,155 sf	25,155 sf
Total	71,056 sf/17 ac	71,056 sf/17 ac

Findings and Evaluation

The proposed plan combines research into the long-term implications of business growth with an innovative approach to plan development. The project would attract an important employment sector to the city and would have great economic benefit for Davis and the region. The proposed plan also includes flexible business space to position the city for capturing a greater share of local and regional business growth in the employment center. The project also includes the following Blueprint-supportive elements:

- The proposed plan offers non-motorized transportation opportunities, which are consistent with the Blueprint transportation choice principle. The proposed transit plaza will provide Unitrans bus stops, as well as local shuttle and vanpool stops and parking for car-share. Walkways are included throughout the project. The proposal also includes a pedestrian/bicycle corridor within the agricultural buffer, which provides connections to the existing pedestrian trails system and regional bike trail, as well as to bike lanes on existing roads adjacent to the site. The plan also incorporates bicycle amenities, including bicycle parking and a bike storage and repair area at the Transit Plaza. We note, however, that the project includes traditional parking ratios that may be higher than necessary after accounting for the type of innovation businesses targeted for the project and the trip reduction benefits of the project’s transportation demand management strategies. We encourage the city to consider lowering the parking requirement and allow flexibility for the innovation center to increase employment densities over time in response to market conditions. Excess parking land in the interim could be used for additional agricultural and/or open space.
- The proposed plan also includes parks, open space, and agricultural buffers consistent with the Blueprint natural resource conservation principle, including greenways, commons, courtyards, orchards, and plazas. The agricultural buffer will also provide opportunities for community gardens, organic agriculture, trails, shade trees, and native plant habitat. While the project will convert agricultural land to urban uses, the site is already bordered on two sides by urban development and permanent agriculture easements on its other sides, and the Blueprint envisioned the need for some small, targeted expansion of the city limits in order to accommodate some of its future growth.

The ultimate purpose of the Blueprint is to demonstrate development patterns that improve quality of life for both workers and residents. Building homes, shops, offices, entertainment, schools, and other uses within walking distance helps create active, vital neighborhoods. A community designed with a good, or balanced, mix of uses helps to encourage walking, biking, shorter driving trips, and transit use. It is important to have a balance of jobs and households so that jobs or housing do not have to be imported or exported beyond the normal out- and in-commuting that happens in a mobile society. All else being equal, areas with high or low jobs-housing balance are likely to generate longer commutes for workers. This is especially pertinent for employment centers.

Since the proposed plan does not incorporate housing, many workers will need to commute out of their area of residence in order to reach their job. These trips will result in high VMT, peak hour vehicle trips, and GHG emissions for the project, as demonstrated in the transportation and greenhouse gas impacts identified in chapters 4.7 and 4.14 of the DEIR. Lack of a balanced mix of uses will place a burden on the transportation system, reduce opportunities for transportation choice, and adversely impact air quality and quality of life for workers and residents. We encourage the City to identify additional housing capacity within Davis to accommodate the increased housing demand that will accompany the proposed project.

The Mixed-Use Alternative demonstrates how such integrated planning mitigates the impacts related to jobs/housing ratio included in the proposed plan. Providing on-site housing for the workforce results in the opportunity for short work trips. Through compact and mixed use development, the Mixed-Use Alternative includes a reduction in VMT, total and peak hour vehicle trips, and GHG emissions, with the added benefits of maximizing natural resources and increasing housing choice, transportation choice, and quality of life. The Mixed-Use Alternative includes the features of an active, vital neighborhood that will include quality of life for residents and workers, implementing the spirit of the Blueprint as described above. The elements of the Mixed-Use Alternative that support the growth principles of the Blueprint include:

- The Mixed-Use Alternative offers the same non-motorized transportation opportunities as the proposed plan, which are consistent with the Blueprint transportation choice principle. In addition, the Mixed-Use Alternative would extend the existing bike lane on County Road 32A around the Mace Curve, completing the connection. However, we note that similar to the proposed project, the Mixed-Use Alternative does include traditional parking ratios that may be higher than necessary after accounting for the trip reduction benefits of the on-site residential and commercial and transportation demand management strategies.
- The Mixed-Use Alternative also includes parks, open space, and agricultural buffers consistent with the Blueprint natural resource conservation principle. By including vertical mixed use development and moving parking underground, the Mixed-Use Alternative includes an additional 11.2 acres of open space as compared to the proposed plan.
- The Mixed Use Alternative also illustrates the benefits of the Blueprint principles of mixed and compact development. Districts that are both compact and mixed in uses are efficient in their use of land and resources, but also function as local activity centers, where people tend to walk or bike to destinations, use transit more frequently, and take shorter auto trips. The Mixed-Use alternative includes 750 to 850 live-work housing units and commercial to support the employment uses of the project. By adding medium and high density residential and including horizontal and vertical mixed use elements, the Mixed-Use Alternative also has lower annual GHG emissions than the proposed project.

- Housing choice and diversity is an important Blueprint principle so that multiple segments of the housing market can be met. The range of multifamily units proposed in the Mixed-Use Alternative offers housing types that are different from the single-family products in the neighboring Mace Ranch, Cottages North, and El Macero Estates subdivisions. This mix of housing types, densities, and sizes would also correlate to a range in prices and rents that is expected to be more affordable than the average home in the area.

Overall, the proposed plan meets the spirit of the Blueprint growth principles. However, the Mixed-Use Alternative illustrates that the city could further maximize the Blueprint benefits of this unique project by planning for additional housing capacity within the city to accommodate the increased housing demand that will accompany the economic activity generated by the project. If you have any questions, please feel free to contact me. Thank you for your consideration.

Sincerely,



Mike McKeever
Executive Director

MM:AH:pm

cc: Don Saylor, SACOG Board Chair
Lucas Frerichs, Councilmember
Mike Webb, Assistant City Manager/Director of Community Development & Sustainability
Katherine Hess, Community Development Administrator