



5.1

Report and Recommendations  
Reviewed and Approved

  
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City Manager

**AGENDA ITEM**  
**December 15, 2015, Meeting**

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**TO:** John N. Duckett, Jr., City Manager  
**FROM:** Carla L. Thompson, AICP, Development Services Director  
**DATE:** December 8, 2015  
**SUBJECT:** Mountain Gate at Shasta Area Plan  
**FILE NO:** P-110-522-770

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**STAFF RECOMMENDATION:**

Staff recommends City Council consider the Planning Commission's recommendation, and take the following actions in the order listed:

1. **Adopt a Resolution (Binder Tab 1, Attachment 1):**
  - a. Certifying that the EIR (SCH 2012-042010) was completed in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code, State of California, §§21000 *et seq.*) and the CEQA Guidelines (California Code of Regulations, Title 14, Chapter 3, §15000 *et seq.*); and
  - b. Adopting the Mitigation Monitoring and Reporting Program; and
  - c. Adopting the Findings of Fact and Statement of Overriding Considerations.
  
2. **Adopt a Resolution (Binder Tab 2, Attachment 2):**
  - a. Approving a General Plan Amendment (GPA 11-01) changing the land use designation for approximately 141 acres of the project area to Mixed Use (MU); and
  - b. Approving a **Plan Line Amendment** to amend the General Plan road alignment for the southerly extension of Wonderland Boulevard to connect to Cascade Boulevard rather than Shasta Way; and
  - c. Approving the **Mountain Gate at Shasta Area Plan and Design Guidelines**.

3. **Conduct the first reading of an Ordinance (Binder Tab 3, Attachment 3) by short title only:**
  - Approving a **Rezone (Z 11-02)** of the entire 590-acre project site from Planned Development – Specific Plan to Planned Development (PD) to reflect the Mountain Gate at Shasta Area Plan.
  
4. **Adopt a Resolution (Binder Tab 4, Attachment 3):**
  - Approving a **Tentative Subdivision Map (SD 11-01)** for the creation of 21 parcels.
  
5. **Conduct the first reading of an Ordinance (Binder Tab 5, Attachment 5,) by short title only:**
  - Approving a **Development Agreement** between the Applicant and the City establishing development rights and obligations for a period of 25 years.

The second reading and final adoption of the Ordinances would occur on January 5, 2016. The Resolution approving the Tentative Map would not become effective until the effective date of the Ordinance approving Rezone Z 11-02.

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

On October 15, 2015, the Planning Commission conducted a public hearing to obtain input on the Final Environmental Impact Report (FEIR); discretionary permits associated with the proposed Mountain Gate at Shasta Area Plan project (Project); and the Development Agreement between the City and Developer.

The Planning Commission continued action to their regular meeting of November 19, 2015, at which time they adopted Resolution PC 15-09 recommending to City Council certification of the FEIR and approval of the discretionary permits and Development Agreement.

City Council is directed to the staff reports for the October 15 and November 19, 2015, Planning Commission meetings; Planning Commission Resolution PC 15-09; and the DVDs of both Planning Commission meetings are included with the staff report. (**Second Binder Tab**).

#### **AREA PLAN / PROJECT DESCRIPTION**

The purpose of the Mountain Gate at Shasta Area Plan (**Binder Tab 2**) is to guide and regulate land uses and development within the 590-acre property (Plan Area) as required by Implementation Measure LU-(11) of the Shasta Lake General Plan. The Area Plan includes a description of required infrastructure (water, sewer, electric, storm drainage, streets, etc.); services (law enforcement, fire protection, schools, parks and trails); a phasing plan; finance mechanisms for construction and maintenance, architectural and design standards; and other required criteria.

Table 2-1 below lists proposed density ranges in each sub-area and includes probable maximum units that are likely to occur based on topography and other development constraints. Approximately 1,604 residential units and 195,584 square feet of commercial uses are projected within the Plan Area.

Figure 2-1 on the following page identifies the location of each subarea.

Table 2-1 MOUNTAIN GATE AT SHASTA AREA PLAN LAND USE Proposed Density							
Area <sup>1</sup>	Primary Land Use <sup>2</sup>	Acres <sup>3</sup>	Max. FAR <sup>4</sup> or Building Coverage	Potential Sq.Ft. <sup>5</sup>	Density Range	Unit Range	Probable Maximum Units <sup>6</sup>
A	Commercial	11.2	0.25	121,968	-	-	0
B	Open Space	181.5	0.1	-	-	-	0
C	Neighborhood Park	7.3	0.1	-	-	-	0
D	Medium Density Residential	27.9	0.7	-	4 - 7	112 - 195	176
E	Medium Density Residential	22.5	0.7	-	4 - 7	90 - 158	142
F	Very Low Density Residential	16.3	0.5	-	1 - 2	16 - 33	30
G	Medium Density Residential	43.5	0.7	-	4 - 11	206 - 492	443
H	Mixed Use Commercial	14.9	0.1	73,616	-	-	0
	High Density Mixed Use		0.7	-	11 - 20	131 - 238	215
	Fire Station	2	0.7	-	-	-	0
I	Medium Density Residential	7.3	0.7	-	4 - 7	29 - 51	46
J	Community Park	8.1	1.5	-	0	0	0
K	Community Park	7.6	0.1	-	-	-	0
L	Low Density Residential	17.1	0.5	-	2 - 4	34 - 68	61
M	Low Density Residential	32.4	0.5	-	2 - 4	39 - 78	70
N	Low Density Residential	11.3	0.5	-	2 - 4	23 - 45	41
O	Low Density Residential	13.1	0.5	-	2 - 4	26 - 52	47
P	Low Density Residential	32.9	0.5	-	2 - 4	66 - 132	119
Q	Very Low Density Residential	10.4	0.5		1 - 2	10 - 21	19
	Electric Substation	2	0.7				0
R	High Density Residential	4.5	0.7	-	11 - 30	50 - 135	122
S	Very Low Density Residential	40.5	0.5	-	1 - 2	41 - 81	73
T	Open Space	5.9	0.1	-	-	—	0
U	Open Space	33.6	0.1	-	-	—	0
R.O.W.	Rights-Of-Way	36.2	-		-	—	0
<b>Totals</b>		<b>590.0</b>	<b>—</b>	<b>195,584</b>	<b>—</b>	<b>873 - 1,779</b>	<b>1,604</b>

<sup>1</sup>See Figure 2-1 for the location of land use areas.

<sup>2</sup>Several identified public uses (i.e., parks, fire station, electric substation) are likely to occur as indicated; however, it is possible that public uses will be located in other development areas, other land in the City, or removed from the Area Plan. In this instance, the development potential of the property formerly intended for the public use shall be equal to that of the lowest density in the same development area provided the overall number of units does not exceed 1,604 as shown in the table.

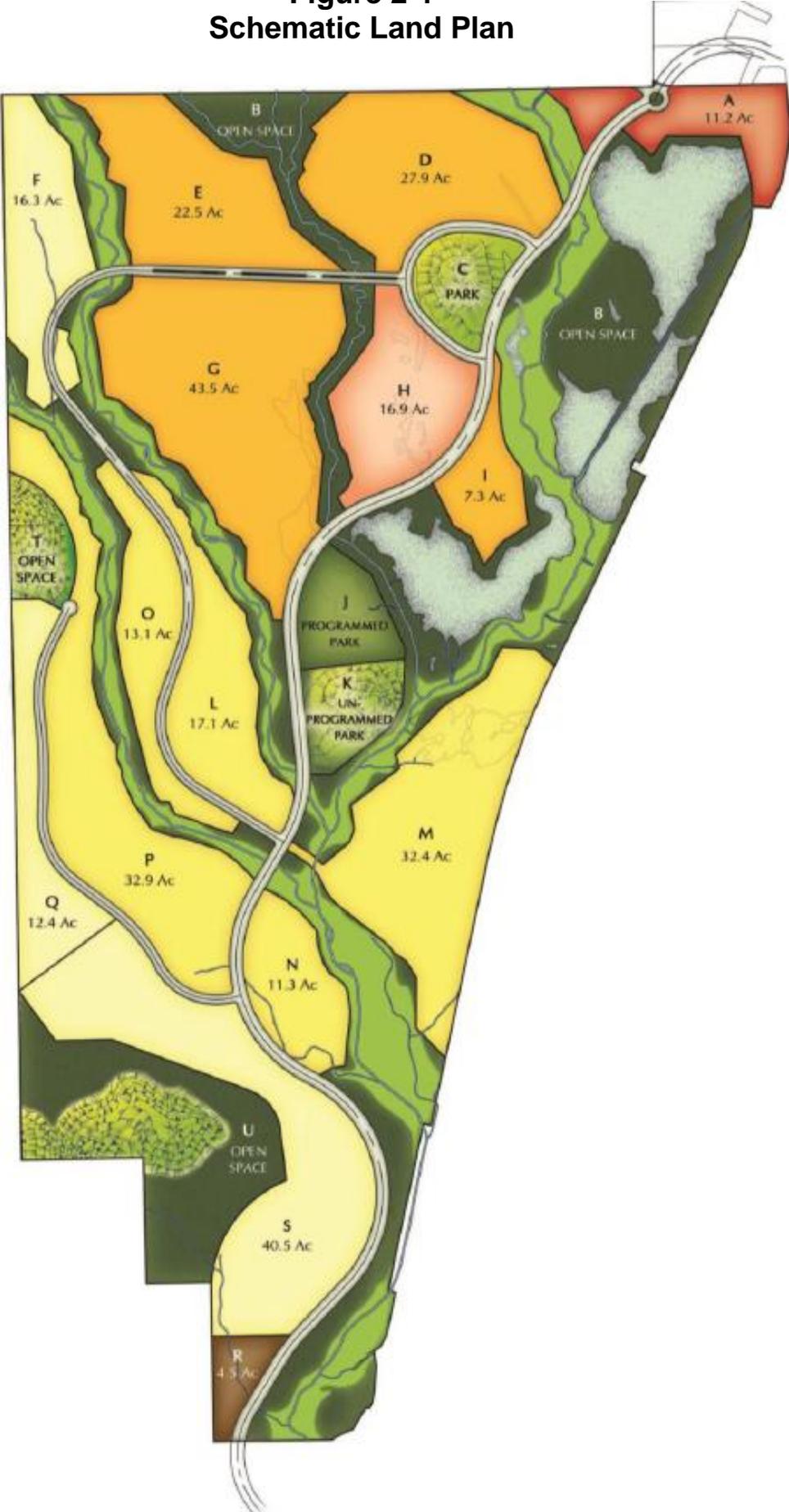
<sup>3</sup>All acreages are estimates.

<sup>4</sup>Floor area ratio for non-residential uses only. Maximum building coverage for residential uses.

<sup>5</sup>Maximum potential square footage of all structures within the land use designation.

<sup>6</sup>Topography and site constraints would limit the overall density. Approximately 1,604 units is considered the development limit of the site.

**Figure 2-1  
Schematic Land Plan**



## Proposed Phasing

The applicant proposes to construct the project in three phases as described in Section 4.0 of the Area Plan (Binder Tab 2). Actual phasing of the project will depend on several factors, including financial considerations and regulatory agency constraints. For example, it is possible phasing would start at the southerly boundary of the site due to costs associated with the extension of infrastructure.

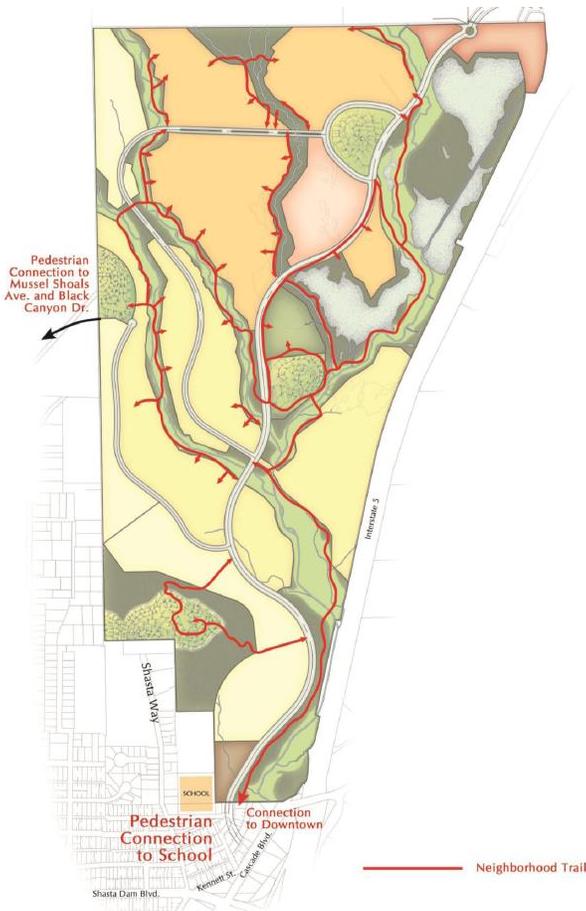
In order to move forward with a specific phase, the applicant would be required to submit a subsequent tentative subdivision map, discretionary permit application, and/or development site plan.

## Financing and Maintenance

Section 5.0 of the Area Plan includes a Financing and Maintenance Plan, which identifies funding options for required public facilities and services.

## Design Guidelines

Section 6.0 of the Area Plan includes 153 Design Guidelines that are reflective of the City's history, physical setting, and the community's vision, with an emphasis on high quality, pedestrian-scaled uses blended with natural amenities.



As shown in Table 2-1, 221 acres of the 590-acre site is being preserved as open space. The project includes an internal circulation system (streets, bike lanes and trails) that links all of the uses in the Plan Area. Features are included to encourage walking, biking, and other non-motorized means of transportation.

The trails will be located along biologically significant areas, such as drainages and wetlands, as well as at the base of slopes. The Area Plan contains a schematic trail plan and policies that require trail linkages for all land uses. Policies in the Area Plan require that subsequent development connect to and extend any existing trail system.

A 15.7-acre Community Park and 7.3-acre Neighborhood Park will also be constructed as detailed in the Development Agreement (**Binder Tab 5**).

## **PLANNED DEVELOPMENT ZONE DISTRICT**

The project proposes a rezone (Z 11-02) to change the zoning of the entire 590-acre project site to Planned Development (PD) to reflect the proposed project (**Binder Tab 3**). The majority of the subject property is currently zoned Planned Development-Specific Plan (PD/SP) to reflect the previous Peri Golf Course project. A 4.5-acre parcel at the southerly boundary of the site is currently zoned Multiple-Family Residential-Office (R-4). This 4.5-acre property, identified in the Area Plan as Area R, was rezoned to R-4 in 2010 as part of the Shasta Lake Housing Element Implementation Program. Housing Element Implementation Measure 1.12 required the City to rezone land in the City to meet the Regional Housing Needs Allocation (RHNA). As identified in the Area Plan, Area R is designated for high density development of up to 30 units per acre, which is consistent with the City's Housing Element.

The proposed Rezone establishes the Mountain Gate at Shasta Planned Development (PD) Zone District, which will be codified as Zoning Code Chapter 17.63. The purpose of the PD Zone District is to implement the Mountain Gate at Shasta Area Plan, which includes detailed design guidelines that will guide all development within the Plan Area.

Table 17.63.050a identifies uses permitted outright; uses permitted pursuant to issuance of a Use Permit or Administrative Permit; and uses permitted after review and approval of a Zoning/Site Development Permit pursuant to Section 17.63.080 of the Chapter. Site and building development standards regulating lot size, Floor Area Ratios (FAR), height limits and setbacks are included in Table 17.63.100a.

Because the development supports clustered housing in order to avoid development on hillsides and other sensitive habitats identified through future biological analyses, flexibility is allowed for clustered housing to allow reduced lot sizes. In addition, Section 17.63.140 allows the Development Services Director to approve administrative modifications if it is determined the request is in substantial conformity with the provisions and intent of the Area Plan. A fifteen percent (15%) or less adjustment to quantifiable or measurable standards contained in the Area Plan or Development Standards may be approved.

As stated in proposed Zoning Code Chapter 17.63, Mountain Gate at Shasta PD Zone District (Binder Tab 3), all future discretionary project applications will be reviewed for conformity with the Area Plan and for compliance with CEQA.

The certified EIR serves as the base environmental document for subsequent project approvals within the Area Plan. Because the EIR will be certified prior to any project-level approvals, future projects that are consistent with the General Plan, Area Plan and Zoning Code will not require additional environmental review unless the Development Services Director determines there are environmental effects that were not analyzed as significant effects in the certified EIR, or if there are potentially significant off-site impacts and cumulative impacts which were not addressed in the certified FEIR. In addition, the Director will consider whether there are previously identified significant effects which, as a result of substantial new information which was not known at the time the EIR was certified, are determined to have a more severe adverse impact than discussed in the prior EIR.

## **FINAL ENVIRONMENTAL IMPACT REPORT (FEIR)**

The FEIR (**Binder Tab 1**) serves as an informational document with the purpose of identifying potential environmental impacts, project alternatives and mitigation measures (MMs). The decision to certify the FEIR is based on whether it was completed in compliance with CEQA, whether it adequately analyzes the potential environmental impacts associated with the proposed project, whether it sufficiently evaluates project alternatives, and whether it identifies all feasible MMs to lessen the project's impacts on the physical environment.

The decision to certify the FEIR should be based on this criteria, regardless of any opinion in support of or in opposition to the project. It is an option to certify the FEIR but deny the project. If the EIR is not certified, no action would be taken on any of the discretionary approvals.

CEQA Guidelines Section 15160 identifies several types of EIRs, each applicable to different project circumstances. A program EIR is appropriate for land use decision-making at a broad level that contemplates further, site-specific review of individual development proposals. Project EIRs are appropriate for specific proposed projects that will not require additional site-specific environmental review.

The FEIR includes both a programmatic analysis of the proposed project (Area Plan and PD Zone District) and a project-specific environmental analysis for the Tentative Subdivision Map (21 large-lot subdivision parcels) pursuant to California Code of Regulations, Title 14, Chapter 3 (CEQA Guidelines).

The program-level analysis considers the broad environmental effects of the overall plan (Area Plan) for the project site, such as impacts on circulation and traffic, water quality, biological resources, land use compatibility, air quality, and major utilities. In addition, the program-level analysis addresses the cumulative impacts of development of the proposed project.

The EIR also includes a more detailed project-level analysis for the tentative subdivision map, which creates 21 large lots and identifies the preliminary circulation and infrastructure plans. Subsequent tentative subdivision maps will need to be approved in order to construct dwellings within the Plan Area.

**The Final Environmental Impact Report includes the following:**

**SECTION 2.0**            **Comments and Responses to Comments**

CEQA requires lead agencies to evaluate all comments that address the adequacy of the DEIR and prepare a written response. The response must address the significant environmental issue raised and must be detailed, especially when specific comments or suggestions such as additional or revised MMs are not incorporated by the City.

In evaluating the comments, the City determined certain MMs needed to be amended, and some MMs needed to be added. These revisions are included in FEIR Section 3.0, Minor Revisions.

The City's Responses to Comments were provided to all public agencies and individuals who submitted written comments on the DEIR. Subsequently, the City received additional comments from James Harrell, Gateway Unified School District; Marcelino Gonzalez, Caltrans; Amy Henderson, California Department of Fish and Wildlife; and Tony Juncal, resident.

**California Department of Fish and Wildlife (CDFW)**

CDFW stated they appreciate the incorporation of many of their concerns into the mitigation measures especially Mitigation Measure 4.6.1d. This measure will ensure that the proper evaluation of biological resources will occur, thereby ensuring fish and wildlife resources are given proper consideration and protection.

**Gateway Unified School District (GUSD)**

Based on GUSD's comments on the DEIR, MM 4.11.3.1 was amended to require the developer to set aside 10 acres within the Area Plan for potential future development of a new school. The Mitigation Measure stated prior to approval of the 500<sup>th</sup> residential unit, the 10 acres would be identified by GUSD and reserved for a period of three years from the date of approval of the applicable small-lot tentative map.

On October 7, 2015, the Development Services Director and City Manager met with Jim Harrell, GUSD Superintendent, and Jack Schreder, consultant for GUSD, to discuss the School District's concerns. The District expressed their desire for the developer to donate 20 acres within the Plan Area for a future school and reiterated this concern during the October 15, 2015, Planning Commission public hearing.

Following the October 15, 2015, meeting, the developer had several discussions with Mr. Harrell. A Memorandum of Understanding (MOU) between the developer and GUSD was drafted and approved by the School District Board of Trustees on Wednesday, November 18, 2015, and by the Developer on November 19, 2015.

The MOU sets forth the terms under which the school site would be identified and conveyed to the School District. The MOU identifies the size of the future school site at 15-acres and states prior to approval of the first small lot tentative map, the School District is required to identify the location of the school site. It is proposed at the time utilities and streets are stubbed to the school site, the School District and developer will establish the purchase price for the school site and convey the property to the School District. It is anticipated 50 percent of the purchase price will be funded by reimbursement funds from the state

The MOU states upon issuance of the 700<sup>th</sup> building permit and the provision of infrastructure to the school site, the School District is obligated to commence construction. If construction does not commence as required, the developer has the right to repurchase the entire School Site or any unused portion.

The Planning Commission concurred the issue regarding a future school site was best resolved by an agreement between the developer and School District and recommended deleting Mitigation Measure 4.11.3.1. California Government Code Section 65995 states payment of the School District Developer Impact Fee shall be considered full mitigation for impacts a development (any legislative or adjudicative act) may have on schools. MM 4.11.3.1 was over and above the State's minimum requirement to pay developer impact fees and was based on earlier discussions with the School District while drafting the Development Agreement. Applicable sections of the EIR were modified to reflect the deletion of this Mitigation Measure.

### **California Department of Transportation (Caltrans)**

During the October 15, 2015, Planning Commission meeting, staff discussed the DEIR comment letter submitted by Marcelino Gonzalez, Caltrans, regarding Mitigation Measure 4.3.3, which states:

*The project applicants/developer(s) shall pay, on a fair share basis, a Regional Transportation Fee for improvements to Interstate 5, as determined by an approved nexus study prepared in compliance with the Mitigation Fee Act and other applicable law. The amount of the fee shall be based on the Regional Transportation Fee adopted by the City and the jurisdiction in which the impact is being mitigated. This mechanism will ensure that the collected mitigation funds will be spent on the measures identified in the nexus study.*

Caltrans is concerned because there is no guarantee another nexus study will ever be prepared or that the City or other jurisdictions will adopt the regional transportation fee. The applicant is concerned they may be the only ones required to pay the fee, and the fees could be used to complete improvements outside of our City.

During the Planning Commission meetings, staff discussed the previously proposed Fix 5 Regional Transportation Fee (Impact Fee). An Impact Fee Nexus Study was prepared in 2009 to analyze required improvements to Interstate 5 and other regional local improvements required to support future development within Shasta County. The proposed Impact Fee was \$1,697 per equivalent dwelling unit

and would have been paid at the time a building permit was issued. The fee would have been implemented only if all four jurisdictions (Shasta County and the cities of Anderson, Redding and Shasta Lake) approved the program. Shasta Lake was the only jurisdiction who approved the fees. Shasta County did not consider adoption because the cities of Anderson and Redding declined to approve the fees.

As stated in the Nexus Study, only 10 percent of these fees would have been used to help fund mainline I-5 improvements, which included adding two additional lanes to a 24.8-mile span at an estimated cost of \$232 million. At that time, anticipated state and federal contributions would have fully funded the I-5 mainline improvements. The remaining 90 percent of the Impact Fee would have been dedicated to local improvements, which included an estimated \$4.6 million to be used toward the extension of Shasta Gateway Drive to Cascade Boulevard, the permanent secondary access road for the Shasta Gateway Industrial Park. City Council recognized this road is critical for additional development of the Industrial Park expansion area and supported the fee.

During the October 15, 2015, Planning Commission public hearing, Marcelino Gonzalez, representing Caltrans, addressed the Commission. He explained Caltrans relies on the CEQA process to require payment of a proportionate fair share of improvements to Caltrans facilities, especially in light of the fact there is no adopted regional transportation fee or other mechanism, such as a sales tax measure, to fund these improvements. Caltrans would like this project to pay their fair share and have this reflected in the Mitigation Measure and Development Agreement. Mr. Gonzalez confirmed no jurisdiction is paying for I-5 mainline improvements at this time.

As described in Exhibit C to the Development Agreement, the developer would construct off-site roadway improvements within the City and also pay a proportionate fair share of improvements both within the City and outside the City. The current estimate for construction costs for the improvements to be installed by the developer is \$2.56 million as follows:

**Completion of improvements within the City (\$1.86 Million):**

• SR 151 / Median Ave. (signal)	\$300,000
• SR 151 / Mussel Shoals Ave. (signal)	\$400,000
• Southerly Road Extension	\$450,000
• SR 151 / I-5 SB Ramp (turn lanes/ on-ramp)	\$600,000
• SR 151 / Cascade Blvd. (turn lanes)	\$110,000

**Completion of improvements outside the City (\$700,000)**

• Old Oregon Trail / Wonderland Blvd. (signal/roundabout)	\$400,000
• Old Oregon Trail / I-5 NB Ramp (signal/roundabout)	\$300,000

The total proportionate fair share contribution is \$663,100, which will be increased annually based on the Construction Cost Index (CCI).

**Proportionate fair share of improvements within the City (\$349,250)**

Pine Grove Ave / Ashby Rd	17%	\$850
Pine Grove Ave / Cascade Blvd	7%	\$58,100
Pine Grove Ave / I-5 SB Ramps	9%	\$38,700
Pine Grove Ave / I-5 NB Ramps	14%	\$72,800
Pine Grove Ave / Twin View Blvd	14%	\$121,800
Roadway: Pine Grove Ave	3%	\$57,000

**Proportionate fair share of improvements outside the City (\$313,850)**

Pine Grove Ave / Lake Blvd.	15%	\$750
Oasis Road / Cascade Blvd	3%	\$54,000
Oasis Road / I-5 SB Ramps	4%	\$3,600
Oasis Road / I-5 NB Ramps	5%	\$87,500
Oasis Road / Twin View Blvd	4%	\$168,000

**SECTION 3.0**            **Minor Revisions to the Draft EIR**

This Section includes minor revisions to the DEIR based on comments submitted on the DEIR which led to revised and additional MMs. In some cases, the revised and/or additional MMs resulted in a need to revise the language in certain sections of the DEIR. Section 3.0 includes a revised Table 2.0-1 (Summary of Impacts and Mitigation Measures), which includes all impacts, mitigation measures and levels of significance as amended. In addition, minor typographical errors are corrected. The revisions do not constitute new significant information or alter the conclusions of the environmental analysis.

**Findings of Fact and Statement of Overriding Considerations; Mitigation Monitoring and Reporting Program**

**Binder Tab 1** includes the Findings of Fact (Findings) and Statement of Overriding Considerations (SOO), and the Mitigation Monitoring and Reporting Program (MMRP). The MMRP reflects the Mitigation Measures adopted by City Council.

As explained in the Findings, although inclusion of certain mitigation measures will reduce the majority of the significant impacts to a less than significant level, development of the project would result in significant and unavoidable impacts related to transportation and circulation, air quality, noise, and utilities. These are detailed in Section 7.0 of the Findings/SOO.

CEQA (Public Resources Code Section 21081 et seq.), and the CEQA Guidelines (CEQA) (14 California Code of Regulations, Section 15091 et seq.), state that a public agency cannot approve or carry out a project for which an EIR has been certified which identifies one or more significant environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings are:

1. Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect as identified in the FEIR.
2. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
3. Specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the final EIR.

For those significant effects that cannot be mitigated to a less than significant level, the City is required to find that specific overriding economic, legal, social, technological, or other benefits of the proposed project outweigh the significant effects on the environment (Public Resources Code Section 21081(b)). The CEQA Guidelines state in Section 15093: *“If the specific economic, legal, social, technological, or other benefits...of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered ‘acceptable.’”*

## **Water Supply**

One issue addressed in the SOO is water supply. As stated in the FEIR, while there is sufficient water supply during normal water years to serve the project at build-out, severe drought conditions may result in insufficient water to meet existing demand.

As Council is aware, the City's water supply is a combination of a long-term (40-year) contract with the United States Bureau of Reclamation (USBR) and long- and short-term agreements with surrounding agencies and water suppliers. The City has interties with the City of Redding and Bella Vista Water District (BVWD) in which transfers of water can be made.

In addition to the City's contract with the USBR, which provides 4,430 acre feet (AF) per year, the City entered into an agreement with the Anderson-Cottonwood Irrigation District (ACID) for the long-term (40-year) transfer of 2,000 AF of water to the City of Shasta Lake. An agreement was also reached with MCM Properties, Inc. (MCM) for the long-term (40-year) transfer of up to 325 AF of water. Including the USBR allocation of 4,430 AF, the ACID transfer of 2,000 AF, and 325 AF from MCM, the City's total long-term water supply is 6,755 AF per year. However, due to cold water pool issues, USBR has not approved the ACID or MCM transfers.

## **City's Water Shortage Contingency Plan**

On August 19, 2014, City Council approved the updated Urban Water Management Plan (UWMP), which included an updated Water Shortage Contingency Plan and five-stage water rationing program. The first stage includes voluntary water use restrictions, which become mandatory in stages 2 – 5. Each stage includes additional water use restrictions intended to reduce the use of potable water in response to cutbacks in the City's water allocation and in consideration of whether the City is able to purchase supplemental water from another source.

## **USBR Allocation - Drought Reductions**

Pursuant to USBR's Water Shortage Policy (2005), USBR may temporarily reduce the City's allocation of CVP water during any year based on the average of the most recent three years of water deliveries. The reduction may also be adjusted based on population growth and demands of industrial, commercial and other entities to address demand increases that might not be reflected in the three-year average. In addition, the reduction may be adjusted for extraordinary water conservation measures and to address health and safety issues.

For example, for the 2015 water year, USBR reduced the City's water allocation by 75% to 1,237 AF based on the City's historical use over the past three years. Combined with the City's purchase of 900 AF of water from the McConnell Foundation, the City's available supply for water year 2015 is 1,524 AF.

Subsequently, on April 21, 2015, City Council declared a Stage 4 Severe Water Shortage Emergency, based on the City's available water supply. Council enacted all Stage 1 through 4 measures as mandatory water use restrictions. The Stage 4 declaration has a demand reduction goal of 40 percent. In Stage 5 (Critical Water Shortage Emergency) no new residential development is permitted.

## **Estimated Project Water Use**

FEIR Table 4.10-2 indicates the City's five-year average (2010-2014) was 2,511 AF for water production and 2,226 AF delivered to customers. Water demand in 2014 was the lowest over the past five-year period (1,861 AF delivered to customers). This is likely due to the City's enacted water use restrictions, excess water use penalties, Water Efficient Landscape Ordinance and water conservation programs.

The DEIR estimated demand on the City's water system from the proposed project and other approved projects is between 1,174 and 1,761 acre-feet per year at full buildout. This calculation is based on the current Master Water Plan estimate of 800 gallons per household per day (GPHD). This is less than the estimated 1,919 acre-feet demand for the proposed project site assumed in the Master Water Plan and less than the City's CVP water allocation of 4,430 acre-feet per year.

The total estimated water demand from the project and additional proposed projects (high demand) plus the existing five-year average for current customers is 3,987 AF per year, which also is less than the current USBR allocation of 4,430 AF per year

In addition, based on the Area Plan's provision to limit community-wide water use to an annual average of 400 GPHD, total demand from the Project would be between 500 – 794 AF per year. The Area Plan (p. 20) requires developers to implement all reasonable and sustainable water conservation measures in place at the time of design review approval or issuance of a building permit to determine compliance with the Area Plan's Water Conservation Policy. Compliance will be calculated on an Area Plan-wide basis. The intent of this requirement is to ensure that water conservation is considered and incorporated into each new home and commercial use constructed within the Area Plan.

The Area Plan recognizes, due to the area's climate during the hot summer months, the majority of water use is directed toward outdoor irrigation during this time of the year. For this reason, conservation methods could include limiting landscaping to drought tolerant/low water use plants served by drip systems, forgoing installation of irrigation systems, using reclaimed water if available, installing gray water systems or rain barrels, and /or installing rain gardens.

The proposed project includes subdivision of the property into 21 large lots but does not allow for residential development without further entitlements (e.g., additional tentative subdivision maps or other discretionary approvals).

If a project is proposed during a water shortage emergency, the City has the ability to deny or delay the approval until water supply is assured. Prohibiting future development would reduce the demand for water during the water emergency and would not result in further impacts to the City or the water system.

The project has been designed to incorporate all feasible mitigation measures, including the following mitigation measure:

- MM 4.10.1.1** Prior to approval of subsequent development (i.e., further division of the property, conditional use permit, etc.), the project applicant must demonstrate water supply availability. The City may delay or deny subsequent projects based on water availability or drought conditions in effect at the time of project consideration.

This mitigation measure, however, does not increase the amount of water or reduce the water demand to the levels discussed in this section. Additional feasible mitigation that would reduce the impact of the proposed project to a less than significance level does not exist; therefore, this impact would be considered significant and unavoidable.

### **Overriding Considerations**

The Statement of Overriding Considerations is found in Section 12.0, pages 111-117 and includes a detailed discussion of the benefits the project would have to the City, its residents, business owners and employees in the City. In summary:

- The proposed project would result in access to affordable housing, which assists the City in meeting its Regional Housing Needs Allocation (RHNA) established by the State;
- The project would create jobs and allow residents within the City to live and work locally;
- The project implements measures included in the City's Community Health Impact Assessment by providing new opportunities for social interaction available to all residents of the City and promoting physical activity, healthy eating, and the health benefits of social interaction.
- The project will establish a circulation system that accommodates a variety of transportation modes, including off-street trail systems and on-street bicycle lanes, which reduces dependence on vehicles;
- A community park, neighborhood and park and extensive trails system will be developed and would be available to all residents within the City; the project assists the City in meeting its urban water use targets and renewable energy goals by incorporating green and sustainable development;
- The project would generate surplus revenue to the City's general fund, which would assist the City in satisfying other General Plan objectives and implementation measures for the benefit of the community.

## **DEVELOPMENT AGREEMENT**

A Development Agreement between the City and Mountain Gate Meadows, LLC, (**Binder Tab 5**) is proposed which establishes development rights and obligations for a proposed period of 25 years.

The Development Agreement supersedes the Settlement Agreement between F.E. Peri, Inc. and the City and releases the City from its obligations under the Peri Agreement. As described in the SOO, development of the project will result in significant public benefits. In addition, Article 5 of the DA outlines the Developer's responsibility to develop the park sites; dedicate two acres for a future electric substation; dedicate two acres for a future fire station. Exhibit C of the DA includes the Developer's obligation to construct certain water, sewer, dry utility infrastructure and roadway improvements and pay a proportionate fair share of costs for offsite roadway improvements.

In exchange for these benefits, the Development Agreement provides the Developer with a vested right to develop the project in accordance with the provisions of the DA related to project approvals; subsequent approvals; existing land use regulations; existing building code regulations; and existing construction standards.

## **FISCAL IMPACTS:**

A Fiscal Impact Analysis (FIA) was prepared by DPF (Last Binder Tab) to determine the estimated fiscal impacts on the City in connection with the proposed development. The FIA shows the impact of the project for a 20-year time frame. The estimates include revenue from property tax, sales and use tax, transient occupancy tax, fees from licenses and permits, revenue from other agencies, charges for service, fines and forfeitures, revenue from interest income; and projected fiscal operating expenditures from the General Fund.

The FIA concludes that at build-out of the Plan Area, the City is fiscally positive with approximately \$1,387,444 surplus annually, and approximately \$1,691,287 gained annually 10 years following build-out. At the ten-year build-out of the project, the City will have a cumulative gain of \$6,076,800 and 10 years following build-out, that revenue stream will produce a positive \$22,059,064. Therefore, there would be no fiscal impact to existing residents or the City.

## **ATTACHMENTS:**

- DVDs of October 15, 2015 and November 19, 2015 Planning Commission meetings
- Planning Commission Resolution PC 15-09; Staff reports for October 15 and November 19, 2015, Planning Commission meeting.

**BINDER TAB 1: Resolution Certifying the FEIR; adopting the Findings of Fact/Statement of Overriding Considerations; and approving the Mitigation Monitoring and Reporting Program**

- Final Environmental Impact Report
- Mitigation Monitoring and Reporting Program
- Findings of Fact and Statement of Overriding Considerations

**BINDER TAB 2: Resolution Approving General Plan Amendment 11-01**

- Exhibit A: General Plan Land Use Map Amendment
- Exhibit B: Plan Line Amendment
- Exhibit C: Mountain Gate at Shasta Area Plan and Design Guidelines

**BINDER TAB 3: Ordinance Approving Rezone 11-02**

- Exhibit A: Zone Map Exhibit
- Exhibit B: Zoning Code Chapter 17.63, Mountain Gate at Shasta Planned Development Zone District

**BINDER TAB 4: Resolution Approving Tentative Subdivision Map SD 11-01**

- Exhibit A: Tentative Map Exhibits

**BINDER TAB 5: Ordinance approving Development Agreement**

- Exhibit A: Development Agreement

**BINDER TAB (last): Fiscal Impact Analysis, DPF, September 24, 2012**