



San Diego Unified Port District

Legislation Text

File #: 2016-0537, **Version:** 1

DATE: October 13, 2016

SUBJECT:

PRESENTATION AND UPDATE FROM STAFF ON THE ENVIRONMENTAL IMPACT REPORT FOR CERTAIN ITEMS IDENTIFIED IN COASTAL DEVELOPMENT PERMIT NO.A-6-PSD-11-006 FOR THE NORTH EMBARCADERO VISIONARY PLAN PHASE 1 PROJECT AND DIRECTION TO START PRE-DESIGN OF ALTERNATIVE ALIGNMENTS FOR NORTH HARBOR DRIVE BETWEEN THE COAST GUARD STATION AND THE INTERSECTION OF LAUREL STREET AND PACIFIC HIGHWAY FOR POTENTIAL INCORPORATION INTO THE ENVIRONMENTAL IMPACT REPORT

EXECUTIVE SUMMARY:

The District is moving forward with further refinement to a project description for an Environmental Impact Report (EIR) and a Port Master Plan Amendment (PMPA) that addresses the North Embarcadero, which will ultimately be considered by the Board of Port Commissioners' (Board). Specifically, the Coastal Development Permit (CDP) issued by the California Coastal Commission (CCC)¹ for the North Embarcadero Visionary Plan (NEVP) Phase 1 project outlines 15 "Planning Elements" that should be studied in the EIR. Pursuant to that CDP, the Board should also consider a PMPA to incorporate the Planning Elements into the Port Master Plan (PMP).² Additionally, the District, Lane Field Developers, LLC and the Navy Broadway Complex Coalition (NBCC) entered into a Memorandum of Understanding (MOU)³ that committed the District to study in an EIR on equal footing with a proposed project two options for a 205-foot setback park adjacent to North Harbor Drive (Setback Park Options). The EIR will consider both the 15 Planning Elements and the Setback Park Options. The District is also currently processing a comprehensive Port Master Plan Update (PMPU) guided by the Assessment Report, Vision Statement and Guiding Principles, accepted by the Board in August 2014, and the Framework Report, accepted by the Board in November 2015 (collectively referred to as the "Integrated Planning Vision"). The Integrated Planning Vision enumerates certain Guiding Principles, such as Guarantee the Public Realm, which will guide staff's work on the North Embarcadero EIR and PMPA.

Staff recently initiated the process of retaining a California Environmental Quality Act (CEQA) consultant to refine a project description and process the EIR. To assist with the preparation of that project description, staff is proposing a focused, pre-design study to define and describe the character of North Harbor Drive. This study would be informed and guided by the Board-accepted Integrated Planning Vision and may be a viable project option in the EIR.

Staff recommends the Board direct staff to commence pre-design work on the alignment of North Harbor Drive between the Coast Guard Station and the intersection of Laurel Street and Pacific

Highway and all existing east-west streets down to the intersection of North Harbor Drive and West Broadway with the goal of including one or more of these designs in the EIR and potentially the PMPA. Staff intends to return to the Board by mid-2017 with the results of its pre-design work on North Harbor Drive and a preliminary analysis of the 15 required Planning Elements and Setback Park Options, and present to the Board a draft project description, for North Harbor Drive and the other items suitable for inclusion in the EIR.

RECOMMENDATION:

Staff recommends that the Board direct staff to:

- A. Commence pre-design work on the alignment of North Harbor Drive from the Coast Guard Station to the intersection of Laurel Street and Pacific Highway and all existing and potential connecting east-west streets down to the intersection of Harbor Drive and West Broadway with a primary emphasis on:
1. Strengthening connections to the waterfront by extending the existing street grid and enhancing portions of the Green Necklace;
 2. Implementing Smart Mobility strategies that appropriately balance multi-modal uses and promote pedestrian and bicycle uses above the existing condition;
 3. Achieving co-benefits such as improving air quality and reducing greenhouse gas emissions consistent with the District's Climate Action Plan; and,
 4. Addressing parking needs while optimizing the use of valuable District land.
- B. Based on the pre-design work described in A. above, develop a project description suitable for inclusion in the EIR for the Planning Elements and Setback Park Options. The pre-design work would be analyzed on equal-footing with the Setback Park Options along North Harbor Drive. Staff would return to the Board with the draft project description for further direction.
- C. Conduct targeted outreach to key stakeholders and the community during the pre-design process to capture new public input and to harmonize staff's pre-design work with the District's current commitments.

FISCAL IMPACT:

Receiving staff's presentation will not have a direct fiscal impact. Staff proposes to fund the pre-design work through contingencies in the approved budgets of Development Services and Portfolio Management.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.

- A vibrant waterfront destination where residents and visitors converge.
- A Port that is a safe place to visit, work and play.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

Integrated Planning and Port Master Plan Update Overview

The Integrated Planning effort is: *“The link of vision, priorities, people and the physical institution in a flexible system of evaluation, decision-making, and action.”* It is a multi-faceted and comprehensive approach to the District’s future. Integrated Planning includes various District initiatives, including, but not limited to: asset management; the “Port as a Service” business efforts (i.e., parking, advertising, etc.); a fiscal growth and sustainability framework; environmental initiatives; leasing policies; and land and water use planning and development bay wide. At this time, land and water use planning is anticipated to be developed over a multi-year process involving several phases, including the PMPU, larger site specific planning, and redevelopment initiatives.

One of the aspects of the Integrated Planning effort was the Board’s acceptance of the Integrated Planning Vision. This tool is intended to inform the District in all development on tidelands, as well as other Integrated Planning efforts. For example, while not binding, the Planning Principles are filters by which the District strives to: achieve synergy among partnering agencies and stakeholders; promote clean air, healthy communities and environmental justice; ensure job creation, prudent economic policies and financial sustainability; preserve the working Port as a dynamic and thriving element of the region’s economy and cultural history; and incorporate state of the art sustainability practices. The Framework Report works in a similar manner and also specifies that it could be a tool to be used in site specific planning and development efforts such as North Embarcadero.

To date, Integrated Planning has led to the formation of an Integrated Planning Vision, which was developed as a result of an extensive public engagement process. The Integrated Planning Vision provides the basic foundation for establishing the goals, objectives and policies of the future PMPU, as well as other Integrated Planning efforts. It also provides guidance in the review of development proposals that come forward during the PMPU process in accordance with the District’s Board Policy No. 752 *Guidelines for Conducting Project Consistency Review Related to the Integrated Port Master Plan Update*.

Port Master Plan Update Approach

One of the ongoing efforts as part of the Integrated Planning process involves drafting of the PMPU document, including the development of elements, goals and policies as presented in the proposed format and content outline endorsed by the Board at the July 22, 2015 Integrated Planning Study Session.

The proposed PMPU is anticipated to include new topical sections, or elements, that provide baywide guidance related to Land Use, Water Use, Mobility, Public Access and Recreation, Natural Resources, Safety and Resilience, and Economic Development. As appropriate, in the coming months staff intends to advance specific policy issues related to these topics for the Board’s consideration.

In addition, the PMPU will provide policies and standards, as well as identify proposed appealable category projects for the ten Planning Districts. The Planning Districts will include redefined Sub-District areas intended to simplify the numerous planning sub-areas currently contained in the Port Master Plan. The use of Sub-Districts will allow staff to establish planning goals specific to certain geographic areas and will help to organize the Planning District text and project list. For example, Planning District 3 - Embarcadero is intended to be structured with three Sub-Districts: North Embarcadero, Central Embarcadero and South Embarcadero. This structure will allow us to establish focused planning policies specific to each area that appropriately guide redevelopment efforts being conducted on parallel tracks.

Summary of Previous Planning Efforts and Public Involvement

Over the years, there have been multiple planning and public outreach efforts related to the development of the North Embarcadero area as more fully described below.

North Embarcadero Alliance Visionary Plan and Schematic Design

In 1997, the District joined with the U.S. Navy (Navy), the County of San Diego (County), the City of San Diego (City) and the Centre City Development Corporation (CCDC, now Civic San Diego) to plan public and private development on the North Embarcadero. The NEVP established guiding urban design principles and also identified key development projects, such as Lane Field, through which private investment would generate the necessary public revenues to finance important public infrastructure projects including new utilities, roads, and parks. In March 2001, the CCC approved a PMPA based on the 1997 NEVP.

In 2003, the District, the City and CCDC formed a Joint Powers Authority to develop the schematic design for the first phase of NEVP. The schematic design was comprised of a series of public infrastructure improvements and identified in great detail roadway geometries and alignments, the future location of major utilities, landscaping elements, and the size and configuration of public parks and open spaces. The schematic design was essential to the development of the North Embarcadero, bringing a clear set of parameters for the implementation of important developments along the waterfront. The schematic design was approved by the Board in 2005.

North Embarcadero Visionary Plan Phase 1

In April 2011, the CCC issued a CDP to the District for the NEVP Phase 1. After obtaining CCC approval, the District and its partners - the City and Civic San Diego - commenced construction in January 2012 on NEVP Phase 1. Located along West Broadway and North Harbor Drive, the project had a budget of \$31.1 million. Most of the public infrastructure elements of NEVP Phase 1 were completed in November 2014, with other related projects, such as the viewing platform and Carnitas Snack Shack, completed in early 2016. Other projects within or adjacent the NEVP Phase 1 boundaries have also advanced, including the completion of the Springhill Suites and Residence Inn Hotels on Lane Field North and the commencement of construction of the 400-room InterContinental Hotel on Lane Field South. The approximately 1.66 acre Lane Field Park was also completed, and further to the north, the County Waterfront Park added approximately fourteen acres of passive and active public space to the North Embarcadero. Other development within the North Embarcadero area along Pacific Highway has also advanced in recent years including the Pacific Gate Condos by

Bosa currently under construction and the Hilton Garden Inn and Homewood Suites at Pacific Highway and Hawthorn. Additionally, the proposed redevelopment of the Navy Broadway Complex could begin in the coming months.

Beyond physical improvements to the public spaces and right of way, the CDP required the District to analyze in a CEQA document and consider a PMPA for the following groupings of required Planning Elements:

- Identifying a Waterfront Destination Park.
- Changing Land Uses for a Navy Pier to Park.
- Performing a Park/Plaza Assessment and Clarification.
- Describing the Lane Field Setback Park along Harbor Drive.
- Identifying Parking and Circulation Enhancements.
- Describing uses on the Grape Street Piers.
- Conducting an Analysis of two 205-Foot Setback Park Options.

A more detailed description of these Planning Elements can be found in Attachment D.

North Embarcadero Port Master Plan Amendment

The District previously began CEQA review for the North Embarcadero PMPA to address the required Planning Elements, as well as other proposed improvements along the North Embarcadero. Together with a consultant team, staff conducted extensive public engagement and began to assemble the plans and studies necessary to complete an amendment to the Port Master Plan. This effort; however, was put on hold to allow District and CCC staff to coordinate on certain issues and to allow for District staff to further analyze the project description, and what elements of the PMPA should be moved forward. At this time, District staff believes the EIR and PMPA should be moved forward.

Accordingly, staff has initiated discussions with a CEQA consultant team to assist staff in updating the project description and begin reprocessing the EIR for the 15 Planning Elements specified in the CDP and MOU (Attachments B and C). Staff anticipates bringing forward a contract with a CEQA consultant team for the Board's consideration in the near future.

Approach to the North Embarcadero

With the completion of NEVP Phase 1 and the District's acceptance of the Integrated Planning Vision, the District is now positioned to address mobility and land use planning efforts for the remainder of the North Embarcadero. Staff believes that the alignment and character of North Harbor Drive within the North Embarcadero planning area needs focused attention and definition to help guide adjacent redevelopments in the future. Recent planning efforts conducted within the framework of the Integrated Planning Vision have demonstrated that focused, location-specific planning can advance Sub-District plans, similar to the North Embarcadero, while fitting into the context of the Integrated Planning Vision and the comprehensive PMPU effort.

Therefore, staff believes that a focused effort for the North Embarcadero consistent with the District's PMPU efforts could result in a plan for the area that could potentially satisfy past commitments, like

the 15 Planning Elements, as well as benefit future redevelopment projects. Consequently, staff recommends that the District conduct pre-design work to formulate a project option for an alternative alignment of North Harbor Drive to be included in the EIR and potentially the PMPA. In other words, the alternative alignment of North Harbor Drive would be added to the EIR project description and analyzed on equal footing with the Setback Park Options as detailed in the MOU.

Alignment of North Harbor Drive

A major focus to the approach to the North Embarcadero is the alignment of North Harbor Drive. The goal is to improve connectivity from the Coast Guard Station (near Harbor Island) to the intersection of Laurel and Pacific Highway and all existing and potential east-west streets down to the intersection of North Harbor Drive and West Broadway and redefine the character of North Harbor Drive into a more pedestrian friendly environment, consistent with the types of improvements made as part of NEVP Phase 1. As part of this focused effort, staff proposes moving forward with a pre-design study to define and describe the character of North Harbor Drive with emphasis placed on the following characteristics:

- Strengthening connections to the waterfront.
- Prioritizing pedestrians and bicyclists.
- Increasing park and plaza space along the waterfront.
- Achieving co-benefits with the District's Climate Action Plan.
- Balancing the need for parking with the optimization of valuable land.

At the present time, staff believes that current lane configurations within the 200-foot North Harbor Drive right-of-way devote too much space to vehicles. Moving forward with a focused effort could ultimately result in specific recommendations for a new, multi-modal alignment and could redefine the character of North Harbor Drive. The ultimate alignment could help inform future development decisions and provide opportunities for the creation of a highly activated waterfront experience as well as increase the overall area dedicated to usable public spaces.

In addition, the 15 Planning Elements listed in Attachment D, including the evaluation of the Setback Park Options along North Harbor Drive, would also be contemplated as part of the North Harbor Drive pre-design effort.

Therefore, staff is recommending that the Board direct staff to: 1) commence pre-design work on the alignment of North Harbor Drive as stated above; 2) develop a project description suitable for inclusion in the CEQA analysis for the Planning Elements, and 3) return to the Board with a draft project description for further direction at a later date.

Potential Redevelopment Projects

Since the initial planning efforts, the North Embarcadero area has evolved with a number of developments within and adjacent the NEVP Phase 1 boundaries.

These developments provide an opportunity for the District to take steps towards shaping redevelopment in this area in a meaningful way. There are potential redevelopment projects in the early stages that could benefit from a clear set of parameters that would help guide their

implementation.

Wyndham San Diego Bayside

Staff has received a project proposal from FelCor Lodging, Trust, Inc. (FelCor) to redevelop the Wyndham San Diego Bayside located at 1355 North Harbor Drive (Wyndham Project). FelCor has proposed a redevelopment project that allows for business expansion, modernization of the facilities, and aesthetic enhancement. The plan proposes updates to the 600-room hotel to include key enhancements such as: 1) additional retail, meeting and parking spaces; 2) a pool deck and walkways; 3) the relocation of the hotel entrance to Pacific Highway; and 4) approximately 2.8 acres of public space. FelCor has expressed interest in being part of the discussions related to the pre-design for the alignment of North Harbor Drive and coordinating its CEQA analysis with the North Embarcadero EIR. Therefore, it is anticipated that Preliminary Project Review for the Wyndham Project will be presented to the Board in the future most likely after completion of the pre-design work.

The original lease for the Wyndham Project is a 52-year term, commencing in 1977 and expiring in 2029, leaving 13 years on the lease. FelCor took over the lease in 1998 and consented to a new management agreement from the Holiday Inn to the Wyndham San Diego Bayside in 2012. Early in 2016, FelCor submitted a redevelopment proposal to staff consistent with BPC Policy No. 355 (BPC 355).

CEQA and Project Description

Upon execution of a contract with a CEQA consultant, staff will update the EIR analysis to include the Planning Elements required by the CDP and MOU (Attachments B and C). After completion of the pre-design work for the alignment of North Harbor Drive, District staff would return to the Board for further direction on whether to include any of the alignment alternatives in the EIR as project options that would be analyzed on equal-footing with the Setback Park Options.

Stakeholder Outreach

Building upon the extensive public engagement from the Integrated Planning Vision process that has occurred to date, there will be opportunities for the public to weigh in during the pre-design process. Staff will conduct targeted outreach to key stakeholders including the City, Civic San Diego, County, San Diego Regional Airport Authority, San Diego Association of Governments (SANDAG), the NBCC, and the Navy to capture their input along the way. Additional outreach with the community would also be expected to occur during the process using a similar public engagement model used for the National City Balanced Plan. To be clear, the purpose of the public outreach is to capture new public input and to harmonize staff's pre-design work with the District's current commitments.

Recommended Direction to Staff

Based on the discussion outlined above, staff recommends that the Board direct staff to:

- A. Commence pre-design work on the alignment of North Harbor Drive from the Coast Guard Station to the intersection of Laurel Street and Pacific Highway and all existing and potential connecting

east-west streets down to the intersection of Harbor Drive and West Broadway with a primary emphasis on:

1. Strengthening connections to the waterfront by extending the existing street grid and enhancing portions of the Green Necklace;
 2. Implementing Smart Mobility strategies that appropriately balance multi-modal uses and promote pedestrian and bicycle uses above the existing condition;
 3. Achieving co-benefits such as improving air quality and reducing greenhouse gas emissions consistent with the District's Climate Action Plan; and,
 4. Addressing parking needs while optimizing the use of valuable District land.
- B. Based on the pre-design work described in A. above, develop a project description suitable for inclusion in the EIR for the Planning Elements and Setback Park Options. The pre-design work would be analyzed on equal-footing with the Setback Park Options along North Harbor Drive. Staff would return to the Board with the draft project description for further direction.
- C. Conduct targeted outreach to key stakeholders and the community during the pre-design process to capture new public input and to harmonize staff's pre-design work with the District's current commitments.

If the Board directs staff to move forward with the aforementioned work, staff anticipates the pre-design work and stakeholder outreach to occur within the next six months. Staff would then return to the Board in for direction on next steps.

General Counsel's Comments:

The General Counsel's Office has reviewed this agenda sheet and attachments as presented to it and approves them as to form and legality.

Environmental Review:

This item would receive a presentation on the potential next steps for the North Embarcadero. This presentation to the Board does not constitute an "approval" or a "project" under the definitions set forth CEQA Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of its projects. Further, while the Board may request certain project components be included, alternatives studied or other direction, such direction to staff will not bind the District to a definite course of action prior to CEQA review. Full CEQA analysis will be completed prior to the approval of any entitlements, concept approval, or agreements necessary for the project. Moreover, the Board reserves its discretion to adopt any and all feasible mitigation measures, alternatives to the projects, including a no project alternative, a statement of overriding consideration, if applicable, and approve or disapprove the projects and any permits or entitlements necessary for the same. Those decisions may be exercised in the sole and absolute discretion of the Board. Based on the totality of the circumstances and the entire record, the Board's direction does not commit the District to a definite course of action prior to CEQA review being conducted. Therefore, no further

CEQA review is required.

In addition, this presentation allows for the District to implement its obligations under the Port Act and/or other laws. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, this presentation is consistent with the Public Trust Doctrine.

This presentation to the Board does not allow for “development,” as defined in Section 30106 of the California Coastal Act, or “new development,” pursuant to Section 1.a. of the District’s Coastal Development Permit (CDP) Regulations because it will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a CDP or exclusion is not required. However, the District’s projects require processing under the District’s CDP Regulations. If a project is formulated as a result of the potential next steps for the North Embarcadero, the Board will consider approval of the project after the appropriate documentation under District’s CDP Regulations has been completed and authorized by the Board, if necessary. The Board’s direction in no way limits the exercise of the District’s discretion under the District’s CDP Regulations.

Equal Opportunity Program:

Not Applicable.

PREPARED BY:

Shaun D. Sumner
Assistant Vice President, Real Estate Development

Lucy Contreras
Asset Manager, Real Estate Development

Lesley M. Nishihira
Principal, Long Range Planning
Planning and Green Port

Attachment(s):

- Attachment A: Map Depicting the North Harbor Drive Study Area
- Attachment B: NEVP Phase 1 Coastal Development Permit
- Attachment C: NEVP Phase 1 MOU with NBCC
- Attachment D: Staff’s Summary of NEVP Phase 1-related Planning Commitments and Requirements

1 NEVP Phase 1 Coastal Development Permit On File in the Office of the District Clerk Document No.58230.

2 A Final EIR and PMPA for the Planning Elements shall be conducted in accordance with Port policy and practices, the Coastal Act, and California state law. Because the CDP cannot dictate the approval of a PMPA and the Board has the option to approve a “no project alternative” under CEQA or refuse to certify the EIR, the CDP only requires the Board to consider the EIR and PMPA. If the PMPA and environmental document are approved by the Board of Port Commissioners, then the PMPA will be transmitted as soon as practicable to the Coastal Commission for its review. (Phase 1 Coastal Development Permit On File in the Office of the District Clerk Document No.58230)

3 NEVP Phase 1 Memorandum of Understanding with Navy Broadway Complex Coalition On File in the Office of the District Clerk Document No. 57019.