



DATE: October 7, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Olivia Ervin, Principal Environmental Planner
Greg Powell, Principal Planner
Isabel Castellano, Preservation Specialist

SUBJECT: Conduct a Public Hearing, Receive Public Testimony, Provide Comments on the Draft Environmental Impact Report, Consider Planning Commission Recommendation, and Adopt a Resolution Directing Staff to Prepare a Final Environmental Impact Report for the Downtown Housing and Economic Opportunity Overlay and EKN Appellation Hotel Project

RECOMMENDATION

It is recommended that the City Council:

- Conduct a public hearing and receive public comment on the Draft Environmental Impact Report (DEIR);
- Provide comments on the DEIR;
- Consider Planning Commission's Recommendation on the DEIR; and
- Adopt a resolution (**Attachment 1**) directing staff to move forward with preparation of a Final Environmental Impact Report (FEIR).

BACKGROUND

Project History

The City of Petaluma received an application for the proposed EKN Appellation Hotel in May 2022. The proposed Hotel as submitted did not comply with current maximum height, lot coverage, or floor area ratios of the City's General Plan and Implementing Zoning Ordinance (IZO). The applicant indicated a desire to seek amendments to General Plan and Zoning Code requirements as needed to maintain the overall scope of the proposed Hotel. Following a preliminary review of the applicant's proposed project and in discussion with the City, the applicant submitted an application to create a zoning overlay.

An overlay is a planning tool used by cities to update zoning codes in focused areas. A zoning overlay creates additional regulations for a specific area to address a site or area-specific need or objective. It modifies standard zoning regulations that are provided by the Zoning Code. Overlay districts are frequently used in zoning codes to preserve sensitive environmental features, preserve historic buildings, prevent development on unstable or vulnerable land features, or promote specific types of development, such as infill or transit-oriented development. Like other zoning regulations, overlay districts can control building and urban design, permitted land use, density, and other factors. Cities often apply overlays in areas that are under-utilized to allow for the development of new uses that can respond to the community's needs. Overlays do not change the basic laws of property rights. Property owners still control the use of their parcels, while the overlay serves as a tool for what is permitted on certain parcels. The IZO currently has five Overlay zones in Chapter 5: the Flood Plain Overlay Zone, the Historic District Overlay Zone, the Theater District Overlay Zone, the Senior Mobile Park Overlay District, and the Fairgrounds Overlay Zone.

The proposed overlay was submitted by the applicant (EKN Development) as a zoning amendment to the City in May 2023, and was presented for public review during study sessions held on June 13, 2023, August 8, 2023, and October 3, 2023. The City also participated in a community meeting facilitated by a community group, Know Before You Grow, held on July 12, 2023. The scope of the overlay was refined based on community, Historic and Cultural Preservation Committee (HCPC), and Planning Commission (PC) input to become the Downtown Housing & Economic Opportunity Overlay, consisting of Subareas A, B, and C that was presented to the PC and the HCPC for a public hearing on November 14, 2023. At this hearing, both bodies were asked to review a Draft Initial Study/Mitigated Negative Declaration (IS/MND) prepared in accordance with the California Environmental Quality Act (CEQA) and recommend to the City Council approval of the General Plan, Zoning Map, and Zoning Text Amendments required to adopt and implement the proposed Downtown Housing & Economic Opportunity Overlay.

During the Planning Review process for the Overlay and the Hotel, the City prepared and circulated a Draft Initial Study/Mitigated Negative Declaration (IS/MND) that analyzed the potential impacts of the proposed Overlay at a programmatic level and the direct impacts of the proposed Hotel at a project specific level.

At the conclusion of the November 14, 2023, public hearing, the PC approved a resolution that recommended modifications to the Zoning Map and Zoning Text for consideration by the Council on the proposed Amendments. The City Council will consider these recommendations at a future public hearing.

Following the joint PC/HCPC public hearing on November 14, 2023, an Environmental Impact Report was initiated to provide greater analysis on the project's potential impacts and to provide additional information for the public and reviewing bodies.

On April 12, 2024, the City released the Notice of Preparation of an Environmental Impact Report (EIR), which included an initial study, for a 30-day public comment period extending through May 13, 2024. On May 1, 2024, the City held a public scoping meeting at the Petaluma Community Center. Based on the Initial Study, Air Quality, Agricultural and Forestry Resources, Biological Resources, Greenhouse Gases, Energy, Geology, Hazards and Hazardous Materials, Hydrology and Water Quality, Mineral Resources, Noise, Population and Housing, Public Services, Recreation, Transportation, Utilities and Service Systems, and Wildfire¹ were identified as less than potentially significant and were not further reviewed in the Draft EIR. For more discussion about why these are categorized as less than potentially significant, please refer to Draft EIR Section 4, Effects Found Not to Be Significant. In consideration of comments received on the Notice of Preparation and the Initial Study, it was determined that the focus of the Draft EIR would include the following environmental topics:

- Aesthetics
- Cultural and Tribal Cultural Resources
- Land Use and Planning

Project Description

The project consists of two components, the Downtown Housing and Economic Opportunity Overlay (Overlay) and the EKN Appellation Hotel (Hotel) as detailed below.

Downtown Housing and Economic Opportunity Overlay

The proposed Overlay is ~12.18 acres and is located within Downtown Subarea as defined by the Petaluma General Plan. The Overlay proposes Subareas A, B, and C and represents a narrower area relative to the larger Study Area (June 2023 Overlay) initially reviewed, as shown in Figure 1. The parcels within the boundaries of the Overlay are designated Mixed Use and Public/Semi-Public and are within the Mixed Use and Civic Facilities zoning district. Four parcels within the Overlay (three located in Subarea A and one parcel located in Subarea B) are also within the boundaries of the Petaluma Historic Commercial District. However, none of these four parcels are considered historic or are designated or eligible contributors to this District.

¹ These are the environmental impacts outlined in Appendix G of the California Environmental Quality Act, which serve as the basis for analyzing the environmental effects of each project.

Figure 1: Overlay and Project Site Location



Exhibit 2-2 of the Draft EIR

To implement the proposed Overlay, the City would need to amend the current General Plan, Zoning Map, and Implementing Zoning Ordinance, as detailed below.

General Plan Amendment

The proposed General Plan Amendment would increase the maximum Floor Area Ratio (FAR) for the Mixed Use (MU) designation from 2.5 to 6.0 for areas within the Overlay. The increase in maximum FAR from 2.5 to 6.0 would allow for the potential development of new commercial square footage to support employment-generating uses, such as retail, office, and commercial uses. The existing maximum residential density requirement (30 dwelling units/acre) would be maintained, such that the Overlay would not result in an increase in residential population beyond what is already projected as part of General Plan buildout and what was already evaluated and disclosed in the General Plan Final EIR. No changes to the Public/Semi-Public (PSP) land use designation with the Overlay would occur, and the proposed General Plan and Zoning Amendments would apply. Amendments to the General Plan are legislative actions subject to review and approval by the City Council with recommendations carried forward from the Planning Commission public hearing that occurred on November 14, 2023.

Zoning Map and Text Amendments

The proposed Zoning Map Amendment would establish the Subarea A, B and C boundaries of the Overlay, and any parcels located within the Overlay would be subject to the applicable development standards and regulations. The proposed Zoning Text Amendment would establish regulations and development standards for the Overlay. The Implementing Zoning Ordinance

(IZO) would be amended to apply new rules/development standards to properties within the Overlay that:

- Allow for ground floor residential uses at certain locations;
- Describe and define areas subject to the Pedestrian/Façade Activation and Ground Floor Residential Zones;
- Establish a Conditional Use Permit (CUP) process and required findings/review criteria to allow for an increase to the Building Height limit of 45 feet to a maximum of 75 feet;
- Establish a CUP process and required findings/review criteria to allow for an increase of the Lot Coverage limit from 80 percent to 100 percent;
- Increase the FAR limit from 2.5 to 6.0;
- Eliminate setback standards; and
- Add new stepback standards.

Zoning map and text amendments are legislative actions subject to review and adoption by the City Council with recommendations carried forward from the Planning Commission public hearing that occurred on November 14, 2023.

Overlay CUP Criteria - Height

The proposed Overlay Ordinance would require PC approval of a CUP to allow a height above 45 feet, with certain findings required for proposed heights from 45 to 60 feet and additional findings required for proposed heights from 60 to 75 feet.

Proposed Height	Entitlement Required	General CUP Findings	Additional CUP Height Findings	Community Benefit CUP Findings
Up to 45 Feet (existing)	Permitted by Right Subject to SPAR or HSPAR	N/A	N/A	N/A
45 to 60 Feet	SPAR or HSPAR	Yes	Yes	No
60 to 75 Feet	SPAR or HSPAR	Yes	Yes	Yes

In addition to the general review criteria set forth in Section 24.060.E that apply to review/issuance of a CUP, an affirmative finding for each of the following criteria is also required for approval of a CUP to increase the height above 45 to a maximum of 60 feet:

1. That the additional height is consistent with the applicable purposes of the Overlay;
2. That the additional height makes a positive contribution to the overall character of the area and that the building will be compatible with its surroundings. The “positive contribution” and “compatibility” will be assessed using a combination of visual studies, line-of-sight drawings, photo simulations, 3-D modeling, and view shed analysis;

3. That the additional height would not adversely affect the exterior architectural characteristics or other features of the property which is the subject of the application, nor adversely affect its relationship in terms of harmony and appropriateness with its surroundings, including neighboring structures, nor adversely affect the character, or the historical, architectural, or aesthetic interest or value of the district;
4. That the additional height would not result in unreasonable restrictions of light and air from adjacent properties or the public right-of-way, or otherwise be detrimental to the public health, safety, or welfare; and
5. That the building design expresses a relationship to an existing datum line or lines of the street wall or adjacent historic resource, if any.

Additional findings must be made for buildings that are between 60 and 75 feet to support approval of a CUP. To be above 60 feet, the PC would need to find that a project includes at least two of the community benefits described in 1, 2, and 3 below and one of the community benefits described in 4, 5, and 6 below:

1. Improves the existing streetscape by providing widened sidewalks, additional street trees, new mid-block walkways/paseos, public plazas, parks. etc. For a project that would widen the sidewalk by increasing the ground floor building setback, a public outdoor amenity space shall be included in the design, and this space shall be designed and configured to provide adequate space for pedestrian movement and activity.
2. Provides publicly accessible private open space, such as a street-level park or rooftop open space that is open to the public at least 8 hours per day and at least 120 days per year.
3. Demonstrates exceptional architecture/design. “Exceptional” architecture/design may be demonstrated by any of the following:
 - a. The use of innovative, creative, or original architectural concepts, materials, or building techniques;
 - b. The use of visual elements that contribute positively to the built environment, such as well-proportioned façades, pleasing materials, and unique features;
 - c. The use of innovative building systems or forms and/or the use of creative design, to increase building efficiency and to reduce energy consumption;
 - d. The use of low impact development and green infrastructure features in sustainable design and landscaping; or
 - e. The use of high-quality building materials that contribute to long-term durability and visual quality.
4. Respects and/or preserve cultural, historical, or archaeological resources that exist or occur on-site or within the Overlay;

5. Exceeds the minimum number of Inclusionary Dwelling units required by IZO Section 3.040; or
6. Provides all required parking below grade.

Overlay CUP Criteria – Lot Coverage

The proposed Overlay Ordinance would allow lot coverage above the current 80% limit if the PC approved a CUP. The CUP could be granted to allow for additional lot coverage of up to 100% if the PC made the relevant findings set forth in Section 24.060.E and if any one or more of the following are true for a project:

1. The development improves the existing streetscape by providing widened sidewalks, additional street trees, new mid-block walkways/paseos, public plazas, parks, etc.;
2. The additional lot coverage would reflect the prevailing development pattern established by the existing development within the block or abutting block;
3. The development includes adequate provision for recycling and solid waste;
4. The development includes adequate space for street trees, or
5. The development includes other measures to enhance the pedestrian environment.

As noted above, the City Council has the review and approval authority with responsibility to act on legislative actions such as the zoning map and text amendments to establish the CUP criteria, while the PC has the approval authority to act on a project requiring CUP entitlement(s). The determination by the PC whether to issue or deny the CUP may be appealed to City Council.

Overlay Sunset Provision

The proposed Overlay Ordinance includes a sunset clause that stipulates its termination upon the adoption of a future zoning code aligned with the forthcoming General Plan. The Overlay's objective—to increase development within the Subareas—has been a core focus of the current General Plan's urban infill strategy. However, if this densification goal is not incorporated into the new General Plan, the Overlay Ordinance will expire. In this way, the sunset clause serves as a provisional measure until the future zoning code is enacted.

EKN Appellation Hotel

The proposed Hotel consists of the construction of a 93-room, 6-story (approximately 66-foot 7-inch) Hotel over a below-grade, 58-space parking garage on an approximately 13,892 square foot lot. The gross building area is approximately 77,000 square feet including a 3,209 square foot ground floor restaurant, and three outdoor spaces consisting of a 901 square foot ground floor seating area, an 898 square foot second floor terrace, and a 5,585 square foot rooftop terrace.

Entitlements required by the EKN Appellation Hotel include Historic Site Plan and Architectural Review (HSPAR), a Conditional Use Permit (CUP), and a Tree Removal Permit as detailed below:

Historic Site Plan and Architectural Review

Development of the proposed hotel would require HSPAR review and approval by the HCPC, which is guided by the review criteria established in the Implementing Zoning Ordinance (Chapter 15). Any action by the HCPC is subject to review by the City Council upon appeal.

Conditional Use Permit

With adoption of the proposed Overlay Ordinance, development of the proposed hotel would require approval of a Conditional Use Permit (CUP) by the PC (to make findings allowing for a building greater than 45 feet in height, to make findings allowing for a building greater than 60 feet in height, and to make findings allowing for 100% lot coverage). The review by the PC will be guided by the review criteria established for CUPs in the Implementing Zoning Ordinance (Section 24.060) and the proposed criteria to be adopted to implement the overlay. Any action by the PC is subject to review by the City Council upon appeal.

Tree Removal Permit

IZO Section 17.060 provides that the removal, cutting down, or otherwise destruction of a protected tree requires a Tree Removal Permit issued by the City of Petaluma Community Development Department. The project would require the permanent removal of three street trees, including one 6-inch red maple located along Petaluma Boulevard South and two 8-inch red maples along the site's B Street frontage. One existing 8-inch red maple along the Petaluma Boulevard South frontage would be retained. Street trees are designated as protected trees by IZO Section 17.040. The project proposes to plant three new 36-inch Armstrong red maples trees as replacement for the removal of protected trees in accordance with IZO Section 17.065. The review and approval of this Tree Removal Permit will be considered in conjunction with HSPAR by the HCPC.

Outside Agency Approvals

The Overlay component of the Project does not require outside agency review or approvals. In addition to City entitlement approvals, the Hotel project may be subject to the following outside agency review and approvals (and this review would occur prior to issuance of a grading permit, if required):

- Sonoma County Department of Health Services for the excavation of more than 5 cubic yards of soil, groundwater extraction or discharge, soil or groundwater sampling, and soil reuse or disposal;
- Stormwater Plan - Sonoma Water; and

- Individual National Pollutant Discharge Elimination System (NPDES) Construction General Permit (RWQCB – San Francisco Bay Region).

Environmental Review

The proposed Overlay requires amendments to the General Plan and Zoning Ordinance and the proposed Hotel requires Historic Site Plan and Architectural Review and Conditional Use Permits. These are discretionary entitlements, and as such, the project is subject to the California Environmental Quality Act (CEQA). As detailed herein, a Draft EIR was prepared and circulated for public review and comment. The Draft EIR public comment period was originally from August 26, 2024, through October 7, 2024. However, due to the amount of public interest in the project, the public comment period will be extended an additional 14 days through 5:00 pm on October 21, 2024. During which time the City is receiving public comments and holding two public hearings on the Draft EIR. A joint hearing occurred before PC and HCPC on September 24, 2024, for the Draft EIR. The subject of this staff report is the public hearing on the Draft EIR before the City Council on October 7, 2024.

DISCUSSION

The purpose of this staff report and the associated public hearing is to provide an opportunity for public and stakeholder comment on the Draft EIR, and for the Council to review the Draft EIR, provide comment, receive public comment, consider the recommendation on the Draft EIR from the Planning Commission, and to direct staff to prepare the Final EIR.

This staff report provides an overview of the contents of the Draft EIR, summarizes key considerations, and describes the CEQA process, including consideration of the adequacy of the Draft EIR in disclosing and assessing environmental impacts of the project, the procedure for providing comments on the Draft EIR, and the City's obligations as the lead agency in accepting and responding to comments on Draft EIR. The CEQA process and review steps for requested project entitlements are also provided, though it should be noted that no project entitlements are being considered as part of the Draft EIR. Rather, project entitlements will be brought forward for consideration during future public hearing(s) and following certification of the Final EIR (this is expected to occur in December).

California Environmental Quality Act (CEQA)

The Draft EIR is intended to inform decision-makers, responsible agencies, and the public of the potential environmental consequences of implementing the proposed Overlay and Hotel Project. The Draft EIR was prepared in accordance with and in fulfillment of CEQA and the Guidelines for the Implementation of CEQA (State CEQA Guidelines). The City of Petaluma, as the public agency that has the primary responsibility for approving the proposed project, is the Lead Agency for the EIR under CEQA.

Other public agencies, known as "responsible agencies," may be asked to issue approvals or permits required to implement the project. These responsible agencies, including the Regional Water Quality Control Board, may also use this EIR in their review and approval processes.

As described in CEQA and the State CEQA Guidelines, public agencies are generally under a substantive obligation to avoid or substantially lessen significant environmental effects of a project where feasible. Consistent with that obligation, this Draft EIR identifies the following:

- The potentially significant environmental effects of the proposed project, including cumulative effects resulting from the proposed project together with other past, present, and probable future projects; Mitigation measures that could substantially lessen or avoid any such significant environmental effects;
- Any significant effects that cannot be mitigated to a less than significant level, and thus are unavoidable; and
- Reasonable, potentially feasible alternatives to the proposed project that would meet most of the basic objectives of the proposed project while substantially lessening or avoiding at least one significant effect of the proposed project.

Role of the Historic and Cultural Preservation Committee (HCPC)

The HCPC is the approving body on the HSPAR and Tree Removal Permit entitlements required for the Hotel. Review of these permits will be brought before the HCPC at a future public hearing and may only be acted upon following certification of the EIR. Certification of the EIR falls under the authority of the City Council.

At the joint public hearing with the Commission on September 24, 2024, HCPC received public comment and provided input on the DEIR, requested clarification or additional information to be addressed in the Final EIR, and through a unanimous motion recommended that PC recommend that City Council direct staff to proceed with preparation of the Final EIR, including addressing public and HCPC comments.

Role of the Planning Commission (PC)/ PC Recommendations to Council on DEIR

The PC is a recommending body to the City Council on the Draft EIR and has the principal responsibility for acting on the project's CUP, which will be brought before the PC at a future public hearing and may only be acted upon following certification of the EIR. Certification of the EIR falls under the authority of the City Council.

The PC is responsible for receiving public comment and providing input on the Draft EIR, requesting any clarification or additional information to be addressed in the Final EIR, and forwarding on a recommendation to City Council regarding preparation of the Final EIR.

At the joint public hearing with HCPC on September 24, 2024, PC received public comment on the Draft EIR, provided comment on the Draft EIR, and adopted a resolution, with modifications (**Attachment 4** hereto) recommending that City Council direct staff to proceed with preparation of the Final EIR. In addition to requesting that questions and comments raised on the Draft EIR be addressed, the PC made the following specific recommendations for Council's consideration at the September 24, 2024, hearing:

1. Direct Planning staff to incorporate all HCPC review recommendations into the Planning Commission's resolution recommending to the City Council concerning the preparation of a Final EIR;
2. Recommend expanding the project alternatives analysis to consider alternative sites for proposed hotel development within opportunity zones.;
3. Recommend expanding the EIR integrity analysis to include a discussion of all seven aspects of integrity to fully evaluate the potential impacts of any future development within the proposed Overlay and the proposed EKN Appellation Hotel project on the integrity of the Commercial Historic District or any listed historic resources, and recommend expanding the proposed Overlay CUP findings to include a finding that the integrity of the Commercial Historic District or listed properties within the Downtown Overlay area will not be diminished by proposed future development; and
4. Recommend amending the proposed Overlay to require a Historic Resource Evaluation (HRE) that includes, at a minimum, an analysis of the proposed project's building height and materials for potential adverse cultural and aesthetic impacts, and recommend that all properties subject to the proposed Overlay are reviewed for eligibility as historic resources.
5. Recommend development and publication of design expectations for proposed development within the boundaries of the proposed Overlay to support discretionary entitlement reviews required by the proposed Overlay;
6. Recommend analyzing the urban park requirement for future residential development within the proposed overlay and integrating required urban park(s) into the proposed Overlay areas;
7. Request to the City Council that the Planning Commission be provided with the opportunity to review the Final EIR and make a recommendation to the City Council concerning certification of the Final EIR, pursuant to the City of Petaluma Environmental Review Guidelines Section 13.1.0; and,

8. Request to the City Council that the Planning Commission be provided with the opportunity to review of the proposed Overlay Ordinance at a Planning Commission public hearing prior to a first reading by the City Council for review of any modifications to the Conditional Use Permit findings that Planning Commission had previously recommended at the conclusion of its November 14, 2023, public hearing.

Role of City Council/ Recommendations to Staff on Final EIR

Following consideration of the Draft EIR by the PC and the HCPC, the City Council will consider the Draft EIR at the October 7, 2024, public hearing. The City Council will receive a staff report, a summary of the input and discussion on the Draft EIR at the joint PC/HCPC hearing, and as the decision-making body, will be asked to provide input on the adequacy of the Draft EIR in assessing environmental impacts of the project, identify any changes, clarification, or additional information to include in the Final EIR, and direct staff by resolution (**Attachment 1**) to proceed with preparation of the Final EIR.

City Council should consider the specific recommendations received from HCPC and PC on the Draft EIR and may provide direction to staff on how to address recommendations in the Final EIR. Staff offers the following information for Council's consideration of the recommendations from the HCPC and the Planning Commission, which track with PC recommendations 1-8 above:

Response to Comments (Recommendation 1)

All comments received in writing and verbal comments from the public, HCPC, and Planning Commissioners, as well as those provided by Council members will be included in the Final EIR and responses to all comments that relate to environmental impacts will also be provided in the Final EIR.

Alternative Hotel Site Locations (Recommendation 2)

Regarding the Planning Commission and HCPC requests that alternative locations for the Hotel be considered, the Draft EIR Chapter 6 presents 'Alternatives to the Proposed Project,' which includes 'Alternative Location Considered but Rejected' given the following seven factors of feasibility:

1. Site suitability
2. Economic viability
3. Availability of infrastructure
4. General Plan consistency
5. Other plans or regulatory limitations
6. Jurisdictional boundaries, and

7. Whether the project applicant owns the site or can reasonably acquire, control, or otherwise have access to the alternate site.

The range of project alternatives presented in the Draft EIR are reasonable and further review of alternative site locations is not expected to yield additional information that would make an informed decision on the subject site location. As explained in the Draft EIR on page 6-33 through 6-34, alternative site locations would not avoid or lessen a significant impact, as impacts are already less than significant, and alternative site locations would not meet the project objectives. Furthermore, it is understood that the Hotel applicant cannot reasonably acquire control or otherwise gain access to an alternative site and the City cannot legally require them to develop on a different parcel. Finally, the Final EIR will respond to this comment and further elaborate on why alternative sites for the Hotel cannot be reasonably be accomplished. Staff recommends that the Council take this into consideration when providing direction on what additional information be incorporated into the Final EIR regarding Alternative site locations for the Hotel.

Expand Integrity Analysis (Recommendation 3)

Regarding HCPC/PC's request to expand the integrity analysis, staff offers the following: The U.S. Department of the Interior National Park Services Cultural Resources defines integrity as the ability of a property or District to convey its significance. To be listed in the National Register of Historic Places (NRHP), a property must not only be shown to be significant under the National Register criteria, but it also must have integrity. The seven aspects of integrity are location, design, setting, materials, workmanship, feeling, and association. The evaluation of integrity is sometimes a subjective judgment, but it must always be grounded in an understanding of a property's physical features and how they relate to its significance. The Historic Commercial District is listed in the NRHP, and the concern expressed by the HCPC is that the cumulative impact of the overlay and the hotel may impact the integrity of the Historic District, as a whole.

The Draft EIR includes an evaluation of impacts to historical resources including integrity beginning on page 3.2-52 and is informed by the Historic Built Environment Assessment dated June 24, 2024, prepared by South Environmental (Appendix B to the Draft EIR). The Draft EIR states that "Future development proposed under the overlay has the potential to result in direct and indirect impact to listed or eligible resources including through the demolition, relocation, or construction of a new building that due to its design could potential conflict with the historic character." The Draft EIR imposes Mitigation Measures (MM) Overlay CUL-1a through CUL-1e which require that individual development projects that propose to alter a building or structure greater than 45 years of age at the time an application is submitted be subject to a Historic Resources Evaluation, prepared by a qualified historic preservation specialist, in order for the City to determine whether the building or structure may be a historic resource and take

appropriate action, such as requiring additional site-specific or project-specific measures to reduce any potential impacts, and that a CUP be obtained meeting certain criteria including a specific finding that the project “Respects and/or preserve[s] cultural, historical, or archaeological resources that exist or occur on-site or within the Overlay.”

The HCPC comment to expand the EIR integrity analysis to include a discussion of all seven aspects of integrity will be considered and a response will be provided in the Final EIR. Staff will review the Overlay MM CUL-1e and consider augmenting the language to specifically include a finding that the integrity of the Commercial Historic District or eligible or listed properties within the Downtown Overlay area will not be diminished by proposed future development.

Historic Resource Evaluation/Reconnaissance Survey (Recommendation 4)

The HCPC/PC requested that MM CUL-1a be expanded to require Historic Resources Evaluations (HREs) for all properties within the Overlay and that a reconnaissance survey be completed as part of the Final EIR for all properties within the Overlay. MM CUL-1a requires that “Individual development projects [within the Overlay] which proposed to alter a building or structure greater than 45 years of age shall be subject to an HRE. . .” As part of the Final EIR, staff will review Overlay MM CUL-1a as well as MM CUL-1b through CUL-1d and incorporate language as appropriate to clarify that HREs would be required for all development projects which may directly or indirectly alter an eligible or listed historic resource, and that the HRE would evaluate the proposed project and its impacts to integrity of the eligible or listed historic resource. Furthermore, as noted above, staff will also consider augmenting MM CUL-1e, which requires a Use Permit, to further strengthen the additional findings related to the preservation of historic resources that exist or occur on-site or within the Overlay, inclusive of an evaluation of integrity. The Final EIR will include a response addressing this comment.

The HCPC further requested that a reconnaissance survey to determine historic eligibility of all properties within the Overlay be completed prior to approval of the proposed Overlay and Hotel; and be included as part of the Final EIR. This request is to formally identify all the properties that would be subject to the IZO Chapter 15, the City’s Demolition Resolution, and historic design guidelines, prior to receiving a project with the overlay. Staff offers the following for Council’s consideration:

1. Properties within the Overlay are already allowed to be redeveloped, subject to discretionary review and approvals, and the additional findings proposed by the Overlay for increased height above 45 feet and increased lot coverage strengthen and reinforce objectives of historic preservation (pursuant to the required CUP).

2. All future projects proposed within the proposed Overlay would be subject to HSPAR/SPAR discretionary review and those that have the potential to directly or indirectly affect a listed or eligible resource would be subject to an HRE at the time a development application is received.
3. At the time the City receives a discretionary application for redevelopment of any property within the proposed Overlay above 45 feet, it would be subject to CEQA Guidelines Section 15064.5 (which requires an evaluation as to whether the project would cause a substantial adverse change in the significance of historical resource), the proposed Overlay Ordinance findings (including that the “additional height makes a positive contribution to the overall character of the area and that the building would be compatible” and not “adversely affect the character, or the historical, architectural, or aesthetic interest or value of the district”), as well as the Overlay Mitigation Measures (CUL-1a – CUL-1d) presented in the Draft EIR, which require review of eligibility for the proposed project site as well as adjacent and nearby properties that may potentially be affected. As an example, the proposed Hotel site was assessed for historic eligibility, and the two immediately adjacent properties were assessed and found ineligible.
4. There is a significant cost and time investment associated with a reconnaissance survey for historic eligibility at this scale given the numerous properties that are involved and historic eligibility will be identified at a project-level basis. The reconnaissance survey would be performed by an architectural historian consultant meeting the Secretary of the Interior Standards (SOI) professional qualifications, and the survey would provide historic research, photographic documentation, architectural descriptions, and evaluation of eligibility as a historic resource for each property within the overlay. Furthermore, the Hotel applicant funded the historic assessments for the adjacent properties, and future development applicants would similarly be required to fund such assessments associated with their own project within the Overlay as part of the review process. A reconnaissance survey would address all the properties within the Overlay, therefore, requiring a substantial period of time for completion of the survey efforts, and would likely require the use of public funds as there’s limited, if any, nexus to require funding by the Hotel applicant.

Staff recommends that the Council take this analysis into consideration when providing direction to staff on whether the DEIR adequately evaluates these impacts, which is alignment with current best practice to be completed at the time of project-level development applications.

Design Expectations (Recommendation 5)

The Commission recommended that MM CUL-1e, the Use Permit findings that would be established by the Overlay Ordinance be reviewed to include additional design expectations to

support Site Plan and Architectural Review. Staff will thoroughly review the design related findings and consider opportunities to further maximize the Commission's discretion by applying additional findings or augmenting existing design related findings. These design expectations may be included as a finding as specified in Overlay MM CUL-1e, which will further reduce the potential impact on aesthetics and cultural resources.

Urban Parks (Recommendation 6)

The Commission recommended that MM CUL-1e, the Use Permit findings that would be established by the Overlay Ordinance be reviewed to include an urban parks requirement for residential uses. The DEIR already addresses the impact of the proposed project on Recreation, which includes parks and found that the proposed project would not require the construction or expansion of recreational facilities. This finding is in part because the Overlay does not amend the current density and any development will be required to pay development fees that could go to the expansion or creation of parks. Moreover, the Overlay CUP to build above 60 feet includes a finding regarding private open space. Staff will consider this comment as part of the preparation of the Final EIR, which will include this comment and a response.

Final EIR Review by PC (Recommendation 7)

PC recommends that the Council considers its recommendations and direct staff to prepare a Final EIR. Additionally, PC requested that the Final EIR be brought back before the Commission for review and potential additional recommendations prior to Council consideration of the Final EIR. While the state CEQA guidelines do not require multiple public hearings on the Final EIR, nor does state require any public hearings on the Draft EIR, the City's local CEQA guidelines provide that the Commission may make such a request. The proposed Project has been considered at numerous workshops and meetings including community meetings, HCPC and PC public meetings, and additionally, the Draft EIR was the subject of the September 24, 2024, HCPC/PC public meeting, as will be before the Council on October 7, 2024 (this agenda item). Staff expects the additional hearing would add an additional 30 days to the project timeline.

Proposed Overlay Ordinance Review by PC (Recommendation 8)

On November 14, 2023, the Planning Commission recommended that the City Council consider the draft Overlay Ordinance for approval with amendments. At its September 24, 2024 hearing on the DEIR, the Planning Commission requested an opportunity to re-review the proposed Overlay Ordinance at a Planning Commission public hearing prior to review by the City Council. Staff expects this could be accomplished within the same additional 30 days that may be allocated for Planning Commission consideration of the Final EIR.

Public Review of the Draft EIR

Public hearings on the Draft EIR does not involve consideration of requested entitlements for the project. Rather, the purpose of public hearings on the Draft EIR is to provide an opportunity during the public review timeframe to receive and collect comments on the adequacy of the analysis in identifying and disclosing potential environmental impacts that may result from implementation of the proposed project. For this project, City Council has had 45 days to review the Draft EIR and the public has an additional 14 days to submit any additional comments on the Draft EIR.

When providing comments, the public and Council members should consider the adequacy of the Draft EIR in disclosing potential impacts of the project and identifying mitigation measures, and they should recommend changes, clarifications, or additional information that should be addressed in the Final EIR. Comments are received on the Draft EIR in writing and verbally at public hearing(s) from the members of the public, state agencies, decision-makers, stakeholders, and other interested parties. Comments responded to in the Final EIR will be those related to the environmental analysis of the Draft EIR. Comments provided on the project merits (e.g. those expressing support or opposition to the project) are not required to be responded to in the Final EIR unless specifically related to an environmental issue.

The City's Environmental Review Guidelines direct that based on its review of the Draft EIR, consideration of related City staff reports, and any comments received during the public review period, the decision-making body shall:

1. Consider the adequacy of the Draft EIR in disclosing the potential impacts of a project and identifying mitigation measures;
2. Identify any changes, clarifications, or additional information which should be incorporated in the Final EIR for certification; and
3. Authorize preparation of a Final EIR which incorporates these revisions and responds to all significant environmental points raised during the public review period on the Draft EIR.

Public comments on the Draft EIR may be submitted at any time during the Draft EIR public review and comment period, which has been extended by two weeks to October 21, 2024. The City will continue to accept public comment for inclusion in the Final EIR through the end public comment period (5:00 pm on October 21, 2024).

Comments about the overall merits of the project that are not related to its potential environmental impacts (e.g., those in support of or in opposition to the project) should be reserved for a later public hearing when the project's requested entitlements may be agendized for consideration. Comments provided on the project's merits will be documented but not responded to in the Final EIR, unless they are specifically related to a CEQA issue.

Final EIR Review Process and Certification

Following the close of the public comment period on the Draft EIR on October 21, 2024, all comments received will be assembled, and staff will prepare a Final EIR for public review. The Final EIR will include all written comments received through October 21, 2024, a summary of verbal comments received during public hearings on the Draft EIR, and, if needed, additional information, clarification, and corrections to the Draft EIR.

As the lead agency under CEQA, the City Council will review the EIR (inclusive of the Draft EIR and the Final EIR) for certification at a future public hearing. If the City Council determines that the EIR is adequate, it will certify the EIR in compliance with CEQA requirements, including the adoption of a Mitigation Monitoring and Reporting Program and Findings of Fact.

Disagreement Among Experts

The Draft EIR contains substantial evidence to support the conclusions presented therein. It is possible that there will be disagreement among various parties regarding the conclusions presented in the Draft EIR. The CEQA Guidelines and case law provide standards for treating disagreement among experts. Where evidence and opinions conflict on an issue concerning the environment and the lead agency knows of these controversies in advance, the Draft EIR must acknowledge the controversies, summarize the conflicting opinions of the experts, and include sufficient information to allow the public and decision-makers to make an informed judgment about the environmental consequences of the proposed project. (See, *Laurel Heights Improvement Association v. Regents of University of California* (1988) 47 Cal.3d 376, 393)

It is possible that evidence will be presented during the 45-day statutory Draft EIR public review period, which may create disagreement. Decision-makers must consider all comments and evidence submitted during the public review process on the Draft EIR. In rendering a decision on a project where there is disagreement among experts, decision-makers are obligated to ensure that there is substantial evidence in the record to support their decision. Furthermore, decision-makers need not resolve a dispute among experts. Rather, in their Draft EIR, decision-makers must consider comments received concerning the adequacy of the Draft EIR and ensure that all comments and objections raised are included in the Final EIR. Finally, decision-makers are not obligated to follow any directives, recommendations, or suggestions presented in comments on the Draft EIR, and can certify the Final EIR without needing to resolve disagreements among experts.

Project Draft EIR Contents

The Draft EIR (available at <https://cityofpetaluma.org/economic-opportunity-overlay-ekn-appellation-project-supporting-documents/>) is comprised of the following:

Executive Summary

A brief description of the proposed project, a summary table that denotes potentially significant environmental impacts, identifies mitigation measures, and indicates the resulting level of significance of each impact with mitigation is provided in the Executive Summary. In addition, this section presents a brief description of alternatives to the proposed project and identifies the areas of controversy.

Chapter 1: Introduction

An introduction and overview describing the purpose of the Environmental Impact Report, the environmental review process, and the scope of topics addressed in the Draft EIR.

Chapter 2: Project Description

Provides a detailed description of the proposed project(s), including the requested approvals and entitlements, and states the project objectives, as well as the intended uses of the Draft EIR.

Chapter 3: Environmental Impact Analysis

Chapter 3 contains an analysis of the project's environmental impacts on Aesthetics, Cultural and Tribal Cultural Resources, and Land Use and Planning, as well as cumulative impacts.

Chapter 4: Additional Effects Evaluated in the Initial Study

This chapter includes a discussion of the additional effects evaluated in detail in the Initial Study and determined to be less than significant.

Chapter 5: Other CEQA Considerations

This chapter includes a discussion of the proposed project's potential to result in growth-inducing impacts, significant irreversible environmental changes, and mandatory findings of significance.

Chapter 6: Alternatives to the Proposed Project

The Alternatives Analysis chapter includes the purpose of an alternatives analysis, alternatives rejected from further consideration, the alternatives analyzed along with their associated impacts in comparison to the proposed project's impacts, and the environmentally superior alternative.

Chapter 7: Persons and Organizations Consulted/List of Preparers

This chapter lists the authors and consultants involved in the preparation of the document.

Appendices

The Appendices to the Draft EIR include the following:

[Appendix A - Notice of Preparation \(NOP\) and Initial Study](#)

[Appendix B – Cultural Resources Supporting Information](#)

[Appendix C - Transportation Supporting Information](#)

[Appendix D – Discretionary Review Process](#)

To facilitate an understanding of the contents of the Draft EIR and to focus public comment at the PC and HCPC hearing, the Draft EIR Executive Summary is included at **Attachment 2**. Additionally, the following discussion includes a summary of Draft EIR analysis.

Draft EIR Analysis Summary

The focus of the Draft EIR is informed by the public hearings and workshops that occurred in 2023, comments and input received during the public review period on the Draft MND previously released, but not further pursued, as well as comments received on the Notice of Preparation, the Initial Study, and the public scoping meeting on the EIR. The environmental topics of Aesthetics, Cultural and Tribal Cultural Resources, and Land Use are discussed in detail in the Draft EIR and summarized below. All other environmental impacts due to the proposed project were found to be less than significant or mitigated to less than significant levels through the incorporation of mitigation measures, compliance with regulatory requirements, and the City’s established review and entitlement processes and procedures.

The Draft EIR analysis was carried out in full accordance with CEQA’s substantive requirements and to specifically address the topics of concern identified through public comment, workshops, and completion of an Initial Study. The following discussion summarizes the Draft EIR findings of impacts to Aesthetics, Cultural and Tribal Cultural Resources, and Land Use, with the Overlay component presented first, followed by the Hotel component of the Project within each discussion.

Environmental Setting Summary

The City’s historic resources include several approved Historic Combining Districts, numerous individual resources that are listed on Federal and State Registries, local landmarks, and many historic resources that are potentially eligible for listing. The Draft EIR notes that Petaluma’s historic resources are preserved and encouraged through policies and programs that serve to maintain the historic character. This is accomplished through compliance with required Federal, State, and local regulations, including but not limited to the City’s HSPAR process, and oversight by the HCPC.

The proposed project is situated within the City’s Downtown Subarea, proximate to several identified Historic Districts and overlaps with a portion of the Petaluma Historic Commercial District, see Figure 1 below. The other districts are identified but are determined to less than significant impacts due to the project as they would not be directly or indirectly impacted by the proposed project. As such, the Draft EIR focuses on analyzing potential impacts to the Petaluma Historic Commercial District, which was adopted as a National Register Historic District in 1995

and continues to maintain its position as the major commercial, financial, and retail center of Petaluma. The Petaluma Historic Commercial District is also a local historic district with a period of significance from 1854 to 1945. The following are character defining features of the Historic Commercial district:

- Flat roofs or roofs hidden by parapets
- Use of a variety of materials including cast-iron, stucco, brick, terracotta, stone, and wood
- Use of classically inspired ornamentation such as bracketed cornices, pilasters, and dentil and belt courses
- A variety of heights
- Intact detailing above the first floor because of storefront alterations
- A variety of architectural styles

Figure 2 below shows the proposed Overlay Area and Hotel site relative to the City's Historic Districts. The proposed Overlay Subarea C abuts, but is not located within the Historic Commercial District, while a portion of Subareas A and B, including the Hotel site, overlap with the Historic Commercial District.

Figure 3 below shows the proposed Overlay Area and Hotel site relative to the City's tallest buildings within the Downtown. It demonstrates that the existing context of the City's Downtown, including the Historic Commercial District, exhibits a range of building heights approaching and exceeding 45 feet in height.

Figure 2: Historic District Map



Exhibit 2-4 of the Draft EIR

Figure 3: Building Heights Adjacent to Overlay



Exhibit 3.1-1 of the Draft EIR

Figure 4 shows the Study Area, Overlay Areas A, B, and C, as well as the Hotel site, and identifies buildings that are known to be contributors to the Historic Commercial District.

Figure 4: Contributing Buildings to the Historic Commercial District (National Register)



Exhibit 3.1-2 of the Draft EIR. Note that the Rex Hardware Building was previously understood to be a contributor, but through the Historic Built Environment Assessment prepared as part of the DEIR, it was determined that its ability to contribute to the District was lost when destroyed by a fire in 2006 and subsequently rebuilt.

Aesthetics

The Aesthetics analysis presented in Section 3.1 of the Draft EIR characterizes the physical setting of the Downtown, establishes the regulatory context, identifies aesthetic resources, and evaluates the project's potential to result in adverse environmental effects.

Overlay

The proposed Overlay would not directly result in physical development and, as such, would not directly alter, interfere, or impact scenic vistas or the visual character of Downtown, including through the introduction of light and glare or by casting shadows. Furthermore, parcels within the Overlay are already developable under the General Plan, and zoning regulations and impacts up to 45 feet have been anticipated as part of the General Plan EIR analysis. However, reasonably foreseeable future development under the Overlay may impact scenic resources and the visual character, including the Historic District and individual listed or eligible historic resources, as well as introduce light and glare or cast shadows beyond what was anticipated by the General Plan EIR due to the allowance for greater lot coverage and increased height with a CUP and when specific criteria are met. The Draft EIR concludes that the City's SPAR/HSPAR process and MM CUL-1e, which requires a CUP for development projects that propose a height

above 45 feet or lot coverage above 80 percent, provide a mechanism by which potential impacts to scenic resources and the visual character, as well as impacts due to the introduction of light and glare, and shadows are assessed at the project level. Therefore, the proposed Overlay would result in less than significant impacts to aesthetics. As noted above, the specific findings that must be made in consideration of a CUP approval include the following for development projects within the Overlay that propose heights between 45 and 60 feet and further ensure protection of scenic resources and the visual character:

- That the additional height makes a positive contribution to the overall character of the area and that the building will be compatible with its surroundings. The “positive contribution” and “compatibility” will be assessed using a combination of visual studies, line-of-sight drawings, photo simulations, 3-D modeling, and view shed analysis;
- That the additional height would not adversely affect the exterior architectural characteristics or other features of the property, which is the subject of the application, nor adversely affect its relationship in terms of harmony and appropriateness with its surroundings, including neighboring structures, nor adversely affect the character, or the historical, architectural, or aesthetic interest or value of the district;
- That the additional height would not result in unreasonable restrictions of light and air from adjacent properties or the public right-of-way, or otherwise be detrimental to the public health, safety, or welfare; and
- That the building design expresses a relationship to an existing datum line or lines of the street wall or adjacent historic resource, if any.

Further, the specific findings that must be made in consideration of CUP approval that relate to aesthetics include the following additional considerations for proposed height between 60 and 75 feet:

- Demonstrates exceptional architecture/design. “Exceptional” architecture/design may be demonstrated by any of the following:
 - The use of innovative, creative, or original architectural concepts, materials, or building techniques;
 - The use of visual elements that contribute positively to the built environment, such as well-proportioned façades, pleasing materials, and unique features;
 - The use of innovative building systems or forms and/or the use of creative design, to increase building efficiency and to reduce energy consumption;
 - The use of low impact development and green infrastructure features in sustainable design and landscaping; or
- Respects and/or preserve cultural, historical, or archaeological resources that exist or occur on-site or within the Overlay.

- Provide all required parking below grade.

Furthermore, future development proposed within the Overlay would be subject to a project-specific analysis and compliance with CEQA, supported by project-specific technical studies, as exemplified by the project-specific analysis and supporting studies conducted for the Hotel. For example, depending on the specifics of a future development application, viewshed analysis, shade and shadow studies, and photometric plans may be required as part of that future review process, similar to those studies that were conducted to evaluate potential aesthetic impacts of the Hotel (see discussion below). These types of studies are appropriate at the project-specific scale as studies of this sort at the Overlay scale would be speculative as to the type of development that may ultimately be proposed, which does not render meaningful analysis. The proposed Overlay establishes a process whereby SPAR/HSPAR and CUP requirements provide the regulatory framework within which future development applications can be meaningfully analyzed, including through project-specific technical studies that evaluate the project's potential impacts on aesthetic resources based on the proposed design, height, massing and architectural details, as well as the site location and surrounding context.

EKN Appellation Hotel

The Hotel site is located in the Downtown area of the city, which is predominantly surrounded by existing urban development, street trees and landscaping, roadways, and other infrastructure that obstruct views of scenic resources such as the Petaluma River, Sonoma Mountain, and surrounding ridgelines, as well as existing light and glare sources and buildings that cast shadows.

The Draft EIR includes an analysis of visual simulations, which depict the proposed Hotel as it would be viewed upon operation from nine (9) distinct viewpoint locations. Each viewpoint provides the existing condition as currently viewed, without the proposed Hotel, followed by a visual rendering of that same view with the addition of the Hotel as proposed. Based on the visual simulations, the Draft EIR concludes that the Hotel would not significantly impede public views of the Historic District, individual historic buildings, or other scenic resources.

Additionally, the Draft EIR determined that based on the Hotel's proposed photometric plan, lighting introduced onsite would be in compliance with applicable performance standards, and impacts from light and glare would be less than significant. Furthermore, the Hotel was subject to an analysis of shadows-related impacts, which assessed shadows cast by the Hotel during the summer and winter solstices and the spring and fall equinoxes. The Draft EIR concludes that the proposed Hotel would not result in a substantial new shadow of significant duration over any routinely usable outdoor space, historic resource, or other shadow-sensitive areas.

Finally, the Hotel is subject to the City's HSPAR and a CUP review process, which require criteria to ensure the protection of the District and historic buildings as they relate to visual

resources. Specific to the CUP process, the Hotel, as a project within the Overlay that proposes a height of 66 feet, is subject to the findings listed above that further ensure protection of scenic resources and the visual character and additionally requires realizing community benefits as directed by the CUP provisions. Therefore, the Draft EIR concludes that the proposed Hotel would result in less than significant impacts to aesthetics.

Cultural and Tribal Cultural Resources

Section 3.2 of the Draft EIR addresses Cultural and Tribal Cultural Resources and is informed by several studies and records reviews. The Draft EIR observes that the history of Petaluma is present in the contemporary landscape and the unique character that arises from the side-by-side existence of new and old. It identifies significant cultural and tribal cultural resources as listed or eligible buildings, structures, landscapes, sites, and objects.

Overlay

The proposed Overlay was the subject of the Painter Preservation Historic Cultural Resources Report, dated September 22, 2023, records research, and was fully reviewed as presented in the Section 3.2 of the Draft EIR, which characterizes, evaluates, and analyzes potential impacts to Cultural and Tribal Cultural Resources. The Draft EIR includes an inventory of buildings within the Study Area that are over 45 years old, as well as the status of each building's eligibility to qualify as a historic resource. Figure 5 shows the greater Study Area, Overlay Subareas A, B, and C, and each building's eligibility status.

Figure 5: Properties by Eligibility



Exhibit 3.2-2 of the Draft EIR. Note that the Hotel Site was assessed for eligibility as part of the Draft EIR and determined to be ineligible as there are no buildings onsite.

As shown in the Figure above, other than the two properties within Subarea A immediately adjacent to the proposed Hotel, none of the other properties within the proposed Overlay are known to have been assessed for eligibility to qualify as historic resources. Within the greater Study Area, a majority of the properties have been assessed and found eligible, while several have been assessed and found ineligible.

The proposed Overlay would not directly result in physical development and, as such, would not directly impact historic, archeological, or tribal cultural resources. However, the proposed Overlay could result in an increase in new development that could affect known historic resources, eligible resources, or previously unidentified or undesignated historic resources, including the Historic District and individually listed or eligible historic resources, archeological resources, and/or tribal cultural resources, if present. However, as the sites within the Overlay are already currently developable, any development that occurs in the Overlay, even without the Ordinance, would have similar impacts on historic, archaeological, and tribal cultural resources.

The Draft EIR concludes that future development proposed under the Overlay has the potential to result in direct and indirect impacts to listed or eligible resources, including through demolition, relocation, or the construction of a new building that, due to its design, could potentially conflict with the historic character. However, the City's SPAR/HSPAR and CUP

process, as well as Mitigation Measures (MM) Overlay CUL-1a, 1b, 1c, 1d, and 1e, would reduce impacts levels below significance. Briefly, CUL-1a requires the preparation of Historical Resources Evaluation for projects that involve a building or structure greater than 45 years in age; CUL-1b requires that properties identified as historically significant be subject to documentation in compliance with the Historic American Building Survey Guidelines; CUL-1c imposes the Secretary of Interior Standards for the Treatment of Historic Properties to the maximum extent possible; CUL-1d requires projects that would significantly alter a historical resource to be subject to recordation documentation performed by an architectural historian or historian who meet the Professional Qualified Standards; and CUL-1e mandates that projects above 45 feet or greater than 80% lot coverage be subject to a CUP.

The Draft EIR also identifies the potential for archeological sensitivity in the event that significant resources are present and imposes MM Overlay CUL-2, which implements General Plan policy 3-p-1 (D-K) by requiring an Archeological Resources Assessment, further study as appropriate, construction personnel training, and treatment procedures. The Draft EIR concludes that with the imposed mitigations measures, compliance with the Overlay ordinance, as well as the requirement for the HSPAR/SPAR and CUP process, including the requirement for additional findings for buildings above 45 feet in height as noted above, in addition to the mandatory review for consistency with the City's regulatory documents including the General Plan, policies therein, and the Historic Commercial District Guidelines, the potential impacts to Cultural and Tribal Cultural Resources from future development within the proposed Overlay would be reduced to less than significant levels.

EKN Appellation Hotel

The proposed Hotel project was subject to the following technical studies that characterized, evaluated, and analyzed potential impacts to Cultural and Tribal Cultural Resources:

- Cultural Resources Study, prepared by EDS on June 16, 2023,
- GPR and Canine Investigation, prepared by Byram Archaeological Consulting, LLC, and Institute for Canine Forensics (ICF) and summarized in a report prepared by EDS in September,
- Historic Cultural Resource Report prepared by Painter Preservation on September 22, 2023, and
- Historic Built Environment Assessment (HBEA) prepared by South Environmental on June 24, 2024.

As detailed in the Draft EIR Chapter 3.2, the Hotel site and the two immediately adjacent properties were assessed for eligibility as historic resources and were determined to be ineligible. This assessment was prompted by the CEQA process itself, as well as to support and inform the

necessary findings as required for projects within the Overlay subject to HSPAR and CUP review.

Given the proposed EKN Appellation Hotel site's location within the Petaluma Historic Commercial District, the Hotel is required to be developed according to the Petaluma Historic Commercial District Design Guidelines for new construction projects. The Historic Built Environment Assessment determined that while the Hotel would be taller than immediately surrounding buildings, the District is known to contain a variety of building heights, which is one of the District's identified characteristics as stated in its 1994 nomination. The Draft EIR concludes that the proposed Hotel would not introduce incompatible massing and scale and would generally conform with the Petaluma Historic Commercial District Design Guidelines. As such, the proposed Hotel would not impact the Petaluma Historic Commercial District's ability to continue to convey its significance and would not cause a substantial adverse change in the significance of a historical resource. Therefore, the proposed Hotel would result in less significant impacts to historic resources (including the Historic Commercial District).

The Draft EIR states that buried history era archeological resources are potentially present on the Hotel site, and that there is high potential for the site to contain pre-contact archeological resources, including Tribal Cultural Resources. As with all properties within the Overlay, the Hotel site has the potential to uncover archaeological resources if present, as evaluated in the General Plan EIR. To ensure the protection of archeological resources, if present, the Draft EIR imposes Mitigation Measures on the Hotel. MM EKN CUL-2a, which requires exploratory hand-auger excavation as recommended in the GPR Study, MM EKN CUL-2a, which requires an Archaeological Monitoring Plan and ongoing monitoring during construction, as well as MM EKN CUL-2c, which requires in the event that archaeological resources are uncovered, all work within 50 of the discovery stop until the historical significant can be assessed and recommendations for the treatment of resources can be developed and carried out. Finally, EKN CUL-3 is imposed in accordance with state law requiring that specific protocols are followed in the event that human remains are encountered and determined to be Native American. The Draft EIR concludes that with mitigation, the potentially significant impacts to archaeological resources, including tribal cultural resources, if discovered, will be reduced to less than significant levels.

Land Use and Planning

Section 3.3 of the Draft EIR addresses Land use and Planning in accordance with the CEQA Appendix G checklist by considering the project's potential to physically divide an established community and cause an environmental impact due to a conflict with land use regulation.

The Draft EIR analysis of Land Use and Planning, in addition to the existing environmental setting, is informed by the General Plan and EIR, Historic Commercial District Design

Guidelines, the Municipal Code, and the IZO, as well as the language of the proposed Overlay Ordinance, which would revise the City's land use regulation for properties within the Overlay. The existing land use regulations currently allow for and encourage redevelopment, infill development, and new development within the Downtown core, including within the identified Overlay Area, to advance economic, civic and cultural activity, preserve and enhance buildings of historic and architectural importance, and promote intensification of use as both a visitor destination and neighborhood retail center (General Plan Goal 2-G-3).

The Land Use and Planning analysis is informed by the following existing and proposed City regulation:

- **Historic Commercial District Guidelines:** The City's Guidelines are intended to provide direction and encourage the preservation, adaptive use, and enhancement of buildings and streetscapes within the Downtown and are applicable to the portions of proposed Overlay Subareas A and B, including the Hotel site, that are located within the Historic Commercial District. In addition, the Historic Commercial District Guidelines supports new construction in Section 7. It directly states, "The construction of new buildings on vacant lots in the Downtown is strongly encouraged." The section identifies new construction as "infill" and states that "the design of a new infill building, particularly its front facade, is a special challenge. The new facade should be designed to look appropriate and compatible in the midst of the surrounding buildings." The guidelines that would govern the visual relationship between an infill building and its neighbors include proportions of the facade, composition, detailing, materials, colors, building setback. The proposed EKN Hotel is subject to the Guidelines.
- **Site Plan and Architectural Review (SPAR):** The purpose of site plan and architectural review is to ensure compliance with the Zoning Ordinance and to promote orderly and harmonious development within the City. The intent of IZO section 24.050 is to achieve a satisfactory quality of design in individual buildings and sites and ensure appropriateness of buildings to their intended use, and to facilitate harmony between developments and their surroundings. Furthermore, the City's SPAR process is intended to provide a means by which to mitigate the environmental impacts of buildings and site plans. All projects proposed within the Overlay that are outside of the Historic Commercial District will be subject to the City's SPAR process. The SPAR process culminates in a public meeting before the Planning Commission, where the Commission must determine that the site plan and architectural design are compatible with the surrounding neighborhood and meet the required standards of quality and design.
- **Historic Site Plan and Architectural Review (HSPAR):** Implementing Zoning Ordinance Chapter 15 provides guidelines for HSPAR review to require review by the HCPC to ensure the City's development standards are achieved and to promote orderly and appropriate development within the City's Historic Districts. As with the City's SPAR

process, HSPAR is similarly intended to provide a means by which to mitigate the potential environmental impacts of buildings and site plans. All projects proposed within the Overlay that are within the Historic Commercial District or would potentially affect properties within a Historic District, will be subject to the City's HSPAR process. The proposed EKN Hotel is subject to HSPAR. The HSPAR process is a public meeting in front of the City's Historic and Cultural Preservation Committee, where the Committee must determine that the site plan and architectural design are compatible with the surrounding neighborhood and meet the required standards of quality and design including the standards listed in the Secretary of Interior Standards for the Treatment of Historic Properties. The Secretary of the Interior's Standards for Treatment of Historic Properties are the national standards which include four treatments (Preservation, Rehabilitation, Restoration, and Reconstruction). The standards for Rehabilitation support new construction when:

- New additions, exterior alterations or related new construction will not destroy historic materials, features and spatial relationships that characterize the property.
 - The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
 - New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.
- Conditional Use Permit (CUP): Implementing Zoning Ordinance Section 24.060(E) provides guidance for issuing a CUP. In addition to the established findings, the Overlay further requires an affirmative finding for additional criteria for projects above 45 feet in height, an affirmative finding for additional criteria for projects above 60 feet in height, along with meeting community benefit criteria, as well as an affirmative finding to for 100% lot coverage (see specific findings and community benefit criteria provided in the Project Description section of this staff report above). The proposed EKN Hotel is subject to discretionary review through a CUP with additional findings for increased height above 45 feet, additional findings for increased height above 60 feet, and additional findings for 100% lot coverage.

Overlay

The proposed Overlay would not directly result in development that would physically divide a community, such as through the introduction of a large linear feature like a railroad or highway, or otherwise remove access. However, the proposed Overlay could result in an increase in new development, subject to subsequent discretionary review, including compliance with the specific findings and criteria established by the Overlay. As the sites within the Overlay are already currently developable in accordance with regulation, any development that occurs in the Overlay, with or without the Overlay Ordinance would be limited to private property and not the public right-of-way. Furthermore, future development proposals would be required to comply with

accessibility standards, sidewalk requirements and the specific pedestrian/façade activation and ground floor residential zones, as well as frontage and offsite improvements as appropriate to enhance the established pedestrian network. Additionally, the Overlay does not propose linear construction that would impact mobility, remove access, or physically divide the downtown. As such, the DEIR concludes that the proposed Overlay would result in less than significant impacts due to physically dividing a community.

The DEIR further analyzes if the proposed Overlay would result in a significant impact due to a conflict with applicable land use plans and policies of the General Plan or Municipal Code. The discussion explains that the Overlay proposes to change the established land use and municipal code regulations in a manner that is intended to meet the central goals of the General Plan by continuing to support economic opportunities within the Downtown, including the continued preservation of the historic district as a focus of civic, economic, and cultural activity. As described in the DEIR and summarized herein, the proposed changes to the established land use and zoning regulation that would be allowed by the Overlay relative to the existing land use regulations include the following:

- Consideration of proposed development between 45 feet and 60 feet in height, subject to approval of a CUP (currently up to 45 feet is allowed)
- Consideration of proposed development from 60 to 75 feet in height, subject to approval of a CUP
- Consideration of 100% lot coverage, subject to approval of a CUP (currently 80% lot coverage is allowed)
- Increase the maximum Floor Area Ratio for the MU designation from 2.5 to 6.0
- No Change to the allowed residential densities
- Describe and define areas subject to the Pedestrian/Façade Activation and Ground Floor residential zones
- Eliminate the setback standard and add new stepback standards
- Continued full discretionary review in accordance with SPAR or HSPAR
- No Change to parking requirements

Based on review of existing regulation and the regulations that would be established by the proposed Overlay Ordinance, the DEIR concludes that the Overlay has the potential to increase nonresidential development that could potentially conflict with applicable IZO and other regulations governing scenic quality. However, compliance with City policies and programs, and adherence to development and design standards, enforced through the CUP process (MM Overlay CUL-1e), in addition to the MM Overlay CUL-1a through CUL-1d, as well as the SPAR and HSPAR process, would ensure that impacts remain less than significant. Therefore, the

DEIR finds that the proposed Overlay would result in less than significant impacts due to a conflict with existing regulation adopted for the purpose of avoiding or mitigating an environmental effect.

EKN Hotel

The proposed Hotel would not remove access around the project site and greater Downtown area by introducing large linear features such as a railroad, highway, or other element that would create a physical division of existing land uses. Proposed improvements to the Hotel site and adjacent frontage areas, are limited to crosswalk enhancements at B street intersections proximate to the site and a new bus stop at Center Park. The DEIR concluded that therefore, the Hotel would not result in the division of an established community and impacts would be less than significant.

The DEIR further evaluates if the proposed Hotel would result in a significant impact due to a conflict with applicable land use plans and policies of the General Plan or Municipal Code that were adopted to avoid or mitigate an environmental effect. As proposed, the Hotel does exceed the City's established regulations for building height, FAR, and lot coverage. However, as discussed above, the Project includes the proposed Overlay, which would modify the City's regulations on Subareas A, B, and C, which includes the Hotel site, located within Subarea A. The discussion above, summarizes the conclusion reached in the DEIR that the proposed Overlay would result in less than significant impact due to conflicts with land use regulation. With adoption of the proposed Overlay, the Hotel's proposed FAR of 5.9, building height of 66 feet, and 100% lot coverage, which would be consistent within the FAR range of up to 6.0, the height limit of 75 feet, and 100% lot coverage.

The DEIR evaluates the Hotel's consistency with established City regulation and the modification proposed by the Overlay. Table 3.3-3 of the DEIR provides a summary of the Hotel's consistency with a majority of the applicable General Plan goals and policies. Additionally, the Hotel is subject to HSPAR and CUP approvals, which ensure that impacts related to potential conflicts with land use regulation are less than significant (otherwise, the requested entitlements for the Hotel would not be granted as findings could not be made). Further, the Hotel is consistent with the CUP height criteria for buildings above 45 feet, as demonstrated in Table 3.3-4 of the DEIR, the CUP height criteria for buildings 60-75 feet, as demonstrated in Table 3.3-5, as well as with the CUP criteria for 100% Lot Coverage, as demonstrated in Table 3.3-6 of the DEIR. As such, with adoption of the proposed Overlay, implementation of Mitigation Measures imposed on the Hotel, as well as compliance with regulatory requirements including HSPAR and CUP criteria, the proposed Hotel would not conflict with City regulation and impacts would be less than significant.

Alternatives Analysis

Consistent with CEQA requirements, a reasonable range of alternatives was evaluated that could feasibly avoid or lessen any significant environmental impacts while substantially attaining the basic objectives of the proposed project. The Alternatives Chapter also identifies alternatives rejected from further consideration including Alternative Locations, a Hotel without underground parking, Overlay in Area A only, and Overlay without expanded lot coverage. The alternatives analyzed in the Draft EIR include the following:

- No Project/No Build Alternative – The Overlay would not be approved, and the proposed Hotel would not be constructed.
- Reduced Area C Alternative – Overlay Subarea C would be reduced, and the Hotel component of the Project would remain as proposed, and
- Reduced Height Alternative – Building heights throughout the Overlay would be limited to 45 feet and the Hotel would be reduced to a maximum height of 45 feet. Under this Alternative, the Overlay would accommodate 100% lot coverage, FAR up to 6.0 subject to a CUP.

The Alternatives Analysis is presented in Chapter 6 of the Draft EIR and concludes that the No Project Alternative and the Reduced Height Alternative would be considered the environmental superior alternative to the proposed project.

PUBLIC OUTREACH

Public Meetings

The project has been subject to numerous public meetings and study sessions. The following table presents a summary of the meetings held in 2023 on the Project:

Table 1: Summary of Meetings			
Date	Meeting Type	Meeting Body	Project Component Discussed
January 10, 2023	Study Session	HCPC	Hotel
June 13, 2023	Study Session	PC and HCPC	Hotel, Overlay Boundaries as shown in Exhibit 2-2 and Potential Overlay Development Standard
July 12, 2023	Neighborhood Meeting	Know Before You Grow ¹	Overlay presentation by City Staff
August 3, 2023	Neighborhood Meeting	Petaluma Downtown Association ²	Discussion between Petaluma Downtown Association and City Staff.
August 8, 2023	Study Session	PC	Overlay reduced to focus on under-utilized parcels, reduce overlap with the Petaluma Historic Commercial District (Exhibit 2-4), and avoid overlap with residential areas. Overlay revised to require discretionary approval of a Conditional Use Permit (CUP) for any building above 45 feet.

October 3, 2023	Study Session	HCPC	Overlay revised to: <ul style="list-style-type: none"> • Expand the boundary of Subarea B to include the parcel occupied by the Wells Fargo Bank at 125 Western Avenue. • Depict/describe pedestrian/façade activation zones. • Allow for ground floor residential uses.
November 14, 2023	Public Hearing	PC and HCPC	Overlay revised to: <ul style="list-style-type: none"> • Update the review criteria for buildings above 45 feet. • Simplify the setback and stepback tables. • Include a requirement of a CUP to increase lot coverage above 80%. • Refine development standards for Pedestrian/Façade Activation Zones and Ground Floor Residential Uses.

Notes:

- ¹ Know Before You Grow is a nonprofit organization with the stated mission “to educate the public on four key elements of city planning and to advocate for the best solutions to each.”
- ² The Petaluma Downtown Association is a 501C(6) nonprofit membership-based organization that works in partnership with its members, the City, and the business community to protect Petaluma’s historic character, sustain economic vitality, and promote a dynamic and welcoming Downtown.

Public Scoping Meeting

A notice of preparation of an EIR and notice of public scoping meeting was published in the *Argus-Courier* on April 12, 2024, mailed to all property owners and occupants within 1,000 feet of the Overlay study area, and posted to the California State Clearinghouse. A public scoping meeting was held on May 1, 2024, which provided an opportunity for members of the public to learn about the project, the results of the Initial Study and proposed scope of the EIR, and to provide feedback on the scope of the EIR.

Public Noticing

The public notice of completion/availability (NOC/NOA) of the Draft EIR was published in the *Argus-Courier* on August 23, 2024, and mailed to all property owners and occupants within 1,000 feet of the Overlay Study area, which includes the site of the Hotel. Publication in the paper as well as direct mailing occurred on September 13, 2024, to notify the community of the joint HCPC/PC September 24, 2024, public hearing on the Draft EIR. Further, on September 27, 2024, a notice for the Council Public Hearing on the Draft EIR was published in the *Argus-Courier* and mailed to all property owners and occupants within 1,000 feet of the Overlay study area, which includes the site of the Hotel. Additionally, two public notice signs were installed at 2 Petaluma Boulevard South to provide notice of the joint PC/HCPC and the Council hearings on the Draft EIR. All notices, environmental documents, and technical appendices were posted to the Project webpage on the City’s website and published on CEQA.net (the Office of Planning and Researcher’s State Clearinghouse portal) in conformance with California Code of Regulations Section 15201.

Public/Agency Comments

The City has extended the public comments on the Draft EIR by two weeks (the former comment period closed on October 7, 2024) and will continue to accept public comments on the Draft EIR until 5:00 pm on October 21, 2024. Numerous public comments and one comment letter from a public agency (the Department of Toxic Substance Control) have been received as of the publication of this staff report. As of the publication of the City Council staff report, public comments received during the Draft EIR comment period inclusive of comment received for the HCPC/PC public hearing that occurred on September 24, 2024, are included in **Attachment 3** hereto. Public comments received following the publication of this staff report will be published to the City Council agenda, summarized at the public hearing, and retained in the project record as required by the City's retention policy (City Council Resolution No. 2021-179 N.C.S.). All comments received on the Draft EIR will be reviewed and those relating to environmental concerns will be responded to in the Final EIR.

City Council Agenda

This agenda item appeared on the City's tentative agenda document on September 16, 2024, which was a publicly-noticed meeting.

COUNCIL GOAL ALIGNMENT

The proposed EKN Hotel and the Overlay is a commercial, mixed-use, and activity-driven project within the City's historic Downtown core, which supports and cross-references two out of five categories of City Council Goals, for an economy that prospers and spaces and places that inspire. The EKN Hotel has various internal components and two visual features that positively support the Downtown, including its proposed ground-floor streetscape. The combination of hotel use, streetscape, and public art creates an inviting space to celebrate the city's historic district, encourage sustainable development, and showcase unique works of art. The proposed Overlay supports new development standards and guidelines that conditionally allow new buildings up to 75 feet in height when certain design standards are met, providing for compatible and appropriate development in the Downtown area. Specifically, the Overlay is consistent with the following adopted City Council Goals:

Goal #103	Prioritize and incentivize sustainable infill development.
Goal #113	Facilitate the development of additional hotels where appropriate.
Goal #114	Identify potential parking and transportation alternatives for Downtown.
Goal #120	Robust focus on the riverfront and river-oriented development, including redevelopment potential of the Golden Eagle Shopping Center and Water Street.
Goal #121	Identify and prioritize projects to upgrade and improve the Downtown, alleyways, and public spaces.

Goal #135 Encourage temporary art installations and other types of public arts celebrations and partnerships with other arts and community organizations.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

On December 10, 2020, the City’s Climate Action Commission approved the Climate Emergency Framework and forwarded a recommendation for its adoption to the City Council. Subsequently, on January 11, 2021, the City Council and the Climate Action Commission held a joint hearing which resulted in adoption of the Framework. The Framework is intended to guide the City’s ongoing response to and discussion about the climate crisis and guides and informs subsequent policies and implementation strategies. The principles identified in the Framework establish Petaluma’s shared vision of a healthy, sustainable, and equitable community. By setting the shared intention of this framework and working from the framework in subsequent planning efforts to create policy and implementation, the City will actively work to avoid catastrophic climate change and adapt to its expected impacts.

Goals identified in the Framework that are particularly relevant to the project include elimination of transportation emissions by reducing VMT through active transportation, land use policy, increased intensity, increased public transit investment, and encouragement of and support for the use of non-internal combustion vehicles.

The Overlay would continue to impose existing City regulation regarding climate action and sustainability. At the time that future development applications are received for activities within the Overlay, they would be reviewed and processed in accordance with regulation in place at that time and would be required to incorporate City climate and sustainability standards in effect, including compliance with the latest Building Energy Efficiency Standards of California Building Code Title 24. Furthermore, the Overlay is located in downtown Petaluma, which the Framework identifies as the most walkable area of the City. The Overlay would provide an opportunity for increased intensity within the most walkable area of the City, further supporting a shift towards active transportation.

The proposed Hotel includes frontage improvements to enhance pedestrian facilities at the B Street and Petaluma Boulevard South Intersection, the midblock crosswalk across B Street, as well as ADA curbs, ramps, etc. Improvements proposed by the project include planting replacement street trees and the installation of a bus stop at Center Park, consistent with goals of the Framework. Furthermore, the Hotel is located within Petaluma historic downtown, which the Framework identifies as the most walkable area of the City. The proposed Hotel would increase intensity within the most walkable area of the City, further supporting a shift towards active transportation.

ENVIRONMENTAL REVIEW

The subject of this staff report and public hearing is the environmental analysis conducted for the proposed Project. The Draft EIR has been prepared in full conformance with CEQA and local CEQA guidelines. The City is in the process of receiving and collecting comments on the Draft EIR both in writing and verbally at public hearings. All comments received will be assembled and those relating to environmental concerns will be responded to in the Final EIR. The Final EIR will be considered for certification prior to granting any project entitlements or approvals.

The Petaluma City Council has the principal responsibility for certifying the Final EIR for the project and approving the legislative actions (General Plan and Zoning Amendments). The HCPC has the responsibility for approving the Historic Site Plan and Architectural Review and the Tree Removal Permit and the PC has the responsibility for approving the Conditional Use Permits. Project entitlements by the HCPC, PC, and City Council may only be considered for action following certification of the EIR by the City Council.

A determination of adequacy on the Draft EIR, does not imply or otherwise indicate the ultimate decision that the PC or the HCPC will make regarding the project entitlements, which will be considered at future public hearing(s) and may only occur following certification of the Final EIR.

FINANCIAL IMPACTS

The City has a Professional Services Agreement not to exceed \$272,900 with First Carbon Solutions as the lead consultant preparing the EIR. The City has established with the applicant a cost sharing agreement that includes all costs related to the proposed hotel site and a proportionate share of the proposed overlay study costs to be paid by the applicant. The City share is \$161,140.00.

ALTERNATIVES

If the City Council does not find the EIR to be adequate and does not wish to direct staff to prepare a Final Environmental Impact Report (FEIR), the Council should explicitly identify the DEIR inadequacies in accordance with CEQA and direct staff to prepare a Revised DEIR. However, it should be noted that additional information, clarification, and response to comments will be provided in the Final EIR.

ATTACHMENTS

1. Resolution Directing Preparation of a Final EIR
2. DEIR Executive Summary
3. Public Comments
4. Planning Commission Resolution FEIR Recommendation 9.24.24