



DATE: May 21, 2024

TO: Planning Commission

FROM: Heather Hines, Special Projects Manager

SUBJECT: Resolution Making Findings of Exemption under the California Environmental Quality Act and Recommending that the City Council Order the Submission to the Qualified Electors of the City of an Ordinance to Modify Existing References to Specific Possible Expansion Areas, Modify Criteria Specific to Transit Oriented Development, and Extend the Term of the Petaluma Urban Growth Boundary through December 31, 2050 and Make Conforming Amendments to the General Plan

RECOMMENDATION

It is recommended that the Planning Commission adopt a resolution making findings of exemption under the California Environmental Quality Act (CEQA) and recommending that the City Council order the submission to the qualified electors of the City of an ordinance to modify existing references to specific possible expansion areas, modify criteria specific to transit oriented development (Exception III), and extend the term of the Petaluma Urban Growth Boundary (UGB) through December 31, 2050.

More specifically, the proposed General Plan Amendment includes associated modifications to the following:

- Modification to General Plan Figure i-3 Planning Boundaries and Figure 2-1 Land Use to eliminate “possible UGB expansion areas” except for the one shown at the northeast corner of the intersection of Corona Road and the SMART railroad
- Modification to Policy 1-P-32, Exception III, to change the reference to the potential for a UGB expansion up to a 1,500-foot radius from a rail transit station for transit oriented residential and local-serving commercial development to a potential UGB expansion up to an approximately half mile radius of a rail transit station (including additional parcels just outside a ½ mile radius to provide for a cohesive expansion are boundary), consistent with current transit oriented development practices

- Modification to Policy 1-P-32, Exception III, to increase the maximum number of acres of any future UGB expansion to 140 to align with the modification above.
- Modification to Policy 1-P-32 to eliminate reference to specific areas for potential future expansion of the UGB under Exception III with the exception of the “northeast corner of Corona Road and railroad tracks, north of Sonoma Mountain Parkway intersection”
- Conforming modifications to other policies under Goal 1-G-4: Urban Growth Boundary to reference the extension of the expiration date to December 31, 2050
- Other conforming modifications to the General Plan in order to promote internal consistency among the various elements of the General Plan and the extension of the term of the UGB to 2050.

No changes to the physical boundaries of the current UGB are proposed.

BACKGROUND

The City of Petaluma has a long history of efforts to manage growth in order to not overtax the environmental and aesthetic qualities of the community. These efforts began largely in response to sprawl development and failing infrastructure in the 1960s and were first adopted into the City’s General Plan in 1961 in the form of recognizing the benefits of compact development patterns. The community has remained consistent and thorough with its efforts to maintain a system of controls to set the pace for new residential development, including:

- Environmental Design Plan of 1972 which first established an urban separator (“greenbelt”)
- Residential Growth Management System as part of the 1972 Environmental Design Plan which limited residential growth to 500 units per year
- Environmental Design Plan of 1978 which extended the effective date of the urban separator to 1985 and first identified an optimum population of 70,000 to 90,000 residents
- Urban Limit Line which was designated in the 1987 General Plan and delineated the outer edge for urban development

These efforts culminated in 1998 when the Petaluma City Council placed a measure on the ballot to adopt an Urban Growth Boundary (UGB) which largely mirrored the 1987 Urban Limit Line and was overwhelmingly supported by Petaluma voters. The UGB confined growth and physical development of Petaluma and the initial term of the UGB extended to 2018. In 2010, after adoption of the General Plan 2025 and well ahead of the 2018 expiration of the UGB, the City Council placed a ballot measure before the voters to extend the UGB to 2025. No other changes were made to the UGB in 2010 other than an extension of time to 2025 and associated General Plan amendments to reference the extension.

The existing UGB is nearly identical to the 1987 General Plan Urban Limit Line with four possible expansion areas that were included in the original ballot measure. None of the approximately 330 acres within those expansion areas has been annexed into the City to date. Along with the expansion areas, the ballot measure included language that allows for consideration of UGB expansion. That language is codified in General Plan Policy 1-P-32 (Attachment 2). This policy allows for amendment of the UGB by the City Council without voter approval under four specific exceptions:

- The City Council may amend the UGB to comply with state law regarding the provision of housing for all economic segments of the community by adding no more than 5 acres within the UGB in a calendar year.
- The City Council may amend the UGB by at least a six-seventh vote to avoid a constitutional taking due to the UGB boundaries.
- The City Council may amend the UGB with a six-sevenths vote for transit oriented residential and local-serving commercial within 1500 feet of a rail station or for use as office or light industrial uses to improve the local employment.
- The City Council may amend the UGB with a six-seventh vote for an agricultural or agricultural support use.

Each of the exceptions includes details related to necessary findings and in some cases the amount of land available to be brought within the UGB. The full language of all four exceptions is included in Attachment B for reference.

The objectives of the original Measure I: City of Petaluma Urban Growth Boundary as presented and approved in 1998 included the following:

- Encourage efficient growth patterns and protect the quality of life by concentrating future development largely within existing developed areas
- Promote uses that foster public health and safety and productive investment for farming enterprises on lands outside Petaluma's UGB
- Foster and protect Petaluma's natural setting while encouraging appropriate economic development in accordance with the city's unique local conditions
- Concentrate growth within a well-defined UGB in order to limit the extent of required City services and restrain increases in their costs
- Allow the City to continue to meet the housing needs for all economic segments of the population, especially lower and moderate-income households, by directing the development of housing into areas where services and infrastructure can be provided more cost effectively
- Promote stability in long-term planning for the city by establishing a cornerstone policy within the General Plan designating the geographic limits of long-term urban development and allowing sufficient flexibility within those limits to respond to the city's changing needs over time.

The current UGB expires at the end of 2025, unless extended by the voters.

DISCUSSION

On January 22, 2024, the City Council held a study session to receive a presentation and provide feedback and direction regarding development of a measure to extend Petaluma's UGB to be placed on the November 2024 ballot for voter approval (Attachment C). While initially staff anticipated that any such UGB extension would occur concurrently with the adoption of the General Plan Update, given the protracted time frame for the General Plan Update along with other changed conditions, staff recommended that the City Council place a measure on the November 2024 ballot to extend the UGB.

At the study session the City Council provided direction to place the extension of the UGB on the November 2024 ballot, and including the following modifications:

- Extend UGB through 2050 to better align with the anticipated build out date of the City's next General Plan Update
- Modify Exception III to allow for a potential UGB extension to incorporate a ½ mile radius from the North Petaluma SMART Station to better align with standard transit oriented planning principles
- Consider flexibility in language to allow future consideration of a UGB expansion near the North Petaluma station to capture an orderly annexation of properties particularly along the Ely Road frontage
- Modify references to possible UGB expansion areas to only specifically identify the area near the North Petaluma station, and remove the other possible UGB expansion areas.

Exhibit 1 to Attachment A provides draft ballot measure for the Planning Commission's review in alignment with the direction provided by the City Council in January. If the Petaluma voters approve the ballot measure in the November 2024 general election, the changes outlined in Exhibit 1 or as further modified by the City Council prior to placement on the ballot, will amend the City's General Plan. Therefore, consistent with review of General Plan Amendments, the item is before the Commission for recommendation to the City Council to order submission to the qualified voters of the City of Petaluma. The following discussion outlines proposed changes included in Exhibit 1 to Attachment A.

UGB Term Extension

Proposed ballot language includes extending the term of the UGB through the end of 2050. When the UGB was initially approved by the voters the term was 30 years (1998 to 2018). The UGB was extended by the voters in 2010, ahead of the 2018 expiration, extending the term to 2025 in order to correspond with the 2025 build out date of the General Plan that had recently been adopted in 2008. In keeping with this approach, an extension of the UGB term through December 31, 2050, will track with the anticipated adoption of the General Plan update in 2025, the 20-year vision period anticipated for the General Plan Update, and an additional 5 years to allow the subsequent General Plan adoption and UGB extension to track concurrently.

Physical Boundaries of UGB

There are no changes proposed to the existing boundaries of the UGB. The existing UGB boundaries are the same as original approved by voters in 1998 and are proposed to remain as previously approved by the voters.

Possible Expansion Areas

General Plan Figure i-3 (Attachment D) illustrates the boundaries of the UGB and identifies four “possible UGB expansion areas.” These four areas are described in General Plan policy 1-P-32 which states:

The following areas have been preliminarily identified as appropriate for potential future expansion of the UGB, subject to the Council making the findings set forth in the first two sections of Exception III above. The list is not intended to be exclusive.

- *East of Lakeville Highway in the vicinity of South of Frates Road;*
or
- *West of Old Redwood Highway near Denman Road/Orchard Lane;*
or
- *The Haystack Landing area along Petaluma Boulevard South; or*
- *Northeast corner of Corona Road and railroad tracks, north of Sonoma Mountain Parkway intersection.*

The specific boundaries of any amendment to the UGB will be determined at the time that the amendment is adopted.

The area defined above as the “northeast corner of Corona Road and railroad tracks, north of Sonoma Mountain Parkway intersection” warrants particular attention given the recent start of construction on the North Petaluma SMART station, the recent designation of the City’s Corona Station Priority Development Area (PDA), and the subsequent award of \$1.15 million to develop a specific plan for the Corona Station PDA. These considerations are discussed in more detail in the January 22, 2024, staff report (Attachment C) and were key discussion points in the City Council’s direction to remove the specific possible expansion areas with the exception of this area.

The proposed changes to the UGB in the measure attached as Exhibit 1 to Attachment A directs modifications to General Plan Figure i-3 to remove the “possible UGB expansion areas” with the exception of the area at the intersection of Corona and the SMART railroad. Additionally, the proposed modifications also remove reference to these three possible expansion areas from the narrative under Exception III in Policy 1-P-32.

It is important to note that the existing language in the General Plan and as previously approved by Petaluma voters in 1998 does not limit UGB expansion to only those “possible UGB expansion areas” but rather highlights a few areas considered appropriate for consideration at the time. In their discussion of the UGB at the January 2024 study session, the Council had concerns with the these possible expansion areas in that they are not appropriate areas that

encourage transit oriented or industrial development specifically (with the exception of the area at the intersection of Corona Road and the SMART railroad). The City Council's direction has been incorporated in the draft measure before the Planning Commission for consideration and recommendation.

Exception III – Transit Oriented and Industrial Development

In accordance with the measure attached as Exhibit 1 to Attachment A, other targeted modifications are being proposed associated with existing language in Exception III. Exception III provides for potential UGB expansion to provide for transit oriented and industrial development. More specifically, existing language in General Plan Policy 1-P-32 provides for possible UGB expansion for "transit oriented residential and local serving commercial development within 1,500 feet of a rail station".

In 2023 the City was awarded approximately \$1.15 million in grant funding from the Metropolitan Transportation Commission for development of a specific plan for the Corona PDA. The development of a specific plan will provide for community engagement and focused visioning for the area around the Petaluma North Station. It is assumed that this effort will study the properties within the Corona PDA, extend to a ½ mile radius around the station, and identify the desired land uses and densities to support ridership and create Transit Oriented Development adjacent to the new transit station.

The specific plan development is an appropriate time to consider expansion of the UGB in this area and ensures that when a potential annexation is considered that there is a clear community vision for how the development of the area will occur. This approach is also consistent with General Plan Policy 1-P-39 which calls for "specific or master plans for major annexations beyond the 1998 UGB to ensure orderly development as well as financing for necessary infrastructure and services."

Exception III currently limits the amount of land that can be annexed for TOD to a 1,500-foot radius from a rail station. As shown in Attachments E the current potential for a 1,500-foot radius is significantly less than the standard 1/2 mile radius used for station area planning purposes. A surgical modification to Exception III is proposed to change the maximum 1,500 foot radius to an approximately 1/2 mile (2,640 foot) radius from a rail transit station. This proposed modification to the exception language provides the flexibility to consider the annexation as part of the specific planning process and to maximize benefits of planning for TOD development within a ½ mile radius of the new SMART station.

While City Council indicated support for this modification, there was a desire to see the appropriate flexibility incorporated into the ballot language to ensure that any future consideration of UGB expansion in this area could create a uniform and harmonious boundary, particularly along Ely Road frontage. Attachment F looks at the number, configuration, and size of all lots that overlap with the ½ mile radius as shown in purple. These lots combine for a total of 125 acres. The parcels shown in blue do not overlap with the ½ mile radius, however five relatively small parcels (total of 15 acres) with frontage along Ely Road would create an irregular city/county boundary along the roadway if excluded from any future expansion of the UGB

boundaries. To allow flexibility in considering a future UGB expansion in this area the current 100 acres reference is proposed to be modified to 140 acres maximum to account for both the 16 parcels of which at least some portion falls within the ½ mile radius from the station and the five parcels that would create an orderly frontage boundary along Ely Road. This proposed modification augments the related expansion of the potential radius that could be considered as part of any future UGB expansion under Exception III for transit oriented development.

It is important to note that the measure itself does not propose a change to the UGB boundary. This proposed modification creates the ability for the City Council to extend the UGB in this area to create an orderly boundary approximately ½ mile from the station

Conforming Amendments

Other non-substantive changes are proposed to correctly reference the revised term of the UGB if approved by the Petaluma voters, and to ensure internal consistency in the General Plan where reference to the UGB is made.

ENVIRONMENTAL REVIEW

The Project to extend the term of the City of Petaluma UGB through 2050 and associated modifications, is eligible for the following exemptions in accordance with the California Environmental Quality Act (CEQA):

- Section 15061(b)(3), Common Sense
- Section 15307 Protection of Natural Resources, and
- Section 15308 Protection of Natural Environment.

The Project is eligible for the Common Sense statutory exemption as there is no physical development that would occur outside the boundary, and it can be seen with certainty that no adverse direct or indirect environmental impacts would result from the extension of the UGB term. Further, the project is categorically exempt pursuant to CEQA Guidelines Sections 15307 (Actions by Regulatory Agencies for the Protection of Natural Resources) and 15308 (Actions by Regulatory Agencies for Protection of the Environment) as it involves continuing well established policies and regulations that create a boundary within which urban growth is limited.

Without the proposed extension, the UGB will sunset at the end of 2025, which would remove all limits on urban growth development afforded by the UGB. The Project would reestablish the UGB with limited modifications as described herein and make no changes to the physical boundaries of the existing December 31, 2050. UGB through

The UGB restricts development within the city's planning area to urban and infill properties and prevents urban sprawl. The UGB preserves urban separators, open space, and agricultural lands surrounding the City of Petaluma, thereby protecting natural resources and the environment. The UGB reinforces the General Plan's intent to accommodate planned future growth and to buildout in areas planned for development, in a manner consistent with goals and policies to protect natural resources and the environment, as well as public health and safety, while accommodating

a diversity of housing options, and reducing greenhouse gas emissions to advance the City's goal of achieving carbon neutrality by 2030.

The proposed extension of the UGB with modifications through 2050 serves to further the protections afforded to natural resources and the environment since the UGB's establishment in 1998. As such, the Project is categorical exempt pursuant to CEQA Guidelines Sections 15307 and 15308. Furthermore, since the Project will not result in physical impacts and as it can be seen with certainty that the Project will not result in environmental impacts, the Project is statutorily exempt pursuant to Section 15061(b)(3).

CITYWIDE GOALS & PRIORITIES

Extension of the UGB is aligned with the City Council's goal to preserve and protect Petaluma's environment for future generations and to become a municipal leader in sustainability by protecting our river and open space; reducing and drawing down greenhouse gas emissions; and encouraging sustainable development.

Furthermore, the extension of the UGB is a top Council priority for fiscal year 2024/2025.

The objective of the UGB to encourage efficient growth, foster public health, protect Petaluma's natural setting, and promote stability in long-term planning for the City are all aligned with the City's climate goals. While not specifically called out in the Draft Blueprint for Carbon Neutrality, the principle of centralized growth supports many of the goals of the Blueprint to reduce greenhouse gas emissions.

PUBLIC OUTREACH

Notice of the Planning Commission hearing was published in the Argus Courier on May 10, 2024 as an eighth page ad. Because the item is citywide and consistent with the City's noticing requirements there was not a direct mailed notice for this item.

Other public outreach efforts have included information in the City's community update and creation of a project website.

Two public comment letters have been received to date and are included at Attachment G.

Staff has met with representatives of the Greenbelt Alliance to discuss the City's approach and anticipated timeline. One of the public comment letters included at Attachment G indicates Greenbelt Alliance's support for the item before the Planning Commission and recognizes the significant time constraints to ensure the ballot is submitted for the November 2024 general election.

Property owners of the current potential UGB expansion area located at Frates and Lakeville inquired with staff about potential annexation. This expansion area is being proposed to be

removed from specific reference in both graphic and narrative. Existing exceptions that currently provide the potential for UGB expansion based on a six sevenths vote of the City Council and based on specific findings would remain and provide ongoing flexibility for consideration of targeted UGB expansion in the future hand in hand with a proposed project.

ATTACHMENTS

Attachment A. Draft Resolution

Exhibit 1. Draft Ordinance

Exhibit 2. UGB Map

Attachment B. General Plan 2025 Goals and Policies associated with the UGB

Attachment C. City Council Staff Report, January 22, 2024

Attachment D. General Plan Figure i-3

Attachment E. Petaluma North Station Radius Exhibit

Attachment F. Parcel Specific Petaluma North Station Exhibit

Attachment G. Public Comment Letters