

DATE ISSUED: July 11, 2001 REPORT NO. 01-138 Revised
(Page 1 – Fiscal Impact)
ATTENTION: Honorable Mayor and City Council (07/11/01)
Docket of July 17, 2001
SUBJECT: Naval Training Center Local Coastal Program Amendment Land Use Plan
and Implementation Plan
REFERENCE: Planning Commission Report No. P-00-175

SUMMARY

Issues – Should the City Council approve the California Coastal Commission’s modifications to the Naval Training Center (NTC) Local Coastal Program Land Use Plan and Implementation Plan?

Manager’s Recommendation – Approve the California Coastal Commission’s modification to the NTC Local Coastal Program Land Use Plan and Implementation Plan.

Other Recommendations – None

Fiscal Impact – The Agency will be responsible only for City-imposed costs that exceed the requirements of the NTC Reuse Plan and the environmental documents prepared for the Reuse Plan, in accordance with provisions in the DDA. The fiscal impact of this provision could amount to \$3.2 million in lost revenue from the sale of the houses and approximately \$30,000 in the loss of annual property tax revenue if the houses remain in public ownership. If no other costs or revenues change, this change would reduce the bottom-line profits available for distribution between the City and McMillin. McMillin has agreed to move forward with redevelopment of the property. Throughout the life of the redevelopment, City staff and McMillin will meet and confer to identify opportunities to offset the impacts within the terms of the DDA. Such opportunities include, but are not limited to exploring ways to reduce cost, increase revenues, or revisit this modification with the Coastal Commission in the future.

BACKGROUND

The approximately 360-acre Naval Training Center is located along Rosecrans Street between Lytton Avenue and North Harbor Drive, west of the San Diego International Airport (Lindbergh Field). In 1993, the Federal Base Closure and Realignment Commission recommended closure of NTC. The City of San Diego was designated the Local Redevelopment Authority responsible for the preparation of a reuse plan. On April 30, 1997, NTC ceased its military function and went into Navy "caretaker" status. On April 29, 1997, the City Council approved and adopted the NTC Redevelopment Project Area.

After a multi-year public planning effort, the NTC Reuse Plan was completed and adopted by the City Council in October 1998. The Reuse Plan organizes future uses of the site into five categories: Residential, Educational, Historic Core/Mixed Use, Waterfront/Recreation, and Camp Nimitz (Attachment 1). The Navy found the Reuse Plan adequate for transfer of ownership of the property to the City, and the majority of the site has been conveyed to the City. Only the boat channel (Parcels VII & II-B) and the property designated for park use (Parcel VI) remain in federal ownership (Attachment 2). The park property is expected to be conveyed in the next month, and the boat channel in the spring 2002.

In August 1998, the City issued a Request for Qualifications/Proposals for a master developer to implement the Reuse Plan. In June 1999, the Redevelopment Agency authorized the Executive Director to negotiate a Disposition and Development Agreement (DDA) with the McMillin Company. June 2000, the City Council and Redevelopment Agency approved the DDA with McMillin, establishing the financial terms and conditions under which McMillin would complete the redevelopment of NTC.

In December 1999, the Planning Commission initiated the preparation of a Precise Plan and Local Coastal Program Land Use Plan for NTC. In September 2000, the Planning Commission voted 4-0 to recommend approval of the Precise Plan/LCP, zoning and affiliated development permits to the City Council.

On October 3, 2000, the City Council approved the NTC Precise Plan and Local Coastal Program (Attachment 3), an amendment to the Peninsula Community Plan and the Progress Guide and General Plan, the application of zoning to the site, a Vesting Tentative Map (VTM), and Planned Development permits (PDP) including Urban Design Guidelines and Historic Design Guidelines. These entitlements are not effective until certified by the California Coastal Commission.

The Precise Plan draws heavily from the NTC Reuse Plan adopted by the City Council in 1998. The land use plan remains the same in terms of number of units; acreage devoted to various uses, and the site layout. The Precise Plan provides additional landscape, urban design, transportation, and zoning information to further refine the Reuse Plan. The intent of the plan is to promote a pedestrian-oriented mixed-use development that preserves the historical integrity of NTC.

On January 9, 2001 the Coastal Commission approved the demolition of approximately 2,083,260 square feet of existing buildings located outside the Historic District and the removal

of underground utilities. On March 16, 2001, the Coastal Commission approved the City's request to commence soil preparation and recompaction and the relocation of an existing storm drain.

DISCUSSION

On June 12, 2001, City staff presented the NTC Precise Plan and Implementation Plan to the Coastal Commission for certification. Attachment 2 provides the modifications proposed by Coastal Commission staff and agreed to by City staff and McMillin. These modifications include adding language that would emphasize view preservation and view corridor creation as a priority, enhance visitor-serving uses and public access; place height limits in the residential and office areas to be compatible with the character of the surrounding area; and define water quality standards. The Commissioners voted to approve the NTC Plan with the above modifications as well as additional modifications to permitted uses in three areas of the development: the Mixed Use Area, Navy Building 623 in the Visitor Hotel Area, and the four officers' quarters located on Rosecrans Street in the Historic District. Attachment 1 depicts the location of these areas on the NTC property.

Mixed Use Area

The Coastal Commission modified the permitted uses by imposing a Visitor and Community Emphasis Overlay (VCEO) within the Mixed Use Area. The VCEO use restrictions are defined in terms of types of uses which are considered likely to enhance the visitor and community-oriented nature of the Mixed Use Area. While the entire Mixed Use Area will be zoned CR (Commercial – Regional), some uses normally allowed within the CR Zone are specifically excluded from the VCEO. See Attachment 4, page 20, "Use Restrictions for Visitor and Community Emphasis Overlay." City and McMillin staff worked with Coastal Commission staff to develop the list.

Navy Building 623

According to the Precise Plan approved by the City Council, Navy Building 623 built in the 1990s, located within the Visitor Hotel Area, "can either function as a convention center for hotel meetings, operate independently for non-hotel activities and community events, or be used for activities as diverse as religious activities or commercial retail sales."

The Coastal Commission's modification requires that Building 623 be made available for public use 50 percent of the time and for hotel/private use 50 percent of the time. City staff and McMillin will work together to develop a plan for implementing this requirement.

Officers' Quarters

In the Precise Plan approved by the City Council, the four historic officers' quarters located along Rosecrans Street, could be used as private homes or bed-and-breakfast establishments. Furthermore, the NTC Reuse Plan, the Economic Development Conveyance application to the Navy for transfer of the property to the City, and the Disposition and Development Agreement between the Redevelopment Agency and McMillin all assume these houses will be sold by McMillin as private residences. Potential proceeds from the sale of the houses are estimated to be \$3.2 million.

Pursuant to the Coastal Commission's modifications, at least one of the four historic houses will remain available for visitor serving public uses. One of the houses will be a public museum; the other three may be made available to the public for overnight accommodations as a bed-and-breakfast, for short-term rentals or leased for private residential use. Lease revenues will go to the NTC Civic, Arts and Culture Foundation to cover expenses incurred in maintenance and operation of the museum and houses, and to also support and fund other programs or operating expenses of the Foundation, or to another non-profit foundation.

The fiscal impact of this provision could amount to \$3.2 million in lost revenue from the sale of the houses and approximately \$30,000 in the loss of annual property tax revenue if the houses remain in public ownership. If no other costs or revenues change, this change would reduce the bottom-line profits available for distribution between the City and McMillin. McMillin has agreed to move forward with redevelopment of the property. Throughout the life of the redevelopment, City staff and McMillin will meet and confer to identify opportunities to offset the impacts within the terms of the DDA. Such opportunities include, but are not limited to exploring ways to reduce cost, increase revenues, or revisit this modification with the Coastal Commission in the future.

ALTERNATIVE

Do not approve the Coastal Commission's modifications to the NTC LCP Land Use Plan. This alternative would result in significant delay of the project.

Respectfully submitted,

Tina Christiansen, AIA
Development Services Director

Approved: George I. Loveland
Senior Deputy City Manager

CHRISTIANSEN/MEE

Note: Attachments 1, 2, and 3 are not available in electronic format. A copy is available for review in the Office of the City Clerk.

ATTACHMENT:

1. Land Use Organizing Concepts
2. Map of NTC Disposal Parcels
3. Precise Plan Illustrative Plan (December 2000)
4. Excerpts of Precise Plan with Proposed Modifications