



City of Rialto

Legislation Text

File #: 23-375, Version: 1

For City Council Meeting [April 25, 2023]

TO: Honorable Mayor and City Council
APPROVAL: Arron Brown, Acting City Manager
FROM: Colby Cataldi, Community Development Director

Request City Council Conduct a Public Hearing to consider (1) **Specific Plan Amendment No. 2020-0002**, a request to amend the Pepper Avenue Specific Plan to allow a new “Light Industrial” land use designation and development standards, divide Planning Area 1 into two (2) Planning Areas - Planning Area 1 (2.63 acres) and Planning Area 10 (11.64 acres), change the land use designations of Planning Areas 2, 3, and 10 from Community Commercial to Light Industrial, add various traffic circulation improvements, and textual and graphical amendments, (2) **Conditional Development Permit No. 2020-0008**, a request to allow the development and use of a 470,000 square foot industrial warehouse building on approximately 23.82 acres of land within Planning Areas 2 & 3 of the Pepper Avenue Specific Plan, (3) **Precise Plan of Design No. 2020-0014**, a request for site and architectural review for a proposed 470,000 square foot industrial warehouse building on approximately 23.82 acres of land within Planning Areas 2 & 3 of the Pepper Avenue Specific Plan, and (4) a Subsequent Environmental Impact Report (**Environmental Assessment Review No. 2020-0010**) prepared for the project, in accordance with the California Environmental Quality Act (CEQA).

POWERPOINT (ACTION)

APPLICANT:

Howard Industrial Partners, Inc., 2244 N. Pacific Street, Orange, CA 92865.

LOCATION:

Specific Plan Amendment No. 2020-0002

The project site is the entirety of the Pepper Avenue Specific Plan area, which consists of eleven (11) parcels of land (APNs: 0264-191-02, -04, -13, & -14 and 0264-201-08, -25, -27, -28, -29, -30, & -31) approximately 101.7 acres in size and generally located south of the SR-210 Freeway, north of Walnut Avenue, east of Eucalyptus Avenue west of Meridian Avenue.

The project site for Specific Plan Amendment No. 2020-0002 shall hereinafter be referred to as “Specific Plan Amendment project site”.

Conditional Development Permit No. 2020-0008 & Precise Plan of Design No. 2020-0014

The project site for the proposed 470,000 square foot industrial warehouse building submitted as Conditional Development Permit No. 2020-0008 and Precise Plan of Design No. 2020-0014, consists of two (2) parcels of land (APNs: 0264-201-29 & 0264-201-30) approximately 23.82 acres in size and located on the east side of Pepper Avenue approximately 500 feet south of the SR-210 Freeway

within Planning Area 2 and Planning Area 3 of the Pepper Avenue Specific Plan.

The project site for Conditional Development Permit No. 2020-0008, Precise Plan of Design No. 2020-0014, and the associated industrial warehouse building shall hereinafter be referred to as “warehouse project site”.

Refer to the Location Map (**Exhibit A**) below for a visual reference:



— : SPECIFIC PLAN AMENDMENT NO. 2020-0002 BOUNDARY

— : LOCATION OF PROPOSED 470,000 SQUARE FOOT INDUSTRIAL WAREHOUSE BUILDING

BACKGROUND:

City of Rialto Vision and Approved Pepper Avenue Specific Plan

On December 12, 2017, the City Council adopted Resolution Nos. 7258 and 7259 approving the City initiated Pepper Avenue Specific Plan (**Exhibit B**) and adopting the Final Environmental Impact Report (**Exhibit C**) prepared in conjunction with the specific plan. The Pepper Avenue Specific Plan provides a detailed description of the proposed land uses, infrastructure, and implementation requirements for the approximately 101.7 acres of land that make up the specific plan area.

The vision and primary objective of the Pepper Avenue Specific Plan is to create an eastern gateway into the City of Rialto that offers new retail opportunities and creates a sense of place through the incorporation of specific features including a “main street”, a pedestrian-oriented town center, a pedestrian connection to Frisbie Park, a retail plaza, and a comprehensive landscape theme.

Section 4.2 (Community Design) of the Pepper Avenue Specific Plan reinforces these concepts and expands upon them by detailing requirements for an authentic Mediterranean character throughout the Specific Plan area, village-like plazas to act as gathering spaces, well-furnished pedestrian walkways, and on-street shops.

Envisioned as a mostly commercial and pedestrian oriented plan, industrial warehouse uses were not envisioned within the Pepper Avenue Specific Plan area, as stated in Section 5.5.2 (Prohibited Uses) of the Pepper Avenue Specific Plan, which designates warehouses as a prohibited use within the entire Specific Plan area.

Approved General Plan Amendment and Zone Change for Pepper Avenue Specific Plan

On December 13, 2022, the City Council adopted Resolution No. 8019 approving General Plan Amendment No. 2022-0003 changing the general plan land use designation of the area of land that comprises the Pepper Avenue Specific Plan to “Specific Plan with a Specific Plan Overlay”. Also on December 13, 2022, the City Council adopted Ordinance No. 1676 approving Zone Change No. 2022-0001 changing the zoning designation of the area of land that comprises the Pepper Avenue Specific Plan to “Pepper Avenue Specific Plan”. The adoption of Resolution No. 8019 and Ordinance No. 1676 achieved consistency between the General Plan, Zoning Map, and the Pepper Avenue Specific Plan as approved in 2017 for commercial, open space, public facility, and residential overlay as envisioned with the specific plan.

Existing Approved Pepper Avenue Specific Plan

As show on Figure 1-3 (Land Use Plan) of the Pepper Avenue Specific Plan, the land uses approved within the Pepper Avenue Specific Plan include retail land uses, business park land uses, a residential overlay, a public facilities land use for an existing West Valley Water District facility within the plan area, and an open space land use for an environmentally sensitive wash area that runs through the west side of the specific plan area.

The current land use map for the Pepper Avenue Specific Plan (Figure 1-3 (Land Use Plan)) is shown below:



Area Surrounding the Pepper Avenue Specific Plan

The Pepper Avenue Specific Plan area is located south of the SR-210 Freeway. East of the Specific Plan area is approximately 8.02 acres of vacant land, south of the Specific Plan area is approximately 30.50 acres of vacant land and several single-family residential subdivisions, and west of the Specific Plan area is Frisbie Park and existing single-family residential homes.

ANALYSIS/DISCUSSION:

Specific Plan Amendment and Industrial Warehouse Project Proposed Applications

The applicant, Howard Industrial Partners, Inc., proposes a project with the following two (2) distinct components:

1. **Specific Plan Amendment No. 2020-0002** to amend the Pepper Avenue Specific Plan by dividing Planning Area 1 into two (2) Planning Areas (Planning Area 1 (2.63 acres) and Planning Area 10 (11.64 acres)) and adding a new "Light Industrial" land use designation to Planning Areas 2, 3, and 10; and

2. Conditional Development Permit No. 2020-0008 and Precise Plan of Design No. 2020-0014 for the construction and use of a 470,000 square foot speculative industrial warehouse building with associated paving, landscaping, fencing, lighting, and drainage improvements in Planning Areas 2 & 3 of the Pepper Avenue Specific Plan.

The combined proposal between Specific Plan Amendment No. 2020-0002, Conditional Development Permit No. 2020-0008, and Precise Plan of Design No. 2020-0014 shall hereinafter be referred to as “Project” or “project”.

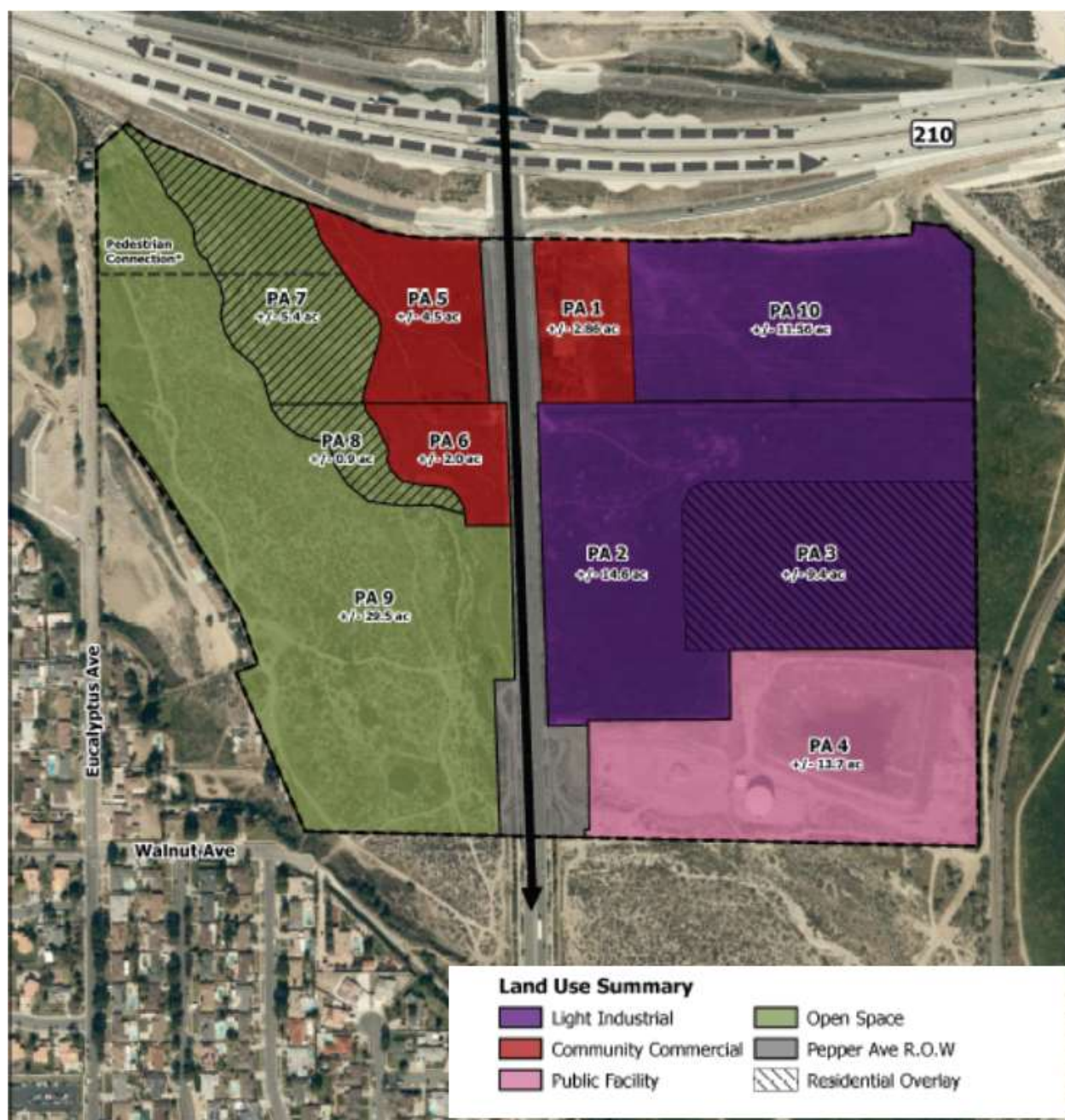
Specific Plan Amendment No. 2020-0002

Per Section 5.5.2 (Prohibited Uses) of the Pepper Avenue Specific Plan, industrial warehouse developments are prohibited within the Specific Plan area. Therefore, the Pepper Avenue Specific Plan will not currently accommodate the proposed development. Consequently, the applicant filed a Specific Plan Amendment application to amend the Pepper Avenue Specific Plan to accommodate the proposed development.

The applicant engaged EPD Solutions, Inc. to prepare a proposed amended version of the Pepper Avenue Specific Plan (**Exhibit D**). The proposed amended Specific Plan includes the following components:

- Provisions for a new “Light Industrial” land use designation that will allow warehouses and logistics centers as permitted uses; and
- Provision for development standards of the proposed “Light Industrial” land use designation; and
- Dividing Planning Area 1 into two (2) Planning Areas: Planning Area 1, encompassing 2.63 acres, and Planning Area 10, encompassing 11.64 acres; and
- Amending the land use designations of Planning Areas 2, 3, and 10 from Community Commercial with a maximum development of 476,650 square feet to the new Light Industrial land use designation with a maximum development of 735,185 square feet of industrial, and preserving the residential overlay in Planning Area 3; and
- Various traffic circulation improvements, including provisions for new access points and new medians; and
- Various textual and graphic amendments related to the changes listed above.

The proposed amended land use map submitted by the applicant is shown below. Areas designated PA 2, PA 3, and PA 10 are requested to be amended from Community Commercial (red) to Light Industrial (purple) for a Light Industrial land use designation:



The amended version of the Pepper Avenue Specific Plan proposed by the applicant would accommodate the development of the 470,000 square foot industrial warehouse building proposed by the applicant on Planning Areas 2 & 3, as well as up to an additional 250,185 square feet of future industrial developments on Planning Area 10.

Conditional Development Permit No. 2020-0008 & Precise Plan of Design No. 2020-0014

Site Design

As shown on the site plan (**Exhibit E**), the applicant proposes to construct a 470,000 square foot industrial warehouse building east of Pepper Avenue on the north end of the warehouse project site. The proposed layout includes an enclosed truck court on the south side of the building and passenger vehicle parking areas along the north, south, and west sides of the building. The truck

court will accommodate a maximum of 245 trucks and trailers, while the passenger vehicle parking areas will provide for the parking of up to 316 passenger vehicles.

The site is proposed to be accessed by three (3) driveway approaches from Pepper Avenues that include - 58 foot wide driveway at the south end of the project site will provide left-in/right-in/right-out access for trucks and passenger vehicles, a 26 foot wide driveway in the center end of the frontage along Pepper Avenue site will provide right-in/right out access for passenger vehicles only, and a 65 foot wide signalized shared driveway on the north end of the project site will provide full access for trucks and passenger vehicles.

Other proposed on-site improvements include paving, lighting, landscape planters throughout the site, concrete screen walls, multiple trash enclosures, underground infiltration basin, and a sewer lift station. The sewer lift station would be installed by the applicant, solely at their cost, on a separate parcel of land at the southwest corner of the project site. This sewer lift station would provide sewer function to all properties with the boundary of the Pepper Avenue Specific Plan.

Floor Plan

The floor plan (**Exhibit F**) indicates that building will consist of 10,000 square feet of office space and 460,000 square feet of warehouse space. The office space will potentially occupy either the northwest corner of the building and/or the northeast corner of the building, with 5,000 square feet on the ground floor and an additional 5,000 square feet up above on a second-floor mezzanine. The south side of the building will have 62 dock high loading doors and two (2) grade level roll-up doors.

Architectural Design

The proposed building features significant vertical and horizontal wall plane articulation in the form of recessed wall panels and panel height variations on all four (4) sides of each building. As shown on the elevations (**Exhibit G**), the height of the building would range from 44 feet to 53 feet from the finished floor level. The exterior of each building would be of concrete tilt-up wall construction painted with a palette of five (5) distinct neutral earth-tone colors. Additional architectural features of the building include a concrete cornice, metal brow accents, reveals, and glazing.

Parking

The development will have 316 auto-parking spaces, including eight (8) ADA accessible parking spaces. This quantity exceeds the minimum parking requirement as shown in the parking calculation chart below and as required by the Pepper Avenue Specific Plan and Chapter 18.58 (Off-Street Parking) of the Rialto Municipal Code:

<i>Type of Use</i>	<i>Floor Area (square feet)</i>	<i>Parking Ratio</i>	<i>Number of spaces required</i>
<u>Office Warehouse</u>	10,000	1 / 250	40
Floor area up to 10,000 square feet	10,000	1 / 1,000	10
Floor area 10,001 square feet or more	450,000	1 / 2,000	225
Total Required/Total Provided			275/316

Landscaping

The landscape coverage for the project is 10.0 percent, which equals the minimum required amount of landscaping. This includes a thirty (30) foot landscape setback along Pepper Avenue, as well as planters around the perimeter of the building and the project site. All the landscape planters will feature a variety of trees spaced every thirty (30) linear feet and an abundant number of shrubs and groundcover (**Exhibit H**).

Studies Completed and Submitted for the Project

Traffic

Conditional Development Permit No. 2020-0008 & Precise Plan of Design No. 2020-0014

EPD Solutions, Inc. prepared a Traffic Impact Analysis (TIA), dated January 2023, to assess the potential impacts of the proposed warehouse building to local streets and intersections (**Exhibit I**). The TIA estimates that the proposed warehouse building would generate approximately 829 daily vehicle trips (1,390 Passenger Car Equivalent (PCE) daily vehicle trips) with 82 trips in the AM peak hour and 87 trips in the PM peak hour. Trucks would constitute 331 of the 829 actual daily vehicle trips. According to Figure 12 (Project Truck Trip Distribution) of the TIA, trucks would not utilize Pepper Avenue south of the project site, thereby avoiding existing residential areas further south along Pepper Avenue.

The TIA analyzed the following 7 intersections in the project vicinity:

Study Area Intersections:

1. Pepper Avenue/SR-210 WB Ramps
2. Pepper Avenue/SR-210 EB Ramps
3. Pepper Avenue/North Project Driveway (future)
4. Pepper Avenue/Automobile Driveway (future)
5. Pepper Avenue/Truck Driveway (future)
6. Pepper Avenue/Winchester Drive – Terrace Road
7. Pepper Avenue/Baseline Road

One (1) intersection is anticipated to be impacted when the existing and proposed warehouse generated traffic volumes are combined with cumulative growth and ambient growth without any mitigation. The specific intersection is Pepper Avenue/SR-210 Westbound Ramps. The TIA recommends various improvements to mitigate potential traffic impacts to the intersection. The recommended improvements consist of modifying the phasing of the existing traffic signal and changing the geometry of the northbound lanes to one (1) left/through lane and one (1) through lane. All study intersections would operate at an acceptable Level of Service (LOS) with the implementation of the recommended improvements.

The TIA concluded that the payment of “fair share” fees for the recommended improvements constitutes adequate mitigation. Additionally, the applicant would be required to contribute fair share fees to improvements to intersections previously identified in the Pepper Avenue Specific Plan Environmental Impact Report. The applicant would be responsible for a fair share payment in the amount of \$156,430.50 to the City of Rialto.

The Transportation Commission reviewed and approved the TIA on February 1, 2023. In its decision, the Transportation Commission agreed with the findings and recommended “fair-share” payments in the TIA.

Additionally, the applicant would install a raised median in Pepper Avenue along the project frontage and pay development impact fees related to traffic. All “fair-share” payments and development impact fee payments would be paid prior to issuance of a building permit, and all new street improvements along the project frontage would be completed prior to issuance of a Certificate of Occupancy.

Specific Plan Amendment No. 2020-0002

According to Table 6-1 (Proposed Specific Plan Amendment Trip Generation Comparison to Approved Specific Plan) of the Draft Subsequent Environmental Impact Report prepared for the project, the proposed specific plan amendment would generate up to approximately 1,812 vehicle trips daily (2,662 PCE vehicle trips daily) at full buildout of the amended specific plan. The Traffic Impact Analysis prepared by Urban Crossroads, Inc. for the current Pepper Avenue Specific Plan estimates up to approximately 19,309 PCE vehicle trips daily at full buildout of the current specific plan. At full buildout, the specific plan amendment would result in approximately 86% fewer daily PCE vehicle trips than the current specific plan.

However, the specific plan amendment would generate up to approximately 503 truck trips daily at full buildout of the amended specific plan. In contrast, the Traffic Impact Analysis prepared by Urban Crossroads, Inc. for the current Pepper Avenue Specific Plan did not estimate daily truck trips for the full buildout of the current specific plan. As previously discussed, Section 5.5.2 (Prohibited Uses) of the current Pepper Avenue Specific Plan prohibits truck intensive uses such as warehouses and truck terminals. As a result, non-truck intensive land use categories from the Institute of Transportation Engineers (ITE) were utilized in the preparation of the Traffic Impact Analysis for the current specific plan, specifically 770 (Business Park) and 820 (Retail Shopping Center). These land use categories estimate that trucks within the full buildout of the current specific plan would only function as an ancillary use for deliveries to retail, office, and/or other non-intensive truck uses permitted within the current Pepper Avenue Specific Plan, and that the amount of truck trips within the current specific plan area at full build out would be negligible and insignificant.

Fault Study

The applicant engaged Southern California Geotechnical in March 2021 to conduct a Fault Study to evaluate the possible presence of faults on the warehouse project site. Two (2) trenches with an approximate depth of twenty (20) feet were excavated across the site, data was collected, geologic review and analysis was performed, and a Fault Study report (**Exhibit J**) was prepared. Based on the result of the Fault Study, the report concludes that there are no active or potentially active faults on the warehouse project site. It should be noted, the Fault Study only analyzed the presence of faults on the warehouse project site and did not analyze any other sites within the Pepper Avenue Specific Plan area.

Market Assessment Prepared in 2019 by Applicant

The applicant engaged Kosmont Companies in June 2019 to prepare a Market Assessment report (**Exhibit K**) to analyze market demand and the fiscal impact of developing Planning Areas 1, 2, & 3 of the Pepper Avenue Specific Plan with industrial warehouse uses versus retail uses. The report

concluded there to be limited demand for retail space in the area, especially when considering the presence of the Renaissance Marketplace approximately 2.25 miles to the west of the Pepper Avenue Specific Plan area. Additionally, the report concluded there to be greater demand for warehouse uses in the area, particularly resulting from the increased presence of e-commerce businesses.

Market Assessment Prepared for the City in 2014

The findings of the Market Assessment report prepared by Kosmont Companies differ with the findings of a Development Opportunities report (**Exhibit L**) prepared by Market Profiles, Inc. in July 2014. The Development Opportunities report, commissioned by the City of Rialto as part of the preparation of the Pepper Avenue Specific Plan, found the Pepper Avenue Specific Plan area to have market potential for retail/commercial development, particularly due to its favorable accessibility and visibility from the SR-210 Freeway.

Fiscal Impact Analysis

The applicant engaged DTA, Inc. in June 2021 to prepare an Executive Summary of a Fiscal Impact Analysis (**Exhibit M**) to forecast the fiscal impacts to the City's General Fund that would result from the development of an industrial warehouse building on the warehouse project site. The analysis forecasts an annual recurring fiscal surplus of approximately \$841,266 assuming 100% of the building is occupied by a fulfillment center tenant with a point-of-sale. Otherwise, an annual recurring fiscal surplus of approximately \$60,046 would be generated under a scenario with no point-of-sale.

Community Benefit Agreement

In conjunction with the development of the proposed industrial warehouse building, the applicant proposes to voluntarily enter into a Community Benefit Agreement with the City of Rialto to provide additional benefits to the City and community at-large. The proposed benefits include the following:

1. A voluntary one-time monetary contribution of \$5,000,000 to help fund a new Rialto Charter High School with emphasis on Entrepreneurship via REAL Journey Academies. Paid in full upon Building Permit Issuance. REAL Journey Academies (RJA) is a non-profit, charter school organization headquartered in the Inland Empire. With 14 years of experience, RJA currently operates five school sites serving over 2,000 TK - 12 students and is developing plans to expand operations in the Inland Empire and other regions of California.
2. A voluntary one-time monetary contribution of \$1,000,000 to the National Latina Business Women Association Inland Empire Institute (NLBWA-IE; a regional 501 (c)(3) nonprofit organization) to support the success of locally based Inland Empire Latina & Women of Color Entrepreneurs and Small Business owners by providing technical assistance and training programs. Paid in full upon Building Permit Issuance.
3. A voluntary one-time monetary contribution to the City of Rialto Police Department in the amount of \$2,500,000 towards Commercial Enforcement Officer staffing requirements. Paid in full upon Building Permit issuance.
4. A voluntary one-time monetary contribution to the City of Rialto Police Department in the amount of \$2,500,000 to be used towards the construction of a new police station in the City of Rialto. Paid in full upon Building Permit issuance.

5. Voluntarily execution of three (3) Project Labor Agreements for labor during construction of the project.
6. Applicant will donate 0.26 acres of land (worth over \$700,000) for the to-be-built sewer lift station at the southeast corner of the project site which will be donated to the City of Rialto providing a sewer connection for the entire Specific Plan area. Applicant will fund and install a sewer lift station (estimated cost \$1,000,000) in the Pepper Avenue Specific Plan area prior to Certificate of Occupancy. A Reimbursement Agreement would be entered into for the City to collect fair-share costs from the other Pepper developers and then reimburse the Applicant that installed the sewer lift station the costs outside of their own fair-share.
7. Applicant will fund \$375,000 to construct a Traffic Signal on Pepper Ave to serve the Specific Plan area subject to fair share reimbursement by other landowners in the Specific Plan to help regulate regional traffic.
8. The applicant will hold a job fair in Rialto for staffing needs.

EXHIBIT A - SUMMARY OF COMMUNITY BENEFITS	
BENEFIT	TOTAL
New Rialto Charter School Fund - Entrepreneurial High School	\$ 5,000,000
National Latina Business Women Association – Supporting Local Entrepreneurs & Small Business	\$ 1,000,000
City of Rialto Police Department - Funding for Commercial Enforcement Officer	\$ 2,500,000
City of Rialto Police Department - Funding for Construction of New PD Facility	\$ 2,500,000
Sewer Lift Station for Specific Plan area - Land Contribution of .26 acres	\$ 700,000
Sewer Lift Station for Specific Plan area - Construction	\$ 1,000,000
New Traffic Signal - Construction	\$ 375,000
TOTAL	\$ 13,075,000

It should be noted, the Sewer Lift Station and the Traffic Signal are requirements for any type of development within the Pepper Avenue Specific Plan area and are not added benefits.

Economic Development Committee

On June 24, 2020, and September 20, 2021, the Economic Development Committee (EDC) received presentations on the Project from the applicant and their consultant team. The EDC expressed concerns about the Project to the applicant and also directed staff to continue processing the entitlement applications filed by the applicant.

ENVIRONMENTAL IMPACT:

California Environmental Quality Act

The Project involves amending the Pepper Avenue Specific Plan to modify the configuration of Planning Areas and the land use designations of three (3) Planning Areas. The Project also involves the development and operation of an industrial warehouse building that would be permitted if the

proposed Specific Plan Amendment is approved. These actions involve substantial changes to the previously approved Pepper Avenue Specific Plan and additionally involve the potential for new significant environmental effects that were not previously identified in the 2017 Pepper Avenue Specific Plan Final Environmental Impact Report (2017 FEIR) or a substantial increase in the severity of significant environmental effects previously identified in the 2017 FEIR. Therefore, the Planning Division determined the preparation of a Subsequent Environmental Impact Report (SEIR) to be the appropriate method to achieve compliance with the California Environmental Quality Act (CEQA).

The applicant engaged EPD Solutions, Inc. to prepare the SEIR (Environmental Assessment Review No. 2020-0010) for the project in accordance with the requirements of the California Environmental Quality Act (CEQA). The City of Rialto subsequently engaged Enplanners, Inc. to conduct a peer review of the SEIR and all the related environmental documents. A Notice of Preparation (NOP) was distributed to the State Clearinghouse, as well as agencies, organizations, and persons considered likely to be interested in the project and the potential impacts. The NOP comment period occurred from March 4, 2022 to April 4, 2022. One-hundred eighty-eight (188) comment letters were received during this comment period. Each of the comments received were subsequently addressed in the preparation of the Draft Subsequent Environmental Impact Report (DSEIR). The DSEIR concluded on pages 5.2-38 and 5.5-26 that the project would generate significant and unavoidable impacts to Air Quality and Greenhouse Gas Emissions. This is in contract to the 2017 FEIR, which previously identified significant and unavoidable impacts to Noise only.

A Notice of Availability (NOA) and the DSEIR was distributed and circulated for public review from September 2, 2022 to October 18, 2022. Seven (7) comment letters were received during the comment period. The commenters included Rialto Unified School District, South Coast Air Quality Management District (SCAQMD), San Bernardino County Department of Public Works, Blum Collins & Ho, LLP, Robert Redford Conservancy for Southern California Sustainability, North End 210 Neighborhood Watch, and a citizen group letter with six-hundred twenty-four (624) signatories in opposition to the Project. EPD Solutions, Inc. prepared responses to comments received. The responses to comments and the final Mitigation Monitoring & Reporting Program (MMRP) were input into the Final Subsequent Environmental Impact Report (FSEIR). The DSEIR and FSEIR are attached to the agenda report (**Exhibits N & O**).

Potentially Significant Impacts Identified in the SEIR

Air Quality Emissions

According to Table 3-16 (Summary of Cumulative Operational Emissions) of the Air Quality Impact Analysis prepared by Urban Crossroads, Inc. for the project, the project would potentially generate up to 90.55 lbs./day of Nitrogen Oxide (NO_x) emissions during operations. The threshold set by South Coast Air Quality Management District (SCAQMD) for operational NO_x emissions is 55 lbs./day. The operational NO_x emissions of the project would exceed the threshold established by SCAQMD. Additionally, the operational NO_x emissions generated by the Project would exceed the operational NO_x emissions estimated in the 2017 FEIR, which, according to Table 4.B-10 (Scenario 1 Regional Unmitigated Operational Emissions) of the 2017 FEIR, estimated up to 51 lbs./day of NO_x emissions with full buildout of the current Pepper Avenue Specific Plan land uses.

Several mitigation measures within the Air Quality Impact Analysis are designed to reduce the operational NO_x emissions, but these measures will not be sufficient to reduce the NO_x emissions below the SCAQMD threshold, since neither the applicant nor the City have the regulatory authority to control tailpipe emissions. Therefore, the NO_x emissions that would be generated by the Project

are a new significant and unavoidable impact that was not previously analyzed in the 2017 FEIR.

Greenhouse Gas Emissions

As indicated by Table 3-8 (Cumulative Scenario GHG Emissions) of the Greenhouse Gas Analysis prepared by Urban Crossroads, Inc. for the project, the project will potentially generate Greenhouse Gas (GHG) emissions up to approximately 9,926.17 MTCO₂e/yr (Metric Tons of Carbon Dioxide Equivalent Per Year). The interim threshold set by SCAQMD for all new development projects is 3,000 MTCO₂e/yr. The project GHG emissions will exceed the threshold established by SCAQMD.

More than 79% of the project's GHG emissions will be generated by mobile sources (vehicle traffic). There are no feasible mitigation measures that can substantively or materially reduce the project's mobile source GHG emissions below the SCAQMD established threshold under current industry conditions. Therefore, the GHG emissions that would be generated by the Project are a new significant and unavoidable impact that was not previously identified in the 2017 FEIR.

However, it should be noted that the 2017 FEIR estimated GHG emissions of up to approximately 9,864 MTCO₂e/yr. The 2017 FEIR used a then current threshold of 10,000 MTCO₂e/yr, which is significantly higher than the current threshold of 3,000 MTCO₂e/yr. As a result, the 2017 FEIR did not consider the GHG emissions generated by the full buildout of the current Pepper Avenue Specific Plan land uses to be significant and unavoidable. In reality, the project would result in a negligible increase of approximately 62.17 MTCO₂e/yr over what was previously identified and analyzed in the 2017 FEIR.

Project Alternatives Analyzed

CEQA Section 15126.6(a) requires that an EIR analyze a range of reasonable alternatives to the project that would feasibly attain most of the basic objectives of the project and avoid or substantially lessen any of the significant effects of the project. The EIR for the project analyzed the following alternatives:

Alternative	Description
No Project / Existing Specific Plan Alternative	Considers development of PA's 1, 2, & 3 in accordance with the existing Pepper Avenue Specific Plan. Up to 351,650 square feet of retail uses & 125,000 square feet of business park uses.
Reduced Intensity Alternative	Considers development of PA's 2 & 3 with a 339,500 square foot unrefrigerated industrial warehouse and 175,130 square feet of industrial warehouse buildings on PA 10. A 30% reduction in buildout compared to the Project.
Business Park Alternative	Considers development of PA 1 with 13,000 square feet of retail uses and PA's 2, 3 & 10 with small multi-tenant industrial/office/commercial buildings ranging in size from 10,000 square feet to 35,000 square feet with a total buildout of 735,000 square feet.

Section 6 (Alternatives) of the DSEIR concludes the following about each project alternative:

- The “No Project / Existing Specific Plan Alternative” would eliminate the significant and unavoidable impacts generated by the Project. However, the alternative would not eliminate the significant and unavoidable impacts that were analyzed in the 2017 FEIR and would result in an 86% increase in vehicular trips.
- The “Reduced Intensity Alternative” would reduce the volume of vehicular trips, which would decrease the impacts related to air quality emissions and greenhouse gas emissions. Although the volume of impacts would be less in comparison to the Project, the Reduced Intensity Alternative would not eliminate the significant and unavoidable impacts or eliminate the need for mitigation.
- The “Business Park Alternative” would reduce the number of truck trips but increase the overall number of vehicle trips by 6.9% daily in comparison to the Project. Thus, the Business Park Alternative would likely increase impacts to air quality emissions, greenhouse gas emissions, and energy usage.

GENERAL PLAN CONSISTENCY:

The General Plan land use designation of the site is Specific Plan with a Specific Plan Overlay. This designation requires the underlying Specific Plan to establish distinct land use designations within the Specific Plan itself. Figure 1-3 (Land Use Plan) of the Pepper Avenue Specific Plan indicates that the land uses approved within the Pepper Avenue Specific Plan include only commercial land uses (with a residential overlay), open space land uses, and public facilities land uses, none of which are consistent with the industrial warehouse building proposed by the applicant. The applicant has however filed a Specific Plan Amendment application to amend the Pepper Avenue Specific Plan to create a new industrial land use designation within the Specific Plan that would allow for industrial uses.

However, General Plan Goals 2-8, 2-9, 2-14, 2-19, and 2-22, encourage and require developments to be sensitive to the character of surrounding neighborhoods, consistent with both the scale and height of surrounding existing developments, and protective of residential, parks, and other sensitive land uses from the impacts associated with industrial and trucking-related land uses. The industrial warehouse proposal and the associated Specific Plan Amendment do not adequately achieve consistency with these goals, primarily due in part to the scale of the proposed industrial warehouse building, the proximity to Frisbie Park and existing residential neighborhoods to the south and west, and the significant and unavoidable impacts identified in the SEIR.

PLANNING COMMISSION ACTION:

On March 8, 2023, at a regularly scheduled Planning Commission meeting, the Commission opened the public hearing, staff provided a staff report and the Commission took public comments. After discussion, the Commission closed the public hearing and voted 4-0 (1 recusal & 2 vacancies) to adopt Planning Commission Resolution No. 2023-20 recommending that the City Council deny the project. In its decision, the Planning Commission expressed concerns regarding the incompatibility of the project with the vision and intent of the Pepper Avenue Specific Plan, the incompatibility of the project with nearby residential uses and Frisbie Park, and vehicle traffic and air emissions that would be generated by the project. A copy of Planning Commission Resolution No. 2023-20 is attached as

Exhibit P.

FINANCIAL IMPACT:

Operating Budget Impact

Development of the project will generate annual recurring revenues to the General Fund in the form of increased property tax, business license taxes, and utility taxes. Additionally, the Community Benefit Agreement proposed by the applicant would generate a one-time revenue increase in the total amount of \$5,000,000 towards Commercial Enforcement Officer staffing requirements and the construction of a new police station.

Capital Improvement Budget Impact

No City funds would be used to construct the project. The applicant would bear the full capital cost of construction of the project and the required infrastructure improvements, include a new sewer lift station to service all properties within the Pepper Avenue Specific Plan area. Additionally, prior to the issuance of a building permit, the applicant will pay plan check, permit, development impact fees, and traffic “fair-share” fees to the City.

Business License

Prior to any construction, the applicant will submit a contractors list to the Business License Division, and each contractor listed will obtain a business license. Subsequently, the owner and tenant(s) will need to obtain separate business licenses for the leasing and use of the building.

LEGAL REVIEW:

The City Attorney has reviewed and approved the staff report, the Notice of Public Hearing (**Exhibit Q**), and the attached resolution.

RECOMMENDATION:

As previously mentioned, the primary objective of the Pepper Avenue Specific Plan is to create an eastern gateway into the City of Rialto that offers new retail opportunities and promotes the identity of the Pepper Avenue neighborhood. Contrary to the stated objective, the Project would facilitate the development of a 470,000 square foot industrial warehouse building within the entirety of Planning Areas 2 & 3 of the Pepper Avenue Specific Plan and facilitate up to 250,185 square feet of industrial warehouse floor area on Planning Area 10, despite Section 5.5.2 (Prohibited Uses) of the Pepper Avenue Specific Plan listing warehouses as a prohibited use within the entire Specific Plan area.

The current warehouse proposal, and the associated Specific Plan Amendment, will fundamentally alter the purpose and intent of the Pepper Avenue Specific Plan, create a disparate land use pattern that may negatively impact the viability of the remaining undeveloped portions within the Specific Plan area, and will render many of the concepts within the Specific Plan infeasible. Furthermore, as previously stated, the Project does not adequately achieve consistency with General Plan Goals 2-8, 2-9, 2-14, 2-19, and 2-22 or the City’s vision for this area.

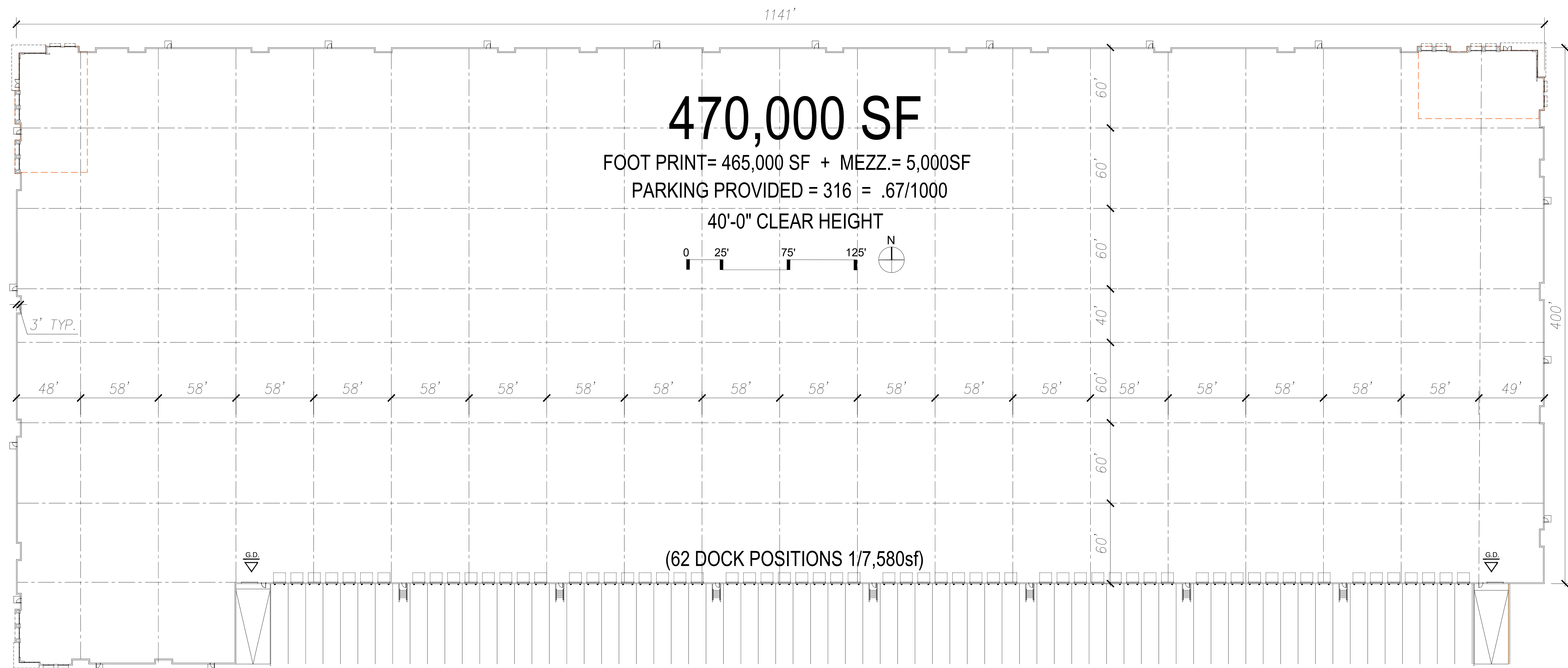
Furthermore, the Project would introduce large amounts of truck traffic to an area that was not envisioned for truck traffic, and the Project would result in significant and unavoidable impacts to Air Quality and Greenhouse Gas emissions. Overall, the Project would dismantle the vision of the Pepper Avenue Specific Plan for commercial, open space, public facilities, and negatively affect the

health, safety, and welfare of those residing or working in the immediate area.

The Planning Division recommends that the City Council:

1. Adopt the attached Resolution (**Exhibit R**) to deny Specific Plan Amendment No. 2020-0002, Conditional Development Permit No. 2020-0008, and Precise Plan of Design No. 2020-0014.

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drawing file name: p:\2020-185-howard industrial-pepper-rialto\design\2020-185-01 howard pepper ralto settlement.dwg
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PEPPER AVENUE BUSINESS CENTER
Rialto, CA

CONCEPTUAL 3D RENDERING



drawing file name: p:\2020-185-howard industrial-pepper-rialto\design\2020-185-01-howard-pepper-rialto-entirement.dwg
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WEST ELEVATION (PEPPER AVE. ELEVATION)

LEGEND:

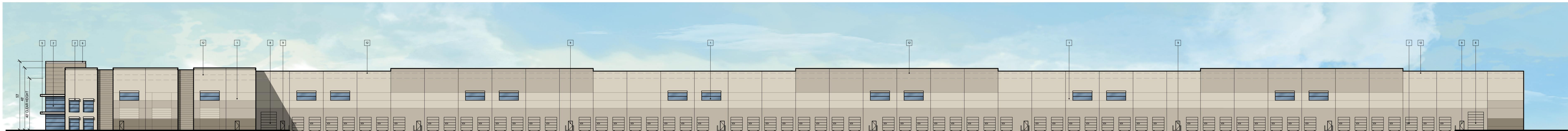
- | | | | |
|---|-----------------------------------|--------------|---|
| 1 CONCRETE TILT-UP PANEL WITH REVEALS | 4 CLEARESTORY WITH METAL AWNING | 7 DOOR DOOR | 10 12 TO 14' SCREEN WALL WITH REVEALS |
| 2 MEDIUM REFLECTIVE GLASS IN CLEAR ANODIZED ALUMINUM MULLION SYSTEM | 5 METAL AWNING (SUN SHADE DEVICE) | 8 GRADE DOOR | 11 FRONT PANEL HORIZONTAL REVEALS TO RETURN TO 4' INSET PANEL TYPICAL |
| 3 MECHANICAL EQUIPMENT TO BE SCREENED FROM PUBLIC VIEW | 6 PAINTED CONCRETE CORNICE | 9 METAL DOOR | 12 DASHED LINE REPRESENTS TOP OF ROOF DRAINAGE |



EAST ELEVATION



NORTH ELEVATION



SOUTH ELEVATION



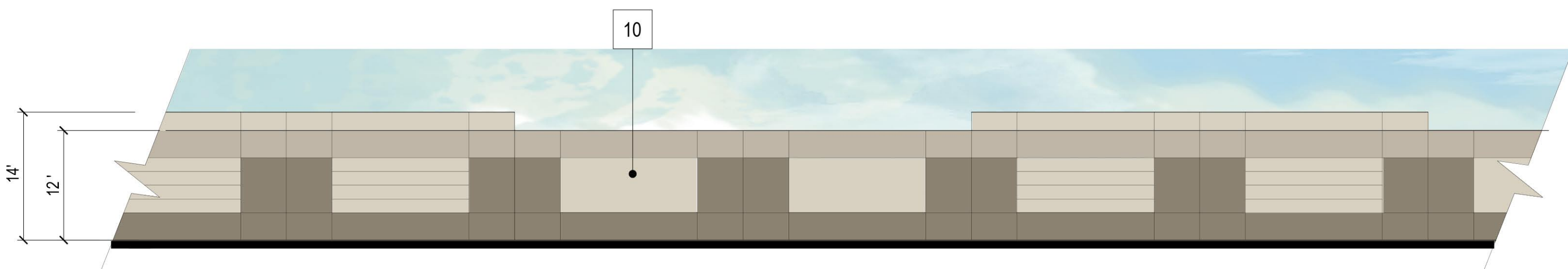
PARTIAL WEST ELEVATION scale : 3/32"= 1'-0"



PARTIAL WEST ELEVATION scale : 3/32"= 1'-0"



PARTIAL NORTH ELEVATION scale : 3/32"= 1'-0"



TYPICAL SCREEN WALL ELEVATION scale : 3/32"= 1'-0"



PEPPER AVENUE BUSINESS CENTER
Rialto, CA

COLORED ELEVATIONS

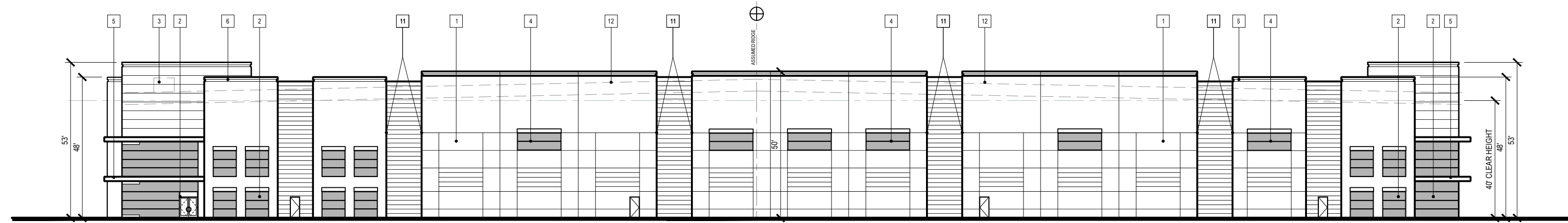


Architecture.
Design.
Relationships.

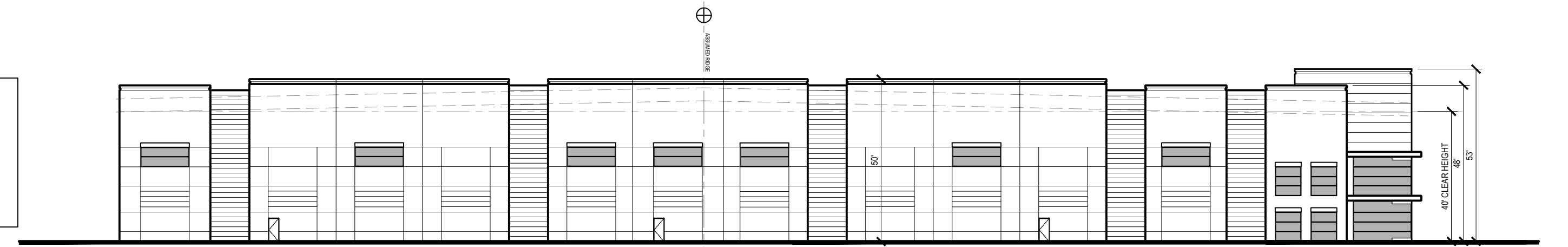
05

1/32" = 1'-0"
2020-185
2022-10-04

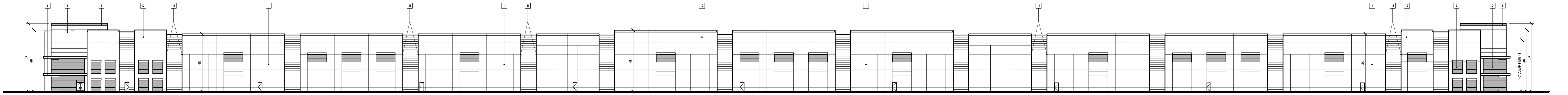
drawing file name: p:2020-185-pepper industrial bldg_rchitectdesign/2020-185-01 toward pepper into entitlement.dwg
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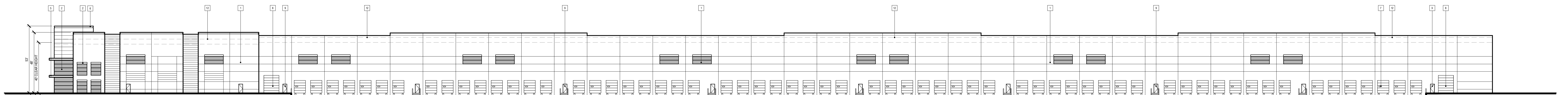
WEST ELEVATION (PEPPER AVE. ELEVATION)



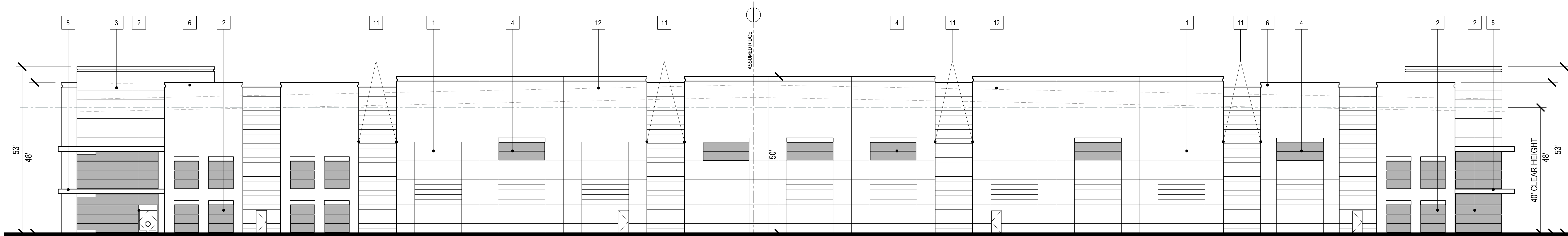
EAST ELEVATION



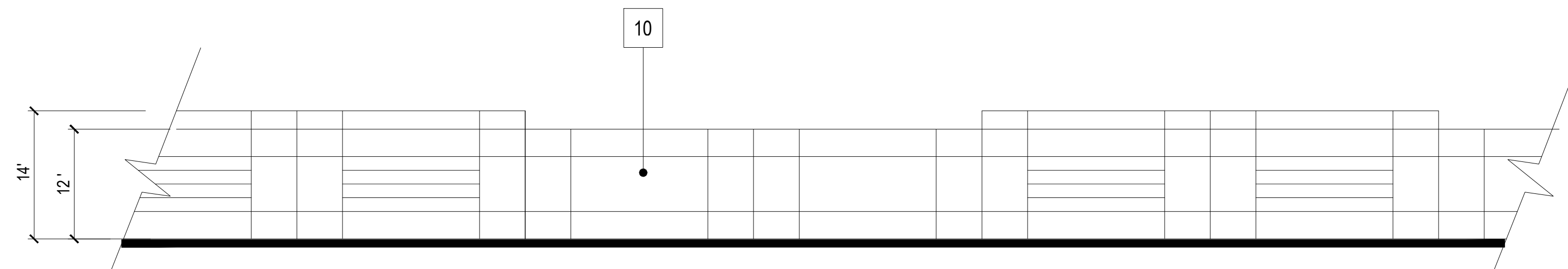
NORTH ELEVATION



SOUTH ELEVATION



ENLARGED WEST ELEVATION



TYPICAL SCREEN WALL ELEVATION scale : 3/32"= 1'-0"



PEPPER AVENUE BUSINESS CENTER
Rialto, CA

CONCEPTUAL ELEVATIONS

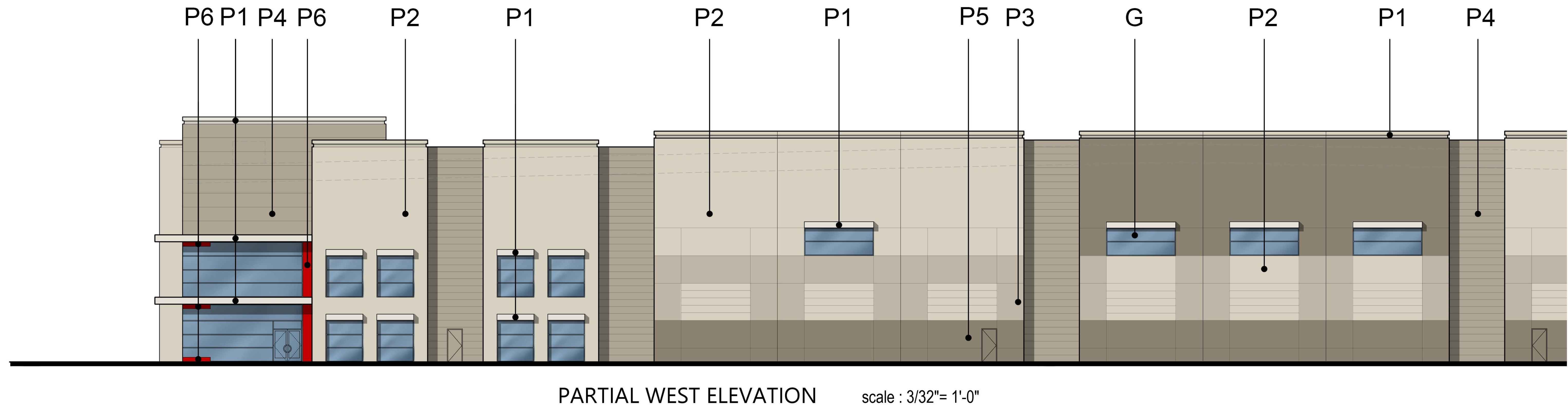


04

1/32" = 1'-0"
2020-185
2022-10-04

drawing file name: p:\2020-185-howard industrial-pepper industrial bldg_ralis\design\2020-185-01 howard pepper ratio settlement.dwg
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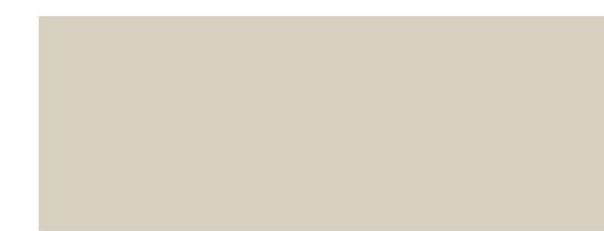
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P1 - SW 9583
SANCTUARY



P5 - SW 9514
ZINC LUSTER



P2 - SW 9616
DUMPLING



P6 - PANTONE 7626 C
CUSTOM MATCH



P3 - SW 7051
ANALYTICAL GRAY



G - MEDIUM PERFORMANCE
REFLECTIVE GLAZING BLUE



P4 - SW 7639
ETHEREAL MOOD



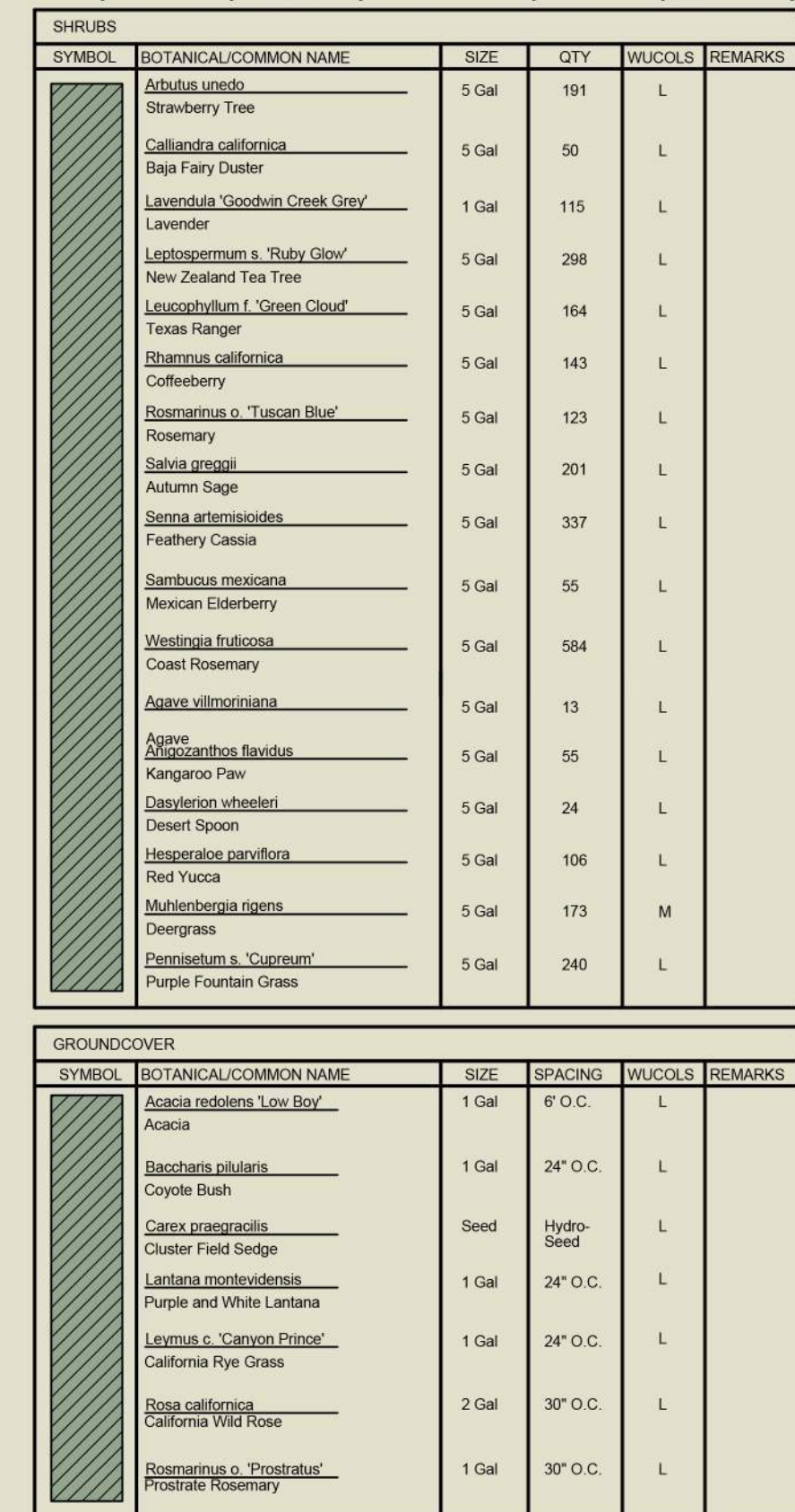
ALUMINUM MULLION
CLEAR ANODIZED



PEPPER AVENUE BUSINESS CENTER
Rialto, CA

COLOR AND MATERIAL BOARD





SITE LANDSCAPE	103.804 SF	10%
PARKING LANDSCAPE	80.411 SF	77%



21-124
08.04.21 04.29.22 05.19.22
11.10.21 05.03.22 06.01.22
12.07.21 05.06.22



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