



NEWPORT BEACH

City Council Staff Report

January 23, 2024
Agenda Item No. 19

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Ordinance Nos. 2024-2 and 2024-3 and Resolution Nos. 2024-6 and 2024-7: Authorizing the Baldwin & Sons Medical Office at 20 Corporate Plaza

ABSTRACT:

The applicant seeks to convert a portion of a private, underground parking garage at 20 Corporate Plaza into a 5,081-square-foot medical office. This project entails reconfiguring the site to accommodate both ground level and parking garage entrances, widening the driveway access ramp, and restriping the parking garage. For the City Council's consideration, the proposed actions include: 1) Introducing an ordinance to amend the Corporate Plaza Planned Community (PC-17) Development Plan, increasing the project site's development intensity by 2,711 square feet, with a maximum limit of 471,591 square feet, and allowing medical office as a permitted use; 2) Introducing an ordinance to approve a development agreement due to the addition of nonresidential floor area within Statistical Area L1 (Newport Center); 3) Adopting a resolution to amend the General Plan Land Use Element, increasing the allowable development intensity of Anomaly Number 34 by 2,711 square feet, for a maximum of 471,591 square feet; and 4) Approving a resolution for a conditional use permit to waive four required parking spaces for the medical office. If approved, the item will return to the City Council on February 13, 2024, for second reading and adoption of the Ordinances.

RECOMMENDATIONS:

- a) Conduct a public hearing;
- b) Find approval of the project exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15303, Class 3 (New Construction or Conversions of Small Structures) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because the Class 3 exemption includes the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The exemption also includes additions of up to 10,000 square feet to an office within an urbanized area on sites zoned for such use if not using a significant amount of hazardous substances, all necessary public services are available, and the surrounding area is not environmentally sensitive;

- c) Waive full reading, direct the City Clerk to read by title only, introduce Ordinance No. 2024-2, *An Ordinance of the City Council of the City of Newport Beach, California, Approving an Amendment to the Corporate Plaza Planned Community Development Plan (PC-17) for a Medical Office Located at 20 Corporate Plaza (PA2022-0158)*, and pass to second reading on February 13, 2024;
- d) Waive full reading, direct the City Clerk to read by title only, introduce Ordinance No. 2024-3, *An Ordinance of the City Council of the City of Newport Beach, California, Approving a Development Agreement for a Medical Office Located at 20 Corporate Plaza (PA2023-0158)*, and pass to second reading on February 13, 2024;
- e) Adopt Resolution No. 2024-6, *A Resolution of the City Council of the City of Newport Beach, California, Approving a General Plan Amendment for a Medical Office Located at 20 Corporate Plaza (PA2022-0158)*; and
- f) Adopt Resolution No. 2024-7, *A Resolution of the City Council of the City of Newport Beach, California, Approving a Conditional Use Permit for a Medical Office Located at 20 Corporate Plaza (PA2022-0158)*.

DISCUSSION:

The project site is located within the Corporate Plaza Planned Community (hereafter referred to as “PC-17”), which is outlined in Figure 1 below. PC-17 is bound by Civic Center Drive to the north, Avocado Avenue to the east, East Coast Highway to the south, and Newport Center Drive to the west. PC-17 encompasses approximately 48 acres of developed office park with shared common parking areas and provides areas appropriate for the development of professional, business and medical offices with limited supporting commercial.

Figure 1: Vicinity Map



The project site is located near the center of the larger office park and is developed with a single-story, 8,411-square-foot office building with a 28-space private, subterranean, parking garage. The office serves as a headquarters for the applicant. The building design included the surplus private parking garage to provide sufficient onsite parking to facilitate a future building expansion. Between building permit issuance in 2013 and final building permit inspection in 2016, a Transfer of Development Rights (PA2015-109) was initiated by Irvine Company and was approved in 2015. PA2015-109 transferred 15,468 square feet of office intensity out of PC-17 and into the North Newport Center (PC-56) Planned Community. PA2015-109 left only 2,379 square feet of unbuilt intensity, which is insufficient to allow for the planned building expansion of 5,081 square feet. Therefore, a general plan amendment is necessary to increase the development intensity.

Project Description

The applicant proposes to convert of a portion of the 28-space private, subterranean, parking garage into a 5,081-square-foot medical office. Other improvements include reconfiguring the project site to accommodate an office entrance from both the ground level and parking garage level, widening the driveway access ramp, and restriping the parking garage. In total, 12 parking spaces will be lost to accommodate the new office with 16 parking spaces remaining. Project plans are available as Attachment E.

The following approvals are requested to implement the project as proposed:

- **General Plan Amendment (GPA)** – To amend Anomaly Number 34 of Table LU2 in the General Plan Land Use Element to increase the maximum development limit by 2,711 square feet for a maximum development limit of 471,591 square feet.
- **Planned Community Development Plan Amendment (PC Amendment)** – To amend the Corporate Plaza Planned Community (PC-17) Development Plan to allow a maximum gross building floor area of 471,591 square feet and to add “medical office” as an allowed use for Building Site 20.
- **Conditional Use Permit (CUP)** – To allow an adjustment to the required off-street parking by waiving four on-site spaces required for the new medical office.
- **Development Agreement (DA)** – The consideration of a development agreement providing development rights in exchange for public benefits in accordance with Chapter 15.45 (Development Agreements) of the Newport Beach Municipal Code (NBMC).

The amendments to the General Plan, Planned Community Development Plan, and the review of the Development Agreement must be approved by the City Council to become effective. When there are multiple applications for the same project processed concurrently, they shall be reviewed and approved, modified, or denied by the highest review authority. In this case, the City Council will also need to approve the Conditional Use Permit.

Amendments to the General Plan and the Planned Community Development Plan

The subject property has a General Plan Land Use Element category of Regional Commercial Office (CO-R). The CO-R category is intended to provide for administrative and professional offices that serve local and regional markets, with limited accessory retail, financial, service, and entertainment uses. A medical office is one type of professional office and is generally allowed by right.

The project site is within the area with a development limit controlled by Anomaly Number 34 in Table LU-2 of the Land Use Element of the General Plan. The General Plan limits development intensity of Anomaly No. 34 to 468,880 square feet of gross floor area. The project requires a General Plan Amendment because the proposed floor area exceeds the development limit of Anomaly Number 34. The proposed change to Anomaly Number 34 is provided as Attachment F.

The property is included within the PC-17 Development Plan. PC-17 was originally adopted in 1992 and was last amended in 2015. It sets a maximum development limit not to exceed 468,880 gross square feet, consistent with the development limit of Anomaly Number 34. As the project increases the total square footage for 20 Corporate Plaza, PC-17 must be amended to account for the increased intensity.

Additionally, while PC-17 predominantly allows for professional office uses, medical offices are only allowed on specific building sites. PC-17 also sets a maximum allowance for total floor area that can be developed as a medical office. Currently 20 Corporate Plaza is not listed as a building site where medical uses are allowed. As such, PC-17 must also be amended to allow a maximum of 5,081 gross square feet of medical office on Building Site 20. Redline/strikeout revisions to the PC-17 Development Plan are available as Attachment G.

The amendments to the General Plan and the PC-17 Development Plan are legislative acts. Neither the PC-17 Development Plan, nor the NBMC or California Government Code provide required findings to approve the amendment. Nonetheless, the amendments are in furtherance of the General Plan's goals and, specifically, the highlighted policies provided in the Resolution in Attachment C.

Charter Section 423 (Measure S)

Pursuant to City Charter Section 423 and City Council Policy A-18, proposed GPAs require specific review to determine whether a vote of the electorate is required. A project could require a vote if it exceeds certain thresholds on its own or cumulatively with past GPAs in the same Statistical Area approved within the last 10 years. The project is located within in Statistical Area L-1. Three GPAs have been approved within the last 10 years in this area. They include the GPA filed as PA2018-185 (Vivante Senior Housing), PA2020-020 (Residences at Newport Center), and PA2021-260 (Newport Beach Tennis and Pickleball Club). These projects continue to be cumulatively tracked consistent with the provisions of Charter Section 423.

Table 1 illustrates the calculations to determine if a vote is required. None of the thresholds specified by Charter Section 423 are exceeded by the project or considered cumulatively with the last three projects. No vote of the electorate is required should the City Council choose to approve the GPA.

TABLE 1

Charter Section 423 Analysis for Statistical Area L-1				
Amendments	Increased Density	Increased Intensity	Peak Hour Trip Increase	
			AM	PM
PA2018-185 (Vivante Senior Housing)	90	0	26	52
PA2020-020 (Residences at Newport Center)	28	0	3	2
PA2021-260 (Newport Beach Tennis and Pickleball Club)	0	14,000	27	52
Total Prior Increases	118	14,000	56	106
80% of Prior Increases	94	11,200	45	85
100% of Proposed Project PA2022-0158	0	2,711	8	11
Total	94	13,911	53	96
Threshold	100	40,000	100	100
Vote Required?	No	No	No	No

Tribal Consultation (SB-18)

Pursuant to California Government Code Section 65352.3 (SB 18), the City is required to contact the appropriate tribes identified by the Native American Heritage Commission (NAHC) each time it considers a proposal to adopt or amend the General Plan. If requested by any tribe, the City must consult for the purpose of preserving or mitigating impacts to cultural resources. The City received a response from the NAHC indicating that 12 tribal contacts should be provided notice regarding the proposed amendment. The tribal contacts were provided notice on February 24, 2023. California Government Code Section 65352.3 requires notification 90 days prior to Council action to allow tribal contacts to respond to the request to consult. One tribal contact, the Gabrieleño Band of Mission Indians – Kizh Nation, requested consultation within the 90-day period. Conditions of approval have been included to the satisfaction of the tribe to address potential concerns regarding the protection of Tribal Cultural Resources.

Conditional Use Permit

While PC-17 does not currently allow medical offices in Building Site 20, the project would amend the allowed uses of PC-17 to include medical office at Building Site 20. The conditional use permit (CUP) is only required because the applicant requests to waive a portion of the required off-street parking.

As previously mentioned in *the Discussion section*, the building was designed and constructed with surplus onsite subterranean parking to accommodate a future expansion. The expansion was originally planned as a second story addition; however, to maintain the existing building envelope above grade and due to project feasibility constraints, the applicant is proposing to convert a portion of the subterranean parking area instead. Based on the PC-17 parking requirement of one space per 250 square feet of net floor area, the project is required to provide 20 on-site parking spaces to accommodate the new medical office area where only 16 on-site parking spaces can be provided, resulting in a deficiency of four on-site parking spaces.

A parking study dated January 5, 2024, was prepared by RK Engineering Group, Inc. and is attached as Attachment H. RK Engineering Group, Inc. completed observational surveys of PC-17's six parking zones within the shared parking pool. The study found that the shared parking pool is only 73% occupied during peak parking demand.

The study was reviewed and accepted by the City's traffic engineer and demonstrates that PC-17 has an adequate number of parking spaces to accommodate any spillover from the project.

Development Agreement

Pursuant to NBMC Chapter 15.45, a Development Agreement (DA) is required because the project includes new, non-residential development in Statistical Area L-1 (Newport Center). As the project is essentially ready for construction, the applicant is requesting a five-year term for the agreement pursuant to Section 15.45.070 (Amendment/ Cancellation). The DA provides vested rights to develop the project subject to the term. The City negotiated a public benefit fee of \$14 per square foot of commercial construction granted by the GPA for a total of \$37,954. The fee is based on past public benefit fees for similar non-residential projects and is adjusted to 2023 numbers pursuant to the Consumer Price Index.

In addition to the five-year term, the DA specifies the permitted uses and maximum intensity consistent with the project. The DA includes all mandatory elements, including public benefits that are appropriate to support conveying the vested development rights consistent with the City's General Plan, NBMC, and Government Code Sections 65864 *et seq.*

Planning Commission Review and Recommendation

On December 21, 2023, the Planning Commission held a public hearing to consider the proposed project and adopted Resolution No. PC2023-045 recommending approval of the project to the City Council. The resolution and staff report to the Planning Commission are included as Attachments I and J, respectively.

During the public hearing, one member of the public, Jim Mosher, questioned if adding additional sites for medical office is compatible with the original intent of the PC-17 Development Plan and disagreed with the Charter Section 423 analysis, citing concerns with the past evaluation of the Newport Beach Tennis and Pickleball Club. The draft meeting minutes are available as Attachment K.

FISCAL IMPACT:

Approval of this item allows for the Applicant to construct a new medical office tenant space as part of the existing office development. The request for 2,711 square feet of additional floor area triggers the need for a development agreement where the Applicant will pay the City a public benefit fee in the amount of \$37,954 (\$14 per square foot). This benefit fee is in addition to any required building permit fees, development impact fees, and reimbursement to the City for all costs associated with reviewing the application. The new tenant space will be occupied by a business that will provide business license tax revenue to the City.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this project exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to Section 15303, Class 3 (New Construction or Conversions of Small Structures) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because the Class 3 exemption includes the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The exemption also includes additions of up to 10,000 square feet to an office within an urbanized area on sites zoned for such use if not using a significant amount of hazardous substances, all necessary public services are available, and the surrounding area is not environmentally sensitive. The project involves the conversion of subterranean parking, in an urbanized area, resulting in an addition of 5,081 square feet of office floor space, which is consistent with the Class 3 exemption.

The exceptions to this categorical exemption under Section 15300.2 of the CEQA Guidelines are not applicable. The project location does not impact an environmental resource of hazardous or critical concern, does not result in cumulative impacts, does not have a significant effect on the environment due to unusual circumstances, does not damage scenic resources within a state scenic highway, is not a hazardous waste site, and is not identified as a historical resource.

NOTICING:

Notice of this hearing was published in the Daily Pilot, mailed to all owners of property within 300 feet of the boundaries of the site (excluding intervening rights-of-way and waterways) including the applicant, and posted on the subject property at least 10 days before the scheduled meeting, consistent with the provisions of the Municipal Code. Additionally, the item appeared on the agenda for this meeting, which was posted at City Hall and on the city website.

ATTACHMENTS:

- Attachment A – Ordinance No. 2024-2 (Planned Community Development Plan Amendment)
- Attachment B – Ordinance No. 2024-3 (Development Agreement)
- Attachment C – Resolution No.2024-6 (General Plan Amendment)
- Attachment D – Resolution No.2024-7 (Conditional Use Permit)
- Attachment E – Project Plans
- Attachment F – Anomaly No. 34 of Table LU2
- Attachment G – Redline/Strikeout version of the amended Planned Community Development Plan
- Attachment H – Parking Study, prepared by RK Engineering Group, Inc.
- Attachment I – Planning Commission Resolution No. PC2023-045
- Attachment J – Planning Commission Staff Report, Dated December 21, 2023 (without attachments)
- Attachment K – Draft Planning Commission Minute Excerpt, Dated December 21, 2023