

DATE: January 22, 2024

Agenda Item8

TO: Honorable Mayor and Members of the City Council through City Manager FROM: Heather Hines, Special Projects Manager

Brian Oh, Community Development Director Eric Danly, City Attorney

SUBJECT: Receive a Presentation and Provide Feedback and Direction Regarding Development of a Measure to Extend Petaluma’s Urban Growth Boundary to be Placed on the November 2024 Ballot for Voter Approval

# RECOMMENDATION

It is recommended that the City Council 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. Tonight’s item is not an action item.

Based on Council feedback and direction, staff will prepare the necessary ballot language, general plan amendment, associated environmental review, and noticing to bring the item to the Planning Commission for recommendation and to the City Council for adoption ahead of submittal to Sonoma County for inclusion on the November 2024 ballot. ￼

# 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 spawl 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 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 (Attachment 1). 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 also adopted verbatim into 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, including:

* 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 1 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 on December 31, 2025, unless extended by the voters. Initially staff anticipated that any such UGB extension would occur concurrently with the adoption of the General Plan Update. However, given the protracted time frame for the General Plan Update along with other changed conditions, staff is recommending that the City Council place a measure on the November 2024 ballot to extend the UGB as discussed in greater detail below.

*Ballot Measure Timeline*

The deadline for local jurisdiction to submit measures to the County to be placed on the November 2024 ballot is August 9, 2024. All local approvals for the measure itself and the associated General Plan Amendment must be completed prior to the August 9th deadline. Additionally, there are specific public noticing requirements unique to city-initiated ballot measures that the city must satisfy.

The timeline below provides an estimated timeline working backwards from the November 5th election date and including required public noticing. This timeline assumes development of an Initial Study/Negative Declaration (IS/MND), however this may not be necessary depending on the overall scope of the proposed ballot measure.

January 22, 2024 CC Study Session

May 17, 2024 Publish IS/ND (if necessary)

June 11, 2024 PC hearing

July 15, 2024 CC hearing

August 9, 2024 Deadline for government bodies to submit measure to the County August 14, 2024 Deadline to amend ballot measure

August 16, 2024 Deadline for Arguments

August 16, 2023 Deadline for impartial analysis

August 23, 2024 Deadline for Rebuttal (if opposing arguments are filed) November 5, 2024 Election Day

*Ballot Measure Costs*

As discussed in greater detail in the Financial Impacts section of this report, the costs associated with placing a measure on the ballot for voter approval vary significantly depending on whether the ballot is placed on a regular election or a special election. Looking at the November 2024 election is anticipated to be significantly less expensive than for a special election in 2025.

# DISCUSSION

Based on timing and budget considerations it seems most prudent for the City to request voter approval of the UGB on the November election. The objectives of the initial UGB ballot still remain important initiatives to the community and the UGB has been a successful means to contain growth since its adoption in 1998.

After consideration of a range of other factors, including the status of the General Plan Update, initiation of construction of the Petaluma North Station, and recent award of grant funds to develop a specific plan for the station area around the Petaluma North Station, the expansion area located at the intersection of Corona Road and the SMART rail seems the most likely for possible annexation in the near future. All of these factors, as discussed in greater detail below, have shaped staff’s consideration and recommendation that the City Council direct staff to prepare a measure for the November 2024 ballot to extend the UGB, including the following specifics:

* **No change to the existing UGB boundaries or expansion areas**
* **Extend the expiration of the UGB to 2050**
* **Modify General Plan Policy 1-P-32, Exception III to allow expansion of an approximately ½ mile radius from a rail transit station for Transit Oriented Development**

*General Plan Update*

Although originally anticipated to sync with the timing of the General Plan Update (GPU), staff is recommending proceeding with extension of the UGB ahead of the adoption of the GPU. The GPU timeline is anticipated to result in adoption hearings in summer of 2025, which does not sync with the general election in November 2024, or comfortably leave adequate time to prepare for a special election in 2025.

While the GPU timeline has extended from originally anticipated, there have been significant milestones through the process, including certification of Petaluma’s 6th cycle housing element, release of a public review draft of the Blueprint for Climate Neutrality, and preparation and presentation of updated flood and sea level rise modeling.

During the visioning stage of the GPU, staff sought input regarding potential UGB expansion areas as part of community engagement as well as discussion with the GPAC. Both members of the GPAC and community members indicated potential support for a UGB expansion at the corner of Corona Road and the SMART tracks to facilitate transit-oriented development in proximity to the Petaluma North Station. There was minimal interest in exploring the UGB expansion at Frates and Lakeville and no public support for the other two UGB expansion areas.

Based on this input from both the GPAC and interested community members staff’s recommendation is to keep the existing UGB boundaries but with focus on potential for annexation of the area at Corona Road and the SMART tracks as part of a focused planning effort for the new station area around the Petaluma North Station.

*Regional Housing Needs Allocation*

Petaluma’s 6th cycle Housing Element demonstrated the capacity to accommodate it’s 1,910 unit Regional Housing Needs Allocation within the city limits. As required by the State Department

of Housing and Community Development (HCD), no opportunity sites outside existing city limits can be included in a jurisdiction’s Housing Sites Inventory unless there is an active application for annexation. Therefore, Petaluma demonstrated capacity to fully accommodate the 6th cycle Regional Housing Needs Allocation within existing city limits without need for future annexation or UGB expansion. Therefore, the ability to meet Petaluma’s housing needs during the next eight years is not dependent on any annexation into the city.

*Priority Development Area*

A Priority Development Area (PDA) is an infill area in proximity to existing transit infrastructure optimal to bring together transit, jobs, and housing as part of Metropolitan Transportation Commission’s regional growth framework. Petaluma has two designated PDAs, one each around each of the SMART stations. The Corona PDA was more recently adopted in anticipation of the build out of the Petaluma North Station and was structured to both focus around the station but also to extend south on McDowell to Washington to provide connection to the dog ear of the Downtown PDA which extends eastern along Washington from the downtown SMART station to McDowell.

The designation of the PDA highlighted the potential for transit-oriented development (TOD) in the area around the Petaluma North Station, including the UGB expansion area at Corona Road and the SMART tracks. PDA designation also facilitated funding opportunities for the City as discussed in greater detail below. The intent of the PDA and the realization of the Petaluma North Station highlight the importance of the Corona UGB expansion area as a vital part of the evolution of this area of Petaluma. These are key factors that have played into the positive public sentiment about the appropriateness of this potential expansion area when the community considers its vision for the future.

*Petaluma North Station*

Petaluma has planned for the Corona SMART station long before the 2017 opening of SMART service and including the designation of a rail station on the Land Use Map (Figure 1-1) in the City’s General Plan 2025. In November 2023 there was a ground-breaking event on site to celebrate the initiation of construction activities for the creation of the Petaluma North Station and construction on the station platform is anticipated to being in the second half of January 2024. Construction is anticipated to be completed in late 2024.

Realization of the Petaluma North Station is a key component to creating a TOD hub in the surrounding area. With construction of the station initiated the future vision and growth of the area around the station is particularly timely. Annexation of the area at the northwest intersection of Corona Rd and railroad is anticipated to be an essential aspect of creating a true TOD around the station. Consistent with expansion area shown on original ballot measure approving the UGB in 1998, this area has long been identified as a potential change to the UGB and currently appears to be the timeliest and supportable expansion possibility.

*Specific Plan Grant Funding*

In 2023 the City was awarded approximately $1.15 million in grant funding from 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 TOD 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”. For this reason, staff is recommending that the expansion not be included as part of the 2024 ballot measure and allowing the existing UGB expansion area at the intersection of Corona Road and the railroad be considered concurrent with the adoption of the associated specific plan.

*Existing Exceptions in General Plan*

The four expansion areas identified in the original UGB ballot approved by the voters correspond to language in the ballot and adopted in the General Plan for four exceptions (Attachment 1). The four exceptions provide specific parameters that the City Council is able to consider expansion of the UGB. Generally, the four exceptions allow for consideration for the provision of affordable housing, to remedy any constitutional taking as a result of the UGB boundaries, TOD or employment growth, and agricultural support uses. Under each exception there are specific findings and in some cases limits on the amount of land that can be annexed.

Consistent with the discussion above, Staff is recommending that the City Council consider modifications to Exception III which 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 3 and 4, 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. Staff is recommending a surgical modification to Exception III to change the maximum 1,500 foot radius to an approximately 1/2 mile (2,640 foot) radius that applies specifically to the expansion area located at Corona and the SMART tracks.￼

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.

*Existing General Plan Densities*

Under the City’s current General Plan the highest density allowed outside of the downtown SmartCode is the Mixed Use Land Designation which caps density at 30 dwelling units per acre. Thirty units per acre may not be adequate to facilitate the intensity of TOD development that the community would like to see as this area develops. Consideration of including expansion of the UGB at Corona Road and the SMART tracks as part of the ballot measure seemed premature if the City does not currently have the density ranges needed to allow the intensity of development desired.

Also of consideration, the MTC grant funding as discussed above requires a minimum density of 25 units per acre as part of their Transit Oriented Communities policy. Petaluma will need to

ensure that appropriate provisions are in place to ensure that minimum density for the UGB expansion area if desired to be part of the planning for the station area.

*Existing Expansion Areas*

As previously referenced and as shown in Figure 1 above, the UGB includes four expansion areas. No changes are proposed to the expansion areas as staff is recommending. The expansion areas along with the exceptions as outlined in the General Plan are proposed to be carried forward into the General Plan Update with the exception of the proposed change to Exception III to allow for a larger radius from the Petaluma North Station to be considered for TOD development.

The City has been approached by the property owners of the UGB expansion area at Frates and Lakeville. Because no changes are proposed to the expansion areas as they currently exist, the ability for the City Council to consider a UGB expansion in this area and consistent with the existing Exceptions as outlined in the ballot and carried forward in the General Plan will still exist.

*Expiration Timeline*

When the UGB was initially approved by the voters the expiration was 30 years (1998 to 2018). The UGB was extended by the voters in 2010, ahead of the 2018 expiration, in order to correspond with the 2025 build out of the General Plan that had recently been adopted in 2008. In keeping with this approach, staff is recommending consideration of an extension of the UGB to 2050 to 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.

# PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on January 8 which was a publicly-noticed meeting.

Discussion of the UGB expiration has been attracting attention among the community in an effort to ensure that the UGB is not allowed to expire.

Staff has met with representatives of the Greenbelt Alliance to discuss the City’s approach and anticipated timeline and to collaborate on public outreach efforts. The Greenbelt Alliance indicated general support of the recommendation outlined in the staff report and staff anticipates ongoing communication with Greenbelt Alliance through the ballot process.

Most recently, property owners of the UGB expansion area located at Frates and Lakeville inquired with staff about potential annexation. As recommended by staff, the expansion areas and exceptions that are currently would remain and provide ongoing flexibility for consideration of targeted UGB expansion in the future hand in hand with a proposed project.

# COUNCIL GOAL ALIGNMENT

Extension of the UGB is aligned with the City Council’s goal to preserve and protect Petaluma’s environment for future generations and become a municipal leader in sustainability by protecting

our river and open space; reducing and drawing down greenhouse gas emissions; and encouraging sustainable development.

# CLIMATE ACTION/SUSTAINABILITY EFFORTS

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.

# ENVIRONMENTAL REVIEW

The item before the City Council is not an action item and therefore is not a project under the California Environmental Quality Act.

When the item is brought back for City Council action to place the measure on the ballot, including a General Plan amendment that would automatically go into effect with voter approval of the ballot measure, the item will be an action item and therefore a project under CEQA which will require applicable environmental analysis consistent with CEQA Guidelines. The extent of the analysis is largely dependent on the scope of the final ballot measure.

Staff’s recommendation as outlined above is extremely limited in scope and therefore anticipated to result in findings of a CEQA exemption when the item is brought back to City Council for action. Feedback and direction from the City Council to significantly alter the scope of the ballot measure, may require additional environmental review which could significantly modify the project timeline.

# FINANCIAL IMPACTS

The cost of placing a measure on the November 2024 ballot is estimated to be between approximately $68,105 and $113,508. This estimate does not include staff resources.

The anticipated costs from placing the measure on the regular election in November 2024 is significantly less than if the item is placed on a stand-alone special election in 2025 which would cost approximately $135,000 to $405,000. Again, this estimate is for charges to place the item on the ballot and does not include city resources to prepare the materials.

# ALTERNATIVES

Staff considered a variety of factors as outlined above in developing a recommendation for City Council discussion. There are significant timeline and budget consideration that staff identified as critical to align with in moving forward to the November 2024 ballot. Additionally, ensuring that any potential UGB expansion was part of a community planning process and considered current priorities such as the Petaluma North Station and the PDA grant funding was also foundational to developing staff’s recommendation.

Significant changes to the scope of the ballot may have unintended impacts to the level of environmental review, timeline, and budget. Staff is concerned with pushing the extension of the UGB to a special election in 2025 given the current 2025 expiration and may not leave adequate time to remain flexible to keep the UGB in place. Any alternatives that the Council may want to consider as part of the workshop discussion should carefully consider the potential impacts of such direction.

# ATTACHMENTS

1. General Plan Figure i-3
2. General Plan Goal and Policies re UGB
3. Corona Radius Exhibit
4. Corona Radius Exhibit