

STAFF REPORT

City Council Business Item

DATE: February 18, 2025

TO: Honorable Mayor and Council Members

FROM: Shari Meads, Community Development Director

THROUGH: Amy Nilsen, City Manager

SUBJECT: **Certify the Final Supplemental Environmental Impact Report, adopt General Plan Land Use Element amendments, the Mill District Specific Plan and Implementing Q-Qualified Zone and Design Guidelines**

STAFF RECOMMENDATION:

1. Adopt *Resolution 2025-03* - Certifying the Final Supplemental Environmental Impact Report prepared for Fortuna General Plan Land Use Element amendments, the Mill District Specific Plan and implementing Q-Qualified Zone and Design Guidelines, making the Findings of Fact and adopting a Statement of Overriding Considerations and adopting the Mitigation Monitoring and Reporting Program
2. Adopt *Resolution 2025-04* - Adopting General Plan Land Use Element Amendments, the Mill District Specific Plan, and Implementing Design Guidelines
3. Introduce and Conduct the First Reading of *Ordinance 2025-773* Amending Section 17.02.030 of the Municipal Code (Zoning Map) to Adopt the Mill District –Qualifying Zone to Implement the Mill District Specific Plan

EXECUTIVE SUMMARY:

Background

The Mill District is one of four Fortuna General Plan 2030 (General Plan) focus areas, along with Fortuna Boulevard, Downtown, the Riverwalk District, and Rohnerville. The General Plan Land Use Element includes policies and implementation measures relating to the City's land use objectives for these four focus areas.

Land Use Element Policy LU-13, Specific Plans, identifies the use of specific plans for large parcels. A specific plan is a land use planning document defined in California law that is adopted by a local jurisdiction to implement a particular vision for a limited area within the jurisdiction. These types of plans are generally used in areas intended for redevelopment and include goals, policies, and implementation strategies to guide public and private investment in a coordinated manner. A specific plan also establishes broad development standards that regulate the built form, riparian protections, building standards, parking requirements, landscaping, and other similar development criteria. General Plan Land Use Program LU-18 directs the City to prepare and adopt a Mill District Area Plan that includes provisions for phased development of the former Pacific Lumber Company (PALCO) site.

The Final Draft Mill District Specific Plan (MDSP) is attached to this staff report as Attachment A and available for download at [Final DRAFT Mill District Specific Plan \(MDSP\)](#). The proposed action to recommend adoption of the MDSP also includes amendments to General Plan Land Use Element policies to allow a range of industrial uses in the Mill District; to work with HCAOG to incorporate findings and recommendations related to the City's transportation system to reduce automobile dependency for local trips; to enable certain development within Mill District 100-year floodplain areas; expand protections for the riparian areas around Strongs and Mill creeks; and to replace commercial and industrial square foot caps with ongoing business district activity and condition monitoring programs. Horizontal and vertical mixed-use developments including residential development will remain allowable uses and are encouraged. The MDSP area land use plan will support, improve, and increase the City's economic, employment, tourism, and residential potential.

The MDSP is intended to:

- Leverage the Mill District location to transform the former mill site into an industrial, commercial, and mixed-use development center.
- Provide a balanced transportation network through a safe and convenient street system in the Mill District that supports commerce and facilitates multimodal transportation and provides direct public connections to the John Campbell Memorial Greenway / Strongs Creek Trail and the Great Redwood Trail.
- Protect the industrial character within the core of the Mill District in a manner compatible with existing and planned residential and commercial areas.
- Protect and enhance the Strongs and Mill Creek riparian areas.

After adoption by the Fortuna City Council, the MDSP will define how development will be permitted in the MDSP Area. The City's Zoning Regulations may require and govern additional development requirements. All future MDSP Area development projects will be evaluated for consistency with the policies, standards, and requirements of the MDSP and General Plan.

Proposed MDSP General Plan Amendments

Proposed Amendments to General Plan Land Use Element Policy. A series of changes to the Land Use Element are required to achieve the City's objectives for the MDSP. The recommended changes to Land Use Element Policy are contained in Exhibit A in *Resolution 2025-04*. Change areas include:

- Revisions to the Element narrative to remove reference to the Mill District Area Plan, which was never adopted as part of the General Plan.
- Add a policy to Goal LU-1 in the Citywide Growth and Development to direct the City to work with HCAOG to incorporate findings and recommendations related to the City's transportation system to reduce automobile dependency for local trips.
- Modifications to the Mill District (MD) Land Use Designation to allow a range of industrial uses that are well-integrated and compatible with the surrounding community.
- General modifications to Mill District Focus Area policy, broadening the description of the transportation network; expanding the discussion of compatible uses to minimize impacts from future development on existing and planned development in surrounding areas, and revising the Mill District Focus Area Program to reflect the specific plan process underway.
- To add policies to the Mill District Focus Area to encourage proposed developments within the MDSP Area and within a walkable 0.5-mile distance to the Mill District shall seek to

incorporate residential uses to complement proposed non-residential uses within the Mill District in order to achieve a more balanced land use mix within the City of Fortuna; to work with the Fortuna Mill Commerce Center property owner and applicant for development within the MDSP Area to implement a Class I trail through the Mill District as part of the Great Redwood Trail and/or Strongs Creek Trail in order to provide a continuous active transportation corridor between Fortuna Boulevard and Newburg Road / 12th Street; and to work with HCAOG to incorporate findings and recommendations of the ongoing Multimodal and Vibrant Neighborhood Planning Project, or other similar HCAOG planning efforts, to plan and implement projects to improve low stress connectivity of nonmotorized transportation modes between the Mill District site and the surrounding established neighborhoods.

- The Mill District Focus Area Policy LU-14.3 relating to open space is proposed to be significantly changed to allow appropriate development within portions of the Mill District 100-year floodplain consistent with General Plan policy and zoning and building regulations relating to flood hazards.
- The Commercial and Industrial Development sections of the Land Use Element are proposed to be modified to replace square footage caps with a regular ongoing monitoring and reporting program as part of the annual report on the General Plan. The proposed monitoring and reporting program will maintain the original policy objective to prevent “urban decay” and will encourage transparency and engagement with City policymakers and interested parties.

Proposed Amendments to the General Plan Land Use Diagram. Apply the MD – Mill District Land Use Designation to all land within the MDSP area to facilitate development that is consistent with MDSP objectives and that aligns with Mill District Focus Area policy. The recommended changes to Land Use Map are specified in the resolution of adoption. Several adjacent areas were inadvertently planned MD – Mill District as part of the General Plan 2030. Adoption. These areas are proposed to be changed to the appropriate Land Use Designation, as follows: the portion of APN 202-021-004 planned MD – Mill District is proposed to be changed to Corridor Mixed Use (CMU) and Zoned Commercial Thoroughfare - Emergency Shelter like the remainder of the parcel and City-owned APN 202-021-012 containing wastewater facilities is proposed to be changed from Corridor Mixed Use (CMU) to Public (PUB) and Zoned Public Facility.

The General Plan Land Use Designation and Zone Classification would also be amended to apply Parks, Greenways, & Recreation (PRK) General Plan Land Use and Public Facility (PF) Zone to the portion of APN 200-362-005 within the City of Fortuna (approximately 6.9 acres) to support the future acquisition of this property for park development.

Mill District Specific Plan Organization. The MDSP is divided into six chapters: Introduction; Vision; Land Use, Open Space & Design; Circulation, Infrastructure & Community Services; Infrastructure Financing; and Implementation and Relationship to Other Documents. The Specific Plan works in conjunction with the Fortuna General Plan 2030 which is the City of Fortuna’s overarching planning document and the City of Fortuna Zoning Regulations to provide development regulations and site-specific land use policies. The MDSP implements the City of Fortuna General Plan and serves as a tool to guide the orderly development of land.

The MDSP Land Use Program specifies an anticipated level of buildout, approximately 1,000,000 square feet of existing and proposed commercial and industrial buildings, based on a development concept provided by and within the anticipated Fortuna Mill Commerce Center, with the remaining 220,500 square feet occurring within other vacant or underutilized areas governed by the Mill

District General Plan Land Use Designation. MDSP implementation is anticipated to result in approximately 100 new housing units over three vacant or underutilized parcels which each average approximately one acre in area. It should be noted that the MDSP allows a broad range of single-use and mixed-use development, so the ultimate combination and type of development may be different than currently anticipated. In addition, the maximum theoretical MDSP area development potential (if all property were to be developed at its maximum allowable intensity, which is unlikely) is significantly greater than the anticipated buildout described above.

The MD land use designation allow a broad range of mixed uses. Market conditions will likely dictate the number and timing of residential units as well as commercial and industrial buildings that are ultimately developed. MDSP Policy LU-7 specifies that public infrastructure upgrades and extensions shall be timed to coincide with site development. This will require that the City Engineer ensure that utility systems and public infrastructure can accommodate proposed development. If the City Engineer determines in the future that MDSP buildout exceeds planned infrastructure and service capacity, an MDSP amendment may be required.

As noted above, General Plan Program LU-16 requires the MDSP to include design guidelines. All non-residential development will be subject to MDSP Design Guidelines and require discretionary review. The MDSP Design Guidelines will be incorporated into Section (c) Other Standards of a new Q Zone. The MDSP states that “(a)ll proposed industrial or commercial buildings shall undergo discretionary design review to demonstrate their conformance with the proposed MDSP Design Guidelines.” Residential development will be subject to the City’s existing objective development standards.

Chapter 4, Circulation, Infrastructure & Community Services identifies needed infrastructure and services for MDSP buildout. Chapter 5, Infrastructure Financing, establishes the policy framework for financing the required infrastructure improvements; specifies the infrastructure improvements to be constructed, reconstructed, or acquired in the development of the MDSP area and the associated cost; identifies the distribution of cost burdens to the different land uses in the MDSP are; identifies funding sources to pay for the infrastructure improvements and describes the intended programs that are available to pay for the infrastructure improvements.

The MDSP provides pathways for the City to achieve its goal of maximizing the development potential of all MDSP Area parcels. Circulation, emergency access, utility placement, and other infrastructure improvements are designed, located, and required to benefit existing and future residents and tenants of this key City area.

Chapter 6 of the MDSP, Implementation and Relationship to other Documents, specifies that the MDSP, its goals, policies and development standards, the zoning that implements the MDSP, and design guidelines must be consistent with the Fortuna General Plan, 2030. Other City plans, studies, and codes that will continue to guide the design and development of each respective study area and include the City Fortuna Drainage Master Plan, 2005; John Campbell Memorial Greenway and Strongs Creek Trail Final Master Plan, 2014; and the U.S. 101 12th Street and Kenmar Road Interchange Roundabout Project Planning.

Q-Qualified Zone Implementing the MDSP

Fortuna Zoning Code Section 17.04.090 allows the application of a Qualified combining zone (Q-zone) to any principal zone where modification of principally and conditionally permitted uses supports General Plan implementation so long as the qualified uses are specified in the ordinance applying the Q-zone.

MDSP areas that are exclusively zoned R-M will not receive the Q-zone overlay and the standards and regulations of each applicable zoning district will apply. A Q-zone will be applied to MDSP areas where the C-T/M-1 zones are applied together and will almost exclusively govern the principally and conditionally permitted uses as well as related development and performance standards and regulations including but not limited to building design, height, setbacks, residential density, Floor Area Ratio (FAR), parking, and landscaping. The MDSP Q-zone allows a broad range of principally and conditionally permitted uses under the categories of Retail Sales, Retail Services, Professional Services, Industrial, Lodging, Residential, Open Space and Parks, and Civic Uses. The MDSP Q-zone is Attachment B to the Mill District Specific Plan and attached to this staff report as Attachment F.

Compliance with Senate Bill 18 and Assembly Bill 52 Tribal Consultation.

On March 15, 2024, Pursuant to Senate Bill 18 and Assembly Bill 52, the City of Fortuna requested a Tribal Consultation List from the Native American Heritage Commission (NAHC). The NAHC provided the City with the list on March 19, 2024. On March 25, 2024, all Tribes included in the Tribal Consultation List were formally notified of the opportunity to request consultation for the purpose of preserving, or mitigating impacts, to Tribal cultural resources located within the project site.

On March 30, 2024, the City received a response from the Wiyot Tribe expressing satisfaction that the projects' activities do not appear to represent a source of significant impact(s) on Tribal cultural resources. The Wiyot Tribal Historic Preservation Officers (THPO) office requested government to government consultation if cultural resources appear during project work and that inadvertent archaeological discovery protocols apply for any ground-disturbing activities of the proposed project.

The City received a request for consultation from the Bear River Band of Rohnerville Rancheria (BRBRR) on April 15, 2024. City staff including the City Manager and Community Development Director met with BRBRR THPO at City Hall on April 22, 2024, and at the project site on April 30, 2024. BRBRR THPO requested inadvertent archeological discovery protocols including increasing the stop work buffer around potential Tribal cultural resource discovery to 100 feet and to receive all MDSP documents.”

An archeological survey was prepared for the undeveloped portion of the MDSP area by the Archaeological Research and Supply Company (ARCS) in December 2023, in consultation with the Bear River Band of Rohnerville Rancheria and the Wiyot Tribe.

Compliance with the California Environmental Quality Act

The MDSP is intended to implement the Fortuna General Plan 2030 Land Use Element Mill District Focus Area policies. The City of Fortuna General Plan Update Final Environmental Impact Report (State Clearinghouse # 2007062106), hereafter referred to as the “previous FEIR,” was prepared for the adoption of the General Plan and is a Programmatic EIR intended to serve various purposes including to streamline environmental review for subsequent projects that implement the proposed plan (e.g., specific plans, individual projects), such as the MDSP. Supplemental environmental review is a method of CEQA analysis where only minor additions or changes in a previously certified EIR can be made so that the previous FEIR can be used in the decision-making process to approve proposed revisions to a Project. As such, a Draft Supplemental Environmental Impact Report (SEIR) was been prepared in accordance with California Environmental Quality

Act (CEQA) and the CEQA Guidelines to evaluate the potential environmental impacts associated with the amendments to the Fortuna General Plan Land Use Element and Land Use Map, the adoption and implementation of the MDSP and the Riverwalk District land use change area. The draft SEIR is available on the City's website here: www.friendlyfortuna.com/SEIR

Two letters were received during the Supplemental EIR public comment period, one from the Great Redwood Trail Authority (GRTA) and another from Blum, Collins & Ho LLP, a law firm, on behalf of Golden State Environmental Justice Alliance (GSEJA). The comments from the GRTA generally recommended changes to the MDSP relating to Great Redwood Trail planning, design, and construction. The comment letter from GSEJA contained extensive comments, one stating that the "supplemental" EIR is inadequate and that a "project" EIR must be prepared. Additionally, the GSEJA comment suggests that the theoretical maximum development capacity of the Mill District should serve as the basis for the analysis of environmental impacts rather than the assumed level of full development, which considers historical trends and current market conditions. GSEJA further claims that potential air quality impacts are not addressed correctly in the previous General Plan EIR or adequately addressed in the MDSP supplemental EIR.

Staff reviewed the comments in detail and has prepared a Final SEIR (Attachment B) that includes copies of the comment letters and provides responses to all substantive comments. The Final SEIR must be available on the City's website at least ten days before City Council action. The GRTA comments prompted modifications to the proposed MDSP narrative, policies, and performance measures to fully characterize the GRT and how the City intends to coordinate with the GRTA on its implementation.

In response to GSEJA comments, the analysis of potential air quality impacts from uses allowed by the MDSP has been removed from Supplemental EIR Chapter 4, Impacts Found to have no Substantial Change from Previous Analysis, and added to Chapter 3, Issues Requiring Changes to Prior EIR, as Section 3.5.2, Air Quality, in section 3.5, Public Health and Safety. The new analysis clarifies and amplifies the previous General Plan EIR air quality impact analyses, adds details about whether or how the General Plan changes or MDSP adoption could change the impacts that were previously identified, and conservatively concludes that with the implementation of new mitigations measures that refine and amplify the policies in the General Plan and proactively implement state law, the potential impacts of MDSP adoption do not exceed those identified as part of the previous General Plan EIR.

Prior to adopting the amendments to the General Plan, the Mill District Specific Plan and zoning, including the implementing Q, Qualified Zone, and Design Guidelines, your Council must certify, in accordance with Section 15090 of the CEQA Guidelines, that the Final SEIR has been completed in compliance with CEQA and reflects the City's independent judgment and analysis, and that the Final SEIR, Attachment B, was presented to your Council and that your Council reviewed and considered the information contained in the Final SEIR prior to approving the project. Your Council must also make the required findings pursuant to Section 15091 of the CEQA Guidelines with respect to each of the significant environmental effects identified in the Final SEIR; adopt the mitigation measures in the EIR, adopt a Mitigation Monitoring and Reporting Program; and adopt a Statement of Overriding Considerations (Attachment C) explaining why the project may be approved even though it will have significant unavoidable impacts. Staff will file a notice of CEQA determination with the Humboldt County Clerk and the Governor's Office of Land Use and Climate Innovation within five working days of Council action.

PLANNING COMMISSION ACTION:

On September 24, 2024, the Planning Commission by *Resolution P-2024-3118* (Attachment G) unanimously, with Commissioners Burke and Mobley absent, recommended City Council approval of the proposed General Plan amendments, the MDSP, Design Guidelines, and the MDSP Q-Qualified Zone. The City Council staff report for October 21, 2024, summarized the Planning Commission discussion and comments as well as the public comments provided during the hearing.

Modifications to the MDSP and Land Use Element Mill District Focus Area policies were prompted by the Draft SEIR comment letters. These modifications were presented to the Planning Commission for review and consideration on January 28, 2025, and the Planning Commission adopted *Resolution P-2025-3121* (Attachment G), a Resolution of the Planning Commission of the City of Fortuna, recommending City Council adoption of the Mill District Specific Plan and implementing Q-Qualified Zone and Design Guidelines as modified, and supplementing Planning Commission findings adopted by *Resolution P-2024-3118* on September 24, 2024.

RECOMMENDED COUNCIL ACTION:

1. Open the Public Hearing
2. Receive staff presentation and review Council questions with staff.
3. Open Public Comment
4. Close Public Comment;
5. Separate Motions taken one at a time to:
 - a. Adopt *Resolution 2025-03*, and read by title only. Roll Call Vote.
 - b. Adopt *Resolution 2025-04*, and read by title only. Roll Call Vote.
 - c. Conduct the Introduction and first reading of *Ordinance 2025-733*, read by title only, and continue the public hearing to March 3, 2025. Roll Call Vote.

ATTACHMENTS:

Attachment A: Mill District Specific Plan – Final Draft

Attachment B: Mill District Specific Plan Final Supplemental Environmental Impact Report

Attachment C: Mill District Specific Plan CEQA Findings of Fact and Statement of Overriding Consideration dated February 11, 2025

Attachment D: *Resolution 2025-03 A Resolution of the City Council of the City of Fortuna Certifying the Final Supplemental Environmental Impact Report Prepared for Fortuna General Plan Land Use Element Amendments, the Mill District Specific Plan and Implementing Q-Qualified Zone and Design Guidelines, Making the Findings of Fact and Adopting a Statement of Overriding Considerations and Adopting the Mitigation Monitoring and Reporting Program*

Attachment E: *Resolution 2025-04 A Resolution of the City Council of the City of Fortuna Adopting Fortuna General Plan Land Use Element Amendments, the Mill District Specific Plan and Implementing Design Guidelines*

Attachment F: *Ordinance 2025-773 An Ordinance of the City Council of the City of Fortuna Amending Section 17.02.030 of the Municipal Code (Zoning Map) to Adopt the Mill District Q-Qualifying Zone to Implement the Mill District Specific Plan*

Attachment G: Planning Commission *Resolution P-2024-3118* and *Resolution P-2025-3121*