



MEMO

To: Bill King, Principal Planner
CITY OF MERCED

From: Pam Johns

Cc: Jennifer Venema, Tammy Seale, Jeanine Cavalli, Nora De Cuir

Date: March 20, 2015

Re: Merced Programmatic CAP Focus Group Meeting, March 12, 2015

The purpose of this memo is to summarize the fourth Focus Group meeting, held on March 12, 2015. The PMC team facilitated the meeting for the City's Programmatic Climate Action Plan project.

The City of Merced Programmatic Climate Action Plan (PCAP) project implements the City's Climate Action Plan (CAP), adopted by the City Council in 2012. The project's goal is to provide tools to support and implement the CAP. Key objectives include achieving the City's adopted greenhouse gas (GHG) emissions reduction targets while streamlining and simplifying the review of new development. The project will result in: 1) an action plan; 2) tools to track and analyze urban growth, the cost benefit of strategies, and emission reductions; and, 3) design guidance.

FOCUS GROUP

The Focus Group for the PCAP project is an ad hoc committee of key stakeholders representing different organizations and interests in the community. Members of the Focus Group include representatives from businesses, the local green industry, the Greater Merced Chamber of Commerce, and community groups, along with representatives from the Planning Commission, City Council, and City departments. The Focus Group convenes on a regular basis to offer recommendations and feedback to City staff and decision-makers during the development of project materials. The Focus Group has reviewed draft GHG reduction strategies and implementation tools.

FOCUS GROUP MEETING #4

The fourth Focus Group meeting was held from 1:30 to 3:30 p.m. in the Sam Pipes Room in the Merced Civic Center. In attendance were eight members of the Focus Group, eight members of the public, and City staff. The purpose was to review the Development Code Index and discuss preliminary materials for the Unified Design Manual.

MEETING APPROACH

City and PMC staff presented information to the Focus Group and facilitated a discussion with Focus Group members. The following issues were addressed:

- **Project Overview**

City staff summarized the PCAP project status, reminding the Focus Group and community members about why we are doing this (CEQA requirements) and where we're at in the process (finalizing the implementation tools that will collectively come back to the Focus Group for review and recommendation in August and the fall of this year, respectively).

City staff also explained that we collectively discovered that the Development Code Amendments were really not necessary to fulfill permit streamlining. As such, we've modified the approach relative to that deliverable to include analysis of existing and draft City codes and to provide a list of potential amendments (referred to as the "Development Code Index") that the City could consider in the future if directed by the City Council.

Finally, City staff reviewed topics from the last Focus Group meeting on emissions forecasts, reduction targets for GHG, and the performance-based approach recommended by PMC.

- **Regulations and CAP Strategies**

City staff summarized the relationship between the City's regulations and the CAP strategies. In response to a written communication from the mayor, City staff also presented some background information about the growth projections and how the monitoring tools will work in practice.

- **Development Code Index**

PMC staff described the two-tiered analysis to create the Development Code Index. Initially, PMC considered all potential development and design topics that could address the 2012 CAP strategies. Select topics were then discussed with the Focus Group to understand the preferred approach to subsequent deliverables (requirements/mandates, optional provisions, or incentives) using a live polling exercise. The majority of the Focus Group preferred an incentive-based approach. From there, PMC completed analysis associated with reduction measures and evaluated the range of activities and tools that could be utilized to demonstrate compliance for streamlining purposes. In that context, PMC looked at potential code amendments that could support the reduction measures, along with other co-benefits. Recommendations in the Development Code Index summarize additional amendments that could be considered beyond what the City has in the current and draft Zoning Codes.

The Focus Group discussed the index and how that resource relates to the streamlining option and other tools. A more detailed summary of the discussion is provided below.

- **Unified Design Manual**

PMC staff presented the preliminary materials for the Unified Design Manual including the Table of Contents, the Introduction Chapter, and the Sample Chapter (Solar) and solicited input/feedback prior to next steps. A summary of the Focus Group discussion is provided below.

- **Questions and Wrap-Up**

Staff presented the next steps for the PCAP project and tentative timelines for Focus Group review of complete set of deliverables (Programmatic Climate Action Plan, Unified Design Manual and Development Code Index) in August and the fall of this year for recommendation to the City Council. PMC staff also identified that there may be the potential to provide an interim deliverable of the PCAP checklist in advance of the August meeting.

DISCUSSION

As part of the Focus Group meeting, committee members were asked to provide feedback regarding the Development Code Index and the Unified Design Manual so that PMC can proceed with the completion of those deliverables for the next Focus Group meeting in August. A summary of the discussions and feedback is provided below.

Development Code Index

Focus Group members asked the following questions and provided the following input relative to the draft Development Code Index.

1. How will this tool work to implement the PCAP? City and PMC staff responded that the recommendations for future code amendments are not necessary to implement the PCAP. If supported by the City Council and incorporated into City codes, they will provide additional benefits and could be incorporated into the PCAP checklist, but they are not necessary to demonstrate compliance/qualify for streamlining.
2. How will these measures (recommended future code amendments) get implemented? City staff explained that the draft Development Code Index will go forward for recommendation by the Focus Group and ultimately for action by the City Council. The City Council could direct that some or all of those recommendations be drafted as code amendments for consideration, could defer that work, or could decide not to do anything at this time. The streamlining option will exist without any additional code amendments.
3. Will the permitting process still be the same? City staff responded that the permitting process will be the same.
4. If the Development Code Index does not get adopted, what does it mean? City and PMC staff responded that the flexibility or options identified could not be taken advantage of. Examples of potential amendments discussed with the Focus Group included:
 - a. Potential to change development standards to allow bike racks to be placed within the required landscape areas.
 - b. Potential to allow ZIP car parking spaces or electric vehicle charging stations in required vehicle parking spaces in parking lots and/or on city streets.

If the standards are not amended, those options would not be allowed under the current and draft zoning regulations. However, the options do not prevent someone from qualifying for streamlining. A few Focus Group members identified that they would like to see some of those options available.

5. Will there be any mechanism for retrofitting existing development or will all of the efforts focus on new development and infill development? City and PMC staff responded that the checklist will address retrofits.

6. Will there be ways to incentivize the infill? City staff explained the grant funding options. A few Focus Group members suggested that the funding sources and information be made readily available to folks who could qualify for funding.

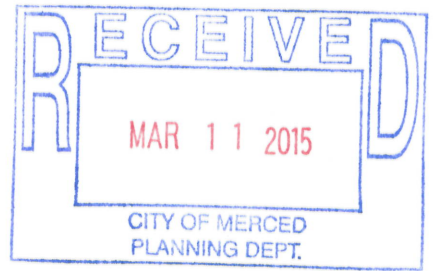
Unified Design Manual

Focus Group members provided the following input relative to the draft Unified Design Manual (UDM).

1. In reviewing the UDM, it's not clear exactly what is required and what is an option. City and PMC staff explained that we can clarify the differences in the document moving forward.
2. Suggest that we include specific references to the related zoning regulations. PMC staff suggested that this could be done with an appendix listing so that as those reference numbers change over time, the UDM would not be out of date.
3. Suggest that we not skimp on the design images. For example, draft language in the solar chapter regarding openings in the buildings could be supported with one or more graphics showing how that is done with best practices. Additionally, we can include graphics showing the successful siting of trees relative to solar panels.
4. Should make sure that the Zoning Code and/or PCAP checklist provide specific references to the UDM as appropriate to be user friendly.

Other Miscellaneous

1. PCAP checklist. The Focus Group is really anxious to see this document and how it will connect all the deliverables. PMC staff identified that there may be the potential to provide an interim deliverable of the PCAP checklist in advance of the next meeting so that the Focus Group can start making those connections.
2. Response to the March 11, 2015, letter from Mayor Stan Thurston (Attachment 1). City staff presented some background information about the growth projections and how the monitoring tools will work in practice. . In response to the mayor's written correspondence and Staff presentation regarding growth assumptions, several members of the Focus Group commented as follows:
 - a. While there is a need to monitor regularly, there is no need to change the forecast; it is reasonable. There is greater danger in setting goals too low than too high.
 - b. The PCAP does not result in mandates, so the costs noted are not an issue.
 - c. While the General Plan forecast exceeds existing growth rates, plans are living documents which enable rates to be monitored over time.
 - d. Setting goals through planning forecasts enables City goals to be achieved.
 - e. There is a danger in choosing which numbers one selects to apply to a plan. Shopping for numbers isn't a good approach. Tools will be in place to monitor as the plan moves forward.
 - f. It's important to coordinate documents with the General Plan. Inconsistencies create problems.



MERCED CLIMATE ACTION PLAN IMPLEMENTATION FOCUS GROUP

MEETING NO. 5,

March 12, 2015

To: Merced Climate Action Plan Implementation Focus Group and Staff

From: Stan Thurston

The purpose of this memorandum is to again highlight the inaccurate annual growth percentage contained in the Merced General Plan which is the basis of decisions to be made regarding reductions in GHG. The plans and ultimate implementation for reductions of GHGs will have a financial impact on current home owners, businesses, developers and future development.

The major issue at this point is the inaccurate growth numbers that are being used to drive all the GHG requirements in the future. The Technical Memorandum No. 3 dated November 6, 2014 submitted to the Group at the meeting states on Page 1, Results, second paragraph "If Merced did not experience any population or job growth, it would be capable of achieving its GHG reduction goal of approximately 497,370 MTco2e (metric tons of carbon dioxide equivalent) solely through state-level actions and existing local accomplishments." The report continues, "Annual population growth in Merced since 2008 has equaled approximately 0.6% per year, totaling 81,130 residents and an estimated 25,100 jobs in 2014. Even though historic growth has been slow, the City and MCAG forecast high rates of growth for the next five years. If the community is to meet its 2020 population projectors as forecasted by the Merced County Association of Governments (MCAG) and the City of Merced, annual population growth from 2014-2020 will have to increase to 4.3% per year. While this growth represents a sizable change since 2008, this scenario is consistent with growth forecasts in the adopted City of Merced General Plan. For consistency with General Plan buildout, the CAP relies on these Plan forecasts."

The growth forecasts from MCAG are not near 4.3% annual growth! In the MCAG Agenda for February 12, 2015 at Item 7 includes the regional Housing Needs Allocation Methodology (RHNA) discussion. Rather than the population of nearing 115,000 by 2020 as cited in the Merced General Plan (See page I-iii) the population projections used for the RHNA for the City of Merced is 98,500. The annual growth percentage in the MCAG projection is less than half that cited in the Merced General Plan. The MCAG projected is consistent with that found in the San Joaquin Valley Demographic Forecasts 2010 to 2015 dated March 27, 2012 prepared for the Fresno Council of Governments by The Planning Center of Santa Ana, CA. The estimate used in

the Merced General Plan citing MCAG and that contained in the Fresno report is inconsistent with these and all other published projections.

So why does this matter? The ultimate recommendations by the Merced Climate Action Implementation Focus Group will be based upon the projected growth percentages of the City. The higher the growth number the more challenging it becomes to meet the goals. Actions will be required by home owners, businesses and future developments to meet the GHG reductions as prescribed in the Plan thus the more challenging the goals the more costly it becomes to implement the mitigation measures. If in fill development or new development does not meet the goals the City would turn to current home owners and businesses to take measures to comply with requirements of GHG reduction goals. As an example of cost impact it is estimated the cost per house to retrofit to meet GHG goals would be \$15,000.00.

Because Merced has an incredible amount of residential in fill to deal with the opportunity for significant GHG reduction in new housing developments using land use planning, open space, connectivity, bicycle features, walking paths, etc.) additional efforts to meet the goals will be expected of those building in existing development sites (e.g. Bellevue Ranch, Moraga, etc.) and current home owners and businesses. At some point in the near future Merced may become less competitive to attract new business and for expansion of existing businesses.

As the Mayor of Merced I will press forward to have the Merced General Plan revised to reflect a realistic annual population growth that is consistent with all other published growth projections. The cost of revising the General Plan will be substantially less than the expected cost to the home owners and businesses in our City. It would be helpful if the consultant would show a comparison of the Merced General Plan growth rate of 4.3% and the MCAG percent of approximately 1.8% for a few measures. In the meantime perhaps a discussion should be held to possibly suspend this effort until the General Plan is revised. It seems irrational to continue to create a plan knowing the primary input for growth is in error. The resources to accomplish a revised Climate Action Implementation Plan in the future once the General Plan is revised may not be available. We should get this done correctly the first time.

Respectfully Submitted