



City of Paso Robles City Council Agenda Report

From: Susan DeCarli, City Planner

Subject: Approve a Reimbursement Agreement and Allocation of 97 Residential Units for the proposed "Gateway Project"
Annexation 16-001/Furlotti
Property located at the Northwest Corner of Highway 101/SR 46W

Date: June 20, 2017

Facts

1. The City and Quorum Realty Fund IV, LLC ("Applicant") previously submitted an annexation application for property located at the northwest corner of the Highway 101/SR 46W interchange in 2011 (adjacent to the City limits on South Vine Street). See Attachment 1, Project Location Map. However, that application was not finalized.
2. The City and Applicant entered into a Settlement Agreement in July 2016. The Settlement Agreement provides that the City will work cooperatively with the Applicant to process a new annexation application.
3. The annexation application (Annexation 16-001) has a modified project description from that contained in the original application. The exact project scope will be refined through the public review process. See Attachment 2, Conceptual Site Plan.

The project description (tentatively) includes:

- A reduction in the area proposed for annexation from 270 acres to approximately 170 acres;
 - two hotel resorts;
 - retail commercial and office uses;
 - 17 workforce mixed-use units;
 - 80 residences (which may also be used as short-term rentals);
 - open space area; and
 - agricultural land (vineyards).
4. The proposed project would require City "pre-zoning" of the property, a General Plan Amendment, and approval of the annexation by the Local Agency Formation Commission (LAFCO). Additional entitlements would also be necessary, including but not limited to, a Master Development Plan, Master Sign Program, and potentially other entitlements (e.g. Conditional Use Permit, Oak Tree Removals, etc.). There likely will also be a development agreement between the Applicant and City.
 5. A public participation process will be established to gather public input and feedback on the project scope, architectural and site design, and environmental issues. This process will include, but not be limited to: 1) a public workshop; 2) Planning Commission briefing; 3) EIR "Scoping" Meeting to get input on environmental issues to be analyzed; 4) LAFCO hearing(s); 5) Planning Commission hearing(s); and City Council hearing(s).
 6. To initiate processing this application, the Applicant has agreed to enter into a Reimbursement Agreement to pay for the City's costs associated with preparing and processing the necessary

entitlements and documents noted above, and an Environmental Impact Report (EIR). The draft Reimbursement Agreement is attached as Attachment 3.a.

7. A preliminary cost estimate has been prepared that estimates the costs to prepare and process the documents for this project at \$350,000. The draft cost estimate, with a breakdown of anticipated expenses, is provided as Attachment 3.b.
8. The Applicant has agreed to submit 50 percent of the estimated costs (to be deposited into a separate project account) of \$175,000 to cover anticipated start-up costs, with additional amounts deposited as needed upon the City's request.
9. City staff and the Applicant have met with LAFCO staff to initiate dialogue and obtain feedback on the review process, concurrence of project goals, and LAFCO requirements. Processing of the annexation and project applications is poised to move forward upon approval of the Reimbursement Agreement.
10. Since the draft project description includes consideration of up to 97 residential units, the City Council is requested to "reserve" 97 of the 117 unallocated surplus residential density units for this project. Should these units not be incorporated into the project, (as a result of the public participation process), they would remain unallocated and available for other development projects.

Options

1. a. Approve Resolution A approving the Reimbursement Agreement with Quorum Realty IV, LLC and
b. Approve Resolution B reserving 97 surplus density units for the proposed project and direct staff to organize a public participation process for the Paso Robles Gateway Project - Annexation 16-001.
2. Refer the Reimbursement Agreement and Request for reservation of 97 residential units back to staff for additional analysis, and continue consideration of these items to the City Council meeting on July 18, 2017.
3. Take no action.

Analysis and Conclusions

Pursuant to the Settlement Agreement, the City committed to processing revised land use entitlement applications and annexation of the subject property into the City. However, the annexation and the proposed development of the project are subject to the public review process, and there is no guaranteed outcome.

The Reimbursement Agreement would cover the City's costs of providing staff resources, hiring consultants to prepare the necessary environmental studies and other documents, and processing the application. The applicant has agreed to submit an initial deposit for 50 percent of the estimated costs to process this application, with additional funds deposits to be made when requested by City.

As noted above, the draft project description includes a request for consideration of 97 residential units (80 single-family residences and 17 mixed use units), with this project. Therefore, the Council is requested to reserve 97 of the 334 surplus residential units to be available for this project. This would result in 237 residential units available for other projects under build-out of the existing General Plan. If the project scope ultimately does not incorporate these units into the project, the balance of surplus units would remain at 334 units.

Surplus Density Unit Allocations:

Resolution 13-057 Surplus Density Units	594 units
San Antonio Winery general plan amendment	-4 units
Alder Creek general plan amendment	-16 units
<u>River Oaks II general plan amendment</u>	<u>-240 units</u>
Surplus Density Units available	334 units
<u>Paso Robles Gateway Project</u>	<u>-97 units</u>
Remaining Surplus Density Unit balance	237 units

Public participation and input in the Annexation and General Plan amendment process are important to build public understanding and support for the project. Public participation provides transparency in the land use process and improves the public's understanding and trust in governmental decision-making. Staff is recommending the a public participation process include - at minimum - a day-long project open house and a report to Planning Commission on the open house results.

City staff intends to process this application and manage all support materials and studies to pursue this application "in-house". Should it become too time-consuming to manage the project with in-house staff resources due to other staff resource commitments and workloads, the applicant has agreed that City may hire project management consultants, and that it will pay for such additional expenses that may be incurred in order to keep this project moving forward.

Option 1

Approval of the proposed Reimbursement Agreement would allow the City to uphold its commitment to pursue the annexation application as set forth in the Settlement Agreement. Additionally, reserving 97 surplus residential units for the revised project and direct staff to organize a public participation process would also be consistent with the Settlement Agreement.

Option 2

The City Council has the option to modify the Reimbursement Agreement or to modify the number of reserved residential units and bring it back for approval in the future.

Fiscal Impact

Implementation of the Reimbursement Agreement would be fiscally neutral as the Applicant would be paying for the City's costs of processing the Applicant's project application.

Recommendation

Approve (i) Resolution A approving the Reimbursement Agreement; and (ii) Resolution B reserving 97 Surplus Density Units and directing staff to organize a public participation process for the Paso Robles Gateway Project - Annexation 16-001

Attachments

1. Project Location Map
2. Conceptual Site Plan
3. Draft Resolution of Approval or Reimbursement Agreement
 - a. Draft Reimbursement Agreement
 - b. Draft Project Processing Cost Estimate
4. Draft Resolution Approving Reservation of 97 Residential Units

a. Draft Project Description

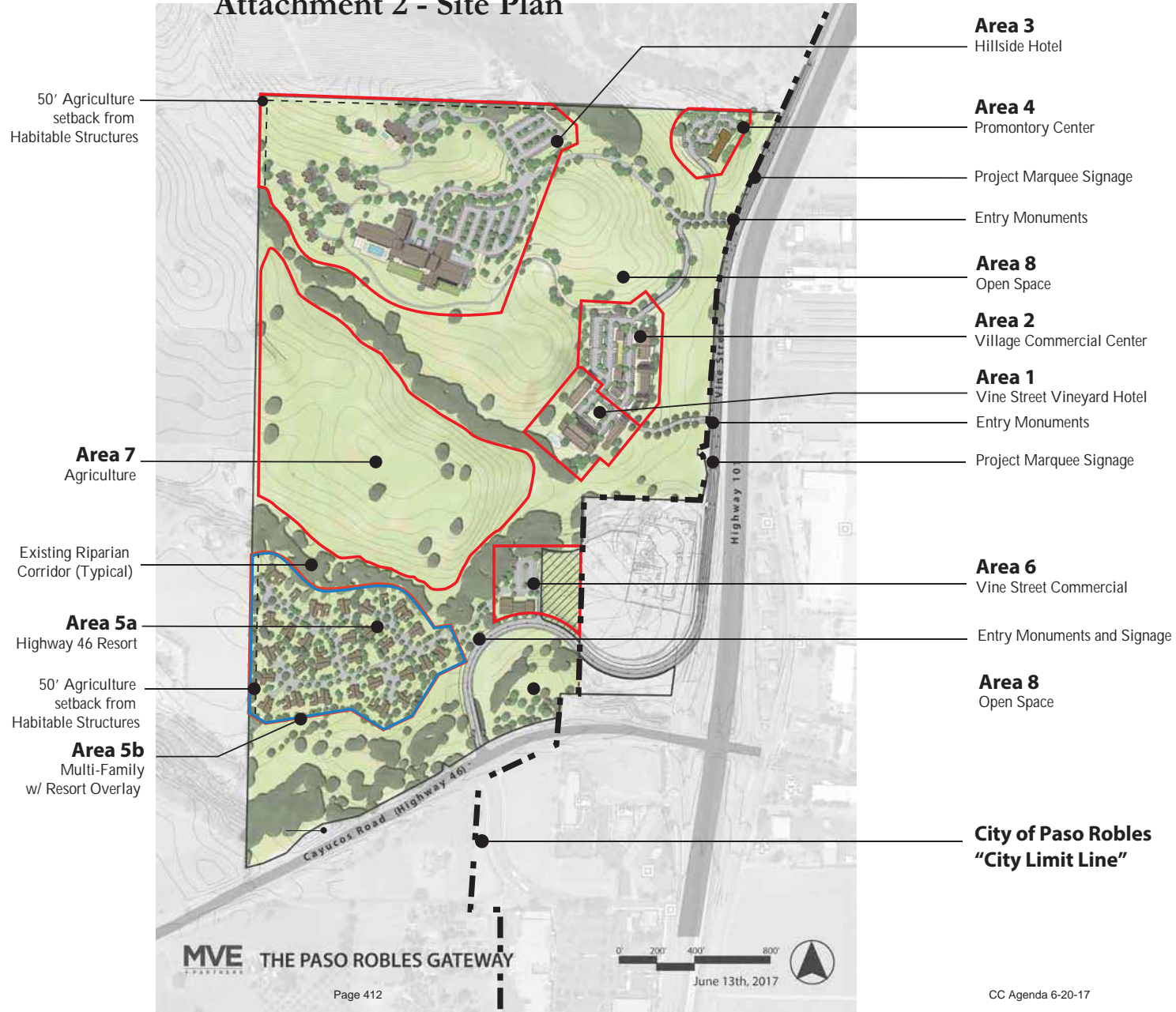
Attachment 1 Project Vicinity Map



Project Stats (Table 2-3)

Area #	Project Component and Land Use Designation	Project Description	Square Feet	Rooms	Dwelling Units	Area	Phase
1	Vineyard Hotel, Resort Lodging	4.5 acres, 76,000 square feet, 100 rooms, conference room and pool, 120 parking spaces.	76,000 sf	100 rooms	x	4.5 ac	Phase 1 and Phase 2
2	Village Commercial Center, Commercial	5.5 acres, 42,000 square feet including: 20,000 square feet of retail area, 2 restaurants, 5,000 square feet, office area, 17 workforce residential units in conjunction with retail uses and 150 parking spaces.	42,000 sf	x	17 du's	5.5 ac	Phase 1 and Phase 2
3	Hillside Hotel, Resort Lodging	34 acres, 200,000 square feet, up to 225 rooms, 5,000 square feet of restaurants, 7,000 square foot spa, up to 20,000 square feet of ballroom and conference space, and total parking of 380 spaces.	200,000 sf	225 rooms	x	34 ac	Phase 1 and Phase 2
4	Promontory Commercial Center, Commercial	2.0 acres, 16,000 square feet commercial and office uses, 73 parking spaces.	16,000 sf	x	x	2.0 ac	Phase 1 and Phase 2
5a	Alternative A Highway 46 Resort, Resort Lodging	18 acres, 135,000 square feet, 100 rooms including: 60,000 square foot lodge, 2,500 square foot ballroom, 2,300 square foot conference room, 6,000 square foot spa, 1 restaurant, outdoor event area, pool, poolside cabana, 186 parking spaces.	135,000 sf	100 rooms	x	18 ac	Phase 3
5b	Alternative B Resort Community Multi-Family with a Resort Overlay	A maximum of 80 residences that may be used as single family residences, vacation rentals, and/or guest accommodations for the Resorts longer stays. This alternative may include a variety of floor plans for the residences. The residences will be on subdivided lots and available for individual ownership. The individual owners will have the option to individually occupy the units long or short term and enter the homes into a rental pool for the resort.		x	80 du's	18 ac	Phase 3
6	Vine Street Commercial, Commercial	5.4 acres, 22,000 square feet commercial and office uses with 66 parking spaces	22,000 sf	x	x	5.4 ac	Phase 3
7	Agriculture	29 Acres, vineyards, orchards, this area will remain in agriculture, agriculture production.		x	x	29 ac	Phase 1
8	Open Space	Undeveloped open space areas, roads and infrastructure (water, sewer, utilities, etc.) to serve proposed development, project signage, drainage basins and other drainage improvements, buffers, landscaping, passive recreation, agriculture, water storage or recharge, retaining walls.		x	x	70 ac	Phase 1-3
8	Road rights-of-way	Vine Street alignment right-of-way dedication and financing of construction as required by Section Agreement		x	x	1.94 ac	Phase 1-3
Total Alternative A			464,000 sf	425 rooms	17 du's	170 ac	
Total Alternative B			399,000 sf	325 rooms	97 du's	170 ac	

Attachment 2 - Site Plan



Attachment 3

Draft Resolution A

CITY COUNCIL RESOLUTION 17.XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING A REIMBURSEMENT AGREEMENT WITH QUORUM REALTY FUND IV, LLC IN CONNECTION WITH PROPOSED PASO ROBLES GATEWAY PROJECT

WHEREAS, an annexation application was previously applied for property located at the northwest corner of the Highway 101/SR 46W interchange in 2011 (adjacent to property within the City limits on South Vine Street); and

WHEREAS, pursuant to a Settlement Agreement between the City and Quorum Realty Fund IV, LLC, the City agreed to work cooperatively with Quorum Realty Fund IV, LLC (the "Applicant") to process a new annexation application with the Local Agency Formation Commission ("LAFCO"); and

WHEREAS, to initiate processing this application, the Applicant has agreed to enter into a formal Reimbursement Agreement, attached hereto as Exhibit 1, to pay for the City's costs associated with preparing and processing the necessary entitlements noted above, and an Environmental Impact Report (EIR); and

WHEREAS, City's preliminary cost estimate of \$350,000 is detailed in Exhibit 2, attached hereto; and

WHEREAS, the Applicant has agreed to initially deposit 50 percent of the estimated total costs (to be deposited into a separate project account) of \$175,000 to cover the first half of the anticipated start-up costs, to be replenished when requested by City; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Paso Robles, as follows:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. Reimbursement Agreement Authorization: The City Council authorizes the City Manager to execute a Reimbursement Agreement for the Gateway Project, Annexation 16-001/Furlotti, in substantially the form attached hereto, subject to any minor technical, non-substantive changes as approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 20th day of June 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

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Attachment 3

Draft Resolution A

Exhibit 1 – Draft Reimbursement Agreement
Exhibit 2 – City’s Estimated Costs

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CITY OF EL PASO DE ROBLES AGREEMENT FOR ADVANCE OF FUNDS [QUORUM REALTY FUND IV, LLC]

1. PARTIES AND DATE.

This Agreement for Advance of Funds (“Agreement”) is made this 13th day of April, 2017 (the “Effective Date”), by and between the City of El Paso de Robles, a California municipal corporation (“City”), and Quorum Realty Fund IV, LLC, a Delaware limited liability company (“Developer”). City and Developer are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

2. RECITALS.

2.1 Property. The Developer is the owner of that certain real property located adjacent to the City of El Paso de Robles, County of San Luis Obispo, California, and more particularly described in Exhibit “A” attached hereto and incorporated herein by reference (“Property”).

2.2 Project. The Developer is contemplating the development of the Property as described in the “Project Description,” attached hereto as Exhibit “B” and incorporated herein by reference. The Developer has submitted or intends to submit applications for various discretionary land use approvals for the Project, including, without limitation, (i) an expansion of the boundaries of the City’s sphere of influence; (ii) annexation of the Property to the City; (iii) certain proposed land uses for the Property; (iv) an amendment to the City’s General Plan; (v) possible agreements between the City and Developer regarding development of the Property, including, but not limited to, a development agreement pursuant to Government Code section 65864 *et seq.*; and (vi) all related environmental review pursuant to the California Environmental Quality Act (“CEQA”) and other applicable laws, rules and regulations. (All such actions are collectively referred to herein as the “Project”).

2.3 Prior Application. City previously had been processing applications submitted by Developer for expansion of the boundaries of the City’s sphere of influence, annexation to the City of the Property as well as additional real property owned by Developer, and certain land use entitlements, when a dispute arose between the parties. Thereafter, the parties entered into a Settlement Agreement and Release, dated August 2, 2016. The City and Developer now desire to proceed with processing and consideration of the Project.

2.4 City Costs. The Parties intend that all costs and expenses associated with City’s review, evaluation, processing of the Project application and negotiation, analysis, drafting, reviewing, and implementation of any agreements and documents related to the Project, including but not limited to compensation for all City employee staff time and payment of all third-party consultant contracts (“Consultants”), including legal consultations, shall be paid using funds deposited in advance with City by Developer for such purpose and that City shall not be

required to advance City funds or incur any liability to cover such costs and expenses.

2.5 Reimbursement. As a condition to the City's completion of the Project review process, the Developer has agreed to reimburse the City for City staff time and Consultants' costs and expenses related to the City's Project review process, as well as any other out-of-pocket expenses incurred by the City, in the manner and amounts set forth in this Agreement. The Developer's reimbursement of City under this Agreement will ensure that the City has the necessary resources to diligently and efficiently process the Developer's Project.

3. TERMS.

3.1 Incorporation of Recitals. The Parties agree that the Recitals constitute the factual basis upon which the City and the Developer have entered into this Agreement. The City and the Developer each acknowledge the accuracy of the Recitals and agree that the Recitals are incorporated into this Agreement as though fully set forth at length.

3.2 City Selection of Consultants. As a necessary and indispensable part of its fact finding process relating to the review of the Developer's proposed Project and uses of the Property, the City shall retain the services of Consultants to provide advice as the City may deem necessary in its reasonable and sole discretion. The City has thus far retained or is prepared to retain (either directly or as subconsultants) those Consultants listed in Exhibit "C" attached hereto and incorporated herein by reference, but shall have the right to retain any additional consultants or sub-consultants pursuant to this Agreement. The contemplated general scope of work of the Consultants for the Project is also described in Exhibit "C" attached hereto, but the City reserves the right, in its reasonable and sole discretion, to amend the scope of work as it deems necessary and appropriate to the City's proper review and consideration of the Developer's Project.

The Developer agrees that, notwithstanding the Developer's reimbursement obligations under this Agreement, Consultants shall be the contractors exclusively of the City and not of the Developer. Except for those disclosures required by law, including, without limitation, the Public Records Act, all conversations, notes, memoranda, correspondence and other forms of communication by and between the City and its Consultants shall be, to the extent permissible by law, privileged and confidential and not subject to disclosure to the Developer. The Developer agrees that it shall have no claim to, nor shall it assert any right in any reports, correspondence, plans, maps, drawings, news releases or any and all other documents or work product produced by the Consultants.

3.3 Developer to Cooperate with Consultants. The Developer agrees to cooperate in good faith with the Consultants. The Developer agrees that it will instruct its agents, employees, consultants, contractors and attorneys to reasonably cooperate with the Consultants and to provide all necessary documents or information reasonably requested of them by the City and/or the Consultants; provided, however, that the foregoing shall not require the disclosure of any documents or information of the Developer which by law is privileged, proprietary, confidential, and exempt from disclosure under the Public Records Act.

3.4 Developer's Deposit Account. The Developer shall reimburse the City for one

hundred percent (100%) of the actual fees, costs and other expenditures incurred by the City relative to City staff time and the Consultant costs, as well as any other out-of-pocket expenses incurred by the City (“Costs”). The City has preliminarily reviewed the scope(s) of work required and has estimated the initial Costs for employee staff time and all Consultants to be approximately three hundred and fifty thousand DOLLARS (\$350,000). Within ten (10) calendar days of the execution of this Agreement, the Developer shall submit a deposit in the amount of one hundred and seventy-five thousand DOLLARS (\$175,000) to cover the initial Costs, which amount the City shall separately account for in a Project deposit account (“Deposit Account”).

As expenditures associated with the Project are incurred, the City shall draw upon the Deposit Account to make the required payments. At any time, the City may request an additional deposit based on the City’s good faith estimates of City’s anticipated expenditures for the following two months, and Developer shall submit the required amount of funds to City within five (5) business days of such request. In the event Developer fails to make any required deposit, City shall have the right to consider Developer's Project applications as withdrawn and cease processing such applications.

The City shall maintain accurate records of all expenditures resulting from the Project, and will provide a payment summary to Developer each time additional funds are requested or within a reasonable time upon request. In the event that excess funds remain in the Deposit Account upon conclusion of the Project and after all final payments to the Consultants have been made, the City agrees to refund that excess amount, if any, to Developer within fifteen (15) days of final payment to the Consultants. Alternatively, if the Costs of the services of the Consultants exceed the Estimated Costs and Excess Costs, if any, then Developer shall remain obligated to pay for all such Costs. Developer shall pay any such amount within ten (10) calendar days of demand for payment by City.

3.5 Term. The term of this Agreement shall commence on the Effective Date and shall terminate when all services required for the project by Consultants have been completed to the City’s reasonable satisfaction and the Developer has satisfied all of its obligations under this Agreement. For purposes of this section, Developer’s obligations shall include, but shall not be limited to, its obligation to reimburse the City for Estimated Costs and Excess Costs, whether or not paid by the City to Consultants prior to the date of termination. The Developer’s obligation to reimburse the City as provided in this Agreement shall survive the natural expiration of this Agreement pursuant to this section, as well as the termination of this Agreement pursuant to Section 3.6.

3.6 Early Termination.

3.6.1 By City. The City may, in its reasonable and sole discretion, terminate this Agreement prior to the term set forth in Section 3.5 above, without cost or liability to the City, upon thirty (30) days prior written notice to the Developer in the event that Developer either: (1) fails to satisfy any obligation of this Agreement; or (2) fails to reasonably prosecute its application(s) for the Project.

3.6.2 By Developer. The Developer may, in its reasonable and sole discretion,

terminate this Agreement prior to the end of the term set forth in Section 3.5 above, upon thirty (30) days' prior written notice to the City; provided, however, that Developer's right to so terminate this Agreement is expressly contingent upon Developer satisfying both of the following: (1) Developer shall give City written notice withdrawing its application(s) for the Project; and (2) Developer shall satisfy all of its obligations under this Agreement up through the proposed effective date of termination. For purposes of this section, Developer's obligations shall include, but shall not be limited to, its obligation to reimburse the City for Estimated Costs and Excess Costs, whether or not paid by the City to Consultants prior to the date of termination.

3.6.3 Notice to Consultants. Within two (2) working days following either the City's decision to terminate this Agreement or the City's receipt of written notice indicating the Developer's decision to terminate this Agreement, the City shall notify all Consultants and instruct them to cease work on the Project. Consultants shall also be instructed to bill the City for any services completed prior to the notice of termination.

3.7 Assignability. This Agreement may not be assigned by either Party without the prior and express written consent of the other Party, which consent shall not be unreasonably withheld. In determining whether to approve a request by the Developer to assign this Agreement, the City may consider, among other things, the proposed assignee's financial status and commitment to the Project. Any attempted assignment of this Agreement not in compliance with the terms of this Agreement shall be null and void and shall confer no rights or benefits upon the assignee.

3.8 No Oral Modifications. This Agreement represents the entire understanding of the City and the Developer and supersedes all other prior or contemporaneous written or oral agreements pertaining to the subject matter of this Agreement. This Agreement may be modified, only by a writing signed by both the authorized representatives of both the City and the Developer. All modifications to this Agreement must be approved by the City Council.

3.9 Binding Upon Successors. This Agreement and each of its terms shall be binding upon the City, the Developer and their respective officers, elected officials, employees, agents, contractors, and permitted successors and assigns.

3.10 Legal Challenges. Nothing herein shall be construed to require City to defend any third-party claims and suits challenging any action taken by the City with regard to any procedural or substantive aspect of the City's approval of development of the Property, the environmental process, or the proposed Project (a "Third-Party Project-Related Challenge"). The Developer may, however, in its sole and absolute discretion appear as real party in interest in any such Third-Party Project-Related Challenge, and in such event, it and the City shall defend such action or proceeding and the Developer shall be responsible and reimburse the City for whatever legal fees and expert or other costs, in their entirety, including actual attorneys' fees, which may be incurred by the City in defense of such action or proceeding. The City shall have the absolute right to retain such legal counsel as the City deems necessary and appropriate and the Developer shall reimburse the City for any and all attorneys' fees and expert or other costs incurred by the City as a result of such Third-Party Project-Related Challenge. Developer may, at any time, notify City in writing of its decision to terminate such reimbursement obligation and, thereafter, the City may choose, in its sole discretion, to defend or not defend such Third-Party

Project-Related Challenge. In the event that the City decides not to continue the defense of such Third-Party Project-Related Challenge, Developer shall be obligated to reimburse City for any and all costs, fees, penalties or damages associated with dismissing the action or proceeding. In the event that the City decides to continue the defense of such Third-Party Project-Related Challenge, Developer shall have no further obligation to reimburse City for its attorney's fees and expert or other costs. City will provide Developer with monthly invoices for all such costs in the case of a Third-Party Project-Related Challenge. Developer shall make payment to City for any costs covered by this section within thirty (30) days of receipt of an invoice from City for such costs.

The rights and obligations set forth in this Section 3.10 shall survive termination of this Agreement.

3.11 Attorneys' Fees. In the event that any action or proceeding, including arbitration, is commenced by either the City or the Developer against the other to establish the validity of this Agreement or to enforce any one or more of its terms, the prevailing Party in any such action or proceeding shall be entitled to recover from the other, in addition to all other legal and equitable remedies available to it, its actual attorneys' fees and costs of litigation, including, without limitation, filing fees, service fees, deposition costs, arbitration costs and expert witness fees, including actual costs and attorneys' fees on appeal.

3.12 Jurisdiction and Venue. This Agreement is executed and is to be performed in the City of El Paso de Robles, San Luis Obispo County, California, and any action or proceeding brought relative to this Agreement shall be heard in the appropriate court in the County of San Luis Obispo, California. The City and the Developer each consent to the personal jurisdiction of the court in any such action or proceeding.

3.13 Severability. If any term or provision of this Agreement is found to be invalid or unenforceable, the City and the Developer both agree that they would have executed this Agreement notwithstanding the invalidity of such term or provision. The invalid term or provision may be severed from the Agreement and the remainder of the Agreement may be enforced in its entirety.

3.14 Headings. The headings of each Section of this Agreement are for the purposes of convenience only and shall not be construed to either expand or limit the express terms and language of each Section.

3.15 Representations of Authority. Each Party signing this Agreement on behalf of a Party which is not a natural person hereby represents and warrants to the other Party that all necessary legal prerequisites to that Party's execution of this Agreement have been satisfied and that he or she has been authorized to sign this Agreement and bind the Party on whose behalf he or she signs.

3.16 Retention of City Discretion. The Developer acknowledges and agrees that, notwithstanding the Developer's reimbursement obligations under this Agreement, the City is not obligated to approve any or all of the Project. The Developer warrants and represents that no City official, officer, employee, agent or attorney has represented, expressly or impliedly, that

the City will approve the Project. The Developer understands that there will be numerous legislative and adjudicatory decisions made by the City with regard to the Project. All such decisions of the City shall be made only after full compliance with all the City's statutory and other legal obligations and after considering all appropriate information and evidence, including such evidence which may cause the City to disapprove any or all of the Project. Notwithstanding anything in this Agreement to the contrary, the City retains all authority and discretion granted to it by law to either approve, disapprove or modify the Project. The Developer agrees that the City may approve, or approve with modifications, any or all of the Project.

The Developer agrees that the City shall not be bound by any recommendations or conclusions reached by the Consultants and that the City may accept or reject, in whole or in part, any such recommendations or conclusions.

3.17 Notices. Notices required under this Agreement shall be sent to the following:

City: City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446
Attn: Community Development Director
Tel: (805) 237-3970
Fax: (805) 237-3904

With a copy to: Iris P. Yang
Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento, CA 95814
Tel: (916) 325-4000
Fax: (916) 325-4010

Developer: Quorum Realty Funds IV, LLC
c/o Michael Furlotti
P.O. Box 862
Ross, CA 94957
Tel: (415) 992-5945
Fax: (415) 992-5947

With a copy to: Gregory W. Sanders
Nossaman LLP
18101 Von Karman Ave., Suite 1800
Irvine, CA 92612
Tel: (949) 833-7800
Fax (949) 833-7878

Notices given pursuant to this Agreement shall be deemed received as follows: (1) if sent by United States Mail, five (5) calendar days after deposit into the United States Mail, first class postage prepaid; (2) if sent by facsimile, upon transmission and actual receipt by the receiving

Party; (3) if by express courier service or hand delivery, on the date of receipt by the receiving Party. The addresses for notices set forth in this Section may be changed upon written notice of such change to either the City or the Developer, as appropriate.

{Signatures on following page}

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Exhibit 1

**SIGNATURE PAGE FOR
AGREEMENT FOR ADVANCE OF FUNDS
(QUORUM REALTY FUND IV, LLC)**

CITY OF EL PASO DE ROBLES

By: _____
Thomas Frutchey
City Manager

Attest: _____
Kristen Buxkemper
Deputy City Clerk

Approved as to Form:

By: _____
Iris P. Yang
City Attorney

**QUORUM REALTY FUND IV, LLC, a
Delaware limited liability company**

By: _____
Michael Furlotti

Its Managing Member

EXHIBIT "A"
PROJECT DESCRIPTION

SEE FOLLOWING

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EXHIBIT “B”

LEGAL DESCRIPTION OF THE PROPERTY

TO BE INSERTED

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**EXHIBIT “C”
CONSULTANTS**

BEST BEST & KRIEGER LLP

Legal Services: Environmental (CEQA, water and other applicable environmental legal issues), planning, and other necessary legal services for the Project.

*****INSERT NAME OF CONSULTANT*****

*****INSERT DESCRIPTION OF SERVICES TO BE PROVIDED*****

*****INSERT NAME OF CONSULTANT*****

*****INSERT DESCRIPTION OF SERVICES TO BE PROVIDED*****

OTHER CONSULTANTS

Any and all other consultants determined by the City to be reasonably necessary for its review and processing of the Project application(s).

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Project Stats (Table 2-3)

Area #	Project Component and Land Use Designation	Project Description	Square Feet	Rooms	Dwelling Units	Area	Phase
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6	Vine Street Commercial	5.4 acres, 22,000 square feet commercial and office uses with 66 parking spaces.	22,000-sf	x	x	5.4 ac	Phase 3
7	Agriculture	29 Acres, vineyards, orchards, the area will remain in agriculture, agriculture production.		x	x	29 ac	Phase 1
8	Open Space	Undeveloped open space areas, roads and infrastructure (water, sewer, utilities, etc.) to serve proposed development project signage, drainage basins and other drainage improvements, bushes, landscaping, just the vegetation, agriculture, other uses or recycling, retaining walls.		x	x	70 ac	Phase 1-3
8	Resort (with sub-area)	Vine Street Community Multi-Family w/ a Resort Overlay (as required by Signage Overlay)		x	x	194 ac	Phase 1-3
	Total Alternative A		464,000-sf	425 rooms	17 du's	170 ac	
	Total Alternative B		289,000-sf	325 rooms	97 du's	170 ac	



Area 3
Hillside Hotel

Area 4
Promontory Center

Project Marquee Signage
Entry Monuments

Area 8
Open Space

Area 2
Village Commercial Center

Area 1
Vine Street Vineyard Hotel
Entry Monuments

Project Marquee Signage

Area 6
Vine Street Commercial

Entry Monuments and Signage

Area 8
Open Space

City of Paso Robles
"City Limit Line"

50' Agriculture setback from Habitable Structures

Area 7
Agriculture

Existing Riparian Corridor (Typical)

Area 5a
Highway 46 Resort

50' Agriculture setback from Habitable Structures

Area 5b
Multi-Family w/ Resort Overlay

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Exhibit A - Project Description

2.0 Project Description

The Paso Robles Gateway Project includes several components: (i) a Hillside Destination Resort Hotel and Conference Center, (ii) a Vine Street Vineyard Hotel and Village, (iii) a High Density Resort Community, and (iv) two distinct visitor and community serving commercial centers. The Project will include up to 425 transient units, a maximum of 80 which may be permitted as residential units (resort community), approximately 56,700 square feet of retail and office space with 17 workforce residential units in conjunction with the retail uses, 10,600 square feet of restaurant uses, and over 30,000 square feet of conference space.

[Figure 2-1: Overall Site Plan]



(The site plan is conceptual)

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Exhibit A - Project Description

The current application includes a request for a Sphere of Influence Amendment and Annexation, a Development Agreement, a Pre-Zoning application, a General Plan Amendment, and a Master Plan of Development Overlay.

Future applications will include an application for a Lot Line Adjustment and / or Parcel Map to perfect the property exchanges contemplated and agreed upon in the Settlement Agreement between the City of Paso Robles, Quorum Realty Fund IV, LLC, et al and Cenco Investments dated August 2, 2016. Phased Tract Map and individual Conditional Use Permits or Planned Development applications, as appropriate, for the individual development projects. This Environmental Impact Report will serve as a Program Level EIR. Subsequent focused environmental documents for the future individual projects will rely upon the impact assessments and findings contained in this document.

2.1 Location and Boundaries

The Paso Robles Gateway property consists of approximately 170 acres adjacent to the southwest edge of the Paso Robles City limits. The property is located to the northwest of the interchange of US Highway 101 and State Route 46 west. Figures 2-2 and 2-3 show the Project vicinity within the Paso Robles region, and more detail about the Project location, respectively.

[Figure 2-2: Project Vicinity [regional map, roadway network]



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Exhibit A - Project Description

[Figure 2-3: Project Location [larger scale map, maybe USGS 7.5' or air photo]



The property is bounded by State Route 46 West on the South, South Vine Street (frontage road) and US Highway 101 on the east, and scattered vineyard and residential uses on the north and west. The City limits border the property generally on its northern, eastern and southern sides. Existing and historical use of the site includes intermittent grazing and a non-irrigated defunct almond orchard. The almond orchard is not in commercial production as it has long since passed the age of bearing adequate crops for commercial harvest.

The property is currently within the unincorporated area of the County of San Luis Obispo (County). APN's 040-031-017, 019, 020 are designated Residential Suburban and are within a County designated Paso Robles Urban Reserve Line, APN's 040-031-001 and 040-091-039,041 are designated Agriculture. The County's Paso Robles Urban Reserve Line encompasses 2,147 acres outside of the City limits. Per the County of San Luis Obispo's North County Area Plan this acreage is estimated to be adequate for the City to expand and accommodate population growth beyond the year 2010.

Table 2-1 below identifies the San Luis Obispo County Assessor Parcels that make up the Project site as listed in the Initial Study (IS) for the Project, and shows the total acreage of 170.48.

[Table 2-1 Assessor Parcels in the Paso Robles Gateway Project Area]

APN	Acreage (AP Maps)
040-031-017	14.80
040-031-019	1.30
040-031-020	53.44
040-031-001	82.16
040-091-039	16.77
040-091-041	2.01
Total	170.48

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Exhibit A - Project Description

There are three parcels located between the Paso Robles Gateway property and the immediate intersection of US Highway 101 and State Route 46 (APNs 009-631-024, 009-631-025 and 009-831-003). This corner area (approximately 14 acres and excluding APN 009-831-003) is commonly referred to as the "CENCO" property. CENCO received approval from the City of Paso Robles for a hotel and ancillary facilities on June 17, 2014. The CENCO hotel and its ancillary facilities are not part of the Paso Robles Gateway Project, but have been considered where applicable in the environmental analysis for purposes of addressing cumulative effects.

Additionally, Caltrans has issued a Finding of No Significant Impact (FONSI) for improvements to Highway 101 and 46 West interchange. The Caltrans project includes the realignment of South Vine Street through the CENCO property and the project site. The information contained in the Mitigated Negative Declaration certified by Caltrans and approved by the City will also be referred to and considered in this analysis.

2.2 Project Objectives

The Project must be reviewed and approved by a number of agencies, the most central of which is the City of Paso Robles acting as the CEQA Lead Agency.

The applicant for the Project is: Furlotti Family Ranch
PO Box 862
Ross, CA 94957

The property owner has several objectives for the proposed Project. The applicant's objectives include the development of a world-class visitor-serving destination resort and conference center that will be built using the highest aesthetic and environmental standards. Both the landscape and site plan serve to provide a functional backdrop for the resort's aesthetics while preserving the natural elements of the site. The applicant intends to take advantage of the location of the project site being at the gateway to the premier Paso Robles wine region.

Specific objectives of the applicant are related to developing successful commercial and residential uses that retain much of the agricultural and open space nature of the property. The precise objectives noted by the applicant are as follows:

1. Establish a distinctive destination tourism and conference center at this key entrance to Paso Robles and the surrounding wine producing region.
2. Develop three (3) distinctive resort areas with a maximum of 425 transient units (a maximum of 80 which may be permitted as residential units (resort community)), in a variety of room sizes with desirable amenities and price points to (i) serve a broad cross-section of the tourist population, (ii) support and complement local wineries, restaurants and related local businesses by providing excellent overnight accommodations, and (iii) create new sources of municipal revenue from transient occupancy assessments to help support essential City services.

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- a. Hillside Destination Resort Hotel: 200,000 square feet total, 225 room hotel, 5,000 square feet of restaurants, 7,000 square foot spa, up to 20,000 square feet of ballroom and conference space, total of 380 parking spaces.
 - b. Vineyard Hotel: 76,000 square feet, 100 rooms, conference room and pool, 120 parking spaces.
 - c.
 - I. Resort Community: High-density resort community (a maximum of 80 units). The resort community will consist of attached and detached residences. The residences will be on subdivided lots and available for individual ownership. The individual owners will have the option to individually occupy the units long or short term and enter the homes into a rental pool for the resort.
 - II. Highway 46 Resort: 135,000 square feet; 100 rooms including: 60,000 square foot lodge, 2,500 square foot ballroom, 2,300 square foot conference room, 6,000 square foot spa, 1 restaurant, outdoor event area, pool, poolside café/bar, 186 parking spaces.
3. Develop diverse and complementary commercial retail and office facilities in order to (i) add to the Project's financial feasibility, (ii) generate new revenue from additional property and retail sales tax for the City, (iii) promote regional economic sustainability by offering new office and business space as well as retail shopping opportunities, and provide for workforce housing with 17 residential units in conjunction with commercial uses.
- a. Village Commercial Center: 42,000 square feet of commercial space with 20,000 square feet of retail, 2 restaurants totaling 5,000 square feet, office space, and 17 workforce residential units.
 - b. Promontory Commercial: 16,000 square feet of commercial and office space.
 - c. Vine Street Commercial: 22,000 square feet of commercial and office space.
4. Participation in the realignment of Vine Street to eliminate conflicts with traffic leaving and entering the freeway at Highway 46W, thus (i) implementing the City's Circulation Element, and (ii) reducing congestion and vehicle emissions at the Highway 101/46W interchange.
5. Implement the City's "Purple Belt Action Plan" by proposing a 29-acre agricultural area near the center of the property and by (i) maintaining active agricultural operations integrated with passive open space area within the project site, and (ii) concentrating the more intensive tourist-serving and commercial uses along the South Vine Street corridor.

Exhibit A - Project Description

The applicant's goals are consistent with the goals contained in the City's General Plan Overall City Goals for Paso Robles presented in the Introduction to the City General Plan (Paso Robles 2003:iv) and include:

GOAL 1: In order to enhance Paso Robles' unique small town character and high quality of life, the City Council supports the development and maintenance of a balanced community where the great majority of the population can live, work and shop.

GOAL 2: Strengthen the City's economic base through business retention and recruitment, including provisions for "head-of-household" jobs and increased retail sales, transient occupancy taxes, and property tax revenues.

GOAL 3: Establish Paso Robles as the North County commercial retail center, based on providing neighborhood and service commercial development in proportion to population growth, downtown commercial revitalization, and regional commercial development.

GOAL 4: Strive to ensure that City services and facilities are maintained at current levels and/or in accordance with adopted standards.

These goals form the basis for the Project objectives discussed above. Since the Project area is within the "Planning Impact Area" defined in the Paso Robles General Plan, the Project will be reviewed in the context of the City General Plan goals (Paso Robles 2003: page LU-14 and Figure LU-1).

The General Plan includes the following description of the Planning Impact Area:

As part of a 1991 Land Use Element update, the City established the maximum potential geographical boundaries to which the City could grow in the foreseeable future, as well as areas within which development could impact the City. These geographical boundaries are called the City's Planning Impact Area.

The subsequent General Plan discussion also notes that the Planning Impact Area extends beyond the adopted City Sphere of Influence, and that the Local Agency Formation Commission must approve changes to both the Sphere of Influence and the City limits.

There are other City policy documents or components of the General Plan that address the peripheral areas of the City. These include the Paso Robles Gateway Design Standards and the Purple Belt Action Plan (Paso Robles 2009). These policy documents are designed to help implement the project goals and the objectives set forth in the General Plan.

With this planning context in mind, the objectives of the City of Paso Robles in considering the Paso Robles Gateway Project are as follows:

1. Provide an attractive entrance into the City from State Route 46 west, consistent with the "Town and Country Gateway" type defined in the Gateway Design Plan.
2. Realignment of Vine Street to eliminate conflicts with traffic leaving and entering US

Exhibit A - Project Description

- Highway 101 at State Route 46W, thus (i) implementing the City's Circulation Element, and (ii) reducing congestion and vehicle emissions at the Highway 101/46W interchange.
3. Implement the City's Purple Belt Action Plan in the southwestern portion of the City by designating agricultural and open space areas throughout the property, and locating tourist-serving and commercial uses along the Vine Street and US Highway 101 and Highway 46 corridors.
 4. Implement General Plan goals related to achieving a small town character, high quality of life and balanced community through the planned development of a mixed use project consisting of hotel and visitor facilities, optional limited residential uses, commercial uses serving visitors and community residents, workforce housing and agricultural/ recreation/ open space uses.
 5. Ensure that City services are maintained at their current levels by requiring new development to provide improvements and funding when necessary.

2.3 Technical Characteristics

2.3.1 Paso Robles Gateway Development

The property is currently within the unincorporated area of San Luis Obispo County, outside of the City of Paso Robles Sphere of Influence. In the 2012 Sphere of Influence Update, as approved by the Local Agency Formation Commission (LAFCO 2013:page 26-27 of 93), the Project site was identified as a Special Area of Interest within the Memorandum of Agreement between the City of Paso Robles and County of San Luis Obispo. Provision 9.1 of that MOA described the property as follows:

The 270 acre Furlotti Family Ranch Company Properties are located on the northwest quadrant of Highways 101 and 46 and are owned by Furlotti family, or related entities. This area is within County jurisdiction, outside of the Paso Robles Sphere of Influence. The property is not included in this proposed update to the Sphere of Influence and therefore is not subject to this MOA. However, the City and property owners, in consultation with the County, anticipate that a land use plan and EIR will be prepared in the near future. The land use plan and EIR will study the possible expansion of the Sphere of Influence and Annexation concurrently. This process would allow a proposed project and EIR to be fully reviewed by the public, the City, and other agencies prior to LAFCO considering the proposal.

As described in the Project application and the Initial Study, the overall Project would consist of two hotels and a resort community with up to 425 units, a conference center, workforce housing, visitor and neighborhood oriented commercial uses and approximately 70 acres of open space areas as well as a designated 29-acre agricultural area. The acreage considered in the Special Area of Interest in the MOA was 270 acres. The acreage contemplated in the current application has been reduced to 170 acres.

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The Cortese-Knox-Hertzberg Local Government Reorganization Act (Cortese-Knox-Hertzberg Act) (California Government Code Section 56000 et seq.) defines prime agricultural land according to several criteria, which include the NRCS's Land Capability Class System and the Storie Index. The Cortese- Knox-Hertzberg Act defines prime agricultural land as:

...an area of land, whether a single parcel or contiguous parcels, that have not been developed for a use other than an agricultural use and that meets any of the following qualifications:

(a) Land that, if irrigated, qualifies for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not the land is actually irrigated, provided that irrigation is feasible.

(b) Land that qualifies for a Storie Index Rating of 80 through 100.

(c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.

(d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

(e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

The project site is not developed with intensified agricultural uses. Seasonal cattle grazing occurs on the property for vegetation management purposes through an annual grazing lease. Approximately 29 acres of the project site meets the definition of prime agricultural land as it falls within subsection (a), Class II soils as defined in the USDA Natural Resources Conservation Service land use capability classification. The soils are not currently irrigated.

San Luis Obispo County LAFCO sets forth specific policies when considering annexation proposals that involve annexation of agricultural resources. LAFCO Policy 12 sets forth specific requirements for annexations that include the annexation of prime agricultural land and provides mitigation options to off-set the conversion of prime agricultural land at a 1:1 ratio. The mitigation options are as follows:

- I. Acquisition and dedication of farmland, development rights, and/or agricultural conservation easements to permanently protect farmlands within the annexation area or lands with similar characteristics within the County Planning Area.
- II. Payment of in-lieu fees to an established, qualified, mitigation/conservation program or organization sufficient to fully fund the acquisition and dedication activities stated above in (a)

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- III. Other measures agreed to by the applicant and the land use jurisdiction that meet the intent of replacing prime agricultural land at a 1:1 ratio.

The applicant will be required to provide further specifics and define their prime agricultural land off-set and mitigation strategy as part of the annexation application.

[Figure 2-4 NRCS Soils Map (Irrigated Capability)]



Map unit symbol	Map unit name	Rating
152	Linne-Calodo complex, 9 to 30 percent slopes	4
154	Linne-Calodo complex, 50 to 75 percent slopes	7
158	Lockwood shaly loam, 2 to 9 percent slopes	2
179	Nacimiento-Los Osos complex, 9 to 30 percent slopes	4
180	Nacimiento-Los Osos complex, 30 to 50 percent slopes	6

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The applicant is proposing the Project be developed incrementally and development of the components will be driven by economic and market demands. The first phase may include one or both of the hotels and commercial/office/workforce housing uses facing Vine Street and the US Highway 101 corridor. The second phase would likely encompass the 80 unit (maximum) resort community located along the Highway 46 west corridor.

The current entitlements include a request to update the City's Sphere of Influence to include the property, , Annexation into the City of Paso Robles, including a Development Agreement, Pre-Zoning the property to amend the underlying land use designation to facilitate the proposed uses, a General Plan Amendment to amend the land uses designations consistent with the Pre-Zoning application, and a Master Plan of Development Overlay to ensure future development is consistent with the high quality architectural design and character included in the initial application. Future applications will include approval of a Vesting Tentative Tract Map and multiple Conditional Use Permit and/or Planned Development Applications. A lot line adjustment or subdivision application will be processed upon approval of the annexation to perfect the property exchanges contemplated and agreed upon in the Settlement Agreement between the City of Paso Robles, Quorum Realty Fund IV, LLC, et al and Cenco Investments dated August 2, 2016 . A conceptual level land use map has been provided which includes the land use designation for each development area. Figure 2-5 presents the overall site plan with corresponding land uses.

[Figure 2-5: Land Use Map]

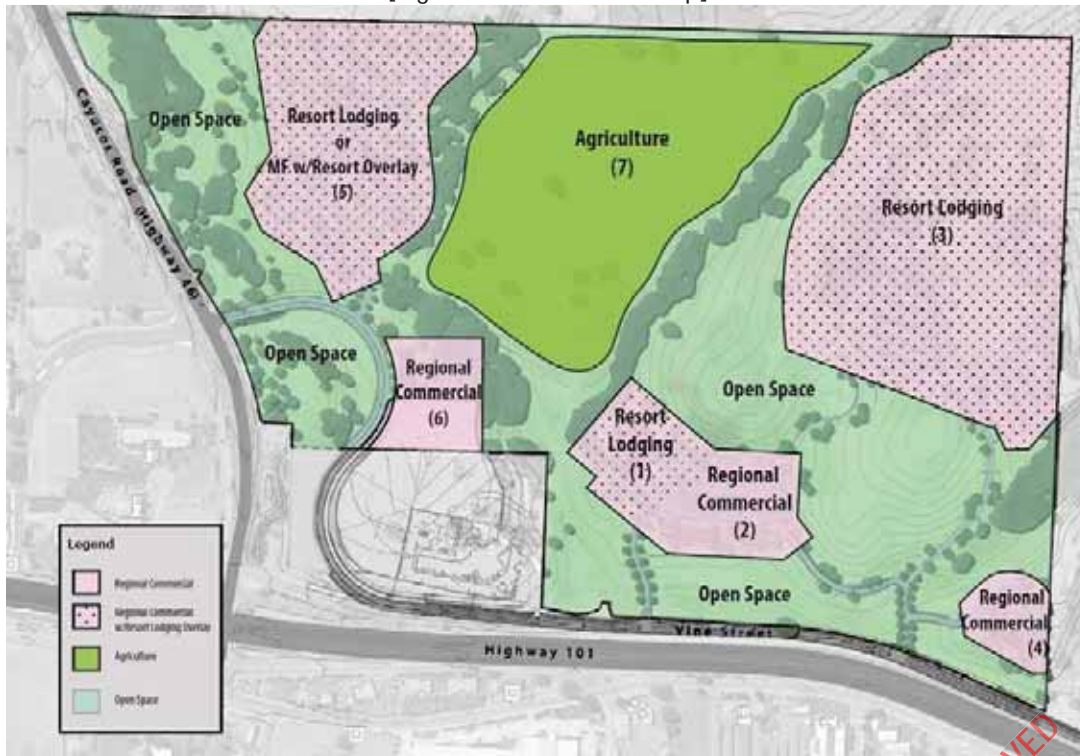


Table 2-3 provides additional details about the Project components, and indicates the phasing proposed for implementation of these components. Project build-out is expected to occur in phases over 15 years, from 2020 through 2035.

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[Table 2-3: Project Components]

Area #	Project Component and Land Use Designation	Project Description	Square Feet	Rooms	Dwelling Units	Area	Phase
1	Vineyard Hotel:	4.5 acres, 76,000 square feet, 100 rooms, conference room and pool, 120 parking spaces.	76,000 sf.	100 rooms	x	4.5 ac	Phase 1 and Phase 2
	Resort Lodging						
2	Village Commercial Center:	5.5 acres, 42,000 square feet; including: 20,000 square feet of retail area, 2 restaurants, 5,000 square feet, office area, 17 workforce residential units in conjunction with retail uses and 150 parking spaces.	42,000 sf	x	17 du's	5.5 ac	Phase 1 and Phase 2
	Commercial						
3	Hillside Hotel: Resort Lodging	34 acres, 200,000 square feet; up to 225 rooms, 5,000 square feet of restaurants, 7,000 square foot spa, up to 20,000 square feet of ballroom and conference space and total parking of 380 spaces.	200,000 sf	225 rooms	x	34 ac	Phase 1 and Phase 2

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4	Promontory Commercial Center: Commercial	2.0 acres, 16,000 square feet commercial and office uses, 73 parking spaces.	16,000 sf	x	x	2.0 ac	Phase 2
5a	Alternative A Highway 46 Resort Resort Lodging	18 acres, 135,000 square feet; 100 rooms including: 60,000 square foot lodge, 2,500 square foot ballroom, 2,300 square foot conference room, 6,000 square foot spa, 1 restaurant, outdoor event area, pool, poolside café/bar, 186 parking spaces.	135,000 sf	100 rooms	x	18 ac	Phase 3
5b	Alternative B Resort Community Multi-Family with a Resort Overlay	A maximum of 80 residences that may be used as single family residences, vacation rentals, and/or guest accommodations for the Resort's longer stays. This alternative may include a variety of floor plans for the residences. The residences will be on subdivided lots and available for individual ownership. The individual owners will have the option to individually occupy the units long or short term and enter the homes into a rental pool for the resort.		x	80 du's	18 ac	Phase 3
6	Vine Street Commercial: Commercial	5.4 acres, 22,000 square feet commercial and office uses with 66 parking spaces	22,000 sf	x	x	5.4 ac	Phase 3

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7	Agriculture:	29 Acres, vineyards, orchards, this area will remain in agriculture, agriculture production.		x	x	29 ac	Phase 1
8	Open Space	Undeveloped open space areas, roads and infrastructure (water, sewer, utilities, etc.) to serve proposed development, project signage, drainage basins and other drainage improvements, buffers, landscaping, passive recreation, agriculture, water storage or recharge, retaining walls.		x	x	70 ac	Phase 1- 3
9	Road rights-of-way	Vine Street realignment right-of-way dedication and financing of construction as required by Settlement Agreement.		x	x	1.94 ac	Phase 1-3
	Total Alternative A		464,000 sf	425 rooms	17 du's	170 ac	
	Total Alternative B		329,000 sf	325 rooms	97 du's	170 ac	

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2.3.2 Vine Street Alignment and Bridge Alternatives

As proposed in the FONSI adopted by Caltrans, the alignment of South Vine Street will be shifted towards the west in a broad "S" curve to meet State Route 46 west at the existing Theater Drive intersection. This alignment of South Vine Street was identified as "Alternative 2" in the Initial Study with Mitigated Negative Declaration prepared by Caltrans for the U.S. Highway 101/State Route 46 West Interchange Modification Project (Caltrans December 2009: Figure 1.3-2). The Caltrans alignment of South Vine Street will cross the southern half of the corner parcel that is outside the southeast portion of the Project.

The realigned South Vine Street crosses the small drainage course just north of State Route 46 west. The City has prepared an alternative bridge design to include a shorter 165-foot-long free-span bridge that will be less expensive to complete than the 220-foot-long free-span bridge originally proposed by Caltrans. Since the environmental impact of the bridge crossing location using the original bridge was studied, this EIR includes an analysis of the relative effect on resources of both bridge options.

A final right-of-way alignment and land dedication has been certified in a Settlement Agreement entered into by the City of Paso Robles, Quorum Realty Fund IV, LLC (Furlotti) and CENCO Investments in August of 2016. This Settlement Agreement outlines the design, construction, and improvement obligations of various parties (City, Quorum, CENCO) for the completion of the Vine Street Improvements. This agreed alignment is based on the Caltrans "Alternative 2" but is slightly adjusted to shift the "S" curve to the south, and includes the 165-foot-long free-span bridge that the City has designed. This EIR includes an analysis of the relative effect on resources of both alignment options.

This EIR includes the FONSI completed by Caltrans for the "Alternative 2" realignment of South Vine Street. In most respects there are no substantial differences between the two.

2.3.3 Other Project Components

The Project will involve grading, removal and replacement of oak trees, construction of buildings, generation of traffic, use of water, generation of sewage effluent, and other characteristics that affect the environment. These aspects of the Project are presented in the impacts discussions of the Environmental Analysis section of this EIR as appropriate for the topic under discussion.

2.3.4 Discretionary Actions by the City of Paso Robles

Discretionary actions by the City will include the following:

1. Sphere of Influence Amendment and Annexation to annex the property into the City limits. The City must approve and initiate these actions with the Local Agency Formation Commission (LAFCO), and the County of San Luis Obispo will be involved in the annexation through a Memorandum of Agreement with the City. A Development Agreement between the City and the Developer will be executed concurrently with the certification of this EIR and approval of Pre-Zoning and a General Plan Amendment.

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2. A Pre-Zoning application (prior to annexation) will establish appropriate zoning over the property consistent with the City's General Plan land use designations. The dominant use of the project will be Regional Commercial with a Resort Lodging overlay. Other land use designations include Regional Commercial, Parks and Open Space, and a proposed mixed-use designation (Multi-Family, Regional Commercial, with a Resort Overlay) for the area encompassed by the Resort Community. In lieu of adopting a mixed-use designation for the Resort Community, the City may opt to define a new zoning overlay to facilitate the unique mix of uses contained in the project.
3. A General Plan Amendment to establish and configure the appropriate land use designations on the property consistent with those outlined and approved in the Pre-Zoning application. The areas covered by each use will be adjusted to reflect the configuration of the development proposed if it is approved. Additional minor changes in policy statements or other provisions in the General Plan may be identified as appropriate for this Project by the City as the review process is completed. Since these types of related amendments would be part of the overall Project approval, they are within the scope of the Project considered in this EIR.
4. Master Plan of Development Overlay:
A Master Plan of Development will be adopted by City Council resolution that will identify the conceptual site plan, project uses, statistics and architectural character guidelines. Future tentative tract maps, conditional use permits and planned developments applications will be reviewed for consistency with the Master Plan of Development.

Future Discretionary Applications will include the following:

1. **Lot Line Adjustment / Parcel Map:** Upon completion of the Annexation, an application for a Lot Line Adjustment and / or Parcel Map will be submitted to perfect the property exchanges contemplated and agreed upon in the Settlement Agreement between the City of Paso Robles, Quorum Realty Fund IV, LLC, et al and Cenco Investments dated August 2, 2016.
2. **Vesting Tentative Tract Map, Lot Line Adjustments, and other Discretionary Applications:** A future application submittal will include a Phased Vesting Tentative Tract Map which will create parcels to accommodate the proposed hotels and/or residences, commercial centers, along with vineyards and open space. The final lot configuration and numbering system is not clearly defined at this time, however it is anticipated that a tract map would establish the overall pattern of development for the Project. Several large lots would be created exclusively for agriculture/open space uses, in addition to vineyards and open areas within the Regional Commercial portions of the Project. Future residential uses that may occur in the Resort Community would occur on smaller lots in which residential development envelopes would be identified. The residential development envelopes would include all grading, building footprint, and utility installations for each lot, and would be 17,500 square feet each (approximately 0.4 acre each).

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3. **Conditional Use Permit / Planned Development applications:** Future Conditional Use Permit and/or Development Plan application packages will be required for the individual project components. The future application will include project-level details that are not available at this time. The future application packages will include project-level site-specific impacts and design features associated with the individual future projects.

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Exhibit A - Project Description

Hillside Hotel



JUNE 13, 2016
MVA
ARCHITECTS

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HILLSIDE HOTEL

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Hillside Hotel

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HILLSIDE HOTEL

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Hillside Hotel



JUNE 13, 2017
MVB
CORPORATION

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HILLSIDE HOTEL

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Exhibit A - Project Description

Hillside Hotel



JUNE 13, 2017
MWH
PARSONS

The Paso Robles Gateway

HILLSIDE HOTEL

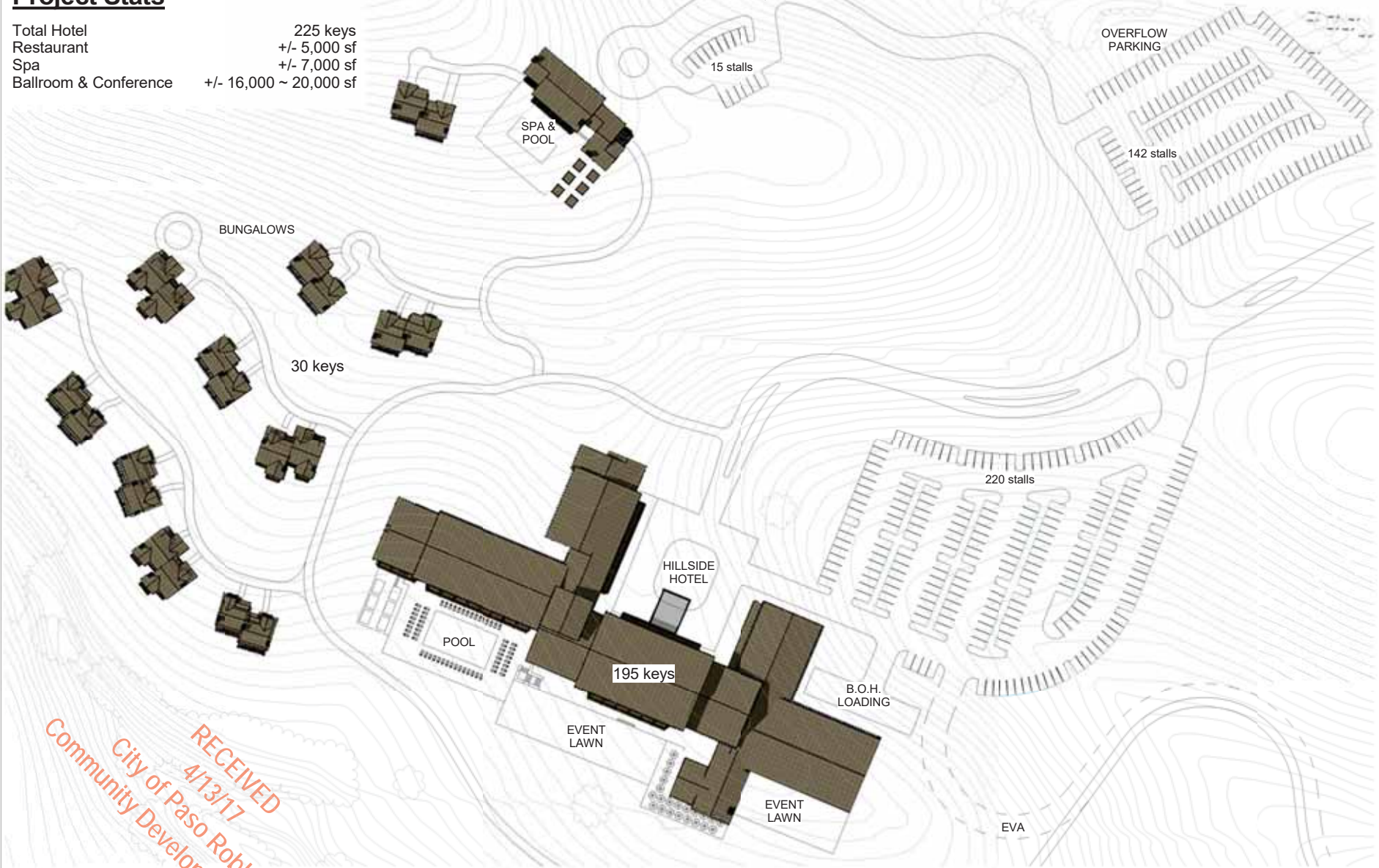
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Project Stats

Total Hotel	225 keys
Restaurant	+/- 5,000 sf
Spa	+/- 7,000 sf
Ballroom & Conference	+/- 16,000 ~ 20,000 sf

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Hillside Hotel



MVE
 The Paso Robles Gateway
HILLSIDE HOTEL
 Site Plan

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① SITE PLAN
 1" = 100'-0"
 Agenda Item No. 20

Exhibit A - Project Description

Hillside Hotel



The Paso Robles Gateway

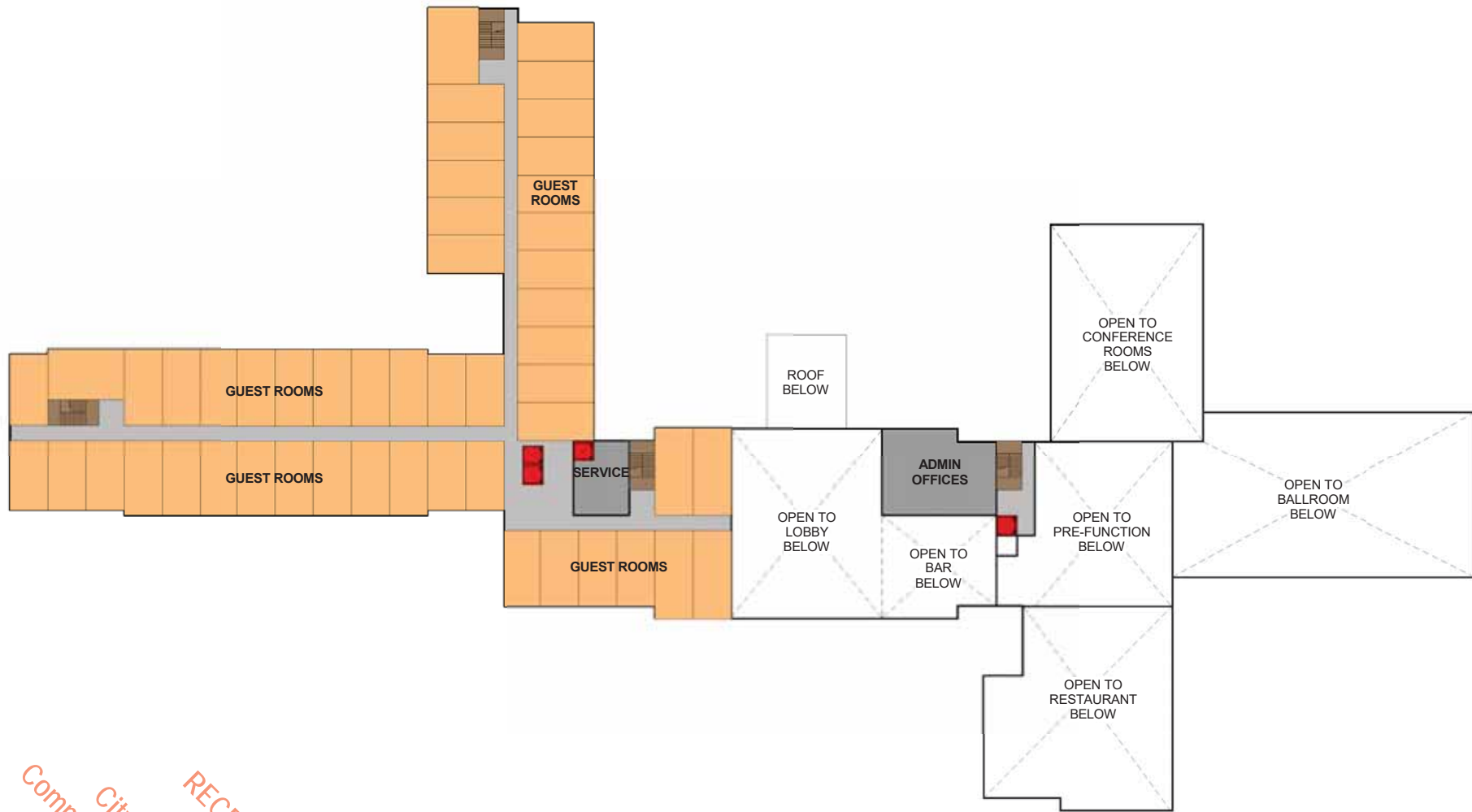
HILLSIDE HOTEL
Ground Floor Plan

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1 LEVEL 1 FLOOR PLAN
1" = 40'-0"
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Hillside Hotel



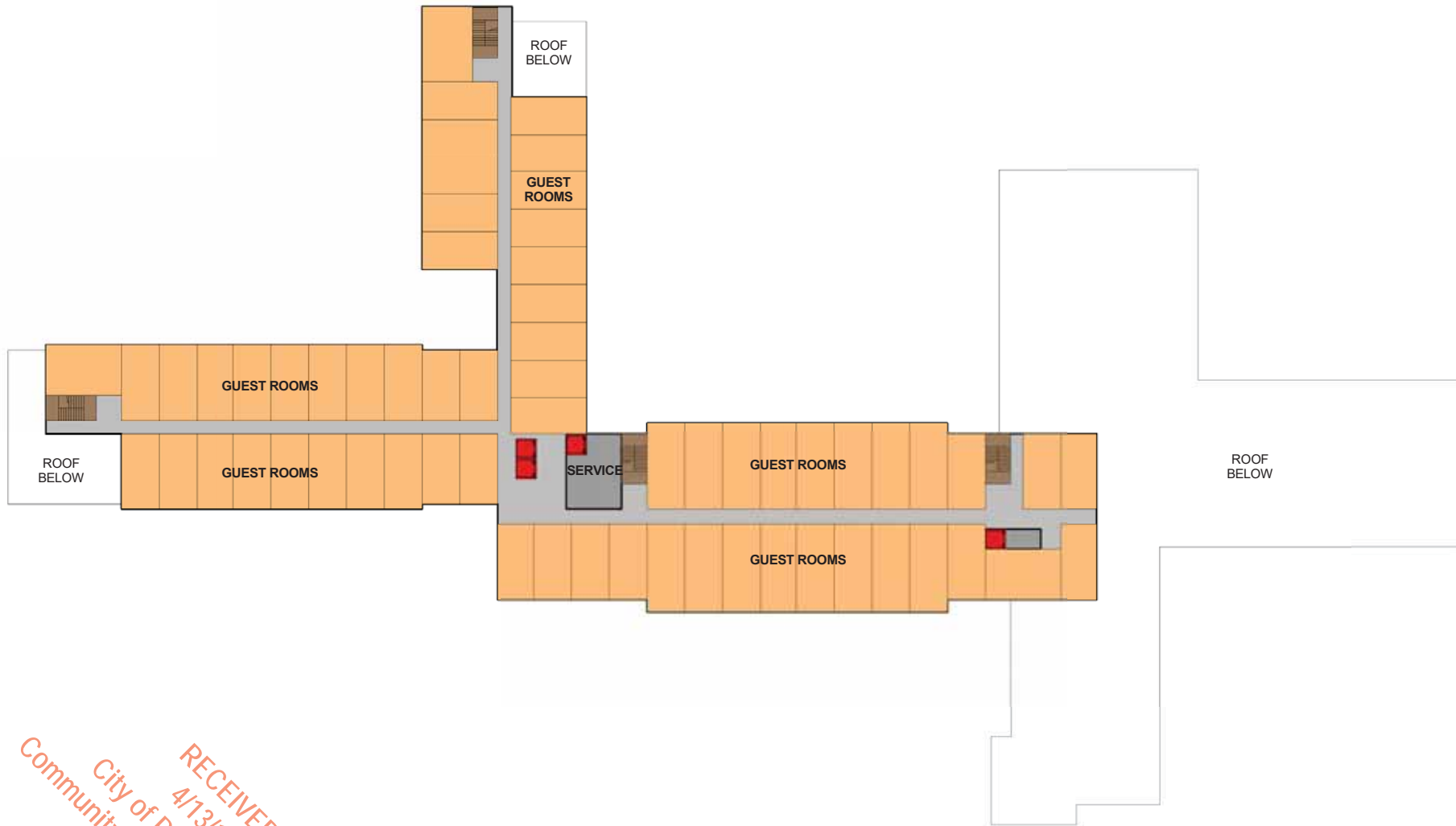
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Community Development Dept.

1 LEVEL 2 FLOOR PLAN
1" = 40'-0"
Agenda Item No. 20

MVE
The Paso Robles Gateway
HILLSIDE HOTEL
2nd Floor Plan

Exhibit A - Project Description

Hillside Hotel



The Paso Robles Gateway

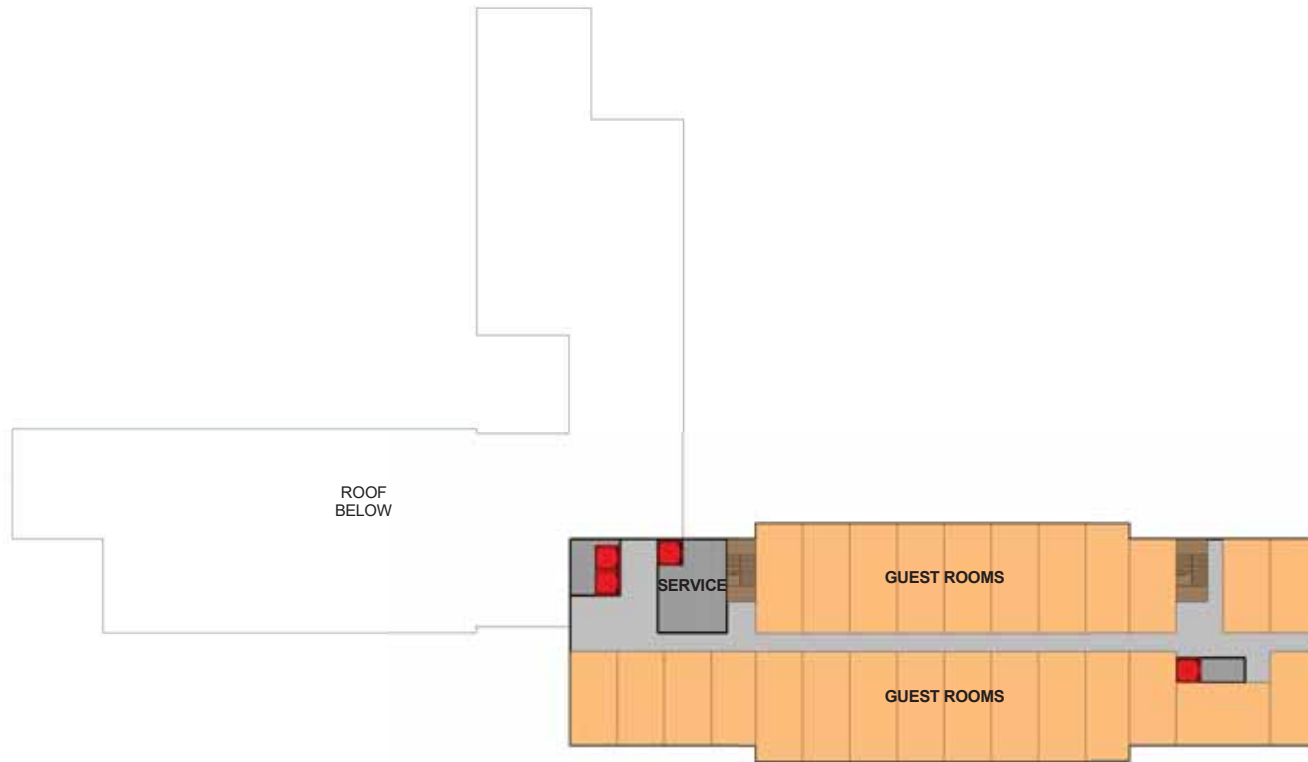
HILLSIDE HOTEL
3rd Floor Plan

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① LEVEL 3 FLOOR PLAN
1" = 40'-0"
Agenda Item No. 20

Exhibit A - Project Description

Hillside Hotel



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① LEVEL 4 FLOOR PLAN
1" = 40'-0"
Agenda Item No. 20

MVE
The Paso Robles Gateway
HILLSIDE HOTEL
4th Floor Plan

Exhibit A - Project Description

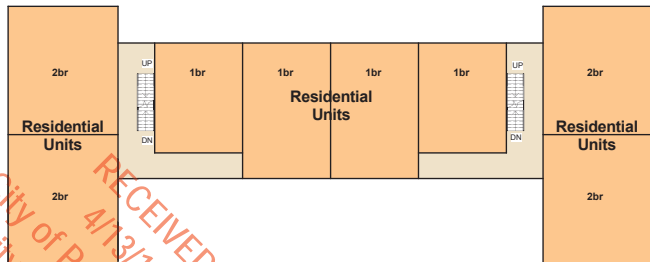


BUILDING #7
VINE STREET VILLAGE

A 1



VINE STREET VILLAGE - BUILDING #7
ELEVATIONS
③ 1/16" = 1'-0"



VINE STREET VILLAGE - BUILDING #7
LEVEL 2 (LEVEL 3 SIMILAR)
② 1/16" = 1'-0"



VINE STREET VILLAGE - BUILDING #7
LEVEL 1
① 1/16" = 1'-0"

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Exhibit A - Project Description

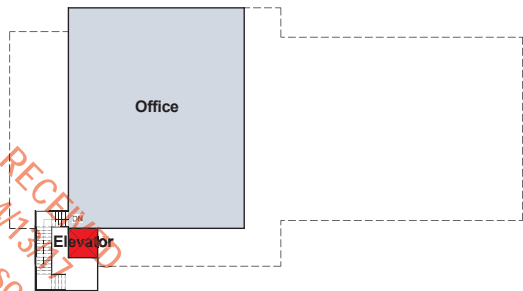


BUILDING #8
VINE STREET VILLAGE

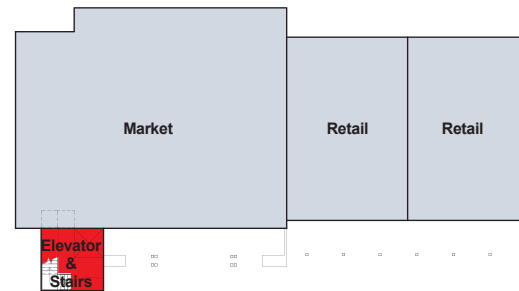
A 2



VINE STREET VILLAGE - BUILDING #8
ELEVATIONS
1/16" = 1'-0"



VINE STREET VILLAGE - BUILDING #8
LEVEL 2
1/16" = 1'-0"



VINE STREET VILLAGE - BUILDING #8
LEVEL 1
1/16" = 1'-0"

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Exhibit A - Project Description



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Exhibit A - Project Description



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Exhibit A - Project Description



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Exhibit A - Project Description

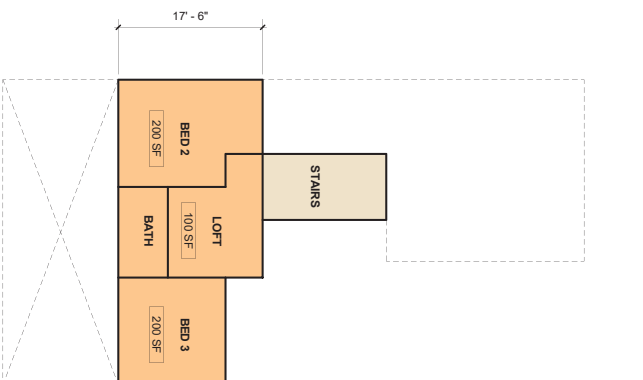
Village Center



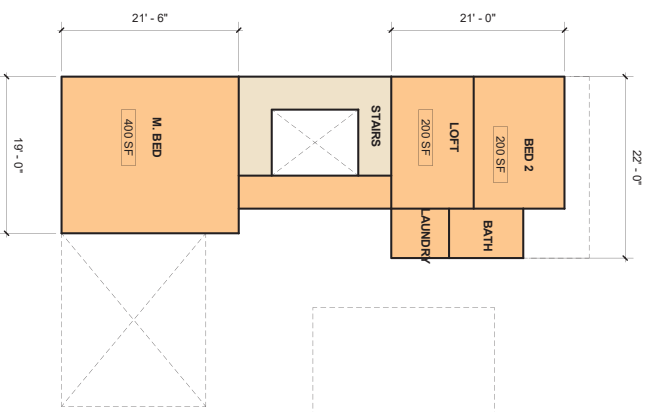
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Exhibit A - Project Description

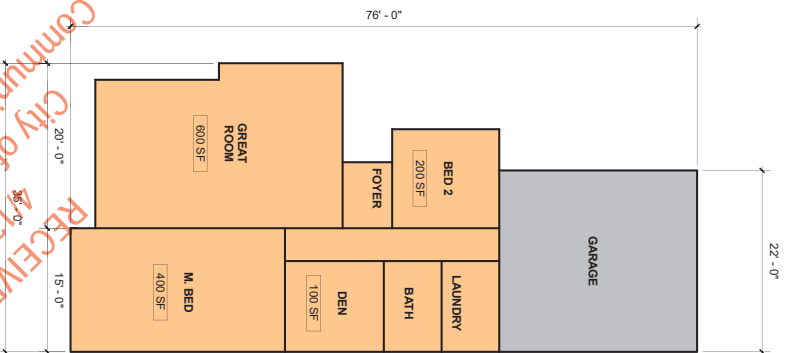
Plan Type	Area
PLAN 1	1600 SF
PLAN 2	1800 SF
PLAN 3	2300 SF



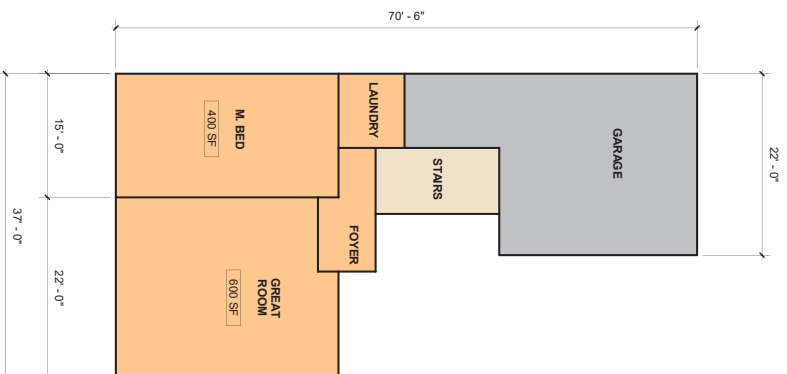
**PLAN 2
LEVEL 2**



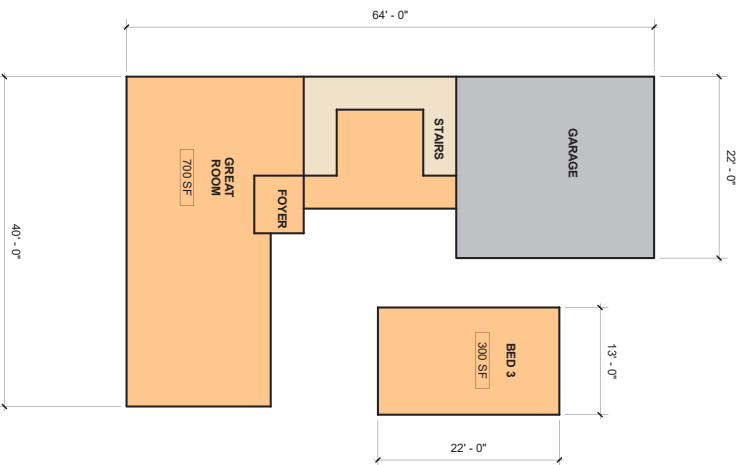
**PLAN 3
LEVEL 2**



PLAN 1



**PLAN 2
LEVEL 1**



**PLAN 3
LEVEL 1**

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PASO ROBLES - TOWNHOMES

2009-10127 3.24.2017

Exhibit A - Project Description

**TRIPLEX
CONCEPTUAL
DESIGN**



FRONT ELEVATION

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TRIPLEX
CONCEPTUAL
DESIGN



FRONT/LEFT VIEW

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TRIPLEX
CONCEPTUAL
DESIGN



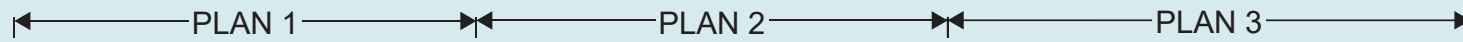
FRONT/RIGHT VIEW

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Exhibit A - Project Description

Multi-Family Area 5

**TRIPLEX
CONCEPTUAL
DESIGN**



REAR ELEVATION

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Community Development Dept

TRIPLEX
CONCEPTUAL
DESIGN



REAR/LEFT VIEW

RECEIVED
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City of Paso Robles
Community Development Dept.

TRIPLEX
CONCEPTUAL
DESIGN



REAR/RIGHT VIEW

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Exhibit A - Project Description



REAR



FRONT



REAR-LEFT



FRONT-RIGHT

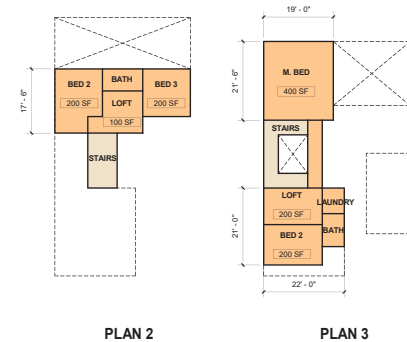


REAR-RIGHT



FRONT-LEFT

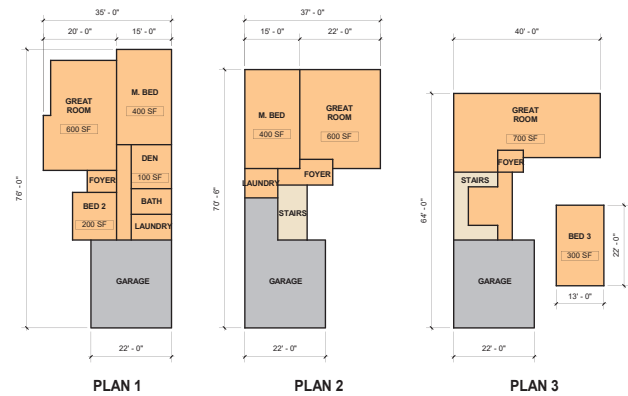
TOWNHOME TRIPLEX ELEVATIONS



PLAN 2

PLAN 3

LEVEL 2 1/16" = 1'-0"



PLAN 1

PLAN 2

PLAN 3

LEVEL 1 1/16" = 1'-0"

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Exhibit 2

Gateway Project City Processing Cost Estimate		
Task	City Staff Hours (Includes: City Planner, City Engineer, and CDD)	City Staff Hours (blended rate \$170/hr)
1. Project coordination (i.e. application materials and project management for public meetings: Planning Commission, City Council and LAFCO, includes project review, communications through final approvals)	200	\$34,000
2. Public agency coordination (i.e. meetings, communications with LAFCO & SLO Co.)	100	\$17,000
3. EIR coordination (i.e. review materials, meetings, communications, notices)	150	\$25,500
4. Public Meetings (i.e. staff reports and presentations for PC, CC Prezone/et al apps, LAFCO process/approval & protest hearings)	200	\$34,000
5. Development Agreement	40	\$6,800
6. City Attorney		\$35,000
Subtotal		\$152,300
7. EIR Preparation (Rincon Consultants)		\$100,000
8. Special Study – Water Supply Evaluation		\$9,490
9. Special Study – Traffic Impact Study		\$35,000
Annexation & Misc. Fee Estimates		
10. Annexation application		\$6,500
11. EIR Review Fee		\$1,000
12. SLO Co. PWD review		\$614
13. County Clerk Recorder		\$75
14. State Board of Equalization fee		\$2,000
15. DFW CEQA & SLO Co. posting fee		\$3,128

Exhibit 2

Subtotal		\$13,317
Total		\$310,107

Attachment 3

Draft Resolution B

CITY COUNCIL RESOLUTION 17.XXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE RESERVATION OF 97 SURPLUS
DENSITY UNITS FOR PROPOSED ANNEXATION 16-001 / PASO ROBLES GATEWAY
PROJECT
APPLICANT – MICHAEL FURLOTTI**

WHEREAS, an annexation application was previously submitted, but not finalized, for property located at the northwest corner of the Highway 101/SR 46W interchange in 2011 (adjacent to the City limits on South Vine Street); and

WHEREAS, pursuant to a Settlement Agreement between the City and Quorum Realty IV, LLC (the “Applicant”) , the City agreed to work cooperatively with the Applicant to process a new annexation application; and

WHEREAS, the Applicant seeks to re-initiate the annexation process (Annexation 16-001), with a modified project description from the original submission; and

WHEREAS, the proposed project description (attached hereto as Exhibit 1), subject to modification through the public review process, includes:

- A reduction in the area proposed to be annexed from 270± acres to approximately 170± acres;
- two hotel resorts (up to 425 rooms);
- retail commercial and office uses (61,000 square feet);
- 17 workforce mixed-use units;
- 80 residences (which may also be used as short-term rentals);
- 82± acres of open space area; and
- 29± acres of agricultural land (vineyards); and

WHEREAS, the proposed project would require a pre-zoning of the property, a General Plan Amendment, and annexation approval by the Local Agency Formation Commission (LAFCO); the proposed project would require other entitlements, including, but not limited to, a Master Development Plan, Master Sign Program, Tract Map; and

WHEREAS, City staff and the Applicant have met with staff representatives from LAFCO to initiate dialogue and obtain feedback on the annexation review process, concurrence of project goals, and LAFCO requirements; and

WHEREAS, since the draft project description includes up to 97 residential units, the City Council is requested to “reserve” 97 of the 334 unallocated surplus residential density units for this project, leaving the remaining unallocated units available for other projects; in the future; and

WHEREAS, if the final approved project does not include the reserved units, they would be available for other development projects.

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Attachment 3

Draft Resolution B

WHEREAS, the City Council conducted a public hearing on the requested reservation of 97 surplus residential units on June 20, 2017.

WHEREAS, based on the facts and analysis presented to the City Council, including all written and oral testimony and staff presentations, the City Council finds that initiation of this Gateway Project, Annexation 16-001 including the reservation of 97 surplus residential units for this project, is consistent with the requirements of the Settlement Agreement between the Applicant and the City

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Paso Robles, as follows:

Section 1. Recitals Incorporated. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. Surplus Density Unit Reservation. The City Council hereby reserves 97 General Plan Surplus Density Residential Units (SD) for the General Plan Amendment for this project.

Section 3. Public Participation Process. The City and Applicant shall collaborate on a public participation process the includes, at minimum, a day-long public open house and a report to the Planning Commission on the open house results

Section 4. Action Not a Project. The reservation of surplus residential units for this project does not constitute being a “project” under CEQA, as there is no possibility that the reservation of surplus residential units will have a significant effect on the environment, and therefore this action is not subject to preparation of an environmental analysis. Subsequent review of the future entitlement requests for the proposed project will be subject to preparation of an EIR to review potential environmental impacts from the project.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 20th day of June 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

Exhibit 1 – Project Description

82473.03019\29870280.2

Project Stats (Table 2-3)

Area #	Project Component and Land Use Designation	Project Description	Square Feet	Rooms	Dwelling Units	Area	Phase
1	Vineyard Hotel, Resort Lodging	4.5 acres, 76,000 square feet, 100 rooms, conference room and pool, 120 parking spaces.	76,000 sf	100 rooms	x	4.5 ac	Phase 1 and Phase 2
2	Village Commercial Center, Commercial	5.5 acres, 42,000 square feet including: 20,000 square feet of retail area, 2 restaurants, 5,000 square feet, office area, 17 workforce residential units in conjunction with retail uses and 150 parking spaces.	42,000 sf	x	17 du's	5.5 ac	Phase 1 and Phase 2
3	Hillside Hotel, Resort Lodging	34 acres, 200,000 square feet, up to 225 rooms, 5,000 square feet of restaurants, 7,000 square foot spa, up to 20,000 square feet of ballroom and conference space, and total parking of 380 spaces.	200,000 sf	225 rooms	x	34 ac	Phase 1 and Phase 2
4	Promontory Commercial Center, Commercial	2.0 acres, 16,000 square feet commercial and office uses, 73 parking spaces.	16,000 sf	x	x	2.0 ac	Phase 1 and Phase 2
5a	Alternative A Highway 46 Resort, Resort Lodging	18 acres, 135,000 square feet, 100 rooms including: 60,000 square foot lodge, 2,500 square foot ballroom, 2,300 square foot conference room, 6,000 square foot spa, 1 restaurant, outdoor event area, pool, poolside cab/bar, 186 parking spaces.	135,000 sf	100 rooms	x	18 ac	Phase 3
5b	Alternative B Resort Community Multi-Family with a Resort Overlay	A maximum of 80 residences that may be used as single family residences, vacation rentals, and/or guest accommodations for the Resorts longer stays. This alternative may include a variety of floor plans for the residences. The residences will be on subdivided lots and available for individual ownership. The individual owners will have the option to individually occupy the units long or short term and enter the homes into a rental pool for the resort.		x	80 du's	18 ac	Phase 3
6	Vine Street Commercial, Commercial	5.4 acres, 22,000 square feet commercial and office uses with 66 parking spaces	22,000 sf	x	x	5.4 ac	Phase 3
7	Agriculture	29 Acres, vineyards, orchards, this area will remain in agriculture, agriculture production.		x	x	29 ac	Phase 1
8	Open Space	Undeveloped open space areas, roads and infrastructure (water, sewer, utilities, etc.) to serve proposed development, project signage, drainage basins and other drainage improvements, buffers, landscaping, passive recreation, agriculture, water storage or recharge, retaining walls.		x	x	70 ac	Phase 1-3
8	Road rights-of-way	Vine Street alignment right-of-way dedication and financing of construction as required by Seller's Agreement.		x	x	1.94 ac	Phase 1-3
Total Alternative A			464,000 sf	425 rooms	17 du's	170 ac	
Total Alternative B			399,000 sf	325 rooms	97 du's	170 ac	

Agenda Item No. 20

Exhibit 1 - Site Plan

