City of San Juan Capistrano
Agenda Report

TO: Honorable Mayor and Members of the City Council
FROM: Benjamin Siegel, City Manager
SUBMITTED BY: Jacob Green, Assistant City Manager
DATE: March 5, 2019
SUBJECT: Proposals for the Potential Limited Use of the City’s Northwest Open Space Area

RECOMMENDATION:

1. Receive presentations from proposers for the potential limited use of the City-owned Northwest Open Space; and,

2. Provide direction to staff based on the options outlined in the Conclusion section of this report.

EXECUTIVE SUMMARY:

In 2017, the City initiated a competitive process to explore the potential of allowing limited use of a portion of the City-owned Northwest Open Space area. The City received a total of eleven proposals, which the City Council – in consultation with staff, the City Attorney and a commercial broker – narrowed to three finalists based on the proposals’ consistency with the existing land use and zoning restrictions, compatibility with the bucolic character of the area, and potential benefits and amenities that the proposed uses would offer to local residents. The purpose of this report is to summarize the process to date, briefly introduce the three concepts, and outline potential next steps for the City Council’s consideration. Subsequent to the Council’s selection of three finalists, one of the proposers withdrew from the process. At the March 5 City Council meeting, the two remaining proposers will have an opportunity to present their concepts for the limited use of the Northwest Open Space property to the City Council and community for public review and discussion.

DISCUSSION/ANALYSIS:

The Northwest Open Space is located west of Interstate 5 and Camino Capistrano, just north of Junipero Serra Road (Attachment 1). In a series of purchases from 1992 through
1995, the City acquired title to the land and used a portion of its Measure D Open Space Bond proceeds to fund this purchase. The Measure D Open Space Bonds were paid in full in August 2017 and, therefore, the property may be sold or leased without any bond restrictions.

In Summer 2017, the City was approached by an adjacent landowner requesting the lease or sale of the Northwest Open Space. On August 15, 2017, the Council directed staff to conduct a competitive Request for Proposals (RFP) process for the potential lease of a portion (approximately 22.5 acres) of the Northwest Open Space for limited use.

The Council restricted the potential limited use to a lease structure and encouraged proposers to be cognizant of the current zoning as “CP-Community Park District” and the associated land use restrictions outlined in the General Plan Land Use Element and Title 9 Land Use Code, to be discussed below.

On October 3, 2017, the Council selected CBRE Group, Inc., as the broker to serve as the exclusive marketing advisor for the potential lease of the Northwest Open Space. After an extensive marketing program, the City received eleven proposals prior to the deadline of December 8, 2017.

Finalists

After careful review of the eleven proposals, the City Council selected three proposers for further consideration, listed below in alphabetical order:

- **Capistrano Vineyards Proposal**, submitted as an all-inclusive family and tourist destination to include equestrian stables, mustang rescue, a winery, restaurant, event facilities, community classes, gardens, a tribute to Juaneno history, open space, Swanner House property operation, and an amphitheater (possibly phased).

- **Metro Commercial Realty Corporation/BrightView Proposal**, submitted as a project with multi-purpose sports fields, parking, volleyball courts, and a community park/amphitheater, with the potential future use of the Swanner House property as a bed and breakfast/garden styling lodging.

- **Red Tail Acquisitions, LLC, Proposal**, submitted as a traditional camping (tent sites, RV sites, cabins, cottages) and “glamping” (airstreams and safari tents) destination with public use of event barns/pavilion, equestrian amenities, pedestrian trails, Native American historical tribute site collaboration, community park, dog park enhancements, multi-use/soccer fields, and potential future use of the Swanner House property if desired by the City.

Subsequent to the Council’s selection of the three finalists, Metro Commercial Realty Corporation/BrightView voluntarily withdrew from the process.
At this evening's meeting, the two remaining proposers will provide the Council and community with an overview of their respective proposal, relevant experience, team qualifications, and community and financial benefits. Attached is a brief summary of all three proposals as provided to the City (Attachment 2).

Special Considerations

Zoning

The current Northwest Open Space General Plan Land Use designation is Community Park (CP). Community Park is one of eight Open Space designations included in the Land Use Element of the City's General Plan. As described in the Land Use Element, the Community Park designation provides for major active recreation sites, including large multipurpose fields for community events and informal recreation, sports fields and courts, concessions, maintenance/support facilities and caretaker facilities.

The chart on the following page depicts the Northwest Open Space zoning designations and the associated zoning designation changes that may need to occur based upon the proposals as submitted. The green highlighted column depicts the current zoning designation (Community Park) and the yellow highlighted areas indicate the necessary General Plan Open Space Land Use classification options that would likely be compatible with the proposals as submitted.

If Capistrano Vineyards is selected to move forward, they would need to request a change in the General Plan Open Space Land Use classification from Community Park (CP) to General Open Space (GOS) or Recreation Commercial (RC), and change in Zoning District from Community Park to General Open Space or Recreation Commercial. This modification would not trigger the voter approval process of Measure X as codified in Section 9-2.104 of the Municipal Code. None of the existing Open Space Zoning Districts accommodate the combination of uses included in the Capistrano Vineyards proposal. To accommodate the range of proposed uses would require modification to the uses permitted in either the General Open Space Zoning District (Winery) or the Recreation Commercial Zoning District (Vineyard, Amphitheater).

If either of the two other proposers is selected (Metro Commercial Realty Corporation/BrightView or Red Tail Acquisitions, LLC) they would need to request a change in the General Plan Open Space Land Use Classification from Community Park (CP) to Open Space Recreation (OSR), and a change in Zoning District from Community Park to Open Space Recreation. This would not trigger the voter approval process of Measure X as codified in Section 9-2.104 of the Municipal Code.

All three submittals would require a Conditional Use Permit for one or more aspects of the proposed use.

(Report continued on next page)
### ZONING DESIGNATIONS:

- **GOS**: General Open Space
- **OSR**: Open Space Recreation
- **NP**: Neighborhood Park
- **CP**: Community Park
- **SP**: Specialty Park
- **RP**: Regional Park
- **NOS**: Natural Open Space
- **RC**: Recreation Commercial
- **RCO**: Recreation Commercial
- **RV**: Regional Village
- **OS**: Open Space
- **CC**: Community Center
- **CCO**: Community Center
- **ST**: Sports Field
- **ED**: Education
- **AM**: Ambulance
- **HE**: Health and Emergency
- **PR**: Private Recreation
- **NE**: Nature Education
- **AG**: Agricultural

### Notes:
- **C**: Conditional Use Permit Required
- **A**: Accessory Use Permitted by Right
- **P**: Principal Use Permitted by Right
- **X**: No Use Permitted

In Open Space Districts:

- **RC**: Recreation Commercial
- **GOS**: General Open Space
- **NP**: Neighborhood Park
- **CP**: Community Park
- **SP**: Specialty Park
- **RP**: Regional Park
- **NOS**: Natural Open Space
- **RC**: Recreation Commercial
- **RCO**: Recreation Commercial
- **RV**: Regional Village
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### Prospective Leases:

- **GO**: General Open Space
- **OSR**: Open Space Recreation
- **NP**: Neighborhood Park
- **CP**: Community Park
- **SP**: Specialty Park
- **RP**: Regional Park
- **NOS**: Natural Open Space
- **RC**: Recreation Commercial
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### Northwest Open Space

In Table 3.10, use these terms from Table 3.10.
Expansion of Land Available for Lease

In May 2018, based on interest from one of the proposers, the Council directed staff to obtain supplemental proposals from the three finalists covering an expanded available lease area of approximately 40.5 acres (Attachment 3). This expanded area is comprised of the original 22.5 acre site, with the addition of the 13.4 acre Community Park/City Open Space area, 2 acre staging area, and the 2.6 acre Hamilton Oaks/Swanner House area (License Agreement set to expire June 30, 2022).

Capistrano Vineyards did not submit a supplemental proposal, as their original proposal encompassed the entire 40.5 acres. Metro Commercial Realty Corporation/BrightView submitted a supplemental proposal to include the entire 40.5 acres available for development with additional field configuration options, additional parking possibilities, and expanded amenities with potential future use of the Swanner House for a bed and breakfast/garden styling lodging experience. Red Tail Acquisitions, LLC also submitted a supplemental proposal to include additional accommodations, soccer fields, expanded trail system, additional parking options, and future operation of the Swanner House property if desired by the City.

Northwest Open Space Community Park Project

The Council previously reserved a portion of the Northwest Open Space for the planned Northwest Open Space Community Park Project (Project), also known as the Putuidem Village. The City opened bids for construction of this Project on August 21, 2018. The low bid received of $2,396,110, together with contingencies and incidental expenses for monitoring, material testing, and construction management, would have exceeded the available budget by about $700,000. Furthermore, the second low bidder filed a protest against the low bid, which may have led to litigation whether the protest was sustained or denied.

Consequently, on October 2, 2018, the Council rejected all bids and directed staff to work with Project stakeholders to determine whether some elements of the Project could be modified or eliminated to reduce costs. Staff met with the stakeholders on November 29, 2018, to discuss a potential revised Project and phased approach which focused on the cultural village amenities and would defer the corporate, equestrian, and off-site improvements to a later phase.

Concurrently, the Council directed staff to communicate to the three finalists of the Northwest Open Space RFP process a desire for the future lessee to fund the construction and maintenance of a Putuidem Village Park Project. The proposers are anticipated to respond to this request during their Council presentation on March 5.
Conclusion and Next Steps

Based on the information provided in this report, staff has developed the following three options in an effort to guide the discussion and assist the City Council in identifying potential next steps in the process:

- **Option 1: Take no further action on the potential lease of the Northwest Open Space.** Under this alternative, the City would abandon the exploratory process for limited use of the area. The City would continue to maintain the existing open space and improved facilities within the Northwest Open Space area, and would re-bid the planned (Putuiddem Village) Capital Improvement Project based on the revised scope of work, unless directed otherwise by the City Council.

- **Option 2: Request additional information from the proposers.** To date, the proposers have provided preliminary design concepts and, in some cases, limited financial data. The City Council could seek more information from any or all of the proposers for subsequent review and discussion. As a potential real property transaction, the City Council has the ability to discuss the price and terms of the proposed deal(s) in closed session.

- **Option 3: Select a proposal for further consideration.** If the City Council is interested in advancing one of the concepts, it is recommended that the Council direct staff to prepare a draft Exclusive Negotiation Agreement (ENA) with the selected proposer for future Council approval at a public meeting. The ENA would outline key terms and deal points, provide a funding mechanism for further staff and legal review, and serve as the precursor to a potential development agreement with the selected proposer. The ENA would not obligate the City Council to future approval of a project.

**FISCAL IMPACT:**

There is no immediate fiscal impact associated with the recommended action. The proposers have been asked to address the financial aspects and potential economic benefits of their respective concepts during their presentation.

**ENVIRONMENTAL IMPACT:**

The City Council's discussion of a potential lease of the Northwest Open Space property is not a "project" for purposes of the California Environmental Quality Act (Pub. Resources Code, §§ 21000 et seq.) ("CEQA") and the State CEQA Guidelines (Cal. Code Regs., §§ 15000 et seq.) and is therefore not subject to environmental review. Any future project on the Northwest Open Space site would require its own environmental review in accordance with CEQA.
PRIOR CITY COUNCIL REVIEW:

- On October 3, 2017, the Council authorized the City Manager to execute an amendment to the existing CBRE Agreement to add the marketing for a potential lease of portions of the Northwest Open Space.

- On August 15, 2017, the Council directed staff to prepare a Request for Proposal for the City-owned Northwest Open Space property.

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

None.

NOTIFICATION:

Alexandre Kling, Golcheh Development
Calvary Chapel
Capistrano Vineyards
Community Sports Institute
Dan Morrar, Insite Commercial Real Estate
Genova Capital
Goals USA
Hamilton Oaks/A Stones Throw
Joseph Ontiveros, Soboba Band of Luiseno Indians
Katherine Ransom
Life Time Fitness
Mark Korando, Habitat for Humanity
Metro Commercial Realty Corporation/BrightView
Michael de la Torre, LINC Housing
Mission San Juan Capistrano
Nathan Banda, Four Directions Education
NUVIS Landscape Architecture and Planning
Parks, Recreation, Senior and Youth Services, Trails and Equestrian Commission
Phil Schwartze
Putuidem Committee
The Railroad Company
Red Tail Acquisitions, LLC
Richard Vuong, Orange County Public Works
Rudy Reyes, Juaneno Band of Mission Indians
San Juan Capistrano Chamber of Commerce
Scott Morgan, State Clearinghouse
Terri Morris, Richard A. Tinnelly Law Offices
Tom Hribar
Tom Tolmasoff, Mountain Pines
ATTACHMENTS:

Attachment 1: Site Map
Attachment 2: Proposal Summaries
Attachment 3: Limited Lease Area and Expanded Lease Area
Northwest Open Space – Site Map
Northwest Open Space
Lease Proposal
Project Summaries
(As Submitted to City)
Project Name: Capistrano Vineyards

Who We Are: Jim Adam, Steve Danke, Craig Chere, Brian Knochenhammer, and Ron Schreiber

Adam Development (29859 Hidden Creek, San Juan Capistrano, CA 92675): Jim Adam – Principal at Adam Development is a residential developer and grading contractor with expertise in restaurant management.

Enclos (31831 Camino Capistrano, Suite 202, San Juan Capistrano, CA 92675): Steve Danke – Executive Vice President at Enclose which is a façade engineering and curtain wall design company headquartered is located in Minneapolis with a regional office in San Juan Capistrano. Enclos is one of the largest specialty design-build contractors in the U.S. with annual revenues exceeding $400M. Projects include the Getty Museum, Ritz Carlton and Marriott at LA Live, the new Golden State Warriors Arena, Sears Tower, Las Vegas Raiders Arena, and the Original World Trade Center Towers.

McCarthy Building Companies (20401 SW Birch Street, Newport Beach, CA 92660): Craig Chere (Vice President) and Brian Knochenhammer (Project Director) – McCarthy Building Companies is a general contractor specializing in managing projects from entitlement through procurement and construction headquartered in St. Louis with a regional office in Newport Beach. McCarthy is consistently recognized by ENR as one of the premier builders in the U.S. with annual revenues exceeding $3B. Projects include the Lodge at Torrey Pines, John Wayne Airport Expansion, the new Stanford Hospital, Loma Linda Hospital Expansion, and the Camp Pendleton VA Hospital.

Dapper Development (985 White Drive, Suite 100, Las Vegas, NV 89119): Ron Schreiber (Partner) – Las Vegas retail, office and industrial real estate development firm who has continued to shape the commercial real estate landscape throughout southern Nevada for many years. Completed projects to be provided upon request.

Proposed Project: Capistrano Vineyards will be a one of a kind, all-inclusive family destination for San Juan Capistrano residents and tourists alike featuring:

- Winery – Including 8 tasting rooms, 2 breweries and a farm to table restaurant.
- Putuidem Native American Village
- Wedding Facilities – Including a barn, traditional wedding facility and chapel.
- Open Park Area - Including picnic benches and orchards.
- Community Classes – Including farming and cooking classes.
- Community Gardens
- Soccer Fields
- Horse Corrals
- Vineyards
- Walking & Horseback Riding Trails
San Juan Capistrano City Council Public Workshop

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<thead>
<tr>
<th>Name/Entity</th>
<th>METRO COMMERCIAL</th>
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<tr>
<td><strong>Who We Are/ Brief Description</strong></td>
<td>Metro Commercial Realty Corporation, originally founded in the spring of 1989 as Metro Pacific Group and incorporated in 1993, specializes in the acquisition, development, and management of commercial properties, shopping centers, office buildings, and industrial properties throughout the nation. BrightView, established in 1949, has been the nation’s leading landscape services company with a proven track record of unparalleled knowledge and technical ability, outstanding customer service and retention, relentless execution, and a true understanding of our customers’ needs. As the most trusted landscape company, we are relied upon to design, build, maintain, and enhance unique places of lasting beauty.</td>
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<td><strong>Proposed Use/Project Description</strong></td>
<td>Our proposed plan for the Northwest Open Space encompasses a variety of uses, which we believe will serve the San Juan Capistrano community as a whole. Metro Commercial in partnership with BrightView has developed a Conceptual master plan, included multi-purpose fields, swimming, sand volleyball facilities, amphitheater, skate board park, parking, a tot lot, and additional community amenities including shade structures, significant landscape improvements, lighting, walking paths, and preservation/relocation of heritage trees and an expansion of the use adjacent to the Swanner house to include a Boutique Bed and Breakfast.</td>
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<tr>
<td>Name/Entity</td>
<td>RED TAIL ACQUISITIONS, LLC</td>
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<tr>
<td><strong>Who We Are/ Brief Description</strong></td>
<td>Founded in 1985, Red Tail Acquisitions, LLC (&quot;RTA&quot;) is a private real estate investment firm. RTA is part of larger &quot;Family&quot; of companies in the real estate industry, including Fowler Property Acquisitions, Highway West Vacations, FPA Multi-Family, and Trinity Property Consultants. We are a fully integrated, turn-key real estate company specializing in acquisitions, entitlements, design, development, construction, marketing, leasing and property management of our properties. Our primary industry segments include hospitality, commercial, office, and residential. We have successfully completed over $12 billion in real estate transactions on properties across the US from 7 offices. Our corporate offices are in Irvine, California and our 2 representatives leading our proposed project for the NWOS property are long time residents of San Juan Capistrano.</td>
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<td><strong>Proposed Use/Project Description</strong></td>
<td>We are very excited about this ground lease opportunity with the City of San Juan Capistrano. We feel strongly that this property lends itself well to the development of a Glamping &amp; RV Campground; a use in which our organization is an industry leader. We are proposing a mixed-use, low impact project which both respects and fully integrates the site's history and surrounding uses. Our proposed project is anchored by &quot;The Orchards&quot; a highly amenitized glamping site that embraces the history of the area by way of an orchard theme. This element of the project would feature a beautifully landscaped recreation area with a mix of enclaves made up of custom cabins, RV sites, RV equestrian sites, canvas cabins and airstream. The project would feature a wide range of high quality and customized amenities such as: an extensive trail system bordered by citrus and other types of trees, gardens, an event barn or pavilion, a swimming pool &amp; rec center, a store/café, horse staging areas and trailhead improvements, as well as picnic and play areas. We are proposing multi-purpose ball fields, to be maintained and programmed by the city, with the maintenance costs to be paid for through our ground lease payments. We are proposing to take over the maintenance of the dog park and to make improvements to it, if desired by the City. We are also proposing to maintain the landscaping in the community park/cultural center and to work with the City to help ensure that the center gets built. Lastly, we would like to integrate the Swanner House in to the overall project, so that the site is fully integrated and maintained as a high-quality amenity for the community and its visitors. We believe our proposed project would provide a significant, revenue generating asset for the city, with numerous attractive and useful community benefits for the City of San Juan Capistrano and its residents.</td>
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