



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Andrew Perez, Planning Manager

SUBJECT: Consideration of Pre-Application 23-003: Development Code Amendment to Make Educational Facilities a Conditionally Allowed Use in the Regional Commercial Zoning District; Applicant – Cuesta College

DATE: October 24, 2023

SUMMARY OF ACTION:

The purpose of this pre-application discussion is to provide the City Council an opportunity to direct staff regarding potential ordinance revisions to allow educational institutions as an allowed use in the Regional Commercial zoning district.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Financial impacts related to preparation for the study session consist of staff time and legal counsel time for purposes of research and writing the staff report. Additional staff time would be required to prepare ordinance revisions, should the City Council provide that direction.

RECOMMENDATION:

Receive public comment and provide direction to staff regarding the development code amendment to allow educational institutions as a conditionally permitted use in the RC zone.

BACKGROUND:

The general plan outlines goals, objectives, and policies regarding the character of commercial uses and development throughout the City. [Chapter 16.36](#) of the Arroyo Grande Municipal Code (AGMC) describes the intent and purpose of each of the City's commercial and mixed-use districts and includes development standards that implement the general plan policies. The Regional Commercial (RC) district implements and is consistent with the Regional Commercial land use designation of the General Plan. AGMC 16.36.020. It describes the purpose of the RC district as providing "areas for a

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diversity of commercial uses that serve community and regional needs for retail and personal services within distinctive and internally pedestrian-oriented shopping centers.”

Cuesta College is exploring the possibility of establishing a satellite facility consisting of student classrooms, study hall, support services, and other resources for students in a vacant structure in the RC district, previously occupied by Pier One Imports. Currently, in the City’s development code, schools/educational institutions of any kind are not an allowed land use in the RC district. The purpose of this pre-application discussion with the City Council is to gauge interest in a development code amendment (DCA) that would establish educational facilities as an allowed use in the RC district.



Project Description

Although it is not a business, a Cuesta College facility in Arroyo Grande will likely have regional attraction. The nearest community colleges are the main Cuesta College campus in San Luis Obispo and Alan Hancock College in Santa Maria, which are nearly 40 miles apart. Cuesta College (Cuesta) currently operates its South County Center on Orchard Street, near Arroyo Grande High School, providing students support services, quality educational opportunities, workforce training, and transfer-oriented higher education. Lucia Mar Unified School District leases Cuesta facilities and those are only available after 4:00 pm. A dedicated space would allow Cuesta to have greater flexibility in scheduling and would provide an opportunity to offer a wider range of coursework. The identified space would allow Cuesta to provide up to 5 classrooms, a study hall, and staff offices to support South County. The applicant has indicated that they anticipate starting

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classes in 2-3 years beginning slowly with 1-2 classes, and ramping up the schedule over time. When the facility is operating at maximum capacity, up to 90 students could be at the site at any one time for instruction, plus staff and any students that may be using resources available in the study hall.

ANALYSIS OF ISSUES:

[Table 16.36.030](#) of the AGMC identifies allowed uses in each of the mixed-use and commercial districts, and their corresponding permit requirements. With regards to schools, two different types are listed in this table, and neither are allowed in the RC district. The two types are “Elementary, middle, and/or secondary schools”, and “Specialized education/training schools”. Colleges and upper education are captured in the broadly defined “Educational institutions” in AGMC [Section 16.04](#), and are defined as “public and other nonprofit institutions conducting regular academic instruction at kindergarten, elementary, secondary, collegiate levels, and including graduate schools, universities, nonprofit research institutions and religious institutions.” Such institutions must either: (1) offer general academic instruction equivalent to the standards prescribed by the State Board of Education; (2) confer degrees as a college or university of undergraduate or graduate standing; (3) conduct research; or (4) give religious instruction. The definition does not include commercial or trade schools. Currently, educational institutions in which collegiate level coursework are offered are only allowed in the Public/Quasi-Public district. The proposed code amendment would amend Table 16.36.030 to add educational institutions as an allowed use in the RC zone.

General Plan Consistency

The underlying General Plan Use Designation for all parcels in the RC district is also Regional Commercial. Land Use Element Policy 7-2 describes the purpose of this land use category. It states “the RC district classification shall provide areas for retail and service businesses serving the regional population (trade area typically exceeding 50,000 people – roughly equivalent to the Five-Cities area). Businesses allowed to locate in RC areas shall include major retail commercial tenants associated with a regional mall, “power center” or outlet center.”

The intent of the Regional Commercial district is to provide retail opportunities that have appeal at a regional level and contribute to the general fund via collection of sales tax. A educational institution will not directly generate sales tax, but will bring a significant number of students to Arroyo Grande. These students will likely shop and dine in the city before, between, and after classroom sessions, therefore, staff has determined that it can reasonably be assumed that the educational facility will indirectly generate sales tax revenue, consistent with the intent of the RC zoning designation.

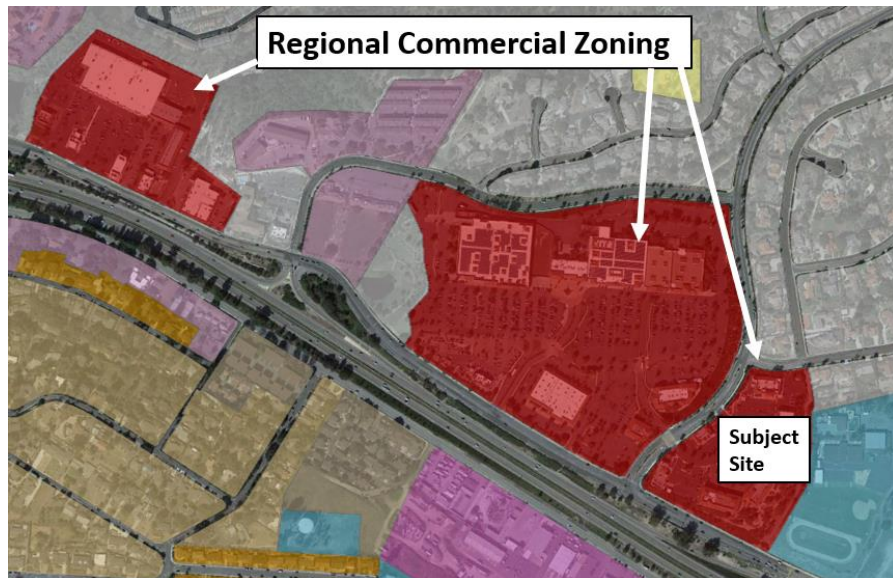
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Permit Requirements

A conditional use permit (CUP) is required to establish a school in the districts where educational institutions are an allowed land use. If Council is amenable to a development code amendment, staff recommends amending AGMC Section 16.36.030 to allow educational institutions as a conditionally permitted use in the RC zone. Pursuant to AGMC 16.16.050, a CUP is intended to allow the establishment of those uses that have some special impact or uniqueness such that their effects on the surrounding environment cannot be determined in advance of the use being proposed for a particular location. The permit application process allows for the review of the location and design of the proposed use, configuration of improvements, and potential impact on the surrounding area from the proposed use. The review shall determine whether the proposed use should be permitted, by weighing the public need for and benefit to be derived from the use against any adverse impact it may cause. Any adverse impacts will be evaluated and mitigated to the degree possible with potential operational conditions such as class scheduling and parking requirements. The Planning Commission is authorized to approve CUPs, and when any new construction or any changes to an exterior of a structure are involved, the Architectural Review Committee will also review the project and make a recommendation to the Planning Commission. The City Council would consider this project only in the event of an appeal of the Planning Commission's decision of the project.

Parking

Parking rates for various land uses are described in AGMC Section 16.56.060. High schools and colleges are required to provide one parking space for each classroom and office, and five spaces for each classroom. Although these are the required parking space ratios in the AGMC, staff notes later in this report that the practical realities of Cuesta's

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plans and ultimate build-out could dictate a higher parking need than required in the AGMC. Cuesta plans on creating up to five classrooms at this site, plus support offices and study hall. The parking requirements for colleges is established in the AGMC Section 16.56.060 and are illustrated in Table 1:

Table 1: Parking Requirements

Project Component	Parking Rate	Parking Required
Classrooms (x5)	5 spaces each	25 spaces
Study Hall	5 spaces	5 spaces
Offices (x3)	1 space each	3 spaces
Total		33 spaces

Retail uses are required to provide one parking space for every 250 square feet of gross floor area. The gross floor area of the existing building is approximately 9,400 square feet, which requires 38 spaces, 5 more than what would be required for the proposed use. A shared parking lot with 341 spaces serve all of the tenants at this site. The parking requirement for all of the uses in this portion of the Five Cities Center, including the proposed Cuesta facility, is 273 spaces. For purposes of this calculation, the parking rate of the last use was used to estimate a parking requirement for the vacant suites. The uses and parking requirements are provided in Table 2:

Table 2: Five Cities Center Parking Requirements

Use/Tenant	Parking Req.	Area	Spaces Req.
Cuesta College	1/classroom for staff and 5/classroom for students	6 classrooms (incl study hall) 3 offices	33
Petco	1 space /250 sf	10,331 sf	42
European Wax Center	1 space /250 sf	1357 sf	5
Massage Envy	1 space /250 sf	3312 sf	13
Verizon	1 space /250 sf	2275 sf	9
917 Rancho Pkwy	1 space /250 sf	2275 sf	9
The Parable	1 space /250 sf	2925	12
925 Rancho Pkwy	1 space /250 sf	1495 sf	6
929 Rancho Pkwy	1 space/100 sf of public floor area	2,355 sf	24
Trader Joe's	1 space /250 sf	11,700 sf	47
Wells Fargo Advisors	1 space /250 sf	4000 sf	16

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991 Rancho Pkwy	1 space/100 sf of public floor area	5700 sf	57
Total			273 spaces

There are 341 parking spaces available in this area, which results in a parking surplus of 68 spaces.

Cuesta College staff anticipates a maximum of 90 students to be at the facility at any one time. Despite compliance with the required parking rate, the number of vehicles anticipated to need somewhere to park could be much higher during times of peak demand. However, the noted 68 surplus in available parking is anticipated to be able to help address this need. In addition, all Cuesta students are able to ride Regional Transportation Authority buses for free with a valid student identification. The nearest bus stop to the proposed location is across Rancho Parkway in the 5 Cities Center. Bus ridership is expected to lessen the burden on the existing parking spaces and alleviate some concern about insufficient parking for the use.

As previously mentioned, staff recommends requiring a CUP to establish the land use if the development code is amended to allow educational institutions in the RC district. The CUP process provides an opportunity to impose conditions of approval to mitigate potential impacts. Conditions such as staggered class hours, limitations to the number of classes that can be held concurrently, and targeted education to students about parking availability and areas may be imposed to limit parking impacts on the adjacent businesses and residential neighborhood. By allowing educational institutions as a permitted use, the opportunity to impose conditions to mitigate potential impacts is not available because no discretionary permit would be required.

Other Considerations

Looking beyond this immediate request, a development code amendment could allow other educational institutions to be established in the RC district. By definition, educational institutions do not include trade schools and other commercial schools. Staff asks that the City Council consider whether the DCA should also include making schools an allowed use, which would permit trade and commercial schools in the RC district. Allowing educational institutions and schools would provide greater flexibility to managers and owners of property in the RC district when looking for a tenant to occupy vacant commercial spaces.

Overall, staff is generally supportive of the proposed development code amendment to allow educational institutions in the RC zone. Potential issues with the parking situation can be addressed during the review process of the CUP. Therefore, staff recommends that the City Council direct staff to move forward and process the requested development

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code amendment to allow educational institutions as a conditionally permitted use in the RC zone.

Next Steps

With feedback from City Council and the public, the applicant will decide whether to prepare an application to initiate the DCA and the requisite land use entitlement to establish an educational institution at this location. If an application is submitted, the project will undergo review from the Staff Advisory Committee and Architectural Review Committee prior to a public hearing with Planning Commission.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Provide preliminary comments to the applicant regarding a potential development code amendment and establishment of an educational institution; or
2. Provide other direction to staff and/or the applicant.

ADVANTAGES:

The applicant is currently seeking comments and suggestions from the City Council and the public on processing a DCA and CUP to establish an educational institution in the RC district. Comments made on the proposal will provide the applicant with information to make a decision whether or not to submit an application for the subject project. A pre-application discussion also provides an opportunity for Council and the public to provide feedback about the use and code amendments prior to the submittal of a formal application.

DISADVANTAGES:

Educational institutions do not directly generate sales tax revenue, as intended for uses in the RC district, but will bring a significant number of students into the City that will presumably shop and dine at other businesses located in the City, indirectly resulting in sales tax revenue.

ENVIRONMENTAL REVIEW:

No environmental review is required for the pre-application discussion. Appropriate environmental review will be conducted as part of processing the formal project submittal pursuant to the California Environmental Quality Act (CEQA).

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.