



PROJECT SUMMARY

Application Number: 26PLN-0005
Subject: Consideration of Reinstating a Development Review Permit and Use Permit for the Dorsey Marketplace Project
Applicant: Warren Hughes
Location/APNs: 200 Block of Dorsey Drive, APNs: 035-260-062, -064, -077
Current Zoning/General Plan: Central Business District, Multi-family residential (C2, R-3) / Commercial-Urban High Density (C,UHD)
Entitlements: Development Review Permit, Use Permit
Environmental Status: Addendum to the adopted EIR
Prepared by: Amy Wolfson, City Planner

RECOMMENDATION:

That the Planning Commission approve application (26PLN-0005) which includes the request to re-approve the Dorsey Marketplace Project, which includes 26.8-acre infill site, 104,350 square feet of commercial space, 8,500 square feet of office space, and 172 apartment units at the 200 Block of Dorsey Drive APNs: 035-260-062, -064, -077, which includes the following actions:

- a. Adopt the Addendum to the previously adopted Environmental Impact Report (EIR) and Subsequent EIR for the Dorsey Marketplace project, which demonstrates that none of the conditions described in CEQA Guidelines Section 15162 requiring a subsequent or supplemental EIR or IS/MND are present; and
- b. Approve the Development Review Permit for the Dorsey Marketplace Project, Alternative B, subject to findings 1-5, and Conditions of Approval, as may be modified at the public hearing; and
- c. Approve the Use Permit to allow the drive-through uses associated with the Dorsey Marketplace Project Alternative B, subject to findings 1-5, and Conditions of Approval, as may be modified at the public hearing; and.

BACKGROUND:

At its April 28, 2020 regular meeting, the City Council approved the Dorsey Marketplace project "Alternative B" and also certified the Final EIR prepared for the Project and

adopted Findings of Fact and a Statement of Overriding Considerations. The approved Project consisted of applications for a General Plan Amendment, Zoning Map Amendment, Development Review Permit, and Use Permit for a proposed mixed-use development on a 26.8-acre infill site. Approved Alternative B includes 104,350 square feet of commercial space, 8,500 square feet of office space, and 172 apartment units, along with pedestrian corridors, public plaza spaces, spaces for public art and murals throughout the commercial component, as well as a small dog park.

In approving Alternative B, the City Council approved a General Plan Amendment and rezone changing the land use designation on the site from Business Park (26.8 acres) to Commercial (14.5 acres) and Residential Urban High Density (12.3 acres). Alternative B also required a rezone from Corporate Business Park to 14.5 acres of Commercial (C-2) and 12.3 acres of Multiple Dwelling Residential (R-3).

In September 2024, staff brought the Dorsey Marketplace Supplemental Final Environmental Impact Report (SFEIR) to Council to take action on the entirety of the EIR prepared for the project. The SFEIR was required after a legal challenge was filed and the appeals court determined that the City failed to analyze the impact of traffic generated by the Project and its potential to exacerbate health risks for future Project residents and occupants. The aforementioned legal challenge of that approval was filed shortly thereafter, and the judge required the additional analysis mentioned above. The time between the initial entitlement approval and the discharge of the legal challenge by the Nevada County Superior Court was almost three and a half years. Development entitlements have a standard one-year expiration unless conditioned otherwise. While the applicant could technically have pulled permits, it is generally ill-advised during instances of pending litigation given the uncertainty of the outcome and the financial burdens that come with exercising an entitlement. At the regular meeting held on September 10, 2024, the City Council adopted Resolution No 2024-66 certifying the updated Final Environmental Impact Report for the Dorsey Marketplace Project, which included the Supplemental EIR prepared for the project to analyze aforementioned health impacts.

PROJECT PROPOSAL

The application in 2020 included two alternative proposals, but Alternative B was the one approved by City Council. The applicant has submitted only the originally approved Alternative B proposal for consideration under this current entitlement review. Alternative B would develop 104,350 square feet of commercial uses, including two major shops (35,000 and 21,500 square feet), five smaller shops (with sizes between 4,000 and 8,500 square feet), three pads for drive-through services such as fast-food and financial institutions (sizes between 3,200 and 4,200 square feet) and one 6,000-square-foot pad that would support food service without a drive-through. The commercial uses would be placed throughout the northern portion of the Project site, with the major shops and two of the small shops along the western boundary, the restaurant pads in the northeastern portion of the site near the Project site entrance on Dorsey Drive, and the additional three small shops completing the southwestern portion of the commercial area perimeter. Parking would be provided central to all of the commercial uses, and would include electric vehicle charging stations. The 172 residential apartments included in Alternative B would be constructed as two-story and three-story buildings in the southern portion of the Project

site. The apartments would be market-rate rental units and are expected to include 95 two-bedroom units and 38 each of the one- and three-bedroom layouts. The units would range in size from 1,013 to 1,600 square feet. One of the buildings would include approximately 50% apartment space and 50% office space, providing 8,500 square feet of office space near the center of the Project site. The Project would also include an apartment complex clubhouse, pool, tot lot, and dog park. Vehicles would circulate through the Project site using a north-south central spine road connecting to Dorsey Drive on the north and Spring Hill Drive on the south. Bicycle lanes would be striped on each side of the street and bus stop shelters would be provided near the center of the site. A network of landscaped walkways and pedestrian plazas would be provided throughout the Project site.

Two transit stops are proposed, and a pedestrian trail is provided to the existing apartment complex to the east, as well as a meandering accessible path from Dorsey Drive into the shopping center. The project will also involve the extension of Springhill Drive to Dorsey for improved circulation and emergency access. At the time of approval, conditions of approval were added at the public hearing (see conditions B10 and C2). These conditions require one of the three drive-through uses to be non-food related and requires the apartment buildings to install solar panels. The applicant has additionally requested that the project be conditioned to be phased over a seven-year period, as discussed below. Staff is recommending approval of the currently proposed project, which has been submitted as originally approved in 2020, along with the added condition of approval for a phased development approach. There are no revisions to the project development plans from those previously approved in 2020.

Proposed Phasing:

The applicant has requested a Condition of Approval (A10) to allow construction of the Dorsey Marketplace Project over a seven-year period, with each phase consisting of portions of the remediation program, infrastructure improvements, and residential and commercial development as shown in the Phasing Plan provided by the applicant (Attachment 5). The added Condition of Approval states:

The Dorsey Marketplace Project may be constructed in phases within a seven-year period as approved by the City Council of the City of Grass Valley. Minor modifications to the phasing program may be approved by the Planning Director. The phased project shall remain eligible for extensions of time for no more than two, twelve-month periods in accordance with Development Code Section 17.74.060(T).

The applicant is requesting to add a condition of approval to allow a phased approach to building out of the project to occur over a seven-year period. Without this revision the project is subject to standard project timelines as outlined in Section 17.74.060 of the Grass Valley Municipal Code, which requires effectuating the project through a building permit within one-year of project approval (an ordinance amendment is currently being considered to change this to two years), and subsequent building permits for each subsequent year until project completion. This standard timeline is impractical for a project of this size and scope, particularly considering there is a soil cleanup component with this project. The development code allows for a project to be phased over several

years so long as it is conditioned as such. Phasing is typical for larger developments such as Dorsey Marketplace. The applicant has provided a phasing plan that shows build-out progress within a seven-year timeframe. There are no changes proposed to the overall project development.

DEVELOPMENT REVIEW COMMITTEE

The Development Review Committee (DRC) considered the proposal at their meeting held on April 28, 2026. They DRC voted 5-0 to recommend that the Planning Commission re-approve Dorsey Marketplace Alternative B, including the conditions of approval, as presented in the staff report

ENVIRONMENTAL DETERMINATION

An Addendum has been prepared in accordance with Section 21166 of CEQA and Sections 15162 and 15164 of the CEQA Guidelines. City Council certified the Final EIR (the “2020 Final EIR”), adopted the Findings of Fact and Statement of Overriding Considerations, and approved Dorsey Marketplace Alternative B, which included a General Plan Amendment, Zoning Map Amendment, Development Review Permit, and Use Permit. On September 10, 2024, the City Council certified the updated Final Environmental Impact Report for the Dorsey Marketplace Project, thereby (i) determining that the deficiency in the Final EIR identified in the Modified Court of Appeal Opinion and Revised Judgment had been remedied, (ii) further determining that a new 2024 Final EIR, consisting of (a) the 2020 Final EIR, (b) the Draft FSEIR, and (c) responses to comments on the Draft FSEIR and related corrections, is legally adequate under CEQA. Reinstating the Development Permit, and Use Permit, and adding a Condition of Approval to phase the Project over a period of seven years. None of the conditions described from CEQA Guidelines Section 15162 calling for preparation of a subsequent document have occurred as documented in the Addendum to the EIR (Attachment 2), and therefore, the differences between the approved Dorsey Marketplace Project, as described in the certified EIR and SEIR, and the project now being re-considered after it expired, constitute a change, consistent with CEQA Guidelines Section 15164.

FINDINGS

In accordance with Sections 15091 and 15093 of the CEQA Guidelines and Section 21081 of the Public Resource Code, and Sections 17.72.30 J (Development Review Permit) and 17.72.060 – Use Permits and Minor Use Permits, of the Grass Valley Development Code, the Planning Commission is required to make the following specific findings before it approves the Dorsey Marketplace Project as resubmitted:

1. The City received a complete application for the re-submitted Dorsey Marketplace Project, Alternative B (26PLN-0005).
2. The Development Review Committee reviewed the project in compliance with the California Environmental Quality Act and recommended at their regular meeting held on April 28, 2026 that the Planning Commission adopt the Addendum to the adopted Mitigated Negative Declaration, which acknowledges all previously adopted mitigation measures as applicable to the proposed Project, in accordance with Sections 15162 and 15164 of the CEQA Guidelines.

3. The 2020 General Plan designates the project site with a split designation, as Commercial-Urban High Density (C,UHD). The mixed-use Dorsey Marketplace Project is consistent with the General Plan including the following goals:
 - 1-LUG Promote balanced community growth and development in a planned and orderly way.
 - 3-LUG In areas of new development, plan for a diversity of land uses and housing types, including mixed use developments
 - 6-LUG Promote a jobs/housing balance within the Grass Valley region in order to facilitate pleasant, convenient and enjoyable working conditions for residents, including opportunities for short home to work journeys.
 - 7-LUG Create a healthy economic base for the community, including increasing employment opportunities through attraction of new and compatible industry and commerce, and through retention, promotion and expansion of existing businesses
 - Housing Element Program 25. Encourage Development of Moderate Income and Above Moderate-Income Housing
 - Housing Element Program 26. Encourage Development of Market Rate Rental Housing; and
4. The proposed project is allowed within the applicable split zoning designations with restaurant and retail uses proposed in the C2 portion of the project, and high-density housing proposed in the R-3 portion of the property, and complies with all other applicable provisions of the Development Code and the City Municipal Code, including Section 17.44.090, which establishes standards for Drive-through facilities as permitted through a Use Permit.
5. The design, location, size, and characteristics of the proposed project is in compliance with Grass Valley design standards in effect, such as incorporating pedestrian oriented networks throughout the site, and incorporating building materials and massing to reduce the scale of large buildings, and standards and guidelines for Development Review Permits, including "Site Planning and Project Design Standards" outlined in Article 3 of Title 17 the Development Code, including parking, landscaping, and outdoor lighting.

ATTACHMENTS

1. Applications
2. Vicinity/Aerial Map
3. CEQA Addendum to the EIR
4. Proposed Conditions of Approval
5. Applicant Phasing Plan
6. Mitigation Monitoring Table adopted 2020
7. Site Plan
8. Landscaping Plan
9. Parking Plan
10. Building Elevations

11. Renderings
12. Photometric Analysis
13. Agency Comments
14. Applicant Response to NSAQMD Comments

Links (See following attachment sheet):

2019 Dorsey Marketplace Certified EIR, and supplemental material

2024 Dorsey Marketplace Supplement to the EIR, and supporting material