



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Mark Staples, Planning Manager

MEETING DATE: March 10, 2026

SUBJECT: Continued from the February 26, 2026, and January 28, 2026, meetings - Consideration of Applications By NP Banning Industrial, LLC for the Sunset Crossroads Project, including (1) a Specific Plan (Case No. SP 20-2002) to Allow for the Development of Industrial and Commercial Uses on 533.8-acres of Land Located South of I-10 and the Union Pacific Railroad, and West of Sunset Avenue (Specific Plan Area); (2) a General Plan Amendment (Case No. GPA 20 -2501) and Zone Change (Case No. ZC 20-3502) to Amend the General Plan Land Use and Zoning of the Specific Plan Area to General Commercial (GC), Industrial (I), Open Space- Parks (OS-P), and Open Space-Resources (OS- R), including Pre-zoning for Annexation of Portions of the Specific Plan Area into the City of Banning's Jurisdictional Boundary; (3) a Development Agreement to Establish Vested Development Rights in Exchange for Public Benefits as Specified in the Agreement; (4) a Tentative Parcel Map (Case No. TPM 38118) for a Subdivision of the Specific Plan Area into Thirty-four Parcels and Five Lettered Lots Ranging in Size from One Acre to Seventy -eight Acres Consistent with the Nineteen Planning Areas in the Specific Plan; and (5) a Final Environmental Impact Report (Sch No. 2021020011) Including Findings of Fact, a Statement of Overriding Considerations, and a Mitigation Monitoring and Reporting Program pursuant to the California Environmental Quality Act.

RECOMMENDATION:

STAFF RECOMMENDATION:

Conditioned upon approval of Agenda Item No. 7.2, approve the Project Applications as Recommended by Staff by Adopting:

- Resolution No. 2026-28 Certifying the Environmental Impact Report (EIR), SCH No. 2021020011, Including Related Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program; and
- Resolution No. 2026-29 Approving General Plan Amendment (No. 20-2501) and Specific Plan (No. 20-2002); and
- Resolution No. 2026-30 Approving Annexation of 253.7 Acres into the City of Banning; and Resolution No. 2026-31 Approving the Tentative Parcel Map (TPM 38118); and
- Introducing by Title Only the Following Ordinances:
 - Ordinance No. 1618, Approving Zone Change (No. 20-3502)

- Ordinance No. 1620, Approving a Development Agreement between NP Banning Industrial LLC and the City of Banning

PLANNING COMMISSION RECOMMENDATION:

Deny the Project Applications as Recommended by the Planning Commission by Adopting:

- Resolution No. 2026-26 Rejecting the Certification of an Environmental Impact Report (EIR), SCH No. 2021020011, Including Related Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program; and
- Resolution No. 2026-27 Denying Applications by NP Banning Industrial LLC for the Sunset Crossroads Project, Including General Plan Amendment (No. 20-2501), Zone Change (No. 20-3502), Specific Plan (No. 20-2002), Tentative Parcel Map (TPM 38118) and a Development Agreement, for the Development of Industrial and Commercial Uses on a 533.8-acre Project Site Located South of I-10/Union Pacific Railroad and West of Sunset Avenue

BACKGROUND:

PROJECT APPLICANT:

NP Banning Industrial, LLC
12977 N. Outer 40 Road, Suite 203
St. Louis, MO 63141

BELOW IS A SUMMARY OF PREVIOUS COUNCIL HEARINGS

FEBRUARY 26, 2026, CITY COUNCIL MEETING SUMMARY:

At the February 26, 2026, City Council meeting, City Attorney John Pinkney announced that there were additional revisions to the proposed Development Agreement that had not been made available for review by the City Attorney, City Council, or the public. Mayor Royce made a motion to table the item to the next regular meeting on March 10, 2026, Councilmember Miller seconded the motion and the motion passed 5-0.

The Applicant has since made changes to the Development Agreement, including the following items from the redline version of the DA:

- Commercial retail uses have been reduced from 268,400 sf down to 223,753 sf (page 1-2 of DA)
- Industrial uses have been reduced from 5,545,000 sf down to 4,749,000 (pg 2 of DA)
- A \$3million Public Benefit Fee regardless of whether the Project is developed (pg 4 of DA)
- Provision regarding the future decision of LAFCO regarding the county portion of the project being annexed to the City of Banning (pg 17-18 of DA)
- Revision to Permitted Uses (pg 24)
- Revisions to the Retail Development Obligations regarding obtaining permit approval timelines (Provision 3.11, pg 29)
- Revisions to Planning Area 2 application submittal timeline (Provision 3.12, pg 29)
- Modifications to the Project to Decrease Environmental Impacts by reducing Industrial square footage in Planning Area 7, removal of the Trailer Storage Yard, construction of a Truck Barrier System, modified improvements to Highland Home Road, modified improvements of Lincoln Avenue in project area, a Public Bypass Route to access the Retail Development in Area 1, and Prohibition of Cold Storage and Freestanding Travel Center Uses. (Provision 3.14, pg 30-31)
- Addition to the Public Benefit Fee (Provision 5.2.1, pg 32)
- Deletion of Special Account provision regarding the SLB Extension (Provision 5.2.4, pg 33)
- Revision to the Electrical Substation provisions (Provisions 5.9.1 and 5.9.1(b), pg 39 and 41)

- Increase of Fire Station Payment to \$16,000,000 (Provision 5.10.4, pg 43)
- Including an Animal Shelter Grant of \$500,000 (Provision 5.10.8, pg 44)
- Default and Remedies revisions (Provision 8.1.3, pg 50)
- Deleted the Force Majeure provision (Provision 11.5, pg 55)
- Updated Exhibit G-1 with the update Site Plan showing the removed Industrial Uses in northwest corner of project area (pg 79 of PDF)
- Updated Exhibit H Development Fees in Effect as of Effective Date to match those adopted by City Council on February 24, 2026. (Last page of DA)

FEBRUARY 26, 2026, CITY COUNCIL MEETING SUMMARY:

Of significant relevance to the proposed project before you tonight, City Council adopted “Banning 2030—Designing our Future TODAY!” (Attachments 7.3j3 and 7.3j4). This was a comprehensive effort by City Council to adopt a 5-year plan that includes very specific Strategic Initiatives. These initiatives were approved by the Council only after considering a lengthy discussion of the City’s Strengths, Weaknesses, Opportunity and Threats (SWOTs). Additionally, City Council directed that these initiatives be completed or at least started within this 5-year period. The initiatives were prioritized into Tiers (1—the highest priority, 2 and 3). Staff have extracted three Tier 1 initiatives that align with and support staff’s recommendation to City Council to approve this proposed project.

These 3 relevant top priority initiatives include:

Strategic Goal 2—Protecting and Improving Quality of Life

- Address the Lack of Animal Control and Shelter

Strategic Goal 3 – Strengthen Local Economy

- Inventory & Activate Underutilized Land in Downtown

Strategic Goal 4—Maintaining Effective and Efficient Services

- Develop and Implement Banning’s Financial Workout Plan to Sustainability

Animal Control and Shelter

Within the SWOT discussion under the City Manager’s Office there was a “threat” discussion about the lack of dedicated animal control services in coordination with an operational shelter, presenting a significant threat to public health, safety, and community confidence. Without these resources, the City faces increased risks of uncontrolled stray animal populations, potential spread of disease, and heightened incidents of aggressive or dangerous animal behavior in public areas.

Strategic Initiative 2a proposes a phased strategy that addresses Animal Shelter & Control restoration needs in the near-term while evaluating long-term regional Shelter & Animal Control service delivery options. This effort will likely need \$600K to \$800K for operations and an unknown amount for capital improvements. There is very little money set aside for this project.

Revitalize Downtown

The Strategic Plan identifies undeveloped and underutilized land as an important opportunity for the City (Appendix A). Banning has a significant amount of land that is either vacant or not being used to its full potential. Combined with the City’s location near regional job centers and increasing interest from industrial and retail developers, this creates a strong opportunity to attract new businesses, expand housing options, and revitalize key commercial areas.

The downtown area, in particular, reflects many years of limited investment. Strategic Initiative 3b—

Inventory and Activate Underutilized Land in Downtown—calls for identifying properties that could be redeveloped and creating a plan to bring new activity to the area. Implementing this initiative requires at least \$100,000 in General Fund funding, which is currently not budgeted.

The long-term goal is to transform downtown into a walkable, mixed-use destination that includes housing, shops, restaurants, and gathering spaces that residents and visitors can enjoy.

Develop and Implement “Banning’s Financial Workout Plan to Sustainability”

The City Council has been briefed several times on Banning’s serious financial challenges. Background on this issue is included in the Finance and Accounting section of the SWOT analysis (Appendix A, page 16). During the Strategic Planning Workshop on November 25, 2025, the City Council also received a detailed explanation of how the City gradually reached its current financial position.

There is shared understanding that addressing the City’s financial challenges is the most urgent priority facing Banning today. Without stable finances, the City’s ability to consistently deliver reliable, high-quality services to residents is at risk. The long-term success of the City Council’s Strategic Plan and vision for the community depends on restoring financial stability.

For this reason, the City Council has directed staff to prepare a comprehensive plan to restore the City’s financial stability. This work will move forward once the City’s accounting records are fully updated and current financial data is available, which is expected later this spring.

JANUARY 28, 2006, SPECIAL CITY COUNCIL MEETING SUMMARY:

At the January 28, 2026, City Council meeting, a public hearing was opened and closed for this project, comments from the public were received, and the Council asked questions of the project applicant. Council Member Flynn motioned to continue the item to the next meeting, with Council Member Barrington seconding the motion. North Point in their effort to address questions and concerns raised in the January 28 meeting, particularly potential local impacts to traffic congestion include:

- Reducing the total Industrial square footage from 5,545,000sf down to 4,749,000sf, by removing the two western most warehouse buildings should reduce visual and traffic impacts. (Covenant 3.14 of Development Agreement)
- An updated traffic memorandum (trip generation assessment, dated February 18, 2026) is provided as an attachment
- A \$16,000,000 payment towards the construction of a new fire station (Section 5.10.4 and Recital 22 of Development Agreement) and \$1,000,000 for fire equipment (Section 5.10.5)
- Retail Development Obligations of constructing a 100,000sf commercial building, clarified schedule and fees (\$500,000 every 6 months) for not meeting the retail threshold within 36 months of effective date (Covenant 3.11 of Development Agreement)
- Updated Public Benefit, Public Improvements, and Development Impact Fees (Section 5 of Covenants, Development Agreement)
- Animal Shelter Grant of \$500,000 (Covenant 5.10.8 of Development Agreement)

BELOW IS A SUMMARY OF PREVIOUS PLANNING COMMISSION HEARINGS

PLANNING COMMISSION MEETINGS SUMMARY:

The Sunset Crossroads project was first reviewed at a duly noticed public hearing at a special Planning Commission meeting on September 10, 2025. The meeting involved a lengthy public hearing that included a staff presentation, the applicant presentation, and public testimony from interested persons in support of and in opposition of the proposed project. The Commission made a motion to adopt the

proposed Resolution, with 2 votes in support and 3 votes opposed, which resulted in a failed motion. The Commission made another motion to continue review of the second related project, to continue the hearing past midnight, but the motion failed with 4 votes in favor and 1 opposed. Thus, the meeting was adjourned.

The project was brought back to the Planning Commission at the November 5, 2025, regular meeting with direction from staff that the Commission needed to make a formal denial motion to deny the project and to direct staff to come back at a future meeting with stated findings by the Commissioners choosing to recommend denial of the project. Community Development staff brought back Resolution No. 2025-06 with the findings provided by the Commission and was adopted as stated above.

At the November 17, 2026, the Planning Commission held their continued public hearing from the regular meeting on November 5, 2025, adopted Resolution No. 2025-16 to recommend that the City Council deny the project applications and reject the certification of the EIR SCH No. 2021020011, including the related findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program.

Related Actions:

On May 8, 2025, the City Council and Planning Commission held a joint special meeting with the subject applications introduced at a public hearing; however, neither body took any action.

PROJECT SUMMARY/TECHNICAL INFORMATION AS ORIGINALLY PROPOSED

This is a request to establish allowable uses and a development plan for 533-acres of land within and adjacent to the City of Banning through the establishment of the Sunset Crossroads Specific Plan (“Specific Plan”) and related entitlements. The Specific Plan provides the regulatory framework for development of up to 268,400 square feet of medical office, professional office, education, recreation, and commercial uses, a travel center with refueling uses, plus a 125-room hotel (approximately 90,000 square feet) on 47.9-acres; up to 5,545,000 square feet of industrial uses (including up to 330,000 square feet of cold storage uses) on 392- acres; and approximately 65 acres of open spaces, including a 12.6 -acre park amenity. Table 2-1 in the Specific Plan summarizes the proposed planning areas, and their land use designation, overall acreage and maximum building square footage for the Project. The location of the planning areas is shown in the Land Use Plan, Figure 2-1, of the Specific Plan. The Specific Plan further identifies the permitted land uses, development standards, design guidelines, and implementation provisions and is further described later in this report.

The applications that have been filed in conjunction with this project and the scope of the Planning Commission’s review are the following:

Specific Plan application, Case SP 20-2002, to establish the Sunset Crossroads Specific Plan for the development of industrial and commercial uses on a 533.8-acre site, including up to 268,400 square feet of medical office, professional office, education, recreation, and commercial uses, a travel center with refueling uses, and a 125-room hotel (approximately 90,000 sf) on 47.9-acres; and up to 5,545,000 square feet of industrial uses (including up to 330,000 square feet of cold storage uses) on 392.0 acres. The Specific Plan text identifies the permitted land uses, development standards, design guidelines, and implementation provisions. The Specific Plan Area includes land located south of Interstate 10 between Highland Home Road and Sunset Avenue extending south to include land south of the City’s current border (Assessor Parcel Numbers (APNs): 537- 110-003 through -005, 537-110-011 through -014, 537-120-013, 537- 120-025, and 537-120-028 through - 036). The City Council shall review the Specific Plan application for conformance to the criteria listed in Banning Zoning Ordinance (BZO) Section 17.96.060.General Plan Amendment and Zone Change for Specific Plan Area (GPA 20-2501 & ZC 20-3502) to amend the General Plan land use designations and re -zoning of the Specific Plan Area to General Commercial (GC), Industrial (I), Open Space – Parks (OS-P), and Open Space – Resources

(OS -R), including pre-zoning for annexation of approximately 254- acres of land of the Specific Plan Area into the City of Banning. The City Council shall review the General Plan Amendment for conformance to the criteria listed in BZO Section 17.64.070.

Development Agreement (DA) between the City and Applicant to establish terms and obligations for the development of the Project and financing, acquisition, and construction of infrastructure. The DA grants the Applicant vested rights to develop the Project and other City approvals in exchange for certain financial contributions and other considerations received by the City. The City Council shall review the Development Agreement application for conformance to the criteria listed in BZO Section 17.60.030.

Tentative Parcel Map application, Case TPM 38118, for the subdivision of the 533.8 -acre site into 34 lots for development purposes ranging in size from one acre to 78.7 acres in size and five lettered lots for common area or public purposes. The City Council shall review the Tentative Parcel Map application for conformance to the criteria listed in Section 66474 of the Subdivision Map Act and Banning Municipal Code Title 16.

Environmental Impact Report (EIR), Case EA 20- 1506, (SCH No. 2021020011) for the Project to analyze its potentially significant environmental impacts, identify discuss mitigation measures for those impacts found to be significant, and discuss feasible alternatives to the Project. A Draft EIR was posted and circulated for review and comment from December 15, 2023 through January 30, 2024. The Final EIR incorporates responses to all written comments that the City received on the Draft EIR. Before approving the Project, the City must certify the Final EIR and adopt certain required findings and a Mitigation Monitoring and Reporting Program. Because the Final EIR concludes that the Project would cause certain significant and unavoidable impacts, the City must also adopt a Statement of Overriding Considerations. The City Council shall review the document and make a determination whether to certify the Final EIR.

If the above applications are approved, subsequent development applications, including Design Reviews and Conditional Use Permits as applicable, within the Sunset Crossroads Specific Plan will be required for the individual planning areas as specified in the Specific Plan.

PROJECT DESCRIPTION:

Existing Conditions:

The subject site is generally located in the southwest area of the City of Banning and the City's Sphere of Influence (SOI) and generally south of the Union Pacific Railroad and Interstate 10, east of Highland Home Road, west of Sunset Avenue, and north of Bobcat Road. The Development Site is bisected by the existing Westward Avenue right of way (Existing ROW), the centerline of which divides the land within the Project site into two approximate halves, the northern portion of the project being located with the existing corporate City limits, and the southern portion of the project area being located with unincorporated County land in the City's SOI area. The Existing ROW and adjoining 0.8 acres of land owned by the City and used for water wells are not part of the Development Site or the Development Project.

The Development Site is crossed by various natural drainages. Pershing Creek flows in a northwest to southeast direction through the eastern portion of the Development Site. Vegetation cover on the Development Site reflects a history of dry farming and cattle grazing disturbance over a majority of the site and consists primarily of non -native grasslands, with patches of Riverside and sage scrub, mixed ornamental woodland, and sandy wash. The sandy wash habitat is associated with two deeply incised drainage courses and a tributary that flows through the Development Site. Pershing Creek flows in a northwest to southeast direction through the eastern portion of the Development Site and Smith Creek flows in a north-south direction. Highland Wash is a smaller drainage course and tributary to Smith Creek that confluences with Smith Creek near Westward Avenue.

Specific Plan:

The vision for the Sunset Crossroads Specific Plan is to create a new commercial/industrial master plan for the benefit of the entire community. The Specific Plan was created using an integrated, multidisciplinary approach. The team assembled to undertake this project included the City, land planners, civil engineers, environmental resource specialists, historians, architects, landscape architects, geotechnical specialists, hydrology specialists, and market analysts. This team worked together to create a comprehensive development plan for the approximately 533.8 -acre site, which provides land uses that take advantage of the site's proximity to access to Interstate 10 and responds to economic trends in the City of Banning. The Specific Plan is intended to conform with the intent, goals and policies set forth by the City of Banning General Plan. Future development plans, site plans, and tentative tract and parcel maps must be consistent with both the Sunset Crossroads Specific Plan and the City of Banning General Plan. In keeping with regulatory provisions of the Specific Plan, the Project is designed to ensure that development occurs in a manner that is responsive to site characteristics and community goals and objectives. A number of the Project's objectives are listed below:

- Provide a mix of commercial and industrial uses that create new job opportunities and reduce the need for City residents to commute outside of the City of Banning for employment, thereby improving the City's jobs to housing ratio.
- Establish a mix of commercial and industrial uses that result in economic benefits to the City through increased sales taxes and other revenue which can be used to provide City services.
- Maintain the integrity of the natural environment through the preservation and conservation of open space and natural drainage courses.
- Locate businesses that rely on transportation efficiency in a location offering superior access to the local and regional transportation network.
- Identify capital improvements for potable water, reclaimed water, sewer, drainage and water quality, and circulation facilities that serve planned land uses within and adjacent to Sunset Crossroads.
- Establish a unified thematic concept for Sunset Crossroads through design elements such as architecture, monumentation, theme walls, landscaping using a long-range comprehensive planning approach that cannot be accomplished on a parcel-by-parcel basis.
- Create a development-wide landscape concept that features drought-tolerant plant materials to provide for an aesthetically pleasing outdoor environment, while minimizing the demand for water resources.

Land Use:

The Sunset Crossroads Specific Plan proposes the future orderly development of the site in four basic land use categories which include General Commercial, Industrial (including public infrastructure), and Open Space— Parks and Open Space— Resources as follows:

General Commercial (GC). The 47.9-acre commercial district of the Development Site (Planning Area 1) is bordered on the east by Sunset Avenue and stretches along the northeast portion of the Development Site between Lincoln Street and Interstate 10. A maximum of 268,400 square feet of commercial uses, which may include leisure, retail, medical office, professional office, education, wellness, recreation, entertainment, restaurant, and other retail uses, operating out of a number of buildings aligned along an internal road that would be accessed from Sunset Avenue. This portion of the Development Project is designed as a regional commercial and entertainment attraction, providing multigenerational activity and wellness-based retail destination uses including, but not limited to, stationary wave surfing, indoor skydiving, indoor go-karting, obstacle gyms and a large indoor/outdoor climbing wall, yoga studios, dance studios, and other athletic activities. Sit-down restaurants with outdoor dining, a food court, and specialty retail uses that would orient inwards to central open space areas are proposed to allow for outdoor activities, ancillary to the on-site leisure/recreation uses or to allow on-site vendors/concessionaires to use connections along an internal network of pedestrian walkways. Table 3-1 of the Sunset Crossroads Specific Plan provides a detailed list of permitted, conditionally permitted, ancillary, and prohibited uses within the Specific Plan area. In addition, the proposed commercial uses may include a freeway accessible 125-room (approximately 90,000-square-foot) and a fueling station.

Development standards for the GC district are identified in Section 3.3 of the Specific Plan and include maximum building heights of 60 feet (plus additional 10 feet for solar arrays), maximum 50% lot coverage, street setbacks for building heights over 35 feet. There is also criteria for freeway signs (80 feet maximum).

Industrial (I). The Specific Plan provides for the development of up to 5,450,000 square feet of industrial land uses on approximately 392.0 acres within the Development Site. Based on its proximity to the Sunset Avenue interchange at I-10, the Development Project would facilitate the development of warehousing, distribution, manufacturing, and other industrial uses. To accommodate future tenants, the Specific Plan allows the size of individual buildings to vary within an established range (increasing or decreasing by up to 20 percent); however, the overall square footage of buildings in the industrial Planning Areas is not to exceed the above maximum square footage. The Development Project considered in the EIR comprises industrial buildings ranging in size from 44,000 square feet up to 1,420,000 square feet and accommodating uses such as general industrial, manufacturing, parcel hub, warehouse/storage, truck/trailer parking and storage, recreational vehicle (RV) storage, high cube warehouse, cold storage warehouse (up to 330,000 square feet proposed for Phase 2 [Buildings 5 and 6]), fulfillment center, and e-commerce operations. The industrial building sites within the Development Project may include outdoor employee break areas with tables affixed to the ground to provide employees with a location to eat, gather, and enjoy being outside. Shading of these areas may be achieved through a combination of shade trees, umbrellas, or fabricated shade structures. Other open space amenities within the industrial areas may include pedestrian walkways, seating areas, overhead structures, and open space areas. Development of the industrial Planning Areas shall be subject to the applicable Infrastructure Improvement Standards, Development Standards, and Planning Area Standards set forth in the Specific Plan. A proposed 65 MWh battery energy storage facility (BESS) would be a permitted use in any of the industrial use planning areas. Development standards for the Industrial district are identified in Section 3.4 of the Specific Plan and include maximum building heights of 60 feet (plus additional 10 feet for solar arrays), maximum 60% lot coverage, and front yard street setbacks of 25 feet among other requirements. Certain heights are allowed in Planning Areas 2 (additional screening height above 60 feet) and 5 (up to 80 feet). There is also criteria for freeway signs (80 feet maximum).

Open Space- Parks and Open Space-Resources. The Specific Plan identifies two open space designations. Planning Area 11 designates 12.6 acres of Open Space -Parks located at the northwest corner of Highland Home Road and the Sun Lakes Boulevard Extension, including a 5.0- acre passive public park, with the remainder of the 12.6-acre site reserved for Open Space and trails. Planning Areas 12 through 19, which combined total approximately 53 acres of the overall site, are designated Open Spece-Resources. Approximately 12.5 acres (Planning Area 12, which is located southeast of Highland Home Road and the Sun Lakes Boulevard Extension) are reserved for passive open space uses which may include trails. The remaining 41.5 acres (Planning Areas 13 through 19) contain three existing natural drainage watercourses, Smith Creek, Pershing Creek, and Highland Wash, which traverse the Specific Plan in a northwesterly to southeasterly direction. To preserve these areas, they are designated Open Space–Resource and no development or land uses are permitted, except those activities required to cross these areas with roads (Lincoln Street, Highland Home Road) and utilities.

Circulation:

As illustrated in Figure 2, Conceptual Circulation Plan, of the Sunset Crossroads Specific Plan, regional access to the Project is provided via I-10 from the Sunset Avenue interchange located approximately ¼-mile to the northeast of the Specific Plan. The site is approximately 3.5 miles east of the junction of CA-60 Freeway and Interstate 10 and approximately 22 miles east of Interstate 215. Primary local access from the north and south is provided via Sunset Avenue which forms the site's eastern boundary. Additional access is provided by Bobcat Road which forms the site's southern boundary, and from Highland Home Road, which forms the site's western boundary. In addition, consistent with the City's Circulation Element, the City is separately processing the construction of an extension of Sun Lakes Boulevard (SLB Extension) that would bisect the Development Site, which is expected to begin

construction in 2026.

The Specific Plan identifies the following roadway segment improvements to be constructed as part of the project:

1. Sunset Avenue (Interstate 10 to Lincoln Street) – Arterial Highway (110' ROW) . As depicted in Figure 2-2, Conceptual Circulation Plan, the primary access point for Sunset Crossroads is Sunset Avenue, which connects the site to the regional transportation network. The segment of Sunset Avenue between Interstate 10 and the SLB Extension is designated by the General Plan as an Arterial Highway (110' ROW) and forms the project's eastern boundary. As shown in Figure 2-3 of the Specific Plan document, Conceptual Roadway Cross-Sections, the 110-foot of right of way comprising Sunset Avenue consists of 68 feet of paving, an 18-foot-wide center raised or painted median, with a 4-foot-wide landscaped parkway and 8-foot-wide parkway-adjacent sidewalk on the west side of the street, and an 8-foot-wide curb-adjacent sidewalk and 4-foot-wide landscaped parkway on the east side of the street. An eight-foot-wide Class II bike lane is provided on both sides of the paving, adjacent to the curb. As a result of the westward shift in alignment of Sunset Avenue between Lincoln Street and SLB Extension, the alignment in this location will also shift to the west from the existing centerline.
2. Sunset Avenue (Lincoln Street to SLB Extension) – Modified Secondary Highway (110' ROW) . As depicted in Figure 2-2, Conceptual Circulation Plan, the segment of Sunset Avenue between Lincoln Street and the SLB Extension is designated as a Modified Secondary Highway (110' ROW). As shown in Figure 2-3, Conceptual Roadway Cross-Sections, the 110-foot of right of way comprising Sunset Avenue consists of 68 feet of paving, an 18-foot-wide center raised or painted median, with a 4-foot-wide landscaped parkway and 8-foot-wide parkway-adjacent sidewalk on the west side of the street, and a 4-foot-wide parkway and 8-foot-wide parkway-adjacent sidewalk on the east side of the street. An eight-foot-wide Class II bike lane is provided on both sides of the paving, adjacent to the curb. To address noise impacts along Sunset Avenue, the alignment of this portion of Sunset Avenue is shifted to the west from its previously proposed location to provide additional distance from sensitive receptors east of Sunset Avenue. More specifically, the centerline of Sunset Avenue between Lincoln Street and Sun Lakes Boulevard would be adjusted 42 feet to the west from the existing centerline with implementation of the Development Project, new centerline being 72 feet from the nearest residential property line and 115 feet from the school at the MSJC Site. The resulting 17 feet of excess right of way to the east will be landscaped.
3. Sunset Avenue (SLB Extension to Bobcat Road) – Secondary Highway (88' ROW). As depicted on Figure 2-2, Conceptual Circulation Plan, the segment of Sunset Avenue between the SLB Extension and Bobcat Road is designated by the City General Plan as a Secondary Highway (88' ROW). As shown in Figure 2-3, Conceptual Roadway Cross-Sections, the 88-foot of right of way comprising Sunset Avenue consists of 64 feet of paving with a 4-foot-wide landscaped parkway and 8-foot-wide parkway-adjacent sidewalk provided on both sides of the street. As a result of the westward shift in alignment of Sunset Avenue between Lincoln Street and SLB Extension, the alignment in this location will also shift to the west from the existing centerline.
4. Bobcat Road – Divided Collector Street (78' ROW). As depicted on Figure 2-2, Conceptual Circulation Plan, Bobcat Road is designated as a Divided Collector Street (78' ROW) and forms the project's southern boundary along the south side of Planning Area 4. As shown in Figure 2-3, Conceptual Roadway Cross-Sections, the 78-foot of right of way comprising Bobcat Road consists of 56 feet of paving with a 6-foot-wide landscaped parkway and a 5-foot-wide parkway-adjacent sidewalk on the south side of the street, and a 6-foot-wide curb-adjacent sidewalk and 5-foot-wide landscaped parkway on the north side of the street. The Specific Plan and future applications submitted within this Specific Plan will dedicate and construct the northern halfwidth plus 10' improvements of Bobcat Road along the project frontage. To address the potential for impacts to residences on the south side of Bobcat Road from on-site Development Project operations, on-site project operations will require: (i) Cold storage equipment previously allowed on industrial building rooftops to be shielded or relocated to the ground floor; and (ii) Construction of 10-foot high "wing walls" on the south end of warehouse buildings in Planning Area 4, and 6-foot high walls that surround the automobile parking lots south of warehouse buildings in Planning Area 4 as depicted

in the Specific Plan in Attachment A to the Supplemental Noise Analysis (Final EIR, Appendix I-2, Attachment A).

5. Lincoln Street – Divided Collector Street (78' ROW). As depicted on Figure 2-2, Conceptual Circulation Plan, Lincoln Street is designated as a Divided Collector Street (78' ROW) within the project, providing access to the Development Site from Sunset Avenue. As shown in Figure 2-3, Conceptual Roadway Cross-Sections, the 78 feet of right of way comprising Lincoln Street consists of 56 feet of paving with a 6-foot-wide landscaped parkway and 5-foot-wide parkway-adjacent sidewalk on the south side of the street and a 6-foot wide curb-adjacent sidewalk and 5-foot-wide landscaped parkway on the north side of the street. An eight-foot-wide Class II bike lane is provided on both sides of the paving, adjacent to the curb. The Specific Plan and future applications submitted within this Specific Plan will construct full-width improvements along the length of Lincoln Street on the Development Site. Lincoln Street will cross two existing natural drain courses via box culverts to be constructed by the project and maintained by the City. In Planning Area 7, a 24'-wide Secondary Access Connection will link Lincoln Street to Highland Home Road via a private roadway.
6. Highland Home Road (north of SLB Extension Street)– Modified Secondary Highway (66' ROW). As depicted on Figure 2-2, Conceptual Circulation Plan, the segment of Highland Home Road north of SLB Extension is designated as a Modified Secondary Highway (66' ROW) within the project. Highland Home Road forms a portion of the Specific Plan's western boundary. As shown in Figure 2-3, Conceptual Roadway Cross-Sections, Highland Home Road consists of 66 feet of right-of-way within a 110-foot dedication. The Specific Plan and future applications submitted within this Specific Plan will dedicate the full 110-foot width of Highland Home Road as from the existing eastern property boundary of the Sun Lakes community. The Specific Plan will construct the full width of Highland Home Road with a 5-footwide curb-adjacent sidewalk, a 6-foot-wide landscaped parkway, and 44 feet of paving along the western boundary of the right of way, from the SLB Extension to Planning Area 7, where it will terminate in a cul-de-sac and provide secondary access to Planning Area 7 via a 24' wide Secondary Access Connection.
7. Highland Home Road (south of SLB Extension)– Modified Collector Street (66' ROW). As depicted in Figure 2-2, Conceptual Circulation Plan, the segment of Highland Home Road south of SLB Extension is designated as a Modified Collector Street (66' ROW) within the project. Highland Home Road forms a portion of the Specific Plan's western boundary. As shown in Figure 2-3, Conceptual Roadway Cross-Sections, Highland Home Road consists of a 66-foot right of way within a 110-foot dedication. The Specific Plan and future applications submitted within this Specific Plan will dedicate the full 110-foot width of Highland Home Road from the existing eastern property boundary of the Sun Lakes community. The Specific Plan will construct the remaining half-width (33 feet) of Highland Home Road including a 5-foot Class III bikeway, a 6-foot-wide curb-adjacent sidewalk, and a 5-foot-wide landscaped parkway to complete the road section based on existing curb location adjacent to the Sun Lakes Community, from the southwest corner of PA 12 to the SLB Extension. Truck traffic shall be restricted on Highland Home Road south of the SLB Extension.

Infrastructure – Potable Water:

Potable water infrastructure would be provided using existing, planned and proposed facilities. The Specific Plan is subject to the design requirements of the City of Banning Public Works Department and the demand criteria guidelines outlined in the City's Integrated Master Plan (IMP). Existing potable water lines within Pressure Zone 2721 exist in Sunset Avenue (24") and in the future SLB Extension (18"). The proposed Potable Water Plan creates a looped system and includes locations, alignments, and sizes of facilities shown conceptually in Figure 2-4 of the Specific Plan.

Infrastructure – Recycled Water:

A recycled water system would be provided, consisting of existing, planned and proposed recycled water lines. The Specific Plan recycled water system is subject to the design requirements for the City of Banning Public Works Department and the demand criteria guidelines outlined in the City's Integrated

Master Plan (IMP). A 24" recycled water line exists in Sunset Avenue from Lincoln Street to the SLB Extension and a 24" recycled water line exists within the SLB Extension easement area. Future non-potable Well R1 on Westward Avenue near the City's wastewater treatment facility will be the source for the Development Site, once completed. The well and its respective facilities are in design and under construction. The locations, alignments, and sizes of recycled water facilities are conceptually shown in Figure 2-5 of the Specific Plan.

Infrastructure – Sewer:

The sewer system would consist of existing, planned and proposed sewer lines and be subject to the design requirements for the City of Banning Public Works Department and the demand criteria guidelines outlined in the City's Integrated Master Plan (IMP). Sewer lines exist in the SLB Extension (12") and along the westside Planning Areas 13 and 14 (15"). The existing 12" sewer line in the SLB Extension flows until it reaches the SLB Extension Lift Station, where wastewater is conveyed through an existing 10" force main toward the existing manhole at the intersection of Sunset Avenue and the SLB Extension. The proposed sewer system facilities required to serve the Specific Plan are depicted in Figure 2-6, Conceptual Sewer Plan, of the Specific Plan.

Development Agreement:

NOTE: Below were the key provisions and terms of the Development Agreement presented to the Planning Commission at their September 10, November 5, and November 17, 2025, meetings. The Development Agreement has been significantly amended and negotiated between staff and the applicant. Please refer to the attached current Development Agreement (redline and clean versions) along with the updated provisions outlined on Page 2 and 3 of this staff report.

California Government Code, §65864 through 65869.5, establish procedures for cities and counties to enter into development agreements; BZO Chapter 17.60 implements the requirements of state law and specifies the required content and process for review and approval of development agreements. Development agreements establish a vested right to proceed with development in conformation with the regulations in effect at the time of approval. This provides assurance to a developer that the project may proceed as originally approved, and not be affected by future changes in land uses regulations. In exchange for this assurance, the developer may agree to provide additional dedications, construction of public improvements, or other similar public benefits.

The proposed Development Agreement is included as an attachment to this report. Some highlights that have been negotiated between the City and the Applicant are as follows:

1. Term of Agreement. The agreement has a term of thirty (30) years (Section 2.3 of Agreement).
2. Public Benefit Fee. The Applicant will pay \$8,000,000 (or \$1.44 per square foot of warehouse space) over installments as the industrial buildings are occupied (Section 5.2)
3. Land Dedication.
 - a. Fire Station. The Applicant will reserve and dedicate 2.5 to 3 acres of land for a fire station (Section 5.8.1).
 - b. Water Tank Property. The Applicant will reserve and dedicate up to two acres of land for a water reservoir (Section 5.8.2).
 - c. Electric Substation. The Applicant will reserve and dedicate property for City use as a substation (Section 5.8.3).
4. Reverse Osmosis Facility. The Applicant will reserve and dedicate property for City use as a reverse osmosis facility (Section 5.8.4).
5. Facility Funding.
 - a. New Fire Station. The Applicant will contribute \$15,000,000 to the City for construction of the fire station within the Project boundary (Section 5.10.4).
 - b. Fire Station Equipment. The Applicant will contribute \$1,000,000 to the City for use to acquire fire equipment for the fire station (Section 5.10.5).

- c. Electric Substation. The Applicant will contribute a total of \$10,000,000 toward the anticipated \$12,500,000 total expected cost to design and construction of Electric Substation within Project boundary (Section 5.9).
6. City Grant. The Applicant will provide \$750,000 to aid in downtown beautification or small business assistance for small businesses located in the City.
7. Retail Development Obligation. The Applicant is required to obtain approvals and construct a minimum of 100,000 square feet of commercial/retail within 24 months of obtaining the first certificate of occupancy for warehouse. If the Applicant misses this deadline, the Applicant is required to pay \$500,000 to the City and an additional \$500,000 every six months thereafter if the commercial/retail threshold is not satisfied. The Applicant is also required to construct a minimum of two, 100,000 square foot (or larger) retail/commercial buildings (Section 3.11).
8. Additional Commercial/Retail. After the joint hearing on May 8, 2025, the Applicant agrees to submit an application to the City to amend the Specific Plan, including CEQA review, to authorize retail/commercial within Planning Area 2 (Section 3.12).
9. Buffer along Bobcat Rd. After the joint hearing on May 8, 2025, the Applicant will provide a buffer of at least 50 feet between industrial buildings and Bobcat Rd, including a minimum of twenty feet of landscaped area.
10. Formation of a Community Facilities District (CFD). An annual special tax for industrial/warehouse buildings will be required in the amount of \$0.20 per square foot the first year and adjusted annually (with an annual CPI escalator) for use towards City services in the CFD District.
11. Tax Sharing. The Applicant may seek tax sharing and reimbursement for some of the costs funded by the development.

The above includes public benefits previously negotiated by the City and additional benefits that have been provided after the Applicant received input at the public hearing that occurred on May 8, 2025 with the Planning Commission and City Council.

JUSTIFICATION:

FINDINGS:

To approve the proposed Project applications, the City Council must first make all of the following findings in the affirmative. The basis for making such findings can be found in the attached Resolutions and Ordinances, and the General Plan Consistency Analysis contained in the Final EIR. An analysis of the Project applications is also below.

General Plan Amendment:

BZO Section 17.64.070 requires that four findings be met to justify approval of a General Plan Amendment application. Staff analyzed the application against these findings for General Plan Amendment, Case No. 20-2501, below:

Finding A: The proposed amendment is internally consistent with the General Plan.

Finding of Fact: California Government Code Section 65302 requires that a General Plan consists of seven (7) State-mandated elements, including Land Use, Circulation, Housing, Conservation, Open Space, Noise, and Safety. The Land Use Element is one of the seven State-mandated elements of the General Plan and includes the Land Use Map for the City of Banning. The Land Use map and the Zoning map are 100% consistent with one another and, therefore, the same map doubles to serve both purposes. The proposed Project will not create an incompatible land use as discussed in Table 4.11.A:

Development Project Consistency Analysis with the City of Banning General Plan, found in the Draft EIR. This Table evaluates how the proposed Project is internally consistent with each element of the General Plan.

Finding B: The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

Finding of Fact: The proposed General Plan Land Use Map Amendment and Zone Change will allow for the orderly development of the proposed Sunset Crossroads development project in an industrial area, further strengthening economic development and job opportunities, while not damaging the public interest, health, safety, convenience, or welfare of the City. As set in the Final EIR, the related CEQA

Findings, and Statement of Overriding Considerations, the adverse significant environmental effects of the Project would be reduced to the extent feasible by incorporation of project design features, taking into account required regulatory measures and adopting the mitigation measures identified in the MMRP, and the social, economic and other benefits of the Project outweigh the potential unavoidable significant impacts and render those potential significant impacts acceptable.

Finding C: The proposed amendment would maintain the appropriate balance of land uses within the City.

Finding of Fact: Table III-3, of the Community Development Chapter of the City General Plan details that 252.1 acres of vacant land is designated as General Commercial, and 274.1 acres of vacant land is designated as Industrial. The Project will increase the amount of vacant General Commercial land by 47.9 acres, and will increase the amount of vacant Industrial land by 392 acres which provide a statistically significant positive change in the balance of vacant non-residential land uses within the City. A transfer of the residential density currently identified within the Sunset Crossroads Specific Plan boundary will transfer to another nearby location, resulting in no net loss of residential density, as required under state law and General Plan Housing Element goals and programs. As such, the balance of land use designations will not be negatively impacted by the Project.

Finding D : The amendment is physically suitable for the surrounding environment; including, but not limited to site access, the provision of utilities, and compatibility with adjoining land uses, including the absence of any physical constraints, for the requested land use designation(s) and the anticipated land use development(s).

Findings of Fact: The Sunset Crossroads Project envisions the development of industrial and commercial uses on a 533.8-acre site through adoption of the Sunset Crossroads Specific Plan, including up to 268,400 square feet of medical office, professional office, education, recreation, and commercial uses, a travel center with refueling uses, and a 125-room hotel on 47.9-acres; and up to 5,545,000 square feet of industrial uses (including up to 330,000 square feet of cold storage uses) on 392.0 acres. The Specific Plan text identifies the permitted land uses; development standards, design guidelines; and implementation provisions. The Development Project includes a General Plan Amendment and Zone Changes amending the land use designations on-site to General Commercial (GC), Industrial (I), Open Space Parks (OS-P), and Open Space Resources (OS-R). Approximately 65.6 acres of the Project site would be retained as Open Space - Resources (OS -R) and/or Open Space Parks (OS-P) use, including a five-acre passive park. Approximately 253.7 acres of the site are located outside the current City boundary within the City sphere of influence (SOI); therefore, the Project envisions annexation of this area into the city. A Plan of Services and a Water Supply Assessment prepared for the project indicates that site access and infrastructure for utility conveyances is available and provisions for service have been planned. The Project will implement Policy 8 of the Community Development Chapter of the General Plan, which requires that the City assure the provision of adequate utilities, infrastructure, and other capital facilities" (General Plan, Page III -44). The Project will implement Program 4.B, which requires the City make regular assessments of infrastructure capacity and evaluate the necessary expansion and improvements needed to carry out responsible growth management (General Plan, Page VI-19).

Specific Plan:

BZO Section 17.96.040 requires that four findings be met to justify approval of a Specific Plan application. Staff analyzed the application against these findings for Specific Plan, Case SP 20-2002, below:

Finding A: The proposed plan is consistent with the General Plan.

Finding of Fact: The Specific Plan is consistent with the City's General Plan by allowing additional economic growth opportunities, while balancing land use, circulation, housing, and economic development with the corresponding general plan amendments to establish the use at the project site and transfer residential to an off-site location adjacent to a higher-education campus. The Specific Plan supports development and job creation as outlined in the General Plan goals and policies and aligns with policies related to walkability, infrastructure upgrades, and community amenities.

Finding B: The proposed plan would not be detrimental to the environment, or to the public interest, health, safety, convenience, or welfare of the City.

Finding of Fact: The Environmental Impact Report (EIR) prepared for the Project identifies potentially significant impacts but includes mitigation measures to reduce impacts to less than significant where feasible. The City determined that, with mitigation and overriding considerations, the plan will not be detrimental to the environment or public interest, health, safety, or welfare. The Statement of Overriding Considerations justifies this by citing long-term economic and community benefits. Additionally, consistent with state law requirements, the proposed Specific Plan describes a comprehensive plan for land use, circulation and infrastructure to ensure the plan accommodates necessary utilities and services to protect the public interest, health safety, convenience and welfare.

Finding C: The subject property is physically suitable for the requested land use designation(s) and the anticipated development(s).

Finding of Fact: The property is physically suitable for the intended land uses. The site is largely undeveloped, has appropriate access to major roadways, and will be served by necessary infrastructure improvements (e.g., sewer, water, traffic). The project underwent geotechnical, hydrology, and environmental analyses that confirmed suitability for the scale and type of development.

Finding D: The proposed plan shall ensure development of desirable character which will be compatible with existing and proposed development in the surrounding neighborhood.

Finding of Fact: The project design reflects a desirable and compatible character, incorporating landscaping, architectural standards, buffers, and traffic planning. Adjacent uses include residential, commercial, and institutional land uses, and the project includes transitions in use intensity and design to ensure compatibility.

Zone Change:

BZO Section 17.116.050 requires that three findings be met to justify approval of a Zoning Ordinance Amendment application. Staff analyzed the application against these findings for Zoning Ordinance Amendment, Case No. 20-3502, below:

Finding A: The proposed Amendment is consistent with the goals and policies of the General Plan.

Finding of Fact: The proposed amendment will establish a land use pattern consistent with the corresponding general plan amendment, allowing for General Commercial and Industrial districts while preserving natural on-site arroyos and open spaces with Open Space designations. The proposed zoning will also create economic opportunities consistent with the goals and policies in the General Plan Economic Development Element, such as the following:

Goal: A balanced, broadly-based economy that provides a full range of economic and employment opportunities, while maintaining high standards of development and environmental protection.

Policy 2 The City shall take a proactive role in the retention of existing businesses and the recruitment of new businesses, particularly those that generate and broaden employment opportunities, increase discretionary incomes, and contribute to City General Fund revenues.

Program 6.B Preserve highway commercial land use designations at interchange locations, and encourage the location of high-quality freeway-serving businesses.

Finding B: The proposed Amendment is internally consistent with the Zoning Ordinance.

Finding of Fact: The proposed Project shall require an amendment to Banning Municipal Code Section 17.96.080 - Specific plan zoning districts and zoning map designations. Inclusion of the Sunset Crossroads Specific Plan in the BMC will immediately make it consistent with the zoning ordinance. A key element of the project involves a transfer of residential density from Sunset Crossroads development project site to the Mt. San Jacinto Community College site to accommodate the commercial/industrial development project. The transfer of residential development capacity is consistent with state housing law in that it ensures no net loss in the residential development capacity identified in the City's General Plan. The proposed density transfer can be accommodated on an approximately 41-acre site as the proposed density range is from 24 to 30 dwelling units per acre, consistent with the Zoning Ordinance and development standards for the Very High Density Residential zone.

Finding C : The City Council has independently reviewed and considered the requirements of the California Environmental Quality Act.

Finding of Fact: The Sunset Crossroads FEIR has been prepared for the Project in accordance with the California Environmental Quality Act (CEQA). The City Council has conducted an independent review and is moving to certify the Sunset Crossroads FEIR and adopt the related CEQA Findings, Statement of Overriding Consideration, and Mitigation Monitoring and Reporting Program for the Project.

Development Agreement:

BZO Section 17.60.030 requires that two findings be met to justify approval of a Development Agreement application. Staff analyzed the application against these findings for Zoning Ordinance Amendment below:

Finding A: The Development Agreement is consistent with the General Plan, any applicable Specific Plans, and the Zoning Ordinance.

Finding of Fact : In accordance with the Banning Municipal Code, the Development Agreement contains provisions that set forth a defined term, the specific types, density, and intensity of uses allowed, reservations or dedication of land for public purposes, a limited stay on future development fee increases; and processes for reviewing related future approvals and amending the Development Agreement. Approval of the Development Agreement would provide for the orderly development of the Project and necessary infrastructure improvements.

Finding B: The Development Agreement will promote the welfare and public interest of the City.

Finding of Fact : The Development Agreement incorporates provisions for financing, acquisition, and construction of infrastructure, for the Sunset Crossroads Specific Plan, as well as acquisition and development of adequate levels of open space. The Agreement would grant the applicant vested rights to develop the Project in exchange for certain financial contributions, including substantial public benefit fees and land dedications, and other consideration to be received by the City.

Tentative Parcel Map:

Pursuant to Section 66474 of the Subdivision Map Act, there are seven findings that must be met to justify approval of a Tentative Map application. Staff analyzed the application against these findings for Tentative Parcel Map, Case TPM 38118, below:

Finding A: The proposed Tentative Parcel Map is consistent with all applicable general and specific plans.

Finding of Fact: The City's General Plan land use designation and Zoning Map will be amended as part of the overall project approvals. The proposed tentative map will be consistent with the designation of the project site as "Specific Plan," and the proposed map provides for the accommodation of nineteen (19) planning areas, consisting of a variety of commercial and industrial uses, lot types and sizes ranging from 1-acre to 194.3-acres, common open spaces, and circulation and other public improvements. The proposed map furthers the objectives and policies of the General Plan in that 440 acres of the project area is dedicated to commercial and industrial development, with no net loss of residential density.

Finding B: The design and improvements of the proposed Tentative Parcel Map is consistent with the zone in which the property is located.

Finding of Fact: The corresponding Specific Plan establishes criteria for circulation and rights-of-way for public street accessing each of the developable parcels proposed within the Tentative Map. Proposed street widths and sections are consistent with the Specific Plan criteria. Utilities will be provided consistent with the Specific Plan.

Finding C: The site is physically suited for this type of development.

Finding of Fact: The 533.8- acre Project site is currently vacant and undeveloped. The site's elevation ranges from approximately 2,399-2,523 feet above mean sea level (amsl) . There is a difference of approximately 124 feet of elevation change from the southeast extent of the site to northwest extent of

the Project site. The topography is fairly level with gentle slopes, and several watercourses transect the site. Pershing Creek flows in a northwest to southeast direction through the eastern portion of the Development Site and Smith Creek flows in a north-south direction. Highland Wash is a smaller drainage course and tributary to Smith Creek that confluences with Smith Creek near Westward Avenue. The subject site encompasses 533.8 acres, including 253.7 acres making up approximately the south half of the development project is presently outside of the current City limits and within the City's Sphere of Influence. These 253.7 acres will be annexed into the City of Banning upon approval of the Sunset Crossroads Specific Plan. The proposed map as conditioned, including the mitigation measures contained within the Final Environmental Impact Report and the Mitigation Monitoring Reporting Program will ensure that the Project's development is in accordance with and will implement the public improvements and mechanisms whereby the necessary facilities and resources will be available for future uses.

Finding D: The subject site is physically suitable for the proposed density of development.

Finding of Fact: The subject site consists of 533.8-acres of vacant and undeveloped land and is planned to provide development opportunities for commercial/retail and industrial uses. However, no residential density is proposed.

Finding E: The design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.

Finding of Fact: With the exception of the significant and unavoidable environmental effects of the project identified in the FEIR and the MMRP, the design of the subdivision and proposed improvements are not expected to cause substantial environmental damage or to substantially injure fish or wildlife or their habitat. The project site is not in a linkage designated under the MSHCP that is a connection between substantial habitat blocks with adequate size, configuration, and vegetation characteristics to generally provide for "live-in" habitat and/or provide for genetic flow for identified covered species. Significant cumulative effects of the project on the MSHCP-covered plants and wildlife, wildlife movement, riparian/riverine areas and habitat connectivity are fully mitigated by the City of Banning's signatory status under the MSHCP and the requisite measures for mitigation of project -specific impacts to the burrowing owl, Los Angeles pocket mouse and Stephens' kangaroo rat and these species' habitat. Cumulative effects not specially covered under the MSHCP are nevertheless mitigated to less than significant levels by the broad range of habitats covered by the MSHCP, project design features and mitigation measures required for the proposed project, and payment of the MSHCP mitigation fee.

Finding F: The design of the subdivision or type of improvements is not likely to cause serious public health problems.

Finding of Fact: All parcels planned for development within the subdivision will have access to utilities, including water, wastewater and electricity. Emergency services such as police and fire, are also available to serve the properties as these parcels develop. As a result, no public health problems are anticipated.

Finding G: The design of the subdivision or type of improvements will not conflict with easements, acquired by the public at large, for access through or use of the property within the proposed subdivision.

Finding of Fact : The subdivision proposes to dedicate public streets that will be consistent with the criteria planned by the Sunset Crossroads Specific Plan. With the improvement of the development, this will allow safe access through the site and provide each newly established parcel with access.

ENVIRONMENTAL DETERMINATION:

Environmental Impact Report (EIR):

Pursuant to Section 15060(d) of the California Environmental Quality Act (CEQA) Guidelines, "If the lead agency can determine that an EIR will be clearly required for a project, the agency may skip further initial review of the project and begin work directly on the EIR process described in Article 9, commencing with Section 15080. In the absence of an initial study, the lead agency shall still focus the EIR on the significant effects of the project and indicate briefly its reasons for determining that other effects would

not be significant or potentially significant." Based upon the complexity and magnitude of the proposed project, the City determined that an Environmental Impact Report should be prepared for the project, and an Initial Study was not necessary. A Notice of Preparation (NOP) was therefore completed and distributed to the State Clearinghouse, as well as agencies and organizations that may provide comment on the Project's potential impacts on the environment. The State of California Clearinghouse issued a project number for the project, SCH No. 2021020011. The 30 -day public comment period extended from February 1 to March 3, 2021. An electronic copy of the NOP was made available on the City's website. Comments received during the public review of the NOP were utilized to assist in identifying potential environmental impacts addressed in Chapter 4.0 of the Draft EIR.

Scoping Meeting: Due to COVID-19 restrictions, the Public Scoping meeting was held virtually on February 18, 2021 at 5:30 p.m. via Zoom. Notice of the Public Scoping Meeting was published in the Banning Record Gazette on February 5, 2021 providing the appropriate instructions for public participation in the Scoping Meeting. The Public Scoping Meeting included a presentation providing a summary of the Project, required actions, and the environmental review process. No public comments were received during the Scoping Meeting.

Tribal Consultation: The Development Project includes a General Plan Amendment and implementation of a Specific Plan for the Development Project; therefore, Native American consultation pursuant to both SB 18 and Assembly Bill 52 (AB 52) are required. On November 30, 2020 the City reached out to 31 Native American contacts to formally invite participation in tribal consultation pursuant to AB 52 and SB 18 required for the Development Project. The City received responses from the Morongo Band of Mission Indians (MBMI), the Soboba Band of Luiseno Indians (SBLI), and the Agua Caliente Band of Cahuilla Indians (ACBCI) requesting formal consultation with the City regarding the Development Project.

The City provided a separate consultation invitation to these same 31 Native American contacts on August 25, 2022, specifically identifying the entitlement actions related to the MSJC Site. In this 2022 consultation, the City stated the MSJC Site Entitlements proposed only changes to the City's land use and zoning maps, and that no construction or physical alterations were proposed or would be authorized under the MSJC Entitlements. The MBMI acknowledged the City's actions and noted the MSJC Site is located within the ancestral territory and traditional use area of the Cahuilla and Serrano people of the MBMI and that any future construction or alterations to the MSJC Site would be of interest to the MBMI. The San Manuel Band of Mission Indians (SMBMI) stated the MSJC Site is outside of Serrano ancestral territory and, as such, SMBMI would not request consulting party status with the City.

Draft EIR : A Notice of Availability (NOA) of the Draft EIR was provided to responsible and trustee agencies, as well as the organizations, and persons who have previously requested notification. The NOA was distributed via priority mail with confirmed receipt. The NOA identified the State mandated 45-day public review period extending from December 15, 2023 to January 30, 2024 and included a weblink to the City's public noticing page providing further access to the Draft EIR, project material, and related technical appendices. Emails advising of the availability of the Draft EIR were sent by the City on December 15, 2023 to those parties requesting electronic notification. These emails provided the same weblink leading to the Draft EIR.

Public Comments: The following comment letters were submitted to the City during the public review period: State Agencies:

- A-1: State of California, California Air Resources Board, Stanley Armstrong, Air Pollution Specialist (January 12, 2024)
- A-2: State of California, Department of Fish and Wildlife, John Dempsey, Environmental Scientist (January 26, 2024)
- A-3: State of California, California Air Resources Board, Matthew O'Donnell, Chief, Risk Reduction Branch, Transportation and Toxics Division (January 30, 2024)
- A-4: State of California, Department of Fish and Wildlife, Kim Freeburn, Environmental Program Manager (February 5, 2024)
- A-5: State of California, Department of Justice, Rob Swanson, Deputy Attorney General, Bureau of Environmental Justice (December 21, 2023)

Regional Agencies:

- B-1: South Coast Air Quality Management District, Sahar Ghadimi, Air Quality Specialist (January 2, 2024)

- B-2: South Coast Air Quality Management District, Sam Wang, Program Supervisor (January 30, 2024)

Local Agencies:

- C-1: Riverside County Flood Control and Water Conservation District, Amy McNeill, Engineering Project Manager (January 10, 2024)
- C-2: Riverside County Airport Land Use Commission, Jackie Vega, Urban Regional Planner II (December 19, 2023)

Organizations:

- D-1: Sierra Club, George Hague (December 22, 2023)
- D-2: Sierra Club, George Hague (December 22, 2023)
- D-3: Golden State Environmental Justice Alliance, Represented by Blum, Collins & Ho LLP, Matt Hagemann and Paul Rosenfeld (January 29, 2024) (withdrawn April 23, 2024)
- D-4: Golden State Environmental Justice Alliance, Adam Salcido (January 29, 2024) (withdrawn April 23, 2024)
- D-5: Sierra Club, Represented by Law Office of Abigail Smith, Abigail Smith (January 30, 2024)
- D-6: Sierra Club, Represented by Law Office of Abigail Smith, Abigail Smith (January 30, 2024)
- D-7: Western States Regional Council of Carpenters, Represented by Mitchell Tsai Law Firm, Matt Hagemann and Paul Rosenfeld (January 30, 2024)

Individuals:

- E-1: Gary and Jan Wilhelmson (December 12, 2023)
- E-2: Steve and Raelene Kretchman (January 5, 2024)
- E-3: Michael Volz (January 5, 2024)
- E-4: Steve and Raelene Kretchman (January 8, 2024)
- E-5: Carl and Tara Pueschel (January 8, 2024)
- E-6: Janet and Martin Sherman (January 11, 2024)
- E-7: Mary Ann Malleby (January 15, 2024)
- E-8: Charles Friese (January 19, 2024)
- E-9: Patricia Naylor (January 20, 2024)
- E-10: Barbara Elness (January 21, 2024)
- E-11: Frances Valenzuela (January 21, 2024)
- E-12: Nick and Mary Goralsky (January 22, 2024)
- E-13: Korrie Gartzke (January 23, 2024)
- E-14: Rick and Lori Kaminsky (January 23, 2024)
- E-15: Bernet Roth (January 14, 2024)
- E-16: Timothy and Francisca Hanrathy (January 25, 2024)
- E-17: David and Ruth Madon (January 27, 2024)
- E-18: John and Shirley Creviston (January 28, 2024)
- E-19: Armando Aranda (January 29, 2024)
- E-20: Kathleen Aranda (January 29, 2024)
- E-21: Andrea Arthuholtz (January 29, 2024)
- E-22: Julie Austin (January 29, 2024)
- E-23: Gary Burkel (January 29, 2024)
- E-24: Nora Burkel (January 29, 2024)
- E-25: Randy Robbins, Jim Corrigan, and Diane Berley, Concerned Citizens (January 29, 2024)
- E-26: Ginny June (January 29, 2024)
- E-27: Tennie Boggs and Jack Marty (January 29, 2024)
- E-28: Richard McHard (January 29, 2024)
- E-29: Michael Volz (January 29, 2024)
- E-30: Sudan Walsh (January 29, 2024)
- E-31: Kathleen Dale (January 30, 2024)
- E-32: Cindy Medley (January 30, 2024)
- E-33: T. Gae Rush (January 31, 2024)
- E-34: Robert Messiet (January 30, 2024)
- E-35: Diane Nethercott (January 30, 2024)

- E-36: Ron Roy (January 30, 2024)
- E-37: Winona Williams (January 30, 2024)
- E-38: Ron Roy (January 30, 2024)

Responses to the comments have been prepared and are included in the Final EIR for the Sunset Crossroads Specific Plan Project.

Less Than Significant Impacts: Of the 20 environmental factors analyzed in the Environmental Impact Report, specific categories associated with these factors were determined to be less than significant and were not further analyzed in the Draft EIR. The categories in these specific factors include:

- Aesthetics (Thresholds 4.1.1, 4.1.2, 4.1.3, 4.1.4)
- Agriculture and Forestry Resources (Thresholds 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5)
- Air Quality (Thresholds 4.3.3, 4.3.4)
- Biological Resources (Thresholds 4.4.3, 4.4.4)
- Cultural Resources (Threshold 4.5.3)
- Energy (Threshold 4.6.1, 4.6.2)
- Geology and Soils (Thresholds 4.7.1(i), 4.7.1(ii), 4.7.1(iii), 4.7.1(iv), 4.7.2, 4.7.3, 4.7.4, 4.7.5)
- Hazards and Hazardous Materials (Thresholds 4.9.1, 4.9.2, 4.9.3, 4.9.4, 4.9.5, 4.9.6, 4.9.7)
- Hydrology and Water Quality (Thresholds 4.10.1, 4.10.2, 4.10.4, and 4.10.5)
- Land Use and Planning (Thresholds 4.11.1, 4.11.2)
- Mineral Resources (Thresholds 4.12.1, 4.12.2)
- Noise (Thresholds 4.13.1, 4.13.2, 4.13.3)
- Population and Housing (Thresholds 4.14.1, 4.14.2)
- Public Services (Thresholds 4.15.1, 4.15.2, 4.15.3, 4.15.4, 4.15.5)
- Recreation (Thresholds 4.16.1, 4.16.2)
- Transportation (Thresholds 4.17.1, 4.17.3, 4.17.4)
- Utilities and Service Systems (Thresholds 4.19.1, 4.19.2, 4.19.3, 4.19.4, 4.19.5)
- Wildfire (Thresholds 4.20.1, 4.20.2, 4.20.3, 4.20.4)

Impacts Mitigated to Less Than Significant: Mitigation measures are proposed to reduce impacts to less than significant for the various categories analyzed in the EIR. These mitigation measures are included in the Mitigation Monitoring and Reporting Program (MMRP) for the following:

- Biological Resources (Thresholds 4.4.1, 4.4.2, 4.4.5, and 4.4.6)
- Cultural Resources (Threshold 4.5.1)
- Geology and Soils (Threshold 4.7.6.)
- Hydrology and Water Quality (Threshold 4.10.3)
- Tribal and Cultural Resources (Thresholds 4.18.1 and 4.18.2)
- The MMRP is included as an attachment to this report.

Significant and Unavoidable Impacts: Section 15126 of the CEQA Guidelines requires that the EIR identify the significant environmental effects that cannot be avoided if the proposed project should be implemented (CEQA Guidelines Section 15126(b)), and the significant irreversible environmental changes that would be involved if the proposed project is implemented (CEQA Guidelines Section 15126(c)). Below are the significant and unavoidable impacts identified in the EIR.

Air Quality. Emissions associated with the operation of the Development Project would remain significant and unavoidable, even with implementation of the planned project design features

Greenhouse Gas Emissions. Based upon the analysis presented in Section 4.8, Greenhouse Gas Emissions of the EIR, mitigation measures GHG-1 through GHG-7 have been identified to address this impact are feasible and made binding through the MMRP. In addition, MM AIR-1 and AIR-2, as revised, would also be applicable and reduce GHG impacts to the extent feasible (Draft EIR Section 4.8.5.1) and reduce air quality emissions. Despite imposition of these feasible mitigation measures, the volume of GHG emissions generated by

Noise. Noise generated by project construction activities would be reduced to a less than significant level with the implementation of the Mitigation Measure NOI-1. Mitigation Measure NOI-1 includes the installation of minimum 10-foot high temporary construction barriers when Development Project construction activities are within 100 feet from the nearest residential structure and other measures to reduce noise impacts will reduce construction noise impacts associated with on- site construction of the

Development Project to less than significant. However, because it is yet to be determined if a noise barrier can be constructed on City right-of-way during construction of roadway and utilities on Sunset Avenue, the City finds that construction noise impacts for construction of the roadway and utilities on Sunset Avenue is considered significant and unavoidable.

Transportation. Mitigation measures require the preparation of a Transportation Demand Management (TDM) strategy report to reduce employee Vehicle Miles Traveled (VMT). While the inclusion of mitigation measures T-1 through T-3 would reduce VMT by 8.4 percent, Project generated VMT per employee still exceeds the City’s adopted VMT impact threshold. Therefore, even with the implementation of MM TRA-1, Transportation threshold 4.17.2 would remain significant and unavoidable.

Findings of Fact and Statement of Overriding Considerations:

The California Environmental Quality Act provides provisions for an agency to approve a project when such a project will cause one or more significant environmental effects. In conjunction with the certification of the EIR, findings of fact are required pursuant to Section 15091 of the Public Resources Code (PRC) which provides that no public agency shall approve or carry out a project for which an Environmental Impact Report (EIR) has been certified that identifies one or more significant environmental effects of the project, unless, the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings are:

1. Changes or alterations have been required in, or incorporated into, the project, which avoid or substantially lessen the significant environmental effects as identified in the Final EIR.
2. Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency.
3. Specific economic, legal, social, technological, or other considerations, including provisions of

employment opportunities for highly trained workers, make infeasible the mitigation measures or project alternatives identified in the Final EIR.

Additionally, the Lead Agency must not approve a project that will have a significant effect on the environment unless it finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the unavoidable adverse environmental effects (PRC § 21081(b)). Therefore, a Statement of Overriding Considerations and Findings of Fact have been prepared for the Project and will allow the City to find and declare that the Project benefits outweigh the impacts as justified and described in these documents, which are attached to this report.

PUBLIC COMMUNICATION:

On January 2, 2026, a notice of public hearing was mailed to owners within 300 feet of the project site, notifying the public that the subject applications would be considered by the City Council at a public hearing on January 28, 2026. This notice was also published in the Record Gazette, a newspaper of general circulation within the City of Banning, on January 2, 2026. Several comment letters were received and are included as an attachment to this report.

FISCAL IMPACT:

Increased property tax and sales tax revenues to the City from the development of commercial and industrial properties, including development impact fees and other fee revenue outlined in the Development Agreement.

BANNING NEEDS	DEVELOPMENT AGREEMENT AS PROPOSED
Build back General Fund-Fund Balance and	1. Initial \$3M upfront payment – no strings

Eliminate negative \$12.9 ISF Net Position	2. Additional Public Benefit Fees - \$3.8M
Eliminate General Fund \$4M Structural Annual Deficit	1. Potential “big box” retail would produce \$1M-\$2M in annual sales tax 2. Potential CFD payments up to \$1M annually after build-out dedicated to public safety
Animal Control (Strategic Plan Tier-1 initiative)	\$500,000 grant prior to the 1st grading permit for an industrial building
Downtown Revitalization (Strategic Plan Tier-1 Initiative)	\$750,000 grant that will consist of 3 payments of \$250,000 at 2 months, 12 months and 24 months after effective date
Fire Station and apparatus south of I-10	Land dedication, \$16M for a new fire station (with CPI between 1% and 5%), \$1M for fire apparatus = improved response times
Needed construction & funding for project mitigation	Various dedications of land, commitment for construction and payments of Impact Fees
Improved quality of life amenities	Dedication of open space, trails and construction of a park

ALTERNATIVES:

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. [7.3a GPA20-2501 ZC20-3502 TPM38118 CA CC EIR SOC MMRP REJECT Reso 2026-26.pdf](#)
2. [7.3b GPA20-2501 ZC20-3502 SP20-2002 TPM38118 DA CC DENIAL Reso 2026-27.pdf](#)
3. [7.3c GPA20-2501 ZC20-3502 TPM38118 DA CC EIR SOC MMRP CERTIFICATION Reso 2026-28.pdf](#)
4. [7.3d GPA 20-2501 SP 20-2002 APPROVAL Reso 2026-29.pdf](#)
5. [7.3e GPA20-2501 ANNEXATION Reso 2026-30.pdf](#)
6. [7.3f TPM38118 CC APPROVAL Reso 2026-31.pdf](#)
7. [7.3g GPA20-2501 ZC20-3502 SP20-2002 TPM38118 EA20-1506 CC ExA COA AMENDED.pdf](#)
8. [7.3h ZC CC Ordinance No. 1618.pdf](#)
9. [7.3i DA CC Ordinance 1620.pdf](#)
10. [7.3j1 REDLINE - Banning Sunset Crossroads DA 4861-3845-1024 v.132-152.pdf](#)
11. [7.3j2 CLEAN - Banning Sunset Crossroads DA 4861-3845-1024 v.152.pdf](#)
12. [7.3j3 Banning Strategic Plan 2-24-26.pdf](#)
13. [7.3j4 Banning Strategic Plan Appendix A 2-24-26.pdf](#)
14. [7.3k Sunset Crossroads Specific Plan 2024-09-25.pdf](#)
15. [7.3l TPM 38118 2024_09_16.pdf](#)
16. [7.3m Link to Draft and Final EIR Documents Online.pdf](#)
17. [7.3n CEQA Findings and SOOC - Sunset Crossroads.pdf](#)
18. [7.3o Sunset Crossroads - Supplemental CEQA Technical Memorandum.pdf](#)
19. [7.3p SunsetCrossroads - Modified Project v2.1 CEQA Tech Memo - Trip Generation Assessment AMENDED.pdf](#)

20. [7.3q Sunset Crossroads Aerial Vicinity GP Zoning Maps.pdf](#)
21. [7.3r PHN CC Meeting 01-28-26 Sunset Crossroads SP.pdf](#)
22. [7.3s Sunset Crossroads Ltr to City Council 01.23.26.pdf](#)
23. [7.3t Letters received in Support of Sunset Crossroads SP.pdf](#)
24. [7.3u Letters received in Opposition of Sunset Crossroads SP.pdf](#)
25. [7.3v Supplemental Correspondence Received After Public Hearing - January 28, 2026.pdf](#)
26. [7.3w 2026 01 28_Special Meeting_Minutes_DRAFT.pdf](#)
27. [7.3x 2025 09 10_Special PC Meeting Minutes_DRAFT.pdf](#)
28. [7.3y 2025 11 17_PC Minutes_DRAFT.pdf](#)
29. [7.3z Staff Report Complete Text Pgs 19-20 - Significant and Unavoidable Impacts.pdf](#)