

City of Hesperia STAFF REPORT



DATE: April 9, 2026
TO: Planning Commission
FROM: Orlando Acevedo, Director of Development Services
BY: Ryan Leonard, Principal Planner
Leilani Henry, Associate Planner
SUBJECT: Conditional Use Permit CUP23-00005; Applicant: Covington Capitol; APN: 3064-531-06)

RECOMMENDED ACTION

It is recommended that the Planning Commission adopt Resolution No. PC-2026-02 making the environmental determination pursuant to the California Environmental Quality Act (CEQA) by certifying the Final Environmental Impact Report (FEIR) and adopting a statement of overriding considerations and adopting resolution No. PC-2026-03 approving CUP23-00005.

BACKGROUND

Proposal: A Conditional Use Permit (CUP) has been filed to allow for the development of a 419,840 square foot industrial warehouse on approximately 22.61 gross acres. (Attachment 1)

Location: This project is located on the southwest corner of Phelan Road and Caliente Road. (Attachment 2).

Current General, Plan, Zoning and Land Uses: The subject site is vacant and located within the Commercial Industrial Business Park (CIBP) zone of the Main Street and Freeway Corridor Specific Plan (MSFCSP). The site located north, across Phelan Road, is within the CIBP zoning designation and is currently being developed with an approximately 2,517,413-square-foot Amazon facility. To the west there are two parcels: the northern parcel is within the CIBP zone and is vacant, while the southern parcel is within the Low Density Residential (LDR) zone and is partially developed with a nonconforming fleet repair facility. The property to the south is within the Rural Estate Residential (RER) zone and vacant. The property to the east is split-zoned, with the northern portion designated Neighborhood Commercial (NC) and the southern portion designated CIBP; both portions are currently vacant. (Attachment 3)

ISSUES/ANALYSIS

Land Use: The proposed project consists of a 419,840-square-foot industrial warehouse with 5,000 square feet dedicated for office use. In accordance with the MSFCSP, warehouse distribution centers exceeding 200,000 square feet within the CIBP zone are subject to approval of a Conditional Use Permit (CUP). (Attachment 4)

Conformance with Development Standards: The project complies with all applicable development standards, including building setbacks, landscaping, and parking.

The proposed 419,840-square-foot building will be set back approximately 95 feet from Phelan Road. An approximately 20-foot-wide landscape planter will be provided across the project frontage along Phelan Road. The building will also be set back approximately 185 feet from Caliente Court, where an approximately 12-foot-wide landscape planter is proposed across the frontage in front of the required screen walls. Additionally, the building is set back approximately 53 feet from the residentially zoned property to the south and approximately 62 feet from the residentially zoned property to the west. In total, the project provides approximately 84,000 square feet of landscaping, representing approximately 11 percent of the site, which exceeds the minimum landscaping requirement of 10 percent.

The project will provide 200 standard parking spaces, meeting the minimum requirement of 199 spaces based on a parking calculation that includes 5,000 square feet of office use and 414,840 square feet of warehouse use. However, as office uses generate a higher parking demand than traditional warehouse uses, the project is conditioned to limit the office area to a maximum of 5,000 square feet. This limitation is included as a condition of approval.

Additionally, the project includes 57 truck and trailer spaces along with 63 dock doors located along the east side of the building. In compliance with specific land use standards, the truck parking and dock doors will be concealed by a 12' high concrete screen wall across the east side of the property. As a condition of approval, the screen wall will be required to be decorative and incorporate the use of pilasters and other decorative elements. Truck loading activities will not be visible from Phelan Road or Caliente Court.

Assembly Bill 98: State Assembly Bill 98 was signed into law on September 29, 2024, and became effective January 1, 2026, establishing development and operational standards for warehouse uses, particularly those located near residential areas. The legislation requires that industrial warehouse facilities 250,000 square feet or larger, located on industrially zoned sites and containing loading bays within 900 feet of a sensitive receptor (such as residences, schools, or hospitals), comply with specific state-mandated design and operational criteria intended to reduce noise, air quality, and traffic-related impacts.

Although the proposed project is not subject to AB 98 due to its application submittal prior to September 30, 2024, it nonetheless incorporates several site design and operational features consistent with the intent of the legislation to minimize impacts on adjacent residential zoned properties. These features include compliance with the California Green Building Code, truck loading docks oriented away from residentially designated areas at an approximate distance of 762 feet, separate heavy-duty truck access points along Caliente Court directed away from residential areas, and the inclusion of screen walls to provide additional buffering, including a screen wall along the southern and western property lines where the project is adjacent to residentially zoned properties.

Access/Roadway Improvements: Full access for trucks, passenger vehicles, and emergency vehicles to the site will be provided by two 45-foot-wide driveway approaches from a new public roadway (Caliente Court) that will be constructed by the project. Caliente Court is planned as a 70-foot wide Industrial Collector that will provide public two-way access and terminate in a cul-de-sac at the southeast corner of the project. The intersection of Caliente Road and Phelan Road will be fully signalized as part of the approved Amazon project that is currently under construction. The site will also provide a second point of access from Phelan Road with a 30-foot wide right-in and right-out driveway approach that will be restricted for passenger cars only. Internal circulation will be provided by 30-foot-wide drive aisles located around the north, west, and south perimeter

of the site and a 70-foot-wide drive aisle to the east of the building where the dock doors and truck parking are located.

The project will be responsible for the construction of street improvements along both Caliente Court and Phelan Road. Improvements along Phelan Road will include the installation of curb, gutter, and sidewalk along the project frontage. Improvements along Caliente Court will include the construction of half-width street improvements, including curb, gutter, and sidewalk, across the project frontage.

Architecture: The proposed warehouse complies with the architectural requirements of the Specific Plan. The concrete tilt-up building presents a clean, corporate appearance, incorporating multiple exterior colors, expansion joints, and accent elements to provide visual variation. Prominent glazing and decorative windows highlight the main entrance, which is further enhanced by a shade trellis feature visible from the public right-of-way. Additional articulation is achieved through variations in building planes and material finishes along all elevations. The building height ranges from approximately 45 to 50 feet. (Attachment 5 & 6)

Water and Sewer: The project will connect to the proposed water and sewer main extensions in Caliente Court. As part of the required improvements, the project will construct these extensions from the existing main lines in Phelan Road along Caliente Court.

Drainage: The project will install new onsite storm drain lines throughout the site. No off-site storm drain improvements are proposed for this project. Stormwater would be collected using a system of catch basins and roof drains that route flows to underground pipes. All storm water run-off will be conveyed to a proposed detention basin at the east end of the project site. The detention basin will contain dry wells that would treat the stormwater collected from the project site.

ENVIRONMENTAL ANALYSIS

Given the size and regional importance of this project, CEQA requires that the environmental impact of the project be analyzed. An initial study was prepared, which determined that the project may have a significant impact on the environment. As a result, an Environmental Impact Report (EIR) was required. A Notice of Preparation (NOP) was distributed for public review for a period of 30 days from February 26, 2024, through March 27, 2024, and the Draft EIR was distributed for a 45-day public period from June 13, 2025, through August 1, 2025. The environmental document was circulated to local, state and federal agencies, and organizations as well as surrounding property owners. Four comment letters were received during the Initial Study/NOP comment period, and six comment letters were received during the Draft EIR comment period. The letters, as well as the responses to them, are included in the Final EIR. The Draft and Final EIR are available for review on the City's website linked below.

The Draft EIR identified potentially significant impacts of the project and discussed numerous mitigation measures proposed to address potential impacts of the project. Mitigation measures presented in the Draft EIR have been included in the Mitigation Monitoring Reporting Program, which is attached as Exhibit B of Attachment 7 and incorporated by reference in the conditions of approval. Mitigation measures for the project will reduce potentially significant impacts to Biological Resources, Cultural Resources, Geology and Soils, and Tribal Cultural Resources. However, the EIR concluded that despite mitigation measures, the project could result in significant and unavoidable impacts to Greenhouse Gas Emissions and Transportation. Consequently, pursuant to CEQA guidelines, a statement of overriding considerations must be

made to approve the project. The following is a summary of the significant and unavoidable impacts because of the project: (Attachment 7 & 8)

Greenhouse Gas Emissions: Long-term operations of the project would result in greenhouse gas emissions through mobile sources and on-site equipment, area sources (landscape maintenance equipment); energy use (natural gas and generation of electricity consumed by the Project); generation of electricity associated with wastewater treatment and with water supply, treatment, and distribution; and solid waste disposal. Annual greenhouse gas emissions from these sources were estimated in the EIR.

With applicable regulatory requirements and project design features, the project would result in approximately 9,855 MT CO₂e per year, which would exceed the GHG threshold of 3,000 MT CO₂e per year. Therefore, the project would generate GHG emissions, either directly or indirectly, that may have a significant impact on the environment, and this would represent a cumulatively potential significant impact. Mitigation measures would be required that would reduce project-generated construction and operational GHG emissions. The EIR determined that the effectiveness of the required mitigation measures cannot be accurately quantified. Therefore, project-generated greenhouse gas emissions would still exceed the applied threshold of 3,000 MT CO₂e per year. The EIR concludes that there are significant unavoidable impacts upon greenhouse gas emissions and a finding of overriding considerations is included in the resolution certifying the EIR for this project.

Traffic/Circulation: Beginning on July 1, 2020, vehicle miles traveled (VMT) is used to determine the significance of transportation impacts. The San Bernardino Transportation Analysis Model (SBTAM) is an accepted program to estimate VMT as it considers interaction between different land uses based on socio-economic data such as population, households, and employment. A project's VMT impacts are considered significant if the project baseline and cumulative VMT per service population is above the County's regional average. The County's regional average is 32.7 VMT per service population. However, the project's cumulative VMT per service population is estimated to be 49.8 VMT. Therefore, the project would have a significant and unavoidable impact on the environment. The project would implement mitigation measures to provide a ridesharing program and provide end of trip bicycle facilities to encourage employee carpooling, use of public transit, and biking as alternative modes of transportation to work. Implementation of the mitigation measures would reduce the total VMT per service population; however, they would not reduce the project's VMT below the 32.7 countywide significance threshold.

Overriding Considerations: Pursuant to CEQA, the City must balance the benefits of the project against any significant and unavoidable environmental impacts that cannot be mitigated to less than significant. If the benefits of the project outweigh these environmental impacts, those impacts are considered "acceptable." Since the impact upon Greenhouse Gas Emissions and Transportation are considered significant and unavoidable, findings for a Statement of Overriding Considerations must be made. The project's benefits include strengthening the local economy by providing new employment opportunities for residents and generating tax revenues to maintain adequate infrastructure facilities. Further, the project will help satisfy the City's deficiency of high-quality local jobs, as most residents must currently travel outside of the City to obtain higher paying jobs. The project would use the locational characteristics (specifically, the project's proximity to the I-15 freeway and US Highway 395) to provide needed flexible industrial space to businesses wishing to invest in the City, as well as to provide approximately 351 permanent jobs both directly and indirectly in the region. The project's social and economic benefits render these significant and unavoidable impacts acceptable.

In summary, the proposed project is consistent with the City's General Plan as well as applicable land use designation and development standards of the Specific. An Environmental Impact Report (EIR) was prepared in compliance with CEQA, identifying significant and unavoidable impacts related to greenhouse gas emissions and transportation; however, all feasible mitigation measures have been incorporated. Despite these impacts, the project will provide substantial economic benefits, including job creation and increased tax revenue. As such, staff recommends certification of the Final EIR, adoption of the Statement of Overriding Considerations, and approval of the Conditional Use Permit.

CITY GOAL SUPPORTED BY THIS ITEM

Future Development: Facilitate balanced growth to ensure cohesive community development and pursue economic development.

FISCAL IMPACT

The development will be subject to payment of development impact fees and will be required to annex into the City Industrial CFD to pay for the ongoing maintenance of public infrastructure and services.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Site Plan
2. Aerial
3. General Plan / Zoning Map
4. Floor Plan
5. Color Elevation
6. View Rendering
7. Resolution No. PC-2026-02 with attached Exhibit A- Findings of Fact and Statement of Overriding Considerations and Exhibit B- MMRP
8. Resolution No. PC-2026-03, with attached Conditions of Approval
9. Draft EIR (Available on the City's website at the following link: <https://www.hesperiacagov/1466/Environmental-Review-Documents>)
10. Final EIR (Available on the City's website at the following link: <https://www.hesperiacagov/1466/Environmental-Review-Documents>)