



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Richard Thompson, Director of Community Development
Laurie B. Jester, Planning Manager
Bruce Moe, Director of Finance

DATE: September 16, 2008

SUBJECT: Status Report on the City Council 2008-2009 Work Plan Item on Economic Development along the Sepulveda Corridor.

RECOMMENDATION:

Staff recommends that the City Council **REVIEW, DISCUSS AND PROVIDE DIRECTION.**

FISCAL IMPLICATION:

There are no fiscal implications associated with the recommended action.

BACKGROUND:

Work Plan

As new development has been proposed along the Sepulveda corridor, staff has raised questions about economics, potential loss of revenue and appropriate land uses for the corridor, particularly with office and medical uses being proposed to replace retail uses. These issues were then discussed by the City Council through the annual Work Plan where the Council determines its goals and objectives for the coming year.

The 2008-2009 Work Plan, which was adopted on June 17, 2008, includes a number of items under the Financial Stability category which is aimed at maintaining financial stability as well as providing new revenues to meet the community needs. Staff sees this report and discussion regarding the Sepulveda Corridor as a starting point and other areas may be addressed by the Council in the future if desired. The Work Plan item states the following:

Economic Development

Staff will present sales tax information for existing commercial corridors. Included in the presentation for the Sepulveda Corridor will be the General Plan Goals and Policies, Sepulveda Development Guidelines, Zoning Regulations and Lot Patterns. We will also bring information about costs and services that could be provided should City Council want a consultant to study the Sepulveda Corridor.

Existing Conditions

The Sepulveda Corridor is State Highway 1 and the primary north-south transportation corridor through the middle of the City of Manhattan Beach. It provides a broad mix of commercial uses including retail, hotel, office, restaurant, medical and service uses. The lots on the east side of Sepulveda, and more specifically north of Manhattan Beach Boulevard, tend to be larger parcels with single uses or multi-tenant buildings with a variety of commercial uses. Manhattan Village Mall north of Marine Avenue is the largest commercial site in the City with over 39 acres, while a few smaller parcels in this area are less than 1 acre in size.

On the west side of Sepulveda the lots are generally much smaller in size and depth the entire length from Rosecrans Avenue south to Boundary Place. These lots are generally the size of a residential lot, 40 feet wide and 110-135 feet deep. A number of these very small parcels have been combined and are ¼ to ½ acre in size, while a handful, generally south of Manhattan Beach Boulevard are 1-2 acres in size. On the west side of Sepulveda Boulevard between Marine and Manhattan Beach Boulevard, fronting on Oak Avenue, there are several pockets of the Oak Avenue Overlay District which allows residential uses as well as parking and commercial use for businesses on Sepulveda.

A few of these smaller lots have been developed with new buildings recently including the medical office at 3113 Sepulveda Boulevard just north of the Burger King site, and the office that will replace two residential units at 2617 Sepulveda Boulevard. These smaller lots with shallow depths can be challenging to develop.

The lot patterns for the area east of Sepulveda and south of Manhattan Beach Boulevard are similar to those lots west of Sepulveda. The attached maps (Exhibit A) show an aerial view of the corridor, land uses designations (Commercial, Residential and Oak Avenue Overlay), larger parcels, and areas of potential opportunity.

DISCUSSION:

Economic and Financial Considerations

The Sepulveda corridor generates approximately 58% of the City's overall point-of-sale sales tax revenue. In calendar year 2007, Sepulveda revenue totaled \$4.25 million. This figure includes the Manhattan Village Mall (with Fry's), which generates 31% of our sales tax revenue (Sepulveda retail, without the mall, accounts for 27% of the total). Citywide, in 2007, seventeen businesses generated half of our sales tax revenue. Eight of those businesses are located on Sepulveda or in the mall. Given these statistics, it is clear that Sepulveda plays a very important role on the City's economy. A breakdown of citywide sales tax revenue by geographical areas is provided in Exhibit D to give the Council a broader view and comparison of overall revenue.

While discussed in more depth later in this report, staff met with several commercial real estate developers and consultants to discuss the opportunities along Sepulveda Boulevard. Regency Centers, the firm developing the proposed Wells Fargo site at the corner of Manhattan Beach Boulevard and Sepulveda, shared their economic findings, a copy of which is provided with this report as Exhibit C. In general they felt that the commercial capture rate of retail dollars citywide is good, with the small shops being supported by local customers and the larger businesses being oriented and supported more by regional customers.

Land Use Considerations

General Plan

The majority of the Sepulveda corridor is designated General Commercial by the City's General Plan. The Manhattan Village Mall is the one property along Sepulveda that has a separate General Plan land use designation and it is governed by a Master Use Permit. The mall currently is beginning to process an Environmental Impact Report (EIR) and Master Use Permit Amendment to update and expand the mall to continue to meet market demands. The General Commercial category provides opportunities for a broad range of retail and service commercial and professional office uses intended to meet the needs of local residents and businesses and to provide goods and services for the regional market. Limited industrial uses are also permitted consistent with zoning regulations. The General Commercial category accommodates uses that typically generate heavy traffic. Commercial uses in Manhattan Village are generally regional-serving, including shopping centers, large department and specialty stores, and entertainment and restaurant establishments.

The City has adopted a number of Goals and Policies in the General Plan related to commercial development that apply to this area. A few of the key items from the Land Use Element are as follows:

Policy LU-3.2: Promote the use of adopted design guidelines for new construction in Downtown, along Sepulveda Boulevard, and other areas to which guidelines apply.

Goal LU-6: Maintain the viability of the commercial areas of Manhattan Beach.

Policy LU-6.2: Encourage a diverse mix of businesses that support the local tax base, are beneficial to residents, and support the economic needs of the community.

Goal LU-8: Maintain Sepulveda Boulevard, Rosecrans Avenue, and the commercial areas of Manhattan Village as regional –serving commercial districts.

Policy LU-8.3: Recognize that shallow-depth commercial lots along Sepulveda Boulevard may be difficult to develop and that in limited circumstances, allowing parking facilities to be established on adjacent residential properties may be appropriate, provided such use does not result in significant adverse impact on abutting residential neighborhoods and further provided that access to residential streets located at the rear of the commercial uses is discouraged.

When the Planning Commission and City Council review discretionary applications they consider the General Plan Goals and Policies and make findings of consistency with the General Plan.

Sepulveda Boulevard Development Guidelines

In 1993 the City Council initiated the Sepulveda Corridor Study to address issues related to traffic, aesthetics, residential conflicts, small sites and business vitality. An Advisory Committee, the Planning Commission and City Council studied the project and

developed recommendations for Zoning revisions and Public Works improvements. New landscaping and signage was installed in the medians in the late 1990's and in 1997 the Sepulveda Boulevard Development Guidelines (Exhibit B) and amendments to the Zoning Code were adopted. The Guidelines are used by staff and the Planning Commission when reviewing discretionary applications. In addition to Zoning Standards the guidelines address a number of design issues, as follows:

- **Reciprocal vehicular access** between neighboring sites in the same block is encouraged to improve circulation, safety, and parking efficiency and eliminate redundant curb cuts.
- **Sidewalk dedication** may be required in some areas where the existing width is inadequate.
- **Buildings orientation** should be towards Sepulveda Boulevard and large parking areas, trash, storage and service areas, and large blank walls should not face Sepulveda to improve visual aesthetics.
- **Safe pedestrian access** from the public sidewalk, around buildings and from parking lots should be provided.
- **Landscaping** should provide a buffer between buildings, parking lots and adjacent residential.
- **Signs** should be compatible with the buildings.

The most challenging guidelines tend to be providing reciprocal vehicular access on the smaller lots and coordinating various owners' interests as property owners often do not want to coordinate development. Breaking up building mass and providing scale that is compatible with surrounding developments can also be challenging. Additionally, providing building orientation towards Sepulveda while providing pedestrian access from public sidewalks and parking lots, particularly when coordinating slopes and parking layouts, can be difficult and is discussed further under Zoning Standards below.

Zoning Standards

The majority of the Sepulveda corridor is zoned General Commercial (CG), while the Manhattan Village Shopping Center is zoned Community Commercial (CC). Both Zoning designations allow a variety of commercial land uses, and establish development standards such as height, setbacks, parking, landscaping, signage, and maximum floor area. Both Zones allow zero setbacks on all sides and have a maximum floor area of 1.5.

A maximum height of 30 feet is allowed if a minimum roof pitch of 4 in 12 is provided or if structured parking is provided at or below grade. If the roof pitch is less, or there is no structured parking then the maximum height is 22 feet. This height requirement can be difficult to comply with, particularly for the larger sloped lots. The height limit is measured from the average elevation of the four corners of the lot, and often the low elevation is at the rear of the lot, while the building is located on the front at the high elevation which constrains the building height further. Additionally, often the building designs will have a corner statement, such as a tower that is taller than the rest of the building, and expanded interior ceiling heights that will cause the building to exceed the maximum height.

The Guidelines encourage buildings to be pushed to the front of lots towards Sepulveda with building orientation towards Sepulveda and the parking located in the rear. Safe pedestrian access off the Sepulveda sidewalk and from the parking lot is also encouraged. Complying with the building orientation adjacent to Sepulveda and the pedestrian access, as well as the height limits when the buildings are placed on the high side, can be challenging. A number of buildings have recently had height variances, such as Hawthorne Suites Hotel, Wells Fargo, Rite-Aid, and the Manhattan Village Mall, due to these difficulties. More flexibility in building heights could be considered to address these issues.

A Use Permit is required for any project over 5,000 SF in area or for any lot that is over 10,000 SF in area. A Use Permit is also required for all restaurants and sale of alcohol. These requirements allow further staff and public review through a noticed public hearing process which allows the opportunity for neighbors to have more input on development adjacent to their property and to mitigate any traffic, noise, lighting or other potential project impacts.

Parking reductions are often approved with projects along Sepulveda Boulevard. These reductions may be attributed to a number of items including joint parking with multiple tenants particularly when the tenants have different peak hours, and reductions based on parking demand studies for specific uses that have requirements that differ from the standard Zoning Code requirements.

Sign standards for Sepulveda are the same standards as other commercial areas, although the Guidelines have criteria for compatibility with building architecture and surroundings. There are a number of non-conforming pole signs along the Sepulveda corridor. The sign area for pole signs in all commercial areas is counted four times, each side is counted and then the square footage is doubled, which discourages the use of new pole signs.

Residential and mixed-use projects that have a residential component are not allowed in either the CG or the CC zones. Residential mixed use is allowed Downtown and the North End with a use permit. Staff believes that the regional commercial nature of Sepulveda as a major transportation corridor does not lend itself to residential uses. Other City's in the South Bay have provided these residential mixed uses on Sepulveda and other major corridors and the commercial components have been compromised largely due to the small scale.

The Oak Avenue Overlay district is located at the rear of three groups of properties on the west side of Sepulveda between Marine Avenue and Manhattan Beach Boulevard, as shown in Exhibit A. The underlying zoning for all of these properties on the east side of Oak Avenue is single family residential. The Oak Avenue Overlay allows commercial buildings and parking lots for adjacent businesses on Sepulveda Boulevard with certain restrictions. A 20 foot setback and 26 foot height limit is required, the same as adjacent residential uses. Commercial buildings adjacent to Oak Avenue must have residential design features. Additionally, landscape buffering is required, sites must be a minimum of

25,000 SF in area or provide a phasing plan for a larger site, any new vehicular access off Oak Avenue is prohibited and existing non-conforming access is subject to limited hours.

The mix of residential and commercial uses in this area has created a number of conflicts. Oak Avenue is a narrow residential street and residential neighbors on both the east and west side of Oak Avenue do not want to see businesses expanded into the Overlay area as they have concerns with potential impacts such as noise, trash, traffic, parking, and lights. The area south of 14th Street has the biggest impacts as there is a mix of residential and commercial side by side on the east side of the street.

The residential development standards imposed on the lots within the Overlay limit the commercial properties ability to develop these lots most effectively as commercial uses, and the limited depth of properties on Sepulveda can make it difficult to develop single lots. Some properties have combined several lots along Sepulveda so they have greater width; although they still have the shallow depth these lots are able to effectively be developed as commercial uses. The Hawthorne Suites hotel is an example of this where five lots on Sepulveda were combined. The rear parcels which were originally part of the hotel site were sold off as separate parcels and developed with homes. The Oak Avenue Overlay requirements could be revisited to address these conflicts and revisit the residential uses on the east side of Oak.

Sepulveda Ownership and Potential Street Acquisition

The California Department of Transportation (Caltrans) has authority over the State highway system and must be involved in and approve the planning and design of improvements for State highway facilities. Sepulveda Boulevard (State Route 1) is the only State highway facility in Manhattan Beach. State control limits the City's ability to provide distinct entry statements, median improvements and corner configuration enhancements. Additionally it can be challenging working with Caltrans on improvements such as the Marine Avenue turn pockets, curb-cuts, parking restrictions, and additional "green time" for lights at cross streets. Given these limitations, acquisition of Sepulveda may be a long-term study worth considering sometime in the future.

Artesia Boulevard, previously State Route 91, was relinquished to the City in 2002. With that acquisition Caltrans paid the City of Manhattan Beach a one time payment of \$1,052,400. This payment was based on a detailed consultant's survey that identified what would be necessary to bring the street, signals, lights, sidewalks, pavements and all infrastructure up to acceptable engineering standards and good repair. This street was relinquished to Manhattan, Hermosa and Redondo Beach and all three Cities' received a payment and now share the cost of ongoing maintenance. A similar detailed survey would need to be conducted for Sepulveda to determine the payment from Caltrans. Staff feels that a minimal estimate to bring Sepulveda into good repair would be approximately \$4,500,000, which includes a \$4,000,000 asphalt overlay. This cost does not include new sidewalk and landscaping.

If Sepulveda were acquired by the City a rough estimate of the annual ongoing maintenance costs is approximately \$525,000, with no additional revenues. This estimate includes an annual set

aside of \$400,000 for the asphalt overlay that needs to be completed every 10 years. Other costs include signal, street light, sign and landscape maintenance, energy, street sweeping and striping, and sidewalk repair. Also the Intelligent Transportation Systems (ITS) video cameras, fiber optic communications and vehicle detectors require ongoing monitoring and maintenance. In addition there is a one-time cost of the bridge widening that is estimated to be \$14 million. If the City would like to provide street beautification, landscaping, and entry signage that would be an additional cost.

It is likely that it would take considerable time to gain support from at least three adjacent agencies to turn the jurisdiction of this street over to the City. Staff estimates that all of Sepulveda from the LAX underpass through Redondo Beach to the south would need to be relinquished as there needs to be a natural break. The costs associated with handling ongoing complaints regarding traffic operational on Sepulveda would also need to be handled by the City. From a Public Works and Finance perspective there are concerns with these increased costs and no increase in revenue to off-set the costs.

While this may be an intriguing long term consideration, given the State's fiscal problems, it is unlikely that they would be willing to give us any money, much less the millions of dollars that we would require, to take over the highway. Without additional resources, sufficient funds do not exist to properly maintain this major boulevard.

Liability Issues

For many years the ownership and management by the State of the Sepulveda corridor has insulated the City from liability for injuries and damage occurring within that right of way. The City gets several claims each year for events occurring within the Sepulveda corridor. The City has never paid and routinely denies such claims and recommends that the claimant contact Caltrans to pursue their claim. Only once has one of those claims resulted in litigation and the City was quickly dismissed out of that action with no payment once plaintiff's counsel understood that the City had no ownership or operational involvement with the right of way.

Should the City assume ownership over the Sepulveda corridor this will obviously change. The City would become the party primarily liable for dangerous conditions of the roadway. These can include road hazards, poor maintenance, visibility issues, design issues, failure of equipment and other problems resulting in injury or property damage. The City has not observed a significant increase in claims from its assumption of ownership over the portion of Artesia Boulevard running through the City several years ago. However, Artesia is a shorter, narrower, less traveled arterial than Sepulveda and far less likely to result in liability situations. Judging anecdotally from the claims received regarding the Sepulveda corridor in past years we can expect some exposure to liability from ownership and a consequent increase in the annual expenditures of the insurance fund. It is difficult to say how much this increase might be and, of course it may vary substantially from year to year depending on the type and severity of injuries which occur.

In conclusion, while the acquisition of Sepulveda is intriguing and may be considered in the long term, given the State's financial situation and our inability to fund this proposal staff does not believe that this is a viable alternative for the City to pursue at this time.

CONSULTANT AND DEVELOPER OBSERVATIONS:

Staff met with several consultants and developers to discuss the opportunities and constraints of the Sepulveda Commercial Corridor. In general they felt that the commercial capture rate of retail dollars is good, with the small shops being supported by local customers and the larger businesses being oriented and supported more by the regional customer. They felt that the most opportunities were with the larger parcels, such as the Toyota, Mercedes Benz, and El Torito sites. Corner lots, lots that are underutilized, lots with low assessed land to building ratios, and common ownership lots that could be consolidated also provide opportunities for new commercial uses. Exhibit A provides a map of the entire corridor and calls out some of these sites.

The consultants also suggested that the City consider vacating side streets to consolidate parcels and increasing their size, improve circulation, and provide a buffer to adjacent residences. They felt that future land uses to encourage would be office condominiums for general and medical offices as these uses would have revenues similar to retail uses, and they encourage single ownership with a vested interest in the economic viability and aesthetics of the corridor. Additionally, mixed-use (but not including residential in the mix), big box retail and lodging (needs consolidation of large sites), and home improvement were seen as uses that could be accommodated on Sepulveda. They felt that there was a small demand for restaurants and with the two new pharmacy approvals that demand has been met.

The consultants suggested looking into acquiring Sepulveda from Caltrans and initiating a street improvement plan. If the City owned Sepulveda there would be a variety of options that would become available. Some of these options that the consultants suggested that we consider include using private funding to support public improvements, purchasing and consolidating lots then creating parking districts, building parking on the City lots, and allowing increased density and off-site parking for adjacent private ownership lots with desirable uses. Additionally they suggested if private owners consolidate parcels on key sites such as major corner parcels that the City identifies that they be allowed an increase in density.

Overall the consultants felt that the Sepulveda commercial corridor is working well from an economic standpoint and that the market should be allowed to determine future land use patterns.

CONCLUSION:

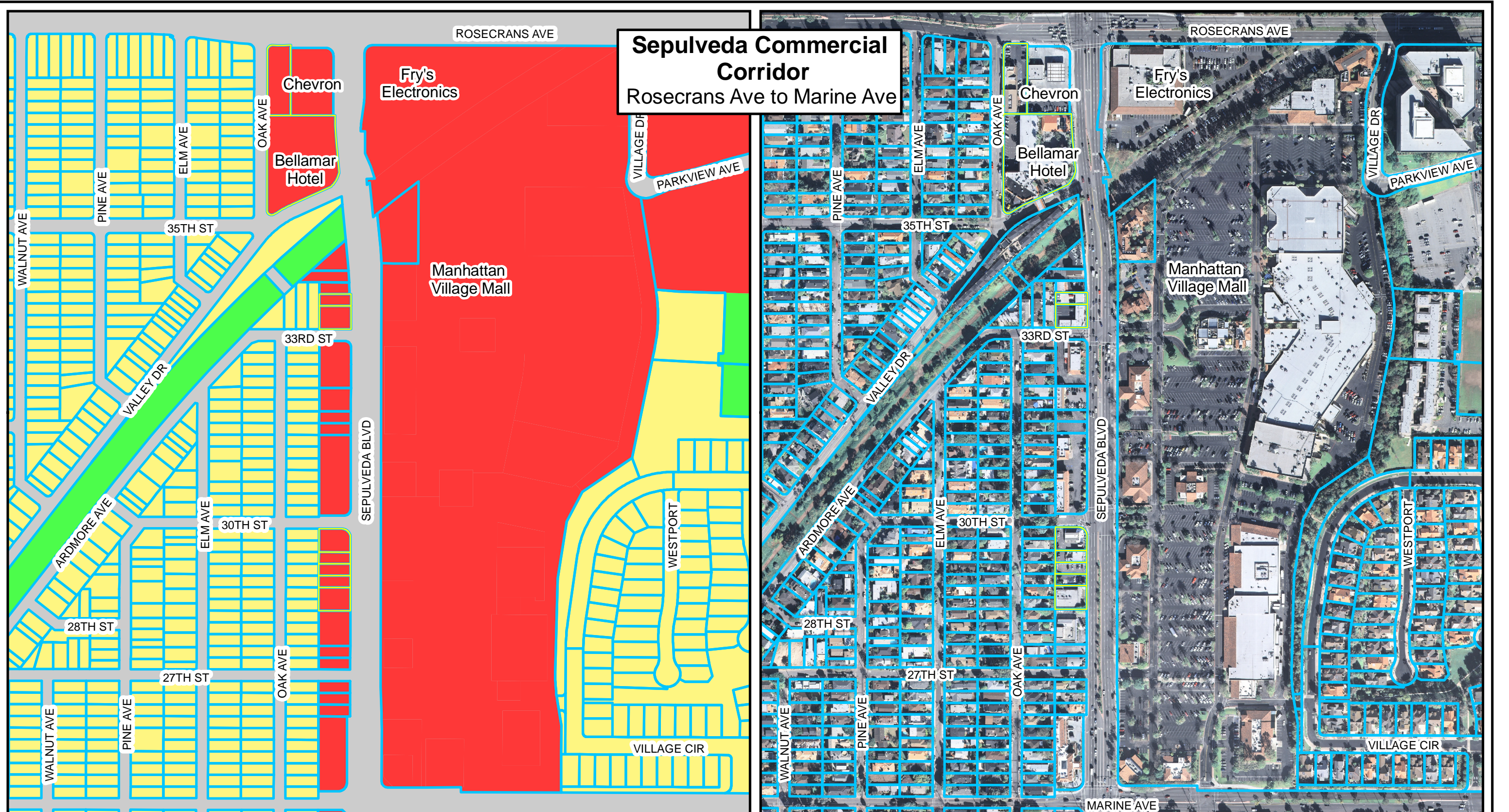
Staff feels that the Sepulveda commercial corridor is working well and that the market should generally continue to determine a healthy mix of future land uses. Staff would recommend that the City Council consider the following related to the Sepulveda Corridor:

- Encourage condominium ownership for general and medical offices.
- Consider flexibility for increased heights along Sepulveda.
- Continue to support the Sepulveda Development Guidelines
- Encourage retail uses.
- Pay special attention to protecting large lots.
- Consider updating sidewalks and landscaping to create a unique identity and distinguish the City of Manhattan Beach from other South Bay Cities.

- Address the Oak Avenue Overlay to encourage commercial uses on the east side of Oak Avenue.
- Support the efforts of the Mall to continue to maintain a fresh, updated look and a viability shopping area that adapts to the markets needs.
- Address parking restrictions on Sepulveda to ensure there is a balance of providing parking for merchants while still minimizing traffic conflicts and congestion.
- Continue to work with Caltrans to implement the double left turn at Marine Avenue and other traffic improvements to improve traffic flow.
- Acknowledge that the undergrounding of utilities improves the aesthetics in the corridor and surrounding areas.

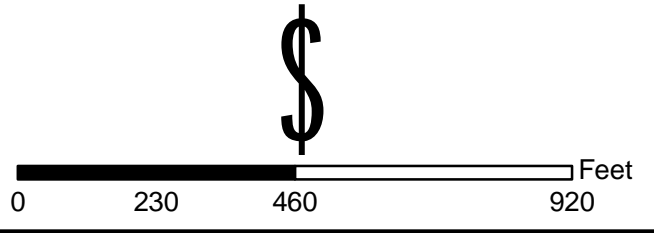
EXHIBITS:

- A. Sepulveda Commercial Corridor Maps (4 total)
- B. Sepulveda Boulevard Development Guide
- C. Regency Report – Retail Store Profile
- D. Citywide Sales Tax Revenue by Geographical Areas



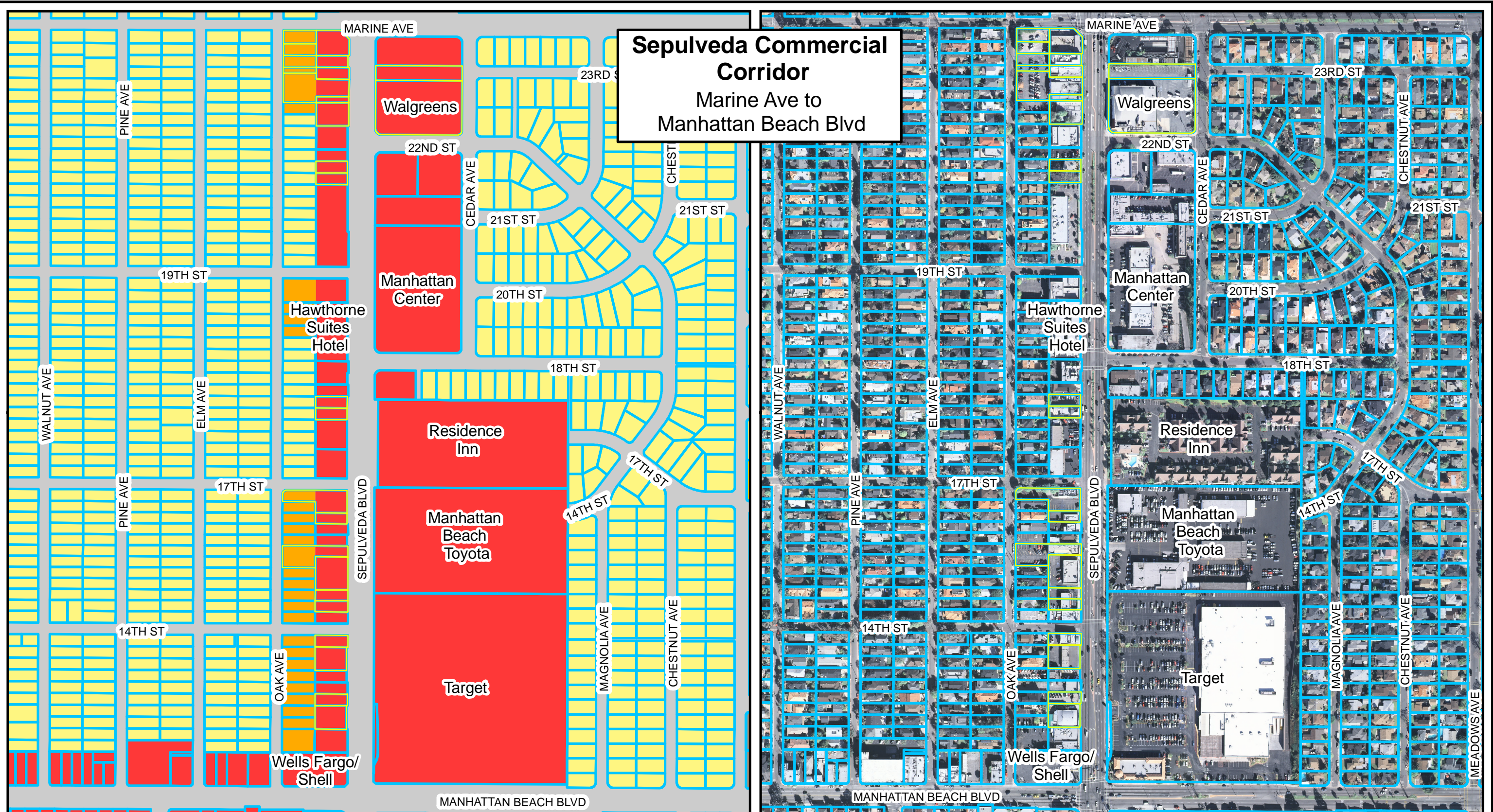
Sepulveda Commercial Corridor
Rosecrans Ave to Marine Ave

- Legend**
- Opportunity Sites
 - Parcels
 - Residential
 - Commercial
 - Open Space

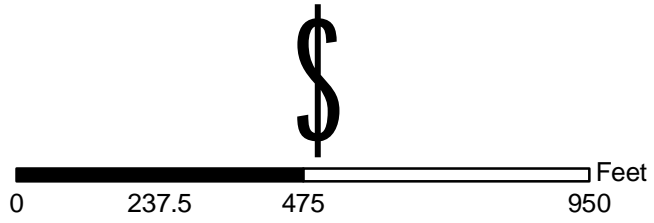


Sepulveda Commercial Corridor

Marine Ave to Manhattan Beach Blvd



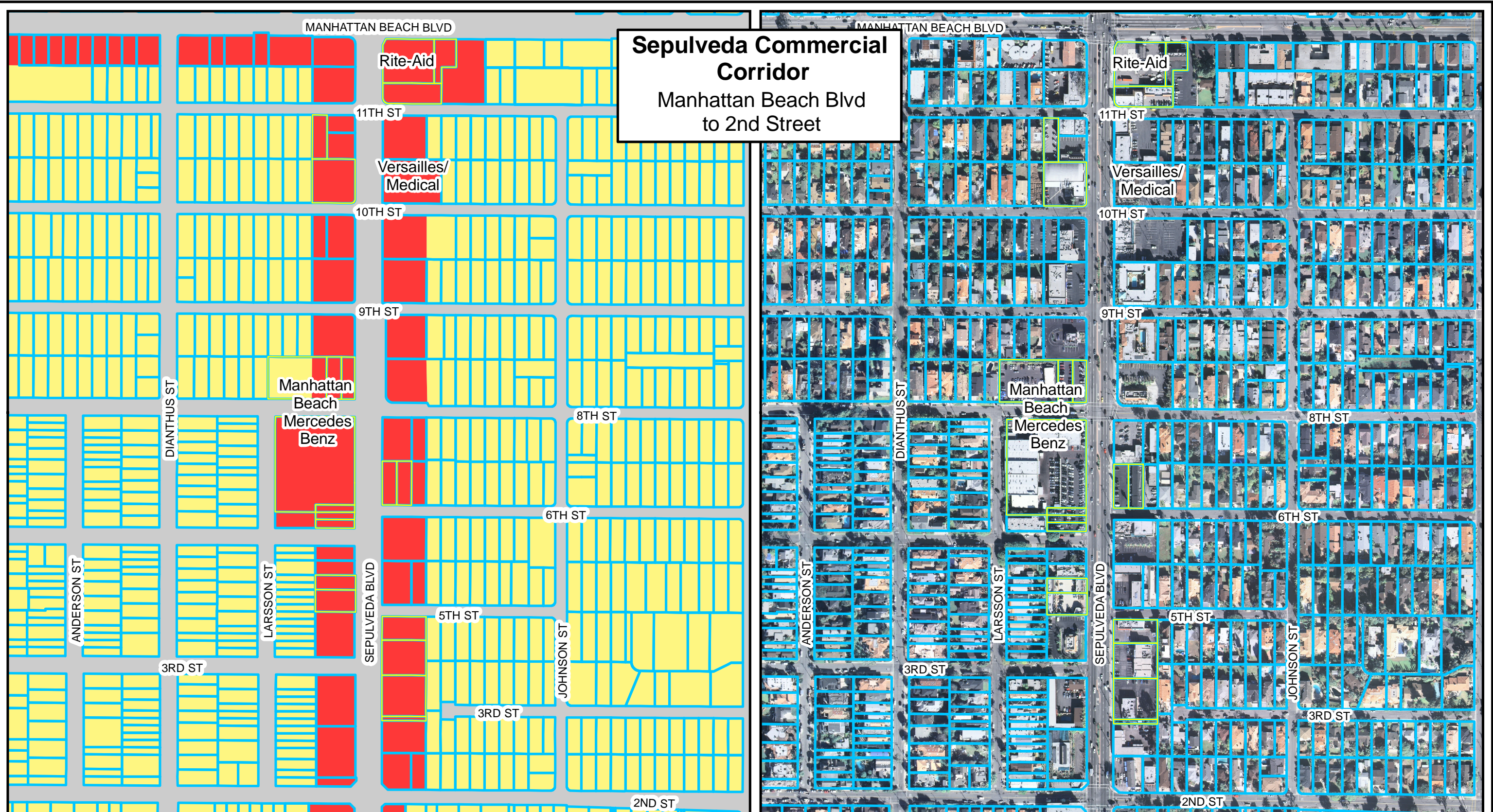
- Legend**
- Opportunity Sites
 - Parcels
 - Residential
 - Residential - Oak Ave Overlay
 - Commercial



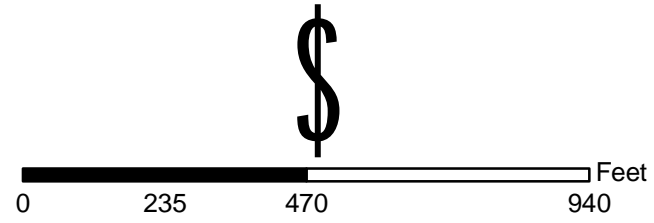
City of Manhattan Beach
Community Development

Sepulveda Commercial Corridor

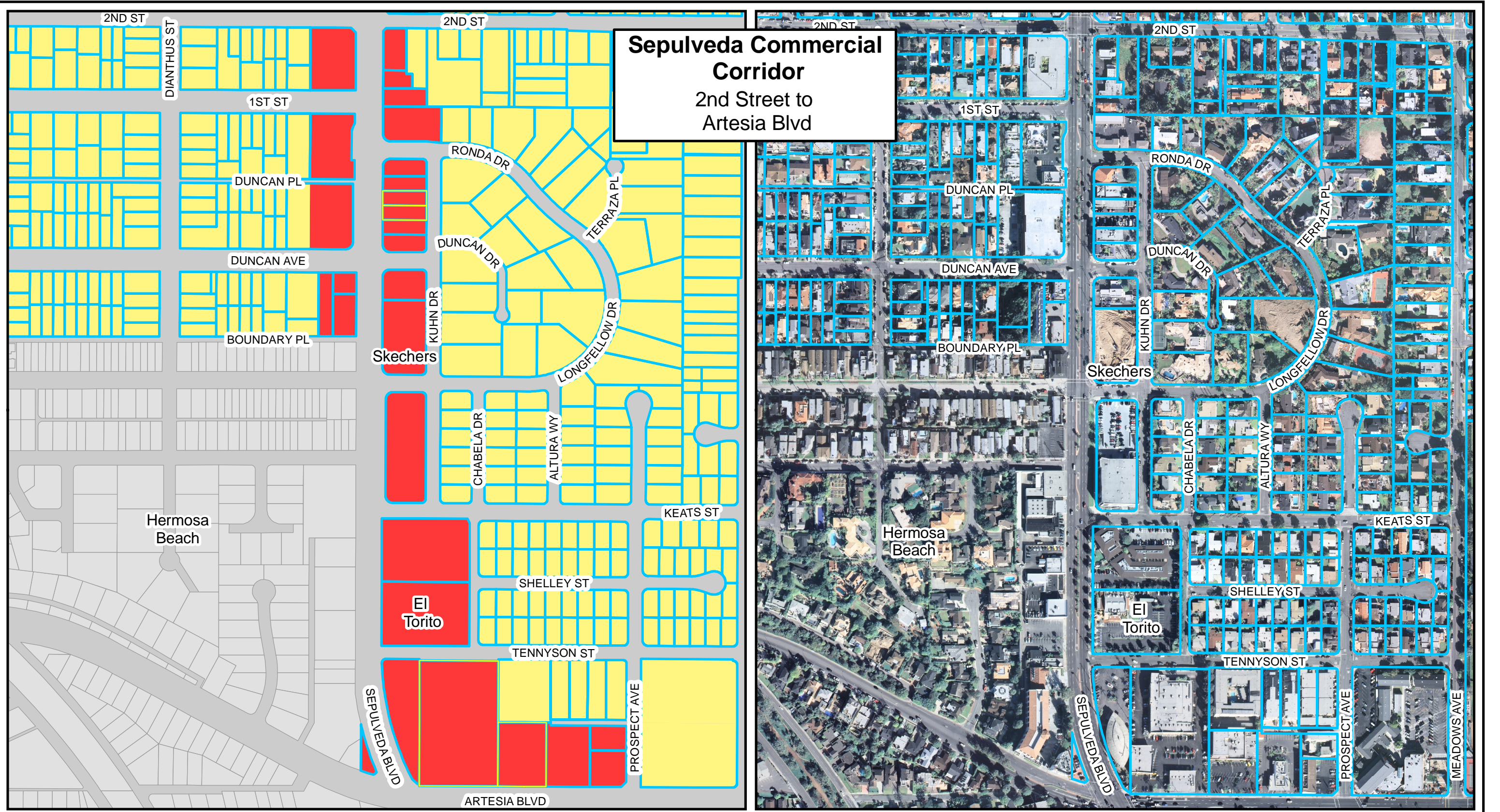
Manhattan Beach Blvd to 2nd Street



- Legend**
- Opportunity Sites
 - Parcels
 - Residential
 - Commercial

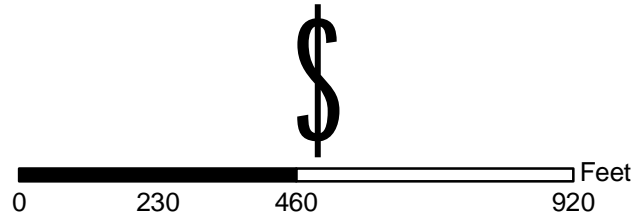


City of Manhattan Beach
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Sepulveda Commercial Corridor
2nd Street to Artesia Blvd

- Legend**
- Opportunity Sites
 - Parcels
 - Residential
 - Commercial



City of Manhattan Beach
Community Development

SEPULVEDA BOULEVARD DEVELOPMENT GUIDE



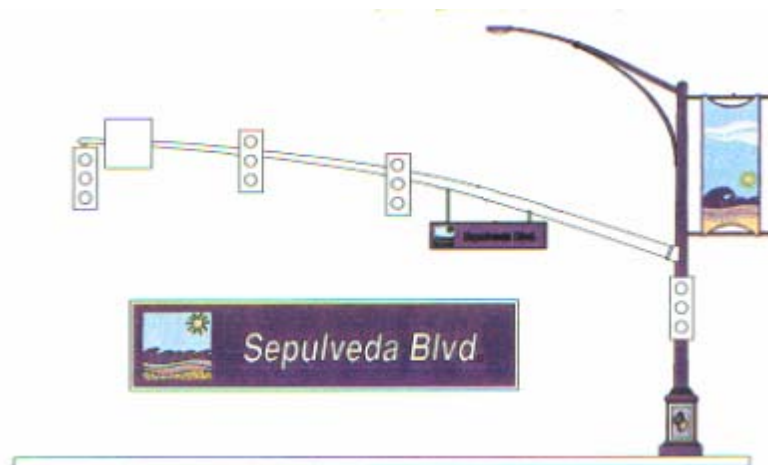
City of Manhattan Beach
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1400 Highland Avenue

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Updated: August 11, 1999

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BACKGROUND AND PURPOSE

In 1993 the Manhattan Beach City Council initiated the Sepulveda Corridor Study to assess conditions and establish a development improvement strategy for the primary commercial corridor of the City. Issues such as traffic, aesthetics, residential conflicts, small sites, and business vitality had been receiving the City's attention in the preceding years.

A seven member citizen advisory committee was selected in 1994 which held public meetings, reviewed Staff and consultant information, and received public input. The City Planning Commission subsequently conducted a series of public study sessions, and a public hearing in 1995 to review the committee's and other Sepulveda Corridor information. The Commission made recommendations to initiate Zoning Amendments, a streetscape program, and traffic/parking programs.

The City Council then conducted Study Sessions to review the project, and the Advisory Committee and Planning Commission's recommendations. They concluded the study portion of the project and directed that the Study be implemented as separate Zoning, and Public Works improvement projects.



The Public Works Department subsequently pursued a physical improvement project (landscaping, signs, etc.) for the Boulevard right-of-way while the Community Development Department and Planning Commission conducted hearings to amend the City's zoning regulations and procedures to improve development opportunities for the Sepulveda commercial properties. On October 7, 1997, the City Council adopted the Sepulveda Boulevard Development Guidelines and Zoning Regulation modifications contained herein.

The Guidelines are intended to encourage certain desirable elements to be included within development projects on the corridor. They are to be used as a supplement to the City Zoning Code requirements during Use Permit and other discretionary project reviews. The Planning Commission may decide if any of the guidelines are unnecessary or inappropriate for incorporation within a certain project. The Guidelines may be amended by the Planning Commission at any time subject to City Council review.



Development Procedures

Private Development within the City of Manhattan Beach is regulated by the Community Development Department located at City Hall, 1400 Highland Avenue (310) 802-5503. Development information is available at the public counter Monday through Friday, 8am to 5pm. Please call in advance to learn when certain Planning and Building personnel are unavailable.

The Community Development Department recommends preliminary project designs be brought in to the public counter for **informal review** at the very beginning of the development process. Preliminary comments are typically very valuable in avoiding major project revisions or delays.

Minor remodeling and tenant improvements usually involve plan submittal for **basic plan check review**. Projects which typically involve **Use Permit** or other special Planning review include:

- New developments, major remodels, and additions on sites larger than 10,000 square feet or containing more than 5,000 square feet of building area.
- New or modified uses/businesses that are specially regulated such as eating and drinking establishments, entertainment, automotive uses, schools, etc.
- Tenant changes that require more parking than currently required (e.g. general office to medical office).
- Sign proposals that exceed the Sign Code standards.

Use Permits and other special Zoning applications involve plans, noticing materials, and other project information to be submitted to the Community Development Department in preparation for a **public hearing**. The Planning Commission and/or City Council conduct hearings and use the presented applicant, City staff, and public comment information to make a decision on a discretionary project.

Prior to formal submittal of a Zoning application, the Planning Division offers a **pre-application review** process. A meeting with a Planner to review preliminary application materials is held to assist in their preparation, and to discuss anticipated project issues.

Once a **formal application** is submitted, review and comments are done by all concerned City Departments. Any necessary clarification and additional information are requested until the application is ready for presentation at a public hearing.

Sepulveda Boulevard Zoning Standards

The City regulations for Sepulveda Boulevard development are primarily contained within Chapters 10.16 (commercial districts), 10.64 (parking), and 10.52 and 10.60 (miscellaneous). The Zoning districts found within the Sepulveda Corridor are CG - General Commercial, CC - Community Commercial , and RS-D6 - Single Family Residential with the Oak Avenue Commercial Overlay.

GENERAL COMMERCIAL DISTRICT

The CG district provides for very standard low-rise commercial arterial street development. Basic commercial uses such as retail sales, personal services, and offices, are permitted without special regulation. Restaurants, bars, automobile services (other than sales/rentals), schools, and churches require Use Permit approval. Residential development is not permitted. The primary CG design standards are as follows:

Setbacks	None, except for a 10 foot setback along the original westerly Sepulveda boundary line, and an angled residential boundary setback for an upper story level (see MBMC Section 10.16.030(E)).
Height	30 feet for a pitched roof or building with a parking structure, or 22 feet for a flat roof.
Floor Area	1.5 multiplied by site area equals total allowable building floor area excluding parking areas.
Landscaping	Minimum 8% of site area. Specific parking lot landscaping requirements (Section 10.60.070) may result in greater than 8% area.

COMMUNITY COMMERCIAL DISTRICT

The CC District contains, and is adapted to the Manhattan Village Mall. It permits the same basic commercial uses as the CG District but does not allow some of the heavier, less typical, uses that are allowed in the CG zone. Most development activity within Manhattan Village is minor alterations and tenant changes. Written approval from Manhattan Village property management is usually required for any construction, including signs. The primary design standards for the CC District are the same as the CG district except for a minimum 12% landscaping requirement.

OAK AVENUE OVERLAY DISTRICT

The Oak Avenue Overlay District consists of 3 separate groups of commercial abutting lots (see Zoning Map) that front on the predominately single family residential street, but have some history of commercial use or intent. Property located within the Oak Avenue Overlay District may be commercially developed, redeveloped, or intensified in conjunction with abutting Sepulveda fronting property subject to strict rules intended to protect the neighboring residential neighborhood. A Use Permit is required for any such development, and design standards include the following:

Site Area	Minimum 25,000 square feet for the entire development site, although portions of the site may be in different ownership.
Access	No vehicle access to Oak Avenue is permitted.
Landscape Buffer	Minimum 5 feet from a street property line to parking area, minimum 20 feet from Oak Avenue to a building.
Height	26 feet for any buildings or building portions proposed on an Oak Avenue lot (consistent with residential).
Building Character	Residential character must be incorporated into the design of any buildings located on an Oak Avenue lot such as pitched roofs, eaves, bay windows, decks.

PARKING

Parking requirements on Sepulveda Boulevard are the City's standard requirements. Multiple tenant sites exceeding 5,000 square feet in area, are eligible for reductions in parking based on alternating usage of parking facilities through the Use Permit process.

The most commonly relevant parking quantity ratios are as follows:

Retail	1 per 200 s.f., 1 per 250 for areas beyond 5,000 square feet
Personal Services	1 per 300 s.f, (hair salons, laundry, dry cleaning)
General Office	1 per 300 s.f
Medical Office	1 per 200 s.f.
Sit-down Restaurant	1 per 50 s.f. of dining area
Take-out Restaurant	1 per 75 s.f. of total floor area (including outdoor seating)

The most commonly relevant parking design standards are as follows:

Standard Stalls	8.5'x 18'
Compact Stalls	8'x 15' (30% maximum)
Back-up Aisle	24' (90 degree angle stalls)
Driveway width	20' - two way, 12' - one way

SIGNS

All new signs, face changes to existing signs, and temporary signs require sign permits. Signs are considered to be any text, graphic, or illumination identifying a business. Each commercial site is allowed a **total amount of sign area** equal to 2 times its street frontage in square feet. Corner sites may use the longer of the two frontages to calculate allowable sign area. Each face of a double faced sign is counted separately toward the total, and each face of a **pole sign** (freestanding sign exceeding 6 feet in height) is counted twice.

Signs not counted toward the total allowable sign area include the following:

- Pedestrian oriented signs - one per entrance, 4 square feet maximum
- Directional signs - one per entrance, 4 feet high, 4 square feet maximum
- Incidental sign - one per business, 4 square feet maximum, 4 inch letters

Prohibited signs include:

- | | |
|-----------------------|--|
| Roof signs | Projecting signs |
| Moving signs | 3-Dimensional signs |
| Changeable copy signs | Pole signs (if any other freestanding signs) |

Sign Programs are required to be on file for any commercial property with multiple tenants prior to sign permit issuance. A sign program contains general information describing how the site does, and will, comply with sign requirements. An example is available at the Community Development Department.

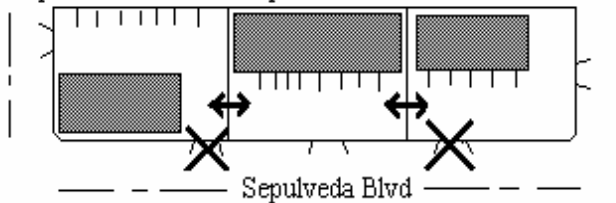


Sepulveda Boulevard Development Guidelines

Reciprocal Access

Reciprocal vehicle access should be provided between neighboring sites within the same block. This makes it possible to consolidate redundant curb cuts and provide continuous circulation throughout each commercial block. Reducing excessive numbers of curb cuts, while providing more access alternatives for each site, improves safety, circulation, attractiveness, and parking efficiency on and around the commercial block. Requirements for the provision of future reciprocal access are sometimes imposed on projects. Whether such access actually occurs depends on the site, design, and other characteristics of the future neighboring project. The photograph below shows an example of neighboring parking lots joined with reciprocal access.

Reciprocal Access Example

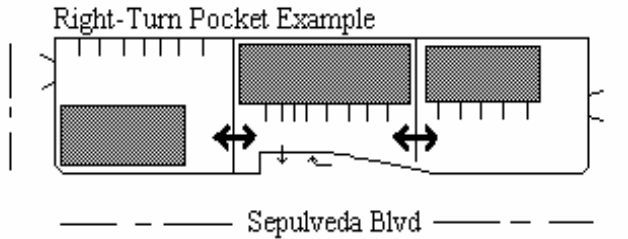


Providing access between parking lots allows two curb cuts to be removed and allows access to each site from three different streets.



Right-turn pockets

A right-turn deceleration pocket (and bus turnout when applicable) should be provided at the primary vehicle access point for each block from Sepulveda Boulevard to improve safety and circulation. Unusually long block faces should have multiple right-turn pockets. The appropriateness of requiring right-turn pockets will be reviewed individually for each project. The photograph below shows an existing right-turn pocket/bus turn-out.



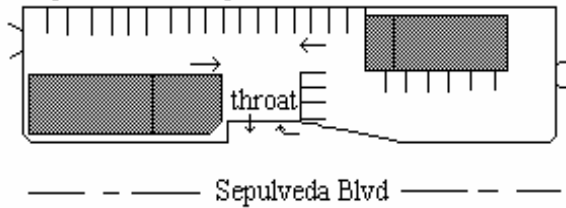
Providing right-turn pocket for Sepulveda driveway allows cars to slow down safely before turning into site without slowing down traffic on street



Driveway Throats

Driveways accessing Sepulveda Boulevard should be provided with a protected “throat” area near the street without intersecting driveways and parking spaces to avoid potential vehicle movement conflicts where cars are entering a site.

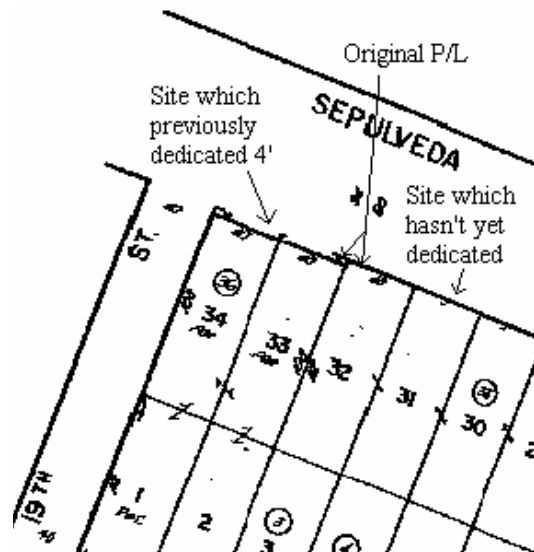
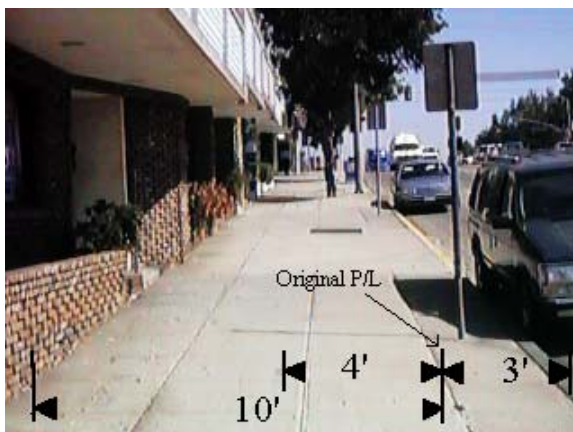
Driveway Throat Example



A protected throat area adjacent to the Sepulveda entrance provides a safety buffer between on-site traffic and traffic entering the site from the street

Sidewalk Dedication

On the west side of Sepulveda Boulevard, a 4 foot public sidewalk dedication or easement should be provided for properties that have not already done so. The additional 4 feet is to supplement the original 3 foot public sidewalk width typically along the west side to achieve a minimum 7 foot wide public sidewalk. No sidewalk dedication is presently needed on the east side of the street. The photograph below illustrates sidewalk conditions on the west side of Sepulveda from right to left: 3 foot original public sidewalk, 4 foot sidewalk dedication, and 10 foot building setback (measured from original property line).



Building Orientation

Buildings, storefronts, and windows should be oriented toward Sepulveda Boulevard when possible. Site and building designs that focus on, and directly relate to the street create a more attractive, comfortable, and interesting environment for the Boulevard. The photograph below shows a building with windows and entries oriented toward the street.



Visual Aesthetics

Visually less desirable elements such as large parking areas, parking structures, vehicle service areas, blank walls, storage areas, and trash areas should be hidden, or less prominent as viewed from Sepulveda Boulevard. The photograph below shows a site design with a building located in front to partially hide parking and service facilities



Residential Nuisances

Extreme noise, and odor generating activities near residential boundaries should be avoided.

Pedestrian Access

Safe pedestrian access to buildings should be provided through parking lots, particularly from public sidewalks. The photo below shows a pedestrian path to Sepulveda from a building otherwise oriented toward a parking lot.

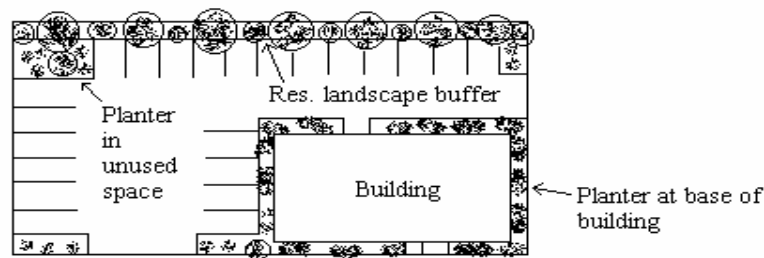


Landscaping

Required landscaping should be enhanced/supplemented as follows:

1. Install landscaping in areas that would otherwise be unused pavement.
2. Use landscape planters and other decorative treatments around buildings to avoid direct building-to-asphalt/concrete contact areas.
3. Provide tree-lined landscape buffers in parking lots along residential boundaries.

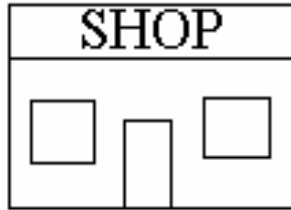
Landscaping Example



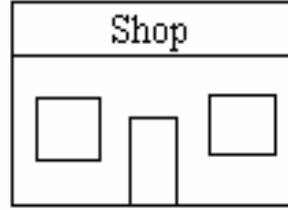
Signs

Signs and sign copy should be compatible with their related buildings, and not be crowded within their locations or backgrounds. Harsh plastic or illuminated backgrounds should be avoided. The photo below shows appropriate use of wall and monument signs.

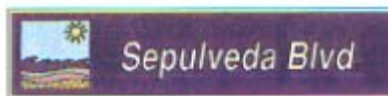
Sign Example

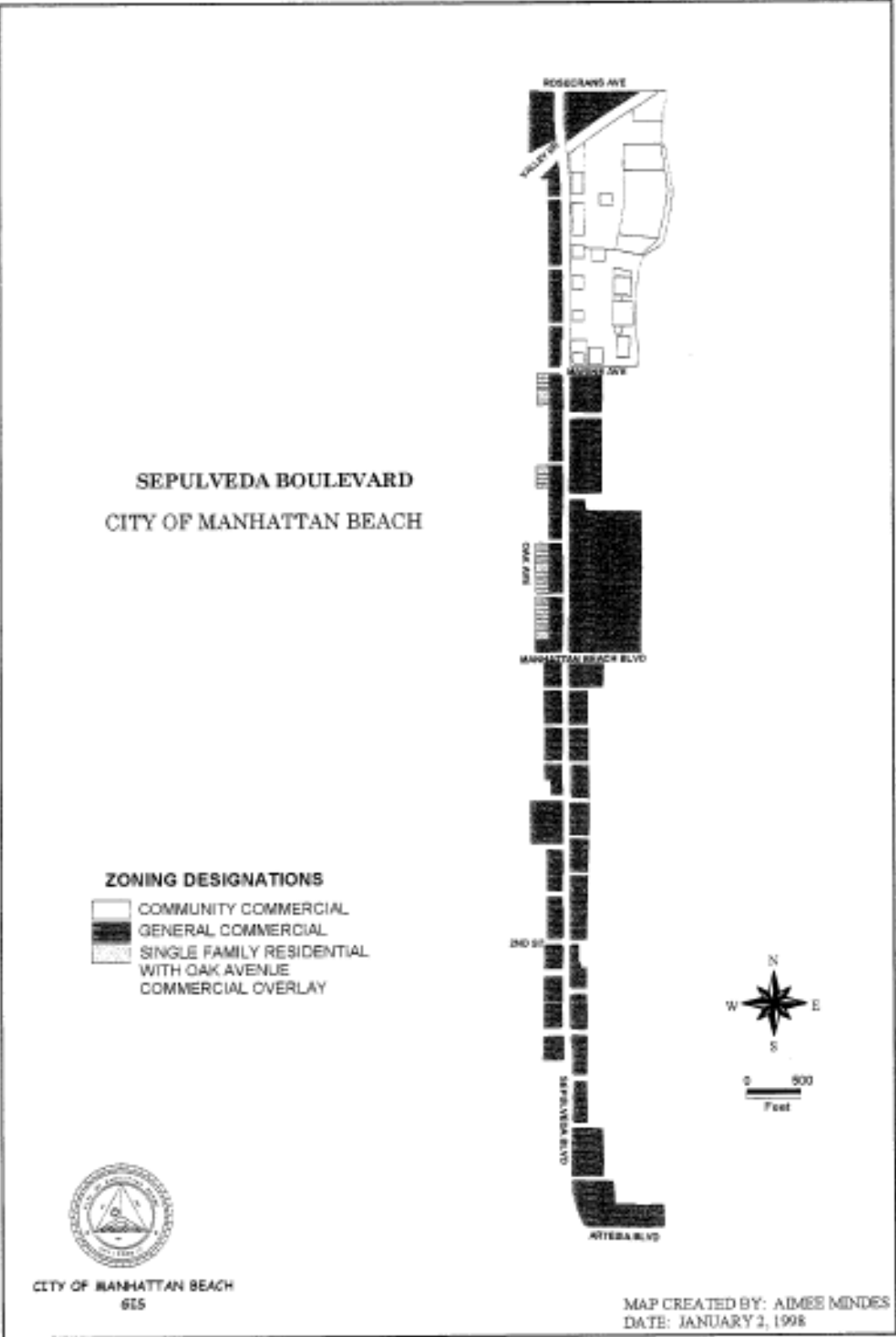


Sign crowded within background



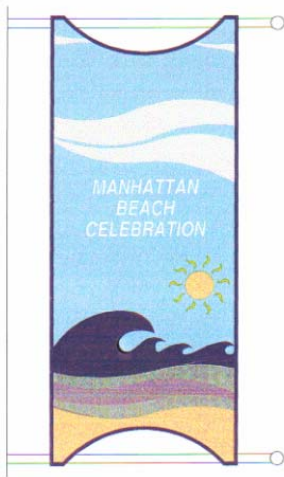
Sign compatible with building and location





Utility Undergrounding

It is the City's desire to underground the utilities along Sepulveda Boulevard to enhance its appearance. The primary visible existing overhead facilities are located at curb along the east side of the street. Major projects should underground adjacent utilities. The photograph below shows a location where utilities have been undergrounded in the foreground, and remain overhead in the background.



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Retail Store Profile

For the purposes of this survey, Manhattan Beach is defined as the area within the 90266 zip code. The main objective of this survey is to analyze taxable sales data in order to identify the City's retail strengths and weaknesses. Taxable sales data, or retail sales, are transactions subject to sales tax tabulated by the California Board of Equalization. In 2007, Miscellaneous Retail Stores in Manhattan Beach generated more in sales tax revenues than any other category. The next highest sales tax revenues were generated from Restaurants and General Merchandise Stores located within the City. These three categories accounted for almost 75% of total taxable sales. Table 1 shows the retail sales mix for Manhattan Beach along with the number of selling permits for each category.

According to the California State Board of Equalization, a total of 630 retail permits exist in the 90266 zip code. There are 280 engaged in Miscellaneous Retail, 144 dealing in Eating & Drinking, 89 in Apparel, 49 in Home Furnishings and Appliances, 19 in General Merchandise, 19 in Food Stores, 16 in Auto Sales and Parts, 7 in Building Materials, and 7 Service Stations.

Table 1: Retail Sales for Manhattan Beach, 2007 (annualized from 1st quarter)

Category	# of Permits	Taxable Sales (thous.)	Percent of Total
Miscellaneous Retail	280	\$ 141,812	26%
Eating & Drinking Places	144	\$ 137,456	25%
General Merchandise Group	19	\$ 124,968	23%
Apparel Stores Group	89	\$ 61,784	11%
Food Stores Group	19	\$ 34,936	6%
Service Stations	7	\$ 31,608	6%
Home Furnishings and Appliances	49	\$ 17,648	3%
Automotive Group	16	#	-
Building Materials	7	#	-
Totals	630	\$ 550,212	100%

Retail store location data for these sectors was provided by Directories USA, an infoUSA Company. Among these sectors, a total of 386 retail establishments were identified. A strong cluster of approximately 115 retail stores currently exists in downtown Manhattan Beach. Of these, 42 deal in Apparel, 36 in Eating & Drinking, 25 Miscellaneous Retail Stores, 6 Food stores, 4 Home Furnishings and Appliances, and 2 Building Materials and Supplies. The higher proportion of apparel stores and restaurants in this area serve local residents as well as visitors from outside of the city.

Table 2: Comparison of # of Permits (BOE) to # of Stores (infoUSA)

Category	# of Permits (BOE)	# of Stores (infoUSA)
Miscellaneous Retail	280	106
Eating & Drinking Places	144	125
General Merchandise Group	19	5
Apparel Stores Group	89	84
Food Stores Group	19	21
Service Stations	7	6
Home Furnishings and Appliances	49	20
Automotive Group	16	10
Building Materials	7	9
Totals	630	386

Retail Performance for Manhattan Beach

Gap Analysis utilizes taxable sales and expenditure data to determine the retail sales surplus or leakage, indicating the relative strengths and weaknesses of the community's retail market. A retail sales surplus indicates that the city meets the demand of its residents and pulls consumers and retail dollars in from outside the city. Conversely, a leakage of retail dollars suggests that local residents are spending money outside the city. Estimated retail sales potential for each retail sector is derived from the average per capita retail expenditures of California for 2007 based on a population of 37,662,518. The State's per capita retail expenditures were adjusted for Manhattan Beach based on consumer spending data obtained through Synergos Technologies (PopStats). The consumer spending data is collected every year by the Bureau of Labor Statistics and is modeled by PopStats to determine the typical spending habits for U.S. households.

Reported taxable sales for Manhattan Beach were compared to the estimated retail sales potential from the City's residents in order to determine the surplus or leakage of retail sales in major sectors. Taxable retail sales totaled \$550,212,000* in the Manhattan Beach zip code area in 2007. Total retail purchases by the residents of Manhattan Beach is estimated at \$374,080,000. The area is currently meeting local demand for retail and has captured an estimated surplus of \$176,132,000 in 2007. Table 3 represents the sectors experiencing surplus of sales and the estimated resident share of sales.

**2007 taxable retail sales annualized from 1st quarter.*

Table 3: Retail Sectors with Surplus in Manhattan Beach

Category	Surplus	Resident Share
Miscellaneous Retail	\$176,132	68.0%
Eating and Drinking Group	\$85,347	37.9%
General Merchandise Group	\$77,420	38.0%
Service Stations	\$74,751	47.3%
Apparel Stores Group	\$42,145	31.8%
Food Stores Group	\$16,567	52.6%

Retail sales in Manhattan Beach exceed purchases by city residents in every major category except Home Furnishings and Appliances, and Building Materials. The categories with the smallest share of local sales were Apparel, Eating and Drinking, and General Merchandise. The surplus in these categories indicates that Manhattan Beach serves as a regional draw for shopping and dining out.

Table 4: Supply/Demand for Miscellaneous Retail

Category	Surplus / Leakage	Capture Rate
Gifts, art goods, and novelties	\$ 1,937	2.40
Sporting goods	\$ 11,619	3.75
Florists	\$ 2,086	2.43
Photographic equipment and supplies	\$ 356	1.80
Musical instruments	\$ (877)	0.59
Stationery and books	\$ (211)	0.96
Jewelry	\$ (670)	0.83
Office supplies, computer stores	\$ 13,918	1.90
Packaged liquor stores	\$ 3,653	2.43
Second-hand merchandise	\$ (393)	0.36
Farm and garden supply stores	\$ 2,437	1.82
Fuel and ice dealers	\$ (468)	-
Other retail	\$ 22,621	2.16

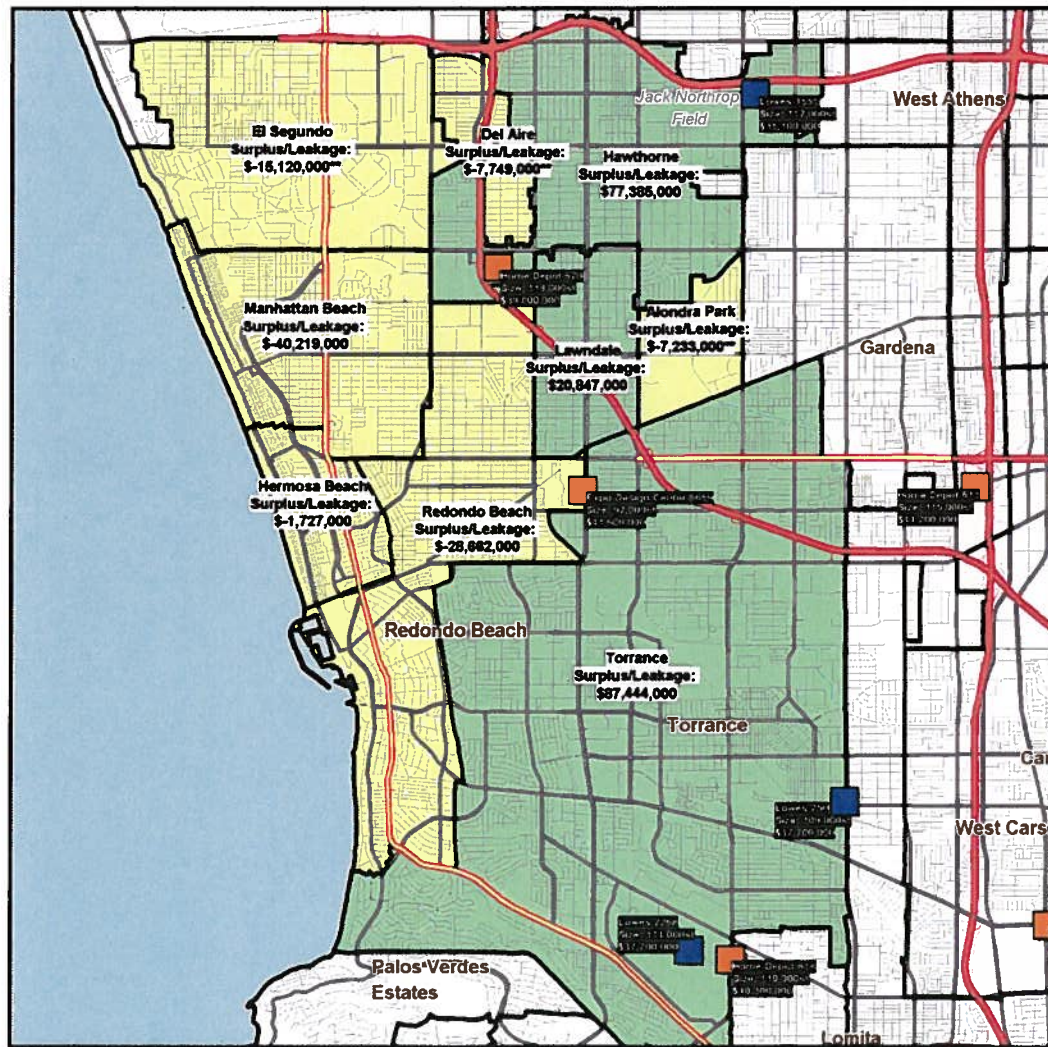
Retail Leakage for Building Materials

The gap analysis for Manhattan Beach indicates a leakage of over \$40 million* in the retail sector of Building Materials. The building materials category is composed of hardware stores, lumber and building materials, plumbing and electrical supplies, and paint, glass, and wallpaper. Leakage in this sector may signify the need for Manhattan Beach to recruit a regional or national retailer specializing in products related to home improvement. Considering the retail leakage in this underserved sector, there is potential for new retail capacity that ranges from 100,000 s.f. (assuming sales of \$400 per square foot) to 123,750 s.f. (assuming sales of \$325 per square foot). Figure 1 illustrates a leakage of sales in Manhattan Beach, Redondo Beach, El Segundo, Hermosa Beach, Del Aire, and Alondra Park. Conversely, the cities of Hawthorne, Lawndale, and Torrance are experiencing a surplus of sales.

*2007 taxable sales data not available for Manhattan Beach. Most recent listing from 2002: \$1,454,000.

**2007 taxable sales data not available for El Segundo, Del Aire, Alondra Park.

Figure 1: Surplus/Leakage for Building Materials in South Bay, 2007



Manhattan Beach Comparison

The general comparisons of retail sales per capita are useful to assess the retail performance of Manhattan Beach relative to the County and other communities. Manhattan Beach performs 79% higher than Los Angeles County for retail sales per capita and is ranked #68 among the 272 largest cities in California. Manhattan Beach was also compared to 2 cities in Los Angeles County with comparable population densities and higher per capita retail sales.

Table 5: Comparison of Retail Sales per Capita – Manhattan Beach vs. Los Angeles County, 2007

Category	Manhattan Beach	LA County
Miscellaneous Retail	\$ 4,329	\$ 1,545
Eating & Drinking Places	\$ 4,196	\$ 1,438
General Merchandise Group	\$ 3,814	\$ 1,294
Apparel Stores Group	\$ 1,886	\$ 548
Food Stores Group	\$ 1,066	\$ 455
Service Stations	\$ 965	\$ 1,092
Home Furnishings and Appliances	\$ 539	\$ 425
Automotive Group	#	\$ 1,796
Building Materials	#	\$ 773
Totals	\$ 16,794	\$ 9,365

Table 6: Comparison of Retail Sales – Manhattan Beach vs. Culver City & Santa Monica, 2007

Category	MANHATTAN BEACH		CULVER CITY		SANTA MONICA	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
Miscellaneous Retail	\$141,812	25.8%	\$255,712	20.5%	\$413,256	19.2%
Eating & Drinking Places	\$137,456	25.0%	\$116,204	9.3%	\$432,516	20.0%
General Merchandise Group	\$124,968	22.7%	\$345,904	27.7%	\$102,752	4.8%
Apparel Stores Group	\$ 61,784	11.2%	\$ 84,636	6.8%	\$282,104	13.1%
Food Stores Group	\$ 34,936	6.3%	\$ 41,920	3.4%	\$ 87,900	4.1%
Service Stations	\$ 31,608	5.7%	\$ 59,852	4.8%	\$123,764	5.7%
Home Furnishings & Appliances	\$ 17,648	3.2%	\$ 72,892	5.8%	\$106,048	4.9%
Automotive Group	#	-	\$195,796	15.7%	\$501,288	23.2%
Building Materials	#	-	\$ 75,292	6.0%	\$107,788	5.0%

Table 7: Comparison of Retail Sales per Capita – Manhattan Beach vs. C.C. & S.M., 2007

Category	Manhattan Beach	Culver City	Santa Monica
Miscellaneous Retail	\$ 4,329	\$ 6,773	\$ 4,845
Eating and Drinking	\$ 4,196	\$ 3,078	\$ 5,070
General Merchandise Group	\$ 3,814	\$ 9,162	\$ 1,205
Apparel Sales	\$ 1,886	\$ 2,242	\$ 3,307
Food Sales	\$ 1,066	\$ 1,110	\$ 1,030
Service Stations	\$ 965	\$ 1,585	\$ 1,451
Home Furnishings	\$ 539	\$ 1,931	\$ 1,243
Auto Dealers Supplies	-	\$ 5,186	\$ 5,877
Building Materials	-	\$ 1,994	\$ 1,264
Totals	\$ 16,794	\$ 33,062	\$ 25,291

Retail Trends for Manhattan Beach

Total retail sales increased by 20% (\$92,452,000) from 2000 – 2007 for Manhattan Beach. Excluding General Merchandise Stores, most major sectors experienced significant sales growth. Total sales per capita increased 25% from \$13,446 to \$16,794. Comparing retail sales from 2000, the significant changes in retail performance for Manhattan Beach were driven by additional sales in Miscellaneous Retail Stores, Eating & Drinking Places, and Apparel Stores. The General Merchandise Group was replaced with Miscellaneous Retail Stores as the dominant revenue generator for the City.

Table 8: Retail Sales for Manhattan Beach, 2000

Category	# of Permits	Taxable Sales (thous.)	Percent of Total
General Merchandise Group	13	\$ 117,890	25.8%
Eating & Drinking Places	126	\$ 97,297	21.3%
Miscellaneous Retail	191	\$ 83,514	18.2%
Automotive Group	8	\$ 58,359	12.7%
Apparel Stores Group	49	\$ 40,125	8.8%
Food Stores Group	23	\$ 31,572	6.9%
Service Stations	8	\$ 22,674	5.0%
Home Furnishings and Appliances	27	\$ 6,329	1.4%
Building Materials	3	#	-
Totals	448	\$ 457,760	100%

Table 9: Retail Sales Growth for Manhattan Beach, 2000 - 2007

Category	Add. Sales (thous.)	Sales Growth (thous.)
Miscellaneous Retail	\$ 58,298	69.8%
Eating & Drinking Places	\$ 40,159	41.3%
Apparel Stores Group	\$ 21,659	54.0%
Home Furnishings and Appliances	\$ 11,319	178.8%
Service Stations	\$ 8,934	39.4%
General Merchandise Group	\$ 7,078	6.0%
Food Stores Group	\$ 3,364	10.7%
Building Materials	#	-
Automotive Group	#	-
Totals	\$ 92,452	20.2%

Citywide Sales Tax Revenue by Geographical Area

Exhibit "D"

<u>Geographical Area</u>	<u>2007 Sales Tax Revenue</u>	<u>% of Total</u>
Sepulveda Corridor	\$ 1,955,412	26.8%
Manhattan Village Mall	\$ 2,295,513	31.5%
Downtown (including Metlox)	\$ 1,009,800	13.9%
Rosecrans Corridor	\$ 1,045,342	14.3%
Artesia Corridor	\$ 157,662	2.2%
Others Not Included in Geos	<u>\$ 823,285</u>	<u>11.3%</u>
Total	<u>\$ 7,287,014</u>	<u>100.0%</u>