

**CITY OF MANHATTAN BEACH
COMMUNITY DEVELOPMENT DEPARTMENT**

TO: Planning Commission

THROUGH: Richard Thompson, Director of Community Development

FROM: Laurie B. Jester, Planning Manager

DATE: October 3, 2012

SUBJECT Presentation on the Manhattan Village Shopping Center Enhancement Project located on the east side of Sepulveda Boulevard between Rosecrans Avenue and Marine Avenue.

RECOMMENDATION

Staff recommends that the Planning Commission **ACCEPT THE PRESENTATION, TAKE PUBLIC COMMENTS, AND PROVIDE COMMENTS ON THE PROPOSED PROJECT.**

PROPERTY OWNERS

RREEF America REIT II Corporation BBB
1200 Rosecrans Avenue, Suite 201
Manhattan Beach, CA 90266

APPLICANT

RREEF America REIT II Corporation BBB
1200 Rosecrans Avenue, Suite 201
Manhattan Beach, CA 90266

3500 Sepulveda LLC-(Hacienda Building)
Bullocks USA, Inc.-(Macy's)

BACKGROUND

On November 7, 2006 RREEF submitted a Master Use Permit amendment and Variance, for building height, for a remodel and expansion of the Manhattan Village Shopping Center. Revised applications, plus a Sign Exception/Program and Development Agreement were recently submitted also. The applications also require the preparation of an Environmental Impact Report (EIR) in accordance with the requirements of the California Environmental Quality Act (CEQA). Over the past six years RREEF and their team of consultants have been meeting with the neighbors, tenants, staff, and community leaders to review the proposed project and to make revisions to address their concerns, as well as the needs of a changing consumer market. RREEF is the applicant and the main property owner. The other two property owners, 3500 Sepulveda and Macy's, have signed affidavits consenting to the filing of the applications by RREEF.

On February 12, 2009, the City held a public Scoping Meeting to introduce the project to the community, and provide an overview of the project and the CEQA process. Matrix Environmental is preparing the EIR under the management of City staff and Gibson Transportation Consulting is a sub consultant to Matrix and is preparing the Traffic Impact analysis. The 45 day public review and comment period for the Draft EIR was June 7, 2012 to July 23, 2012. The consultants are now in the process of responding to all of the public

comments on the Draft EIR for incorporation into the Final EIR. The Final EIR will include all the comments and responses, a mitigation monitoring program; and changes or additions that have been made to the project since the Draft EIR was written. After the Final EIR is completed the document will be available for public review and comments at noticed public hearings.

A Planning Commission public hearing was held on June 27, 2012 to provide an overview of the project to the community and the Planning Commission. Since that time staff has continued to meet with the applicant and their team to refine the project and address design issues. Future noticed public hearings on the Final EIR, Master Use Permit, Variance, Master Sign Permit and Sign Exceptions, and Development Agreement before the Planning Commission and City Council will be required. Planning Commission public hearings on the project are anticipated to be scheduled this fall, with City Council meetings anticipated later in the year. Tonight's meeting is an opportunity for the public and Commission to again provide input; no final decisions on the project will occur at tonight's meeting.

DISCUSSION

Overview

RREEF is proposing improvements to the 44-acre Manhattan Village Shopping Center. The Project site includes an enclosed, main mall building and several freestanding buildings. The Shopping Center site currently includes approximately 420,247 square feet of retail uses, 65,734 square feet of restaurant uses, a 17,500 square foot cinema (closed at the end of May 2012), 36,151 square feet within six banks, 11,527 square feet of office uses, and approximately 21,678 square feet of medical office uses for a total of approximately 572,837 square feet. When accounting for common areas, the buildings include approximately 614,151 square feet. There are currently 2,393 surface parking spaces on the site. An additional 210 shared parking spaces are available off-site on the City-owned parking lot to the east of the Center, however these are not included in the Shopping Centers parking analysis.

The proposed Project would involve an increase of approximately 123,672 square feet of net new retail and restaurant area (approximately 194,644 square feet of new and demolition of approximately 70,972 square feet of existing retail, restaurant, and cinema) within an approximately 18.4 acre development area within the Shopping Center site. Of the 194,644 square feet of new area, up to approximately 25,894 square feet would be used for restaurant uses, while up to approximately 168,750 square feet would be used for new retail uses. When accounting for existing development on the Shopping Center site, upon Project completion, the Shopping Center site would include a total of approximately 696,509 square feet of area.

In addition, an equivalency program is proposed as part of the Project that provides flexibility for the exchange between land uses currently permitted by the existing Master Use Permit for the Shopping Center site based on p.m. peak traffic equivalency factors. With implementation of the equivalency program, a maximum of 133,389 square feet of net new area (approximately 204,361 square feet of new and demolition of approximately 70,972 square feet of existing retail, restaurant, and cinema) could be developed within the Development Area for a total of up to 706,226 square feet of area.

The proposed Project would also include new on-site parking structures and surface parking areas that would provide at least 4.1 parking spaces per 1,000 square feet of area to accommodate the new uses. Heights of new shopping center buildings and parking facilities would range from 26 feet to up to 42 feet.

Public comments

Comments on the Draft EIR were received from about 45 residents, agencies, surrounding Cities and business owners, other members of the public, and the Planning Commission provided comments. The following briefly summarizes those comments. Each comment provided during the Draft EIR public comment period will be responded to individually in the Final EIR. Comments that relate more to land use issues will be addressed through the Master Use Permit Amendment, Variance, Master Sign Permit and Sign Exceptions, and Development Agreement. Since the June 27th meeting, RREEF met with a group of residents from Oak Avenue and surrounding streets and they will provide information on that discussion. RREEF will provide a comprehensive presentation on the status of the project at the Planning Commission meeting.

Size-Regional Draw

Some of the public felt that the Mall would be too large, and not serve Manhattan Beach residents, but be designed to be more regional-serving.

Traffic, Mobility (Bicycles, Pedestrians, Transit) and Parking structures

The vast majority of the comments received focused on this topic. An increase in traffic congestion on Sepulveda, Marine and Rosecrans, which are already heavily impacted, and anticipated to be further impacted with Phase II of Plaza El Segundo, was expressed. Traffic impacts on smaller surrounding streets, Village Drive with deliveries and as a new major entrance, as well as Cedar, was noted. Potential impacts to the residential neighborhood west of Sepulveda were raised as a concern, specifically an increase in cut-through traffic on Oak and Elm Avenues, and traffic at the curve at Ardmore and 33rd Street. Construction traffic, parking, noise and dust impacts to Village Drive and neighboring properties was noted. Comments indicated that adding 500 new parking spaces will generate more traffic, parking spaces should not be compact, and that parking phasing may not be adequate.

Many comments related to the proposed parking structures were received, indicating that parking should be underground since it would be safer and more attractive. Concerns cited with above ground structures included an increase in crime, unsightly, too tall, massive, out of scale and unattractive, sound problems with noise bouncing off structures, air pollution, visible to Oak Avenue residents, attracting vagrants, and teens congregating and using for illegal activity and as a skateboard ramp.

The importance of alternative transportation to draw people to the site, and to be able to circulate safely and efficiently throughout the site was noted. Comments indicated that pedestrian, bike and transit circulation should be encouraged, enhanced, integrated externally and internally, including the east (rear) and south, and particularly with Veterans parkway and surrounding neighborhoods. The public felt that transit stops, more bike parking, and a Green line/Mall shuttle should be provided on-site. Implementation and integration with the South Bay Bike Master Plan was noted as important, as well as improving pedestrian safety

in front (Cedar Way) of Ralphs and the south end of mall, which will worsen with increased traffic.

Caltrans provided a number of comments related to Sepulveda Boulevard as it is a State Highway under their jurisdictions. They indicated that a longer deceleration lane at Fashion Boulevard, south of the existing Fry's driveway, is needed. The City Engineer has indicated this will require expanding the bridge widening project which is currently in the design phase with construction anticipated in Spring 2014. Caltrans requested ADA accessible sidewalks, the installation of Intelligent Transportation Systems (ITS), synchronized and upgraded signals, more Transportation Demand Management (TDM) information, and limiting construction traffic to off-peak times.

The City of El Segundo and commercial property owners along Rosecrans Avenue had a number of comments including requests that the EIR use an updated, not 2009, related projects list, provide more counts in El Segundo including morning and midweek midday counts, use Caltrans traffic estimates not actual traffic counts, and use 2011 not 2008 traffic counts. They felt that since Plaza El Segundo had provided improvements on Rosecrans that RREEF needs to also do their fair share to address cumulative impacts. They requested that land be dedicated for future road widening and improvements on Rosecrans and Sepulveda. There was a concern that over 500 new parking spaces will increase traffic. It was requested that the Construction Management Plan be reviewed by surrounding jurisdictions and owners and that impacts to MTA lines be addressed.

Lighting

A number of concerns were raised regarding the lighting for the site, particularly on top of the parking structures. Light spillover and visibility from off-site areas due to the use of tall light standards instead of wall-mounted lights on top of the structures was cited as an issue.

Crime

There were concerns expressed that a larger Mall, a more regional draw, and more high-end shops will increase crime. Concerns were raised with the parking structures providing an opportunity for increased crime as well as in the underground "tunnel-like" parking in the old railroad right-of-way culvert.

Hazards

Hazards mitigation was suggested including providing an active methane extraction system, on-site contamination clean up, assurance that there is no future health risks due to site contamination, infiltration on the site where there is no contamination and more recent environmental soil investigation data. Staff and the consultant team have met with the Regional Water Quality Control Board and discussed these issues and they will be further responded to in the Final EIR document and at future hearings after the Final EIR is complete.

Miscellaneous

A variety of other comments were also presented by the public including concerns with the overall visual impacts of the project, the increase in mass, height, bulk; with both the

buildings and signs being too large, massive. Comments indicated that the northwest corner at Sepulveda and Rosecrans should be redesigned to be activated with possible retail on top of the parking structure, to draw and tie in pedestrian and bicycle linkages, provide internal and external integration, and be inviting instead of just a parking structure. Regarding sustainability, comments indicated that standards for landscaping, stormwater, greenhouse gases and LEED should be exceeded, not just meeting the minimum requirements. Consideration for providing electric vehicle charging and solar panel “trees” was suggested. There was concern about losing significant revenue from Fry’s and there being a poor tenant mix which does not meet demographic needs with smaller tenants being desired. There were suggestions to provide a larger community meeting room, support for senior citizens, a cell tower for Village Homes reception, a package holding and delivery, and a new movie theater. Concerns with construction, parking, and noise impacts to existing Mall businesses was cited.

Public review

Notice of tonight’s Planning Commission meeting was published in the paper, mailed to all property owners within a 500 foot radius, and mailed to interested parties. A Final EIR is in the process of being prepared that includes all the comments on the DEIR and responses to those comments. Noticed public hearings on the Final EIR, Master Use Permit, Variance, Master Sign Permit and Sign Exceptions, and Development Agreement before the Planning Commission and City Council will be required. Planning Commission public hearings on the project are anticipated to be scheduled in the Fall.

The Draft EIR document is available to the public for review at the following locations:

- 1- City of Manhattan Beach, Community Development Department
- 2- County of Los Angeles Manhattan Beach Public Library
- 3- City of Manhattan Beach Website: <http://www.citymb.info/index.aspx?page=1629>.

CONCLUSION

The purpose of tonight’s meeting is to provide a status report on the project to the Commission and the community, and provide an opportunity for questions and comments. Staff recommends that that Planning Commission accept the presentation, take public comments, and provide comments on the proposed project.

Attachments:

- A. Minutes Planning Commission 6-27-12
- B. Comment letter from 3500 Sepulveda, LLC dated 9-24-12

- c: Chuck Fancher, Fancher Partners, LLC
Mark English, RREEF
Stephanie Eyestone-Jones, Matrix Environmental
Pat Gibson, Gibson Transportation Consulting

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**CITY OF MANHATTAN BEACH
PLANNING COMMISSION
EXCERPTS OF MINUTES OF REGULAR MEETING
JUNE 27, 2012**

A Regular Meeting of the Planning Commission of the City of Manhattan Beach, California, was held on the 27th day of June, 2012, at the hour of 6:30 p.m., in the City Council Chambers of City Hall, at 1400 Highland Avenue, in said City.

1. ROLL CALL

Present: Conaway, Gross, Ortmann*, Paralusz, Chairperson Andreani
Absent: None
Staff Present: Richard Thompson, Community Development Director
Laurie Jester, Planning Manager
Recording Secretary, Sarah Boeschen

*Commissioner Ortmann arrived at 8:00 p.m.

06/27/12-3 Introduction and Overview of the Manhattan Village Shopping Center Enhancement Project Located on the East Side of Sepulveda Boulevard Between Rosecrans Avenue and Marine Avenue

Director Thompson commented that staff and the applicants have been working closely together on the comprehensive master plan to update the mall to a more current design.

Planning Manager Jester summarized the staff report, and provided a power point presentation with an outline of what the various presenters would be reviewing tonight.

Mark English, representing RREEF, commented that they believe the enhancement project would be a tremendous opportunity for the shopping center. He indicated that the center consists of 44 acres and 570,000 square feet of building area. He said that their leasing area is comparatively small compared to Plaza El Segundo; South Bay Galleria; and Del Amo Mall. He commented that the center is currently almost fully occupied, and they would like to expand to keep retail revenue in the City. He pointed out that the project would not require any funding from the City. He stated that their vision is unique to Manhattan Beach. He commented that the business along Sepulveda Boulevard would benefit and property values would be increased by the project. He indicated that the annual sales for the center are approximately \$270,000,000.00. He indicated that they would like to create a gateway to Manhattan Beach. He indicated that they also would like to enhance the green belt pedestrian bikeway, as the additional pedestrian and bicycle traffic would benefit their businesses.

Mr. English pointed out that RREEF strives for LEED certification for all of its new development projects. He commented that there is a need to improve the circulation and access for the Fry's property. He stated that they would include green areas as part of the redevelopment. He stated that they want to be certain that they are providing an opportunity for the retailers to succeed. He commented that Fry's generates a large amount of tax revenue for the City. He indicated that the lease for Fry's ends in 2016, and it is likely that Fry's will leave the site after the current lease expires. He indicated that the fact that the Pacific Theater has closed adds to the need for the renovation of the site. He said that the Apple store currently occupies a small space in the mall and needs more space to expand.

In response to a question from Commissioner Paralusz, **Mr. English** said that the City's annual tax revenue from the center is currently approximately \$2,700,000.00.

Mr. English said that they believe they can increase the sales of the existing center with the renovation. He described the proposed new design of the center. He commented that they are hoping that Macy's will consolidate the men's store with their main store. He said that their intent is to place the parking garages proximate to the retail stores, which would allow customers to quickly find convenient parking. He indicated that they are planning to use a landscaping berm off of 33rd Street next to California Pizza Kitchen to eliminate outbound traffic in order to improve the traffic flow.

Mr. English commented that other locations of Fry's stores are more profitable, as they are larger and have a lower rent than in Manhattan Village. He indicated that they do not know whether Fry's intends to stay in their current location after their lease expires in 2016.

In response to a question from Commissioner Paralusz, **Mr. English** said that the decision regarding renewal of the lease will be a mutual negotiation between RREEF and Fry's. He said that the existing Fry's building is obsolete and does not meet the needs of many retailers. He indicated that they believe it is highly unlikely that the building will remain in its configuration after the lease for Fry's expires. He said that the intent is to create an open air outdoor center. He commented that they would like to attract the type of tenants that would be desired by residents of the City.

In response to a question from Commissioner Conaway, **Mr. English** indicated that the majority of customers at the center live in Manhattan Beach. He said that they are not attempting with the project to greatly expand and become more of a regional draw.

Stephanie Eyestone-Jones, representing Matrix Environmental, stated that the intent of CEQA (the California Environmental Quality Act) is to inform City decision makers and the public regarding potential environmental impacts of a project; to reduce potential environmental impacts; to encourage coordination between agencies; and to encourage public participation. She commented that CEQA does not apply to projects that are approved administratively. She said that the initial study to determine potential significant impacts for the project was begun in 2009 which determined that an EIR was warranted. She commented that a Notice of Preparation was sent to the public within a 500 foot radius of the site and agencies throughout Los Angeles County. She indicated that the comment period for the Notice of Preparation began on January 29, 2009, and ended on March 2, 2009. She stated that there was a scoping meeting during the public review period where people were invited to learn more about the project and provide input on the draft EIR. She indicated that the draft EIR was recently released. She commented that the public review period for the draft EIR started on June 7 and will end on July 23rd. She indicated that notice of the draft EIR review period went to everyone who participated in scoping meetings; everyone who commented at the scoping meeting; and to property owners within 500 feet of the subject site. She stated that the final EIR will include responses to the comments that have been received; a mitigation monitoring program; and changes or additions that have been made to the project since the draft EIR was written. She indicated that several meetings will take place before the Commission and City Council after the final EIR is completed. She commented that the Mayor will sign the Development Agreement Ordinance if the project is approved, which will be followed by a Notice of Determination.

Ms. Eyestone-Jones indicated that the EIR contains a summary; project description; impact analysis; and analysis of project alternatives. She stated that the EIR also includes impacts and mitigation measures; impacts found not to be significant; and references. She indicated that the

draft EIR evaluates issues regarding aesthetics; air quality including greenhouse gas emissions and hazardous materials; hydrology; land use; noise; fire protection; police protection; traffic; access to parking; water supply; and waste water. She indicated that they have determined through the analysis that the project would not result in significant environmental impacts. She pointed out that mitigation measures are included in the draft EIR for many of the issues. She indicated that there is a chart of the topics that require mitigation measures included with the summary of the EIR.

Director Thompson pointed out that the entitlement process will not yet be completed when the EIR is finalized and approved. He said that there will still be opportunities for the public to provide comments even after the EIR is finalized through the Use Permit process.

Sarah Drobis, representing Gibson Transportation, stated that the comments that are received related to traffic throughout the process will be incorporated into the Final EIR and responses will be provided as part of the Final EIR. She indicated that their study analyzed 13 intersections including driveways that access the site along Sepulveda Boulevard, Rosecrans Avenue, and Marine Avenue. She commented that they looked at the intersections that carry a high volume of traffic during peak periods. She said that they focused on the weekday afternoon peak hour traffic and mid-day Saturday peak traffic. She said that the traffic counts were conducted in 2009, and updated counts were done in 2010 and 2011. She indicated that the traffic forecasts from 2009 far exceeded the actual traffic counts taken in 2011. She said that they also looked at traffic counts taken during different times of the year. She indicated that they looked at traffic in summer and non-summer months.

Ms. Drobis commented that they looked at several configurations of the Fry's driveway on Rosecrans Avenue. She said that the driveway further to the east on Rosecrans Avenue is proposed to be moved further west. She commented that the existing shopping center generates approximately 2,351 trips during the peak hour. She said that the total project as proposed would generate approximately the same number of trips as the existing uses in the center. She indicated that the cinema and Fry's uses generate twice the amount of traffic as the typical shopping center use. She commented that the greatest traffic impact would occur when the northeast corner of the site is developed. She indicated that they determined that there would be no significant impacts resulting from the project during peak hours. She commented that the applicant is dedicating right-of-way for a Sepulveda Bridge widening project to allow for continuation of a travel lane. She said that a deceleration lane is proposed along Rosecrans Avenue to allow for better access to the center from Rosecrans Avenue. She commented that improvements are also proposed to the entry point to the center from Cedar Way. She commented that separate bicycle and pedestrian connections are proposed for Veterans Parkway. She said that internal circulation improvements are proposed. She stated that there is a construction management plan proposed as part of the project to minimize the impacts of construction including parking for construction workers and construction vehicle traffic.

Ms. Drobis indicated that the project would provide a clearer pedestrian path to connect different parts of the center. She said that a pedestrian circulation improvement plan is proposed as part of the project to enhance pedestrian safety and improve ADA access. She said that the proposal would provide a better connection of the Fry's parcel to the shopping center. She indicated that the bicycle parking facilities are proposed to be increased by 140 spaces throughout the center. She commented that there currently are 2,393 parking spaces in the center which is proposed to increase to 2,935 parking spaces. She indicated that the applicant is proposing to maintain the existing 4.1/1000 square foot parking ratio. She stated that the parking demand would be met during construction. She commented that a parking management plan is proposed as part of the project which would include measures to address

parking for construction workers. She said that the construction management plan would also have provisions for staging of construction equipment on public streets.

In response to a comment from Commissioner Ortmann, **Ms. Drobis** indicated that they wanted to be certain that the existing parking ratio would be maintained for the shopping center with the proposed addition of square footage. She said that the goal is to reduce the parking demand further by providing better pedestrian and bicycle access.

Ms. Drobis commented that the project would not result in a significant impact to traffic or parking for the center; construction would be scheduled to meet the parking demands and maintain the existing parking ratio; and internal as well as external circulation improvements are proposed be included as part of the project.

In response to a question from Commissioner Gross, **Ms. Drobis** indicated that providing a separation between bicycle, pedestrian, and vehicle traffic would be a project design issue and not included as part of the environmental review.

Director Thompson stated that the suggestion of Commissioner Gross regarding separation of vehicular, bicycle, and pedestrian traffic will be addressed in the project even if it is not addressed as part of the EIR.

Commissioner Gross requested that lighting be added at the parking deck over the railroad right-of-way at all times. He suggested that the area underneath the Sepulveda Bridge be incorporated with the plan for bicycle and pedestrian traffic.

In response to a question from Commissioner Gross, Planning Manager Jester said that there is a mitigation monitoring program. She indicated that all of the conditions that are included in the monitoring program are addressed through plan check, construction, or during operations. She commented that the applicant will work with the City to make sure the conditions are met.

Commissioner Paralusz said that there is a great deal of information in the executive summary included with the EIR regarding potential impacts to the air, water, emissions, odors, and surface water quality. She asked at what point those issues would be addressed in more detail as part of the discussion of the project.

Director Thompson pointed out that there will be several hearings regarding the project with opportunities for questions. He indicated that staff can have experts provide further information if requested by the Commission.

Chairperson Andreani said that she would like further information regarding the increase of 974 metric tons of carbon dioxide that would be released as indicated in the report. She asked regarding the extent that the increased emissions would be considered significant beyond the amount currently being emitted. She said that she would like further information regarding the standard for greenhouse gas emissions and the impact of increasing emissions. She commented that it would seem the goal should be to reduce emissions. She commented that she would anticipate that there would be questions that arise regarding the increase in emissions that would result from the project.

In response to a question from Commissioner Conaway, Planning Manager Jester said that the height methodology used by the City does not work well for large sites along the Sepulveda Boulevard corridor. She indicated that the Code allows a height limit of 22 feet for buildings with a flat roof and a height limit of 30 feet for buildings with a sloped roof or with parking structures. She stated that there is not enough height to accommodate two levels for a large

department store with the maximum height limit established in the Code. She said that a height Variance has historically been granted for the site, and the proposal is to match the existing heights. She commented that the Macy's store has a maximum height of 42 feet. She stated that the heights will be addressed in detail through the Variance process.

In response to a question from Commissioner Conaway, **Ms. Eyestone-Jones** said that there has been an analysis of the permeable surfaces that would be included with the proposal. She pointed out that there are current regulations for addressing storm water runoff that will apply to the new development which did not apply to the original development. She indicated that the amount of permeable surfaces remains about the same as existing with the new development, but the water quality would improve with the project.

In response to a question from Commissioner Conaway, **Ms. Eyestone-Jones** indicated that there would be an increase in carbon dioxide emissions from the project. She indicated, however, that sustainability features are included as part of the project. She stated that the analysis determined that the increase of emissions would be a less than significant impact. She said that the emission of greenhouse gasses would not be reduced by the project, but the thresholds for greenhouse gasses would not be exceeded.

Commissioner Paralusz commented that there is a lack of continuous sidewalks along the back side and the western portion of the site. She suggested that a pedestrian walkway be extended along the outer edge of the parking lot.

Commissioner Ortmann said that he does not see that the project provides any improvement to mass transit access to the site.

Mr. English said that providing access for mass transit would require changes to the site plan. He indicated that they can look at the possibility of providing access for mass transit. He commented that making the site more accessible by mass transit would reduce the amount of traffic and parking congestion at the site.

Commissioner Paralusz pointed out that the majority of people who shop at the mall who live nearby would most likely not use mass transit.

In response to a question from Commissioner Gross, Planning Manager Jester said that there is no proposed change from the approved uses in the original Master Use Permit.

In response to a question from Commissioner Gross, Planning Manager Jester indicated that the 4.1 parking ratio is a composite of all of the restaurant, retail, and office uses in the center. She stated that there currently is a cap on the amount of square footage for restaurant uses that are permitted for the center, and an increase beyond the maximum cap would require additional parking.

In response to a question from Chairperson Andreani, Planning Manager Jester said that Macy's and the Hacienda Building are under separate ownership from the rest of the center and the Hacienda building and Fry's have separate Use Permits. She indicated that the Fry's property was previously under separate ownership but now is owned by RREEF. She said that the permit for the Hacienda Building incorporates the Master Use Permit for the mall, although it allows them separate restaurant and alcohol uses. She said that the entire site everything will be included under the new Master Use Permit, EIR, Variance and Sign Program/Exception.

In response to a question from Chairperson Andreani, Planning Manager Jester said that the project would require a Sign Exception, as the permitted height, square footage, and number of

signs would be exceeded. She stated that there currently is a Sign Exception and a Sign Program for the center that would be modified with the proposal.

Chairperson Andreani opened the public hearing.

Audience Participation

Alan Bloom, a resident of Park Place, said that he would like to know about the impact that the project would have to traffic at the intersection of Village Drive and Rosecrans Avenue. He commented that he is concerned with Village Drive becoming a major intersection with a great deal of traffic and noise.

Chris Prodromides, a resident of the 3100 block of Oak Avenue, indicated that they are concerned that the project would be so large in order to be competitive that it would attract a large number of people from other areas and would increase traffic and pollution. He commented that they are concerned with the addition of large parking structures and taller buildings. He stated that they also have a concern with light pollution at night and noise bouncing off of the tall parking structures and coming into the adjacent neighborhood. He is concerned with pedestrian safety, and feels it is unsafe in front of Ralph's already. He said that the intersection of Rosecrans Avenue and Sepulveda Boulevard would become more congested with the project. He indicated that more people will cut through on the adjacent streets in the residential areas on Oak to avoid traffic on Sepulveda Boulevard, more than they already do. He said that they are also concerned with an increase in crime resulting from the proposed expansion of the mall, particularly in the tunnel underground parking. He commented that additional high-end shops would make the mall a greater target for crime. He said that they appreciate that the existing mall is small and serves the local community rather than being a regional draw. He is concerned with air, light and noise pollution.

Marilynn Holcomb, a resident of the 1000 block of 33rd Street, said that they want additional lighting in order to provide for safety but would not want not to have it shining into their homes. She commented that they are concerned about security with increasing the use of the walkway and bikeway from Veterans Parkway. She stated that they are also concerned that the project would result in an increase of traffic from Ardmore to 33rd Street, in the area they call "dead mans curve". She indicated that the residents enjoy having a smaller community shopping center and would not want it to become more of a regional draw. She asked whether the impact that would result from the second phase of the El Segundo project is addressed in the EIR.

Bill Victor, a Manhattan Beach resident, said that the existing shopping center is beautiful, although it perhaps could be updated. He pointed out that a police officer was killed at the mall by someone from outside of the local area, and security at the center is a concern. He commented that the expansion of the mall would attract more people from other areas. He said that the charm of the existing center is that it is smaller and accessible. He said that the addition of parking garages and additional shopping area would increase traffic and congestion. He indicated that local residents may choose not to shop at the center if it becomes larger and extremely congested. He said that the mall should not become a destination point for people from other areas. He commented that the City should maximize and enjoy the benefits of having a small town atmosphere, and we should keep the theater.

Faith Lyons, a resident of the 500 block of 33rd Street, pointed out that there was a great deal of concern when the Metlox development was being proposed that it would be too large, but it ended up turning out very well, and the underground parking is very safe.

Robin Gohlke, a resident of the 3200 block of Oak Avenue, commented that the largest concern that has been expressed regarding the project appears to be the addition of parking garages. It is big ugly walls and the sound will bounce off of it. She pointed out that the parking garage for the Metlox development is underground rather than a structure above ground.

Steve Packwood, a resident of the 3100 block of Oak Avenue, agreed with his neighbors that the mall should be kept small and community oriented. He indicated that more lighting for larger buildings as proposed would impact the adjacent residents. He indicated that there are minimum security problems with the existing outdoor parking area. He said, however, that the addition of four high rise parking structures as proposed would result in more crime. He commented that he is glad that a security plan is included as part of the project, and he suggested that it be very detailed. The parking garages are tall, plus have tall lights on top and sound will bounce off the sides of the garages.

Chairperson Andreani closed the public hearing.

Commission Discussion

Director Thompson encouraged members of the public who are interested to look at the information about the EIR on the City's website. He said that the issues of parking, traffic, and noise are addressed in the EIR. He said that there has been a great deal of analysis regarding traffic and the impact to the adjacent neighborhood. He commented that there have been many discussions regarding the impact that the project and the Plaza El Segundo project would have to the intersection of Rosecrans Avenue and Sepulveda Boulevard. He said that the website also includes pictures, elevations, and site plans. He indicated that all interested parties are also invited to attend the future hearings and meetings regarding the proposal.

Chairperson Andreani asked if there are any plans to possibly open an independent theater on the site.

Mr. English commented that it was not the decision of RREEF for the Pacific Theaters to close. He commented that the loss of the theater was one of the driving factors in redesigning the site. He said that the proposal is to add predominantly retail uses and some restaurant uses.

Chuck Fancher, representing RREEF, said that films could not be distributed to a new theater use in Manhattan Village because of the close proximity to the Arclight site in Manhattan Beach, which has a higher volume of customer so they get the best movies and more of the new releases on opening days.

Mr. English commented that they have noted the comments of the Commissioners and members of the public who have spoken at the meeting. He said that they intend to continue to collaborate with the community and staff on the project. He commented that they have noted that a number of residents from Oak Avenue are present at the hearing, and they are happy to meet with any residents regarding their concerns.

Commissioner Paralusz thanked staff, the consultants, and the members of the public who spoke at the hearing regarding the project. She commented that there is not often the opportunity to develop such a large site. She indicated that she is excited about the project provided that it addresses the concerns that have been raised. She stated that she also shares the concerns of the adjacent residents regarding parking, traffic, aesthetics, and security. She said that there is a concern that the project would change the small town feel of the community. She suggested that anyone who has an interest in the project read the executive summary of the

EIR. She pointed out that the developer has a right to develop the property. She also pointed out that the applicant would not want a result that would lose customers. She said that the pedestrian circulation plan is important and should continue around the site, integrated internally and externally. She commented that it is an important project for the City, as the center generates a large amount of tax revenue. She encouraged residents to send questions and comments and continue to be involved in the project.

Commissioner Conaway thanked staff, the consultants, and the members of the community for participating in the hearing. He commented that now is the opportunity for members of the community to be involved with the project. He suggested that the connection of the center to the Sepulveda Bridge underpass/Veterans parkway with a walkway and bikeway be more clearly defined. He indicated that the access point from the Sepulveda Bridge should be made an "arrival point" to the center for pedestrians and bicyclists, encouraging access. He commented that providing a pathway for bicyclists through the site does not appear to have been addressed. He suggested activating the northwest corner of the site and look into the possibility of having retail uses on top of the parking structure at that northwest corner and possibly tie in with pedestrians and bicyclists. He said that he is concerned with the glare of the lighting and security issues resulting from the proposed parking structures. He pointed out that the project is a rare opportunity to address storm water mitigation for the site, and go beyond the minimum mitigation required.

Commissioner Gross commended staff and the applicant on the project and for defining the process which will allow for a great amount of input. He said that he echoes the comments of Commissioner Conaway regarding the importance of providing bicycle access, particularly at the Sepulveda Bridge. He pointed out that the Sepulveda Bridge is the only point to ride a bicycle or walk across Sepulveda Boulevard safely, and it would help the shopping center for it to be incorporated as an entry point. He was not clear on how this lower level connects up to the main mall level. He commented that opening Cedar Way to Rosecrans Avenue and making it pedestrian friendly are good objectives. He suggested that the project would be a good opportunity to widen Cedar Way and provide separate paths for vehicles, pedestrians, and bicycles. He said that he hopes the applicant is taking notes and listening to the comments that have been made at the hearing.

In response to a question from Commissioner Paralusz, Commissioner Gross said that he would leave it to the experts to determine the best method of allowing bicycles to coexist on Cedar Way with vehicles and pedestrians.

In response to a question from Commissioner Ortmann, Director Thompson pointed out that details regarding the architectural design and building elevations will come through the entitlement process. He indicated that the first stage of the project is the environmental review process. He commented that staff is receiving questions during the comment period for the draft EIR and will provide responses with the final version of the document. He indicated that public hearings for the Master Use Permit, the Variance request, and the Sign Program/Exception will follow. He pointed out that the purpose of this hearing is mainly to introduce and provide an overview of the proposal, and there is still an opportunity to raise any concerns. He indicated that he anticipates that there will be several changes to the project after the EIR is finalized.

Commissioner Ortmann commented that he feels the project is an opportunity to do something really special with the site. He indicated that he has not heard anyone opposed to renovating the center. He commented that he feels the opportunity for developing the northwest corner is lost with the current proposal. He said that the current design for the northwest corner provides an inward focus to the center rather than an inviting access point for pedestrians and bicyclists

to draw people in. He feels the entire project site needs to better integrate and relate the outside and inside of the site.

Chairperson Andreani thanked the members of the public who spoke at the hearing as well as the consultants and staff. She pointed out that there will be many opportunities for members of the public to provide comments on the project. She said that she agrees with the comments of the other Commissioners. She indicated that she does have a concern with the impact to traffic along Sepulveda Boulevard and Rosecrans Avenue resulting from the project along with the development of the second phase of Plaza El Segundo. She said that she is also concerned regarding the building height and mass of the project. She commented that the current design of the northwest corner is not inviting, but she is also is concerned with traffic at the intersection of Sepulveda Boulevard and Rosecrans Avenue. She indicated that there is a concern that there is not enough street level parking at the center; however, she has concerns with the security with the addition of four parking structures. She indicated that she would like for a clear separation to be provided for vehicle, bicycle and pedestrian traffic, and have access better integrated throughout the site. She stated that she would also like for pedestrian walkways to be provided through the center as well as around the perimeter. She said that she would like more information regarding the mitigation and impacts of greenhouse gas emissions and wastewater management. She indicated that she trusts the applicant wants to work with the community further on the project.

Director Thompson said that he expects the next hearing on the item to be scheduled for September 26, 2012. He indicated that members of the public can also follow the project on the City's website and can submit any questions or comments to staff.

- 5. DIRECTORS ITEMS**
- 6. PLANNING COMMISSION ITEMS**
- 7. TENTATIVE AGENDA July 11, 2012**
- 8. ADJOURNMENT**

The meeting was adjourned at 9:30 p.m. to Wednesday, July 11, 2012, in the City Council Chambers, City Hall, 1400 Highland Avenue

SARAH BOESCHEN
Recording Secretary

ATTEST:

RICHARD THOMPSON
Community Development Director

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September 24, 2012

Ms. Laurie Jester
City of Manhattan Beach City Hall – Chief Planner
1400 Highland Avenue
Manhattan Beach, CA 92266

Re: Manhattan Beach Redevelopment - 3500 Sepulveda Application Questions

Dear Ms. Jester:

Our property located at 3500 Sepulveda, Manhattan Beach, CA 90266 is owned by 3500 Sepulveda, LLC, 13th & Crest Associates, LLC and 6220 Spring Associates, LLC, as tenants in common (collectively, “3500 Sepulveda”). The property owned by 3500 Sepulveda is sometimes referred to as the “Hacienda Building”.

3500 Sepulveda previously reviewed and consented to RREEF’s proposed Shopping Center Project as depicted in Site Plans dated August 1, 2008, pursuant to a settlement agreement dated October 8, 2008, between RREEF and 3500 Sepulveda (the “Settlement Agreement”). In the Settlement Agreement, 3500 Sepulveda and RREEF agreed to cooperate in good faith with each other in the processing of the RREEF Application based on these August 1, 2008 plans, including but not limited to an amended MUP and Environmental Impact Report. In connection therewith, under separate cover we have submitted a signed affidavit authorizing RREEF to process the RREEF Application.

The purpose of this letter is to set forth some of our concerns with the RREEF Application, for inclusion in the public record and to make these concerns known in a timely fashion, among other reasons, for inclusion in the staff report and to preserve our rights with respect thereto. 3500 Sepulveda previously reviewed and consented to RREEF’s proposed Shopping Center Project as depicted in Site Plans dated August 1, 2008, pursuant to a settlement agreement dated October 8, 2008, between RREEF and 3500 Sepulveda (the “Settlement Agreement”). In the Settlement Agreement, 3500 Sepulveda and RREEF agreed to cooperate in good faith with each other in the processing of the RREEF Application based on these August 1, 2008 plans, including but not limited to an amended MUP and Environmental Impact Report. However, the collective changes and amendments to the proposed expansion plans made by RREEF after August 1, 2008 materially affect the Hacienda Building, its tenants, and 3500 Sepulveda. A comparison of the Approved site plan to the current site plan is attached.

EXHIBIT B
PC MTG 10-3-12

ENVIRONMENTAL INFORMATION FORM

The Hacienda Building is not owned by RREEF as represented in the Environmental Information Form application, dated November 7, 2006. 3500 Sepulveda did not sign or authorize the filing of this Environmental Information Form application, dated November 7, 2006. We believe that the noticing to the public may be flawed since it does not have the authorized signatures of the three legal owners of property within the shopping center included in the application. At a minimum, the public noticing for this application needs to be recirculated reflecting the accurate ownership of the properties included in the application.

MASTER USE PERMIT APPLICATION

The Hacienda Building is not owned by RREEF as represented in the Master Application Form, dated November 7, 2006.

AMENDED MASTER USE PERMIT APPLICATION

3500 Sepulveda has been asked by RREEF America REIT II Corporation ("RREEF") and by the City of Manhattan Beach to execute an Owner's Affidavit to an amended MUP indicating 3500 Sepulveda's knowledge of the planned expansion of the Manhattan Village Shopping Center as set forth in the Manhattan Village Shopping Center Master Application Form prepared by David Moss & Associates, Inc., Draft 08062012 marked "DRAFT" (the "Application"). 3500 Sepulveda has signed, and under separate cover delivered, the Owner's Affidavit, subject to the conditions set forth in the cover letter accompanying said Affidavit.

As one of the owners of property within the Manhattan Village Shopping Center, 3500 Sepulveda requests, again, that it receive copies of all correspondence to or from the City concerning the shopping center and/or its entitlements.

The following sets forth our proposed corrections and clarifications to the Application:

II.1.b) This section incorrectly makes reference to a "2012 Hacienda MUP amendment". 3500 Sepulveda has MUP amendments which were issued in 2008 and 2010.

II.1.d) The Envelope Plan (Figure II-1) presents the proposed height and massing within the Enhancement Area. THIS HAS NOT BEEN APPROVED by 3500 Sepulveda and is materially different from what was approved by it in the Settlement Agreement.

II.1.g) This section proposes to revise the MVSC 2002 MUP Condition Nos. 10 and 11 of the 2002 MUP as follows:

(i) Allows up to 89,000 sq. ft. of alcohol serving restaurant uses parked at the 2002 MUP parking requirement of 4.1 spaces/1,000 GLA, and

(ii) Allows more than 89,000 sq. ft. of alcohol serving restaurant uses as long as an additional 2.6 parking spaces for every 1,000 GLA above 89,000 sq ft. are provided.

As an existing building, it is not clear whether the Hacienda Building is grandfathered and exempt from this condition (or, to put it differently, whether the restaurant uses within the Hacienda Building are deemed to be included within the first 89,000 square feet of alcohol serving restaurant uses). It should be made express that the Hacienda Building is included within the first 89,000 square feet of alcohol serving restaurant uses.

II.3.c.(i) and (iii) The plan identified here will require the approval of the three parties to the COREA, and an amendment of the COREA; among other things, without an amendment of the COREA, additional land may not be added to the shopping center. This approval has NOT been given and the COREA has NOT been amended by the three parties.

III.4.a(i) and (ii) RREEF and 3500 Sepulveda have agreed per the Settlement Agreement that parking garages would be grade level plus one, NOT grade plus two levels. 3500 Sepulveda has neither approved nor waived its right to object to this modification.

III.9.(iii) The Hacienda Building has regular weekend hours for medical offices.

IV.1.g(i) The reciprocal access identified here will require the approval of the three parties to the COREA, and an amendment of the COREA. This Approval has NOT been given and the COREA has NOT been amended by the three parties.

IV.2.b The project identified here WILL BE detrimental to the Hacienda Building and its tenants, because the current parking distribution and balance will be worsened by the proposed development.

IV.4.b This requires the approval of the three parties to the COREA, and the amendment of same. This approval has NOT been given and the COREA has NOT been amended by the three parties. Moreover, the project will create adverse traffic and parking impacts to the Hacienda Building and its tenants.

Ms. Laurie Jester
September 24, 2012
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We believe that in addition to the City and RREEF, the parties to the Development Agreement proposed in this Application should include the other individual property owners within the shopping center, i.e., Macy's and 3500 Sepulveda. In addition, the proposed enhancement of the Manhattan Village Shopping Center contemplates the construction of buildings within areas that presently are used for parking, and which are encumbered by easement rights held by 3500 Sepulveda and Macy's pursuant to the COREA which governs the shopping center; 3500 Sepulveda has not surrendered its easement rights with respect thereto and thus the proposed project appears to violate those rights. The COREA contains many other restrictions which, in the absence of an amendment to the COREA, would be violated by the proposed enhancement. The COREA has not yet been amended.

Thank you for the opportunity to present these concerns and make them a part of the public record with respect to the Application.

Sincerely,

3500 Sepulveda, LLC

By 

Mark A. Neumann
Managing Member

13th & Crest Associates, LLC

By Twin El Segundo, LLC,
Managing Member

By 

Mark A. Neumann
Co-Managing Member

6220 Spring Associates, LLC

By 

Richard S. Rizika, Trustee
of the Rizika Family Trust,
~~Chief Executive Officer~~ 

