



May 22, 2013

Mark English
RREEF
1200 Rosecrans, Suite 201
Manhattan Beach, CA 90266

Dear Mark:

Considering the public hearing that is scheduled with the City of Manhattan Beach for this evening, please feel free to share with those in attendance this letter which Macy's unequivocally supports RREEF's redevelopment plans dated May 14, 2013 for the Manhattan Village shopping center.

Best of luck in garnering the necessary approvals which would allow RREEF to commence this very exciting project.

Very Truly Yours,

Kelvin Peyton
Macy's Real Estate

KP/br

Distributed
at 5/22/13
P.C. meeting



Harry G. Koehler
Vice President, Site Planning & Traffic
Real Estate

May 22, 2013

Mr. Charles Fancher, Jr.
Fancher Partners LLC
Newport Plaza
895 Dove Street, 3rd Floor
Newport Beach, CA 92660

Re: Manhattan Village

Dear Chuck:

You have requested that Macy's outline why it supports a minimum off-street parking index requirement of 4.0 parking stalls/1,000 square feet of building area for an expanded Manhattan Village shopping center. Planning by Macy's and others is under way to expand Manhattan Village shopping center to a total of approximately 608,086 square feet (approximately eleven (11) percent increase) and ultimately, combine the two Macy's stores into one operation through an expansion of approximately 50,000 square feet to the northern Macy's building. The total shopping center size after the Macy's store consolidation and expansion would be 665,650 square feet (approximately nineteen (19) percent increase).

Background Information

A retail development such as Manhattan Village experiences seasonal variations in traffic and parking requirements with peak conditions occurring in late November through December and preceding Christmas. Our studies as well as those completed by the Institute of Transportation Engineers, Urban Land Institute and International Council of Shopping Centers have revealed that the Friday after Thanksgiving or the first shopping day immediately following Christmas Day, usually experience the absolute peak parking demand for any given year. The Saturdays following Thanksgiving and preceding and immediately following Christmas, together with major sale days on weekends, also represent peak shopping conditions, although less than those occurring on the peak days. The next ten (10) most demanding days (following the peak ten (10) days and the absolute peak day) are considered design days since they represent high shopping activity on typical weekdays. At a typical retail center, such as Manhattan Village, eight (8) of ten (10) design day conditions take place on a normal commuter weekday. The remaining days of the year, other than the peak and design days, are considered average shopping days.

7 West Seventh Street, Cincinnati, OH 45202

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The Urban Land Institute and the International Council of Shopping Centers recommend that parking demand estimation be based on design day conditions and specifically, the 20th highest hour of demand, since satisfaction of this design hour requirement will result in satisfaction of parking requirements for most shopping periods of any given year. Under these conditions during nineteen (19) hours each year, distributed over ten (10) days, some shoppers will be unable to find parking stalls immediately upon entering the shopping center site and will need to circulate to find an available parking stall in more remote areas than during normal shopping periods. These are acceptable conditions during peak shopping periods.

Over the past several years, Macy's and shopping center operators have found that successful shopping centers between 500,000 – 750,000 square feet, generally generate a 20th highest hour parking demand of at least 4.0 parking stalls/1000 square feet of gross leasable area.

Manhattan Village Parking Requirements

The locations of the Macy's stores and the shopping center core building area in relation to the primary site driveways are significant, since an optimal configuration offers multiple opportunities for shoppers to enter and exit the site and thereby, provides for a very functional and efficient distribution of shopper traffic related to parking areas. If there are delays associated with any particular route, shoppers have the option to pursue alternate ways to enter or exit the site. The number and location of the site driveways for the Manhattan Village site are a function of, among other things, the directions of approach of vehicles and the location of the on-site parking supply. More importantly, the Manhattan Village site ingress/egress system is in place, so the location of the on-site parking stall reservoirs must be made with careful consideration of the routes of arriving and departing vehicles.

The Macy's stores and shopping center main building areas are sited in the middle of three (3) of the eight (8) site driveways which serve the Manhattan Village shopping area and capture 64 percent of the total shopping center site generated traffic. More importantly, as you know, the Institute of Transportation Engineers and Urban Land Institute have determined through numerous studies that actual building area square feet is the variable with the highest correlation when determining parking demand. Based on the comprehensive site planning completed to date, 91 percent of the shopping center core building areas (Macy's stores and shopping center main building area) sited along Sepulveda Boulevard would be serviced by 90 percent of the available parking supply immediately adjacent to the building areas within this area of the shopping center site. Nine percent of the shopping center core building areas are sited along the Rosecrans Avenue side of the site and would be serviced by approximately ten percent of the of the available parking supply immediately adjacent to the building areas within this area of the shopping center site.

Page 3
May 22, 2013
Manhattan Village

The overall parking index adjacent to the building areas along the Sepulveda Boulevard side of the site will be slightly less (3.75 parking stalls/1000 square feet) than an optimal 4.0 parking index but still result in sufficient parking supply for all shoppers and employees of the buildings in this area of the site during more than 3,000 hours per year the shopping center is open. During peak shopping periods (Christmas, major sale days) this area of the site may experience conditions when parking demand exceeds the available supply, however in our opinion, these infrequent periods will be of short duration during a typical day and usually occur on a Saturday. During these periods, supplemental parking could be made available in areas proximate to the site for employees in order to reserve shopper parking stalls in closer proximity to the Macy's stores and the shopping center main building area.

It is our understanding that there have been recommendations to redistribute the planned parking structures within the area of the site without any consideration of existing site traffic directional distribution, site driveway locations and most importantly, the actual building area that determines parking demand. Any consideration of planning parking areas or siting parking structures without reverence to the functional operation of the shopping center (proximity of supply to actual demand for parking stalls) and convenience (overall level of service; travel time and delay) will have a detrimental impact on the successful operation of Manhattan Village shopping center and we urge you to maintain vigilance to the comprehensive approach you have made to the overall site planning of this project.

Please let me know if you have any additional questions or comments.

Sincerely,



Harry G. Koehler
Vice President, Site Planning & Traffic

HGK/br

Cc: Phil Pearson
Mark English

**MANHATTAN VILLAGE SHOPPING CENTER
TRAFFIC AND PARKING QUESTIONS**

The public review of the Draft EIR for the Manhattan Village Shopping Center focused on three traffic and parking related questions:

1. Why doesn't afternoon peak hour traffic increase more substantially with the expansion?
2. If Phase 3 of the Project is delayed, can the traffic system still work?
3. If traffic levels remain the same, why does the mall need more parking?

1. TRAFFIC LEVELS

First it is important to understand the proposed expansion. The mall expansion will build 194,000 square feet (sf) of new development, but it will demolish over 70,000 sf of existing development to make room for the expansion.

The key to the traffic generation levels is that the demolished buildings include the 46,000 sf Fry's store and the 17,500 sf cinema. Both of these uses generate peak hour trips at a much higher rate than retail space that will replace them and, therefore, the proposed expansion is replacing high-generating land uses with lower-generating ones. Here are the trip generation rate comparisons:

Trip Generation Rates (trips per 1,000 sf)

	<u>Daily</u>	<u>PM Peak Hour</u>
Retail (a)	34.4	3.35
Fry's (b)	45.2	8.15
Cinema (c)	107.2	4.74

Notes: (a) ITE *Trip Generation Manual, Ninth Edition, 2012*

Retail rate includes restaurant and office space on the site

(b) Based on empirical counts at the Fry's Store

(c) San Diego Association of Governments, *Brief Guide of Vehicular Trip Generation Rates, 2002*

So when the overall expansion project is viewed, 81% of the space being demolished is generating trips at a higher rate than the land uses which will replace it. The resulting trip generation is shown on the next page.

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Project Trip Generation

Existing Mall

	<u>Size (sf)</u>	<u>Daily</u>	<u>PM Peak Hour</u>
Retail (a)	509,137	19,560	1,893
Fry's	46,200	2,081	375
Cinema	<u>17,500</u>	<u>1,876</u>	<u>83</u>
Total	572,837	23,517	2,351

Proposed Mall

	<u>Size (sf)</u>	<u>Daily</u>	<u>PM Peak Hour</u>
Retail (a)	696,509	23,979	2,335

Difference	123,672	462	-16
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Note: (a) trips include retail, restaurant, medical office, and office on site.

Because of the difference in trip generation rates, the 63,700 sf of Fry's and cinema that are being demolished generate approximately the same number of afternoon peak hour trips as the 123,000 sf of new retail space. The proposed Project will generate more traffic than the existing mall over the course of a day, but the afternoon peak hour trips will remain essentially constant.

There was a question as to the veracity of the cinema numbers since the cinema is now closed. The intersection traffic counts for the study intersections were taken in 2008-2010 when the cinema was in full operation. Therefore, the background numbers for the EIR all include the cinema at full operation.

2. PROJECT PHASING

The Project Phase 1 and Phase 2 can be supported by the existing roadway system because the size of both Phases was planned with traffic limitations in mind. Trip generation of Phase 1 and Phase 2 was limited to the level of traffic that would not cause a significant impact at any of the study intersections.

Phase 1 was limited to a trip generation of 147 trips in the afternoon peak hour so that the intersections of Sepulveda Boulevard & Rosecrans Avenue and Sepulveda Boulevard & Marine Avenue would not be significantly impacted. With the removal of the cinema and some restaurant space, the trip limit in Phase 2 was 176 new afternoon peak hour trips. Both of these trip limits resulted in an increase in the volume-to-capacity ratio at the two key intersections of less than 0.010 (the City's threshold for significant impact).

The Applicant is now considering accelerating the demolition of the cinema (into Phase 1) and perhaps increasing the size of the department store expansion slightly. As long as the total number of weekday afternoon peak hour trips stays close to the totals shown in the DEIR (i.e.,



147 trips in Phase 1 and 176 trips in Phases 1+2), the Project can be built with no significant impacts on the key study intersections.

So, in effect, traffic limited the design and the size of the early Phases of the Project and therefore, Phases 1 and 2 can operate satisfactorily prior to the closing of the Fry's store.

3. PARKING SUPPLY

Why will the Project need more parking if the number of trips stays the same? The answer is similar to the trip generation question – but in the other direction. While the Fry's store generates more trips per 1,000 sf than does retail, the length of stay of a Fry's customer is much shorter. Therefore, the Fry's can actually be served by fewer parking spaces. It only "feels" busier at the Fry's Store parking lot because of the high level of parking activity on the Fry's upper parking lot. In reality, the vast majority of the Fry's parking supply is in the culvert and is very underutilized because it is not convenient.

As an extreme example, think of turning a building with a 7-11 store, a donut shop, and a liquor store into a Macy's department store. The three convenience-type stores serve a customer that stays in those stores for a few minutes per visit. Let's say those stores totaled 50,000 sf (an unlikely high number). Those three stores would likely be well served by a parking lot with 50 spaces. When that same square footage was turned into a Macy's store, the parking requirement would be 200 spaces because the customers stay inside the Macy's store for an average of 90 minutes as opposed to the 10-15 minute visit in the convenience stores. Yet the convenience stores generate more traffic than does the Macy's store.

The same phenomenon occurs in the proposed Manhattan Village Shopping Center Project. The Project replaces Fry's customers who stay 30 minutes per visit with shopping center retail or restaurant customers who stay for an average of 90 minutes per visit.

When the math is done to compare length of stay characteristics, replacing the short-term Fry's parking demand with longer-term retail/restaurant parking demand would require an additional 204 parking spaces just to account for the Fry's store building area.

So the change in land use from one that generates a short-term parking duration to one that requires a longer-term length of stay results in additional parking spaces needed to serve the new land use combination.

CONCLUSION

Because of the change in land use from one type of retail to another (Fry's and cinema to shopping center retail/restaurant), the proposed Manhattan Village Shopping Center will:

1. Generate a similar number of afternoon peak hour trips as the existing project because high trip generation land uses are being replaced with lower trip-generating land uses, and



2. Require more parking spaces to support the expanded shopping center because the Fry's store serves customers who stay in the store for an average of only 30 minutes at a time while the retail/restaurant uses in the expanded center will serve customers with a 90-minute average length of stay.

The building program for Phase 1 and Phase 2 of the Project has been sized so that the new trips from each Phase would not cause a significant impact at any of the study intersections. The Project has, in effect, been designed by limiting the amount of development in each Phase to the level of traffic that could be accommodated by the street system.