CITY OF MANHATTAN BEACH [DRAFT] PLANNING COMMISION MINUTES OF REGULAR MEETING JUNE 26, 2013

A Regular Meeting of the Planning Commission of the City of Manhattan Beach, California, was held on the 26th day of June, 2013, 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: Andreani, Gross, Paralusz, Chairperson Conaway

Absent: Ortmann

Staff Present: Richard Thompson, Community Development Director

Laurie Jester, Planning Manager Lieutenant Andrew Harrod Traffic Engineer Erik Zandvliet

Rosemary Lackow, Recording Secretary

City Consultants: Stephanie Eyestone-Jones, Matrix Environmental

Patrick Gibson, Gibson Transportation Larry Kosmont, Kosmont Associates

2. APPROVAL OF MINUTES – June 12, 2013

Commissioner Gross requested that on Page 3, in the third paragraph, last sentence, "main" be changed to "maintain".

A motion was MADE and SECONDED (Andreani/Paralusz) to **APPROVE** the minutes of June 12, 2013, as amended.

AYES: Andreani, Gross, Paralusz, Chairperson Conaway

NOES: None ABSENT: Ortmann ABSTAIN: None

3. **AUDIENCE PARTICIPATION - None**

4. PUBLIC HEARING

Manhattan Village Shopping Center Enhancement Project, Final Environmental Impact Report (FEIR), Master Use Permit Amendment, Variance (Building Height), and Sign Exception/Sign Program, located on the east side of Sepulveda Boulevard between Rosecrans Avenue and Marine Avenue (2600-3600 North Sepulveda Boulevard, and 1220 Rosecrans Avenue).

Chairperson Conaway announced the hearing item and Community Development Thompson made introductory remarks, noting that the hearing protocol would be similar to the prior hearing whereby the public would be invited to give testimony first, before the Staff presentation.

AUDIENCE PARTICIPATION

Chairperson Conaway opened the public hearing and invited testimony.

DeAnn Chase, 17 year resident on Larsson Street, and outgoing Chair of the Board of Directors of the Manhattan Beach Chamber of Commerce, noted that the Chamber has been working closely with the mall in educating the community on the importance of keeping sales tax within the city to pay for city services. She urged that the project be allowed to go forward as it will be a big improvement in the retail options for residents and overall a big benefit for the City.

Darryl Rosen, real estate agent, lives in the Tree Section, stated his support for the project and urged approval so the mall can improve as is needed.

Aaron Eveland, resident on 35th Street, supports the project as he believes that the center is rundown and needs renovation to attract more people to shop. He cited a Marina Del Rey center that is owned by Reef that has recently been successfully renovated.

Bob Scott, 39 year resident on Poinsettia, spoke in support of the project in that it will give those living near the mall more restaurants and places to shop within walking distance and feels overall will be a big improvement.

Robert Bush, resident, noted the proposed square footage being added and urged that the Commission consider carefully what about the project will be good for Manhattan Beach residents, including the fact that no public financing is needed, and it will be a benefit in that more stores will be provided bringing in more revenue. He advised that the Commission carefully consider the project's parking structure plan.

Richard Ackerman, longtime resident on First Street and former Planning Commissioner who served when the original mall was approved, and recalled at that time, sales tax was needed as a hedge against the loss of property taxes due to the passage of Prop 13. His main concerns now are: the amount of compact spaces, the parking ratio and traffic flow. He expressed two particular concerns about traffic flow: first at the entrance from Marine which should be widened, he has concern of backup of cars to Sepulveda, he feels the location of the valet parking area may be too close to Sepulveda, causing congestion and backup to the boulevard. He requested that the Commission look into relocating the valet area to allow more loading/unloading farther from a major entry point.

Mark Neumann, 15-year City resident and Hacienda Building (3500 Sepulveda) owner expressed concern about public noticing for this hearing. He believes that the existing uses for his commercial building on the project site will be more restricted compared to his existing entitlement as there will be a new cap on bank and medical offices. He wants to see the project built but has further concerns: he wants to see a detailed construction parking plan; compatibility of a dog park adjacent to his building where there are high quality offices; concerned with a condition proposed by Staff that would delay installing some parking spaces near his building to Phase 2 instead of Phase 1 as he thinks those spaces are needed for Phase 1. Mr. Neumann concluded by noting that the settlement agreement between the Hacienda Building and mall owners in which he agreed to calls for 2, not 3 story parking decks, is a private document and questioned why it has been made a part of the public staff report.

Bill Victor, property owner in the City since the late 70's, voiced objection to the project stating that he likes the center and its existing size and complement of businesses and urged that the center renovate but retain its existing scale, and small town image.

Neil Boyer, longtime resident, objects to the project on the basis that it is too big, will compromise the small town atmosphere of Manhattan Beach and will worsen traffic on Rosecrans. He objects to loss of open space on the site and 3-story parking structures.

Lisa Krigsman, 1031 33rd Street, presented comments prepared by her husband Mark -stating concerns including large size of the project, adequacy of parking, traffic impacts, including cutthrough traffic in the Tree Section, need for zone variances and economic issues. She stated he has an understanding that Apple has a new long term agreement and questions the accuracy of prior stated economic data. While revenue is important, the concern is whether the net new revenue will be worth the impacts and new demands for city services such as police protection and uncertainty about Fry's future at the center is having a big effect on the entire site plan. She suggested that the ravine between Fry's and the main site be used for parking with a small structure built in the northeast close to Macy's.

Phil Rancek, works at Manhattan Village Macy's and he has observed over the years that a lot of residents buy cosmetics at Macy's but not clothes, and that the mall needs to upgrade stores, including having more stores for men. He believes the parking structures at The Grove in Los Angeles are an example that while they are tall, are also very attractive and safe with easy access.

Chris Prodromides, Oak Street resident is concerned that many neighbors may still not be aware of the project. He is concerned with the scale of the project and projections for over 20% growth, and he questions the urgency of the project if Apple has already committed to a long term lease; believes that Macy's being on board is a critical factor. He suggested that provision for a new garage near Macy's should be in Phase I and suggested that an art movie theater would be a good use on the site.

Karol Wahlberg, resident, agrees with speaker comments that an art theater would be a great addition, and believes the quality of Macy's, and is concerned about traffic impacting the Tree Section.

Scott King, longtime resident, thinks the bigger picture needs to have more focus. He is concerned that the argument being put forward regarding Apple may be faulty and believes that the questions that should be asked have to do with center's future. He believes that the proposed expansion is necessary.

Khryste Langlais, owner of Babycakes Bakery, in Torrance, would like to open a second location in the mall and supports the project.

Cindy Baeuchler, resident of the City, works at California Pizza Kitchen in Manhattan Village; worked at the original Buffum's when it first opened, and stated that she doesn't think much has changed over time and supports the project in that it will enhance the shopping experience.

Lynne White, incoming Chair of the Board of the Manhattan Beach Chamber of Commerce, emphasized that the mall needs improvement, dining options, and more business and is currently fragmented with a very limited shopping experience. She supports the project in that more shopping translates to tax revenues and the ability of the City to pay for improvements and services which in turn boost property values. She supports beautification at both ends of the project on Sepulveda (Rosecrans/Marine) and better parking.

Jim O'Callaghan, Manhattan Beach Chamber of Commerce, emphasized the mall is an opportunity for businesses to expand and stay in Manhattan Beach. The Chamber is working with the City on an economic development plan for the future, and the proposed plan is consistent with this effort.

Mike Don, Manhattan Beach resident, with the South Bay Bike Coalition, noted that there has

been little planning for bikes and appreciates that the private developer is considering bike facilities on the site.

Craig Cadwallader, South Bay Surfrider Foundation, mentioned one of their initiatives is promoting outdoor smoking bans, and understands that the project applicant may be willing to work with the City and Surfrider Foundation to find measures to protect people and the ocean from cigarette pollution such as second hand smoke and litter.

Seeing no other speakers, Chairperson Conaway closed the public hearing and invited Staff to make a presentation.

Community Development Director Thompson introduced the staff and consultants who would present, including Larry Kosmont, Kosmont Associates, an economic consultant hired by the City, who will make a presentation to address the "right-sizing" of the center from an economic point of view. Director Thompson then introduced Planning Manager Jester who went through the main issues of the Staff Report, including the draft Resolutions of Approval.

Ms. Jester noted late letters received and introduced other City representatives present to answer any questions include the EIR consultant, Stephanie Eyestone-Jones, Pat Gibson, Gibson Transportation, City Traffic Engineer Erik Zandvliet, and from the MBPD, Lieutenant Andy Harrod. Ms. Jester noted that the planning staff worked closely with all city departments and consultants throughout the process including preparing the conditions of approval.

In response to an inquiry from Chairperson Conaway, Ms. Jester explained that the order of acting on the resolutions is first, the EIR certification, which is a state requirement, and following that, the Master Use Permit (MUP/Sign Exception and Program/Height Variance) which is a City zoning requirement. Ms. Jester proceeded with a detailed Power Point presentation that covered the main Staff Report issues. She pointed out that there is a condition proposed that requires that the design of the Fry's parcel be approved prior to approving construction permits for Phase 2 to keep that phase alive and progressing. Some specific conditions include a prohibition of large visitor attracting uses (such as a skating rink); requirements for onsite and offsite roadway circulation improvements, and a requirement to have 50 parking spaces relocated from the north structure to the northeast structure, which would be installed in Phase 2. Other issues addressed in the Resolution conditions include soil conditions, traffic circulation, lighting, public safety and security, project economics and allowed square footages. Ms. Jester explained the allowed square footage and the equivalency factors that are in the EIR and caps on restaurants and medical are based on parking requirements. Ms. Jester emphasized that all prior site approvals and related entitlement conditions including for the Hacienda Building are included in the attached resolution, including a Sign Program. Ms. Jester concluded by noting that a half page ad of this hearing was published and the Staff recommendation is to conduct the public hearing and adopt the two Resolutions of approval.

In response to questions from Commissioner Paralusz, Planning Manager Jester stated that the comments from the owner of the Hacienda Building, regarding a construction management plan, is included as condition 49 in the draft resolution, and the settlement agreement noted only as historical information. Ms. Jester additionally responded that while the Commission can consider a request by the owner of the Tin Roof to extend closing time to 2:00 a.m.

Regarding the capping of office and medical uses being capped, Ms. Jester explained that this is based on the parking demand study which is higher for these uses.

In response to a request by Commissioner Gross, Planning Manager Jester explained that the General Plan is the vision of the community, a "living document" in that it is amended over time

to address community needs. In the Land Use Element the Sepulveda Boulevard commercial area where the mall is located is designated as regional serving with various supporting policies and goals. In response to another question from Commissioner Gross, Ms. Jester identified two key areas where the applicant disagrees with Staff including relocating of 50 parking spaces and the timing of Phase 3 development.

In response to questions and comments from Commissioner Andreani, Planning Manager Jester explained that, while it is proposed to prohibit compact sized parking spaces, an exception has been included to address cases where specific physical conditions, such as at some corners where a full sized space may not fit; and Ms. Jester clarified, that the relocating of 50 parking spaces would affect the north parking structure in Phase 1 by making the top, third level 50 spaces smaller, allowing that deck to be pushed back, to give some architectural relief. Regarding a lighting dimming requirement (condition 10), Commissioner Andreani asked for clarification on the meanings of "mall closing hours" and whether automatic dimming would be feasible. Ms. Jester clarified that Staff would like to work out with the Police Department on this issue. Commissioner Andreani added that she felt that the public noticing has been very good.

In response to a request for clarification from Chairperson Conaway regarding how the proposed caps on restaurant and medical office square footage compares to the existing entitlement, Planning Manager Jester explained that in the current permit there is a specific cap for restaurants but not for medical and dental offices. The need for a cap on these uses is based on parking demand. Ms. Jester confirmed that the Hacienda Building currently does not have a cap for restaurants and medical offices, but that building is subject to the caps for the entire center. Theoretically, if the medical office cap was reached, and a medical tenant vacated somewhere else in the center, it could be replaced in the Hacienda Building.

In response to a question from Commissioner Gross, Planning Manager Jester explained that equivalency factors relate to traffic generation of various uses, and the caps on square footage of uses are parking related. For example, referring to the EIR: 10,000 square feet of retail is equivalent to 14,000 square feet of office.

Chairperson Conaway noted that he had questions regarding the Sign Program portion of the Resolution, stating concern with the amount and height of signs and asked if this could be pulled out and reviewed and approved later. Director Thompson stated that the Commission could establish a cap and Staff would be comfortable with this. Chair Conaway indicated he would hold his questions regarding signage for now. Planning Manager Jester responded to the Chair's questions about how the conditions for softscape would apply specifically to the parking decks, where large areas of hard parking surface or cars could be visible. Ms. Jester indicated that in the landscaping plan conditions section, more detailed requirements or specifications can be included by the Commission and that the code actually doesn't have softscape standards for parking structures, so the one tree per ten spaces requirement in the conditions now is considered an enhancement of the code. In response to the Chair's questions regarding security and having unmanned cameras for the parking decks, Lieutenant Harrod stated that the Police Department suggests using a similar camera system as in the Metlox parking structure, whereby cameras are monitored and images are recorded. Discussion turned to the possibility of providing an emergency call system and Lieutenant Harrod stated that a key issue is to maintain physical access for all types of emergency vehicles.

Director Thompson added that a call system with a blue light beacon was implemented in the Veteran's Parkway, but eventually was removed because it was found that most people use their cell phones in emergency situations. Lieutenant Harrod responded to further inquiry by the Chair, that parking structures need frequent patrolling coupled with security cameras, and that private security at Manhattan Village would be equivalent to what the City's Police Department would

do, and with similar equipment, and that generally the City has a very good working relationship with the center's private security company.

There being no further questions of staff, Director Thompson introduced Larry Kosmont who made a Power Point presentation entitled "Economic and Market Summary Manhattan Village Shopping center, (MBSC) Revitalization", including an overview of his company and its role in providing information to the City, the evolution of the retail market, deficiencies and opportunities at Manhattan Village, and economics of revitalization. Mr. Kosmont's main points included the following:

- Retailers look to cover their market, and locating anchors is very important.
- The Manhattan Village center has physical limitations, for example pads along the major arterial, Sepulveda are locked in with banks and this in a way diminishes design flexibility.
- The goal for the developer is to have a tenant mix to achieve an "A" quality whereby high rents can be achieved and owner investment is key in accelerating this value.
- It is essential that a long term plan and agreement that involves Macy's and its proposed consolidation be solidified as soon as possible.
- Without revitalization, tenants may go elsewhere
- The City should work towards getting deals done, such as the release from the Men's Store space, so the project can move forward and this this is in the best interest of the citizens.

In response to questions from Commissioner Andreani, Mr. Kosmont indicated that Manhattan Beach does not have a clear mechanism to work cooperatively with other cities as this is a competitive situation and each city wants to capture the best tenants. Cities can work cooperatively on issues such as traffic improvements, however each developer is working with a separate audience. While Mr. Kosmont thought an art theater is a good use, he questioned its feasibility because this is a private sector decision.

Mr. Kosmont responded to questions from Commissioner Gross, stating that he thought REEF was up to the task, noting that they are a long term mall developer and while he doesn't have access to their financial data, he knows that the project is very expensive and will likely not get a return until Phase 2 and many developers would not take that risk without coming to the City for some assistance. In response to a follow-up question regarding the phasing plan, Mr. Kosmont stated that the "win" for the City would be to accelerate Macy's plan, suggesting for example, that the north parking deck, if built in Phase 1 would give Macy certainty, and, finally Mr. Kosmont responded to Commissioner Gross that he believes the REEF team knows what they are doing, but this doesn't mean they should be given a blank check. He emphasized that the City should negotiate good project conditions.

Commissioner Paralusz thanked Mr. Kosmont for his presentation, finding it very helpful and asked his opinion about tying the submittal of a plan for Phase 3 to the Master Use Permit. Mr. Kosmont emphasized that Phase 3 should be carefully considered and there should be some certainty about Phase 3in the Master Use Permit.

There being no further questions from the Commission at this time, the Chair invited the applicant to make a presentation.

Mark English, representing the applicant, REEF, understands there's a good dialogue established that needs to be continued and it was the consensus of the Commission's, that he address first the areas in which REEF is in disagreement with the project conditions proposed by Staff

Using a Power Point presentation, **Mr. English** listed the applicant's "threshold" issues of disagreement, by condition number, with suggestions for condition modification or deletion, including: 4 (Project review); 13a and 14c (Phase 1 and Phase 2 regarding revision regarding 50 parking spaces); 14f (Phase II permitting tied to Phase 3 plan); 32 (Package holding); 38 (EV charging); 41 (Rosecrans median); 43 (Sepulveda/Rosecrans corner dedication); 44 (Village Drive/Rosecrans dedication); 45 (Village Drive/Rosecrans dedication); 48 (Marine/Cedar Way driveway); 50c and 50 g (Traffic, circulation, parking).

In response to a question from Commissioner Paralusz regarding the public comment that REEF has a new agreement with Apple already, **Mr. English** stated that REEF has not signed either a lease or letter of intent with Apple, but is working hard towards an agreement, which may include relocating them to the Pottery Barn Kids store area. The project's success does not hinge on this happening, but it is an important element.

Community Development Director Thompson responded to Commissioner Gross that Staff is prepared to discuss the conditions with the developer, but not tonight. However Mr. Thompson stated he felt that 80% of these items can be resolved. In response to Commissioner Gross question about phasing plan for Phase 3, **Mr. English** stated that the developer is not able to agree with this.

Commissioner Paralusz asked **Mr. English** whether he thought it beneficial to first work with staff before the Planning Commission votes on the project, to which **Mr. English** responded yes if needed because binding conditions need to be carefully considered, but they have indicated their positions and are ready for a vote tonight.

Commissioner Andreani noted regret that the Commission cannot vote at this time, but feels a lot of headway has been reached and understands the biggest issues are phasing and relocating the 50 spaces. Her primary concern regarding Phase 3. **Mr. English** responded that REEF favors a "permitted envelope concept" approach whereby the Commission would approve an "indicative site plan" for the northwest corner concurrent with the overall project approval, and include a condition that requires future review and approval by the Planning Commission of a more detailed site plan.

In response to a question from Commissioner Paralusz as to whether the applicant can agree to **not** locate a parking structure at the NW corner, **Mr. English** stated that there are plan options already on the table to address this issue.

Chairperson Conaway indicated that there are many variables that need to be worked out, and Director Thompson responded that Staff needs appropriate time, suggesting the second meeting in July for the next hearing. Mr. Thompson suggested that the Planning Commission can adopt the resolution certifying the EIR at this time and Staff would work with REEF on a concept plan for Phase 3 and the conditions of approval.

Brief discussion was held on whether to go over the draft MUP resolution, in the interest of advancing the review process. It was agreed that the Commission would wait on going over each condition, and that Mr. English make a brief presentation on background of the plan's evolution, phasing and possible site plans for the northwest corner, Phase 3.

Mr. English addressed phasing and sequencing and how if parking is taken away from Fry's then Fry's may vacate the center immediately. REEF prefers to not lose Fry's before its lease runs out in 2016. In working with Macy's, preconditioning the project on the plan for the northwest corner (condition 14f) is not beneficial. He presented two site plan options including a 2009 plan

that has a parking deck over Veteran's Parkway and an early 2013 plan which has less decking over the Parkway and retail massing near the public streets. There was discussion regarding installing greenscape materials at the upper level, near Sepulveda and **Mr. English** indicated that he would be willing to explore this but the bottom line issue would be whether they can afford this, in that this creates additional front end costs, while demolishing productive leased space.

Chairperson Conaway noted that there appears to be support for an indicative plan. **Mr. English** stated his discomfort with the initial 3-year entitlement approval term, to which Director Thompson indicated that the Zoning Code provides that applicants can request term extensions, which is fairly common. Mr. English stated he is concerned because time extension requests are at the discretion of the City.

Mark Neumann, owner of 3500 Sepulveda addressed the Commission, stating that he is in agreement with REEF as to the conditions of approval and has 3 major concerns: first, he is against the proposal to install 50 parking spaces in Phase 3 rather than Phase 2; second, in condition 4b regarding a ramp, he suggests this be constructed concurrent with the theater demolition, and third, he would like to see all of the existing uses "grandfathered in" and he would like to get the approval tonight if at all possible.

Chair Conaway inquired of Staff as to whether and how Mr. Newman's building uses can be grandfathered in. Director Thompson responded that per square foot, the 3500 Sepulveda building uses are relatively very impactful compared to the entire center, and it is bound by the same Master Use Permit and related conditions and caps as the rest of the center; therefore it is difficult and inappropriate to carve out grandfathered uses just for that building.

Commissioner Paralusz indicated she would not be in favor of expanding existing bank uses beyond what is already existing in Manhattan Village, and Director Thompson responded that Mr. Neumann can exercise his right to request a MUP amendment in the future if he would need to exceed a center wide cap.

AUDIENCE PARTICIPATION

Chairperson Conaway reopened the public hearing, noting that this was the time for the public to add brief comments regarding what they have heard tonight, and requested that comments already made not be repeated, and that speakers limit themselves to two minutes.

Bill Victor, indicated that he has experience legally representing large retailers and commended the Commission for not rushing into making a decision and wait to receive counsel as needed. He asked whether the Commission has considered the loss of revenue that would occur during the construction and renovation process and thanked the Commission for their hard work.

Diane Wallace, resident, asked as to what "the look" of Manhattan Beach would be that could be applied to the center, that it is interesting that the City has such a variety of architecture. She observed that not everyone will be pleased with outcomes, and emphasized that based on renderings so far, the parking structures will have a small town shopping place. Regarding concerns for the Tree Section residents, she urged that the City explore ways to assist those neighborhoods to address traffic (permit parking, or street culdesacs, e.g.) and thanked the Commission for their hard work.

There being no further speakers, Chairperson Conaway closed the public hearing and invited Commission discussion.

COMMISSION DISCUSSION

It was the consensus of the Commission that it begin its discussion by reviewing and adopting a Resolution certifying the project EIR.

Commissioner Andreani expressed two concerns: first, regarding hydrocarbons being in the soil and whether potentially excavation for structure footings could be a significant environmental impact - to which Director Thompson responded that the developer must hold to a condition prohibiting excavations beyond a certain depth which will be carefully looked at in permit plancheck. Planning Manager Jester responded to another question from Commissioner Andreani, that the EIR Mitigation Monitoring Program (Page V-1 of Exhibit A attached to the EIR Resolution) identifies all water agencies involved in the project per condition. Addressing Commissioner Andreani's second main concern, Planning Manager Jester clarified that adoption of the EIR does not preclude, or tie the Commission's hands in applying conditions in the MUP Resolution. The two Resolutions are completely separate documents.

Commissioner Gross requested that on page 1 of the EIR Resolution, "CEQA" be spelled out. Commissioner Gross asked Staff to comment on whether the City has the resources to perform the mitigation monitoring program, to which Director Thompson indicated that this work would be part of the Staff's job as a routine matter but Staff will look into how this will affect staffing resources and make a recommendation when the EIR Resolution is forwarded to the City Council.

Commissioner Paralusz requested that Staff check that the Resolution reference of the environmental document, with "Draft EIR" being abbreviated after page one as "DEIR", and she asked that the reference be consistent throughout.

Commissioner Gross indicated that with these minor changes, he supports the Final EIR Resolution and is ready to approve the Resolution certifying the Final EIR to which there was consensus among his fellow Commissioners, with Commissioner Paralusz adding that the Commission has reviewed this document and related issues during the review of the project along with the MUP and Chairperson Conaway adding comments summarizing how the EIR relates to the MUP, and thanking Staff for doing a great job in preparing such a complex document.

ACTION

A motion was **MADE** and **SECONDED** (Andreani/Paralusz) to **ADOPT** the draft Resolution, as amended, certifying the Final Environmental Impact Report for the Manhattan Village Shopping Center Enhancement Project, adopting findings pursuant to the California Environmental Quality Act and adopting a Mitigation Monitoring and Reporting System.

AYES: Andreani, Gross, Paralusz, Chairperson Conaway

NOES: None ABSENT: Ortmann ABSTAIN: None

- 5. **PLANNING COMMISSION ITEMS None**
- **6. TENTATIVE AGENDA** July 10, 2013 a. 121 20th Street Coastal Development Permit
- 7. ADJOURNMENT

The meeting was adjourned at 11:30 p.m. to Chambers, City Hall, 1400 Highland Avenue	Wednesday, July 10, 2013, in the City Council
	ROSEMARY LACKOW
	Recording Secretary
ATTEST:	
RICHARD THOMPSON	
Community Development Director	