

**CITY OF MANHATTAN BEACH
COMMUNITY DEVELOPMENT DEPARTMENT**

TO: Planning Commission

THROUGH: Richard Thompson, Director of Community Development

FROM: Laurie B. Jester, Planning Manager

DATE: July 24, 2013

SUBJECT 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).

RECOMMENDATION

Staff recommends that the Planning Commission **CONDUCT THE CONTINUED PUBLIC HEARING, DISCUSS THE PROJECT, AND ADOPT THE DRAFT RESOLUTION APPROVING THE PROJECT.**

PROPERTY OWNERS

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)

APPLICANT

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

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and Development Agreement were then submitted in 2012, although subsequently the Development Agreement was withdrawn. 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 and a half years RREEF and their team of consultants have been meeting with the neighbors, tenants, other site property owners, 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.

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. The 45 day public review and comment period for the Draft EIR was June 7, 2012 to July 23, 2012. The Final EIR is complete and was distributed for public review on April 2, 2013. The Draft and Final EIR's are available on the City website, at City Hall and at the Police Department and the Final EIR

was certified by the Planning Commission on June 26, 2013. Subsequently an appeal of that action was filed by Mark Neumann, the owner of 3500 Sepulveda Boulevard, one of the three property owners within the Mall.

A Planning Commission public hearing was held on June 27, 2012 to provide an overview of the project. More public hearings were held on October 3, 2012, and March 13, April 24, May 22, and June 26, 2013 as an opportunity for public and Commission input. The June 26th meeting was continue to tonight's meeting.

DISCUSSION

Project Overview

The approximately 44-acre Manhattan Village Shopping Center site includes an enclosed, main Mall building and several freestanding buildings that provide approximately 572,837 square feet of gross leasable area (GLA), with 2,393 parking spaces. The proposed Project, all three Phases as analyzed in the Environmental Impact Report (EIR), would involve an increase of approximately 123,672 square feet of net new retail and restaurant GLA (approximately 194,644 square feet of new GLA and demolition of approximately 70,972 square feet of existing retail, restaurant, and cinema GLA) within an approximately 18.4 acre development area within the overall 44-acre Shopping Center site. Of the 194,644 square feet of new GLA, up to approximately 25,894 square feet would be new restaurant uses, while up to approximately 168,750 square feet would be 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 GLA, for all three Phases of the project.

In addition, the EIR analyzed a Traffic Equivalency Program that provides the opportunity to build a variety of land uses currently permitted by the Master Use Permit for the Shopping Center as long as there is not an increase in traffic or other environmental impacts. With implementation of the Equivalency Program, a maximum of 133,389 square feet of net new GLA. This includes 204,361 square feet maximum of new GLA and demolition of approximately 70,972 square feet of existing retail, restaurant, and cinema GLA, for a total of 706,226 square feet GLA. This is 9,717 square foot increase over the 123,672 square feet of GLA without the Equivalency Program.

The proposed Project would also include new on-site parking structures and surface parking areas that are proposed to provide at least 4.1 parking spaces per 1,000 square feet of GLA. Heights of new shopping center buildings and parking facilities would range from 26 feet to up to 42 feet, plus mechanical, elevators, architectural features and lights poles which can add up to an additional 14 feet in height. The increased height requires a Variance. The existing Macy's building is about 42 feet tall.

The certified Final EIR for the project includes all three Phases of development. The Master Use Permit Amendment had previously only requested approval of Phases I and II, but at the June 26, 2013 Planning Commission meeting the Commission had requested that Phase III, Northwest corner (Fry's) be included on a conceptual level and then come back in the future for further Planning Commission and public review when the design is further refined. Although the EIR only covers the 18 acre development site, the Master Use Permit and other land use applications cover the entire 44 acre site. The Draft Resolution of approval is included as Attachment A.

As currently proposed, Phase I- Village Shops includes the demolition of 22,144 SF (Theaters and See's Candy building) and the construction of 63,300 SF for a net increase of 41,156 SF. This would bring the new total square footage for the entire Mall, including CVS, Ralphs, the freestanding restaurants and banks etc., to 613,993 SF. Parking would increase by about 265 net new spaces to 2,658 total parking spaces with the addition of surface parking as well as 2- three level parking structures, which creates a parking surplus of about 140 spaces for future Phase II use. Phase II- Northeast corner includes the demolition of 2,628 SF (restaurant by the Theaters), the "decommissioning" of 8,656 SF (main mall reconfiguration of tenants) and the construction of a 60,000 SF Macy's expansion for a net increase of 48,716 SF.

Phase III, the Northwest (Fry's) corner is a concept plan with two general options shown on sheets 2-4, 9, 26 and 43-50 of Attachment D, the plan packet. These are only conceptual plans, they require further refinement, and do not reflect the final site plan, layout, elevations, parking or design. The final design will be returning to the Planning Commission for approval at a future meeting. Phase III would include the demolition of the Fry's building (46,200 SF) and the construction of a maximum of 80,000 SF, for a net increase of 33,800 SF. Portions of the lower level parking lot, the former railroad right-of-way, would be decked over to tie the site together and provide additional parking and building pads.

Overall, parking would increase by about 194 spaces for a total of 2,928 spaces on the site. With completion of Phase III, this would bring the new total square footage for the entire site to 696,509 SF. The total square footage proposed is under the square footage analyzed in the EIR.

Some common area portions adjacent to Phase III, including the culvert parking area, an area set aside for a proposed "dog park", pedestrian and bike connections under Sepulveda, and pedestrian, bike, transit and traffic improvements, will be developed with Phase I in order to integrate the entire site, as feasible coordinating with the Sepulveda Bridge widening project. Phase III includes integrating the Fry's parcel, the extension of Cedar Way north to connect to Rosecrans Avenue, and new buildings north of the Phase I- Village Shops north parking structure and to the west of the Phase II-Macy's Expansion northeast corner parking structure, as well as potentially the expansion of the Phase II parking structure with two additional levels.

Planning Commission Meeting – June 26, 2013

At the last public hearing on June 26, 2013, the public hearing was held at the beginning of the meeting to provide an opportunity for more extensive public comments. Staff, the City's Economic Consultants and the Applicant then made presentations, with the applicant focusing on ten conditions that they had the most concern with. The public hearing was re-opened and more audience participation was provided, as well as a wrap-up by the applicant. The Planning Commission then discussed the proposed project. The comments from the public as well as the Commission are included in the draft minutes. (Attachment C) The Commissioners provided a number of comments on the draft conditions which staff incorporated into the revised draft that is included as Attachment A. The Commission directed staff and the applicant to work together to try to come to a consensus on the conditions where there were disagreements. The Commission certified the Final EIR, adopted the Mitigation Monitoring Program for the EIR and continued the public hearing to tonight's meeting.

Draft Resolution-Conditions of approval:

Planning staff, the City Attorney, and other Departments have spent many hours in the past several weeks meeting with the Developer and their team to refine the draft conditions of approval to try to reach agreement on all of the conditions. Staff and the applicant agree on most of the conditions, however a number could not be resolved to both parties satisfaction. The applicant will present information at the meeting that highlights their key concerns on the draft conditions of approval in the Resolution.

The applicant has indicated that they would also like the Planning Commission to approve the Sign Exception/Master Sign Program with the Master Use Permit. Draft findings and a condition related to signage is included as Attachment B. Pages 83 through 93 of the applicants plan packet (Attachment E) shows the proposed signage. Staff is recommending that action on the complete Sign plan be deferred and addressed at a future separate meeting when the Commission has the opportunity to thoroughly review the proposal. The Fry's signs are important to address now as they relate to the existing lease and are impacted by the Sepulveda Bridge widening, so they are include in the draft Resolution. The existing Sign Program approval will remain in place until action is taken on the new proposal.

Draft Resolution – Facts, findings, criteria

The Manhattan Beach Municipal Code has specific purposes, criteria, authority, conditions and findings required for the Master Use Permit Amendment and Variance, for building height as well General Plan and Sepulveda Development Guidelines goals, policies and programs findings, as detailed in the Draft Resolution (Attachment A). The applicants Land Use applicant packet and revision (Attachment D) also discusses the required findings. The Planning Commission is required to make findings that the project is consistent with all of these criteria in order to approve the project. These findings are separate and different from the EIR certification which is based on the determination that there is no significant environmental impact.

Public review and comments

No comments have been received since the last meeting. The City has provided an entire webpage devoted to the Mall project with links to all of the staff reports, minutes, presentations and EIR documents at

<http://www.citymb.info/index.aspx?page=1629>.

The Planning Commission decision will be reviewed by the City Council at future noticed public hearings on the Final EIR, Master Use Permit Amendment and Variance, which will be combined with the Final EIR appeal hearing. Staff is recommending that the Planning Commission will hold future hearings on the Master Sign Program/Sign Exceptions and take separate action on those applications.

CONCLUSION

The purpose of tonight's meeting is to present the final project concept plans, the Master Land Use Applications (Master Use Permit Amendment and Variance) and the draft conditions of approval to the Commission and the community, and provide an opportunity for questions, discussion and comments, and take final action. Staff recommends that that Planning Commission accept a brief introduction from staff, take public comments, accept Staffs presentation, then the applicants presentation, discuss and take action on the applications by adopting the attached draft Resolution, Attachment A.

Attachments:

- A. Draft Resolution No. PC 13-XX- Master Use Permit Amendment and Variance (building height), and Exhibit A- Leasable Area Tabulation –June 18, 2013
- B. Draft Sign Exception and Master Sign Program potential findings and condition
- C. Planning Commission Draft Minutes-June 26, 2013
- D. Applicant Master Land Use revised project description and Application packet - Dated July 11 and June 19, 2013
- E. Planning Commission Plan packet-from Callison; applicants architect-dated July 24, 2013

c: Chuck Fancher, Fancher Partners, LLC
Mark English, RREEF