

**CITY OF MANHATTAN BEACH
PLANNING COMMISSION
MINUTES OF REGULAR MEETING
MARCH 29, 2017**

A Regular Meeting of the Planning Commission of the City of Manhattan Beach, California, was held on the 29th day of March, 2017, at the hour of 6:30 p.m., in the City Council Chambers, at 1400 Highland Avenue, in said City.

1. ROLL CALL

Present: Bordokas, Conaway, Ortmann, Chairperson Apostol
Absent: None
Staff Present: Laurie Jester, Planning Manager
Michael Estrada, Assistant City Attorney
Ted Fatuross, Assistant Planner
Rosemary Lackow, Recording Secretary

2. AUDIENCE PARTICIPATION (3-minute limit) – None

3. APPROVAL OF THE MINUTES

03/29/17-1. Regular meeting – March 22, 2017

Planning Manager Jester noted that the draft minutes took longer than anticipated and are still under review and will be brought to the Commission at the next available meeting.

4. PUBLIC HEARING

03/29/17-2. Consideration of a Use Permit for the Expansion of an Existing Retail Use that Would Result in a Retail Space Over 1,600 Square Feet of Buildable Floor Area Located at 1115, 1117, 1121 Manhattan Avenue (Skechers USA, Inc.)

Chair Apostol announced that he analyzed the fact that one of his business partners is affiliated with Skechers, and after discussing this with the City Attorney, in order to avoid any impropriety, and out of an abundance of caution, he is recusing himself from tonight's hearing and turned the meeting over to the Vice-Chair.

Vice-Chair Ortmann announced the public hearing item and invited staff to make a presentation.

Ted Fatuross, Assistant Planner, distributed late attachments and provided a slide presentation, explaining the location of the subject request and that the Downtown Specific Plan (DTSP) is not yet in effect, pending action by the Coastal Commission. He explained that until the DTSP clears coastal approval, an Interim Zoning Ordinance (IZO) adopted in June, 2016 applies. He noted that the DTSP implements maximum sales floor area (SFA), maximum individual tenant frontage and a minimum façade transparency. He also noted that unlike the DTSP which is based on sales floor area (SFA), the IZO use permit trigger is based on Buildable Floor Area (BFA) however in both cases, there is a 1,600 square foot maximum that triggers a use permit. With the project, under the IZO, the BFA for the Skechers space would increase from the existing 3,435 square feet to 4,829 square feet, and under the DTSP, the SFA would increase from 1,394 to 2,183 square feet (36.44% over the DTSP's 1,600 square foot sales floor area use permit threshold. In either case, a use permit is required by exceeding the 1,600 threshold and because the interior space is being enlarged and merged with the vacant adjoining space. Mr. Fatuross also went over the issues of tenant frontage and minimum façade transparency noting the IZO does not address individual tenant frontage. He explained that the project will provide three different architectural styles to break up the façade and the application will meet the façade transparency regulations under the DTSP as well as a proposal to add some visual treatment on the Manhattan Beach Boulevard side. Mr. Fatuross concluded by describing the proposed findings for the Use Permit and the IZO and the Staff

recommendation: is to adopt the draft resolution, approving the Use Permit based on findings, including that the retail expansion will contribute to a thriving downtown which is a goal of the Specific Plan.

The Commission agreed to hold questions until after receiving input from the applicant and the public. Vice-Chair Ortmann invited input from the applicant.

Tim Ball, VP, Commercial Development for Skechers, noted that the next door retail space is very important to them, being the location of the first store opened in 1995 and their corporate office is located across the street. This store has become a showcase for their business around the world and they believe this stimulates additional business and visitors to the City. They need the additional store area because they have outgrown the present location. Mr. Ball presented slides showing renderings of the proposed changes to the interior, emphasizing that the intent is to have the expanded area look on the outside as a separate storefront. They want to maintain the charm of downtown.

Vasilis Pappadatos, project architect, explained the goal, in that, as Skechers is evolving into a lifestyle brand the purpose of the interior pass through is to provide a physical passage from the existing store into the new area which will showcase the new performance/lifestyle line of products. He pointed out an area on a blank wall facing Manhattan Beach Boulevard where they propose that local art be displayed.

PUBLIC HEARING

Vice-Chair Ortmann opened the public hearing and invited interested parties to address the Commission, asking that speakers try to keep to 3 minutes as much as possible.

Carol Perrin, 312 17th Street, speaking as an individual and as a member of the Downtown Residents group, believes the main question tonight is whether this project is good for the community. While this is being judged under the IZO there are limitations in the DTSP that this project exceeds. She questioned how the square foot was calculated (e.g. separating the cashier area) and expressed concern that the project would appear more like a "big box retail". Further she does not see how having the same business occupying so much of this block, one of the most important and prominent Downtown, will encourage the vitality of the Downtown. She does not believe it will be an incentive for residents to come shop Downtown and the proposal is inconsistent with the Specific Plan goal to maintain a small town character. Ms. Perrin also stated that Skechers should withdraw their application.

George Kaufmann, downtown resident, emphasized how much time, effort and thought went into the DTSP and this project tests and puts the adopted Plan in jeopardy. This proposal triples square footage under the IZO and still significantly exceeds the DTSP limits, which the community felt limits tie in to small town feel. He urged that the Commission send a clear message that the IZO and DTSP are important and that Skechers should be required to follow the rules.

Suzanne Lerner, resident at 124 10th Street for 30 years and retailer downtown for 17 years across from Skechers. She appreciates what Skechers is an important partner with the community that this is a difficult issue. She indicated that the Commission and City Council approved the DTSP after a lot of hard work on behalf of all the residents to maintain a small town feel. She urged that the Commission support the IZO and the DTSP and asked if the project is approved to make sure the facades look extremely different, since as proposed, they do not look different enough.

William Victor, long time downtown resident, appreciates that Skechers has been a great partner, but believes now it is time for them to show their concern for the citizens who want a small town atmosphere. In developing the DTSP the size of buildings was a very important issue, and this proposal will set a precedent for other Use Permits. The commercial presence of Skechers is everywhere and what is really wanted is more diversity. Exceptions for storefronts larger than 35 feet should be based on some hardship or urgency, but that is not the case with Skechers which is a very successful business.

1 **Martha Andreani**, lifelong resident, opposes the expansion because it goes against the standards that the
2 community established to maintain small scale and character and it discourages other small retailers from
3 going in to this space. Even if a condition is imposed to make the spaces look like 3 separate stores, it will
still be one large store. She appreciates the charity of Skechers, but feels this will set a bad precedent for
big box looking stores and will not encourage the scale of development the community wants.

4 **Kathy Clark**, lives downtown and walks through it daily and she doesn't feel like the proposed store will
5 look like anything but a single large business. She says the General Plan goals say that they want a small
6 town village character, and she believes that businesses should be eclectic and diverse and that we don't
want our small city to become a company town. She indicated we spend a lot of money on the DTSP and
suggested the initiative process may be the only way that the citizens can be assured that they will have
their values listened to.

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8 **Karol Wahlberg**, is representing the Manhattan Beach Residents Association and personally worked hard
9 on the DTSP. She thinks this is almost a quid pro quo situation, she finds this very disturbing and has
concern about the city becoming a company town. She agrees with the prior speaker that having eclectic
and diverse businesses downtown is very important and urges that the DTSP be enforced.

10 **Neil Levanthal**, 128 13th Street, stated there is no doubt as to Skechers commitment to the community.
11 However he urges that the Commission not approve this project as he feels that it is in conflict with the
General Plan and subverts the DTSP. He does not believe that the project is consistent with the goal to
12 maintain a small town village atmosphere, and the proposed façade is an artful effort to cover that inside
there is a store that is vastly larger than provided for in the DTSP. He also noted that attracting visitors
13 from all over the world to see the store as a flagship may not be a good thing.

14 **Phil Reimert**, 1212 Highland Avenue, asked what the negative ramification would be if this was not
approved, would Skechers relocate their store?

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PLANNING COMMISSION DISCUSSION

Vice-Chair Ortmann closed the public hearing, and invited the Commission to ask further questions and
discuss.

18 **Alan Walker**, VP of Store Design, Skechers, clarified for Commissioners Bordokas and Conaway the
19 "artist façade" elements shown on the project plans. Mr. Walker explained that on Manhattan Avenue, in
lieu of a sign, as a gift to the community, Skechers would like to create and install a piece of local art in
the space above the awning above the middle space on Manhattan Avenue. Mr. Walker also clarified that a
20 large blank space on the Manhattan Beach Boulevard facade would also have some type of art to provide
visual interest. The words "private realm development design guidelines" are a placeholder until the
21 specific design element or art could be defined. Skechers envisions that the façade installations would
come from local artists depicting a beach or surfing theme. Skechers would submit a proposal to the
22 Community Development Department for approval which would entail some sort of coordinated review
process.

24 Planning Manager Jester clarified that the term "Private Realm Development Design Guidelines" is a
direct reference from the Downtown Specific Plan.

25 In response to requests from the Commission for further clarification, **Assistant Planner Fatuross** stated
26 that the project is not a major renovation that triggers code compliance in that the construction entails a
less than 50% structural alteration of the building. In response to a follow-up inquiry regarding plans for
27 the adjoining office block structure at 228 Manhattan Beach Boulevard, **Tim Ball**, Skechers, stated they
are preparing preliminary design with an architectural theme of "beachy relaxed office" for that building
28 which has a lot of deferred maintenance. Mr. Ball noted that they are also looking to reuse a small ground
floor space that had been retail years ago and that although it has not been yet decided, there is
29 consideration for Skechers retail.

30 **Vice-Chair Ortmann** requested that staff explain the thinking behind the recommendation to approve the
project.

Planning Manager Jester responded that, all codes are written starting with developing goals and policies which form the basis for implementing regulations and guidelines. In the case of the DTSP, the goals that are important include: preserving and maintaining a small town atmosphere, a pedestrian friendly environment, an environment with a variety of goods and services that support the community, and interesting façades. All of these goals have been incorporated into the DTSP regulations and guidelines. When an owner wants to deviate from the regulations, they can go through the use permit process whereby the project can be looked at closely to see what is different about the site that warrants granting some flexibility, where the project will still meet the goals and plan vision. For this project, staff focused on ways the façades are broken up and that the building will maintain the rhythm and pedestrian environment and not look like one giant retailer, as well as providing an opportunity to improve the blank Manhattan Beach Boulevard side façade. Staff also looked carefully at the IZO and DTSP requirements and although the project exceeds the 1,600 square foot sales floor area maximum guideline in the DTSP by about a third, staff did not feel that this would be a significant deviation. In addition, there are findings that are required to be made by the Commission in approving the use permit, which staff felt the project was able to meet.

Vice-Chair Ortmann stated while he doesn't disagree with statements about the façades and visual exterior treatments, he would like staff to further respond to the community objection on the basis that the project square footage will significantly exceed the desired 1,600 SF threshold.

Planning Manager Jester further explained that while staff noted that the proposal is a third over the DTSP 1,600 square foot use permit threshold, and while "significant" is subjective, staff thought this was not a significant deviation. Staff developed a chart through the DTSP containing a comprehensive list of the square footages of downtown retail spaces upon which the standard of 1,600 SF was based and there were a few existing retail stores that exceed 1,600 square feet. Staff believes, also however, that there should be diversity and flexibility, so that individual projects, although exceeding the threshold, can be approved if they would still fit within the downtown and be consistent with the vision for downtown. She indicated that the use permit process allows for deviation, unlike where certain uses, like services stations and veterinary clinics, are strictly prohibited.

Assistant Planner Fatusos suggested that that corner retailers are somewhat special, in that it is not uncommon for those corner businesses to have larger square footage than those occupying non-corner spaces thereby drawing more attention to themselves. It all boils down to what the Commission interprets as "excessive".

Commissioner Bordokas stated her concerns include the potential for grandfathering an approved use, and she is uncomfortable that the retail space at 228 Manhattan Beach Boulevard might be another corporate Skechers store. However what she likes about the application is that it provides a way for the City to have some control such as in enhancing the plain wall on the Manhattan Beach Boulevard side of the building, and also in the design of the Manhattan Avenue frontages. She understands the purpose of the Use Permit in that it gives the City more control.

Commissioner Conaway stated he shares Commissioner Bordokas' concern that without the interior pass-through between the existing store and adjacent tenant space the City will have less control and also acknowledges the community has spoken clearly. He noted that this is a difficult case; while he thinks that in developing the plan there was a large focus on the exterior appearance and façades, etc., but the public has testified that they feel that regardless of the façade treatments the project is a big business which is undesirable. With an approval, the City can have more control over the facades and exterior visual treatments and potentially the City may have two new public art projects, but Skechers is well within their rights to open up the third space as a store without the internal connection.

Vice-Chair Ortmann noted that he finds it troubling that this is the first test of the downtown plan. While he knows that the staff is objective and follows its best judgment, he can't help but wonder if the first test were not Skechers, but more of a small "mom and pop" business use permit that was the first to come before the Commission would the tone of the conversation be the same? However he believes that everything Skechers has done reflects honorably on them and has made the community a better place.

1 **Planning Manager Jester** noted from a staff perspective, it makes no difference who the applicant is and
2 that staff focuses on the project and its consistency with code and related goals.

3 **Commissioner Ortmann** stated he does not doubt that this is the case with staff, but his comments relate
4 more to his own interpretation of the perception of how this application feels.

5 **Commissioner Conaway** stated that he believes that this has been a fair presentation and is more of a case
6 where the Commission needs to decide, regardless of who the applicant is, will this project meet the intent
7 for downtown?

8 **Commissioner Bordokas** suggested that the Commission get past that this is the first test of the DTSP
9 and focus on the project specifics, and whether the City wants to have control over the use at this location.
10 She pointed out, if the Commission denies the application, this would allow for the applicant to open a
11 second storefront and have a third sign on Manhattan Avenue and there may be less improvement or visual
12 treatments.

13 **Commissioner Conaway** proceeded along the line of exercising control by approving the use permit and
14 asked what, if any additional controls might be imposed? He pointed out that some have the design to
15 differentiate the storefronts did not go far enough.

16 **Vice-Chair Ortmann** noted that he thinks that the exterior issues are covered pretty well and that staff has
17 a handle on that.

18 **Commissioner Bordokas** raised the issue of the awning permit on Manhattan Avenue, and **Assistant**
19 **Planner Fatuross** clarified that such would simply require an administratively processed Encroachment
20 Permit and added that the use permit would control and limit the square footage of the sales floor area. A
21 future tenant that would want to increase the sales floor area would need to come back before the Planning
22 Commission with an amendment. Commissioner Bordokas also pointed out that the square footage issue
23 is a standard not "the law".

24 **Vice-Chair Ortmann** asked for clarification as to what is "the law"? **Planning Manager Jester**
25 responded that when the DTSP is certified at the Coastal Commission it will become "law", however,
26 within the DTSP there are guidelines which allow flexibility on a case by case basis, which is different
27 from development standards such as building height, which are often referred to as "the law". Currently
28 the IZO is "the law".

29 **Commissioner Conaway** pointed out that "prohibited" was used in the public testimony and he felt it is
30 important to clarify that the proposed use or square footage is not prohibited, but rather requires a public
31 review process before the Planning Commission. He then polled the Commission as to if were comfortable
32 in evaluating the project under the IZO but through the lens of the DTSP or just the IZO?

33 **Assistant City Attorney Estrada** clarified that in both scenarios, a Use Permit is required for the project
34 and opined that the Commission can use the DTSP including factors and standards in analyzing the
35 project. After a brief discussion, the consensus of the Commission was to look at the project through the
36 DTSP because that is the intent of the interim zoning as well as desire of the community.

37 **Commissioner Conaway** polled the Commission as to whether there were any more questions or issues to
38 discuss. He feels first it's important to dispense with who the applicant is. He heard from eight of nine
39 speakers who were clearly disturbed that after spending a lot of time on the DTSP this project is counter to
40 the adopted goals. However he is persuaded that by the fact that by approving the project with a use
41 permit, the City will have more control and there is opportunity for improvement to two facades. He
42 believes the downtown would be slightly better off with an approval, and thinks one additional condition
43 could be imposed for the betterment of the community, that would address the public art enhancements.

44 **Planning Manager Jester** called the Commission's attention to Condition 4 of the proposed Resolution
45 which addresses the proposal to embellish the Manhattan Beach Boulevard side, and the Commission can
46 modify or add to this condition. She clarified that the City has a public art program that requires a dollar
47 contribution for public art for developments, based on valuation and this money goes into the General
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Fund to be applied towards public art in the community. She is not aware of details, but does not believe that this project, due to its relatively small size would have an art fee.

Commissioner Bordokas asked if there was some way they could condition the project in a way to ensure that the art to be installed by Skechers will be valuable and meaningful and Commissioner Conaway stated that he feels there should be some opportunity for public input. Planning Manager Jester suggested that the project could be conditioned to require that the Cultural Arts Commission review the art or consult with the Community Development Director and that parameters could be established that address maintenance and future installments that would replace the art over time. Vice-Chair Ortmann stated he felt it was important that in the future, all replacement art should be subject to the same initial process with public input.

Vice-Chair Ortmann called on Skechers to address and clarify the public art being proposed and address the concern that the art would be meaningful.

Alan Walker, Skechers VP, stated that the addition of an art piece is Skechers CEO Mr. Greenberg's proposal to give back something to the community and is not intended to be a form of corporate branding. They would welcome working with the appropriate City body, such as the Cultural Arts Commission.

PLANNING COMMISSION ACTION

A motion was made and seconded (Conaway/Bordokas) to **APPROVE** the subject Use Permit to allow the expansion of an existing retail use that would result in a retail space over 1,600 square feet of buildable floor area located at 1115, 1117, 1121 Manhattan Avenue, subject to inserting "subject to the review by the Cultural Arts Commission" after "façade" in condition 4, Section 2 of the Resolution. An amendment to the motion was subsequently made and seconded (Conaway/Bordokas) to further modify condition 4 to read as follows:

"4. Skechers shall submit plans for a local public art piece that provides visual interest on the large, blank Manhattan Beach Boulevard façade, subject to review of the Cultural Arts Commission and to the satisfaction of the Director of Community Development consistent with the design guidelines of the Downtown Specific Plan."

Vice-Chair Ortmann stated that he wanted staff and his fellow commissioners to know how helpful their thoughts, and how they arrived at their conclusions, were to him. However he is still torn because the DTSP was such an extensive public process and the community was so engaged and spoke clearly during the process about issues discussed tonight, and so this first case is very challenging for him to support. However he found the discussion of the Commission and of staff as well as the public art aspect, as very compelling and he will be supporting the staff recommendation because of what he heard tonight. Commissioner Conaway stated that he also found this difficult and hoped that the public is clear as to how they came to their conclusion and understands that this was a struggle for them.

Roll Call:

AYES: Bordokas, Conaway, Vice-Chair Ortmann,
NOES: None
ABSENT: None
ABSTAIN: Chairperson Apostol

Planning Manager Jester announced that the project is approved and this decision will be on the April 18th City Council agenda as a Receive and File item, and this is also the last day to appeal the project.

5. DIRECTOR'S ITEMS

Planning Manager Jester announced that the April 12, 2017 meeting will be likely be canceled.

1 6. PLANNING COMMISSION ITEMS – None.

2 7. TENTATIVE AGENDA – April 12, 2017

3 8. ADJOURNMENT

4 The meeting was adjourned at 8:20 P.M. to Wednesday, April 12, 2017 in the City Council Chambers,
5 City Hall, 1400 Highland Avenue.

6 ROSEMARY LACKOW
7 Recording Secretary

8 ATTEST:

9  FOR AM.

10 ANNE MCINTOSH
11 Interim Community Development Director