

**Agenda Date:** 5/20/2014

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, Acting City Manager

**FROM:**

Richard Thompson, Director of Community Development  
Laurie B. Jester, Planning Manager

**SUBJECT:**

Consideration of Certification of a Final Environmental Impact Report and Approval of a Master Use Permit Amendment, Height Variance and Master Sign Program/Exception for the Manhattan Village Shopping Center Enhancement Project at 2600 through 3600 Sepulveda Boulevard and 1220 Rosecrans Avenue (Director of Community Development Thompson).

**ADOPT RESOLUTION NO. 14-0025 CERTIFYING THE FINAL EIR AND RESOLUTION NO. 14-0026 APPROVING THE PROJECT WITH CONDITIONS CONSISTENT WITH THE CITY COUNCIL MOTION ON JANUARY 14, 2014**

**A- STAFF PRESENTATION - 10 minutes**

**B- PROPERTY OWNER PRESENTATIONS - 10 Minutes Each**

**C- PUBLIC COMMENTS - 1 Minute Each**

**D- CITY COUNCIL QUESTIONS**

**E- CLOSE PUBLIC HEARING**

**F- CITY COUNCIL DELIBERATIONS**

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**RECOMMENDATION:**

Staff recommends that the Mayor conduct a focused public hearing to provide an opportunity for each of the owners/representatives, RREEF, 3500 Sepulveda LLC and Macy's, and the public to comment on the:

1. Draft Resolutions
2. Draft conditions included in the Master Use Permit Amendment Resolution

Staff suggests the following meeting format:

- 1- Staff presentation- 10 minutes
- 2- Property owner presentations- 10 minutes each
- 3- Public comments- 1 minute each

- 4- City Council questions
- 5- Close Public Hearing
- 6- City Council Deliberations

After the close of the public hearing and deliberations, staff recommends that the Council:

1. Adopt Resolution No. 14-0025, Certifying the Final Environmental Impact Report (Final EIR) and Adopting a Mitigation Monitoring and Reporting Program; and
2. Adopt Resolution No. 14-0026, Approving the Master Use Permit Amendment, Height Variance and Master Sign Program/Exception

**BACKGROUND:**

After numerous public hearings and meetings, on January 14, 2014 the City Council directed staff to prepare draft resolutions certifying the Final EIR and approving a refined and modified Project. The draft CEQA Resolution is Attachment 1. The draft Project Resolution is Attachment 3. Legislative Digests for the CEQA Resolution as well as the Project Resolution that identify the changes between the April 29th Draft Resolutions and the current revised Resolutions are included as Attachments 2 and 4, respectively.

The City's website has a separate page devoted exclusively to the Project that includes all of the prior proceedings before the Planning Commission and City Council including agendas, reports, attachments, minutes, presentations and videos of all the meetings. The City Council has received copies of all of the information related to the project.

**DISCUSSION:**

***April 29, 2014 City Council meeting***

On April 29th the City Council held a public hearing, took testimony and continued the hearing to tonight's meeting. The property owners and their representatives as well as the public were giving an opportunity to present testimony. The City Council discussed the project and the public hearing was continued to tonight. After April 29th, Staff and the City Attorney have met with representatives of RREEF and 3500 Sepulveda to discuss the Project. The following addresses comments raised at prior City Council meetings.

**1- Reduced Scale-**

The original proposal was for a three-phase Project which would add 133,300 square feet of commercial uses with required parking to the existing 572,800 square foot project. As directed by the City Council in January of 2014, the Draft Resolution for the Project would only approve Phases 1 and 2, and would reduce the Project by 43,800 square feet, for a total of up to 89,500 square feet of new commercial use, about a 15% increase in overall square footage on the site.

**2- Northeast Parking Structure-Phasing-**

Questions regarding the timing for the construction of the North parking structure in Phase 1 and the Northeast parking structure in Phase 2 were discussed at prior meetings. The applicant has indicated that construction of the Phase 2 Northeast structure prior to the Phase 1 North parking structure is not feasible for a number of reasons. Direct, close and convenient access to parking for interior Mall tenants on the north end as well as for Macys, and the Village Shop, and the bridge to Macy's and the

Mall is provided with the Phase 1 North parking structure. The Northeast parking structure would not provide this proximity and connection with Phase 1. This is a critical component to Macy's. The Northeast parking structure is connected to the Macy's expansion with a bridge as well as is linked to Macys reconstruction in Phase 2. RREEF has indicated it will be spending a substantial sum of money to consolidate Macy's and build the parking structure, and building Phase 1 first provides them with the equity needed to do the consolidation.

### **California Environmental Quality Act- CEQA**

Prior to taking action on the Project, State law requires the Council to consider whether to certify the Final Environmental Impact Report ("EIR") prepared in connection with the application. Although not required under CEQA, the City's independent EIR and traffic consultants have prepared Responses to Late Comments that were received after the close of the public comment periods. The Responses to Late Comments can be found in the Final EIR- Volume II. None of the issues raised in the comments result in new significant environmental impacts and all of the potential impacts of the Project have been thoroughly studied in the EIR.

A Project Comparison matrix that outlines Project refinements and modification was previously distributed. (Attachment 5) Additionally, the refinements and modifications to the Project are within the scope of the EIR and do not create any new environmental impacts. The following discusses key issues raised at Council meetings as addressed in the EIR.

#### **1- Parking ratio-**

The parking ratio on the site, both during construction and after completion of the project is addressed in the Final EIR Volume II, pages VI-16 through 18, and the Response to Comments 3-3, 4-1, 4-2, 4-10, 4-12, 4-16, 4-21, 4-23, 4-24, 4-29, 4-34, 4-35, 5-6, 12-2, 17-4, 23-1, 27-1, and 29-2 on pages VII-11, 13 to 14, 15, 29, 32 to 33, 37, 43, 45, 46 to 47, 53 to 54, 59 to 60, 61 to 62, 65, 80, 98, 104, 109, and 139 to 140. The analysis concludes that there is adequate parking during all phases of development, during and after construction, with the minimum 4.1 per 1000 square foot ratio being maintained, and Parking Management Plans are required.

#### **2- Traffic-**

A thorough Traffic Impact Analysis was conducted in the Draft and Final EIR's as discussed in the Final EIR Volume II, Response to Comments 2-2, 4-3, 4-4, 4-5, 4-6, 12-2, 19-1, 27-2, 28-8, 28-22, 29-1, 29-3, 29-4, 34-3 and 34-5 on pages VII-6, 17, 18, 19 to 22, 23 to 24, 80, 100, 109, 131, 133, 138 to 139, 142, 143, 150, and 152. The EIR analysis concludes that all potential traffic impacts have been thoroughly analyzed and that there are no significant impacts from the Project. In addition, the independent CEQA consultant has concluded that the modifications and refinements to the Project, including the elimination of Phase III and the modifications to the Northeast corner, Phase 2, has not created any significant impacts. See, the Final EIR Volume II, pages VI-5 through 16, for this discussion of trip generation, traffic and transportation.

#### **3- Grading/soils-**

As discussed in the Final EIR Volume II, Response to Comments 1-1, 28-9 to 12, 28-14, 34-1, and 34-2 on pages VII-3 to 4, 123 to 126, 126 to 129, 149, and 149 to 150, the

soils and grading are discussed at length within the Final EIR. The Draft and Final EIR evaluated excavation for the parking structures, and determined that there would not be an environmental impact. Underground parking with more excavation would have a greater potential of environmental impacts related to hazards and air quality.

The Draft EIR Volume II, Appendix C-2, the Hazard Assessment Report, pages 5, 9 and 21-25, indicates that grading for foundation demolition, excavation for grading and utilities, drilling for caissons, grading, compaction and foundation preparation will disturb soil approximately 10 feet below ground surface (bgs). It also indicates that the upper 4-5 feet of the site is engineered fill and below that is demolition fill and Oily Dune Sand. The Project Mitigations Measures (C-1 and C-3) require a Soils Management Plan and a sub-surface barrier and vent system, as detailed in the Final EIR Volume II, pages VIII 9 to 11, and 12 to 13. The EIR analysis concludes that there are no significant impacts from the Project.

#### **4- Project scale-**

The Final EIR Volume II, Response to Comments 2-1, 6-1 and 12-5 on pages VII-5 to 6, 67 and 82, discusses the mass and scale of the project and concludes that there are no significant environmental impacts. As analyzed in the April 2014 report from the independent CEQA consultant, the modifications to the Project as directed by the City Council further reduce the scale, bulk and mass of the Project, and do not create any significant environmental impacts as discussed in the Final EIR Volume II page VI-3.

#### **5- Crime/Security-**

An analysis of Public Services- Police Protection, which includes crime and security, is included within the Draft and Final EIR's. The Final EIR Volume II, Response to Comments 5-5, and 6-2 on pages VII-64 and 68, as well as the Topical Responses on pages III-28 to 30 in the Final EIR, discuss Police Protection and concluded that there is no significant impact. On-site security will be provided "24/7" and conditions and mitigations measures for Security Plans, cameras, Police holding office and lighting approved by the Police Department are required. The Mitigation Monitoring and Reporting Program requires Security Plans as Mitigation Measures G.2-2, G.2-3, and G.2-5, on pages VIII 16 to 18 of the Final EIR Volume II. Additionally, conditions 29 through 32 of the Project Resolution (Attachment 3) requires safety and security measures.

#### **6-Regional Shopping Center-**

The City's General Plan identifies the site as a regional serving commercial center, and the Findings discussed within the Project Resolutions, Attachments 1 and 3, identify how the Project is consistent with the intent of this designation. The Draft Resolutions describe in detail the Zoning Designations of the Project site, the purposes of the districts, and the General Plan Goals and Policies related to the Project site. Additionally, the Final EIR Volume II, Response to Comment 28-23 on page VII-135, discuss how all of the Master Use Permit Amendment, Variance and Master Sign Program/Exception findings are included in the Resolutions.

There is a link to the Mall page on the homepage of the City's website, which includes the Draft and Final EIRs, which are posted on the website at:

<http://www.citymb.info/city-officials/community-development/planning-zoning/current-projects-programs/manhattan-village-shopping-center-enhancement-project>

**City Council January 14, 2014 Approved Motion and Direction**

At the January 14, 2014 meeting, a motion was made by Mayor Pro Tem Powell and seconded by Councilmember Lesser to direct staff to prepare resolutions certifying the EIR and approving the Project with revisions and conditions. The following summarizes the motion and how that direction has been incorporated into the conditions of the Draft Resolution (Attachment 3). The following pages expand on each of the items. Additionally RREEF revised portions of the plans to address the direction from the City Council. The revisions to the plan packet were previously distributed, as well as the Planning Commission approved set of plans. These two sets together are referenced in the Draft Resolution as the "Approved Plans".

<b><u>ITEM NUMBER</u></b>	<b><u>MOTION SUMMARY AS APPROVED</u></b>	<b><u>RESOLUTION CONDITION</u></b>
1	Approve Phases 1 and 2 only and tie them together so that both have to be done.	13 c), d) & e) and 14 b) & d)
2	Require 10,000 square feet to be eliminated from Phase 1.	13 a)
3	Redesign the Phase 1 North parking structure similar to the Phase 1 South parking structure.	13 a)
4	Require Macy's to consolidate prior to issuing permits for Phase 2 with approval contingent upon Macy's providing a commitment letter that they will, in fact ,consolidate.	13 c) & 14 b) and c)
5	Cedar Way must connect to Rosecrans Avenue with Phase 2.	14 h)
6	Negotiate in good faith with Fry's to try to keep them on the site.	19 a)
7	Provide a bond and not a letter of credit for all of the site amenities (traffic-related items).	53
8	The architectural elements, details, water features, landscaping, hardscaping, and plaza should be similar to the concept renderings.	10 and 17
9	Oak Avenue traffic study funded by the developer for a cost not to exceed \$20,000.	52
10	All of the other conditions that were imposed and previously approved by the Planning Commission	All

to be included in the Resolution.

**1. Approve Phases 1 and 2 only and tie them together so that both have to be done.  
-Conditions 13 c), d) and e) and 14 b) and d)**

These conditions are designed to ensure that the Project is consistent with the purposes of the Community Commercial (CC) Zone and conforms to the General Plan. The purposes of the CC Zone include providing sites for planned commercial centers, which contain a wide variety of commercial establishments, including businesses selling home furnishings, apparel, and durable goods. The CC Zone is also designed to provide a range of retail uses that serve residents of the City and the Region. Finally, the CC Zone is designed to strengthen the City's economic base, while protecting small businesses.

Additionally, General Plan Land Use Goal LU-8 specifically provides that the commercial areas of Manhattan Village should maintain a regional serving character, Goal LU-6 is to maintain the viability of commercial areas, and Goal LU 4 is to preserve the features of each commercial neighborhood.

In order to ensure that the Project fulfills these purposes and goals by maintaining the character of the Manhattan Village Mall as a high quality planned commercial center, it is important that the Project include expanded opportunities for high quality retail anchor tenants. Without such opportunities, the improvements proposed for Phase I of the Project may result in duplicating the character of other commercial areas, which would not protect the small businesses located in those areas, rather than preserving and improving the unique features of a regional serving planned commercial center. These conditions establish a timeline and milestones that need to be completed during each step of the plan check, permitting and construction process to ensure that the Project includes improvements to the anchor tenant spaces that will allow the Project to fulfill the goals of the CC Zone and the General Plan. The timelines and milestones in the conditions include:

- A. Macy's Commitment Letter - RREEF shall submit a letter committing Macy's and RREEF to the consolidation of the Macy's Fashion Store before permits are issued for Phase 1.
- B. Macy's Security Deposit - RREEF shall provide a \$400,000 non-refundable deposit prior to the issuance of City permits for Phase 1, buildings B, C, D and E. These buildings are located at the north end of Phase 1. Such deposit can be applied only for the sole purpose of funding City fees associated with the consolidation of Macy's Fashion Store and the construction of the Northeast Parking Structure.
- C. Macy's Plan Check Submittal - Prior to the issuance of Certificates of Occupancy for Buildings B, C, D and E in Phase I, RREEF shall submit a complete building plan check submittal to the City for plan check for the Phase II Macy's Fashion Store expansion.

**2. Require 10,000 square feet to be eliminated from Phase 1. Condition 13 a)**

This condition requires a 10,000 square foot reduction in the Village Shops, Phase 1, as shown on the revisions to the plans previously distributed. Most of the buildings in Phase 1 have been reduced in size by a few thousand square feet each, to retain the design integrity of the building layout and design concepts, but reduce the overall Phase by 10,000 square feet.

**3. Redesign the Phase 1 north parking structure similar to the Phase 1 south parking structure. Condition 13 a)**

The North parking structure in Phase 1 has been redesigned to be more low profile and similar to the South parking structure by stepping the top level of the structure 90 feet back on the west side from the first and second levels. This places the ground floor and level above of the North parking deck about 110 feet from the 3500 Sepulveda building with surface parking in between. The top level of the North parking deck is about 200 feet away from the 3500 Sepulveda building. The South parking structure was redesigned during the Planning Commission review process. It was redesigned to be narrower (east to west) and longer (north to south), the south one-third, about 200 feet, was reduced by one-level to a G+1, and additional landscaping and two commercial buildings were added to the west side to provide screening and buffering of the parking structure.

A substantial landscaped buffer with large mature trees and a pedestrian/bike path will be provided as shown on the north side of the North parking deck. Additionally, trailing vines or plants will be provided on the top levels of the North and South parking decks, on the north and south parapets, respectively, to soften and buffer the top level. This combination of mature tall landscaping, architectural features, and stepping the levels of the parking structures minimizes the visual impact and provides compatibility with other structures on the site.

**4. Require Macy's to consolidate prior to issuing permits for Phase 2 with approval contingent upon Macy's providing a commitment letter that they will, in fact, consolidate. Conditions 13 c) and 14 b) and c)**

These conditions require a commitment letter from Macy's and RREEF before the first permits are issued for Phase 1. Additionally, RREEF has indicated that they have a private agreement with Macy's that requires if the Macy's expansion is not completed that RREEF would incur substantial finance penalties.

**5. Cedar Way must connect to Rosecrans Avenue with Phase 2. Condition 14 h)**

This condition requires that prior to the issuance of building permits for Phase 2, that plans for the Cedar Way extension be submitted to plan check. The extension is required to be completed prior to the issuance of a building permit final.

**6. Negotiate in good faith with Fry's to try to keep them on-site. Condition 19 a)**

Fry's lease currently expires in December 2016. This condition requires the applicant to

negotiate in good faith with Fry's to continue their operations on the site if it so desires. RREEF has indicated that they are currently negotiating with Fry's for three one-year lease extensions. This allows Fry's to remain while RREEF considers design options for the Northwest corner of the site.

**7. Provide a bond and not a letter of credit for all of the site amenities (traffic-related items). Condition No. 53**

A bond or other financial security acceptable to the Finance Director, Director of Public Works and City Attorney is required prior to the issuance of building permits for Phase 1. The security is required to be equal to 1-¼ times the estimated cost of the improvements, which is standard and acceptable to the City Attorney.

**8. The architectural elements, details, water features, landscaping, hardscaping, and plaza should be similar to the concept renderings. Conditions 10 and 17**

Condition 10 requires the submittal of a detailed site wide Landscape, Hardscape, and Lighting Plan with the submittal of plans for Phase 1. The Plan is required to be consistent with the approved plans and renderings, and mature trees, including trees adjacent to the North parking structure that are taller than the structure, are required. Condition 17 addresses the architectural elements on the site and requires the submittal through preliminary plan check review of these details. The common areas are designed to create a Village feel to the space, and the plaza design and clock tower are required to be consistent with the architecture, quality and concepts shown in the approved plans.

**9. Oak Avenue traffic study funded by the developer for a cost not to exceed \$20,000. Condition No. 52**

At the November 2013 City Council meeting RREEF offered to fund the cost of up to \$20,000 to evaluate non-residential traffic issues on Oak Avenue and Cedar Avenue. The funds for the study are required to be submitted with the submittal of Phase 1 plans or whenever the study is initiated, whichever is earlier, and the City will conduct the traffic study.

**10. All of the other conditions that were imposed and previously approved by the Planning Commission to be included in the Resolution. All conditions**

The Planning Commission Resolution included 64 conditions of approval. All of those conditions are included in the Draft City Council Resolution, or incorporated by reference as several for the 3500 Sepulveda property are included in separate Resolution. Additionally, two more conditions (#52 Oak and Cedar Avenue Traffic Study and #53 Financial Security for Off-site Improvements) have been added to the Resolution, as well as many conditions have been revised to reflect the City Councils motion and direction.

Phase 3, the Northwest corner, is not a part of the approval and will require a Master Use Permit Amendment and other related applications in the future. Staff anticipates that this future submittal will provide the opportunity to better integrate all three phases into one cohesive project along with strong mobility connections and other comprehensive design

elements. Expanded subterranean parking under surface parking or buildings could be considered to provide closer, more convenient access to the Phase 3 buildings, and to tie into the existing lower level parking in the abandoned railroad right-of-way culvert. Also there is the possibility to provide buildings on the north side of the North Parking structure of Phase 1 to screen and soften the facade of the parking structure and to further integrate the site. The architectural design and features of the buildings and other improvements at the corner of Rosecrans Avenue and Sepulveda Boulevard will provide an opportunity in the future to highlight and enhance this major entryway and key corner in the City of Manhattan Beach.

**CONCLUSION:**

After the close of the public hearing, staff recommends that the Council:

1. Adopt Resolution No. 14-0025, Certifying the Final Environmental Impact Report (Final EIR) and Adopting a Mitigation Monitoring and Reporting Program; and
2. Adopt Resolution No. 14-0026, Approving the Master Use Permit Amendment, Height Variance and Master Sign Program/Exception

**ATTACHMENTS:**

1. Resolution No. 14-0025- Certifying the Final Environmental Impact Report, Adopting Findings Pursuant to the California Environmental Quality Act, and Adopting a Mitigation Monitoring and Reporting Program
2. Legislative Digest- April 29, 2014 Draft Resolution No. 14-0025-modifications
3. Resolution No. 14-0026- Approving a Master Use Permit Amendment, Height Variance, and Master Sign Program/Exception
4. Legislative Digest- April 29, 2014 Draft Resolution No. 14-0026-modifications
5. Manhattan Village Shopping Center Key Issues Matrix- November 11, 2013

- c: Mark English, RREEF  
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