



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.**_____

FROM: City Manager

SUBJECT: PUBLIC HEARING – Appeal of the Planning Commission’s Decision to Approve Conditional Use Permit No. 25-02 to allow a hotel use in the City’s Unlimited Commercial (“C-2”) zoning district at 500 Citadel Drive in the City of Commerce.

MEETING DATE: July 8, 2025 (Continued from June 24, 2025 meeting)

RECOMMENDATION:

That the City Council conduct a public hearing, receive input from the public, consider the staff presentation, as well as information discussed herein and affirm, overturn or modify the Planning Commission’s (“Commission”) decision to approve Conditional Use Permit (“CUP”) No. 25-02.

PUBLIC NOTICE REQUIREMENTS:

Chapter 19.39.220 of the CMC requires the City of Commerce (the “City”) to publish a notice of the appeal including the time and place of the public hearing in a newspaper of general circulation in the City not less than ten (10) days prior to the date of the public hearing. Said notice was published in the Los Cerritos Community News on June 13, 2025. In addition, staff mailed out a notice to property owners within 500 feet of the subject property.

EXECUTIVE SUMMARY:

The City Council of the City of Commerce (the “City Council”) will consider an appeal by a union organization, UNITE HERE Local 11 (“Local 11”), of the approval by the Commission of a CUP for a conversion of an existing four-story office building into a hotel (“Project”) filed by Scott Van Boxtel (“Applicant”). On May 21, 2025, the Commission determined that the required findings under the CMC to approve a CUP were met and approved CUP No. 25-02. The Local 11 submitted a letter dated June 3, 2025, to the City appealing the Commission’s approval to the City Council. The City Council will now hold

a public hearing to consider the merits of the appeal. The City Council will base its decision on information presented including, relevant City staff report(s), public testimony, and testimony provided by City staff and members of the Commission during Commission hearings, and the Project Applicant and all testimony and facts provided to the City Council as part of the appeal process.

LOCAL 11 FILES APPEAL:

Local 11 appealed the Commission's approval on June 4, 2025 (see Attachment 3). In the letter of appeal ("Appeal Letter"), Local 11 argues that the Commission's approval erred in providing the aforementioned approval. Local 11 stated that the Class 1 Existing Facilities exemption is inappropriate, and the City should consider a more robust CEQA review where it can properly assess the Project's vehicle miles traveled ("VMT") and greenhouse gas ("GHG") emissions impacts, which could be lessened via project-specific mitigation imposed through an adequate CEQA review, such as a mitigated negative declaration ("MND").

BACKGROUND:

On April 16, 2025, the Planning Commission held a public hearing and heard public testimony regarding CUP No. 25-02 to convert an existing office into a hotel and construct a 1,803 square foot addition. Prior to that meeting, the City received an opposition letter from a law firm representing Local 11. At the meeting, the Planning Commission received public testimony from two (2) members of the public opposing the project based on inadequate CEQA analysis. At that meeting, the Planning Commission voted 5-0-0 to continue the public hearing for this project to the May 21, 2025 meeting and asked the Applicant to provide justification that the project qualifies under the Class 1 categorical exemption and further evaluation of traffic impacts.

As requested by the Planning Commission, the Applicant provided supporting documentation as to why the project is exempt from environmental review under a Class 1 categorical exemption. In a memorandum dated May 14, 2025 from Allen Matkins, the Applicant's representative rebuts an opposition letter received from a law firm representing a union organization, Local 11. In Allen Matkins memorandum, they assert that the project qualifies under the Class 1 categorical exemption because the existing office building is being converted into a hotel with a proposed addition of 1,803 square feet and this is considered negligible or no expansion of the existing use. Additionally, the memorandum states that the change from office to hotel use is not considered a "major change in focus" since hotels have less impacts as they relate to traffic, noise, and air quality compared to an office use.

ENVIRONMENTAL ASSESSMENT:

This Project has been determined to be exempt from the environmental review under the guidelines of the California Environmental Quality Act (Public Resources Code §21080(b)(9)); Administrative Code, Title 14, Chapter 3 §15301, Class 1, Existing

Facilities). Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The types of “existing facilities” itemized below are not intended to be all-inclusive of the types of projects which might fall within Class 1. The key consideration is whether the project involves negligible or no expansion of use. Examples include but are not limited to: (a) Interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances; and (b) Additions to existing structures provided that the addition will not result in an increase of more than 50 percent of the floor area of the structures before the addition, or 2,500 square feet, whichever is less.

The Project involves the issuance of a CUP to convert an existing four-story office building into a 132-room hotel with a proposed addition of 1,803 square feet. The addition will extend the proposed lobby to align with the outer wall of the existing building and continue to the other floors. Aside from the 1,803 square foot addition, which is less than the above-referenced 2,500 square foot threshold, the repurposing of the existing office building for the proposed hotel Project will result in negligible or no expansion of the existing use and building footprint. The Project does not include any development related to adjacent commercial/restaurant spaces or a previously-approved proposed grand fountain feature.

In addition, substantial evidence supports that the Project will not give rise to a reasonable possibility of causing a significant environmental effect. Hotel uses are generally considered less environmentally impactful than office uses as they traditionally involve less intense and concentrated traffic, noise, and air quality impacts as compared to an office use, which often involves more frequent vehicle trips and longer operating hours. For example, hotel traffic is most often concentrated during check-in and check-out times and regularly involves guests arriving via rideshare, bus or public transportation. In comparison, office buildings generally involve longer operating hours and more frequent employee and customer trips, which can generate more continuous traffic and parking demands thereby leading to more congestion and emissions. To that end, the proposed hotel is intended and designed to serve large tour groups of primarily international clientele that will arrive at the Citadel campus via tour buses and who will generally remain within the greater commercial shopping and restaurant/retail hospitality complex for the duration of their stay. This internal capture and the focused use of large tour buses for hotel guests will have the effect of reducing traffic, VMT and other relevant environmental impacts. In addition, hotel operations, including guest activity and mechanical systems, generally tend to have lower noise levels and less air pollution compared to office buildings, which typically include office-related machinery, printing equipment, and higher staff activity.

Although not required for the Class 1 Exemption, Gibson Transportation prepared a focused analysis dated May 13, 2025, that evaluated results from a trip generation and vehicle miles traveled (“VMT”) assessment performed for the Project (“Traffic Analysis”). The Traffic Analysis concluded that the conversion of the office building into the proposed hotel will result in a net reduction of 25 daily trips and will generate less VMT. More specifically, the Traffic Analysis found that employment-related VMT would be reduced by over sixty-percent (60%) from the prior office use and, while hotel guests may generate

some additional minimal VMT, any such increase would be offset by the VMT reduction associated with having fewer employees than the existing office building. The Traffic Analysis ultimately concludes that the Project will have a less-than-significant impact and therefore no further analysis nor mitigation measures are required.

Finally, substantial evidence supports that the Project is not subject to any of the CEQA exemption exceptions set forth in CEQA Guidelines section 15300.2, including the cumulative impacts and unusual circumstances exceptions. There are no facts or evidence indicating that the “cumulative impact of successive projects of the same type in the same place [as the proposed Project], over time is significant” and, as outlined above, no substantial evidence supporting that the Project will give rise to a reasonable possibility of causing a significant environmental effect. (CEQA Guidelines, § 15300.2, subds. (b), (c).)

Pursuant to CEQA and the regulations promulgated thereunder and supporting documents and analyses provided by the Applicant, substantial evidence supports that the proposed Project is not subject to environmental review under CEQA pursuant to the Class 1 “Existing Facilities” exemption as the Project will not have a significant effect on the environment and is not subject to any of the CEQA exemption exceptions set forth in CEQA Guidelines section 15300.2.

DISCUSSION:

Project Description

The proposed hotel will be situated within the existing Citadel Outlets property. The existing site consists of an open-air shopping center with surface parking, two parking structures, two office buildings, and an existing hotel (Double Tree). The subject property has a land area of approximately 35,543 acres (outlined in yellow), and it’s in the City’s C-2 zoning district. The project location on the property is shown in the aerial image below, outlined in red:



The Applicant is requesting a CUP to allow a “hotel” within the City’s C-2 zoning district. Under the CMC, Chapter 19.09 (Commercial Zone), Table 19.09.010A, Permitted Uses – Commercial Zone, a “hotel” requires the consideration of a CUP within the zoning district.

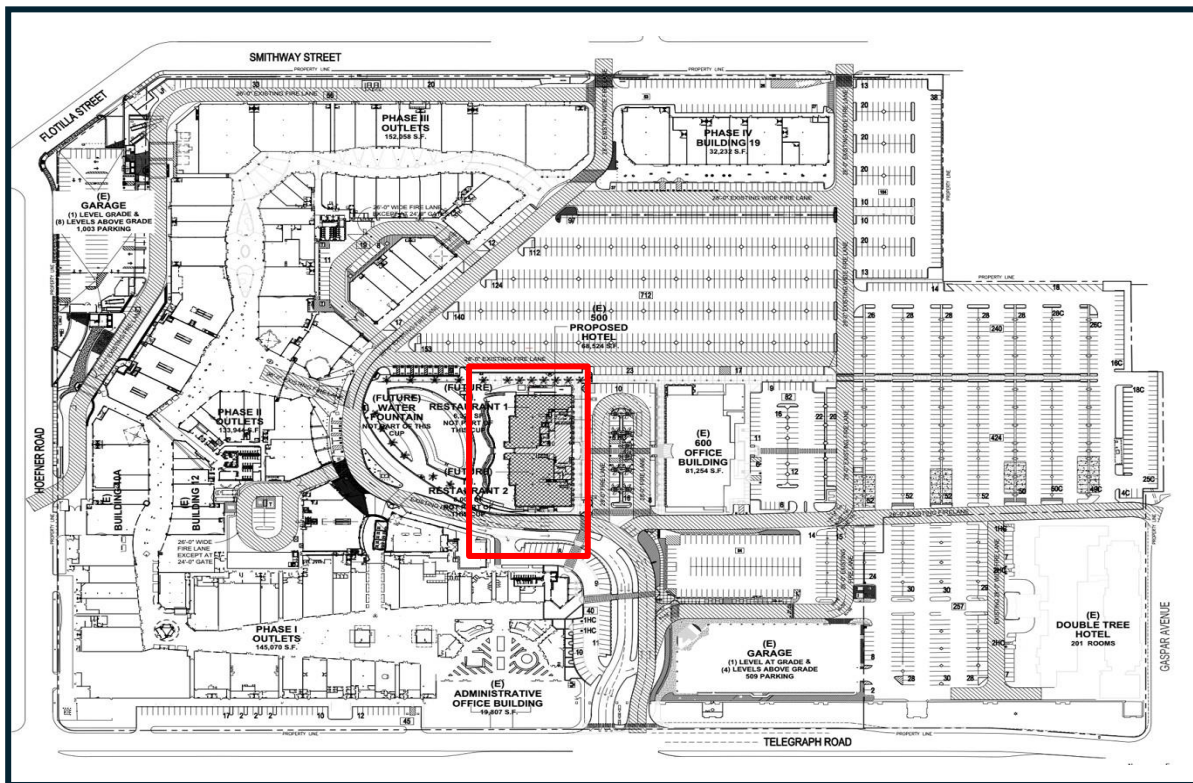
The Project will involve the conversion of an existing four-story office building into a hotel. The existing building has a square footage of 81,050. The entire four-story building will involve renovations, which will include a building addition of 1,803 square feet. The addition will take place on the east side of the building, where the proposed hotel entrance will be located. The addition will extend the hotel lobby, which consists of extending an existing inner wall to align with the outer wall of the existing building and continue to the upper floors, and a new canopy over the new lobby entry. The building with the addition will have a square footage of 82,853.

The hotel will have a total area of 68,524 square feet. This includes a portion of the ground floor that will be renovated to serve as the hotel lobby, featuring a small kitchen for preparing hot meals for breakfast and lunch. Additionally, there will be a breakfast seating area, staff offices, and two separate future tenant spaces measuring 6,322 square feet and 8,007 square feet, which are not included in this CUP. The second, third, and fourth floors will be converted into 132 hotel rooms, along with guest laundry facilities and necessary storage rooms for housekeeping.

The hotel will have 132 guest rooms with surface parking shared with the Citadel Outlets. The hotel will cater to visitors and tourists seeking a location close to shopping and dining options that are readily available at the Citadel Outlets.

The hotel will employ between 16 and 24 employees, depending on the time of day. There will be occasional deliveries of hotel supplies by small supply trucks and delivery vehicles, or vans.

The site plan below identifies the location of the proposed hotel (an existing building), outlined in red and provides an overview of the entire Citadel Outlets property.



Development Standards, Parking and Maneuvering

The proposed 68,524-square-foot four-story hotel will comply with all the City's development standards. The hotel will be situated within an existing four-story office building. As a result, the setbacks and building height will stay the same, while both the lot coverage and floor area ratio will remain below the allowable percentage and will continue to comply with the zoning code.

As part of its review, staff must determine that the use will conform to the permissible parking requirements identified in Chapter 19.21 (Off-Street Parking and Loading) of the Zoning Ordinance. The purpose of the parking requirements is to ensure all land uses in the City provide adequate off-street parking facilities, loading areas, and vehicle movement areas associated with the use. These regulations intend to ensure that the use of land does not interfere adversely with the circulation of public rights-of-way, that private on-site circulation does not pose a potential safety issue, and that surrounding uses are

protected from the noise and traffic impacts associated with off-street parking and loading activities.

Under the Commerce Municipal Code, proposed 132-room hotel requires one parking space per guest room, plus other spaces as required for auxiliary uses. The square footage and parking breakdown for the hotel and the entire property are shown below in Table 2:

Table 2

SUMMARY COMPLETED CONDITIONS

TABLE 13
MUNICIPAL CODE PARKING ANALYSIS

Land Use	Size (sf) / Employees	Required Spaces
Retail Shopping Center ¹	463,304 sf	1,853
Retail Shopping Center ¹	495 employees	248
500 Hotel ³	68,524 sf	132
Tenant 1 ⁵ not part of CUP	6,322 sf	32
Tenant 2 ⁵ not part of CUP	8,007 sf	40
500 Hotel - Lobby/Reception/office area	4,079 sf	14
Food Prep/Breakfast & eating area	2,305 sf	12
600 Office Building ²	81,254 sf	271
Admin Office Building ²	19,807 sf	67
Double Hotel ⁴	201 sf	240
	Total Required Spaces	2,877
	Provided Spaces	3,813
	Surplus	936

Notes:

¹ Based on retail rated of 1 space/250 sf

² Based on office rate of 1 space/300 sf

³ Based on Hotel rated of 1 space per guest room

⁴ Based on agreement between Citadel and Hotel

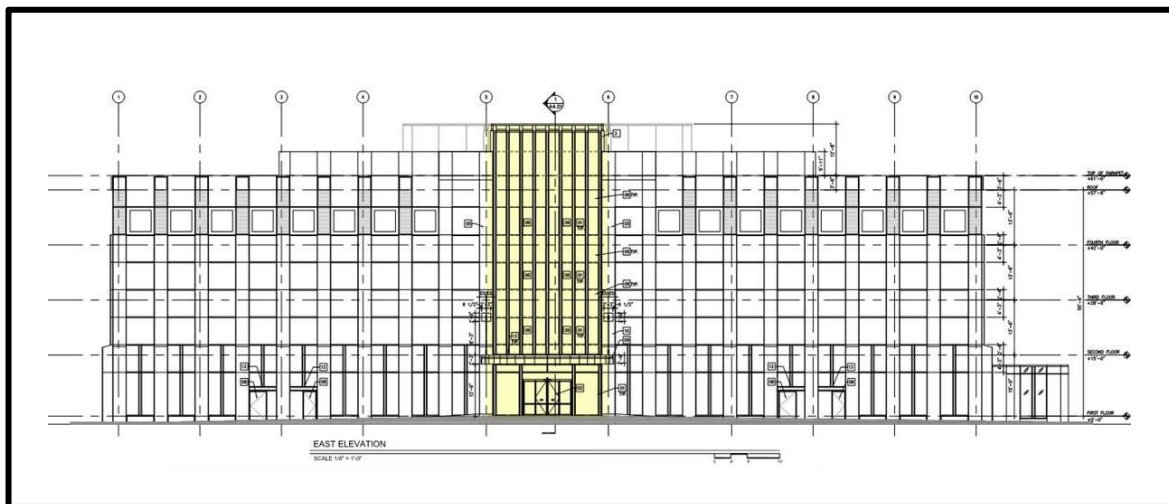
⁵ Based on assembly rate of 1 spaces/200 sf

As shown above, when calculating the required parking for the new hotel and the existing structures including outlet stores, office building #600, Double Tree Hotel, and the two future tenants on the ground floor of the new hotel, there will be a surplus of 936 parking spaces beyond the minimum number of parking spaces required by the CMC.

Design and Compatibility

Chapter 19.19 (Site planning and general development standards) of the CMC includes general development standards and design guidelines. The purpose of these standards is to protect and improve the environment and the appearance of the community, and to

deter blighting and nuisance conditions. These guidelines address items such as, but not limited to, contextual design, landscaping, architectural treatments, and circulation. The proposed hotel will meet the City's site planning criteria and design guidelines outlined in the CMC.



Following the presentation of information to the City Council, staff is requesting that the Council consider the testimony discussed herein and provide direction to staff. In accordance with Chapter 19.39 Division Four of the CMC, the City Council, at its discretion, has the following options:

3. Modify the decision of the Planning Commission; or
4. Provide staff with alternative direction.

FISCAL IMPACT:

This activity can be carried out without additional impact on the current operating budget.

RELATIONSHIP TO STRATEGIC GOALS:

This agenda report relates to the 2016 strategic planning goal: “*Protect and Enhance the Quality of Life in the City of Commerce*”.

Recommended by:	Jessica Serrano, Director of Economic Development and Planning Department
Prepared by:	Sonia Griego, Associate Planner
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Ernie Hernandez, City Manager

ATTACHMENTS:

1. City Council Resolution to affirm the Planning Commission’s decision to approve CUP No. 25-02
2. Planning Commission Staff Report (with attachments) prepared for CUP No. 25-02 for the May 21, 2025 Planning Commission meeting
3. Appeal Letter dated June 3, 2025