



CITY OF COMMERCE AGENDA REPORT

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

FROM: City Administrator

SUBJECT: REPORT ON GREEN ZONES PHASE 1 IMPLEMENTATION

MEETING DATE: March 20, 2018

RECOMMENDATION:

Discuss and/or receive and file.

BACKGROUND:

On May 3, 2016 the City Council approved the scope of work for Phase 1 implementation of the Green Zones Action Plan (GZAP). The consulting firm known as MIG was selected to assist the City with said implementation. The work in Phase 1 focused on the following three items:

- I. GZAP Implementation & Specific Plan Framework Recommendations
- II. Industry Cluster Analysis
- III. Office of the Business Liaison

This staff report will provide an overview of the findings and recommendations for each of the items mentioned above. Also, on March 20th, the City Council will receive a presentation from staff and MIG on this matter.

ANALYSIS:

I. GZAP Implementation & Specific Plan Framework Recommendations

Implementation of the GZAP prioritizes programs, planning efforts, and services to support the success of existing and new business in the City of Commerce. Innovative planning tools will be required to facilitate new economic development opportunities and realize the vision identified by the Green Zones Working Group to attract new business that contribute to improved economic development and quality of life. Following the Green Zones Working Group's completion of recommendations and building on subsequent charrettes (that included Mayor Rebollo and Councilmember Mendoza), research, and findings from the Industry Cluster Analysis, options for implementation centered on the following areas:

1. Atlantic Boulevard
2. Washington Boulevard
3. Small Business Encouragement
4. Revisions to the Housing Opportunity Overlay Zone
5. Warehousing

1. Atlantic Boulevard

Atlantic Boulevard has the potential to become a hub for small businesses and a vibrant destination for local residents. The fine grain pattern of smaller blocks and parcels, central location to surrounding neighborhoods, and current sidewalk widths present opportunities for placemaking, new housing, and small business development. The size and depth of parcels fronting Atlantic Boulevard is a significant constraint however.

Options for consideration include the following:

Street Redesign. Assess the potential of a “road diet” along all or portions of Atlantic Boulevard from Everington Street to Washington Boulevard to enhance placemaking and visibility of local businesses along the corridor. Depending upon local average daily trips (ADT) along this portion of Atlantic Boulevard, the street may be able to be redesigned to facilitate activation on the sidewalk to create a walkable environment and support potential catalytic development opportunities. Any potential improvements will need to be consistent with median improvements currently being developed. Additional traffic and engineering input and consideration of other regional and local ongoing transportation initiatives will be necessary to determine feasibility of the proposed options. Preferred roadway reconfigurations can be implemented through a master street plan or through a Specific Plan for Atlantic Boulevard.

Landscaping and Greening. Explore opportunities for placemaking through landscaping and greening on Atlantic Boulevard. Landscaping may be added to the median, or more importantly through the use of bulb-outs (also referred to as curb extensions) which increase pedestrian visibility and safety at crosswalks, enhance the pedestrian experience, calm traffic speeds, and provide space for rain gardens, tree planting, street furnishings, and other amenities. Landscape buffers with flourishing plants and sturdy planters enhance safety by separating the pedestrian zone from traffic lanes.

Modify Allowed Uses and Development Standards. To encourage revitalization of the Atlantic corridor and create a community destination, the City should consider re-evaluating allowed uses, conditionally permitted uses, and related development standards on Atlantic Boulevard. The current C/M1 (Commercial Manufacturing) zone may not be conducive to the environment the City may wish to create. This should be assessed when the City updates its zoning ordinance.

- *Residential Uses:* Consider allowing the introduction of new residential uses on Atlantic Boulevard through mixed-use and potentially stand-alone residential

development. This can be accomplished through a Residential Overlay (perhaps an extension of the Housing Opportunity Overlay Zone discussed below), a new zoning district for Atlantic Boulevard, or a Specific Plan.

- *Maker Shops:* Encourage maker shops along the Atlantic corridor.
- *Commercial:* Consider removing use permit requirements for restaurants and prohibiting new drive-through restaurant service.
- *Parking Standards:* To allow for an expanded range of uses along Atlantic Boulevard, explore new standards for parking. If residential uses are permitted, residential parking standards could be reduced consistent with the options for consideration for the Housing Opportunity Overlay (discussed later in this report) to better facilitate development on shallow parcels. For commercial uses, the City could explore the following parking remedies to encourage new businesses (Example, City of El Cerrito):
 - (1) reduce current parking requirements for specific uses that should be encouraged, such as creative office and maker shops, restaurants, and neighborhood-serving retail/services
 - (2) reduce parking requirements for projects that propose substantial community benefits, such as useable public open space
 - (3) establish a flat parking rate for new commercial uses, such as 1 space per 400-600 square feet (regardless of use)
 - (4) allow on-street parking located along a lot's corresponding frontage lines to be counted toward the parking requirement for certain projects (example: Fresno mixed-use projects in CMS and Mixed Use Districts)
 - (5) provide off-street parking on existing City-owned vacant lots to accommodate potential overflow parking

Placemaking and Business Development. Through street reconfigurations, landscaping and greening, and introducing new uses along Atlantic Boulevard, placemaking efforts will be significantly furthered. Additional placemaking strategies can include:

- Design bulb-out areas
- Encourage public art, including murals, street paintings, outdoor installation art, and light-based art installations, to create visual interest and brand identity for the district
- Create linkages between adjacent residential areas to Atlantic Boulevard and the Brenda Villa Aquatic Center and Rosewood Park
- Facilitate programming for events, festivals, and activities

Lot Consolidation. In order to address the shallow parcels on Atlantic Blvd. and provide on-site parking as well as to provide economies of scale, lot consolidation would be necessary. Options to encourage lot consolidation include:

- Graduated density: An increase in density is based on lot size, which provides a strong incentive for voluntary assembly. Best practices indicate that a sliding scale of density, based on lot size, further encourages property owners to work together to consolidate properties, rather than establishing a strict minimum lot size.
- FAR incentives: Similar to graduated density, an increase in FAR can be afforded on a sliding scale or based on a minimum lot size.
- Development Standard Reductions: Other development standards could be modified as an incentive bonus for consolidating two or more lots. Examples include reductions to parking or open space requirements or allowing increased height.
- Use-Based Bonus: Mixed-use or residential development could be permitted only on lots that exceed a minimum size threshold or consolidate multiple lots.
- Fee waivers or reductions: A reduction in development fees for projects that achieve parcel assembly.

Options for Implementation. Some or many of the above options can be implemented through the establishment of a Specific Plan tailored for Atlantic Boulevard. In addition to consolidating the vision into one clear document, providing new development standards and use guidance in addition to creative roadway improvements, infrastructure demands, and event programming direction, a Specific Plan could assist with streamlining the development process through the creation of a Programmatic EIR. The Specific Plan can also describe the character and built form in order to encourage development that responds to the community vision while being market friendly. Future projects consistent with the EIR may receive streamlined environmental review. Alternatively, many of the above considerations can be accomplished through modifications to zoning, street plans, and coordination with the Business Liaison office.

Any proposed revisions to development standards and uses should be developed in concert with input from local developers and property owners. Given the existing site constraints of predominately small, shallow lots, parking may be the defining constraint to new development. As such, parking reductions and creative parking solutions should be carefully analyzed and explored.

2. Washington Boulevard

The City recently completed extensive improvements to Washington Boulevard to improve congestion, facilitate truck movement, and provide streetscape amenities. Washington Boulevard is characterized by slightly larger parcel sizes, as compared to Atlantic Boulevard, with several large parcels on both the eastern and western ends of the study area. Options for consideration to encourage economic development along the corridor include:

Catalytic sites. Encourage catalytic development on larger parcels along Washington Boulevard, or on lots consolidated with common ownership. For example, on the eastern end of Washington Boulevard, as entertainment activities associated with the

Commerce Casino and Citadel continue to grow (as projected by the City of Commerce Green Zones Industry Cluster Analysis prepared by HR&A in 2017), eastern Washington Boulevard could provide catalytic sites for complementary entertainment uses and hotels.

Modify Allowed Uses and Development Standards. Re-evaluate zoning regulations to ensure that complementary entertainment uses are permitted in the C/M-1 zone or through a zoning overlay in particular areas. Use permit requirements for restaurants in the C/M-1 zone could be removed to streamline the process for location of new breweries, distilleries, and food production. Consider reducing parking standards for desired uses, such as creative office, post-production, research and development, and craft food/drink halls (Example, City of Richmond). The City could explore allowing mixed-use and residential along Washington Boulevard; however, it should be noted that development and uses along Washington should not be incentivized at the expense of such development along Atlantic Boulevard, where a neighborhood destination is desired. Also, new residential uses directly on the boulevard may be considered incompatible with high volumes of truck traffic.

Repurpose Alleys. To encourage future development, consider flexibility with alleys to allow rear access to new uses along Washington Blvd. Also combine alleys with rear setbacks to maximize access and mobility.

Connectivity. Well-designed streets, sidewalks, and pathways improve residents' quality of life by creating a circulation network that is accessible, people-oriented, multi-modal, and interconnected. An enhanced circulation network allows pedestrians, bicyclists, and transit users to co-exist with motor vehicle users, and access goods, services, and destinations in the community.

Convert railroad spurs. Active transportation, such as walking and biking, enhances quality of life and personal health by increasing physical activity. Balanced transportation choices and active transportation options also foster economic development. In certain locations, the pedestrian environment is less than ideal for active transportation in Commerce. However, there exists a network of railroad spurs, some of which are unused or underused. These rail spurs provide an opportunity for conversion to trails, providing connections to Washington Boulevard, the Brenda Villa Aquatic Center and Rosewood Park, and Atlantic Boulevard. Options for leasing and conversion of rail spurs to trail space could be explored. (Example, City of Richmond).

Truck Routes. The General Plan includes the following policies pertaining to truck routes: Transportation Policy 2.3 states that Commerce will establish truck routes in the city. Transportation Policy 4.9 calls for widening of Sheila Street as needed to accommodate existing and anticipated truck traffic along this route. Through a comprehensive planning process, the City can re-evaluate truck routes within and through the city, and identify locations and methods to facilitate truck traffic. Sheila, running parallel to Washington Boulevard, could be examined as a potential route to reduce truck traffic on Washington Boulevard, providing a more positive pedestrian environment along that thoroughfare.

Buffer Zones. Create buffer zones by creating a transition between residential and other uses. Consider gateways and vertical mixed-use projects such as the Barrio Logan Mercado development project.

3. Small Business Encouragement

According to the Commerce Green Zones Industry Cluster Analysis prepared by HR&A, employment within Commerce is predominantly within Production, Distribution, and Repair (PDR) industries, followed by Knowledge-Based and Other Services, and Retail and Entertainment. A growing trend for the retrofitting of older industrial areas as manufacturing has decreased in the region (in addition to the larger share that warehousing uses have occupied) has been conversion to creative office spaces and other knowledge-based businesses. Based on the blending of the industrial and creative sectors, opportunities are present to encourage small creative businesses to locate in Commerce, including:

Maker Shops and Creative Office. Demand is growing for flexible/research and development and maker spaces in the area as the regional economy shifts toward increasing shares of professional services firms and creative businesses, which often prefer unique spaces and vibrant, eclectic locations, and conversion of existing industrial structures. Potential incentives to draw more of these clean industries can include reduced parking standards for these uses and grants for tenant improvements and façade enhancements through Measure AA.

Event Programming. Coordinate with creative businesses and the Business Liaison to provide and market events such as the El Segundo Art Walk, and create new events that highlight the district. In the near term, the city can partner with special events contractors and community partners to create pop-up events on private lots, parking lots, and other underutilized lots.

Business Liaison Outreach. Conduct outreach to potential developers through the new office of the Business Liaison.

4. Revisions to the Housing Opportunity Overlay

The housing opportunity overlay zone (HOO) is established to facilitate the development of housing "by-right" on underutilized industrial sites, consistent with Housing Element policy. While the HOO was adopted in 2013, the City has not experienced interest in housing development in the area. Table 1 shown below presents current regulations associated with the HOO and options for potential changes to further encourage residential development in this area. In addition to the options presented in Table 1, the following options associated with the HOO could be explored to encourage new residential and mixed-use development.

Consider edits to the HOO. Review the HOO and the options presented in Table 1 with for-profit and affordable housing developers, as well as property owners, to determine market needs and recommended ordinance changes (Example, City of Richmond).

Simplify HOO standards. Some standards within the HOO Ordinance are in conflict, such as limitations on projecting elements into setbacks, and some standards could be eliminated to streamline requirements. A map included in the Zoning Code may also be updated to remove the Phase I hatch or describe the intent of the Phase I area.

Expand HOO. Consider additional areas where the HOO could be applied through the General Plan update process. Consider applying the HOO to Atlantic Boulevard at a minimum (Example, Atlantic/Farrar Street simulation).

Table 1: Housing Opportunity Overlay – Existing Regulations and Options to Consider

Development Standard	Current Regulation	Options to Consider
Density	40 du/ac	<ul style="list-style-type: none"> • 60 du/ac • 85 du/ac
Minimum Dwelling Unit Size	Studio: 500 sf 1-bdrm: 600 sf 2-bdrm: 800 sf 3-bdrm: 1,000 sf	<ul style="list-style-type: none"> • Remove minimum dwelling unit sizes. • Allow for micro-apartments (minimum 150 square feet) consistent with AB 352 (Section 17958.1 of the Health and Safety Code). Cities may not limit efficiencies within 0.5 miles of public transit.
Distance Between Buildings	10 ft plus Increase of 5 ft for every 10 ft of height, or fraction thereof, above 25 ft	Remove requirement increasing distance requirement based on height.
Landscape/Open Space Standards		
Publicly Accessible Open Space (nonresidential)	15% of net lot area	Remove requirement or create incentives for the provision of publicly accessible open space, rather than a requirement.
Private Open Space (multi-family residential)	1st floor—150 sf per unit Upper floor—100 sf per unit	<ul style="list-style-type: none"> • Allow for flexibility: allow open space requirements to be met through private or common open space, rather than requiring private open space. • Require consistent minimums regardless of location on ground floor. • Reduce open space requirement to 150 sf per unit total (common and/or private).
Common Open Space (multi-family residential)	200 sf per unit	

Table 1: Housing Opportunity Overlay – Existing Regulations and Options to Consider

Development Standard	Current Regulation	Options to Consider	
Use Restrictions			
	CUP required to convert existing building to residential	Remove CUP requirement for adaptive reuse, or institute a Director-level Minor Use Permit.	
	Horizontal Mixed Use not permitted	Allow horizontal mixed use (where residential uses are located in a separate building from commercial uses, but on the same property), including retention of existing industrial uses if performance standards are met.	
	Medical office not permitted	Allow medical office uses	
Parking			
Efficiency/1-bedroom unit	1 space per unit within a garage; plus ½ guest space per unit; guest spaces may be uncovered	0.75 space/unit (no garage requirement)	One additional guest parking space must be provided for every 4 units for projects greater than 4 units.
2 or more bedrooms	2 spaces per unit within a garage; plus ½ guest space per unit; guest spaces may be uncovered	(For 2 bedrooms only) 1 space/unit (no garage requirement)	
3 or more bedrooms		1.5 spaces/unit (no garage requirement)	
		<ul style="list-style-type: none">• Allow for shared parking reduction for mixed use development• Reduce parking for senior housing	

5. Warehousing

Logistics and manufacturing uses historically have occupied much of the land area in Commerce. Many have been here for decades. This well-established industrial community offers prospective investors and new businesses a stable environment in which to nurture growth. As the nature of industrial production has evolved over the years, there has been an increase in warehousing and distribution uses while manufacturing uses have declined. Historical industrial areas are experiencing increased costs to improve infrastructure and manage congestion associated with the heavy truck traffic associated with warehousing uses. In addition, logistics uses have a lower job density, with usual ratios of between 30-100 jobs per hectacre) compared to manufacturing jobs. Buildings and facilities used for logistics are often aging and fairly small when compared to newer facilities being constructed further from central Los Angeles County, such as those in the Inland Empire and north Los Angeles County. However, logistics spaces in central Los Angeles (such as Vernon and Commerce) continue to have very low vacancy rates, indicating a continued demand for this specific type (and location) of logistics space. This section presents a summary of options for consideration to facilitate warehousing paying a fair share of roadway improvements and to help encourage new businesses that provide high quality jobs, pay scales, density of jobs, and additional City revenue.

Building Size. Consider establishing a maximum building size for new warehousing uses in the City. The City could also establish a maximum building size for warehousing

just within the C/M-1 zone. *Case study Vernon: Warehousing uses were prohibited for all buildings over 50,000 square feet between 1989 and 2005.*

Parcel Tax. Consider establishing a parcel tax on all facilities involved in warehousing, distribution, and trucking. *Case study Vernon: Since 1999, a parcel tax has been applied in Vernon to all warehousing (except refrigerated warehouses). The parcel tax was established at \$0.20 per square foot. An additional parcel tax was levied on all commercial property in Vernon (passed in 2013) for an additional \$0.03 to be dedicated to public safety and public health services. Despite the parcel tax, warehouses have continued to locate in Vernon, due largely to its central location. Intermodal yards used by BNSF and Union Pacific have refused to pay the parcel tax based on their inter-state operations.*¹

Warehousing Overlay. Consider identifying specific areas of the M-2 and/or C/M-1 zones where warehouse and distribution uses should not be allowed. For example, the City could consider prohibiting warehousing along Atlantic Boulevard or throughout the C/M-1 district, and/or focusing warehousing in a particular area of the city through use of a zoning overlay. *Case study Fontana: The City of Fontana has a Warehousing Distribution/Logistics Overlay District that may be applied to any property with a General Plan land use designation of Regional Mixed Use that is located in a particular area of the city.*

Minimum Lot Size. Consider increasing the minimum lot area for new warehouse and distribution uses in Commerce. The existing minimum lot area for C/M-1, M-1, and M-2 zones is 20,000 square feet. This provision could reduce the potential for smaller warehouses, but may also encourage lot consolidation.

Establish Total Warehouse Cap. Consider establishing a total citywide or zone-wide maximum development cap for new and existing warehousing within the city. The cap could be established based on the existing square footage of warehousing in the city, to curtail any future increases in warehousing.

Establish New Findings and/or Performance Standards. Performance zoning is a land use planning concept that has its roots in building codes that established performance standards as opposed to specification standards. An example of a performance standard would be “that walls, floor and ceiling be so constructed as to contain an interior fire for one hour.” A specification standard example would be “that walls, floor and ceiling be constructed of 4-inch thick masonry or stone.” Performance standards can help provide flexibility, but can be more difficult to gauge compliance and enforce. Additional specific performance standards for warehousing uses could be identified.

Loading Spaces. Complete a comprehensive review of the Industrial zones to assess current market demands for parking and loading spaces. Given the evolving nature of

¹ Gonzalez-Feliu, Routhier, Semet (editors). Sustainable Urban Logistics: Concepts, Methods, and Information Systems, 2014.

logistics and goods movement, many warehousing uses may not require the large loading spaces required by the Zoning Code.

II. Industry Cluster Analysis

HR&A Advisors, real estate and economic development consultants, were retained to prepare an industry cluster analysis to identify key industry clusters in the City and analyze growth trends and linkages. This included the following:

- Assessing economic trends and indicators within Los Angeles County and the region, both on a sector specific level and as a whole.
- Highlighting industry, employment, and real estate changes within the Production, Distribution, and Repair sector and articulating its likely future in Commerce.
- Analyzing and incorporating local business input garnered through outreach, including in-person meetings and a survey, to understand Commerce specific challenges and opportunities.
- Integrating various economic elements by sector such as size, projected growth, average wages, and existing concentrations to develop a comprehensive analytic framework.
- Applying widely accepted methodologies to determine the City's comparative industry concentrations and future opportunities to position itself to attract growth industries.

While this analysis provides economic context, comprehensive City specific considerations may drive land use and economic development policy decision making such as: 1) Real estate market demand and financial feasibility, 2) Fiscal implications, 3) Environmental impacts, 4) Infrastructure capacity, 5) Building stock and available land, and 6) Community needs and aspirations.

While additional economic analysis is needed, key takeaways from this first round of work include the following:

- Of the 48,000 jobs in the City, only 800 are held by City residents.
- Employment grew regionally but contracted in Commerce, largely due to the losses in manufacturing and a reduction in the number of jobs per business.
- The PDR sector is largely shifting to the Inland Empire; however there is still a strong market support for industrial space in Commerce.
- Commerce businesses prize the City's location, although spatial and regulatory constraints are the most cited obstacles in business expansion.

- Commerce has higher than average concentrations of logistics and distribution and the arts and entertainment sectors (attributed to the Commerce Casino); it also has sectors anticipated to grow regionally including professional and technical services, as well as construction.
- Commerce's business and retention strategy will need to balance the City's fiscal, quality of life and environmental goals with the right set of market opportunities and industry cluster.

Moving forward the City do several things to continue analyzing its economic future. including evaluating the contributions from industrial and warehouse uses towards the City's fiscal resources, now and in the future. Assessing fiscal scenarios 5, 10, and 15 years in the future and identifying key contributors to the future economy of the City would be a useful exercise. The City should also continue to look at ways to diversify its tax base and identify and evaluate peer cities that have adopted successful strategies to balance industrial and warehouse uses with long term goals.

III. Office of the Business Liaison

The GZAP envisioned a Business Liaison and/or City office thereof to help with implementation of the Action Plan. Serving as a conduit between the City and the business community, the Liaison would assist with among other things, identifying resources for local businesses, the permitting process, and administering new programs (façade improvement for example). The initial approach to this component of the Plan included creating a benchmark study analyzing how local governments promote green business, and best practices related thereto. It also included creating a draft job description for a Business Liaison position in the City. As work on Phase 1 implementation continued, the City's desire for a renewed emphasis on economic development became clear. Therefore, staff is suggesting an expanded scope, and recommends the creation of an Economic Development, Sustainability, & Beautification Coordinator. This not only captures the original intent of the office, but expands it to clearly include other key components such as economic development. A draft job description and list of duties for this position is attached to this report. If the Council believes creating such a position is necessary to further the goals of the City, staff can finalize the job description and bring it back for further review and approval during the 2018/2019 budget process. Please note that as the City continues its efforts to bring about change through economic development, the creation of one additional position may not be enough.

CONCLUSION:

Additional information on the aforementioned recommendations can be found in the attachments to this report. On March 20th, staff anticipates receiving City Council input and direction on the items contained herein. Also, later this year, the City will initiate an update to its General Plan and Zoning Ordinance. Implementation of the GZAP will continue through these efforts. Lastly, during Phase 1 implementation, the consulting

team conducted a business questionnaire to better understand the needs of the business community. Efforts related to the questionnaire included personal visits to businesses, and soliciting responses to the questionnaire by mail. In total, 89 responses were received. A summary of the responses is attached to this staff report and will be further discussed on March 20th.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

None at this time.

RELATIONSHIP TO STRATEGIC GOALS:

The issue before the Council is consistent with Economic Growth Guiding Principle 1 which focuses on creating and strengthening our identity as a community that promotes opportunity and success for businesses that meet the strategic focus for economic growth, which will have a positive impact on the quality of life and the City's financial sustainability. An action item titled "Implementation of Green Zone Action Plan" was specifically developed to insure compliance and implementation.

Recommended by: Maryam Babaki, Director of Public Works & Development Services

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar Cisneros, City Administrator

ATTACHMENT:

- 1) Green Zones Action Plan
- 2) Green Zones Action Plan Implementation and Specific Plan Framework -
OPTIONS SUMMARY
- 3) Draft Presentation from MIG
- 4) HR&A Analysis
- 5) Business Questionnaire Summary
- 6) Benchmarking Study
- 7) Economic Development, Sustainability, & Beautification Coordinator