



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: Resolution Approving the Final Environmental Impact Report ("EIR") (State Clearinghouse Number 2016091024) for the Citadel Outlets Expansion and 10-Acre Development Project, Statement of Overriding Considerations, and the Mitigation Monitoring and Reporting Program ("MMRP"); uncodified Ordinance Approving Development Agreement No. 18-032; uncodified Ordinance Approving Development Agreement No. 18-033; and the Master Sign Plan for Area 1, Area 2, and Area 3 (First Reading and Introduction).

MEETING DATE: July 2, 2019

RECOMMENDATION:

That the Commerce City Council:

1. CERTIFY that
 - a. The Final EIR (State Clearinghouse Number 2016091024) for the Citadel Outlets Expansion and 10-Acre Development Project (the "Project"), which includes the Draft EIR (State Clearinghouse Number 2016091024), has been prepared in accordance with the requirements of the California Environmental Quality Act ("CEQA"); and
 - b. That the Project's EIR represents the independent judgment and analysis of the lead agency.
2. ADOPT the:
 - a. Statement of Overriding Considerations
 - b. CEQA Findings
 - c. Mitigation Monitoring and Reporting Program ("MMRP"), and
3. FIRST READING AND INTRODUCTION AND READING BY TITLE ONLY OF:
 - a. Uncodified Ordinance for Development Agreement No. 18-032 and Zone Change to rezone a portion of Area 1 from the M-2 Zone to the C-2 Zone;
 - b. Uncodified Ordinance for Development Agreement No. 18-033 and Zone Change to rezone Area 3 from the C-2 Zone to the C-2/PF/M2 Zone; and
 - c. Master Sign Plan for Area 1, Area 2, and Area 3.

BACKGROUND:

The proposed Project would enable the development of up to 1,007,202 square feet of new development and establish new regulations for future development within the project area. The proposed land uses and potential future development associated with the proposed Project are listed as follows:

Land Use Summary

- Entertainment/Recreation - 270,000 square feet
- Food establishments – 16,540 square feet
- Hotel - 358,000 square feet (770 rooms)
- Industrial – 55,000 square feet
- Office - 70,000 square feet
- Retail - 237,662 square feet

Proposed Future Development and Related Parking

Area 1 includes a portion of the existing Citadel shopping center complex. The new elements proposed as part of the Area 1 development are outlined below.

- Building 20 will be a newly constructed 15,000 square-foot, three-level commercial building. The first level will consist of approximately 7,030 square feet while the mezzanine will have approximately 1,810 square feet. The second level will contain 6,160 square feet of floor area.
- Building 21 will be a new 107,150 square-foot commercial building that will be constructed immediately south of Building 20.
- New and expanded parking structures will provide a total of 1,618 spaces. The first parking structure will consist of four levels and provide a total of approximately 750 parking spaces. The new parking structure will be constructed below the two hotel buildings. A second six-level parking structure consisting of 630 stalls will be constructed north of an existing five-level parking structure. This existing parking structure will be expanded by 238 spaces.
- Traveler's Hotel will be constructed in the northeast portion of the Phase 5 area. This five-level hotel will contain approximately 174 guest rooms. This hotel will have a total floor area of 80,000 square feet. The maximum height of the hotel/parking structure will be approximately 150 feet.
- Loft Hotel will be constructed south of the Traveler's Hotel and will also be constructed over the parking structure. This hotel building will consist of five levels on top of the four-level parking structure. This hotel will contain 96 guest rooms with a total floor area of 98,000 square feet.

- The Food/Retail will include approximately 41,571 square feet of additional retail/food related uses.
- A New/Expanded Parking Structures will be constructed in the southern portion of Area 1. The new parking structure will consist of six levels (one subterranean and five above-ground levels) and will contain up to 680 stalls. In addition, an existing five-level parking structure will be expanded to provide an additional 238 parking spaces. Other improvements that will be located in Area 1 include a new Grand Fountain Plaza, artwork, pedestrian paths, safety and decorative lighting, landscaping, and a bus/transit area. A new monorail will be constructed that will extend through the existing Citadel Outlets continuing to Area 2.

Area 2 consists of approximately 26 acres and is located east of the existing Citadel complex and continuing easterly for an approximate distance of 2,100 feet. Gaspar Avenue is the demarcation between Area 1 and Area 2. The new elements proposed as part of the Area 2 (Phase 6) development are outlined below.

- Building 22 will be a new 46,834 square-foot commercial retail building that will include both single-level and two-level tenant spaces.
- Building 23 will be a new 23,107 square-foot retail building that will be constructed immediately east of Building 22.
- A Recreational Commercial use (referred to as an “Adventure Experiential Retail”), consisting of two levels and 120,000 square feet of floor area, will be centrally located within Area 2. A surface parking area that will accommodate both conventional and oversized parking will be located to the rear (north side) of the building.
- A new Hotel and Parking Structure will be located in the northeastern portion of Area 2. The new parking structure will consist of four parking levels that will accommodate approximately 700 parking spaces. A new hotel, consisting of nine floors and 185,000 square feet, will be constructed over the parking structure and will contain approximately 500 guest rooms.
- A Movie/Entertainment Complex will consist of three levels and will include approximately 150,000 square feet of floor area. Small fast-food restaurants that will largely cater to those attending the theater along with an outside court area will be located along the theater’s west facing elevation. A 150-foot tall design element (referred to as an Icon Tower) will be situated near the theater building’s southeast corner.
- A Restaurant, consisting of approximately 3,140 square feet, will be located in the westernmost portion of Area 2.

Area 3 consists of approximately 10 acres of land located on the northwest corner of Washington Boulevard and Telegraph Road. The new elements that are proposed as part of the Area 3 development are outlined below.

- Fast Food Restaurant Pad 1 will be a new 2,000 square-foot restaurant located in the northeastern portion of Area 3.
- Fast Food Restaurant Pad 2 will be a new 4,400 square-foot restaurant located in the eastern portion of Area 3 along the Washington Boulevard frontage.
- Sit down Restaurant Pad 3 will be a new 5,000 square-foot restaurant located on the southeast corner of Area 3. This restaurant will also include an outdoor dining area. A total of 77 parking spaces will be provided.
- Fast Food Restaurant Pad 4 will include a new 2,000 square-foot restaurant located in the southwest portion of Area 3 along the Telegraph Road frontage.
- The Pad 5 Alternative will include either a Fast Food Restaurant consisting of 4,500 square feet of floor area and 73 parking stalls. As an alternative, a four-level, 70,000 square-foot office building will be constructed on Pad 5.
- A new Warehouse/Industrial Building will be located in the northwest portion of Area 3. This building will have a total floor area of approximately 55,000 square feet. A total of seven loading docks will be located along the building's west-facing elevation. Access to the truck receiving and loading area will be secured by gates. The proposed new development within the three areas (Area 1, Area 2, and Area 3) will have a total floor area of 1,007,202 square feet. The new development will consist of approximately 237,662 square feet of retail uses; 358,000 square feet of hotel uses totaling 770 rooms; 270,000 square feet of theater, entertainment, and recreation uses; 16,540 square feet of food serving uses; 70,000 square feet of office uses; and 55,000 square feet of industrial uses. This breakdown in land uses assumes that Pad 5 in Area 3 will be developed as an office use instead of a fast food restaurant. The proposed land uses and development for the three project areas are summarized below in Table 2.

Table 2
Summary of Proposed Development within the Planning Area

Area	Project Element	Details	Description
Area 1	Building 20 Retail	15,000 sq. ft.	Three level commercial retail building.
	Building 21 Retail	107,150 sq. ft.	One and two level multi-tenant retail building.
	Traveler's Hotel	80,000 sq. ft.	Five level, 174 room hotel.
	Loft Hotel	93,000 sq. ft.	Five level, 96 room hotel.
	Food/Retail	45,571 sq. ft.	Restaurant and retail uses.
	Parking Structure	750 spaces	Four level parking structure containing 750 spaces.
	New Parking Structure	680 spaces	Six level parking structure containing up to 680 spaces.
	Parking Structure Expansion	238 spaces	Expansion of existing five level parking structure 238 spaces.
Area 2	Building 22 Retail	46,834 sq. ft.	Single and two level multi-tenant retail spaces.
	Building 23 Retail	23,107 sq. ft.	Single and two level multi-tenant retail spaces.
	Recreation/Commercial Bldg.	120,000 sq. ft.	Two level adventure experiential commercial.
	Hotel	185,000 sq. ft.	Nine levels over the parking structure with 500 guest rooms.
	Gaspar Food Pad	3,140 sq. ft.	Single level restaurant.
	Entertainment Complex	150,000 sq. ft.	Three level theater building & supporting restaurant uses.
	Parking Structure	700 parking spaces	Parking structure with four levels below the hotel.
Area 3	Pad 1 Fast Food Restaurant	2,000 sq. ft.	Fast food restaurant with drive-thru lane.
	Pad 2 Fast Food Restaurant	4,400 sq. ft.	Fast food restaurant with drive-thru lane.
	Pad 3 Restaurant	5,000 sq. ft.	Sit down restaurant.
	Pad 4 Fast Food Restaurant	2,000 sq. ft.	Fast food restaurant with drive-thru lane.
	Pad 5 Office ¹	70,000 sq. ft.	Four level buildings that may be a public/institutional use.
	Warehouse/Industrial	55,000 sq. ft.	Industrial building with seven loading docks.

Notes:

1. Pad 5 may be developed as a 4,500 square-foot fast food restaurant use with a drive-thru lane instead of the office building.

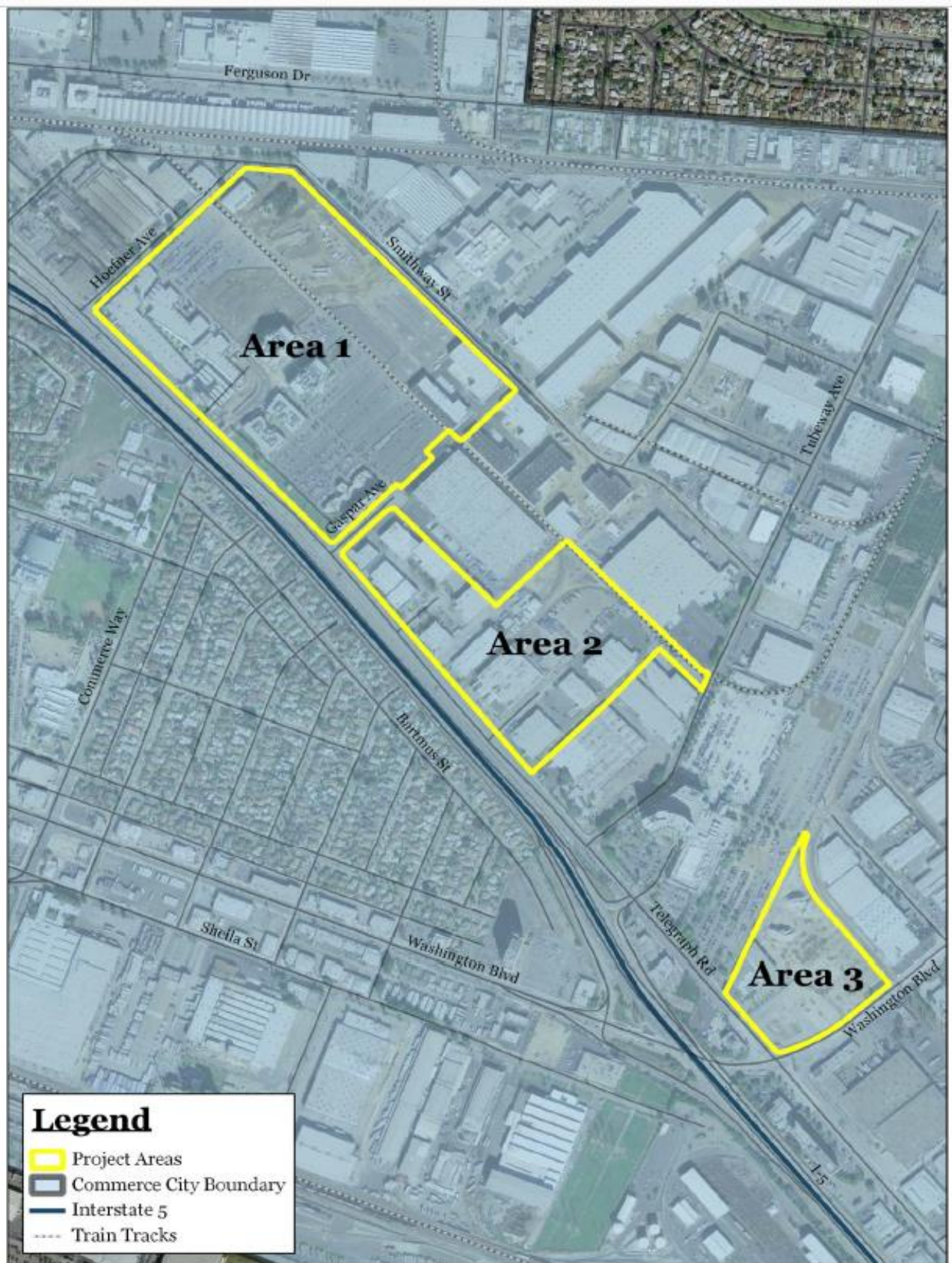
Source: Studio Progetti. *A Project of Craig Realty Group. [The] Citadel.* November 21, 2018

Master Sign Plan

The Citadel Master Sign Plan is intended to establish criteria and guidelines for defining and inspiring tenant signage within the Citadel Outlets as well as achieve visually coordinated, balanced, and appealing on-site signage throughout the Project Area. The Master Sign Plan proposes an illustrative plan with a variety of sign types and sizes consistent with Section 19.25.130 of the Commerce Municipal Code.

ANALYSIS:

On June 3, 2019, the Planning Commission conducted a public hearing and approved staff's recommendation to transmit the Project to City Council for approval. The Project area, referred to hereinafter as the "Planning Area," is located along the north side of Telegraph Road between Hoefner Avenue (on the west) and continuing east to Washington Boulevard. The land occupied by the existing Commerce Casino and Hotel and the industrial properties located to the west of Tubeway Avenue are not part of the proposed project. The Planning Area consists of three distinct areas referred to as Area 1, Area 2, and Area 3 as shown on the following map and summarized below:



- Area 1 includes the existing Citadel shopping center complex and the majority of the new improvements will be located in the northeast portion of the Citadel shopping center. These new improvements are collectively referred to as Phase 5. The portion of Area 1 that will be developed includes a surface parking area located in the northeast corner of the existing Citadel Outlets center and two existing concrete tilt-up buildings. The Assessor's Parcel Numbers that are applicable to Area 1 include 6336-019-030, 6336-019-031, 6336-019-033, 6336-019-034, 6336-024-017, and 6336-024-018.
- Area 2 consists of approximately 26 acres and is located east of the existing Citadel complex and continuing easterly for an approximate distance of 2,100 feet. Gaspar Avenue is the demarcation between Area 1 and Area 2. The Assessor's Parcel Numbers that are applicable to Area 2 include 6336-018-920, 6336-018-805, and 6336-017-908.
- Area 3 consists of approximately 10 acres of land located on the northwest corner of Washington Boulevard and Telegraph Road. Washington Boulevard extends along the east side of Area 3 while Telegraph Road extends along the south side. The Assessor's Parcel Number that is applicable to Area 3 is 6336-010-908.

The Planning Area consists of urban development that includes a range of land uses consisting of commercial, industrial, warehousing, surface parking areas, and vacant land. The majority of the existing vacant land is included in Area 2 and Area 3. However, all of the existing vacant land includes parcels that were formerly developed. The affected area encompasses a total land area of approximately 44 acres that include approximately 8 acres in Area 1; 26 acres in Area 2; and 10 acres in Area 3. The environmental setting of the three project areas are summarized below:

- Area 1 includes an area located within the existing Citadel shopping center complex consisting of approximately eight acres. Area 1 is predominately located within the northeast portion of the Citadel, which is presently occupied by surface parking and two warehouses
- Area 2 consists of approximately 26 acres and is located east of the existing Citadel complex and continuing easterly for an approximate distance of 2,100 feet.
- Area 3 consists of approximately ten acres of land located on the northwest corner of Washington Boulevard and Telegraph Road. Washington Boulevard extends along the east side of Area 3 while Telegraph Road extends along the south side. The majority of the site is vacant though a single building used as a furniture outlet retailer occupies the western portion of Area 3.

Existing land uses and development within the three project areas (Area 1, Area 2, and Area 3) total 190,243 square feet including 79,375 square feet in Area 1; 88,368 square feet in Area 2; and 22,500 square feet in Area 3. The existing vacant and undeveloped parcels located within the Planning Area were previously occupied by development that has since been demolished. The existing Citadel Outlet complex contains a variety of commercial retail, office, and hotel uses. The main Citadel complex, which contains retail, hospitality, and office uses, is located to the west of Area 2. The Commerce Casino, located east of Tubeway

Avenue, is located between Area 2 and the Telegraph Road/Washington Boulevard project site (Area 3). The existing land uses and development within the three areas are summarized below in Table 1.

The Citadel site originally served as a tire factory operated by the Samson Tire Company. It was the largest tire factory west of the Mississippi. The building was constructed as an Assyrian Castle in grand style to commemorate ancient Sumerian, Akkadian and Babylonian cultures. As a result of economic troubles, the Citadel site was abandoned and the City acquired the property in 1983. Subsequently, the Citadel property was transformed into a mix of stores, office buildings, and a hotel.

Currently, the Citadel site located in Area 1 is home to a vibrant retail center that features a variety of popular brand-name outlet stores & restaurants. The Citadel, with its distinctive facade, has received national recognition as an example of the commercial reuse of a site that was previously occupied by an abandoned manufacturing plant.

The Planning Area consists of urban development that includes a range of land uses consisting of commercial, industrial, warehousing, surface parking areas, and vacant land. The majority of the existing vacant land is included in Area 2 and Area 3. However, all of the existing underutilized vacant land includes parcels that were formerly developed. In an effort to promote the future development of the Citadel and neighboring areas consistent with the City of Commerce 2020 General Plan, Community Development Policy 4.3, the proposed Project would activate new commercial/retail uses, public/institutional uses, and industrial uses within the Planning Area that would serve to implement the City's General Plan.

ENVIRONMENTAL ANALYSIS

A Draft EIR was prepared for the Project to assess potential environmental impacts and was made available and circulated for public review and comment, pursuant to the provisions of the California Environmental Quality Act ("CEQA"). The Draft EIR also examined environmental impacts for alternatives to the proposed Project, as required by CEQA. The Draft EIR was available for public comment for a 45-day public review period beginning March 27, 2019 through May 10, 2019. The environmental document, the comments received, and the lead agencies responses to those comments comprise the Final EIR (included as Attachment E). Pursuant to Commerce Municipal Code Section 19.39.140, the Notice of Public Hearing was mailed (on Thursday, June 20, 2019) to all owners (as well as interested parties) and published in a newspaper of general circulation on Friday, June 21, 2019. In addition, the Final EIR (including all Appendices) was posted to the City's website on June 21, 2019.

The Project is expected to result in significant and unavoidable impacts related to air quality, greenhouse gases, and traffic. Pursuant to CEQA, the Statement of Overriding Considerations (included as Attachment F) and the Mitigation Monitoring and Reporting Program (included as Attachment G) will be incorporated into the Project.

Public Comments

The Draft EIR was initially circulated on February 19, 2019, and recirculated on March 27, 2019. The Draft EIR was available for review and public comment for a 45-day public review period that ended May 10, 2019. The following is a summary of the 24 comment letters (included as Attachment I) that were received regarding the Draft EIR:

**CITADEL OUTLETS EXPANSION & 10-ACRE DEVELOPMENT PROJECT
INDEX OF COMMENTS REGARDING THE DRAFT ENVIRONMENTAL IMPACT REPORT (DRAFT EIR)**

TAB	FIRST NAME	LAST NAME	DATE	ORGANIZATION	DESCRIPTION
1	Pete	Cooke	03/13/2019	The Department of Toxic Substances Control (DTSC)	Letter to Rene Bobadilla with DTSC comments regarding the Draft EIR
2	Sara	Dudley	03/14/2019	Adams Broadwell Joseph & Cardoza on behalf of CREED	Letter to Rene Bobadilla, Lena Shumway, and Manuel Acosta regarding request to extend the public review period for the Draft EIR (dated February 14, 2019)
3	Patrick	Hennessey	03/22/2019	Palmieri Tyler on behalf of the Ryzman Family Trust and American International Industries	Letter to Rene Bobadilla regarding the Draft EIR (dated February 14, 2019)
4	Michael	Alti	03/22/2019	Community Legal Advisors Inc. on behalf of the Citadel Business Park Owners Association	Email (w/ formal letter attached) to Rene Bobadilla regarding the Draft EIR (dated February 14, 2019) and property issues with respect to conditions/covenants, easements, etc.
5	Sara	Dudley	03/25/2019	Adams Broadwell Joseph & Cardoza on behalf of CREED	Email to Rene Bobadilla regarding status of extension request and clarification on comment period
6	Sara	Dudley	03/27/2019	Adams Broadwell Joseph & Cardoza on behalf of CREED	Email to Rene Bobadilla regarding access to information for the recirculated Draft EIR via the City's website
7	Sheila	Sannadan	03/28/2019	Adams Broadwell Joseph & Cardoza on behalf of CREED	Email (w/ formal letter attached) to Maryam Babaki, Angie Verdin, Noel Tapia, Esq., and Rene Bobadilla regarding Public Records Act request for information
8	Nicholas	Whipps	04/01/2019	Wittwer Parkin LLP on behalf of the Southwest Regional Council of Carpenters ("Southwest Carpenters")	Letter to Jose Jimenez regarding comments to the Draft EIR and request to be added to the interested parties list
9	Brandy	Salas	04/12/2019	Gabrieleno Band of Mission Indians – Kizh Nation	Email requesting consultation with the Tribal government if any ground disturbance takes place in

TAB	FIRST NAME	LAST NAME	DATE	ORGANIZATION	DESCRIPTION
					connection with the proposed project
10	Michael	Takeshita	04/15/2019	County of Los Angeles Fire Department	Letter to Rene Bobadilla with comments to the Draft EIR from Planning, Land Development, Forestry, and Health Hazardous Materials Division
11	Richard	Drury	05/09/2019	Supporters Alliance for Environmental Rights ("SAFER")	Letter to Maryam Babaki and Manuel Acosta regarding the Draft EIR for the Citadel project
12	Shine	Ling	05/10/2019	Metro	Letter to Ren Bobadilla regarding the Draft EIR for the Citadel project
13	Lijin	Sun	05/10/2019	South Coast AQMD	Letter to Rene Bobadilla regarding the air quality analysis related to the Draft EIR for the Citadel project
14	Nedy	Warren	05/10/2019	The Commerce Casino & Hotel	Letter to Joseph Palombi regarding comments to the Draft EIR for the Citadel project
15	Michael	Alti	05/10/2019	Community Legal Advisors Inc. on behalf of the Citadel Business Park Owners Association	Letter to Rene Bobadilla regarding comments to the Draft EIR for the Citadel project
16	Patrick	Hennessey	05/10/2019	Palmieri Tyler on behalf of the Ryzman Family Trust and American International Industries	Letter to Rene Bobadilla regarding comments to the Draft EIR for the Citadel project
17	Sara	Dudley	05/10/2019	Adams Broadwell Joseph & Cardoza on behalf of CREED	Letter to Rene Bobadilla and Manuel Acosta regarding comments to the Citadel project
18	Nestor	Velasquez et. al.	05/10/2019	City of Commerce Residents	Petition signed by the following individuals: 1. Nestor Velasquez 2. Daniel Salazar 3. Moises R. Perez 4. Patricia Portillo 5. Juan Sanchez 6. Blanca Lamas 7. Baltazar Lopez

TAB	FIRST NAME	LAST NAME	DATE	ORGANIZATION	DESCRIPTION
					8. Gloria Chavez 9. Arlene Steinert 10. Altagracia Mancia 11. Mary Lou McKewen (sp?) 12. Blanca Sanchez 13. Beatriz Garcia
19	Miya	Edmonson	05/10/2019	Caltrans	Comment letter regarding the Draft EIR for the Citadel project
20	Adriana	Raza	05/07/2019	LA County Sanitation District	Comment letter regarding the Draft EIR for the Citadel project.
21	Gideon	Kracov	05/10/2019	UNITE HERE Local 11/East Yard Communities for Environmental Justice	Comment letter regarding the Draft EIR for the Citadel Outlets Expansion Project.
22	Salvador	Suarez	05/09/2019	California Highway Patrol	Comment letter regarding the Draft EIR for the Citadel project.
23	Scott	Morgan	05/13/2019	California Governor's Office of Planning and Research	Communication regarding transmittal of the EIR to selected agencies
24	Pete	Cooke	05/13/2019	Department of Toxic Substance Control	Comment letter regarding the Draft EIR for the Citadel project.

In addition to the above-referenced comment letters, the City received the following letters subsequent to the end of the public comment period (May 10, 2019) for the Draft EIR:

1. Letter dated May 21, 2019, from Michael Alti of Community Legal Advisors Inc. regarding objections to consideration of Final Environmental Impact Report for the Citadel Outlets Expansion and 10-Acre Development Project;
2. Letter dated May 24, 2019, from Michael Alti of Community Legal Advisors Inc. regarding objections to consideration of Final Environmental Impact Report for the Citadel Outlets Expansion and 10-Acre Development Project;
3. Letter dated June 12, 2019, from Gideon Kracov regarding request for notifications for the Citadel Outlets Expansion Project;
4. Letter dated June 13, 2019, from Patrick Hennessey of Palmieri Tyler regarding supplemental objections to the City's Draft EIR for the Citadel Outlets Expansion and 10-Acre Development Project prepared February 14, 2019;

ALTERNATIVES:

1. Approve staff recommendation
2. Decline staff recommendation and provide further direction

FISCAL IMPACT:

This action will not incur a fiscal impact. No appropriation of funds is required and there will be no impact on the budget as a result of this action.

RELATIONSHIP TO STRATEGIC GOALS:

As previously mentioned, the future development of the Citadel and neighboring areas is consistent with the City of Commerce 2020 General Plan, Community Development Policy 4.3, as the proposed Project would activate new commercial/retail uses, public/institutional uses, and industrial uses within the Planning Area that would serve to implement the City's General Plan.

Recommended by: Rene Bobadilla, Assistant City Manager
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENTS:

1. Attachment A - Resolution (Final EIR, Statement of Overriding Considerations, CEQA Findings, and Mitigation Monitoring and Reporting Program)
2. Attachment B - Uncodified Ordinance (Development Agreement No. 18-032/Zone Change)
3. Attachment C - Uncodified Ordinance (Development Agreement No. 18-033/Zone Change)
4. Attachment D - Master Sign Plan
5. Attachment E - Final EIR
6. Attachment F - Statement of Overriding Considerations
7. Attachment G - Mitigation Monitoring and Reporting Program
8. Attachment H - Draft EIR
9. Attachment I - Public Comment Letters

ATTACHMENT A

ATTACHMENT B

ATTACHMENT C

ATTACHMENT D

ATTACHMENT E

ATTACHMENT F

ATTACHMENT G

ATTACHMENT H

ATTACHMENT I