

**SAN LEANDRO PLANNING COMMISSION
REGULAR MEETING**

City Council Chambers, First Floor
835 East 14th Street
San Leandro, California 94577

7:00 p.m. Regular Meeting

April 19, 2012

Item 1: Roll Call

Present: Planning Commissioners Thomas Dlugosh (District 4), Ed Hernandez (District 2), Tom Fitzsimons (District 5), Scott Rennie (At Large); Vice Chair Denise Abero (District 3); Chair Esther Collier (District 6).

Absent: [Note: District 1 Commissioner seat currently vacant.]

Staff: Tom Liao, Secretary to the Planning Commission (Planning & Housing Manager); Phil Millenbah, Senior Planner; Luke Sims, Community Development Director; Tara Peterson, Senior Administrative Analyst/Engineering & Transportation Department; Ken Joseph, Senior Engineer; Richard Pio Roda, Assistant City Attorney; Larry Ornellas, Facilities Coordinator; Barbara Templeton, Recording Secretary.

Chair Collier called for a moment of silence in honor of fellow Commissioner Dale Reed, who passed away in March 2012.

Item 2: Public Comments

None.

Item 3A: Minutes

*Motion to approve the minutes of the January 26, 2012 Special Meeting
Abero/Dlugosh: 6 Aye, 0 No*

Item 3B: Minutes

*Motion to approve the minutes of the March 15, 2012 Regular Meeting
Dlugosh/Fitzsimons: 6 Aye, 0 No*

Item 4: Correspondence

None.

Item 5: Oral Communications

None.

Item 6: Work Session

None.

Item 8A: Miscellaneous (moved up on the agenda)

General Plan Conformance Finding concerning the proposed sale of the property located at 2015 Laura Avenue (APN #077-0655-144-01). (Millenbah)

[Chair Collier asked the Planning Commission if they would approve moving Items 8A and 8B ahead of the public hearing time tonight and the Commissioners approved her request minus Commissioner Rennie who had not yet arrived.] Secretary Liao explained that State law requires the Planning Commission to make a General Plan Conformance Finding whenever there is a transfer or disposal of City-owned property. The City purchased the property at 2015 Laura Avenue in 2009 to accommodate proposed roadway improvements, including street widening in the area of Davis Street and I-880 on- and off-ramps. However, the roadway improvement plans subsequently changed and this property was no longer needed.

Although the property has not been put on the market, recent offers suggest that the time has come to consider selling it. Once the property is sold, its use will be subject to existing zoning restrictions, including an existing conditional use permit (CUP).

In response to questions from Commissioner Hernandez and Chair Collier, Ms. Peterson said the City was the sole buyer of the property, paid about \$650,000 for it, has held onto it in the hope that the market would improve, has been approached by interested parties and will have it appraised soon.

***Motion to Find the Proposed Sale of the Property at 2015 Laura Avenue
in Conformance with the General Plan***

Hernandez/Abero: 6 Aye, 0 No

Commissioner Rennie raised a point of order when Chair Collier called for Item 8B on the agenda. Inasmuch as Item 8B pertains to property related to the subject of Public Hearing Item 7A, he wanted to address the conformance finding after the public hearing.

Item 7A: Public Hearing

PLN2011-00039; Zoning Map and Text Amendment for the establishment of a Planned District and the approval of a Planned Development Permit for a 27,664-square-foot retail project located at 1550 East 14th Street (APN 077-0540-009-00). The project will consist of two separate buildings, including a 13,869-square-foot Fresh & Easy Neighborhood Market specialty grocery store and a 13,795-square-foot retail store area that will include a Peet's Coffee & Tea, Inc. and Chipolte Mexican Grill, Inc., among other retail uses. The project is exempt from CEQA pursuant to Section 15332 (In-Fill Development) of CEQA Guidelines. Innisfree Ventures II, LLC (Applicant). (Millenbah)

Mr. Sims provided background to set the stage for the discussion of the Village Marketplace project. The San Leandro Redevelopment Agency purchased the property as part of a downtown revitalization effort for two purposes, he said: 1) To provide a temporary parking facility during the demolition and construction of the new parking garage, which is nearing completion; and 2) To clear the site of the abandoned supermarket for a Redevelopment project that would bring investment to the downtown area.

He said the project proposed represents a significant part of the City's current revitalization strategy, which also includes the Kaiser development, OSIsoft's campus expansion in the San Leandro Crossings project, and the Lit San Leandro efforts to attract technology businesses. He said the developer's \$11 million investment could produce \$100,000-plus annually in sales tax and 113 jobs as well as property tax revenue.

The proposal represents an effort to balance the importance of bringing in a high-quality project that respects community input with a particular interest in tenant mix, while allowing enough flexibility to ensure the project's financial viability and ability to meet retailer needs.

Mr. Millenbah said staff recommends Planning Commission approval of 1) Planned District (PD) rezoning; 2) a Planned Development Permit; and 3) categorical exemption from CEQA, pursuant to Public Resources Code Sections 21083-21084 and CEQA Guidelines Section 15332.

PD Rezoning: Mr. Millenbah explained that the project is currently zoned DA-1(S). Planned District rezoning would allow for standards tailored to the specific circumstances of the property and provide flexibility for future uses. Because the site is in the midst of a transit area, keeping the interpretations of future uses open is important, Mr. Millenbah said. That flexibility means that residential units eventually could be added to the site.

Planned Development Permit: Relative to the permit granting the right to build this project subject to its conditions of approval, Mr. Millenbah said the Planning Commission should review the Planned Development Permit in the context of guidelines such as the Downtown Plan and Urban Design Guidelines and the Downtown San Leandro Transit Oriented Development (TOD) Strategy. Other considerations include site planning, traffic circulation and pedestrian access.

CEQA Exemption: Staff reports that this project should be exempt from CEQA as a Class 32 infill exemption consistent with the City's General Plan and occupying a site of less than five acres. Furthermore, because the site is within the TOD Strategy area, in 2007 it was subject to an approved Environmental Impact Report. That EIR was premised on a greater-intensity development than what's proposed now.

Referring to the Recommended Conditions of Approval, **Commissioner Dlugosh** asked about two items related to residential development that are listed in the Building and Safety Services section, as well as the special inspector. **Mr. Millenbah** indicated that the items noted will be deleted because they aren't applicable. He explained that the Building Department opted to include the special inspector language to enable calling in these outside inspectors if needed.

Until the new parking garage is completed, **Commissioner Dlugosh** asked whether the City has made provisions to accommodate the Wednesday Farmers' Market parking overflow. **Mr. Sims** said the timing of this project is such that parking will remain available for as much as 75% of the Farmers' Market season. After that, Farmers' Market patrons will have to park elsewhere. Commissioner Dlugosh asked whether any studies have been undertaken to address that issue, because the Farmers' Market is important enough to the community to close off Parrott Street one night a week. Noting that even after the new parking garage opens, people might not want to walk all the way from Callan and Estudillo Avenues to Parrott Street, he said it seems the City would make plans to facilitate parking. Mr. Sims acknowledged that there is no solution for the problem yet, but recognized the concern.

Commissioner Fitzsimons said as he understands it, "special inspector" is a fairly specific term that relates to structural work, particularly welding. Developers hire special inspectors to sign off on all such work, confirming that it's been completed according to the Building Code. City staff is always a third party in such circumstances. **Mr. Millenbah** said that the City's structural engineer puts that condition in to reserve the right to bring in a special inspector at its discretion.

Commissioner Fitzsimons noted that Permitted Uses in the Planned District for this project would require Administrative Review Permits for any use exceeding 10,000 square feet, while transit-oriented uses less than 10,000 square feet may be referred to the Planning Commission. He asked why smaller uses might go to the Planning Commission but not larger ones. **Mr. Millenbah** said “transit uses” is the operative phrase. It’s not known at this time what such uses might be, so it’s important for the Community Development Director be able to weigh in and refer such proposals to the Planning Commission as appropriate.

Commissioner Fitzsimons asked what “large scale” means in the context of the fast-food establishment listed among “Other Uses”. He also said that it’s confusing to see Permitted Uses prohibiting fast food restaurants of less than 2,000 square feet. He doesn’t understand why a large one might be okay but not a small one. **Mr. Millenbah** explained that small-scale fast-food restaurants would be excluded due to the larger size of the retail spaces available in the project. He added that while neither the developer nor the City is looking into a large-scale fast-food operation at this time, the possibility remains open to bring in such an establishment by way of a PD amendment in the future, a process that would involve public input and a recommendation from the Planning Commission.

Commissioner Rennie said he has concerns about the project in the context of the General Plan. He asked the reason for removing the S District overlay, because as he understands the General Plan, the downtown needs density. The TOD Strategy specifically recommends mixed uses, with retail on the ground floor and residential above, he said, adding that the possibility of a residential component someday in the future isn’t comforting. He pointed out that the way the proposed project is configured doesn’t anticipate adding a residential use. He wanted to know why the City is backing away from mixed-use and density goals and looking at a single-story development.

Mr. Millenbah explained that the S designation, implemented as part of the TOD Strategy, calls for a different level of review on each property. The subject property’s designation was SP-1, with mixed use retail and residential as Commissioner Fitzsimons suggested. However, Mr. Millenbah pointed out, the City has been unsuccessful in finding any developers interested in such projects in this market. He also said that the proposed Village Marketplace conforms with the General Plan in that residential use would still be allowed. The site plan has approximately 36% lot coverage, leaving a large area available for future re-use. Considering the current outlook for the residential real estate market, though, the City decided to pursue the retail component now, while leaving future residential uses possible.

Commissioner Rennie, who said he considers density critical to success downtown, asked where density could come from if the short-term economic stimulus is the reason for backing away from the TOD Strategy’s emphasis on density. While he appreciates the value of developing the site as proposed in the short term, he sees no other opportunity for high-density development on a substantial parcel anywhere else downtown. He’s reluctant to commit to a project that will affect the shape of downtown San Leandro for 30 years and then to regret a decision that doesn’t insist on something closer to the TOD Strategy vision.

Mr. Sims agreed that the proposed project isn’t specifically consistent with the high-density mixed-use project initially envisioned for this site. However, approximately two dozen other sites in the TOD Strategy area also were identified and remain in the inventory for future development. As for the subject site, he acknowledged that it’s a long shot but the site plan has been designed in such a way as to create a reasonable rectangular field that conceivably could accommodate mixed-use high-density development in a strong residential market. He said site attributes probably would dictate a podium-type development, and today’s market certainly doesn’t support the construction costs involved in such developments. According to Mr. Sims, every indication from the real estate industry, market trends, and rental comparisons up and down the BART

corridor in the East Bay add up to a serious challenge to developing a project of that nature. It's also been a challenge in the San Leandro Crossings project directly across from the downtown BART station, he said. Considering those factors, Mr. Sims continued, it would be devastating to the downtown area, including its retail commerce and pedestrian traffic, to leave the project site in its current state for a period as long as 10 years.

Commissioner Rennie said if we make the choice to approve the Village Marketplace now, he would appreciate a greater degree of confidence that the project will be successful, and that the mix of uses identified in the conditions brings in the quality of retail that the General Plan anticipates. He doesn't want a massage establishment on that site, for instance, and with a Planned Development, the City can pay more attention to the retail uses. He wants to be sure the uses attract people, bring synergies and contribute to sales tax revenues.

Mr. Sims clarified that Other Uses, which include massage therapy, would require coming back to amend the Planned District. Not permitted outright by the action contemplated in this recommendation, they appear in these documents only because they are permitted uses under the current zoning (D-1(S)). With respect to the quality of retailers, he said the City's Business Development staff attending the International Council of Shopping Centers' conference in Monterey reported that the Village Marketplace was the buzz around the conference. Retailers are looking for opportunities in downtown San Leandro, Mr. Sims continued, but some of the buildings downtown are "challenged," and the early-1980s-vintage Pelton Center works well for some retailers but not for others. Judging from insights received from the shopping center industry, he said, San Leandro's changing demographics, increasing numbers of families, shopping and buying trends have combined to make the City a target for some time. The Village Marketplace is a project the retailers would find attractive, or that could serve as a magnet that might draw them to other properties nearby. Mr. Sims said he'd classify Peet's Coffee & Tea as a high-end retailer, and Fresh & Easy as a top-tier market. The Planned District approach recognizes the need to be as creative as possible with tenants and have an interesting tenant mix, balancing that against maintaining some control over tenant review without setting up barriers.

Commissioner Hernandez asked how the parking area could ever be redeveloped unless the City retained ownership and leased it to the tenants. **Mr. Sims** said it would be very challenging for a developer to finance a project without that piece, because the bankers – as well as the retailers – want the parking area in the building owner's control. Mr. Sims emphasized that he doesn't want to give the impression that residential development in the parking area is likely in the near future, only that the site plan allows for the physical possibility of a podium-style development if and when the market could support it.

Mr. Millenbah responded to several questions:

- From **Commissioner Hernandez**: Why does a farmers' market appear among Other Uses? Answer: The list is based on existing uses in the DA-1 zone, but stressed that any of the listed uses would require a Planned District amendment.
- From **Commissioner Fitzsimons**: Does the definition of fast foods in the Permitted Uses match that in the General Plan? Answer: Yes.
- From **Commissioner Rennie**: Are any trash enclosures located in the parking area? Answer: Yes, a large one near Fresh & Easy and another by Peet's.

Commissioner Rennie noted that the electrical cabinets along West Juana Avenue would be better located facing the parking lot, so that the Juana frontage could be more vibrant, attractive and inviting, perhaps with another retailer that pulls people into the development.

David Irmer, president of Innisfree Ventures,

said his company, which has worked with the City on a proposal for the subject site for two years, initially considered a mixed-use, high-density project that combined ground-floor retail with residential above. A developer, he said, must acknowledge each particular site's shortcomings and play to its long suit. This site encompasses 1.7 acres, and to achieve density in such a small area would mean going up about four stories. When retailers that could flourish in this site were approached, he said, none were willing to go into a tight, dense project, in part due to the difficulty of getting trucks in and out to service their facilities.

In addition to problems with tenant acceptance, parking became a "demon," he said, and ultimately the "death knell" for the mixed-use, high-density thinking. To have adequate parking of 1.5 spaces per residential dwelling unit, plus 3-4 parking spaces per 1,000 square feet for retailers would necessitate underground parking. He said the cost of building underground parking facilities, which runs \$35,000 per parking space, killed the economics of the project.

When the high-density mixed-use approach proved infeasible, his team came back to the City with a proposal similar to what's being presented tonight. He said that outreach, including participating in numerous community meetings, and working with City staff over the past two years, led to a project that creates an architectural statement and fills the space with tenants that San Leandrans will find creative and exciting. He said that while the City doesn't have the population base to support high end retailers like Tiffany, Ferragamo, Gucci, it can support a multiplicity of "specialty class" retailers. He cited Peet's and Fresh & Easy as examples.

He noted that the combination of specialty architecture and a specialty-class tenant mix have already produced 90% occupancy for the project, and he expects 100% before groundbreaking.

Mr. Irmer introduced his design development team: Principal architect Kevin James, who is chief operating officer of MCG Architects in San Francisco; and landscape architect David Gates, principal of Gates & Associates, a landscape architecture, urban design and land planning firm located in San Ramon.

Mr. James estimated participating in about a dozen outreach meetings with local businesses, community representatives and staff. He said the proposed project speaks to solutions that stem from suggestions and concerns expressed.

A lot of thought went into the detail components of this project, Mr. James said. Its four-sided architecture, which uses various natural materials and a palette of natural colors, also incorporates variety in terms of detail that adds interest for ground-level pedestrians as they move through the project as well as vehicular traffic. He said that the entire East 14th Street frontage is activated.

Mr. James described the project, with two buildings and a small parking field, as intimate. Typically, commercial projects specify 4-5 parking spaces per 1,000 square feet, he said, whereas the Village Marketplace would have 3.8 spaces. He noted, however, that the project is designed to be accessed by bicyclists and pedestrians, too, including people crossing over from commercial locations on the west side of East 14th Street. Accordingly, bike racks are conveniently and strategically located throughout the project, and the design takes into account various pedestrian interfaces, including street-front plazas. The main plaza on East 14th Street, west of the Fresh & Easy building, is what Mr. James called a "social gathering spot" with tables and chairs and a child-friendly interactive mist fountain set in a generous 4,000-square-foot area where shoppers and passersby may linger and mingle. A smaller outdoor plaza features a grassy area at the corner at West Juana Avenue.

Noting that this "jewel on East 14th Street" attends to every quality aspect, Mr. James pointed out the clay barrel tile roof, cornice moldings and corbels that range from concrete to exposed large-timber rafters, accent lighting for architectural interest as well as safety, integrated clerestory windows in several places to simulate a two-story structure, and a 40-foot icon tower that

complements some of the building sizes across the street. He noted that natural stones extend along the base on the East 14th Street façade, with trellises, awnings and other shading devices to add interest, vitality and comfort as well as functionality among the storefronts.

He added that the project incorporates storefronts on both sides of the multi-tenant building. The side that fronts the parking lot includes generous storefronts, with a variety of elements working in concert to activate the architecture – different canopy types and colors, different styles of cornice moldings and different roof hips and mansard features. With emphasis on seeing people and activity throughout the project, he pointed out the market’s extended storefront and windows along the side. He also spoke of unique movements in the parapet, varying planes, accent metal treatments, green screens and natural stone finishes. He said the landscaping plays very much to the architecture and is a crucial component in making the Village Marketplace inviting.

Mr. Gates, also indicating that outdoor specialty elements and the landscape palette comprise a significant part of the project’s design, used “complete streets” standards, which is increasingly important to communities across the country because its goal is to achieve designs that are safe, comfortable, inviting, sustainable, functional and accessible to all.

Making the street as pedestrian-friendly as possible, the design incorporates bulbouts that facilitate safe street crossing. The spacious plaza that Mr. James mentioned is what Mr. Gates called a pedestrian pocket or an outdoor room. With street trees and light fixtures to provide separation, this outdoor room invites pedestrians and bicyclists from the street, adjacent neighborhoods and the commercial corridor. With a paving pattern that gives it more a feel of place than a sense of sidewalk, the outdoor room is outfitted with tables and chairs, the fountain, specimen trees, shrubs and potted plants. Seatpads and the fountain will use the same stone material as what Mr. Gates used at the San Leandro Main Library when it was renovated. Mr. Gates considers the outdoor room a notable destination and visually appealing feature in the Village Marketplace’s landscaping.

Equally important, he said, is that the vitality goes all around, with generous plantings and small trees in the interior parking area and a surrounding screen of evergreens. Conforming to Bay-friendly landscaping standards – which Mr. Gates helped formulate – the entire project contains colorful, low-maintenance and drought-tolerant plantings.

As Mr. Gates stated that this project achieves three crucial goals in terms of design: 1) economic sustainability via lower maintenance, less water and minimal use of materials; 2) social sustainability in creating a place that brings people together for interaction and fosters a sense of community; and 3) environmental sustainability in terms of plantings and water-quality initiatives.

In response to **Commissioner Hernandez**, **Mr. Gates** said that in keeping with Metropolitan Transportation Commission (MTC) guidelines for complete streets, the street trees and grates, benches and other street furniture on East 14th Street are placed adjacent to the curb, leaving the space along the building for pedestrian use. As for guarding against children in the plaza darting into traffic, he said they would use the edge of the bus kiosk and low shrub plantings to create a barrier.

Commissioner Rennie asked whether pedestrians are meant to walk through the bioswales. **Mr. Gates** responded that sedges and grasses will suggest “please don’t walk on me,” but the nature of the plantings isn’t so fragile that pedestrian traffic would be a problem.

In response to **Commissioner Rennie’s** question about the electrical cabinets and trash receptacle on the West Juana Avenue side, **Mr. James** said studies and conversations with the tenant indicated that location as best-suited for access. The trash enclosure in particular would be convenient for a food-service facility. Nevertheless, he said it’s feasible to work with the tenant to

explore a solution to address Commissioner Rennie's concerns. Mr. James said that they're trying to activate West Juana Avenue, and it's worth exploring going farther in that direction.

Commissioner Rennie said he's particularly concerned because as currently configured, the active edge of the project around the corner from East 14th Street ends quickly. A pedestrian going east on Juana from the corner would soon come to the utility area, a parking area and a less-than-attractive apartment complex. He said the Village Marketplace presents an opportunity to improve the feel of the downtown area as West Juana Avenue meets East 14th Street, and he'd like the project to take full advantage of that opportunity. **Mr. James**, noting that no one had made these observations about that frontage before, said it also might be possible to bring into play other small architectural elements to help activate that section.

In response to **Commissioner Dlugosh**, **Mr. James** indicated that a restaurant would be adjacent to the plaza at the south end of the multi-tenant building, with the café in the corner space at West Juana Avenue and East 14th Street. Fresh & Easy also will sell ready-to-eat food that customers may enjoy in the plaza. Further, the building design is such that the restaurants are expected to offer their guests the option to dine outdoors.

Vice Chair Abero was concerned about the south elevation, plain except for some architectural features. She said the situation at the Safeway store in Washington Plaza is the same, with a blank wall along West Juana Avenue between Washington Avenue and Hays Street. She said she'd like the side of the market fronting Dolores Avenue to be more people-friendly. **Mr. James** said it's not a flat surface, but rather has movement between the different planes, shadow lines, trellis elements, green screens of vines and landscaping, clerestory windows and sconces for accent lighting. In addition, he said, they're working to integrate an art element. It hasn't fully taken shape yet, but they've talked about wall murals, or fixed podiums and wall-mounted elements that could be transferred in and out to showcase the works of local artists.

In response to **Vice Chair Abero's** questions about sidewalk width on East 14th Street, **Mr. James** said it's 10 to 11 feet at the narrowest, but expands 2 to 3 feet at pilasters near the storefronts. With benches and trees at the curb, the pedestrian clearing will be at least 6 to 7 feet wide.

Vice Chair Abero noted the absence of grass or bioswale along the East 14th Street side. **Mr. James** said he expects potted plants to be up against the building plus the trees near the curb.

Commissioner Rennie asked about the feasibility of outdoor dining considering the width of the sidewalk. **Mr. James** said that he expected the restaurants to set up outdoor tables and chairs in the back, but not along East 14th Street. That said, he continued, there may be an opportunity for one or two table settings in front, if it's allowed.

Commissioner Rennie had comments about the East 14th Street frontage and the tower element. He appreciates the three-dimensional elements provided by pilasters and awnings, but said the East 14th Street façade is long and straight. He'd like to see it more inviting, pulling pedestrians into the buildings, whether through outdoor dining, an arch, or another transitional element. The tower looks nice on the drawing, **Commissioner Rennie** said, but pedestrians won't be able to appreciate it approaching from West Juana Avenue because it's pushed back into a pocket off the sidewalk. Further, he said, going through the arch doesn't lead anywhere; there's no door into something. He said he sees a missed opportunity with the tower as a pedestrian-focusing element. He said it might also function better if it were to pull pedestrians off the sidewalk to turn the corner into the plaza.

At this time, **Mr. James** said, the City wouldn't allow the tower to go over the sidewalk, but the idea of providing an opportunity for more pedestrian interface is something to explore, possibly having the tower lead into tenant space, an art display, a fountain or other feature. **Mr. James** said

the design takes into account the perspective from the west side of East 14th Street, and they expect the tower to draw pedestrian traffic from across the street. Mr. Sims added that San Leandro's pathways from the west to the Village Marketplace include Joaquin Plaza, West Juana Avenue and Parrott Street, and the tower will attract attention whether one is coming from Safeway or Wing Fiesta or the Englander.

Commissioner Hernandez asked if it would be possible to have a crosswalk near the tower, or angled parking on East 14th Street. **Mr. Sims** said no, that East 14th Street is a state highway and CalTrans would not permit either.

In response to **Commissioner Hernandez's** question about having an entry to the Village Marketplace from Dolores Avenue, **Mr. James** indicated that operational factors associated with additional entrances – security issues, the location of checkstands and the need to accommodate stockroom work and other behind-the-scenes functions – would make that unlikely. He also cited security considerations as the reason for not putting a pedestrian pathway between stores in the multi-tenant building. He said it was important for people to be in areas where other people could see them, and not in narrow alleyways.

Vice Chair Abero asked about the timeline and tenant commitments. **Mr. Irmer** confirmed that Chipotle, Peet's and Fresh & Easy are all committed. Assuming entitlements move ahead with the Planning Commission, he said the next steps would be to go before the City Council and the Oversight Board in late May 2012.

Mr. Sims explained the role of the Oversight Board as a byproduct of the dissolution of the San Leandro Redevelopment Agency (like others throughout the State). The San Leandro Oversight Board governs the disposition of former Redevelopment Agency assets, including the parcel at 1550 East 14th Street. When the Village Marketplace matter goes to the City Council, in addition to acting upon the entitlements forwarded by the Planning Commission, Mr. Sims said the Council will consider a separate contract to transfer the property from the Successor Agency to the project developer.

The City of San Leandro, as the Successor Agency, will operate under the rules of a State law that took effect on February 1, 2012 as it executes its responsibilities in disposing of former Redevelopment Agency assets, he continued. Once the Oversight Board approves the contract, the California Department of Finance is next in line to review it. The process is a long one, but Mr. Sims said he believes it can wrap up by mid-June 2012.

For the sake of discussion, **Mr. Irmer** said assuming a go-ahead in mid-June, construction documents would be handled during July, August and September. The San Leandro Building Department plan check would be in October. Construction would begin in November, or even possibly in October. Mr. Sims said the timing works nicely with the anticipated completion of the parking garage.

In response to **Commissioner Hernandez**, **Mr. Irmer** confirmed that the tenants themselves are responsible for landscape maintenance.

Commissioner Fitzsimons had several questions:

- Does the project use wood-frame construction? Mr. Irmer: Yes.
- Is the glass along East 14th Street vision glass rather than spandrel? Mr. Irmer: Yes.
- Is the \$11 million investment cited on behalf of the applicant rather than the City? Mr. Sims: Yes.

- Is the diagonal parking along West Juana Avenue part of the project? Mr. Millenbah: No, it's a reconfiguration of the existing right-of-way.

Commissioner Rennie asked whether the property is wholly owned by the former Redevelopment Agency. **Mr. Sims** said it is owned now by the City of San Leandro as the Successor Agency.

In response to Commissioner Dlugosh, Mr. Sims said the Redevelopment Agency, a separate governmental entity, acquired the property; it did not draw from San Leandro's General Fund. When the State eliminated Redevelopment Agencies, it created a process for disposing of the remaining assets, including making the City of San Leandro the Successor Agency.

Commissioner Dlugosh stated it seemed that that San Leandro will not get what was invested in the property originally, nor anything toward the cost of the demolition, and what's left after the sale is split among several taxing entities. Mr. Sims agreed, but noted there are properties in the City that the Redevelopment Agency acquired and subsequently sold at far less than traditional market value to achieve certain economic development objectives. Although the proceeds from this sale won't come back entirely to the City, he said, a big part will because San Leandro is a taxing entity as well. Also on the plus side are the jobs, sales tax, and a portion of the site's property taxes coming back to San Leandro.

Commissioner Rennie said the City seems to need to dispose of this property expeditiously, whether for this project or something else. Mr. Sims agreed, adding that it's fundamentally important to get the best possible price and there is a viable project presently. **Vice Chair Abero** commended the project team, describing the building façades as wonderful, the landscaping very nice and the architecture incorporating a feel for the surrounding area. **Commissioner Hernandez** agreed.

Chair Collier opened the public hearing.

Lawrence Allphin, owner and operator of Allphin Jewelers, 155 Parrott Street, said that the San Leandro Downtown Association favors this project and is working toward preparing a formal declaration of support at the Executive Board meeting on April 27, 2012. He said the association considers the Village Marketplace proposal a plus for downtown San Leandro; leaving the lot empty is a negative. As a "micro" retailer in the area, he said it's an essential project and judging from what he's seen, it will add customer traffic, which in turn will increase his business.

Harjeet Ghuman, 176 Juana Avenue, has been a State Farm Insurance agent in San Leandro for 25 years. The whole area has office buildings, he said, and many people walk through. Mr. Ghuman's office faces the northern side of the project site, with the parking lot and a building that appears rather flat. He suggested adding a fountain area or bringing in some design elements from the corner to improve the project on that side with more architectural interest. He also asked whether the existing trees would remain or be removed.

Mr. Millenbah responded that the trees now on West Juana Avenue will be coming out to create angled parking, and then new trees will be planted. **Mr. Sims** said the sycamores will stay on East 14th Street as part of a San Leandro "theme." **Chair Collier** expressed strong dislike for sycamores, and said they make the sidewalk very slick and dangerous when they drop their leaves.

Joseph Flynn, who served on San Leandro's Human Resources Commission from 2001 until 2007, said that he likes the Village Marketplace proposal and thinks it's a great idea, but is concerned about the next steps. "We'll have one street that's beautiful," he said. "What are we going to do with the rest of them?"

Audrey Velasquez, president of the San Leandro Downtown Association and general manager of the Marina Inn at 68 Monarch Bay Drive, said she was speaking on behalf of the association and Marina Inn guests. Noting that the Inn was 100% occupied last night, she said the Marina Inn employs vans to take guests to and from downtown San Leandro to shop and dine. She said her Inn patrons would love to find restaurants where they can eat outside, and one of their main complaints has been the dearth of San Leandro restaurants. She described the Village Marketplace proposal as refreshing, and said she's excited to be able to take guests there, spending their money in San Leandro rather than going out of town.

Motion to close public hearing

Dlugosh/Abero: 6 Aye, 0 No

Commissioner Fitzsimons said he very much appreciates the applicant's understanding of and sensitivity to design. He also expressed concerns about finding another solution for the West Juana Avenue frontage, which strikes him as dead space. He isn't as concerned about the Dolores Avenue frontage due to the articulation there.

While he understands that it's difficult to require tenants to have doors open to customer use in front and in back, Commissioner Fitzsimons said he would not like to see the retailers lock the doors on the East 14th Street side, and use only the doors facing the parking lot. That's happened along Mission Boulevard in downtown Hayward, he said, where a lot of businesses use only the doors in back because that's where they have parking.

Overall, he said, the project is fantastic, the kind of element San Leandro needs, and he's excited about it. He's encouraged that the applicant has signed up Fresh & Easy. Ideally the development would be denser, he said, but current market conditions make that infeasible in terms of leasing, financing and construction costs. He said this is a highly visible location, especially with the Farmers' Market across the street. Also, he said the City needs something new and fresh in this space to spark other development downtown. He expects the Village Marketplace to serve as a catalyst for additional downtown's revival, and looks forward to tenants in business there by November of 2013.

Commission Dlugosh moved to forward the resolution approving and recommending that the City Council adopt an ordinance approving a zoning map and text amendment for the establishment of a Planned District and the Approval of a Planned Development Permit for a 27,664-square-foot retail project located at 1550 East 14th Street. Vice Chair Abero seconded.

Commissioner Rennie asked for confirmation that adding any of the uses listed as Other Uses would require legislative amendment to the Zoning Code versus quasi-judicial action by the Planning Commission. Mr. Pio Roda confirmed that it would require legislative amendment. Commissioner Rennie said he'd be skeptical of an application for a massage parlor at the site, and he wonders why it's necessary to have massage therapy on the list if a zoning text amendment would be required to allow them. If the Planning Commission endorses this site plan, he asked if it would then have to be approved by the City Council. Mr. Pio Roda said the Planning Commission is the deciding body on the Planned District.

Commissioner Rennie asked about how to handle suggestions made by Commissioners for consideration to change the site plan, because they have not been framed as conditions. He said he didn't know how to specify exploring some of the issues. He suggested the Commission consider expressing comments as a body to give staff some direction to pursue in working with the developer to address issues raised.

Commissioner Dlugosh said he was satisfied with the motion as it stands.

***Motion to Amend the Main Motion [by Dlugosh/Abero]
To Provide Staff the Flexibility to Discuss Concerns Made by the Planning Commission and Work with the Applicant to Address Them Rennie/Fitzsimons: 5 Aye, 1 No (Dlugosh)***

***Motion to Forward the Resolution
Approving and Recommending that the City Council Adopt an Ordinance Approving a Zoning Map and Text Amendment for the Establishment of a Planned District and the Approval of a Planned Development Permit for a 27,664-square-foot retail project located at 1550 East 14th Street,
Amended to Provide Staff the Flexibility to Discuss Concerns Made by the Planning Commission and Work with the Applicant to Address Them
Dlugosh/Abero 6 Aye, 0 No***

Secretary Liao said that the Planning Commission's recommendation will be forwarded to the City Council for final action and described the appeal process.

Item 8B: Miscellaneous

General Plan Conformance Finding concerning the proposed sale of the property located at 1550 East 14th Street (APN #077-0540-009). (Millenbah)

Secretary Liao said this parcel, now the site of a temporary City parking lot, was previously zoned DA-1(S) and has been approved for Planned District rezoning. It has a General Plan designation of Downtown Mixed Use. This combination of uses in the PD will make the proposed development of the Village Marketplace retail project compatible with the underlying General Plan and the Downtown TOD Strategy. Staff recommends the Planning Commission find the disposition of this property for this purpose consistent with the San Leandro General Plan.

Motion to find the proposed sale of the property at 1550 East 14th Street in conformance with the General Plan

Rennie/Dlugosh: 6 Aye, 0 No

Item 9: Members' Comments

Commissioner Fitzsimons recognized all the contributions that Dale Reed made to San Leandro, calling him a champion for industrial space who always stressed its importance to the community and a champion for San Leandro, where he lived and ran his business. He provided a tremendous amount of community service, ever looking to do more to better this community. Commissioner Fitzsimons said he enjoyed knowing Mr. Reed and will miss him.

Chair Collier said that she also would miss Mr. Reed. She recalled an anecdote about him warning her against getting into politics, and although she didn't take his advice, she said he might have been right.

Item 10: Staff Updates/Project Status Report

Secretary. Liao said that the City Planning staff was appreciative of Mr. Reed's service to the City as well as of his respect for staff's work and that he will be greatly missed. Secretary Liao then announced that on May 7, 2012, the City Council plans a proclamation in honor of Mr. Reed. Mr. Liao also noted that staff will deliver the flowers gracing the dais in front of Mr. Reed's chair to her on the Planning Commission's behalf.

At this time, Mr. Liao said that there's nothing scheduled for the May 17, 2012 Planning Commission meeting agenda.

Item 11: Adjourn

Motion to adjourn

Abero/Fitzsimons: 6 Aye, 0 No

Chair Collier adjourned the meeting at 9:20 p.m.

Respectfully Submitted,

Tom Liao, Secretary

Barbara Templeton, Recording Secretary