

# staff report

**DATE:** March 11, 2014

**TO:** Mark Scott, City Manager

**FROM:** Joy R. Forbes, Community Development Director  
Via: Carol D. Barrett, Assistant Community Development Director  
By: Patrick Prescott, Deputy City Planner

**SUBJECT: PROJECT NO. 12-0006549 - PLANNED DEVELOPMENT AND DEVELOPMENT AGREEMENT, DEVELOPMENT REVIEW, AND VESTING TENTATIVE TRACT MAP 71869 FOR A 470,000 SQUARE FOOT IKEA FURNITURE STORE, CERTIFICATION OF THE RELATED ENVIRONMENTAL IMPACT REPORT, ADOPTION OF A STATEMENT OF OVERRIDING CONSIDERATIONS, A MITIGATION MONITORING AND REPORTING PROGRAM, AND A STREET VACATION – 805 South San Fernando Boulevard**

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## **RECOMMENDATION**

1. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK CERTIFYING A FINAL ENVIRONMENTAL IMPACT REPORT, AND ADOPTING A STATEMENT OF OVERRIDING CONSIDERATIONS, AND A MITIGATION MONITORING AND REPORTING PROGRAM (Exhibit A).
2. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK ORDERING THE VACATION OF A 60-FOOT WIDE PORTION OF SOUTH FIRST STREET AND EAST CEDAR AVENUE LYING SOUTHEASTERLY OF EAST PROVIDENCIA AVENUE FOR THE DEVELOPMENT OF AN IKEA RETAIL BUILDING (V-406) (Exhibit B).
3. Introduce AN ORDINANCE OF THE COUNCIL OF THE CITY OF BURBANK APPROVING PLANNED DEVELOPMENT NO. 12-0006549, DEVELOPMENT AGREEMENT, DEVELOPMENT REVIEW, AND VESTING TENTATIVE TRACT MAP 71869 (Exhibit C).

## **BACKGROUND**

Information regarding existing zoning, adjacent land uses, and other background information is summarized in Exhibit D.

**Project Information:** The proposed IKEA will utilize a large, underutilized assemblage of light industrial and warehouse parcels at 805 S. San Fernando Boulevard (Exhibit E) thereby encouraging and supporting remediation of past industrial contamination, and providing a high quality retail environment. Exhibit F includes the project application package and plans.

**Application Type:**

Application	Why Required
Planned Development and Development Agreement, Development Review, Vesting Tentative Tract Map, and Street Vacation	A Planned Development and Development Agreement application is necessary due to the scope and complexity of the project. Development Review is required for the construction of the 470,000 square foot structure and parking garage. A Vesting Tentative Tract Map is also requested to merge the existing 15 parcels into a total of six parcels. The project also involves the vacation of a portion of First Street and Cedar Avenue and the extension of First Street from Santa Anita Avenue to Providencia Avenue.

**ANALYSIS**

**Planning Board:** On January 13, 2014, the Planning Board recommended approval of the project to the City Council by a vote of 5-0. The Planning Board’s recommendation for approval excluded the 108 foot tall freeway ground sign that was part of the project proposal. The majority of the Board believed that the height of the sign was excessive and inappropriate; one Board member believed that the proposed signs elsewhere on the property were adequate and another Board member stated that he might be able support a smaller sign (Exhibit G).

Fifteen members of the public spoke at the Planning Board hearing. Some spoke in favor of the project saying they were pleased it would be near where they live, they were happy that IKEA was planning to remain in Burbank, and that the store is an important sales tax revenue generator. Several speakers, who did not express direct opposition to the project, expressed concerns about some of the environmental impacts and urged the Planning Board to require more attention to impacts. Others expressed opposition to the project due to concerns about traffic, noise, public safety, circulation to and on the project site, parking, and impacts on adjacent businesses. No comments from the public were received on the proposed the ground sign (Exhibit H).

**Signs:** As noted above, the Planning Board excluded a proposed 108 foot tall freeway ground sign from their recommendation for approval. Since the Planning Board hearing the applicant has revised the sign program and now proposes a freeway ground sign that is 80 feet tall at its highest point rather than the originally proposed height, which is a 25% reduction in in the originally proposed height. The proposed area of the sign has also been reduced from 575 square feet on each of the two sign faces to 242 square feet per sign face, which is a 58% reduction in size (Exhibit I). The applicant has prepared a Ground Sign and Building Visibility Study that shows existing conditions, and photo simulations of the original ground sign proposal and the new ground sign proposal (Exhibit J). Additionally, the applicant has provided a letter explaining the need for the ground sign and a request that the Council

approve it (Exhibit K). The applicant is also requesting to exceed the maximum allowable sign area for the site through the Planned Development (PD) zoning. The proposed sign plan would allow 9,072 square feet of signs (including 484 square feet on the ground sign) which exceeds the 3,437 square feet otherwise allowed by code.

**Zoning Consistency:** The project site is designated for Mixed Commercial/Office/Industrial Land Use and is zoned Burbank Center Commercial Manufacturing (BCCM) by the Burbank Center Plan (BCP). The Mixed Commercial/Office/Industrial Land Use designation permits a wide variety of commercial uses ranging from retail and service shops serving an immediate area, to regional retail/entertainment and offices serving regional employment needs.

The project would comply with the Mixed Commercial/Office/Industrial Land Use designation established by the BCP as retail establishments are a permitted use. The project also includes a request for the approval of a PD zone change. The purpose of the PD zone is an alternate process to accommodate unique developments including a combination of uses and modified development standards.

Besides the proposed signs discussed above, the project includes the following modifications of applicable development standards:

1. The project is designed to provide 1,726 parking spaces, which would exceed the code-required parking of 1,551 by 175 spaces. The design of the parking structure requires approval of the following modifications from the City's parking design standards:
  - a. Due to restrictions from the columns in the structure, 70 parking spaces located on the lower level are proposed as 9 feet wide x 17 feet long, in lieu of the 9 foot wide x 18 foot long parking spaces required pursuant to Burbank Municipal Code 10-1-1401(Exhibit F).
  - b. The parking structure would include a reduced bay width of 60-foot, double-loaded parking bays with two-way aisles in the lower level of the parking structure in lieu of a 61-foot, 4-inch parking bay (Exhibit F).

**General Plan Consistency:** The project application was received prior to the adoption of Burbank2035 and while it is consistent with the old General Plan (with the exception of the First Street extension which was included in Burbank2035), it has been analyzed for consistency with Burbank2035 because staff believed that such a significant project would be met with additional scrutiny from the Planning Board, City Council and the public and because it was understood that a decision would be made long enough after the adoption of Burbank2035 that it made sense to analyze the project's consistency with the new General Plan.

#### *Land Use*

The Burbank2035 land use designation for the project site is South San Fernando Commercial. Burbank2035 refers back to the BCP for the applicable land use goals and

policies for this land use designation. As noted above in the discussion of zoning consistency, the BCP calls for a wide variety of commercial uses, ranging from retail and service shops serving the immediate area, to regional retail/entertainment and offices serving regional employment needs. The project is consistent with this.

#### *Floor Area Ratio*

Burbank2035 established maximum floor area ratios (FAR) for commercial and industrial properties in the city. The maximum FAR for South San Fernando Commercial land use designation is 1.25. The project FAR is .47 which is well below the maximum, so the FAR is consistent with Burbank2035.

#### *Streets and Sidewalks*

The roadway improvements proposed to mitigate traffic impacts at the S. San Fernando Boulevard/Alameda Avenue intersection are consistent with the Goals and Policies of Burbank2035.

The Burbank2035 General Plan Final Environmental Impact Report (FEIR) identified a significant traffic impact at S. San Fernando Boulevard/Alameda Avenue and considered an intersection widening improvement to mitigate this impact. However, the Burbank2035 FEIR ultimately determined that the proposed improvement would conflict with important goals and policies of Burbank2035. It determined this by applying a “policy-based screening” process described in the Burbank2035 Transportation Analysis Report which is a means of determining whether or not a physical improvement is incompatible with the policies of Burbank2035. Because of this conflict, the improvement was removed as a mitigation measure and Burbank2035 assumed that a deficient level of service would remain at this location.

When the traffic analysis for the proposed IKEA store identified a project impact at this same location, the mitigation measures previously identified in Burbank2035, as well as other mitigation measures, were evaluated. The IKEA relocation traffic study concluded that a mitigation measure different than the one identified in Burbank2035 could reduce the project’s impacts. This new mitigation also responded to concerns raised during the project’s community meeting. To determine whether this mitigation measure was compatible with Burbank2035, staff tested it against the Goals and Policies of Burbank2035 using the “policy-based screening” process. The results of this screening for both mitigations proposed for the IKEA project are that both mitigation measures are compatible with Burbank2035 (Exhibit L).

**Planned Development Design Criteria:** The Council is required to make only one finding to approve a PD, but PDs are required to observe design review criteria. These criteria are discussed in Exhibit M.

**Street Vacation (V-406):** The applicant is requesting the vacation of a 60-foot wide portion of S. First Street and E. Cedar Place lying southeasterly of E. Providencia Avenue (Exhibits N and O). The purpose of the proposed vacation is to facilitate the realignment of First Street and to incorporate the portions of the vacated streets into the proposed project. If the project is approved, the streets are considered unnecessary for present or prospective public street

purposes<sup>1</sup>. To facilitate circulation and access into the project, the applicant is dedicating approximately 30,400 square feet of area for the realignment of First Street.

All appropriate City departments and outside utility companies and agencies have reviewed the proposed vacation, including AT&T California, Charter Communications, The Gas Company, the Los Angeles County Department of Public Works, and the Metropolitan Water District. The proposed vacation resolution is conditioned in accordance with their responses (Exhibit P).

The City does not have a fee interest in any of the area to be vacated. The underlying fee ownership falls to the adjacent property owners, which in this case is CH Anaheim, LP, the entity selling the property to IKEA. Therefore, the City is not entitled to any compensation for the underlying fee.

**Public Input:** A Development Review Community Meeting/EIR Scoping Meeting was held on February 4, 2013. All public comments received about the project is attached as Exhibit Q. Comments regarding the Draft EIR (DEIR), which were received during the 45 day public comment period, are individually replied to in the FEIR. A resident made a brief presentation to the Council on February 4, 2014 and also forwarded the presentation to staff. That presentation addresses the EIR and the adequacy of mitigations so it is discussed below in the Environmental section of this staff report. During the preparation of this report, additional comments have been received by the City Clerk's Office and will be forwarded to the Council and responded to at the public hearing.

**Department Comments:** Department comments were received early in the process, but conversations between the applicant and various City departments have been ongoing. Most of the comments have made their way into the PD conditions of approval which are part of the Ordinance attached as Exhibit C.

**City Council 10 Year Strategic Plan:** The proposed project furthers many goals identified in the City's Strategic Plan:

*Economic Development:* IKEA currently has approximately 365 coworkers working at IKEA Burbank, more than 75 percent of whom are full-time, and more than 50 of whom are managers. With the proposed expansion and with the projected sales increase resulting from moving to a larger store, the total number of positions could grow 25 percent to 450 jobs at the new IKEA Burbank location. Staffing will be determined by the store's sales performance and other business considerations at IKEA's discretion. The net result of jobs for Burbank will range from high paying executive and management level positions to mid-management and sales representative positions, providing more job opportunities for the community.

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<sup>1</sup>Section 8324 of the California Streets and Highways code permits a legislative body to adopt a resolution vacating a street, highway, or public service easement if the legislative body finds, from all evidence submitted, that the street, highway, or public service easement is unnecessary for present or prospective public use.

Besides generating revenue for the City, the expansion of IKEA presents opportunities for Downtown Burbank. IKEA is a destination shopping experience and there will likely be spill-over demand for shopping at the new location since it is only a few blocks from Downtown Burbank<sup>2</sup>. As the S. San Fernando Boulevard area continues to evolve, other new retail and dining opportunities are likely to emerge as well. The proposed relocation and expansion of IKEA furthers one of the City Council's long-standing goals of economic development by adding to the diversification of employment and revenue, as well as business retention and expansion (Exhibit R).

*Environment and Infrastructure:* As part of the proposed project, First Street would be extended and dedicated between E. Santa Anita Avenue and E. Providencia Avenue. This extension is provided for in the City's Mobility Plan. In accordance with the Mobility Element, First Street is designated as a top priority for Class II bicycle lanes; dedicated bicycle lanes would be implemented in both directions on First Street. The extended portion of First Street will be lined with eight-foot wide sidewalks on each side, and approximately 12 on-street parking spaces would be provided on each side of the street for a total of 24 on-street parking spaces. The project will also include a newly signalized intersection with crosswalks at S. San Fernando and Elmwood. A 10-foot dedication will be required along the S. San Fernando frontage at Elmwood and the sidewalk will be widened. Additionally, the streets adjacent to the project site such as Providencia Avenue and Cedar Avenue will be resurfaced and other necessary improvements to streets, sewers, and utilities will be required as conditions of approval.

The project incorporates many sustainable features including solar panels, electric vehicle charging stations and potentially fuel cells, along with numerous other energy saving site and building features. The applicant's operation also addresses environmental concerns through the elimination of free plastic bags at checkout and the diversion of more than 70 percent of its waste away from landfills through a comprehensive recovery and recycling program. These are measures built into the project and are not required as mitigations, but are the sort of things that are often required as mitigations.

**Environmental:** An EIR has been prepared for the project according to California Environmental Quality Act (CEQA) Guidelines (Exhibit S). The EIR determined that there would be some environmental impacts from the project, most of which can be reduced to less than significant with the appropriate mitigation measures. Other potential impacts were determined to be less than significant or have no impact. There are three significant and unavoidable environmental impacts. This means that there is no feasible mitigation available to reduce the impacts to less than significant. For these impacts the City Council will be asked to adopt a Statement of Overriding Considerations (SOC). A SOC identifies the reasons why, in the City Council's judgment, the benefits of the project as approved outweigh its unavoidable significant impacts. The proposed SOC is attached as Exhibit T.

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<sup>2</sup> While the current IKEA location is in the northern-most portion of Downtown, the Burbank Town Center and circuitous access to the center of Downtown are perceived as barriers for pedestrians and motorists alike. The new location offers a very walkable route along S. San Fernando Boulevard with direct and easy access to Downtown's wide variety of eateries and eclectic shopping opportunities.

When an EIR identifies one or more significant environmental effects, the lead agency - in this case the City - must make findings on each significant effect and support the findings by substantial evidence in the record. The substantial evidence is provided in the DEIR and FEIR. The proposed CEQA Findings are included with the SOC as part of Exhibit T, but they are also part of the proposed Council resolution (Exhibit A).

<b>Significant and Unavoidable Impacts</b>	<b>Less Than Significant Impacts with Mitigation</b>	<b>Less Than Significant Impact/No Impact</b>
<p>Air quality during operations. (See pages 5.2-26 and 5.2-27 of the EIR and 2.0-25 through 2.0-28 of the CEQA Findings in Exhibit I)</p> <p>Noise and vibration during construction. (See pages 5.9-19 through 5.9-21 of the EIR and 2.0-28 and 29 of the CEQA Findings in Exhibit I.)</p>	<p>Air quality during construction</p> <p>Cultural Resources</p> <p>Geology and Soils</p> <p>Greenhouse Gas</p> <p>Hazards/Hazardous Materials</p> <p>Hydrology and Water Quality</p> <p>Land Use</p> <p>Operational Noise</p> <p>Traffic and Transportation</p>	<p>Aesthetics</p> <p>Biological Resources</p> <p>Mineral Resources</p> <p>Population and Housing</p> <p>Public Services</p> <p>Recreation</p> <p>Utilities and Service Systems</p>

The table below describes the potential impacts that were analyzed in the EIR and breaks them down into categories of significant and unavoidable, less than significant impacts with mitigations, and less than significant impact/no impact.

The summary of impacts and mitigation measures is contained in the Mitigation Monitoring and Reporting Program (MMRP) which is attached as Exhibit U.

In an email correspondence, a resident stated that the negative impacts of the project are not being properly mitigated to protect the neighborhood. Her comments were primarily about the impacts on air quality and suggested that adding additional solar panels to the project site would be a means of mitigating impacts on air quality during project operations and stating that that this “would result in a reduction of over 5 million pounds of CO2 into our air” (Exhibit Q).

The air quality analysis in the EIR fully addresses the impacts of the IKEA project, both locally and regionally, using the approaches for analysis, and guidance provided by the South Coast Air Quality Management District (SCAQMD). The EIR includes detailed analysis of potential temporary construction impacts on a local basis and these impacts were determined to be less than significant. The EIR also assesses the impacts on air quality from the operation of the proposed new IKEA store. This analysis considers air emissions generated by vehicle trips to and from the new store and from other sources, such as equipment and generation of power. For the five types of air pollutants assessed, the emissions generated by vehicle trips account for 84 percent to 100 percent of the estimated emissions, based on an assumed average trip length of 30 miles for customers to the store. This means that almost all of the emissions from operation of the store will not be generated on the project site, but by trips to and from the store. For this reason, while these emissions will exceed the level considered significant by SCAQMD for four of the five air pollutants analyzed, these emissions will contribute to regional air quality impacts, as opposed to being concentrated locally in Burbank.

Because almost all of the estimated emissions are from vehicle trips, the SCAQMD suggested additional measures the City could consider to reduce transportation related air quality impacts, including providing electric car charging stations, promoting and providing incentives for employees to rideshare and use transit, and using the newest and cleanest trucks available for deliveries. The transportation related air emissions would affect regional air quality, but these effects would not be concentrated locally. Suggestions for additional mitigation, such as increasing the size of the solar array on the site, would not reduce the air quality related impacts of the project and would have no effect on regional air quality emissions. As required by CEQA, the IKEA project mitigates all significant air quality impacts to the fullest extent feasible.

**Sales Tax Sharing for Consideration of Land:** IKEA was faced with some additional fees that were not considered when they began their entitlement process two years ago, and an electrical substation that was initially assumed would be necessary is no longer required because the proposed store's electrical load will be less than five megawatts. IKEA has approached the City with a proposal to share a portion of the increase in sales tax revenue as well as an option where the City could buy the land for a potential community substation in the future if it were to become necessary.

This is the proposal as outlined in the Development Agreement (Exhibit C):

1. Given the tax revenue the City currently receives from sales at the existing IKEA Burbank as a base year, the City agrees to share half of the INCREASE in sales tax revenue from the new IKEA Burbank. This sharing agreement would be capped at \$400,000 per year and a maximum of \$1,200,000 would be distributed to IKEA over the course of seven years.
2. IKEA agrees, for 20 years, not to enter into any sales tax diversion agreements, like other retailers have done, which "on paper" make it seem like sales in Burbank are

really occurring at some distribution center in another city, thereby reducing the sales tax given to the City of Burbank.

3. IKEA will provide to the City the option to purchase a 15,149 square foot portion of their property fronting on Providencia Avenue for the purpose of constructing a community substation. The City would have 10 years to exercise this option and would pay the cost that IKEA is currently paying for that land.

**FISCAL IMPACT**

Since it first opened in 1990, IKEA has been among the top 25 sales tax revenue generating businesses in Burbank. Additionally, the IKEA Burbank store is consistently among the higher performing IKEA stores in the country. As a very strong sales tax revenue generator for the City, IKEA has helped Burbank maintain its rank for total taxable sales in the top 10 cities in Los Angeles County over the past nine years<sup>3</sup>. Sales tax revenue goes directly to the General Fund to help pay for crucial City services such as police officers, firefighters, and other public sector positions that help maintain the high quality of life that Burbank residents have come to expect. If IKEA, in an effort to secure a larger store format in the San Fernando Valley, were to relocate outside of Burbank instead of to the proposed site, the current sales tax from the store and the potential increase in sales tax revenue would go to another jurisdiction. The City will gain significantly in property tax revenue from this project because once redeveloped, the assessed value of that property will be greatly enhanced by the construction of a much larger, new IKEA store. Therefore, the City will be able to capture the enhanced property tax revenue from the new IKEA location. Additionally, IKEA is required to pay development impact fees.

**CONCLUSION**

The proposed IKEA would redevelop approximately 22 acres of underutilized industrial property and result in the remediation of contamination from previous manufacturing uses. The project would be a modern, easily accessible development and would provide an increased numbers of jobs, sales tax and property tax revenues to the City. The project is consistent with the Burbank2035 General Plan and BCP and staff believe that all findings can be made and recommends City Council approval of the project.

**EXHIBITS**

<b>List of Exhibits</b>	
<b>Exhibit</b>	<b>Title</b>
<b>A</b>	Resolution Certifying the EIR and Adopting a SOC and MMRP
<b>B</b>	Resolution Ordering Street Vacation (V-406)
<b>C</b>	Ordinance (Including Development Agreement)
<b>D</b>	Project Information and Property Data Tables
<b>E</b>	Zoning and Fair Political Practices Act Compliance Map and Aerial Photo
<b>F</b>	Application package and plans (Full-sized plans and colored elevations attached)
<b>G</b>	Planning Board Resolution No. 3304
<b>H</b>	Minutes from the January 13, 2014 Planning Board Hearing
<b>I</b>	Sign Program Including Proposed Ground Sign

<sup>3</sup> Source: HDL Companies 2013.

<b>J</b>	Ground Sign and Building Visibility Study
<b>K</b>	Letter to City Council Regarding the Ground Sign
<b>L</b>	Policy Based Screening Table
<b>M</b>	Planned Development Design Criteria
<b>N</b>	Street Vacation Map V-406
<b>O</b>	Street Vacation Overlay on Project Site Plan
<b>P</b>	Comments on Street Vacation
<b>Q</b>	Public Correspondence
<b>R</b>	Economic Development Analysis
<b>S</b>	Draft and Final Environmental Impact Report
<b>T</b>	CEQA Findings of Fact and Statement of Overriding Considerations
<b>U</b>	Mitigation Monitoring and Reporting Program