



PLANNING DIVISION

STAFF REPORT

TO: PLANNING & TRANSPORTATION COMMISSION

FROM: John Lusardi, Planning Manager **DEPARTMENT:** Planning
and Community Environment

DATE: September 14, 2005

SUBJECT: **ZONING ORDINANCE UPDATE – AMENDMENTS TO THE
AUTO DEALERSHIP (AD) COMBINING DISTRICT TO ALLOW
THE AD OVERLAY ZONE IN THE LIMITED MANUFACTURING
(LM) DISTRICTS.**

RECOMMENDATION:

Staff recommends that the Planning and Transportation Commission recommend that the City Council adopt an ordinance (Attachment A) amending Chapter 18.65 of Title 18 (Zoning Ordinance) for the purpose of allowing the auto dealership overlay zone (Combining District) in the Limited Manufacturing Zoning (LM) districts as is currently provided in the Service Commercial District (CS), General Manufacturing (GM) and General Manufacturing Combining District (GM (B)) to allow for additional site and design standards for automobile dealerships selling new, pre-owned and used automobiles.

Staff recommends that the Planning and Transportation Commission review and comment on the consideration to provide for off-site advertising for multiple auto dealerships and amending existing sign standards for auto dealerships.

BACKGROUND:

On July 11, 2005 the City Council initiated an amendment to Chapter 18.65 of Title 18 to provide for the auto dealership overlay zone (Combining District) in the LM manufacturing districts that are located on the east and west sides of Highway 101. The Council also reviewed staff recommendation that amendments to the Palo Alto Municipal Code (PAMC)

be initiated that would provide for minor modifications to the sign regulations and add a new provision that would allow for off site advertising for multiple auto dealerships. The City Council did not take action on the signage recommendation. Two motions, one supporting staff recommendation and one denying staff recommendation, failed on 4 to 4 votes by the Council.

On August 8, 2005 the City Council voted to support a Colleagues Memo (Attachment B) directing staff to evaluate the feasibility of, and strategies for, relocating current City operations from the Municipal Services Center (MSC) on East Bayshore Road in order to redevelop that property as a site for automobile dealerships. The MSC site is zoned Public Facilities with a D Combining District (PF(D)).

On September 20, 2004 the City Council adopted an Ordinance providing for a new auto dealership overlay zone (Chapter 18.65) in the Commercial Service (CS) and General Manufacturing (GM) zoning districts. The City Council also approved the application of these overlay zones with additional amendments to specific Planned Community (PC) zones for all of the existing auto dealerships in the City of Palo Alto. Staff was also directed to work with auto dealerships and other stakeholders to develop a long-term auto dealership retention and recruitment program, including the identification of potential new areas for multiple dealer development as well as potential resources to implement the long-term strategy. Since that time, staff has continued to meet with the auto dealerships to discuss how their businesses can remain competitive with other dealerships in the area.

Staff conducted several meetings with the existing auto dealerships to identify ways within the zoning ordinance to address their needs at their existing locations. These include acknowledging the important advantage of major freeway corridors. The strongest component for successful competition is visibility; lacking the ideal visibility and access from a freeway, the dealerships identified that enhancing their existing location's visibility would be a positive step. In this area, the Highway 101 corridor through Palo Alto provides the best opportunity to increase dealership visibility. Staff has discussed two major steps to develop this advantage: 1) take steps to assist the location of existing or new auto dealerships with frontage and/or visibility on Highway ay 101; and 2) explore opportunities for increasing signage along Highway 101 to allow advertising for multiple dealerships.

SUMMARY OF KEY ISSUES:

The City Council supported Staff's recommendation to allow for the Auto Dealership Combing District in the LM districts located adjacent to the Highway 101 Corridor and Embarcadero Road. The Council action also added some revisions to the regulations for auto dealerships in these areas. The regulations also contain the following:

- That auto dealerships not be permitted on parcels in the LM zone that are directly

adjacent or directly opposite (across a street) from low density residential (R-1, RE, R-2, RMD) nor a residential PC zoning district.

- LM zoning district sites shall be subject the following additional requirements: 1) Large deliveries to the dealership, including automobiles or parts shall be delivered, loaded, and unloaded on-site. At no such time shall such deliveries occupy street parking, nor block public or private residential streets., and 2) Vehicle test driving is prohibited on residential streets.
- The PTC and City Council shall review the application of the overlay zone on individual sites.

Highway 101 Corridor Zoning and Land Use

When Council first approved the Auto Dealership Combining District, the intent was to address existing auto dealership sites in the City and demonstrate the City's commitment to retaining these dealerships. Therefore the AD District was only allowed in the CS and GM districts where existing dealerships were located. Amendments to the auto dealerships with PC zoning occurred at the same time.

There are several sites along the Highway 101 corridor, which could provide good locations for auto dealerships (Attachment C). Many of them have frontage on Highway 101 or are close enough for excellent visibility. Access from the freeway is better for some sites than others and some sites have large parcels or multiple parcels that could be combined to accommodate full service dealerships. Some of these areas could also support multiple dealerships.

The other advantage to these areas, in addition to having freeway visibility, is that they are already zoned for industrial and office use. The zoning on these sites is Limited Manufacturing (LM). In a survey of the areas, many locations have industrial and office buildings that are vacant or under leased. They are also buffered from residential areas.

There are three areas along the Highway 101 corridor that have potential to accommodate relocated or new auto dealerships:

- Highway 101/Embarcadero Road. This area is predominantly zoned LM. There are two auto dealerships in the area, both having PC zoning. There is some GM zoning in the area, which allows the AD Combining District. The area has excellent freeway visibility and access from the Embarcadero interchange. The area is removed from residential areas; however, it is located within the Baylands Site & Design (D) Combining District
- Highway 101/Elwell Court and Corporation Way. This area is zoned LM with industrial and office buildings. It has both excellent freeway visibility and access from the San Antonio Avenue interchange. It is also separated from residential uses; however, it also is located within the Baylands Site & Design (D) Combining District

- Highway 101 West Bayshore Road. Although adjacent to residential uses, the area with LM zoning has excellent frontage and visibility along Highway 101. A constraint to this area is direct access from the freeway from either Embarcadero or San Antonio interchanges

Both staff and auto dealerships have identified that these areas have location advantages where the AD Combining District should be an allowed overlay zone in the LM District. If allowed in the LM District, the approval of an auto dealership overlay on a specific site would still require Planning and Transportation Commission (PTC) review and City Council approval. However, should a site(s) and resources to develop it become available, then the AD Combining District would be in place to move forward.

Highway 101 Signage for Multiple Auto Dealerships

As noted above, the Council did not give direction regarding this item. There was considerable discussion by the Council regarding off-site and freeway signage for auto dealerships. Staff is presenting this information for the Commission's review and comment.

The auto dealership industry has identified that visibility from freeway signage creates a strong advantage for dealerships in an area. This is even the case when dealerships do not have freeway visibility themselves. Some dealerships in the Bay Area that do not have freeway frontage have indicated that a freeway sign has increased their business from 25 to 40%.

Staff and the Palo Alto dealerships have been working together to develop a program for a multiple dealership signage on Highway 101. This would be an off site advertising sign that is currently not allowed under the City's signage and zoning code. Within the AD Combining District, additional provisions could be developed that would allow off site signage for the purpose of advertising multiple dealerships located only in Palo Alto. Because it would be in the AD Zone, it would be limited to auto dealerships and could only be allowed where the overlay zone is approved on a site.

Staff had also been coordinating with Caltrans regarding the locations and regulations of signage along Highway 101. Caltrans allows offsite advertising adjacent to the freeway in sections that are not designated landscaped portions of the freeway. In Palo Alto, these non-landscaped sections where offsite signage may be located are both sides of Highway 101 between the Embarcadero and San Antonio interchanges. However, both interchanges are considered included in landscaped portions of the freeway (Attachment C).

Caltrans does have outdoor advertising requirements and a permit is required from the state agency (Attachment C). Requirements include location, size and maximum

advertising display area. Also, the sign must be located on sites zoned industrial or commercial. All freeway signs must receive approval of the local jurisdiction before Caltrans will issue a permit.

Staff has researched the type of sign that may be located along Highway 101 for multiple auto dealerships. It should be recognized that such signage is larger than a typical advertising sign, dictated by the location and speed of the passing car. They are not classified as a "Billboard Sign". Attachment C shows examples of freeway signage that have been approved in other cities. There are two types of signs: static and changeable message (L.E.D.) Static has a message that does not change and typically advertises the name and location of a business. L.E.D. is a changeable message sign that contains both a static message board, with business names, and a large changeable message board that advertises business names, locations, and other events such as special sale periods. Both dealerships and sign companies that staff have met with have indicated that the L.E.D. has the greatest advantages, especially for advertising businesses that do not have freeway frontage.

Signs can range in height from 50 feet to 95 feet. A static signboard advertising multiple dealers can be approximately 500 sq. ft., where an L.E.D. panel with changeable messages can range in size from 350 to 600 sq. ft. Costs for such signage, not including the site, ranges from approximately \$100,000 for a static message sign (Redwood City) to approximately \$950,000 for an L.E.D. sign (Newark Auto Center). Most, or all of the costs come from the auto dealerships. Some cities required that all auto dealerships have to agree to participate before a freeway sign can be approved. There have been some cities that have participated in the cost and received community event advertising. All of the signs have the name of the city included in the sign.

The City of Palo Alto Municipal Code currently does not allow off site signs or signs with changeable messages (L.E.D.).

Chapter 16.20 Sign Ordinance

In addition to the limitations on off site and L.E.D. signage stated above, the existing sign ordinance has some regulations that could be amended to help address the needs of auto dealerships for on-site advertising. Staff is in the process of reviewing these regulations and will be preparing recommendations for PTC and Council consideration. In this process, while recommendations may be directed toward auto dealerships, staff will also identify how other commercial business may also be affected by the recommended changes. Staff had recommended to the City Council that L.E.D. signs only be allowed in the AD zone with offsite signage for multiple dealerships.

Examples of the areas within Chapter 16.20 that were being considered are specific prohibited signs and freestanding signs. Although not considered major changes, these

provisions would specifically address auto dealerships' need for advertising. Section 16.20.090 states that "no sign shall advertise or display the make, brand name or manufacturers name of any product... unless the same assists in and is done incidentally to the naming of said business." This provision limits an auto dealership to have the make of their automobile more prominent than the name of the dealership. Staff believes that this code should be changed to allow dealerships to display their manufacture logo without violation.

A second example is for freestanding signs. Section 16.20.120(a) states that "Freestanding signs over five feet in height shall be permitted on nonresidential properties in the GM zones and on El Camino Real in CN and CS zones and for service stations, restaurants and shopping centers elsewhere." This would mean that auto dealerships with freestanding signs would be permitted in GM zones and on El Camino Real; however, they would not be allowed in other areas which currently provide for service stations, restaurants and shopping centers. Dealerships in PC zones and on San Antonio Road are limited where other similar commercial uses are not.

RESOURCE IMPACT

The most recent sales tax figures (Calendar year 2003) indicate that revenue from local auto related uses contributed \$2,108,201 annually to the City of Palo Alto. This represents 12.2% of the total sales tax revenue. Auto dealers are located on approximately 16 acres of land (excluding the former Stanford Nissan dealer located at 3001 El Camino Real and the Corporate Motors site). This generates approximately \$131,762 in average sales tax revenue per acre.

POLICY IMPLICATIONS

Recommendations of this staff report are consistent with the overall land use and economic goals of the Comprehensive Plan and specifically Goal B-3 and B-5 that pertain to business development. This report also implements the goals of the City's Enhancing the City's Economic Base Action Plan.

ENVIRONMENTAL REVIEW

Environmental Review for adoption of the new Auto Dealership Chapter 18.65 are exempt from the provisions of the California Environmental Quality Act (CEQA), per section 15061 of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the project would have a significant effect on the environment. The application of the overlay zone and development of auto dealerships will be subject to CEQA on a site specific basis.

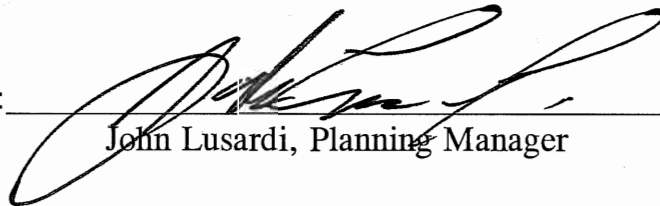
ATTACHMENTS:

- A. Zoning Ordinance Amendment – Auto dealership Combining District in the LM Zone
- B. Council Colleagues Memo
- C. Location Maps – Highway 101/LM Districts (Planning Commission only)
- D. Examples of Freeway Signage (planning Commission only)

COURTESY COPIES:

Susan Arpan
Chamber of Commerce
Anderson Honda
Magnussens Toyota
Carlsen Audi
Peninsula Ford
Hengehold Motor
Stanford BMW/Jaguar/Porsche
Lamborghini Palo Alto
Park Avenue Motors
Smythe European
Showcase Luxury Cars
Carlsen Volvo

Planning Manager Approval: _____



John Lusardi, Planning Manager

ORDINANCE NO. _____
ORDINANCE OF THE COUNCIL OF THE CITY OF PALO
ALTO AMENDING CHAPTER 18.65 (AUTO DEALER
COMBINING DISTRICT) OF TITLE 18 [ZONING] OF THE
PALO ALTO MUNICIPAL CODE BY AMENDING CHAPTER
18.65.020 (APPLICABILITY OF REGULATIONS] AND
CHAPTER 18.65.070 [SPECIAL REQUIREMENTS]

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

(a) That in December 2000, the City Council approved a work plan for the Zoning Ordinance Update involving the preparation of a new Title 18 (Zoning Code) of the Palo Alto Municipal Code (PAMC), including the update of existing land use chapters and processes as well as the preparation of chapters for new and revised land uses;

(b) That on July 28, 2003, the City Council accepted a report from the City's Ad Hoc Committee on the City's Economic Base ("Ad-hoc Committee") whose purpose was two-fold: (1) to assess and evaluate economic trends that affect Palo Alto's financial bottom line; and (2) to determine what actions can be taken to retain businesses;

(c) That the City's Ad-hoc Committee identified priority goals that the City of Palo Alto should implement and an action plan that accomplishes the following: (1) retain valued Palo Alto businesses; (2) enhance the economic base by sharing information with Boards and Commissions; (3) streamline processes where appropriate that undercut vibrant economic activity, retain sales dollars in the community; (4) identify economic development "best practices" for implementation in Palo Alto; and (5) retain auto dealers in Palo Alto.

SECTION 2. Section 18.65.020 (Applicability of Regulations) of Title 18 [Zoning] of the Palo Alto Municipal Code is amended to read as follows:

The combining district may be combined with a service commercial (CS) district, ~~or~~ a general manufacturing (GM or GM(B)) district, or Limited Manufacturing (LM) zoning district parcels within 1/4 mile of Highway 101, and LM properties

NOT YET APPROVED

located along Embarcadero Road east of Highway 101, but not directly adjacent nor directly opposite (across a street) from a low density residential (R-1, RE, R-2, RMD) nor residential PC zoning district in accord with Chapters 18.08 and 18.98. Where so combined, the regulations established by this chapter shall apply in lieu of the comparable provisions established by the service commercial district or community commercial district.

SECTION 3. Subparagraph (b) of Section 18.65.070 [Special requirements] is hereby added to read as follows:

(b) LM zoning district sites shall be subject to the following additional requirements:

(1) Large deliveries to the dealership, including automobiles or parts shall be delivered, loaded, and unloaded on-site. At no such time shall such deliveries occupy street parking, nor block public or private residential streets in any way.

(2) Vehicle test-driving is prohibited on residential streets.

SECTION 4. The City Council finds that the changes effected by this ordinance are exempt from the provisions of the California Environmental Quality Act (CEQA), per section 15061 of CEQA Guidelines, because it can be seen with certainty that there is no possibility that the project will have a significant effect on the environment.

SECTION 5. This ordinance shall be effective 30 days after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

NOT YET APPROVED

ATTEST:

City Clerk

APPROVED AS TO FORM:

Sr. Deputy City Attorney

Mayor

APPROVED:

City Manager

Director of Planning &
Community Environment

**OFFICE OF THE CITY COUNCIL
CITY OF PALO ALTO**

MEMORANDUM

TO: City Council

FROM: Mayor Jim Burch, Vice Mayor Judy Kleinberg, Council Member
Bern Beecham

DATE: August 8, 2005

SUBJECT: REDEVELOPMENT OF MUNICIPAL SERVICES CENTER FOR
AUTO DEALERSHIPS

We ask our colleagues to support a direction to staff to evaluate the feasibility of, and strategies for, relocating current City operations from the Municipal Services Center ("MSC") on East Bayshore Road in order to redevelop that property as a site for automobile dealerships. Given the time sensitivity of this situation and its importance to the economic well-being of our community, this direction includes asking staff to give this feasibility study a high priority in its work plan over the next several months in order to report back to the Council on its preliminary findings by year's end.

This direction is in keeping with the previously approved Council direction of April 11, 2005 (see attached Colleagues Memo) and merely targets for accelerated effort one potential strategy within the scope of that previously approved work.

It is well documented that the sales taxes from automobile sales in Palo Alto account for 10.5 percent of our General Fund revenues. In economically robust years, this has accounted for \$1.9 million dollars. The importance of these revenues to the delivery of quality and varied services to our residents and businesses is unquestioned.

Recently the loss of two dealerships, Carlsen Porsche and Stanford Nissan, has caused a significant reduction in this important revenue to the City. This presents the City with the challenge of finding suitable sites for our remaining dealers and attracting new ones. The time for site identification is critical in that neighboring cities are aggressively competing with Palo Alto for these dealerships.

One potential site for a concentration of dealerships in Palo Alto may be the MSC property that is already an industrial site, has 17 acres and optimum visibility for passing highway traffic. Moving the current operations to other sites in Palo Alto or partnering with a neighboring city in building a joint MSC on their land are among the

10A

various strategies that we would expect the staff to explore, in addition to consideration of potential concerns such as environmental compatibility and traffic flow at nearby intersections.

Attachment A: Formation of Auto Dealer Retention Task Force



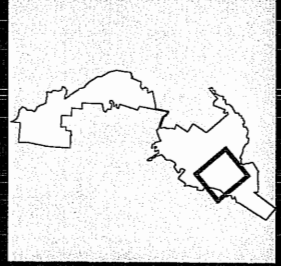
Legend
 ■ Signage Permitted

This document is a graphic representation only of best available sources.
 The City of Palo Alto assumes no responsibility for any errors. ©1989 to 2005 City of Palo Alto



This map is a product of the
 City of Palo Alto GIS

**Location of
 Signs Permitted
 along
 Highway 101**



The City of
PALO ALTO



Caltrans Outdoor Advertising Permit Requirements

The below information is to be used as general guidelines and does not guarantee approval.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
Outdoor Advertising Branch
1120 "N" Street, MS-36, P. O. Box 942874
Sacramento, CA 94274-0001
PHONE (916) 654-6473 / FAX (916) 651-9359

OUTDOOR ADVERTISING PERMIT REQUIREMENTS

In order for an outdoor advertising display application to be considered for a permit adjacent to an Interstate or primary highway the following criterion must be met:

DISPLAY LOCATION

- Must be outside the right of way of any highway.
- Must be outside of any stream, or drainage channel.
- There must be an existing business activity within 1000 feet of proposed display location on either side of the highway.
- **Location of property where display is to be placed must be zoned industrial or commercial.**
- Must have current property owner consent, in writing, to place the display at desired location.
- **Location may not be adjacent to a landscaped section of a freeway. ***

DISPLAY

- Display must be 500 feet from any other permitted display on same side of any highway that is a freeway.
- Display must be 300 feet from any other permitted display on same side of any primary highway that is not a freeway in an unincorporated area.
- Display must be 100 feet from any other permitted display on same side of any primary highway that is not a freeway and is within the limits of an incorporated city.
- Display must be 500 feet from an interchange; intersection at grade or safety roadside rest if the highway is a freeway and the location is outside the limits of an incorporated city and outside the limits of an urban area.
- **An electronic changeable message center display must meet the above spacing requirements and be 1000 feet from any other off-premise electronic message center display.**
- Maximum height for the advertising display area is, 25 feet in height and 60 feet in length, not to exceed an overall maximum of 1200 square feet.

For a permit application contact the Department of Transportation.

- *
- Landscaped freeway is a section of a freeway which is now, or hereafter may be, improved by the planting at least on one side of the freeway right-of-way of lawns, trees, shrubs, flowers or other ornamental vegetation which shall require reasonable maintenance.

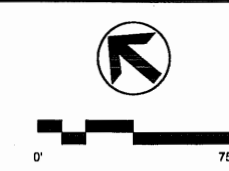


The City of Palo Alto



LM Zones along Highway 101

This map is a product of the City of Palo Alto GIS



Legend
All LM

15'

15'-2 1/2"

12'-0"

**REDWOOD CITY
AUTO GROUP**

EXIT WHIPPLE AVE



ACURA



CHEVROLET



CHRYSLER



DODGE



Ford



HONDA



INFINITI



JAGUAR

Jeep



KIA



LAND-ROVER



LEXUS



LOTUS



MAZDA



NISSAN

10 1/2"

9"

5 1/2"

30"

50'-0"

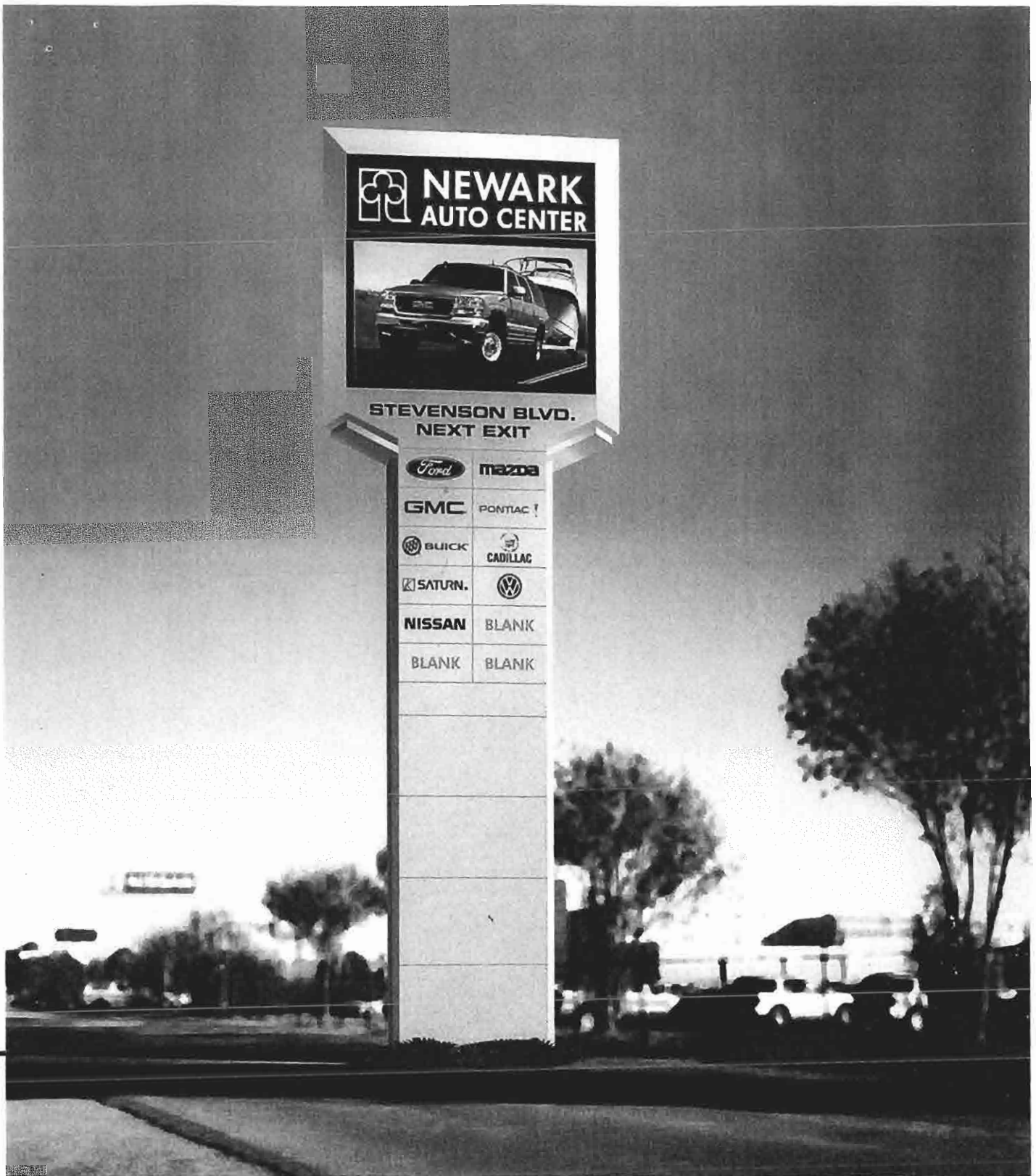


PHOTO OVERLAY

Scale N.T.S.

adart
SIGN COMPANY

5 THOMAS MELLON CIRCLE SUITE 260
SAN FRANCISCO, CA 94134
T 415.869.6460
F 415.869.6480

CA STATE CONTRACTORS LICENSE #826051

NEWARK AUTO MALL

D/F L.E.D. Pylon Display

NEWARK, CA

SALES: JOHN WHITTAKER

SALES APPROVAL _____

CUSTOMER APPROVAL _____

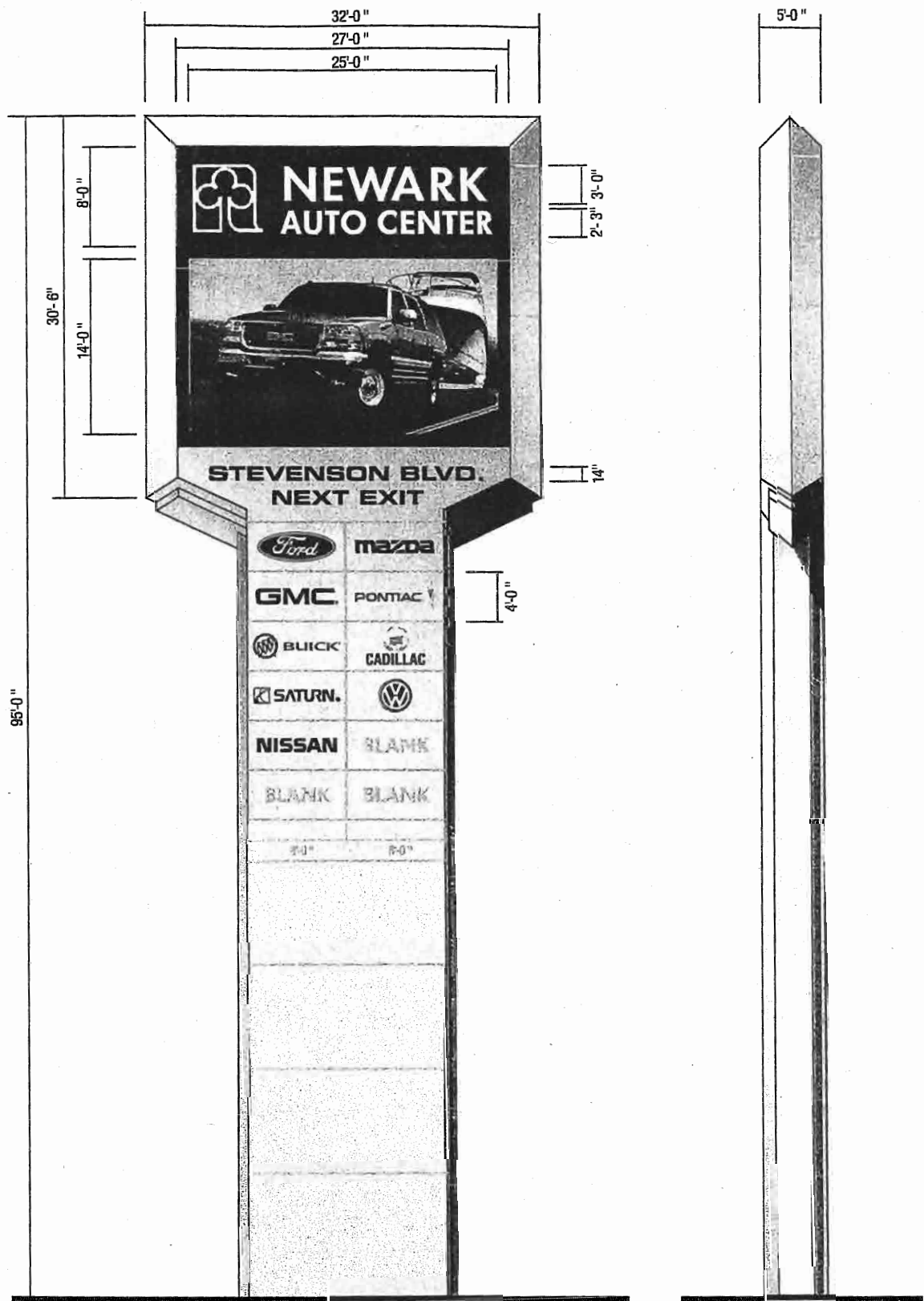
LANDLORD APPROVAL _____

DRAWING #: 1842
DATE: 09-21-04
SHEET: 3 OF 4

CONCEPTUAL DRAWING ONLY:

Dimensions are approximate & may change due to construction factors or exact field conditions. Colors shown are as close as printing will allow; always follow written specifications.

ALL RIGHTS RESERVED: This design has been created for you in connection with a project being planned for you by AD ART. It may not be shown to anyone outside your organization, and may not be reproduced in any manner without prior consent.



ELEVATION - DOUBLE FACE PYLON SIGN W/ L.E.D. DISPLAY

Scale: N.T.S.

ad art
SIGN COMPANY

5 THOMAS MELLON CIRCLE SUITE 260
SAN FRANCISCO, CA 94134
T 415.369.6460
F 415.369.6480

CA STATE CONTRACTORS LICENSE #326051

NEWARK AUTO MALL

D/F L.E.D. Pylon Display

NEWARK, CA

SALES: JOHN WHITTAKER

SALES APPROVAL _____

CUSTOMER APPROVAL _____

LANDLORD APPROVAL _____

DRAWING #: 1842
DATE: 09-21-04
SHEET: 2 OF 4

CONCEPTUAL DRAWING ONLY:

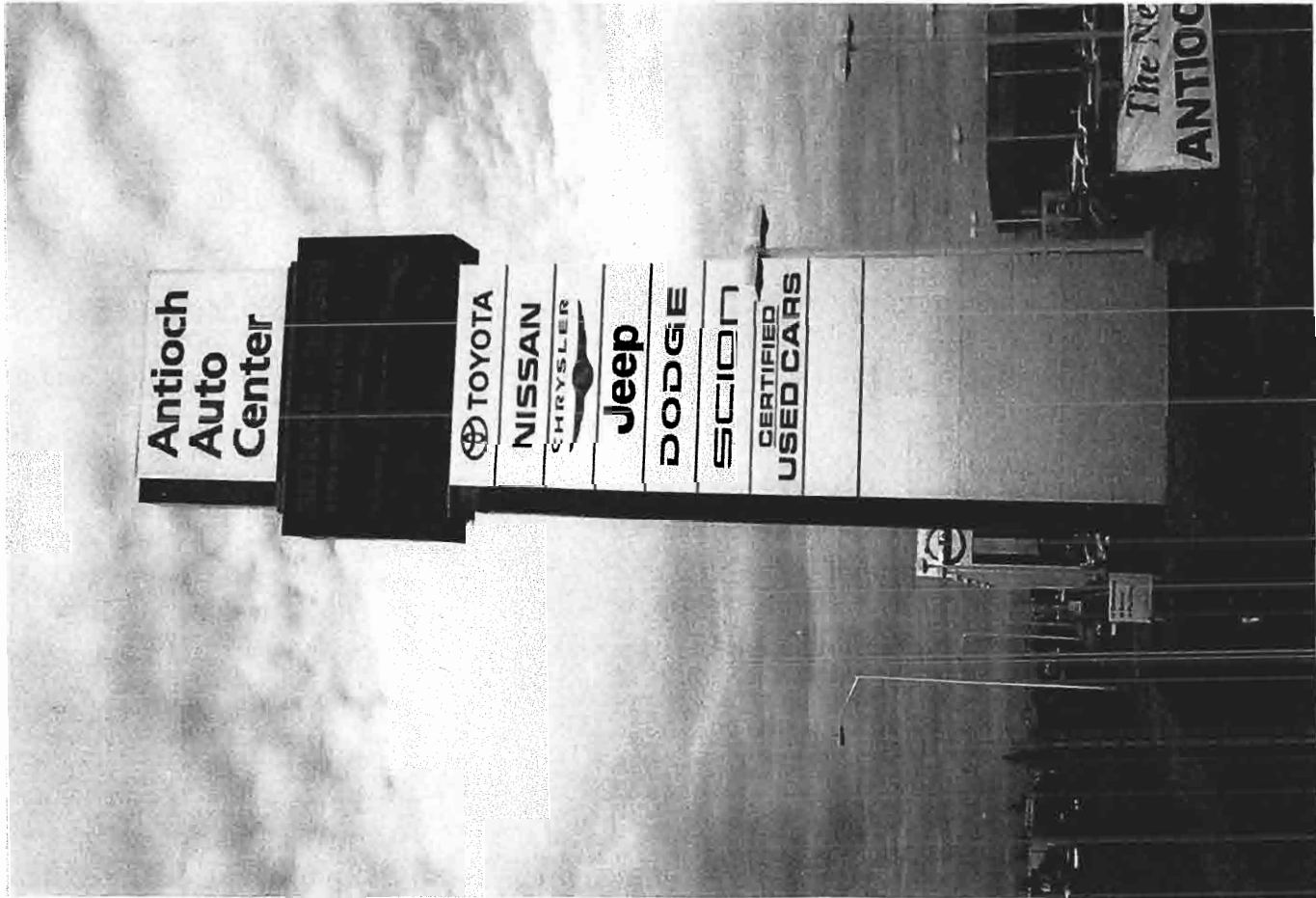
Dimensions are approximate & may change due to construction factors or exact field conditions. Colors shown are as close as printing will allow; always follow written specifications.

ALL RIGHTS RESERVED: This design has been created for you in connection with a project being planned for you by AD ART. It may not be shown to anyone outside your organization, and may not be reproduced in any manner without prior consent.



adart
SIGN COMPANY





ADART

SIGN COMPANY