TO:       HONORABLE CITY COUNCIL

FROM:     CITY MANAGER  
DEPARTMENT: PLANNING & COMMUNITY ENVIRONMENT

DATE: DECEMBER 12, 2005  
CMR: 425:05

SUBJECT: ZONING ORDINANCE UPDATE – ADOPTION OF AN ORDINANCE AMENDING THE AUTO DEALERSHIP (AD) COMBINING DISTRICT TO ALLOW THE AD OVERLAY ZONE IN THE LIMITED MANUFACTURING (LM) DISTRICTS LOCATED ON THE EAST AND WEST SIDES OF HIGHWAY 101 AT THE SAN ANTONIO INTERCHANGE.

RECOMMENDATION
Staff and the Planning and Transportation Commission (PTC) recommend that the City Council adopt an Ordinance (Attachment A) amending the Auto Dealership (AD) Combining District to allow the AD overlay zone in the Limited Manufacturing (LM) Districts located on the east and west sides of Highway 101 at the San Antonio Interchange, and that the applications for Auto Dealership development in these zones require a Conditional Use Permit (CUP).

Staff and the Planning and Transportation Commission also recommend that the Auto Dealership (AD) Combining District not be permitted in the LM District located on the east side of Highway 101 at the Embarcadero Road interchange.

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 at both the San Antonio and Embarcadero Road interchanges.

On October 26, 2005, the PTC had a public hearing to consider amendments to Chapter 18.65 for the AD overlay in the LM zones adjacent to Highway 101 (Attachment B, PTC Staff Report). Notices to over 1,000 property owners were sent for this meeting.

COMMISSION REVIEW AND RECOMMENDATION
Staff reviewed the City Council’s action to initiate the Auto Dealership Combining District in the LM districts located adjacent to the Highway 101 Corridor and Embarcadero Road. The Council action also revised some of the regulations for auto dealerships in these areas. The regulations contained 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 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; 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.

This additional language was included in the Draft Ordinance (Attachment A) presented to the PTC. Three members from the public spoke at the PTC meeting, mainly addressing the concern for auto dealerships locating adjacent to residential neighborhoods. At the PTC meeting, staff recommended additional language in Section 3(b) of the draft ordinance that added environmental protection for new development in the LM zones adjacent to the Baylands.

The PTC discussion was mainly focused on two issues about locating auto dealerships in these LM zones. The first was the need to restrict auto dealerships from locating where low density residential would be an adjacent use. The second was ensuring protection of the Baylands when auto dealerships are proposed in the adjacent LM zones (Attachment C, October 26 PTC minutes).

The PTC’s recommendation for the LM zones adjacent to Highway 101/San Antonio interchange was as follows:

• That all auto dealership uses in the LM zones require a Conditional Use Permit (CUP). Furthermore, that the LM zones on the east side of Highway 101 require an additional CUP finding addressing the LM zone’s adjacency to the Baylands. The additional finding is as follows: “The design of the proposed improvements and the operation of the proposed use will not be detrimental to the ecological qualities of the Baylands natural areas and will be aesthetically compatible with the character of the Baylands as a regional recreation area and nature preserve.”

• For the LM district located on the west side of Highway 101/San Antonio interchange, auto dealerships would require a CUP and only be allowed if they are fronting the Bayshore Freeway and are not adjacent to the low density residential areas and those parcels would be subject to any future additional creek setback requirements.

However, staff determined that this limitation would result in only one parcel in that subdistrict that could qualify for the AD overlay. Staff is not recommending this limitation because it is too restrictive within a zoning district. Therefore, the draft ordinance does contain the PTC
recommendation and keeps the Council’s direction for AD limitations in that zone.

The PTC did not recommend that the AD overlay zone be permitted in the LM zone that is on the east side of Highway 101 at the Embarcadero interchange. The motion to include this area as an AD overlay failed on a (2-3-2-0) vote. The major concern for not including this area was that it represented a gateway to the Baylands and therefore should not have more intensive commercial uses than what already exists. There are currently two auto dealerships located in this area that zoned Planned Community (PC).

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 is 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.

ATTACHMENTS
Attachment A: Draft Ordinance
Attachment B: Planning and Transportation Commission Staff Report, October 26, 2005
Attachment C: Minutes, Planning and Transportation Commission meeting, October 26, 2005

COURTESY COPIES
Planning and Transportation Commission
Chamber of Commerce
Anderson Honda
Magnusens Toyota
Carlsen Audi
Peninsula Ford
Hengehold Motor
Stanford BMW/Jaguar/Porsche
Lamborghini Palo Alto
Park Avenue Motors
Smythe European
Showcase Luxury Cars
Carlsen Volvo

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