TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: MAY 7, 2007

CMR: 229:07

SUBJECT: 4225 MIDDLEFIELD ROAD, 4233 MIDDLEFIELD ROAD, AND 710 SAN ANTONIO ROAD: APPROVAL OF AN ORDINANCE REZONING THREE SITES FROM PLANNED COMMUNITY (PC-1561) TO SERVICE COMMERCIAL (CS) DISTRICT WITH AN AUTOMOBILE DEALERSHIP (AD) COMBINING DISTRICT OVERLAY.

ENVIRONMENTAL REVIEW: AN INITIAL STUDY HAS BEEN COMPLETED AND A DRAFT NEGATIVE DECLARATION HAS BEEN PREPARED.

RECOMMENDATION

Staff and the Planning and Transportation Commission (P&TC) recommend that the City Council approve the proposed ordinance rezoning three sites from Planned Community (PC-1561) to Service Commercial (CS) district with an Automobile Dealership (AD) combining district overlay based upon the findings contained within the Draft Ordinance (Attachment A) and approve a Negative Declaration (Attachment C).

BACKGROUND

Attached to this staff report is a letter from Mr. Bernard Magnussen, owner of Magnussen Toyota, requesting that the City consider extending the Auto Dealership overlay zone to the property at 4233 Middlefield Road (Attachment B). Magnussen Toyota has recently entered into a long term lease at this property with plans to expand its used car sales on this site directly across Middlefield Road from its dealership located at 690 San Antonio Avenue. It will also have a parts and service facility supporting the existing dealership on Middlefield Road in Mountain View.

The proposed ordinance (Attachment A) is a City-initiated rezoning of three parcels from Planned Community (PC-1561) to Service Commercial (CS) with an Automobile Dealership (AD) combining district overlay (Attachment F). The property at 4233 Middlefield Road is zoned PC-1561 (Attachment G) and was most recently used for manufacturing. Within the PC-1561 district are two other parcels at 4225 Middlefield (Kelly Paper Store) and 710 San Antonio Avenue (Sherman Auto Service) that are also proposed for the rezoning (shown on map, Attachment H). This zone change would allow the existing uses on these two properties to
continue, but would also accommodate a wide variety of future uses, including auto dealers or auto services on those sites in the future.

COMMISSION REVIEW AND RECOMMENDATION
At the public hearing held on March 14, 2007, the P&TC voted (7-0) to accept staff’s recommendation. Prior to the Commission hearing, staff directly contacted the current tenants and land owners of the two sites not being leased to Magnussen’s Toyota (4225 Middlefield Road, and 710 San Antonio Road), and both owners were very receptive and supportive of the proposed zone change. Staff did not receive a response from the current tenants, Kelly Paper at 4225 Middlefield Road or Sherman’s Auto, located at 710 San Antonio Road.

The P&TC staff report and meeting minutes for this hearing have been provided as Attachments D and E respectively.

RESOURCE IMPACT
The rezoning creates the potential for enhanced City sales tax revenues. Auto sales generate approximately 10 percent of the City's annual $20 million in sales tax revenues and Magnussen Toyota is a major auto dealer in the City. It is anticipated that the expansion will generate solid new sales and revenue for the City. There is currently no revenue accruing from the site other than minimal property taxes (the prior use was for light manufacturing). The other two sites currently generate sales tax revenues, but these could be enhanced if new auto sales activity ensues.

POLICY IMPLICATIONS
The City Council has directed staff to pursue strategies to preserve and enhance the revenue stream that auto dealers provide to support City services. One of the primary strategies that has been used to retain auto dealers in Palo Alto is the AD combining district, which currently includes auto dealer sites on El Camino Real, San Antonio Road, Embarcadero Road, and in the General Manufacturing zoning districts to allow existing auto dealers to “grow in place.”

ENVIRONMENTAL REVIEW
A Negative Declaration, which reviewed the environmental issues related to the rezoning, as required by the California Environmental Quality Act (CEQA), was circulated for a 20-day public review period from February 21, 2007 to March 13, 2007. A copy of the environmental document is provided as Attachment C.

PREPARED BY:

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CITY MANAGER APPROVAL:

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ATTACHMENTS
A. Draft Ordinance
B. Magnussen Request Letter
C. Negative Declaration
D. Planning & Transportation Commission Staff Report, March 14, 2007 (w/o attachments)
E. Planning & Transportation Commission Meeting Minutes
F. Service Commercial District (CS), Automobile Dealership Combining District (AD) Zoning
G. Planned Community (PC-1561) Zoning
H. Location Map

COURTESY COPIES:
Magnussen Dealership Group, Project Applicant
Theodore F Neil Trustee, Property Owner
Helen M Sherman Trustee, Property Owner
Frances M Hills Trustee, Property Owner
Peter Gilli, Deputy Zoning Administrator, City of Mountain View