



MEETING DATE: 1/17/06
ITEM NO. 16
DESK ITEM

COUNCIL AGENDA REPORT

DATE: January 17, 2006

TO: MAYOR AND TOWN COUNCIL

FROM: DEBRA J. FIGONE, TOWN MANAGER

SUBJECT: CONSIDER AN APPEAL OF A PLANNING COMMISSION DECISION DENYING AN APPLICATION TO OPERATE A FORMULA RETAIL STORE (AMERICAN APPAREL) ON PROPERTY ZONED C-2.
APN 510-44-034. LOCATION: 25 N. SANTA CRUZ PROPERTY
OWNER: SANTA CRUZ REAL, LLC APPLICANT/APPELLANT:
TACEE WEBB

INTRODUCTION

Attached is additional correspondence regarding American Apparel that was received after the staff report was published.

The staff report on the American Apparel appeal provides the Town Council with data on the number and the distribution of formula retail businesses (FRBs) in downtown. The staff report contained a brief summary of staff's findings on this issue. This desk item provides additional background information on staff's analysis of the distribution of FRBs.

CONCENTRATION OF FORMULA RETAIL BUSINESSES

To assist the Council in considering the American Apparel appeal, staff evaluated the concentration of formula retail uses in downtown. Specifically, staff evaluated the following key issues:

What is the geographic basis for evaluating concentration?

1. Staff considered two approaches. First, concentration could be evaluated based upon the downtown as a whole. Staff updated its survey of businesses in the Central Business

PREPARED BY: BUD LORTZ
DIRECTOR OF COMMUNITY DEVELOPMENT

Reviewed by: Assistant Town Manager Attorney Clerk Finance
 Community Development Revised: 1/17/06 3:48 pm

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District and determined that there are 17 formula retail stores which equals 13% of the downtown stores.

2. The second approach would be to evaluate concentration according to the specific location in a district or sub-area of the downtown.

Is it possible to define downtown districts or sub-areas?

1. To consider this question, staff reviewed the following:
 - a. General Plan
 - b. Zoning Code
 - c. Commercial Design Guidelines
 - d. Downtown Parking Management Plan
 - e. Traffic counts
 - f. Urban design factors such as, building placement, continuity of building facades, street width, existing uses, and building heights based upon a staff walking tour of downtown.
2. Based on the above-mentioned items, staff determined that it would be possible to subdivide downtown into five sub-areas (Attachment 13):
 - a. **Sub-Area A: North Santa Cruz from Highway 9 to Royce Street.** This area is characterized by buildings located at the front property line with no setback and has the narrowest building-to-building cross-section across Santa Cruz Avenue in relation to building height. This area mainly contains retail uses on the first floor.
 - b. **Sub-Area B: North Santa Cruz from Main Street to Royce Street.** This area is characterized by buildings that are setback from the front property line, several parking lots with frontage on Santa Cruz Avenue, frequent breaks in the building facades, larger building-to-building separation across Santa Cruz Avenue. The Commercial Design Guidelines have standards specific to this sub-area. The area also contains a number of personal service uses.
 - c. **Sub-Area C: Retail uses on University Avenue (mainly Old Town).** This area is largely comprised of the Old Town Shopping Center.
 - d. **Sub-Area D: South Santa Cruz Avenue.** This area has higher traffic volumes than the rest of Santa Cruz Avenue as it provides direct access to and from Highway 17. With one exception, buildings are only located on the west side of the street. Pedestrian traffic is substantially lower than Sub-Area B.
 - e. **Sub-Area E: Main Street east of Santa Cruz Avenue.** This area has a wider street cross-section than lower North Santa Cruz Avenue and has shorter street blocks. The Sub-area is divided by the Highway 17 overpass. Personal service uses are more prevalent in this sub-area.
3. The most significant factors in determining sub-areas were urban design characteristics, the Commercial Design Guidelines, and traffic counts.

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Where are Formula Retail Businesses located?

Staff overlaid the location of each FRB in downtown with the sub-areas discussed above. Sixteen of the 17 formula stores area located in Sub-Areas B and C. Sub-Area A contains one FRB while Sub-Areas D and E do not contain a FRB.

SUMMARY

Nearly all of the formula retailer businesses are located in two specific areas of downtown. The remainder of downtown has one or no formula businesses. Based upon this analysis, it appears that sub-areas can be identified and that Council could evaluate formula retail applications based upon the number of FRBs in the applicable sub-area or in proximity to the subject application.

Attachments:

- 1-11. Staff report dated January 12, 2006 (previously submitted)
12. Letters from concerned citizens (4 pages)
13. Map of Location of Formula Retail Businesses by Sub-area

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Bud Lortz - Re: American Apparel Appeal

From: Brian Freund <freund.b@gmail.com>
To: <dmcnutt@losgatosca.gov>
Date: 1/16/2006 2:25:46 PM
Subject: Re: American Apparel Appeal
CC: <djohnston@harveyecology.com>, <freund.b@gmail.com>

Honorable Mayor Diane McNutt,

I would like to recommend that you deny the appeal made by American Apparel to locate their store in downtown Los Gatos. It is my belief that such an allowance amidst the already established merchants will "cheapen" the character of the town. Having one of such retailer's may cause a series of new chain's, and many others will be submitting the same requests even ten years down the road. Although a select few teenagers have come forward at the last planning commission meeting, I believe I represent a fair proportion of Los Gatan teenagers, who don't want to see their downtown change. Please, stick by your guns, and don't let these low-character stores take over our unique town. Thank you.

Sincerely,
Brian Freund

Attachment 12

Bud Lortz - AMERICAAN APPAREL

From: "nandr@earthlink.net" <nandr@earthlink.net>
To: <DMCNUTT@LOSGATOSCA.GOV>
Date: 1/16/2006 11:35:43 AM
Subject: AMERICAAN APPAREL

As a long time resident and parent of 4 los gatos high school graduates - I would like to suggest to you that you do not approve the application of American Apparel. I do not feel it fits the image of the town and also feel we have more than enough chain stores in town.

Thanks for your consideration.

Renee Preaseau

Dear Madame Mayor & Council Members,

Here we are at the crossroads again in our sensitive decision making for the future of downtown Los Gatos. As you know, American Apparel is appealing the unanimous decision (denial) by the Planning Commission to allow a new "Formula" retail store to open. My understanding was that a specific ordinance was passed regarding the limitation of "Formula/Chain" stores to prevent the saturation of these businesses in the core business district of downtown Los Gatos in order to maintain the charm and integrity of our downtown business district for which it has become known.

Here is an opportunity to stand behind that defining ordinance and support the Planning Commission's denial of this application. There are certainly areas that are appropriate for "Formula" stores, but before we start turning Santa Cruz Avenue into a strip mall, I think it is in the town's best interest to take a close look at the intention of our General Plan, the specific ordinances and guidelines which were set forth to protect and maintain the image of our town. If this application is approved, it will set precedence for any "Formula" store to set sights on Santa Cruz Avenue, which will soon become "Any Other Town", USA.

Change is inevitable, but I see this as an opportunity for the landlords, business owners, community members, Chamber of Commerce, and the Town Government to work together to recruit new and unique stores and restaurants which has kept Los Gatos unique and special from "Any Other Town", USA.

I hope that I can attend the council meeting on Tuesday night, but I am scheduled to be out of town on business, so I really wanted you to hear my thoughts in case I cannot be there. I have numerous ideas for unique and different businesses and restaurants that would enhance the character of the town, and would love to help, but at this point I don't know the correct avenue to direct these people. Perhaps with some sort of study session or training, there could be a productive group or committee established to assist the town with it's future economic vitality.

Thanks for your time,
Ginger Rowe
Time Out Clothing
108 N. Santa Cruz Ave.
Los Gatos, CA 95030
408-354-8653
ginger@timeoutclothing.com

Bud Lortz - state of the town

From: "Debbie Sacks" <dcsacks1@verizon.net>
To: <dmcnutt@losgatosca.gov>
Date: 1/15/2006 11:30:41 AM
Subject: state of the town

Dear Diane --

I have been a resident of Los Gatos for more than 8 years. This is the first time I'm contacting a town official and, hopefully you don't mind, I'm starting at the top.....

I am very concerned with the recent number of store closings in town. While I have seen various shops and restaurants come and go over the years, with the closing of Candlesticks, Learning Game, and now Twigs (in addition to the Belgian Chocolate Shop, and 4-5 other very recent closings) I am concerned that Los Gatos is starting to look like an abandoned town. Or a town that can only offer salons, coffee shops and mall-type stores.

I realize the town needs a variety of stores, so I don't necessarily dislike the idea of stores such as The Gap, Borders, Benefit, Gymbouree, Cold Stone and Shaper Image lining our main streets. However, it is critical to maintain the uniqueness that this town has had in its shops -- it's what draws the tourists and makes the town more lively. And it's important to keep shops that attract the local citizens as well. A store like Domus makes Los Gatos different from the Mall. I fear that store will be the next to go.

So, what can be done, by local citizens (other than supporting our local shops, which I believe we do), and the town government? Is there any way to keep the landlords from forcing out shops by raising their rents too much?

Thank you for your time.

Sincerely,

Debbie Sacks
18400 Overlook Road, #31

JAN 17

LOS GATOS TOWN COUNCIL

Susan Farwell
121 Laurel Avenue
Los Gatos, CA, 95030

Los Gatos Town Council
Town of Los Gatos
110 East Main Street
Los Gatos, CA, 95030

To the Los Gatos Town Council,

Unfortunately, I will not be able to attend tonight's meeting on the appeal of the use permit for American Apparel. I would like to convey my endorsement for the appeal, and overturn the planning commission's decision to deny the use permit for American Apparel.

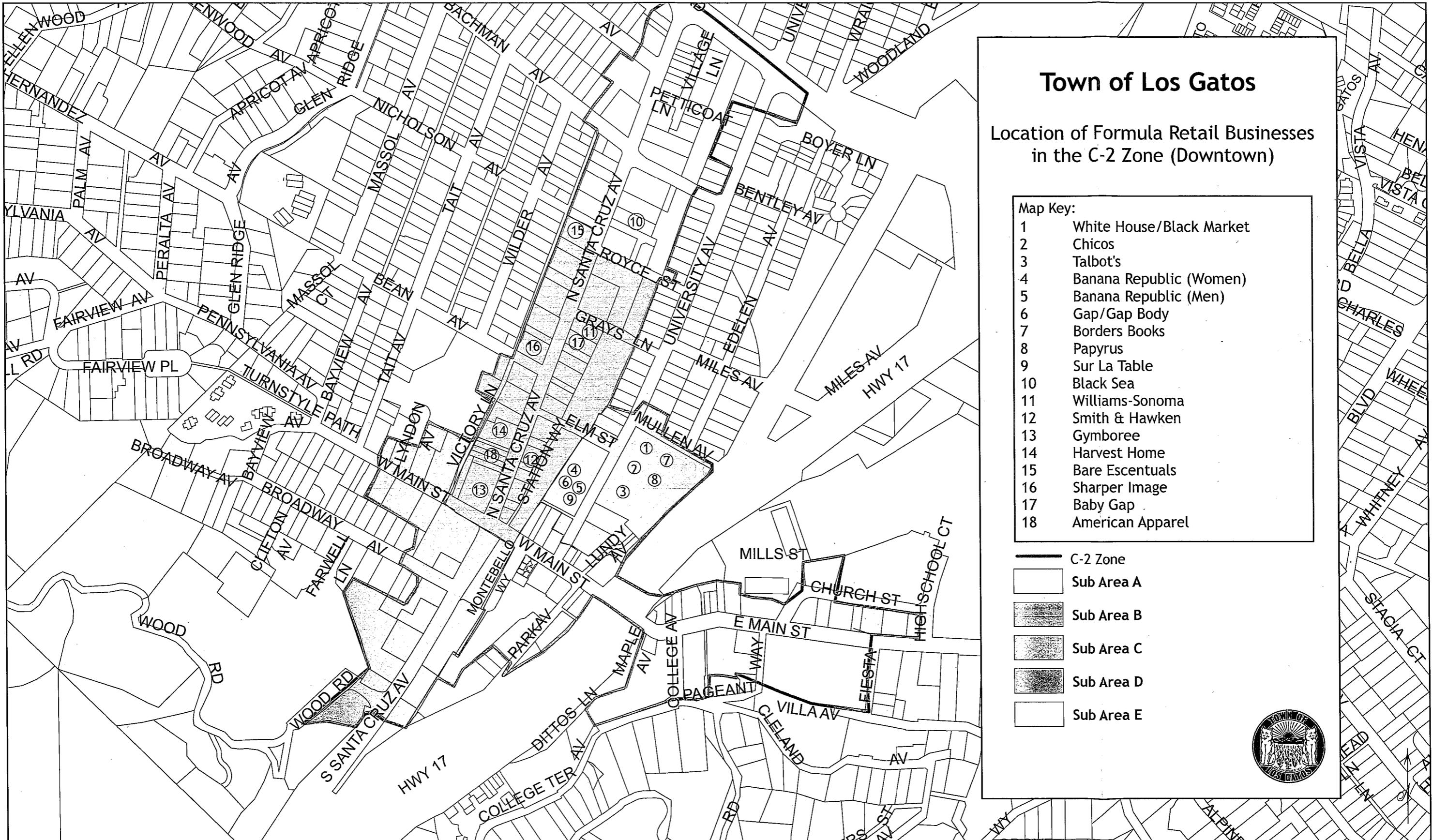
American Apparel offers an opportunity to add a unique product mix to the central downtown business district. At this time there are no stores in the downtown district that fulfill the shopping needs of the youth of Los Gatos. It may not be the "look" that pleases all, but American Apparel is the style of today's teens.

American Apparel will bring new consumers to the downtown district. If the town is able to attract a new and younger consumer, the chance of consumer loyalty that will last well into the future could have a dramatic impact on the vitality of Los Gatos. This is good for all businesses.

In a time of very competitive markets and small profit margins, the Town of Los Gatos owes it to the existing tenants and landlords to allow American Apparel to establish a store in the central business district.

Sincerely,


Sue Farwell



January 12, 2006