



MEETING DATE: 8/25/08
ITEM NO:

COUNCIL AGENDA REPORT

DATE: August 21, 2008
TO: MAYOR AND TOWN COUNCIL
FROM: GREG LARSON, TOWN MANAGER *Greg Larson*
SUBJECT: DISCUSS AND PROVIDE DIRECTION ON PROCESS TO PLAN FUTURE DEVELOPMENT IN THE NORTH 40

RECOMMENDATION:

Direct submission of a North 40 Master Plan with any Planned Development proposal submitted prior to completion of the North 40 Specific Plan.

BACKGROUND:

The Town prepared a Draft Specific Plan for the North 40 area (the 40 acres of land bounded by Highways 17 and 85, Los Gatos Boulevard and Lark Avenue) during 1998 and 1999 (Attachment 1). After extensive public discussion, the Town Council tabled adoption of the Specific Plan in December 1999 pending adoption of an updated General Plan to allow some residential development in the North 40. Following adoption of the General Plan in July 2000, the Town Council has had several discussions about the North 40 Specific Plan (N40SP). The revised General Plan (excerpted in Attachment 2) does allow for limited residential development to be included in the North 40

At its January 26, 2002 study session, Council discussed its vision for the use and purpose of the N40SP, modifications that might be needed, and the need to proactively guide development of the North Forty area. Council again indicated support for completion of the plan and it was added to the list of high priority advanced planning projects to be included in the work program for Fiscal Years 2003-04 and 2004-05.

The Council adopted the Advanced Planning Work Program in September 2003. At that time completion of the N40SP remained a high priority, but was ranked lower than four other key

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work items. The N40SP remained a priority due to the importance of establishing clear planning standards for this area to guide the development review process as incremental development projects are submitted to the Town. Three of the higher ranked projects have been completed (Hillside Development Standards & Guidelines, Personal Service Business regulations and Commercial Design Guidelines) and the fourth is nearly complete (Residential Design Guidelines).

At its retreat in January 2005, Council discussed whether there was a need to complete the N40SP. At the retreat, Council directed staff to schedule the N40SP on a Council agenda for further discussion and to provide direction to staff and the General Plan Committee (GPC) on the scope and process for completion of the N40SP.

In April 2005, Council re-confirmed its interest in completing the North 40 Specific Plan and directed that the draft Specific Plan be used as the foundation for an updated Plan. The Council also specified that the areas of focus for the update would be the following:

- Infrastructure
- Design Standards
- Land Use

In early 2006, the General Plan Committee began the process of updating and completing the Specific Plan. Several GPC meeting were held in February through August 2006. The project was placed on hold due to staff constraints in late 2006. Attached are maps that were provided to GPC for background information (Attachment 3).

The Conceptual Development Advisory Committee considered a proposal for a 10-acre portion of the North 40 Area in June 2007. At that time, the developer submitted two alternative proposals. The first alternative included a three to five-story, 150-room hotel and a three to four-story residential building. The second alternative was comprised of 13 two to three-story townhomes and a three to four-story residential building.

At this point in time, without completion of the North 40 Specific Plan, the current General Plan designations and language likely control for any proposed development within the North 40 area, although rezoning actions would be required for consistency.

DISCUSSION:

The purpose of this Council Study Session is to provide direction to staff in light of prospective development proposals in the North 40 area. Specifically, the question is what process to follow to either complete the North 40 Specific Plan and/or to consider specific development proposals in advance of completion of the North 40 Specific Plan.

Current Proposal:

Sand Hill Properties is pursuing the development of 10 acres of the Yuki family property located at the northeast corner of Highway 17 and Lark Avenue, outlined in red on Attachment 4. They have submitted two conceptual site plans for the overall site (Attachment 4). Staff has not had an opportunity to review either plan.

One site plan titled "Los Gatos Gateway" was prepared some time ago by the Yuki family and the other site plan titled "Los Gatos North 40 Master Plan" was prepared by Sand Hill Properties:

Development	<i>Los Gatos Gateway</i> <u>Yuki Family</u>	<i>North 40 Master Plan</i> <u>Sand Hill Properties</u>
Residential	980 units	155 units
Hotel uses	679 k sq ft	200 rooms
Office	390 k sq ft	325 k sq ft
Medical uses	245 k sq ft	140 k sq ft
Retail	175 k sq ft	320 k sq ft*

* includes "Destination Retail"

Areas of Focus

Staff has identified three areas of focus for future planning efforts in the North 40: Infrastructure, Design Standards, and Land Use. These are the same issues remaining from prior consideration of the North 40 and are best considered and resolved in the context of the entire North 40 area.

1. Infrastructure

Given the size of the North 40 Area and its development potential, the N40SP or any specific development proposal should address the provision and location of public utilities such as storm drainage and sanitary sewer in detail. The anticipated street circulation framework requires review in light of recently approved development; however, the general location of the major access roads still appears to be feasible. The N40SP or any development proposal should specify the size, location, timing, and financing of future infrastructure improvements. The size and location of planned infrastructure improvements could allow for or limit future development, depending on the financing structures proposed and used.

2. Design Standards

The Draft N40SP does contain design guidelines for future development. However, concerns were previously expressed that the design guidelines and images contained in the draft did not clearly reflect the character of Los Gatos. Further design direction and work will be required to ensure development with the North 40 area that is compatible with Los Gatos.

3. Land Use

The Draft N40SP allows up to roughly 500,000 square feet of commercial mixed-use development, significantly less than proposed under either conceptual plan detailed above.

In completing the N40SP or considering any specific North 40 development proposals, the Town will need to review the proposed land uses and confirm that the uses remain appropriate for the area in the context of General Plan 2000. The Highway 85 Element also encourages uses that serve Town residents such as office, retail, commercial, and open space in the North 40 area. Staff recommends that the following land use issues be considered and resolved in any future planning or development of the North 40 area.

- a) **Allowed Land Uses:** A wide variety of uses are allowed under the Draft N40SP including destination retail, lodging, neighborhood commercial, and office. This list of uses provides significant flexibility in considering future development applications. Although not included in the Draft N40SP, General Plan 2000 states that limited residential uses may be permitted if located over commercial development as part of a mixed-use project. The General Plan also specifies that residential will only be allowed with mitigation of environmental issues such as noise and air quality due to the fact that the site is surrounded by highways and major arterial streets.
- b) **Size of Use:** The previous Draft N40SP policies on building scale limit the size of any single use to a maximum of 70,000 square feet and states the average size of retail uses and structures should not exceed 30,000 square feet. This policy precludes most large retail chains and limits the Town's flexibility to consider a larger retail use that may be appropriate in Los Gatos. An alternative may be to develop a policy or design criteria to ensure that all buildings are designed to be no larger than 70,000 square feet in appearance and avoid a "box-like" structure.
- c) **Height of Buildings:** The Draft N40SP establishes a maximum building height of 35 feet. It allows exceptions to be granted through the Planned Development process to permit building up to 45 feet.
- d) **Auto Dealerships:** The Draft N40SP does not specifically address auto dealerships, although the use can be considered destination retail. One approach could be to allow new or the Town's existing dealerships to relocate or expand into the North 40 Area. In turn, this may allow redevelopment of the existing dealerships located on Los Gatos Boulevard with other uses.

4. Review Process:

Given the N40SP is not adopted and the Town has initiated an update of the General Plan, there are several alternate processes the Town could employ to review a specific

development proposal in the North 40 Area. Staff has identified four alternative review processes which are summarized below.

- a) Complete Specific Plan: The Council could direct staff to expedite the process of completing the N40SP working through the GPC, Planning Commission, and Town Council. This is the Town's typical approach in developing policy documents such as the Commercial Design Guidelines and Residential Design Guidelines. This approach would clarify the community's expectations and requirements for development on this site but would defer consideration of any specific development proposal for roughly 12 months.

As an option, Council could modify this process and direct that a public charrette be held to obtain citizen input on development of the site. Based on the charrette, staff would prepare an updated draft North 40 Specific Plan for GPC, Commission, and Council consideration.

- b) Incorporate North 40 into General Plan Update: The Council could add the North 40 as a focus area for the General Plan Update. This approach would clarify the community's expectations and requirements for development on this site in the context of the entire General Plan, but would defer consideration of any specific development proposal for roughly 18-24 months.
- c) Require Master Plan with PD Application: To ensure the orderly development of the entire North 40 Area, the Town could require that the applicant for any Planned Development within the North 40 Area also prepare a master plan for the North 40 to be submitted with the Planned Development application. In lieu of site-specific Specific Plan or General Plan policies, the Town would evaluate the proposal based on existing General Plan and other Town policies and codes.
- d) Review PD Application: Council could proceed with review of a Planned Development application without requiring preparation of a master or specific plan and without site-specific General Plan policies. In lieu of site-specific Specific Plan or General Plan policies, the Town would evaluate the proposal based on existing General Plan and other Town policies and codes. This approach would make it difficult to ensure integration of the 10-acre development with the remainder of the North 40 Area and may present challenges to upgrading the infrastructure for the overall area.

CONCLUSION:

Staff recommends adoption of Process Alternatives A and C to ensure both timely completion of the North 40 Specific Plan and reasonable consideration of any specific development proposal in advance of completion of the Specific Plan. Further direction and action on the remaining North 40 issues will be scheduled and considered based on the Council's process direction above.

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ENVIRONMENTAL ASSESSMENT:

Direction offered by Council regarding the North 40 Area is not a project defined under CEQA, and no further action is required at this point. Any future development application or adopted plans will require environmental review as required under the CEQA.

Attachments:

1. Draft North 40 Specific Plan
2. General Plan excerpts related to the North 40
3. Maps provided to GPC
4. Conceptual Site Plans

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