



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: June 10, 2024

Report #:2404-2906

TITLE

QUASI-JUDICIAL. 310 California Avenue [23PLN-00304]: Request for Approval of a Conditional Use Permit for the Expansion of an Existing Commercial Recreation Use and Renovation of an Eating and Drinking Space. Environmental Assessment: Exempt from the Provisions of the California Environmental Quality Act in Accordance with CEQA Guidelines Section 15301 (Existing Facilities). Zoning District: CC(2)(R)(P). For More Information Contact the Project Planner Nishita Kandikuppa at nishita.kandikuppa@cityofpaloalto.org.

RECOMMENDATION

Staff and the Planning and Transportation Commission recommend that Council take the following action(s):

1. Approve the proposed project based on findings and subject to conditions of approval set forth in the Record of Land Use Action in Attachment B.

EXECUTIVE SUMMARY

The applicant requests approval of a Conditional Use Permit (CUP) to allow for the expansion of an existing commercial recreation use at 310 California Avenue (Palo Alto Fit) into a portion of the adjacent tenant space at 320 California Avenue. The former café and gallery businesses at 320 California Avenue were in operation at the time of the Planning and Transportation Commission (PTC) hearing in April 2024 but have since vacated the tenant space. Proposed interior modifications, including demolition of a 774 square foot (sf) mezzanine at 310 California and addition of 1,150 sf to the mezzanine at 320 California, are reviewed separately from the CUP. The existing café space will be renovated and retained as a café use.

In accordance with PAMC Section 18.16.040, a CUP is required for any new commercial recreation use or expansion of an existing recreational use on California Avenue. The process for evaluating a CUP is set forth in PAMC Section 18.76.010. Although CUPs are typically processed at a staff level with a decision by the Director of Development Services, in accordance with PAMC Section 18.40.170, the Director may defer the decision to Council and may seek input from the ARB or PTC prior to Council decision. Given the level of public interest

in the proposed project, the Director sought input from the Planning and Transportation Commission and requests Council decide on this project in accordance with the code.

BACKGROUND

On November 9, 2023, applicants representing Palo Alto Fit applied for a CUP to allow for the expansion of an existing commercial recreation use on California Avenue and for associated renovations to accommodate a new gym and renovated cafe. The applicant intends to move their existing fitness studio, Palo Alto Fit located at 425 Portage Avenue to the new location in order to be closer to mass transit and for better parking options. Additional background information is provided in the PTC report for the proposed project.¹

Project Description

The CUP would allow for an expansion of an existing commercial recreation use at 310 California Avenue and implement tenant improvements at both 310 and 320 California Avenue to accommodate the proposed commercial recreation use and a new café, as detailed below. A location map is included in Attachment A and the project plans are provided in Attachment H.

310 California Avenue

- Establish a new personal training studio, Palo Alto Fit, in place of the existing gym, Performance Gaines.
- Demolish the existing 774 sf mezzanine to provide more training area with a vaulted ceiling.

320 California Avenue

- Expand the first floor gym area into the former tenant spaces for Printer's Café and Gallery House art gallery, to provide locker rooms and staff offices.
- Expand the mezzanine by 1,150 sf to include staff offices.
- Maintain the existing enclosed outdoor seating area but renovate the café space for a new tenant.

Planning and Transportation Commission

On April 10, 2024, the PTC conducted a public hearing and unanimously recommended approval of the proposed project to Council. An additional condition of approval was added to preserve the two existing murals on this parcel, one at 320 California Avenue, and another on the façade of 310 California Avenue along Birch Street. The applicant has noted this on the plan set.

During the hearing, several members of the public commented on the project. Those in favor of the new business claimed that a personal training facility will improve community health and

¹ The April 10, 2024 Planning and Transportation Commission Report is available online at: <https://www.cityofpaloalto.org/files/assets/public/v/2/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2024/ptc-4.10-310-california-2.pdf>

well-being and promote women-owned businesses in Palo Alto. However, some others expressed their concern for long-standing businesses such as Printer's Café leaving California Avenue and how that may affect the pedestrian appeal of the area. The PTC also raised questions about parking requirements on site. However, per Assembly Bill 2097, no parking is required on sites located within 0.5 miles of a major transit stop, such as the California Avenue Caltrain Station situated to the north of the subject property.

Neighborhood Setting and Character

The project site is located in the Evergreen Park neighborhood within 0.5 mile of the California Avenue Caltrain Station. The site is surrounded by retail and commercial uses on the north, south and east. The property abuts the Public Facilities (PF) district on the west with the Family & Children Services of Silicon Valley located across New Mayfield Lane. There are other fitness studios along this stretch of California Avenue, two of which are located diagonally across the street from the proposed location of Palo Alto Fit, and one at the intersection of California Avenue and El Camino Real to the south.

ANALYSIS

Staff has reviewed the proposed project and finds that the project is in conformance with applicable plans, policies, regulations, and the CUP findings.

Consistency with the Comprehensive Plan, Area Plans and Guidelines²

The Comprehensive Plan land use designation for the project site is Regional/Community Commercial, which is defined as:

“Larger shopping centers and districts that have a wider variety of goods and services than the neighborhood shopping areas. They rely on larger trade areas and include such uses as department stores, bookstores, furniture stores, toy stores, apparel shops, restaurants, theaters and nonretail services such as offices and banks. Examples include Stanford Shopping Center, Town and Country Village and University Avenue/Downtown. Non-retail uses such as medical and dental offices may also locate in this designation; software development may also locate Downtown. In some locations, residential and mixed-use projects may also locate in this category. Non-residential FARs range from 0.35 to 2.0. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.”

On balance, the proposed project is consistent with the Comprehensive Plan, in that the new gym fosters “the establishment of businesses and commercial services in the California Avenue business district that serve the adjacent neighborhoods, as well as Stanford Research Park” consistent with Policy B-6.4. Moreover, the project will “maintain the existing scale, character and function of the California Avenue business district as a shopping, service and office center

² The Palo Alto Comprehensive Plan is available online: bit.ly/PACompPlan2030

intermediate in function and scale between Downtown and the smaller neighborhood business areas” consistent with Policy L-4.10. The City of Palo Alto has restricted ‘Formula Retail’ use and created regulations for the California Avenue area that “encourage the retention or rehabilitation of smaller buildings to provide spaces for existing retail, particularly local, small businesses” per Program L4.10.2; Palo Alto Fit is a local, woman-owned business serving the residents of Palo Alto for the past decade.

There is heightened public interest in the proposed project because it displaced existing retail businesses from the 320 California Avenue tenant space, namely Printer’s Café, Moods Wine Bar and Gallery House. This conflicts with Policy L-4.1 to “encourage the upgrading and revitalization of selected Centers in a manner that is compatible with the character of surrounding neighborhoods, without loss of retail and existing small, local businesses”. Policy B-2.4 also seeks to “recognize that employers, businesses, and neighborhoods share many values and concerns, including traffic and parking and preserving Palo Alto’s livability and need to work together with a priority on neighborhood quality of life.” These businesses have already vacated the space and thus will not be affected by the outcome of the subject project application.

Lastly, the new training studio may positively impact Palo Alto’s health and well-being in accordance with Policy L-1.6 which “encourage[s] land uses that address the needs of the community and manage change and development to benefit the community”. However, for those who have enjoyed eating and socializing at the café and seeing rotating art shows at gallery may find less benefit or value in another member-accessed gym on California Avenue.

Zoning Compliance³

Attachment C includes a detailed review of the proposed project’s consistency with applicable zoning standards. As shown in the Attachment, the proposed uses and renovation comply with the City’s Zoning Code.

Multi-Modal Access & Parking

Assembly Bill 2097 prohibits public agencies from enforcing minimum automobile parking requirements for developments located within 0.5 miles of a major transit stop, such as the California Avenue Caltrain Station. However, the subject site did pay into the former California Avenue Parking District equivalent to 47 parking spaces. Convenient public parking spaces are also located near the project site in the form of on-street spaces and public parking lots and three parking garages located within walking distance: 309 Cambridge Avenue, 451 Cambridge Avenue, and 350 Sherman Avenue. Four existing bicycle parking spaces are available in the public right-of-way adjacent to the subject property.

³ The Palo Alto Zoning Code is available online: www.bit.ly/PAZoningCode

Consistency with Application Findings

The findings for approval of a CUP are set forth in PAMC Section 18.76.010. Draft findings for approval of the proposed project are included in the Draft Record of Land Use Action in Attachment B. The proposed uses are permitted as per the Palo Alto Comprehensive Plan and the Zoning Code and will not be detrimental to the public health, safety, general welfare, or convenience. The project does not include significant exterior work and will therefore not be detrimental towards the property or have a negative impact on the public's health and safety. The project will displace existing retail businesses, but the proposed gym and café will provide another opportunity for some in the community to have expanded access to commercial recreation uses. While the subject application highlights a tension related to the evolution of land uses at the subject property, the CUP findings do not include consideration of any value based judgement that would influence the outcome of this application in favor of either the existing or proposed land uses.

FISCAL/RESOURCE IMPACT

The recommendation in this report has no significant budget or fiscal impacts. The proposed project is a private development that is subject to cost recovery; therefore, processing of this application does not directly impact City resources. The existing café will be replaced with another café, leading to minimal loss of revenue for the city.

STAKEHOLDER ENGAGEMENT

The Palo Alto Municipal Code requires notice of this public hearing be published in a local paper and mailed to owners and occupants of property within 600 feet of the subject property at least ten days in advance. Notice of a public hearing for this project was published in the Daily Post on May 30, 2024, which is 11 days in advance of the meeting. Postcard mailing occurred on May 27, 2024, which is 14 days in advance of the meeting.

Public Comments

The City has received significant input from the public with respect to the project scope. As of the writing of this report, 70 individuals provided comments. The public comments can be found in Attachment D. The business owner of Printer's Café and the new property owner also reached out to the City on several occasions. The correspondence can be found in Attachment F.

The topics discussed by the public during the PTC hearing were substantially similar to the emails documented in Attachment D. The concerns were primarily related to the closure of three beloved businesses in the Palo Alto community, namely Printer's Café, Moods Wine Bar and Gallery House. Most communication received from the public are from patrons of Printer's Café and Moods Wine who have utilized the cafe space for social and professional gatherings, community meetings, and leisure for over 40 years. In addition to the loss of family-owned business, many expressed concerns about the pedestrian appeal and walkability of California Avenue, noting their preference for a café space that is more inviting to all, as opposed to a members-only gym.

Correspondence with Applicant, Owner and Business Owner(s)

The new property owner's (Palo Alto Fit) legal counsel was in communication with the City to provide lease documentation for Printer's Café, the business for which a majority of the public commentary was received. This letter can be found in Attachment E.

ENVIRONMENTAL REVIEW

The subject project has been assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. In accordance with Section 15301 (Existing Facilities), the project is exempt as the proposed activity will involve negligible or no expansion of the existing use.

ATTACHMENTS

Attachment A: Location Map

Attachment B: Draft Record of Land Use Action

Attachment C: Zoning Comparison Table

Attachment D: Public Comments

Attachment E: Legal Counsel Correspondence

Attachment F: Property Owner Correspondence

Attachment G: Applicant's Project Description

Attachment H: Project Plans

APPROVED BY:

Jonathan Lait, Planning and Development Services Director