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ALTO**

# Planning & Transportation Commission Staff Report

**From: Planning and Development Services Director**  
**Lead Department: Planning and Development Services**

**Meeting Date: April 10, 2024**  
Report #: 2402-2598

## TITLE

310 California Ave: Request for Conditional Use Permit (CUP) for the Expansion of an Existing Commercial Recreation Use and Renovation of Eating and Drinking Space

## RECOMMENDATION

It is recommended the Planning and Transportation Commission (PTC) take the following action(s):

1. Provide a recommendation on the proposed project to the City Council based on findings and subject to conditions of approval.

## EXECUTIVE SUMMARY

The applicant requests approval of a Conditional Use Permit (CUP) for first floor expansion of the existing commercial recreation tenant space at 310 California Avenue into a portion of the adjacent tenant space at 320 California Avenue (former Café and Gallery space). A 1,150 square feet (sf) addition is also proposed to the existing second story of the building for the new tenant Palo Alto Fit, a one-on-one personal training business (aka commercial recreation use). The scope of work includes new restrooms, showers, and staff offices for the training studio employees and patrons. Additionally, the existing Printer’s Café will be renovated for a new café.

While most CUPs are processed at the staff level, in conformance with PAMC Section 18.40.170, the Director decided the level of public interest necessitated referral of this project to PTC. Residents are concerned with the loss of long-standing local businesses located at 320 California Avenue, namely Printer’s Café, Moods Wine, and Gallery House art gallery.

## BACKGROUND

### Project Information

Owner:	Mirco Horst & Nina Nguyen
Architect:	Laura Roberts, Ko Architects Inc.
Representative:	Not Applicable
Legal Counsel:	David P. Lanferman, Rutan & Tucker, LLP

Property Information

Address:	310 California Avenue
Neighborhood:	Evergreen Park
Lot Dimensions & Area:	Approximately 125 ft x 96 ft
Housing Inventory Site:	Not Applicable
Located w/in a Plume:	Not Applicable
Protected/Heritage Trees:	Not Applicable
Historic Resource(s):	Not Applicable

Existing Improvement(s):	12,544 sf building, two stories, 25 ft height, built 1945
Existing Land Use(s):	310 California Avenue: Commercial Recreation (Performance Gaines); 320 California Avenue: Eating and Drinking Services (Printer’s Café and Moods Wine), and Retail (Gallery House)

Adjacent Land Uses & Zoning:	North: Retail (Gamelandia), CC(2)(R)(P) West: Public/Quasi-Public Facility Use (Family & Children Services of Silicon Valley), (PF)(R) East: General Business Office (Vertex Ventures), CC(2)(R)(P) South: Personal Service (Abby Neurodynamic Center), CC(2)(R)(P)
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Aerial View of Property:



Source: Google Satellite Maps

Land Use Designation & Applicable Plans/Guidelines

Comp. Plan Designation:	Community Commercial (CC)
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Zoning Designation: CC (2)(R)(P)

	Yes		Yes		Yes
Baylands Master Plan/Guidelines (2008/2005)	<input type="checkbox"/>	El Camino Real Guidelines (1976)	<input type="checkbox"/>	Housing Development Project	<input type="checkbox"/>
Downtown Urban Design Guidelines (1993)	<input type="checkbox"/>	South El Camino Real Guidelines (2002)	<input type="checkbox"/>	Utilizes Chapter 18.24 - Objective Standards	<input type="checkbox"/>
Individual Review Guidelines (2005)	<input type="checkbox"/>	Within 150 feet of Residential Use or District	<input type="checkbox"/>	Context-Based Design Criteria applicable	<input type="checkbox"/>
SOFA Phase 1 (2000)	<input type="checkbox"/>	Within Airport Influence Area	<input type="checkbox"/>		<input type="checkbox"/>
SOFA Phase 2 (2003)	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

**Prior City Reviews & Action**

City Council: None  
 PTC: None  
 HRB: None  
 ARB: None

**PROJECT DESCRIPTION**

The existing Palo Alto Fit training studio is located at 425 Portage Avenue in Palo Alto. In June 2023, Palo Alto Fit purchased the subject property with the intention of moving their fitness studio and establishing a new café along California Avenue as this site offers better public transportation and parking options for their clients.

The CUP requests to expand commercial recreation use at 310 California Avenue and implement tenant improvements at 320 California Avenue to accommodate a personal training service and new café. The scope of work within each tenant space is detailed below. The project plans are provided in Attachment E.

*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 existing tenant spaces for Printer’s Café and Gallery House art gallery, to provide locker rooms and staff offices.
- Expand the second story by 1,150 sf to include new restrooms and staff offices.
- Maintain the existing enclosed outdoor seating but renovate the café space for a new tenant.

Requested Entitlements, Findings and Purview:

The following discretionary applications are being requested and subject to PTC purview:

- Conditional Use Permit: The process for evaluating this type of application is set forth in PAMC 18.76.010. CUPs are required for the establishment of any use listed in the Zoning Ordinance as a conditionally allowed use, and to allow the on-site sale and consumption of alcoholic beverages in conjunction with an eating and drinking establishment. Proposals to change the nature of an existing CUP, to increase the size of a building or site containing a conditional use, or to later the conditions of an existing CUP, shall be subject to issuance of a new CUP. CUPs can only be granted if a project meets all of the findings listed in PAMC Section 18.76.010(c). CUP applications are evaluated to specific findings. All findings must be made in the affirmative to approve the project.

The Director has forwarded this item for PTC recommendation pursuant to PAMC Section 18.40.170, which provides the Director with the authority to forward projects to City Council for final action in the circumstances listed below; (d) is pertinent to this project. No tentative decision by the Director shall be required, and the appeal process and or request for hearing process shall not apply to such referred actions, provided, however, that the Director may seek a recommendation from the Architectural Review Board or Planning and Transportation Commission prior to action by the City Council.

- (a) In the case of projects having multiple entitlements, where one requires City Council approval, all entitlements may be referred to City Council for final action;
- (b) Projects involving leases or agreements for the use of City-owned property; and
- (c) Projects requiring a statement of overriding considerations, pursuant to Section 18.31.010; and
- (d) Projects, as deemed appropriate by the director.

**ANALYSIS<sup>1</sup>**

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<sup>1</sup> The information provided in this section is based on analysis prepared by the report author prior to the public hearing. Planning and Transportation Commission in its review of the administrative record and based on public testimony may reach a different conclusion from that presented in this report and may choose to take an alternative action from the recommended action.

The project has been reviewed by all relevant City Departments to ensure conformance with applicable Zoning regulations and the City's CUP findings. The Director of Planning and Development Services defers the decision on the project to City Council due to the high volume of public comments received by the Planning Division. Therefore, feedback from the PTC is requested.

#### 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.

#### Consistency with the Comprehensive Plan, Area Plans and Guidelines<sup>2</sup>

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" as stated in 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 intermediate in function and scale between Downtown and the smaller neighborhood business areas" in agreement 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 business serving the residents of Palo Alto for the past decade.

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<sup>2</sup> The Palo Alto Comprehensive Plan is available online: [bit.ly/PACompPlan2030](http://bit.ly/PACompPlan2030)

There is heightened public interest in the proposed project because it displaces 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" and Policy B-2.4 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." However, these businesses are likely to vacate the space regardless of the outcome of the subject project application.

Lastly, the new training studio will 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 currently utilize the café and art gallery as means of entertainment, the new gym will not be beneficial or add value to their California Avenue experience as the gym's access will be limited to its members. Staff requests PTC's interpretation on this Policy.

### Zoning Compliance<sup>3</sup>

A detailed review of the proposed project's consistency with applicable zoning standards has been performed. Staff has concluded that the proposed uses and renovation are in compliance with the City's Zoning Code. A summary table is provided in Attachment B.

### Multi-Modal Access & Parking

Per Assembly Bill (AB) 2097<sup>4</sup> which "prohibits public agencies from enforcing minimum automobile parking requirements for developments located close to public transit," no parking is required on sites located within 0.5 miles of a public transit station, 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 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. Additional bicycle parking spaces, if feasible, shall be provided as a part of the proposed project.

### Consistency with Application Findings

Prior to recommending approval of a CUP, the Planning and Transportation Commission, must be able to make approval findings. Staff requests PTC's review of the following draft findings.

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<sup>3</sup> The Palo Alto Zoning Code is available online: [bit.ly/PAZoningCode](http://bit.ly/PAZoningCode)

<sup>4</sup> The text for Assembly Bill 2097 is available online: [Bill Text - AB-2097 Residential, commercial, or other development types: parking requirements. \(ca.gov\)](http://Bill%20Text%20-%20AB-2097%20Residential,%20commercial,%20or%20other%20development%20types:%20parking%20requirements.%20(ca.gov))

*(1) Not be detrimental or injurious to property or improvements in the vicinity, and will not be detrimental to the public health, safety, general welfare, or convenience;*

The project does not include 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 improve community health and well-being

*(2) Be located and conducted in a manner in accord with the Palo Alto Comprehensive Plan and the purposes of this title (Zoning).*

The proposed uses are permitted as per the Palo Alto Comprehensive Plan and the Zoning Code. The proposed gym will have conditions of approval and be conducted in a manner that is in accord with code.

### **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.

### **PUBLIC NOTIFICATION, OUTREACH & COMMENTS**

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 March 14, 2024, which is 27 days in advance of the meeting. Postcard mailing occurred on March 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, 60 individuals provided comments. The public comments can be found in Attachment C. The business owner of Printer's Café, Al Ghafouri, and the new property owner also reached out to the City on several occasions. The correspondence can be found in Attachment E.

The primary concern appears to be 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 are concerned about the pedestrian appeal and walkability of California Avenue. They prefer to have a vibrant café space on a downtown strip that is inviting to all as opposed to a gym that is targeted towards a select few who are members.

### Correspondence with Applicant, Owner and Business Owner(s)

The new property owner's (Palo Alto Fit) legal aid 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 D.

### **ALTERNATIVE ACTIONS**

In addition to the recommended action, the Planning and Transportation Commission may:

1. Approve the project with modified findings or conditions;
2. Continue the project to a date (un)certain; or
3. Recommend project denial based on revised findings.

### **ATTACHMENTS**

Attachment A – Location Map

Attachment B – Zoning Comparison Table

Attachment C – Public Comments

Attachment D – Legal Counsel Correspondence

Attachment E –Property Owner Correspondence

Attachment F – Applicant's Project Description

Attachment G – Project Plans

#### **Report Author & Contact Information**

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#### **PTC<sup>5</sup> Liaison & Contact Information**

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<sup>5</sup> Emails may be sent directly to the PTC using the following address: [planning.commission@cityofpaloalto.org](mailto:planning.commission@cityofpaloalto.org)