



City Council Agenda

City of Campbell, 70 N. First St., Campbell, California

This Study Session meeting will be conducted via telecommunication and is compliant with provisions of the Brown Act and Executive Order N-29-20 issued by the Governor.

The following Councilmembers of the Campbell City Council are listed to permit them to appear electronically or telephonically at the Study Session City Council meeting on July 7, 2020: Councilmember Rich Waterman, Councilmember Anne Bybee, Councilmember Paul Resnikoff, Vice Mayor Elizabeth "Liz" Gibbons, and Mayor Susan M. Landry.

Members of the public will not be able to attend meetings at the Campbell City Council Chamber physically. The City Council meeting will be live-streamed on Channel 26, the City's website, and YouTube (<https://www.youtube.com/user/CityofCampbell>).

Those members of the public wishing to participate are asked to register in advance at: https://us02web.zoom.us/webinar/register/WN_dYX0yvqpQSmh1dDB9SxIFQ

After registering, you will receive a confirmation email containing information about joining the meeting.

Public comment for the City Council meetings will be accepted via email at ClerksOffice@campbellca.gov prior to the start of the meeting. Written comments will be posted on the website and distributed to the Council. If you choose to email your comments, please indicate in the subject line "FOR PUBLIC COMMENT" and indicate the item number.

CAMPBELL CITY COUNCIL STUDY SESSION

Tuesday, July 7, 2020 – 6:30 p.m.

City Hall – 70 N. First Street

NOTE: No action may be taken on a matter under Study Session other than direction to staff to further review or prepare a report. Any proposed action regarding items on a Study Session must be agendaized for a future Regular or Special City Council meeting.

CALL TO ORDER, ROLL CALL

PUBLIC COMMENT

Those members of the public wishing to participate are asked to register in advance at: https://us02web.zoom.us/webinar/register/WN_dYX0yvqpQSmh1dDB9SxIFQ After registering, you will receive a confirmation email containing information about joining the meeting. Speakers may be allotted up to two (2) minutes.

AGENDA ITEMS

1. **Review of a Preliminary Application (PLN-2020-15) for a Proposed 5-Story Hotel on Property Located at 577 Salmar Avenue.**
Recommended Action: Review the preliminary project plans for the hotel and provide feedback to the applicant and staff.

ADJOURN

IMPORTANT NOTICE: Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection with the agenda packet in the lobby of City Clerk's Office, 70 N. First Street, Campbell, CA 95008, during normal business hours. These materials will also be available on the City website at <https://www.ci.campbell.ca.us/agendacenter> with the agenda packet following the last item of the agenda, subject to staff's ability to post the documents prior to the meeting. All documents not posted prior to the meeting will be posted the next business day.

Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the Council meeting, please contact the City Clerk's Office at ClerksOffice@campbellca.gov or at (408) 866-2117 48 hours before the meeting.



City Council Report

Item: SS.1
 Category: Study Session
 Meeting Date: July 7, 2020

TITLE: Review of a Preliminary Application (PLN-2020-15) for a Proposed 5-Story Hotel on Property Located at 577 Salmar Avenue.

RECOMMENDED ACTION

Review the preliminary project plans for the hotel and provide feedback to the applicant and staff.

BACKGROUND

Procedure: The City's Zoning Code requires projects of a certain size to undergo a preliminary review by the Planning Commission prior to submittal of a formal development application. As a practice, these preliminary applications are occasionally forwarded to the City Council. This is done when a project may present policy questions that are more appropriately addressed by the Council rather than the Planning Commission.

In this regard, projects near the Salmar/Hamilton intersection have various policy implications given the high volume of traffic and neighborhood concerns regarding intensive development near the intersection. This meeting, therefore, is intended for the Council to provide high-level feedback on the proposal. The Planning Commission will still review the project at a study session to evaluate the proposal at a more detailed level consistent with the Zoning Code.

Project Site: The project site is an approximately one-acre parcel currently developed with a two-story office building constructed in 1990, located along Salmar Avenue south of Hamilton Avenue (see photos, below). It borders the Home Depot to the south and west, and Staples to the north, as shown on the aerial map on the following page. Fry's Electronics is located across the street to the east. The Hamilton Light-Rail Station is also 1/3 of mile walking distance.





DISCUSSION

Proposed Project: The proposed 5-story hotel would be constructed over a subterranean garage, include 143 hotel rooms, 135 parking stalls, and 6,000 square-foot of guest amenity space (i.e., fitness, lounge, activity area, patio, and staff offices). The preliminary plans are provided as **Attachment A**.

Zoning: The project site is zoned C-2 (General Commercial), which identifies a hotel as a permitted use. Permitted uses are those that the City has generally found to be compatible with the surrounding community such that a Conditional Use Permit is not required. In this regard, the review of a formal development application would largely focus on the architectural design, building scale, site layout, and any identified environmental impacts stemming from the project.

General Plan/Land Use: The General Plan land use designation for the project site is *General Commercial*. This land use designation supports uses that require high vehicular exposure in order to sustain the success and viability of the City's retail and business centers. A hotel use would further this purpose and therefore be consistent with the General Plan. Additionally, General Plan Strategy LUT-13.1a encourages hotels as both a community convenience and tax generator. Similarly, Strategy LUT-13.1c directs the City to evaluate the fiscal effects of land use, of which hotels are considered a net positive land use through virtue of generating transit-occupancy tax (TOT), as discussed in the "Fiscal Impacts" section of this report.

Strategy LUT-13.1a: Hotels: Attract major hotels to Campbell as a convenience for local residents and businesses, as well as a tax generator for the community.

Strategy LUT-13.1c: Fiscal Effects of Land Use: Evaluate the fiscal effects of different land uses on City revenues and services.

FAR: The C-2 Zoning District establishes a maximum 0.40 floor-area-ratio (FAR). The proposed hotel would result in a FAR of 1.5. However, the Zoning Code provides that the Planning Commission may grant an increase "when it determines that circumstances warrant an adjustment." Unfortunately, the Zoning Code does not provide specific guidance to the Planning Commission as to what circumstance may warrant an increased FAR.

FAR is a measure of land use intensity, comparable to density (units/acre) for residential projects. Typically, the more building area, the more activity (i.e., traffic and parking) that may be associated with the development due a greater number of employees and customers. Hotels are somewhat different in this regard since they are a less intensive use on a per square-foot basis than a comparably sized office or retail building.

The applicant contends that the additional FAR is necessary for the hotel to achieve the desired number of rooms (referenced **Attachment B** – Applicant Statement). Without the FAR increase, the room count would drop from 143 rooms to 35 rooms. To what extent this factor—or other factors such as fiscal impacts—should be considered grounds to “warrant an adjustment” to the FAR is a policy decision for which the Council may provide direction.

Recently, the City Council approved the Trojan Storage self-storage facility on McGlincy Lane with an increase to the base FAR. The additional square-footage for the self-storage building did not present any parking or traffic impacts, which allowed an FAR increase to 1.08 without any detrimental effects to the community.¹

Traffic: The traditional level-of-service (LOS) methodology of evaluating traffic by rating intersection performance by grade (e.g., ‘A-,’ ‘D+’, etc.) is no longer allowed for use in review under the California Environmental Quality Act (CEQA). However, LOS analysis may be still be required by preparation of a traffic study under the City’s Congestion Management Program (CMP) obligations in order to evaluate traffic impacts to major regional intersections. This obligation is reiterated by General Plan Strategy LUT-2.3a:

Strategy LUT-2.3a: Intersection Level of Service: To the extent possible, maintain level of service (LOS) on designated intersections consistent with the Santa Clara County Congestion Management Plan.

Such studies are required by the VTA *Transportation Impact Analyses* Guidelines when a project is “expected to generate 100 or more *net* new weekday (AM or PM peak hour) or weekend peak hour trips, including both inbound and outbound trips.” The City Traffic Engineer has prepared a trip-generation analysis to determine whether this project

¹ The 1700 Dell Avenue project was rezoned to P-D (Planned Development) such that no FAR maximum applied.

would require a traffic study under the VTA thresholds. As shown, below, the project would generate *fewer* than 100 net new peak trips. This remains the case even if the trips associated with the existing office building were not deducted.

In-lieu of a LOS analysis, CEQA now requires consideration of the vehicle miles traveled (VMT) incurred by a project. The City has yet to adopt VMT screening thresholds that trigger a formal VMT analysis. However, in the interim, staff has referred to San Jose's screening tool. Using San Jose's VMT methodology the project would not require a VMT analysis. The hotel is below the equivalent screening threshold,² and given the property's location less than ½ mile from the Hamilton Avenue light-rail station, there is also a presumption that the project would have a less than significant impact under CEQA.

Although not required by either CEQA or the CMP, the Public Works Department recommends preparation of a traffic study to minimally evaluate the impact to the Hamilton/Salmar intersection, which currently operates at a LOS 'D' during the PM peak hour. A traffic study could be used to establish the legal nexus to require a financial contribution to the off-ramp improvement project and/or other intersections potentially affected by the project.

Parking: The City's parking requirement for a hotel is 1 space per unit plus 1 space for each employee, resulting in a requirement of 150 stalls (assuming 7 employees). The applicant proposes 135 stalls in recognition of the site's proximity to the Hamilton Light-rail Station and the increasing use of rideshare services by hotel guests. If the Council is supportive of the overall project, staff could require a parking demand study to more closely evaluate parking demand at a site-specific level. However, it should be noted that the Institute of Transportation Engineers (ITE) parking standard for a hotel use is only .75 stalls per room, which would yield a requirement of 107 stalls. Since ITE's standards are derived from real-world sampling data, this may suggest that the City's parking standard is outdated and perhaps too high.

Design: Although the City does not have adopted commercial design guidelines, the General Plan speaks to the promotion of high quality and attractive building design. Absent an established architectural pattern in the immediate area, the appropriateness of the proposed design is a purely discretionary judgment by the Planning Commission. The hotel is shown in a contemporary design that appears to be common to the Aloft brand. If the Council has opinions about the proposed design, it may convey those at this meeting.

Policy LUT-9.3: Commercial Design Guidelines: Establish commercial and mixed-use design guidelines to ensure attractive and functional buildings and site design, and to ensure compatibility with adjacent land uses. [Not yet adopted]

² San Jose's VMT tool is not capable of estimating VMT for hotel uses. Per guidance from San Jose staff, hotel uses are to be converted to equivalent retail uses for the purpose of estimating VMT since hotel uses generally have similar trip generating characteristics as retail space.

Policy LUT-9.3: Design and Planning Compatibility: Promote high quality, creative design and site planning that is compatible with surrounding development, public spaces and natural resources.

Strategy LUT-9.3d: Building Materials: Encourage the use of long-lasting, high quality building materials on all buildings to ensure the long-term quality of the built environment.



PUBLIC COMMENT

Correspondence from the owners of the neighboring Fry's and Staples/Shell properties is included as **Attachment C**.

FISCAL IMPACT

The COVID-19 pandemic has depressed hotel occupancy rates nationwide. Prior to the pandemic the City received approximately \$4.8 million annually in transit-occupancy tax (TOT) from the City's seven existing hotels. However, as discussed in the City's FY 2021 Budget, staff is anticipating a 37% decrease in TOT revenue this fiscal year and a slow return to normalcy with a possibility that some hotels may never return to their previous occupancy levels.

However, should business and recreational travel activities eventual return to normal, a 143-hotel would be expected to generate between \$700,000 to \$800,000 in TOT revenue annually. In a pre-pandemic context, the proposed hotel would increase the City's annual TOT generation by approximately 15%.

Prepared by:



Daniel Fama, Senior Planner

Reviewed by:



Paul Kermoyan, Community
Development Director

Approved by:



Brian Loventhal, City Manager

Attachment:

- a. Preliminary Plans
- b. Applicant's Statement
- c. Public Correspondence

January 29, 2019

Paul Kermoyan, Community Development Director
Campbell Planning Department
70 North First Street
Campbell, CA 95008

RE: 577 Salmar, Tru Hotel Prelim

Dear Paul:

Attached find a prelim set of plans for a 143 unit hotel located on Salmar Avenue.

The site has a GP designation of General Commercial with a Zoning designation of C-2, General Commercial. The allowed height is 75', the front setback is 10', the rear is 10' and the sides are 1/2 the height of the wall adjacent to the property line. The allowed FAR is .4 although the Planning Commission can increase the FAR if the circumstances warrant an adjustment. Parking required is one space per room and one space for each employee.

Our front setback is +/- 51'-0", our side setbacks are 10'-0" and 43'-0". Our height is five stories, +/- 53'-0" to top of roof and our FAR is 1.5. We have provided 135 stalls with a designated area for uber and lyft drivers to pick up the hotel guests. Although we are providing less than required parking, the proximity to the light rail station (within 1500') and the increased use of Uber and Lyft justifies the reduction in parking. We need 150 stalls and we are providing 135 stalls, that is a 9% reduction.

This is a very unique site in Campbell, it is surrounded on all side by commercial uses and the closest residential lots are approximately 340 feet away from the rear property line with Home Depot's massive parking lot in between. It is right off Highway 17 and in close proximity to both the north and south onramps. It is also within a 5-7 minute walk of the "Hamilton" light rail station located at the corner of Hamilton and Creekside Way.

The project is proposing 143 rooms that will generate approximately \$2,000 a day in hotel tax not counting the benefit to the community in increased revenue from the guests which will be frequenting the restaurants and retail stores in the area. The hotel will generate annually about \$733,000 per year in hotel tax. That is based on a room rate of \$150 per night and a 75% occupancy rate.

If the hotel was downsized to conform to the .4 FAR, the room count would be around 35 rooms. That would result in an annual tax generation of around \$168,000.

These are very compelling reasons to support the increased FAR in this one of a kind location.

If you need any additional information, please call me.

Respectfully submitted,

Kurt B. Anderson, AIA, CGBP
Principal



120 W. Campbell Ave.
Suite D
Campbell, CA 95008
T: 408 . 371 . 1269
F: 408 . 370 . 1276

Project Description

The hotel project as designed is five stories of type IIIa construction over a subterranean garage which provides the majority of the required parking. There are 143 hotel rooms with about 6,000sf of guest amenity spaces such as fitness, wifi lounge, activity area, outdoor patio, and staff support space located at the ground level.

APN:	279-33-041
Project address:	577 Salmar ave, Campbell, CA 95008
General plan:	General Commercial
Zoning:	C-2, general commercial
Proposed use:	Hotel
Proposed type of construction:	IA & IIIA
Automatic sprinkler:	Yes
Proposed type of occupancy:	R-1 over S-2
Number of stories:	5 stories above grade with a below grade parking garage
Proposed height:	53'-0" (top of roof), 64'-0" (top or stair)
Proposed gross building area (above grade):	59,215 sf (see breakdown for each floor below)
Proposed number of rooms:	143
Proposed number of parking stalls:	137

Attachment: Applicant's Statement (Preliminary Application (PLN-2020-15) ~ 577 Salmar Ave)

BRANDENBURG

PROPERTIES

February 13, 2020

Mr. Paul Kermoyan
 COMMUNITY DEVELOPMENT DIRECTOR
 City of Campbell
 70 N. First Street
 Campbell, CA 95008



RE: 500 and 570 E. Hamilton Avenue – known as “Staples” and “Shell”

Dear Paul:

It was very good to see you on Monday and thank you for your time at the counter along with the planner on duty to chat a bit about lands in the area of E. Hamilton and Salmar Avenues.

As you know, through closely-held affiliates, Brandenburg Properties is the owner of the above referenced properties. We have participated in the Envision Campbell efforts for some time and have advocated for expanded land use as well as FAR intensification in the E. Hamilton and Salmar Avenues vicinity – believing that both serve a purpose to advance Campbell in a thoughtful and intelligent way. In fact, such a thought was identified in two of three initial/draft land use alternatives presented by the City’s GP consultant to the GPAC. Of course, at this point it remains unclear as to Council’s ultimate decision relative to both topics – and the decision rightly rests with them.

As for our sites, specifically, let me be clear to you and the Council. We envision FAR intensification under the current land use designations, and as such, we do not foresee a need to amend the current land use or zoning. That said, we have been patient with hopes to see such FAR intensification manifest itself in transparent policy, rather than through discretionary/subjective actions on a “per project” basis, as is the case today.

A few days ago, the City received a pre-application for 577 Salmar – a neighboring property to ours – for a hotel project. The project seeks an increase in FAR to near 400% above the current FAR of 0.4, increasing to a proposed 1.6. It’s important for you and Council to know that we’ll quite likely seek FAR intensification under our current land use and zoning as well.

Sincerely,
 For BRANDENBURG PROPERTIES

William B. Baron
 Managing Partner

Attachment: Public Correspondence (Preliminary Application (PLN-2020-15) ~ 577 Salmar Ave)

Daniel Fama

From: Paul Kermoyan
Sent: Monday, March 9, 2020 4:46 PM
To: Daniel Fama
Subject: FW: 577 Salmar and General Plan Update Process

FYI

Paul Kermoyan, AICP
Community Development Director
 City of Campbell | Community Development Department
 70 N. First Street | Campbell, CA 95008
www.cityofcampbell.com | 408.866.2141

From: Brett Feuerstein <brett@mesacenters.com>
Sent: Monday, March 9, 2020 3:04 PM
To: Susan M. Landry <susanl@campbellca.gov>; Liz Gibbons <lizg@campbellca.gov>; Paul Kermoyan <paulk@campbellca.gov>
Cc: britchie@denovoplanning.com; bloenthal@campbellca.gov; kellysniderconsulting@gmail.com
Subject: 577 Salmar and General Plan Update Process

Dear Mayor Landry, Vice-Mayor Gibbons, and Director Kermoyan,

I received the public notice regarding a proposed 5-story hotel with underground parking at 577 Salmar Avenue - directly across the street from my Fry's Electronics property. I've reviewed the proposal and think it's a terrific use at a currently underutilized site, which will bring new TOT, property, and sales tax revenue in a walkable, transit-served neighborhood. This is exactly what we have been encouraging for this area. I know the City Council will be reviewing this proposal on April 7 at a Study Session. I believe this project proposal adds urgency to the myriad of requests from me and other community members that Campbell quickly embark on a comprehensive planning process for the Salmar/Hamilton/Almarida area.

I believe that the best and most expedient way to incorporate the proposed hotel into a cohesive and beautiful new Gateway to Campbell would be to amend the General Plan and revise the area's General Commercial parcels to create a "shopping, services, entertainment, office, and residential pedestrian oriented mixed-use area" as stated in 2018 Land Use Alternatives Report. This could be done very efficiently and quickly by applying the Residential Commercial Professional Office ("RCPO") land use category to the parcels within .5-mile of the Hamilton light rail station.

I urge you to take advantage of the opportunity spearheaded by the 577 Salmar proposal to look at the Hamilton/Salmar/Almarida area now. The General Plan is currently being updated and the city can apply the designation of RCPO now, to encourage more wonderful projects that will continue to provide the City of Campbell with what it needs to keep the City keep moving forward in a positive direction.

I look forward to supporting what will hopefully become a beautiful entrance to this wonderful city.

Thanks for your consideration,

Brett Feuerstein
 Owner, 600 E. Hamilton Avenue "Fry's Property"