



CITY OF MORGAN HILL

Regular Meeting Agenda

Planning Commission

John McKay - Chairman
Liam Downey - Vice Chairman
Joseph Mueller - Planning Commissioner
Wayne Tanda - Planning Commissioner
Yvonne Martinez Beltran - Planning Commissioner
Mohammad Habib - Planning Commissioner
Juan Miguel Munoz Morris - Planning Commissioner

Tuesday, January 9, 2018 7:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

ROLL CALL ATTENDANCE

DECLARATION OF POSTING AGENDA

Pursuant to Government Code Section 54954.2

PLEDGE OF ALLEGIANCE

OPEN PUBLIC COMMENT PERIOD

Members of the public are entitled to address the Planning Commission concerning any item within the Morgan Hill Planning Commission's subject matter jurisdiction. Public comments are limited to no more than three minutes. Except for certain specific exceptions, the Planning Commission is prohibited from discussing or taking action on any item not appearing on the posted agenda. (See additional noticing at the end of this agenda)

ORDERS OF THE DAY

CONSENT AGENDA

These are items of a routine or generally uncontested nature. Any member of the Planning Commission or member of the public may request to have an item pulled from the Consent Calendar and acted on individually by the Planning Commission. Items pulled will be discussed after action is taken on the balance of the Consent Calendar and before moving on to the public hearings.

APPROVE THE OCTOBER 10, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

APPROVE THE OCTOBER 24, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

APPROVE THE NOVEMBER 14, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

PUBLIC HEARINGS

1. DA2017-0007: VINEYARD-HEALTHWORKS BAKING COMPANY: AN INDUSTRIAL DEVELOPMENT AGREEMENT FOR 1.44 ACRES AT 240 VINEYARD COURT IDENTIFIED BY ASSESSOR PARCEL NUMBER 817-05-067

Recommendation:

1. No Action necessary. Application withdrawn.

2. UP2017-0016: VINEYARD-HEALTHWORKS BAKING CO: CONDITIONAL USE PERMIT TO ALLOW A COMMERCIAL BAKERY AND DELI ON PROPERTY IDENTIFIED BY ASSESSOR PARCEL NUMBER 817-05-067 LOCATED ON THE SOUTHWEST CORNER OF VINEYARD COURT AND VINEYARD BOULEVARD.

Recommendation:

1. Open/close public hearing; and,
2. Adopt a Resolution approving a Conditional Use Permit for a commercial bakery and deli use.

3. **AAE2017-0041: DEPOT-RAKITIN: AMENDMENT TO A CONDITIONAL USE PERMIT TO ALLOW RUNNING SHOP AND HOPS TO EXPAND THE EXISTING TAP ROOM AND BAR FOR THE ON-SITE SALE OF ALCOHOLIC BEVERAGES IN CONJUNCTION WITH EXISTING RETAIL USES. THE PROPERTY IDENTIFIED BY ASSESSOR PARCEL NUMBER 726-14-071, IS LOCATED ON THE NORTHEAST CORNER OF DEPOT STREET AND EAST FIRST STREET.**

Recommendation:

1. Open/close public hearing; and,
2. Adopt a Resolution amending the Conditional Use Permit for Running Shop and Hops to expand the square footage of the existing tap room.

4. **UP2017-0013 LIGHTPOST- BIG OAK RANCH: CONDITIONAL USE PERMIT TO ALLOW WINE TASTING IN CONJUNCTION WITH THE ON-SITE PRODUCTION OF WINE WITHIN AN EXISTING INDUSTRIAL BUILDING, IDENTIFIED BY ASSESSOR PARCEL NUMBER 726-33-027, LOCATED ON THE EASTERLY TERMINUS OF LIGHTPOST WAY**

Recommendation:

1. Open/close the public hearing; and,
2. Adopt a Resolution approving a Conditional Use Permit allowing wine tasting within an existing industrial building at the requested site.

OTHER BUSINESS

5. **ZA2016-0006: ZONING CODE UPDATE - JOINT CITY COUNCIL / PLANNING COMMISSION STUDY SESSION - PRESENTATION REVIEW**

Recommendation:

Review and provide feedback on the presentation for the January 17, 2018 Joint City Council / Planning Commission Study Session on the Zoning Code Update

ANNOUNCEMENTS

ADJOURNMENT

NOTICE

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act that are distributed to a majority of the legislative body less than 72 hours prior to an open session, will be made available for public inspection at the Office of the City Clerk at Morgan Hill City Hall located at 17575 Peak Avenue, Morgan Hill, CA, 95037 at the same time that the public records are distributed or made available to the legislative body. (Pursuant to Government Code 54957.5)

PUBLIC COMMENT

Members of the Public are entitled to directly address the Commission concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Commission on any issue that is on this agenda, please complete a speaker request card located in the foyer of the Commission Chambers, and deliver it to the Minutes Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Commission, but it is very helpful. When you are called, proceed to the podium and the Mayor will recognize you. If you wish to address the Commission on any other item of interest to the public, you may do so by during the public comment portion of the meeting following the same procedure described above. Please limit your comments to three (3) minutes or less.

Please submit written correspondence to the Minutes Clerk, who will distribute correspondence to the Commission.

Persons interested in proposing an item for the Commission agenda should contact a member of the Commission who may plan an item on the agenda for a future Commission meeting. Should your comments require Commission action, your request may be placed on the next appropriate agenda. Commission discussion or action may not be taken until your item appears on an agenda. This procedure is in compliance with the California Public Meeting Law (Brown Act) Government Code §54950.

City Council Policies and Procedures (CP 03-01) outlines the procedure for the conduct of public hearings. Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the Commission at, or prior to the Public Hearing on these matters.

The time within which judicial review must be sought of the action by the Commission, which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

For a copy of Commission Policies and Procedures CP 97-01, please contact the City Clerk's office (408) 779-7259, (408) 779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov.

AMERICANS WITH DISABILITIES ACT (ADA)

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (408)779-7259, (408)779-3117 (fax) or by email michelle.wilson@morganhill.ca.gov. Requests must be made as early as possible and at least two-full business days before the start of the meeting.



Sustainable Morgan Hill Vision

Morgan Hill is a socially responsible, environmentally conscious, and economically sound community that embraces inclusiveness with participation by all.

CITY COUNCIL ONGOING PRIORITIES

Enhancing Public Safety · Protecting the Environment · Maintaining Fiscal Responsibility ·
Supporting Our Youth, Seniors, and Entire Community · Fostering a Positive Organizational Culture ·
Preserving and Cultivating Public Trust · Preserving Our Cultural Heritage

2017 STRATEGIC PRIORITIES

High Speed Rail

Inclusiveness

Infrastructure

Regional Initiatives

Telecommunications

2017 STRATEGIC PRIORITIES:



High Speed Rail

The City of Morgan Hill will directly advocate for our community's needs through our communications, discussions, and decisions. We will continue to engage the community, the High Speed Rail Authority, our state and federal legislators, and other regional agencies to mitigate negative impacts and convey our position that the High Speed Rail Authority should only use the existing Highway 101 right-of-way to avoid all impacts to residents, schools, and businesses. Should the Authority decide the 101 right-of-way is not feasible, we will strongly advocate for the route with the least impact on Morgan Hill.



Inclusiveness

We will celebrate the diversity, history, and culture of our community. Through City Council workshops, community meetings, and researching successes in other communities, the City will listen to and collaborate with the community to define how inclusiveness will be further woven into our community's fabric and to increase public participation. The City's communications, services, public spaces, and projects will embrace all community members as partners, advancing our vision of being a socially responsible community.



Infrastructure

The City will review its streets, parks, and public facilities infrastructure needs initially by updating its 2014 infrastructure study to quantify the funding gap. We will identify potential funding options as ongoing revenue is insufficient to fund our vital community assets at a sustainable level without significantly impacting existing service levels that our community has come to expect. Morgan Hill will actively work with the Valley Transportation Agency, the County, and the State to secure funding for the Santa Teresa extension and road maintenance. We will continue to work closely with our community to inform them of the needs and engage them to find an affordable and sustainable solution.



Regional Initiatives

City Council and staff will focus on influencing regional decisions that benefit Morgan Hill. This regional involvement will include, but not be limited to, partnering with the League of California Cities, Valley Transportation Authority, Santa Clara Valley Water District, Cities Association of Santa Clara County, the City of Gilroy, Santa Clara County, Morgan Hill Unified School District, the Local Agency Formation Commission, the Open Space Authority, and Silicon Valley Clean Energy to advance projects that further Sustainable Morgan Hill.



Telecommunications

The City will collaborate with the private sector to explore ways to provide fast, reliable access and wireless connectivity for residents and businesses. The 2016 Telecommunications Infrastructure and Economic Development Blueprint reports will be the foundation for continuing discussions with broadband providers, public utilities, and other infrastructure service providers in developing an implementation plan for growing our telecommunications infrastructure. The plan will be used to signal Morgan Hill's support for business expansion.

DRAFT



Meeting Minutes Planning Commission

John McKay - *Chairman*
Liam Downey - *Vice Chairman*
Joseph Mueller - *Planning Commissioner*
Wayne Tanda - *Planning Commissioner*
Yvonne Martinez Beltran - *Planning Commissioner*
Mohammad Habib - *Planning Commissioner*
Juan Miguel Munoz Morris - *Planning Commissioner*

Tuesday, October 10, 2017 7:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

Chair McKay called the meeting to order at 7:01 p.m.

Attendee Name	Title	Status	Arrived
John McKay	Chairman	Present	
Liam Downey	Vice Chairman	Present	
Joseph Mueller	Planning Commissioner	Present	
Wayne Tanda	Planning Commissioner	Present	
Yvonne Martinez Beltran	Planning Commissioner	Present	
Mohammad Habib	Planning Commissioner	Present	
Juan Miguel Munoz Morris	Planning Commissioner	Present	

DECLARATION OF POSTING AGENDA

Minutes Clerk Luna declared the posting of the agenda.

PLEDGE OF ALLEGIANCE

Minutes Acceptance: Minutes of Oct 10, 2017 7:00 PM (CONSENT AGENDA)

OPEN PUBLIC COMMENT PERIOD

None.

ORDERS OF THE DAY

CONSENT AGENDA

These are items of a routine or generally uncontested nature. Any member of the Planning Commission or member of the public may request to have an item pulled from the Consent Calendar and acted on individually by the Planning Commission. Items pulled will be discussed after action is taken on the balance of the Consent Calendar and before moving on to the public hearings.

RESULT:	APPROVED [6 TO 0]
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Yvonne Martinez Beltran, Planning Commissioner
AYES:	McKay, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris
ABSTAIN:	Downey

1. APPROVE THE SEPTEMBER 12, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

2. APPROVE THE SEPTEMBER 26, 2017 MEETING MINUTES

Recommendation:

Approve Minutes.

PUBLIC HEARINGS

3. ZONING AMENDMENT, ZA2017-0004: DEL MONTE - CARUSO: REQUEST FOR A ZONING AMENDMENT TO CHANGE THE ZONING MAP DESIGNATION FOR TWO PARCELS FROM THE RE-100,000 RESIDENTIAL ESTATE DISTRICT TO R-1 7,000 SINGLE FAMILY MEDIUM DENSITY ON A 1.745-ACRE SITE. THE PROPERTIES, IDENTIFIED BY ASSESSOR PARCEL NUMBER(S) 767-16-013 AND -043, ARE LOCATED ON THE WEST SIDE OF DEL MONTE AVENUE, OPPOSITE MATHILDA COURT (SALVATORE AND LUCAS CARUSO OWNERS). CEQA: PROJECT COMPLIES WITH SECTION 15183 (CONSISTENT WITH COMMUNITY PLAN, GENERAL PLAN OR ZONING)

Recommendation:

1. Adopt Resolution Recommending City Council approval of the Zoning Amendment.
2. No further CEQA action is required.

Contract Planner Jim Rowe presented the staff report.

Chair McKay opened the public hearing at 7:33 p.m.

Minutes Acceptance: Minutes of Oct 10, 2017 7:00 PM (CONSENT AGENDA)

Salvatore Caruso was called to speak.
Hearing no further requests to speak, the comment period was closed.

Motion to adopt the resolution recommending City Council approve the Zoning Amendment.

RESULT:	ADOPTED [6 TO 1]
MOVER:	Wayne Tanda, Planning Commissioner
SECONDER:	Juan Miguel Munoz Morris, Planning Commissioner
AYES:	McKay, Downey, Tanda, Martinez Beltran, Habib, Munoz Morris
NAYS:	Mueller

OTHER BUSINESS

4. DISCUSS THE 2017 RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION PROCESS

Recommendation:

No action necessary.

Interim Principal Planner Gina Paolini presented the staff report.

The Planning Commission reviewed and discussed the 2017 Residential Development Control System Competition Process.

RESULT:	NO ACTION TAKEN
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ANNOUNCEMENTS

None.

ADJOURNMENT

There being no further business, Chair McKay adjourned the meeting at 8:39 p.m.

MINUTES PREPARED BY:

Jenna Luna, Minutes Clerk

DRAFT



Meeting Minutes Planning Commission

John McKay - *Chairman*
Liam Downey - *Vice Chairman*
Joseph Mueller - *Planning Commissioner*
Wayne Tanda - *Planning Commissioner*
Yvonne Martinez Beltran - *Planning Commissioner*
Mohammad Habib - *Planning Commissioner*
Juan Miguel Munoz Morris - *Planning Commissioner*

Tuesday, October 24, 2017 7:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

Vice Chair Downey called the meeting to order at 7:00 p.m.

Attendee Name	Title	Status	Arrived
John McKay	Chairman	Absent	
Liam Downey	Vice Chairman	Present	
Joseph Mueller	Planning Commissioner	Present	
Wayne Tanda	Planning Commissioner	Present	
Yvonne Martinez Beltran	Planning Commissioner	Present	
Mohammad Habib	Planning Commissioner	Present	
Juan Miguel Munoz Morris	Planning Commissioner	Present	

DECLARATION OF POSTING AGENDA

Minutes Clerk Luna declared the posting of the agenda.

Minutes Acceptance: Minutes of Oct 24, 2017 7:00 PM (CONSENT AGENDA)

OPEN PUBLIC COMMENT PERIOD

None.

ORDERS OF THE DAY

PUBLIC HEARINGS

None.

OTHER BUSINESS

1. ZONING CODE UPDATE

Recommendation:

Review, discuss, and provide feedback on the Public Review Draft Zoning Code.

Principal Planner (Interim) John Baty presented the staff report.

Vice Chair Downey opened the public comment period at 7:44 p.m.
Hearing no further requests to speak the public comment was closed.

The Commission reviewed, discussed, and provided feedback on the Public Review Draft Zoning Code.

RESULT:	NO ACTION TAKEN
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ANNOUNCEMENTS

Upcoming meetings of the Planning Commission are scheduled for November 14, and November 28, 2017. For the Planning Commission meeting on November 28, 2017 staff will bring forward the Economic Blueprint discussion.

ADJOURNMENT

There being no further business Chair McKay adjourned the meeting at 7:55 p.m.

MINUTES PREPARED BY:

Jenna Luna, Minutes Clerk

DRAFT



Meeting Minutes Planning Commission

John McKay - *Chairman*
Liam Downey - *Vice Chairman*
Joseph Mueller - *Planning Commissioner*
Wayne Tanda - *Planning Commissioner*
Yvonne Martinez Beltran - *Planning Commissioner*
Mohammad Habib - *Planning Commissioner*
Juan Miguel Munoz Morris - *Planning Commissioner*

Tuesday, November 14, 2017 7:00 PM

Council Chamber
17555 Peak Avenue, Morgan Hill, CA 95037

CALL TO ORDER

ROLL CALL ATTENDANCE

Attendee Name	Title	Status	Arrived
John McKay	Chairman	Present	
Liam Downey	Vice Chairman	Present	
Joseph Mueller	Planning Commissioner	Present	
Wayne Tanda	Planning Commissioner	Present	
Yvonne Martinez Beltran	Planning Commissioner	Present	
Mohammad Habib	Planning Commissioner	Late	7:12 PM
Juan Miguel Munoz Morris	Planning Commissioner	Present	

DECLARATION OF POSTING AGENDA

Minutes Clerk Luna declared the posting of the agenda.

PLEDGE OF ALLEGIANCE

Minutes Acceptance: Minutes of Nov 14, 2017 7:00 PM (CONSENT AGENDA)

OPEN PUBLIC COMMENT PERIOD

None.

ORDERS OF THE DAY

PUBLIC HEARINGS

1. **ZA2017-0009: EAST DUNNE - YOUNG: REQUEST FOR A ZONING AMENDMENT FROM THE R-2 3,500 TO R-3 MEDIUM DENSITY ZONE DISTRICT. ASSESSOR PARCEL NUMBER 726-02-007 LOCATED ON THE NORTH SIDE OF EAST DUNNE AVENUE.**

Recommendation:

1. Adopt Resolution Recommending City Council approval of the Zoning Amendment.
2. No further CEQA action required.

Community Development Director Jennifer Carman presented the staff report.

Chair McKay opened the public hearing at 7:34 p.m.

Dick Oliver was called to speak.

Craig Erb was called to speak.

Hearing no further requests to speak, the public hearing was closed.

MOTION

Motion to recommend City Council approval of the Zoning Amendment.

RESULT:	ADOPTED [6 TO 1]
MOVER:	Wayne Tanda, Planning Commissioner
SECONDER:	Liam Downey, Vice Chairman
AYES:	McKay, Downey, Tanda, Martinez Beltran, Habib, Munoz Morris
NAYS:	Mueller

2. **ZA2017-0008: MONTEREY-DOBKIN: REQUEST FOR A ZONING MAP AMENDMENT FROM THE ML - LIGHT INDUSTRIAL ZONING DISTRICT TO THE R-3 MEDIUM DENSITY RESIDENTIAL DISTRICT. ASSESSOR PARCEL NUMBER 726-25-006 LOCATED ON THE EAST SIDE OF MONTEREY ROAD.**

Recommendation:

1. Adopt Resolution Recommending City Council approval of the Zoning Amendment.
2. No further CEQA action is required.

Interim Principal Planner John Baty presented the staff report.

Chair McKay opened the public hearing at 8:31 p.m.

Phil Kerr was called to speak.

Jason Bernstein was called to speak.

MOTION

Motion to recommend denial of the Zoning Amendment due to it's inconsistency with the General Plan and the zone change is not required in order to serve the public convenience.

RESULT:	ADOPTED [6 TO 1]
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Liam Downey, Vice Chairman
AYES:	McKay, Downey, Mueller, Tanda, Martinez Beltran, Habib
NAYS:	Munoz Morris

3. **AAE2017-0039: MONTEREY - UHC: REQUEST FOR A RESIDENTIAL DEVELOPMENT CONTROL SYSTEM EXTENSION FOR SEVEN RESIDENTIAL BUILDING ALLOTMENTS. ASSESSOR PARCEL NUMBER(S) 817-36-032 AND 033, ARE LOCATED ON THE NORTHEAST CORNER OF MONTEREY ROAD.**

Recommendation:

1. Adopt a Resolution granting a one-year RDCS extension for seven (7) residential allotments.

Interim Principal Planner Gina Paolini presented the staff report.

Chair McKay opened the public hearing at 9:47 p.m. Hearing no further request to speak, the public hearing was closed.

MOTION

Motion to adopt the resolution granting a one-year extension for Seven (7) residential allotments.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Joseph Mueller, Planning Commissioner
SECONDER:	Mohammad Habib, Planning Commissioner
AYES:	McKay, Downey, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris

4. **RDCS 2017-0001: E. DUNNE - KRUSE: REQUEST FOR A RESIDENTIAL DEVELOPMENT CONTROL SYSTEM EXTENSION FOR THREE RESIDENTIAL BUILDING ALLOTMENTS. ASSESSOR PARCEL NUMBER 728-01-002, IS LOCATED ON THE NORTH SIDE OF EAST DUNNE AVENUE.**

Recommendation:

1. The application has been withdrawn. No action necessary.

RESULT:	PULLED
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5. **GENERAL PLAN AMENDMENTS, GPA2017-0001 AND -0002: CITY OF MORGAN HILL. AMENDMENTS TO THE MORGAN HILL 2035 GENERAL PLAN TO CORRECT MISCELLANEOUS LAND USE MAP AND TEXT ERRORS.**

Recommendation:

1. Adopt Resolution Recommending City Council approval of the General Plan Amendments.
2. No further CEQA action is required.

Interim Principal Planner John Baty presented the staff report.

Chair McKay opened the public hearing at 10:15pm. Hearing no requests to speak, the public hearing was closed.

MOTION

Motion to recommend City Council approval of the General Plan Amendments.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Juan Miguel Munoz Morris, Planning Commissioner
SECONDER:	Yvonne Martinez Beltran, Planning Commissioner
AYES:	McKay, Downey, Mueller, Tanda, Martinez Beltran, Habib, Munoz Morris

ANNOUNCEMENTS

The next Planning Commission meeting will be held on November 28, 2017 beginning with a workshop on the Economic Blueprint.

Commissioner Tanda would like to have the Vacant Land inventory agendaized for the next meeting.

Chair McKay would like to request that a set of bylaws be established for the Planning Commission.

The joint meeting with City Council will be rescheduled for a later date in January.

ADJOURNMENT

There being no further business Chair McKay adjourned the meeting at 10:35 p.m.

MINUTES PREPARED BY:

Jenna Luna, Minutes Clerk

Minutes Acceptance: Minutes of Nov 14, 2017 7:00 PM (CONSENT AGENDA)



PLANNING COMMISSION STAFF REPORT

MEETING DATE: January 9, 2018

PREPARED BY: Gina Paolini, Interim Principal Planner
APPROVED BY: Jennifer Carman, Community Development Director

DA2017-0007: VINEYARD-HEALTHWORKS BAKING COMPANY: AN INDUSTRIAL DEVELOPMENT AGREEMENT FOR 1.44 ACRES AT 240 VINEYARD COURT IDENTIFIED BY ASSESSOR PARCEL NUMBER 817-05-067

RECOMMENDATION(S)

1. No Action necessary. Application withdrawn.



CITY OF MORGAN HILL

PLANNING COMMISSION STAFF REPORT

MEETING DATE: January 9, 2018

PREPARED BY: Joey Dinh, Associate Planner

APPROVED BY: Jennifer Carman, Community Development Director

**UP2017-0016: VINEYARD-HEALTHWORKS BAKING CO:
CONDITIONAL USE PERMIT TO ALLOW A COMMERCIAL BAKERY
AND DELI ON PROPERTY IDENTIFIED BY ASSESSOR PARCEL
NUMBER 817-05-067 LOCATED ON THE SOUTHWEST CORNER OF
VINEYARD COURT AND VINEYARD BOULEVARD.**

RECOMMENDATION(S)

1. Open/close public hearing; and,
2. Adopt a Resolution approving a Conditional Use Permit for a commercial bakery and deli use.

LOCATION MAP



PROJECT SUMMARY:

1. Location: Southwest corner of Vineyard Court and Vineyard Boulevard (APN 817-05-067)
2. Site Area: 1.44 Acres
3. General Plan: Industrial
4. Zoning: Light Industrial (ML)
5. Request: Conditional Use Permit to allow construction of an approximately 17,152 square foot commercial bakery and deli.

PROJECT DESCRIPTION

Healthworks Baking Company is proposing to construct a 17,152-square foot food manufacturing facility, commercial bakery, and deli on a parcel of land currently owned by the Beth-el Baptist Church. The facility plans to produce baked goods (including gluten free), and offer sandwiches, salads, soups, and baked goods in café/deli to be managed at the site.

Approximately 15,152-square feet will be dedicated to the food manufacturing/commercial bakery and 2,000-square feet will be dedicated to the café/deli. The café/deli will be located along the front of the facility facing Vineyard Boulevard and will provide approximately 25 indoor seats and 1,000-square feet of outdoor seating area accommodating 24 seats. The height of the new building will be 31 feet.

For the first year, there will be 10 full-time employees in the café/deli and 12 employees in the food manufacturing facility. The business expects a total of 35 full-time employees as the business grows.

Detailed project justification and statement of operations have been attached (Attachments 2 and 3).

SITE DESCRIPTION/SURROUNDING USES

The site is currently vacant with a few medium sized trees and shrubs along the southern property line. The parcel is flat and is covered with grass and a few small patches of dirt.

The surrounding parcels are currently developed for light-industrial and residential uses. The properties to the north are a machine shop and precious metals processor. To the west is an electronic instrument manufacturer and a glass and mirror shop. South and southwest of the parcel are single family residential homes. Lastly, to the east is a pest control business and the Morgan Hill Police Station.

ANALYSIS:

The proposed Conditional Use Permit to construct and utilize a Warehouse Building

was analyzed for consistency with the: 1) General Plan; 2) Zoning Ordinance; and 3) Conditional Use Permit Findings.

1. General Plan

The site has an Industrial General Plan land use designation in the Morgan Hill 2035 General Plan. The Industrial designation allows a variety of research, warehouse, manufacturing, service commercial, and other job-generating uses. This designation allows a maximum floor area ratio (FAR) of 0.6 and a maximum building height of 50 feet. The project will have a 0.3 FAR density and construct a 31-foot tall building.

The following are General Plan Goals and Policies that are relevant to the proposed Use Permit.

Policy CNF- 4.9 Orderly Growth

Urban growth should occur in an orderly and contiguous pattern, within the designated Urban Service Area, encouraging infill of vacant urban land.

Policy CNF- 17.2 Industrial Land Use Conflicts

Ensure proposed new uses adjacent to industrial uses do not introduce land use conflicts that would adversely impact industrial activities.

Policy CNF- 17.3 Buffer between Industrial and Incompatible Uses

Ensure that all industrial uses are well sited and buffered from incompatible uses.

Policy CNF- 18.1 Vibrant Job Centers

Encourage land with a Commercial/Industrial designation to develop with job-generating uses with amenities that support workers and businesses, such as restaurants, lodging, fitness centers, and hair salons.

The proposed commercial bakery and deli is consistent with the allowed uses within the Industrial land use designation. The project is considered in-fill within the urban area. The majority of the surrounding land uses are industrial or manufacturing. The proposed food manufacturing would be consistent with the surrounding land uses. There are some residential homes towards the southwest of the property, but the project was designed with an intent to limit the potential conflict between a commercial bakery and residential uses. Baking operations will occur entirely indoors. The loading area is located along Vineyard Court, directly opposite the residential area. In addition, the business will schedule deliveries and pick-ups during normal business hours of 8:00 AM to 5:00 PM. The commercial bakery will also provide a deli café that will provide food, baked goods, and beverages that will support the surrounding workers located within the businesses and police station.

2. Zoning Ordinance

The zoning designation of the site is Light Industrial (ML). Permitted uses include food

production, when located 150 feet or more from a residential zone, and when the type of food being produced will not emit a generally offensive odor such as bakery goods. Conditional uses include sales of goods manufactured, processed, or assembled on the premises. The proposed commercial bakery is listed as a permitted use within the ML zone district, however the facility will be located approximately 52 feet north of an existing residentially zoned and developed area. In addition, the selling of food and baked goods produced on-site requires a Conditional Use Permit (CUP).

The City requires one parking space for each 500 square feet of gross floor area for manufacturing or processing and one space for each 250 square feet of gross floor area of food and beverage sales. The project requires 38 parking spaces and 46 parking spaces are proposed. The applicant expects up to five deliveries per day during the business hours of 8:00 AM to 5:00 PM. The site will have a truck loading area that does not impact the number of parking spaces for employees and customers.

3. Conditional Use Permit Findings

In reviewing the application for a Conditional Use Permit, the Planning Commission shall consider the following:

A. **The site is suitable and adequate for the proposed use.**

The 1.44-acre undeveloped site would be developed with an approximately 0.3 FAR density, below the maximum 0.6 FAR allowed within the Morgan Hill 2035 General Plan. The site is located at Vineyard Court and Vineyard Boulevard, providing two points of access for ingress and egress to the site. The proposed use will not adversely affect the existing uses that are adjacent to the site.

B. **The proposed use and design would not have a substantial adverse effect on traffic circulation and on the planned capacity of the street system.**

Primary access to the project site will be from Vineyard Court. Secondary access will be provided along Vineyard Boulevard. The project is expected to draw approximately 300 customers per day. Of the 300 people, half is expected to be from the surrounding area (neighboring businesses, the police department, and the nearby residential) and the other vehicle trips from customers visiting the bakery/café from out of the area (approximately 150 people). Assuming two people per vehicle, 75 daily vehicular trips would be generated by the project. The applicant expects 40 percent of daily visits will be from 7:00 AM to 11:00 AM for breakfast and 60 percent of the daily visits to occur from 11:00 AM to 3:00 PM for lunch. Therefore, it can be expected that there will be approximately eight vehicular trips per hour in the morning and 11 vehicular trips per hour in the early afternoon.

The level of traffic associated with the project is not expected to impact the capacity of the street for the surrounding businesses or the police station. A facility of this size would not warrant the preparation of a Transportation Impact Study in accordance with

the Planning Commission Policy regarding Guidelines for Preparation of Transportation Impact Reports.

- C. The proposed use at the location will not adversely affect the peace, health, safety, morals, or welfare of persons residing or working in the surrounding area, or impair the utility or value of property of other persons located in vicinity of the site, or be detrimental to public health, safety or general welfare.**

The proposed regular business hours are 6:00 AM to 2:00 PM for food manufacturing and 7:00 AM to 3:00 PM for the deli café. However, food manufacturing could begin as early as 3:00 AM or run as late as 8:00 PM, depending on demand. Deliveries or pick-ups will be scheduled between 8:00 AM and 5:00 PM. The potential hours of operation are consistent with the surrounding land uses (Morgan Hill Police Station located across the street).

Noise and odors from the commercial baking operation could be a potential issue. Typical equipment includes an internal flour silo, mixers, ovens, bread line, bun line, and lamination line. However, this baking operation proposes to contain all equipment within the building, where doors will be securely closed. The equipment will not generate noise above levels that require hearing protection for the bakery employees. Smells generated from the bakery tend to be sweet and pleasant except for certain ingredients such as yeast. Yeast will be stored in its package until baked where any yeast odors are eliminated.

The building will be located approximately 52 feet from the adjacent residential area to the south and southwest. To mitigate potential loading and unloading issues, the building has been designed with the loading area along Vineyard Court, directly opposite of the residential area. The design of the building complements the style of the surrounding buildings in the area. The bakery is proposing an earth toned building with stucco, stacked stone, and wooden parapets (Attachment 4). The project will be required to meet all Fire and Building Code requirements.

The project's operations would not adversely affect the peace, health, safety, morals or welfare of persons residing or working in the surrounding areas. The project would not impair the utility or value of the property of other persons located in the vicinity of the site and will not be detrimental to the health, safety or general welfare.

- D. The design of the project is compatible with existing and proposed development within the district and its surroundings.**

The project is for the new construction of a 17,152-square foot commercial bakery and deli café. The size and façade of the building would be complementary to the adjacent structures. The project will need to comply with the zoning site development (height and setback) standards and staff will review detailed site, architectural, and landscaping plans as part of the Design Review Permit. The proposed use would be compatible with existing and proposed development within the district and its surroundings.

Community Engagement

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period.

Conclusion

The proposed use is compatible with the surrounding uses and will provide a desired food service amenity to workers in the area. Staff recommends approval of the proposed Conditional Use Permit.

California Environmental Quality Act (CEQA):

The project is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15332 (In-Fill Development Projects) of the CEQA Guidelines. The project is consistent with the general plan designation of Industrial and zoning designation of Light Industrial (ML). The project is within city limits, is on a site that is less than five acres, and is surrounding by urban uses. The project is expected to be adequately served with required utilities and public services. The project does not have any value for habitat protected species nor would it result in significant effects to traffic, noise, air quality, or water quality. No further environmental review is required.

LINKS/ATTACHMENTS:

1. CUP PC Resolution
2. Justification Letter
3. Statement of Operations
4. Site Plan & Elevation Plans 11.29.2017 UP2017-0016

RESOLUTION NO.

**A RESOLUTION OF THE PLANNING
COMMISSION OF THE CITY OF MORGAN HILL
APPROVING A CONDITIONAL USE PERMIT TO
ALLOW FOR THE CONSTRUCTION AND
OPERATION OF A COMMERCIAL BAKERY AND
DELI CAFÉ LOCATED AT 240 VINEYARD COURT
(APN: 817-05-067)**

WHEREAS, such request was considered by the Planning Commission at their regular meeting of January 9, 2018 at which time the Planning Commission approved application UP17-0016: Vineyard – Healthworks Baking Company; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES
RESOLVE AS FOLLOWS:**

SECTION 1. The approved use is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The project is categorically exempt from CEQA pursuant to Section 15332, In-Fill Development Projects.

SECTION 3. The approved conditional use has been found consistent with the criteria for Use Permit approval contained in Section 18.54.050 of the Zoning Code. The basis and the findings are set forth in the staff report of the Planning Commission Meeting of January 9, 2018, which findings were duly considered by the Commission and are hereby adopted.

SECTION 4. The use shall be expressly conditioned on conformance to conditions incorporated herein and as attached as Exhibit “A”.

SECTION 5 The approved project shall be conducted in a manner consistent with the proposed operations explained within the staff report of the Planning Commission Meeting of January 9, 2018 and Site Plans titled Healthworks Baking Company and stamped date received December 01, 2017, and by this reference incorporated herein.

SECTION 6. Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your use for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for processing applications for governmental regulatory actions or approvals, or fees collected (a) under development agreements, (b) pursuant to agreements with the Morgan Hill Redevelopment Agency or (c) as a part of your application for development allocations under the City’s Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day

approval period in which you may protest has begun. This right to protest does not apply to voluntary Residential Development Control System fees.

PASSED AND ADOPTED THIS 9th DAY OF JANUARY 2018, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

Jenna Luna , Deputy City Clerk

John McKay, Chair

Attachment: CUP PC Resolution (1561 : Use Permit Vineyard-Healthworks)

EXHIBIT "A"

CONDITIONS OF APPROVAL

APPLICATION: UP2017-0016: Vineyard-Healthworks Baking Company

THE FOLLOWING CONDITIONS SHALL BE MET PRIOR TO THE ISSUANCE OF BUILDING AND/OR COMMENCEMENT OF USE UNLESS OTHERWISE SPECIFIED IN THE CONDITIONS. APPROVAL REQUIREMENTS ARE NOT LIMITED TO THE ITEMS LISTED BELOW.

PLANNING DIVISION

TIME LIMITS

- A. The Conditional Use Permit approval granted pursuant to this Resolution shall remain in effect for 24 months to **January 9, 2020**. Failure to commence the use within this term shall result in termination of approval unless an extension of time is granted prior to the expiration date. **(MHMC 18.54.070 A)**
- B. In accordance with Section 18.54.090 of the Municipal Code, the Community Development Department may conduct an annual review of the approved use for compliance with specified conditions. The Department may initiate corrective action as specified in the aforementioned Code Section if necessary to ensure compliance with said conditions. **(MHMC 18.54.090)**

SITE PLAN REVIEW

- A. The owner shall obtain approval of a Design Review permit from the Planning Division as part of the Architectural and Design Review permit process.

OTHER CONDITIONS

- A. Defense and indemnity. Applicant agrees to defend and indemnify and hold City, its officers, agents, employees, officials and representatives free and harmless from and against any and all claims, losses, damages, injuries, costs and liabilities arising from any suit for damages or for equitable or injunctive relief which is filed against City by reason of its approval of this conditional use permit. In addition, applicant shall pay all pre-tender litigation costs incurred on behalf of the City including City's attorney's fees and all other litigation costs and expenses, including expert witnesses, required to defend against any lawsuit brought as a result of City's approval or approvals, but shall not be required to pay any litigation from the City. However, applicant shall continue to pay reasonable internal City administrative costs, including but not limited to staff time and expense spent on the litigation, after tender is accepted. The undersigned hereby represents that they are fully empowered by the applicant as their agent to agree to provide the indemnification, defense and hold harmless obligations, and the signature below represents the unconditional agreement by applicant to be bound by such conditions.
- B. Submit two (2) signed copies of Approval Resolution No. ____ to the Planning Division prior to the commencement of the use or issuance of building permits.
- C. Prior to occupancy, an emergency evacuation plan shall be developed by Healthworks Baking Company and approved by the Fire Department. All instructors and staff shall be trained on the implementation of the emergency evacuation plans.

PUBLIC WORK DEPARTMENT

1. An occupancy permit will not be issued until impact fees, if any, have been paid.
2. Impact fees will be calculated upon submittal of accurate floor plans showing existing and proposed usages.



November 13, 2017

City of Morgan Hill
Development Services – Planning Division
17575 Peak Avenue
Morgan Hill, CA 95037

DEVELOPMENT
SERVICES

NOV 14 2017

Re: Justification Letter for Conditional Use Permit

CITY OF MORGAN HILL

To whom it may concern:

My name is Mike Shurm. I represent the ownership of Healthworks Baking Co. ("Healthworks"). We are pleased that our offer to purchase a parcel of land located at 240 Vineyard Court in Morgan Hill has been accepted by the seller. It is our objective to construct and operate a 17,152 sq. ft. state-of-the-art food manufacturing facility, with a café/deli facing Vineyard Blvd.

Given the proximity of the property to residential homes, Healthworks is requesting a Conditional Use Permit to allow for the operation of baked goods manufacturing facility at this location.

We envision Healthworks as a good neighbor and community partner with a destination café/deli to compliment the bakery operations.

Healthworks will be a purpose-built, highly automated, modern food manufacturing facility that blends technology and artisanship. The ownership group represents more than 100 years of bakery and restaurant experience and looks forward to thoughtfully integrating Healthworks into the neighborhood. The design of the bakery, ingress/egress, docks, lighting, entrances, parking, lighting and ventilation will all be considerate of our new business and residential neighbors.

Healthworks plans to operate a certified gluten free bakery within the facility.

The café/deli will offer a variety of healthy and wholesome sandwiches, salads, soups and baked goods in an inviting, contemporary and comfortable environment. Customers will be able to observe bakery operations through large picture windows in the café/deli.

Healthworks is expected to operate five days a week, Monday through Friday, during the first year of operations, but may include additional days as the business grows. The hours of operation could begin as early as 3:00am and run as late as 8:00pm, with the expectation that the majority of operations will take place from 6:00am to 2:00pm.

Attachment: Justification Letter (1561 : Use Permit Vineyard-Healthworks)



We plan to have an abundance of bicycle parking available to accommodate both customers and employees.

We envision no more than five deliveries or pick-ups per day. Deliveries or pick-ups will take place during regular business hours, 8:00am to 5:00pm as we have the ability to schedule dock time with distributor partners. Additionally, we have designed the facility to orient the loading docks toward Vineyard Court in order to reduce noise levels associated with trucks arriving and departing from the facility.

We have no knowledge of any potential impact or conflict with the surrounding businesses or residences.

Respectfully,

A handwritten signature in black ink that reads "Mike Shurm". The signature is fluid and cursive, with the first name "Mike" and last name "Shurm" clearly visible.

Mike Shurm



November 13, 2017

City of Morgan Hill
Development Services – Planning Division
17575 Peak Avenue
Morgan Hill, CA 95037

DEVELOPMENT
SERVICES

NOV 14 2017

Re: Statement of Proposed Operations

CITY OF MORGAN HILL

To whom it may concern:

Introduction

My name is Mike Shurm. I represent the ownership of Healthworks Baking Co. ("Healthworks"). We are pleased that our offer to purchase a parcel of land located at 240 Vineyard Court in Morgan Hill has been accepted by the seller. It is our objective to construct and operate a state-of-the-art food manufacturing facility, with a café/deli facing Vineyard Blvd.

Purpose (Food Manufacturing & Café/Deli)

The purpose of this letter is to support our request for a Conditional Use Permit to allow the operations of Healthworks at this location.

Parking (Food Manufacturing & Deli/Café)

The current site plan for Healthworks includes 46 parking spaces.

During the first year of operations, we expect 10 full-time employees in the café/deli and 12 in the food manufacturing facility, for a total of 22 full-time employees. Assuming one vehicle per employee, this leaves approximately 24 additional spaces for café/deli customers and visitors. Looking forward, we anticipate the number of full-time employees increasing to 15 in the café/deli and 20 in food manufacturing, for a total of 35 full-time employees. Again, assuming one vehicle per employee, this would leave 11 additional parking spaces for café/deli customers and visitors.

With a strong desire to be a good neighbor, we will guide early-start employees to park on the side of the building or in front of the building, and perhaps curbside on Vineyard Court, to minimize noise from vehicles and employees.

Based on observations, the Healthworks café/deli will be within walking distance to many nearby businesses and the Morgan Hill Police Department.



Food Manufacturing

Days of Operation (Food Manufacturing)

Healthworks is expected to operate five days a week, Monday through Friday, during the first year of operations, but may include additional days as the business grows.

Hours of Operation (Food Manufacturing)

The hours of operation could begin as early as 3:00am and run as late as 8:00pm, with the expectation that the majority of operations will take place from 6:00am to 2:00pm.

Number of Employees (Food Manufacturing)

During the first year of operations, we expect to have approximately 12 full-time employees with that number increasing to as many as 20 as the business grows.

Daily Trips (Food Manufacturing)

We envision no more than five deliveries or pick-ups per day. Deliveries or pick-ups will take place during regular business hours, 8:00am to 5:00pm, as we have the ability to schedule dock time with distributor partners.

Equipment & Processes (Food Manufacturing)

Within Healthworks, a variety of bakery ingredients will be held in inventory (room temperature, refrigerated and frozen). The ingredients will be prepared and either packaged and shipped as frozen "ready-to-bake" products or baked, packaged and shipped fresh. The bakery will also provide freshly baked breads and pastries to the café/deli.

Healthworks plans to operate a certified gluten free bakery within the facility.

Typical equipment includes an internal flour silo, mixers, ovens, bread line, bun line and a lamination line.

Hazardous Material (Food Manufacturing)

We have no expectation that any hazardous material will be used at the Healthworks food manufacturing facility.

Bakery Aroma (Food Manufacturing)

Although we expect a significant ratio of the food manufacturing business to be frozen (unbaked) product, there will be baking. The nature of the aroma from baked bread and cookies, is generally sweet and pleasant. Understanding that the aroma from freshly baked bread and cookies is desirable to the impression of café/deli, it is our intention to vent the ovens onto the street side of the building facing Vineyard Ct. and towards the entrance of the café/deli.



Other (Food Manufacturing)

Healthworks will be a purpose-built modern food manufacturing facility that blends technology and artisanship. The ownership group represents more than 100 years of bakery and restaurant experience and looks forward to thoughtfully integrating Healthworks into the neighborhood. The design of the bakery, ingress/egress, docks, lighting, entrances will be considerate of our new neighbors.

We have no knowledge of any potential impact or conflict with the surrounding businesses or residences.

Café/Deli

Days of Operation (Café/Deli)

The café/deli will be open five days of the week, Monday through Friday.

Hours of Operation (Café/Deli)

The café/deli is expected to be open for breakfast and lunch, from 7:00am in to 3:00pm.

Number of Employees (Café/Deli)

Staffing is expected to approximate 10 full-time employees in the first year of business, with the number potentially increasing to 15 as the business grows.

Daily Trips (Café/Deli)

We envision no more than five deliveries per week; one to two deliveries from the broadline distributor and two to three from the produce distributor. We will attempt to schedule deliveries during regular business hours.

Equipment & Processes (Café/Deli)

The Café/deli is expected to account for 11.6% of the 17,152 square foot facility, or approximately 2,000 square feet; the café/deli will offer 25 indoor seats as well as an additional 24 outdoor seats. Food will be prepared to order, fresh daily.

Restaurant activity is expected to include a combination of “dine-in”, “take-out” and “catering” customers, representing 300 transactions per day.

Equipment in the restaurant will include refrigeration, sandwich line, kettles, steam table, grill, toasters, microwave ovens, slicers, dishwasher, Point-of-Sale system, espresso and coffee brewing machines.



Hazardous Material (Café/Deli)

We have no expectation that any hazardous material will be used at the café/deli.

Other (Café/Deli)

The café/deli will offer a variety of healthy and wholesome sandwiches, salads, soups and baked goods in an inviting, contemporary and comfortable environment. Customers will be able to observe bakery operations from large picture windows in the café/deli.

We plan to have an abundance of bicycle parking available.

We envision Healthworks as a good neighbor and community partner with a destination café/deli to compliment the bakery operations.

We have no knowledge of any potential impact or conflict with the surrounding businesses or residences.

In Closing

We look forward to working with the Morgan Hill's Development Services Team and the City's Planning Commission.

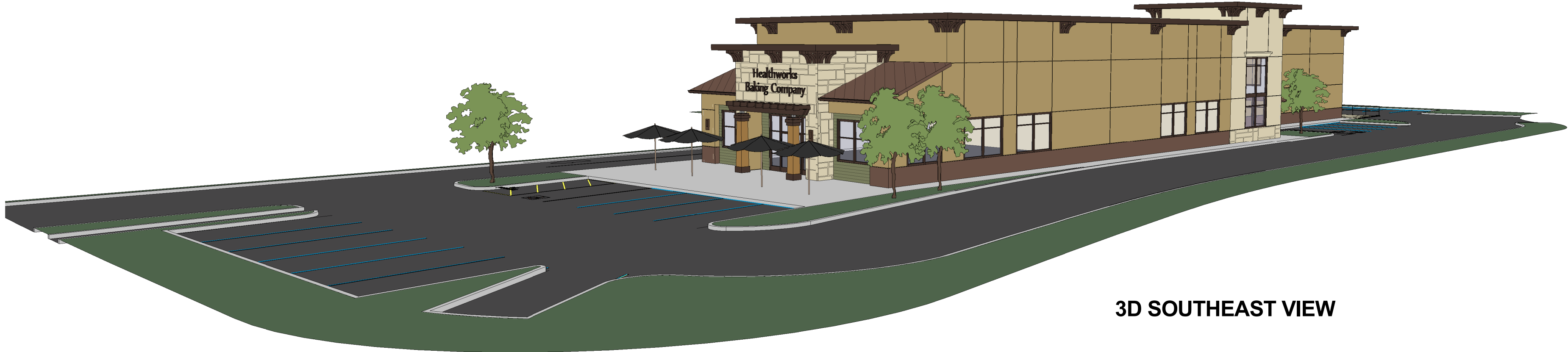
Please contact me directly should you have any questions or comments regarding our request for a Conditional Use Permit or assumptions regarding the operation of Healthworks.

Respectfully,

Mike Shurm
408-250-8068



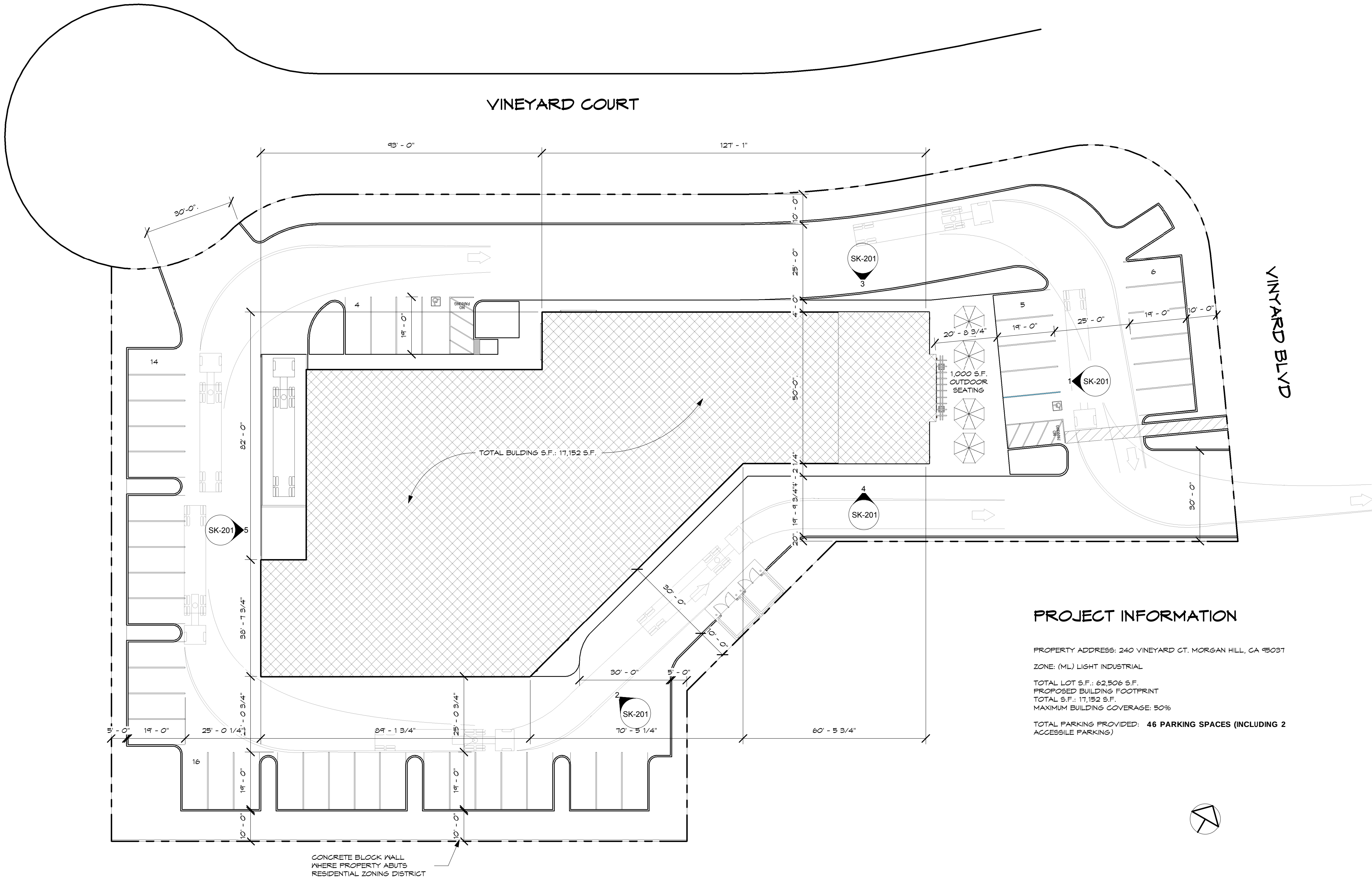
3D EAST VIEW



3D SOUTHEAST VIEW



3D WEST VIEW



PROJECT INFORMATION

PROPERTY ADDRESS: 240 VINEYARD CT, MORGAN HILL, CA 95037
ZONE: (ML) LIGHT INDUSTRIAL
TOTAL LOT S.F.: 62,506 S.F.
PROPOSED BUILDING FOOTPRINT
TOTAL S.F.: 17,152 S.F.
MAXIMUM BUILDING COVERAGE: 50%
TOTAL PARKING PROVIDED: 46 PARKING SPACES (INCLUDING 2 ACCESSIBLE PARKING)

PROJECT NO.: 451
DRAWN BY: Author
CHECKED BY: Checker

Project Issue Status:
CLIENT REVIEW: 7/28/2017
PROJECT CRITERIA: 10/5/2017
PERMIT SUBMITTAL:
CONSTRUCTION DOCUMENT:

PLOT DATE: 11/7/2017

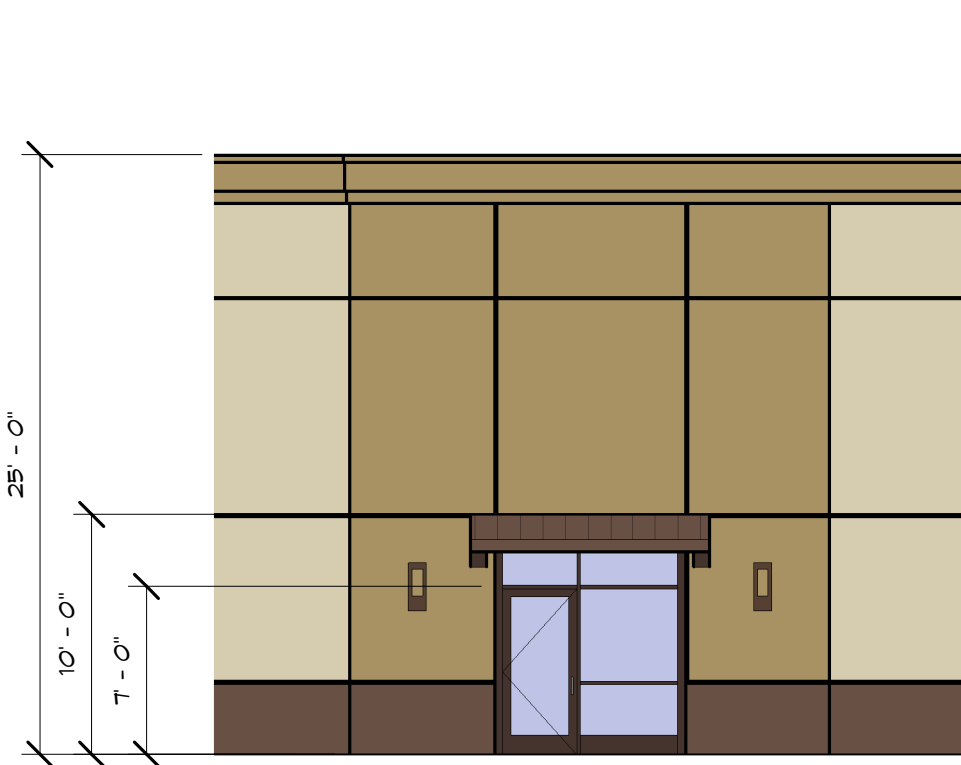
Revisions

#	Date	Description
3		

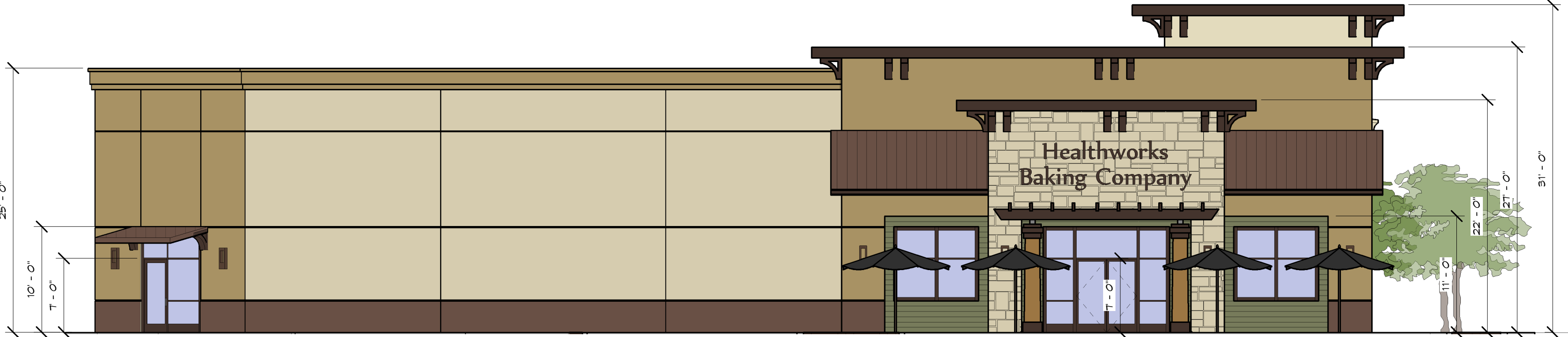
SHEET TITLE

Proposed Site Plan

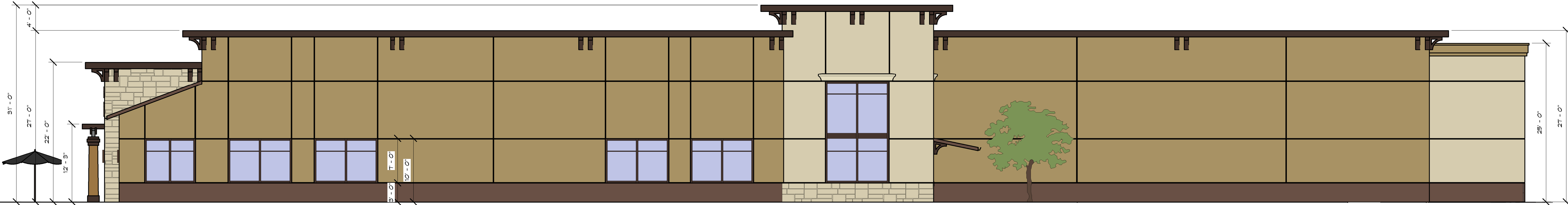
SK-100



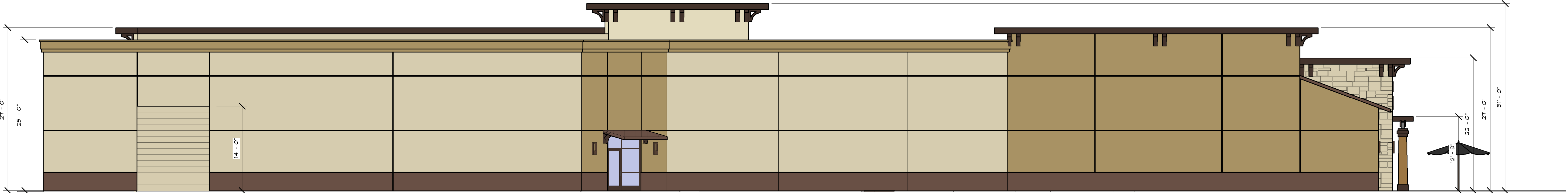
2 SOUTHEAST ELEVATION
SK-201 1/8" = 1'-0"



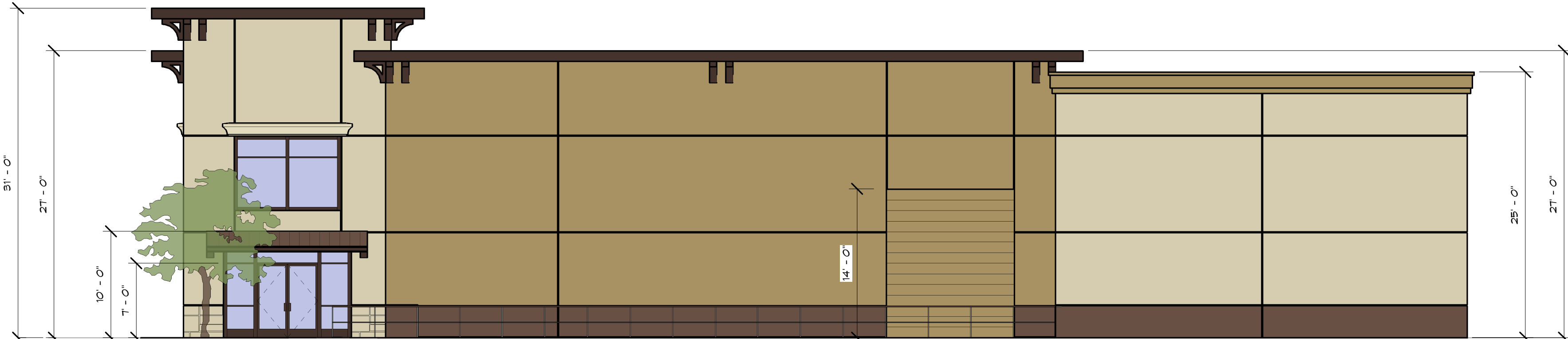
1 EAST ELEVATION
SK-201 1/8" = 1'-0"



3 NORTH ELEVATION
SK-201 1/8" = 1'-0"



4 SOUTH ELEVATION
SK-201 1/8" = 1'-0"



5 WEST ELEVATION
SK-201 1/8" = 1'-0"

CONSTRUCTION
DESIGN BUILD
MANAGEMENT

TMW
& ASSOCIATES, INC.

1725 Sanguinetti Lane
Stockton, California
95205-3416
LIC# 602019
t: 209.943.2881
f: 209.943.0176

Healthworks Baking Company

240 Vineyard Ct. Morgan Hill, CA 95037

Attachment: Site Plan & Elevation Plans 11.29.2017 UP2017-0016 (1561 : Use Permit Vineyard-Healthworks)

PROJECT NO:	451
DRAWN BY:	Author
CHECKED BY:	Checker

Project Issue Status:	
CLIENT REVIEW:	7/28/2017
PROJECT CRITERIA:	10/5/2017
PERMIT SUBMITTAL:	
CONSTRUCTION DOCUMENT:	

PLOT DATE:	11/7/2017
------------	-----------

Revisions		
#	Date	Description
3		

SHEET TITLE

Exterior
Elevations

SK-201



PLANNING COMMISSION STAFF REPORT

MEETING DATE: January 9, 2018

PREPARED BY: Jennifer Carman, Community Development Director
 APPROVED BY: Jennifer Carman, Community Development Director

AAE2017-0041: DEPOT-RAKITIN: AMENDMENT TO A CONDITIONAL USE PERMIT TO ALLOW RUNNING SHOP AND HOPS TO EXPAND THE EXISTING TAP ROOM AND BAR FOR THE ON-SITE SALE OF ALCOHOLIC BEVERAGES IN CONJUNCTION WITH EXISTING RETAIL USES. THE PROPERTY IDENTIFIED BY ASSESSOR PARCEL NUMBER 726-14-071, IS LOCATED ON THE NORTHEAST CORNER OF DEPOT STREET AND EAST FIRST STREET.

RECOMMENDATION(S)

1. Open/close public hearing; and,
2. Adopt a Resolution amending the Conditional Use Permit for Running Shop and Hops to expand the square footage of the existing tap room.

LOCATION MAP:



PROJECT SUMMARY:

1. Location: 17500 Depot Street #100 (APN: 726-14-071)
2. Site Area: 1.54 acres (2,428 square foot tenant space)
3. General Plan: Mixed Use
4. Zoning: Central Business District (CBD)

BACKGROUND:

The Planning Commission reviewed and approved Use Permit UP15-15 Depot-Rakitin for a tap room and bar for the on-site sale of alcoholic beverages to be established in conjunction with a retail store on January 12, 2016. The staff report from the January 12, 2016 Planning Commission meeting and Resolution No. 16-11 are attached (Attachments 2). The Conditions of Approval specifically state the following:

“F. The Conditional Use Permit is approved solely for the operation of the tap room and bar as described in the applicants proposed statement of operations on file with the Planning Division date stamped January 4, 2016 (application UP-15-15 Depot -Rakitin). Any expansion, intensification, or changes to the uses approved under this Conditional Use Permit shall be permitted only upon modification of this Conditional Use Permit or approval of a separate Conditional Use Permit application.

As the retail component of the business has evolved and the success of the tap room has grown, seating and amusements have been added to the retail portion of the business. The retail component has transitioned from a traditional retail store to a boutique shopping experience that includes the addition of a private label line of products – including running shoes. In October 2017, the operators requested confirmation that the new retail structure conformed to their existing use permit. In response, a letter from Assistant City Manager Leslie Little (Attachment 3) indicated “current operations appear to necessitate the review and approval or amendment to the ABC License for the facility to reflect the revised use of the premises and square footage of space that is subject to the permit.”

The applicant submitted a request to the State of California Department of Alcohol Beverage Control (ABC) for review and update of their license. On the application, the applicant included the amusements that have been add to the “retail” side and indicated an increase in alcohol revenue from 40 to 70 percent. On November 21, 2017, State of California Department of Alcohol Beverage Control (ABC) responded that the operations described do not violate the conditions inherent for a Type 40 “On Sale Beer License”. (Attachment 4).

With the new model of retail and inclusion of seating areas in the retail portion of the business, it is appropriate to amend UP15-15 and either increase or eliminate the square footage limitation for tap room use.

PROJECT DESCRIPTION: Running Shop and Hops is an existing tap room and bar for the on-site sale of alcoholic beverages in conjunction with a retail use. UP15-15 was approved in January 2016 for a 1,429-square foot tap room with service of beer and retail running shop. The two uses were established within a 2,655-square foot tenant space (1,130 square foot tap room and bar with 80 seats, 748 square foot retail space, 483 square foot storage room, 160 square foot restroom and 67 square foot electrical room).

Site Description/Surrounding Uses:

The project site is 1.54 acres in area, located within the Downtown, governed by the Downtown Specific Plan. The site includes an existing 19,658 square foot two-story building repurposed in 2006 from its former granary use. The building includes commercial uses (office and restaurant uses). Some parking is provided on-site with surface parking with other parking available on-street or at the off-site parking lots nearby.

The site abuts the Union Pacific and Caltrain railroad tracks to the east. To the south of the site is a parking lot for the Morgan Hill Downtown Central Business District (CBD). To the west are multifamily residential dwelling units (duplexes and triplexes) on small lots. To the north is a 16-unit condominium, nearing completion of construction.

ANALYSIS:

Consistency with Adopted Plans and Policies

The proposed amendment remains consistent with the: 1) General Plan; 2) Downtown Specific Plan; 3) Zoning Ordinance; and 4) other applicable policies.

Pursuant to the requirements in Section 18.54.050 of the Zoning Ordinance, the following findings are required:

A. The site is suitable and adequate for the proposed use.

The site is located in the downtown core identified as Central Business District (CBD) within the Downtown Specific Plan. As discussed previously, the use of the site continues to be consistent with the following Downtown Specific Plan land use goals, objectives and policies:

- Encourage a diverse mix of uses emphasizing specialty retail, restaurant, entertainment, residential and commuter-serving uses.
- Encourage land uses that have weekend and evening peak demands to better accommodate shared parking.

The proposed tap room is an appropriate use for the downtown.

B. The proposed use and design would not have a substantial adverse effect on traffic, circulation and on the planned capacity of the street system.

There is no planned modification to the use or design of the project. No additional square footage is planned for the project, only an exchange of square footage from retail to tap room.

C. The proposed use at the location will not adversely affect the peace, health, safety, morals or welfare of persons residing or working in the surrounding area, or impair the utility or value of property of other persons

located in the vicinity of the site, or be detrimental to public health, safety or general welfare.

As conditioned and as regulated by state and local laws, the project's operations do not adversely affect peace, health, safety, morals or welfare of persons residing or working in surrounding areas. The project does not impair the utility or value of the property of other persons located in the vicinity of the site and is not considered to be detrimental to the health, safety or general welfare. The ABC has determined that current operations do not violate the existing ABC License for the facility. There have been no complaints to the Morgan Hill Police Department regarding this use, and as such the Morgan Hill Police Department has no objections to the modification of the permit.

- D. The design of the project is compatible with existing and proposed development within the district and its surroundings.

No design changes are proposed as part of this amendment request.

Community Engagement

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period.

Conclusion

As discussed in this report, the City is able to make the required findings for approval of the requested Conditional Use Permit amendment for the expanded operation of the tap room and bar. As conditions of approval, a retail component would be required to remain in conjunction with the taproom use and alcohol would only be poured in the original taproom location. Approval is recommended subject to the findings and conditions contained in the attached resolution.

California Environmental Quality Act (CEQA):

The project is categorically exempt from environmental review pursuant to Section 15301 of the CEQA Guidelines - Existing Facilities. No additional modifications to the building are planned as part of this amendment.

LINKS/ATTACHMENTS:

1. Draft Resolution
2. Ltr from LLittle
3. ABC Ltr dtd 21 Nov 2017
4. Planning Commission Staff Report and resolution from January 12, 2016

RESOLUTION NO.

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL APPROVING A CONDITIONAL USE PERMIT AMENDMENT TO MODIFY THE SQUARE FOOTAGE OF AN EXISTING TAP ROOM AND BAR WITH SERVICE OF BEER AT 17500 DEPOT STREET IN THE CENTRAL BUSINESS DISTRICT (APN 726-14-059)

WHEREAS, such request was considered by the Planning Commission at its regular meeting of January 9, 2018, at which time the Planning Commission approved application AAE17-41: Depot – Rakitin; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

- SECTION 1.** The approved project is consistent with the Zoning Ordinance and the General Plan.
- SECTION 2.** The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301, Existing Facilities of the CEQA Guidelines.
- SECTION 3.** The approved conditional use has been found consistent with the criteria for use permit approval contained in Section 18.54.050 of the Zoning Code. The basis and the findings are set forth in the staff report for Item # of the Planning Commission Meeting of January 9, 2018, which findings were duly considered by the Commission and are hereby adopted.
- SECTION 4.** The project is a public convenience or necessity because it provides a unique business opportunity to attract patrons to the Downtown and activate a space that was a garage. The business is consistent with the long-term vision of the Downtown Specific Plan in that it is a component of a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill’s community life.
- SECTION 4.** The use shall be expressly conditioned on conformance to conditions incorporated herein and as attached as Exhibit “A”.
- SECTION 5.** Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your use for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for processing

applications for governmental regulatory actions or approvals, or fees collected (a) under development agreements, (b) pursuant to agreements with the Morgan Hill Redevelopment Agency or (c) as a part of your application for development allocations under the City's Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day approval period in which you may protest has begun. This right to protest does not apply to voluntary Residential Development Control System fees.

PASSED AND ADOPTED THIS 9TH DAY OF JANUARY 2018, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

JENNA LUNA, Deputy City Clerk

John McKay, Chair

Date: _____

A F F I D A V I T

I, Paul Rakitin, applicant, hereby agree to accept and abide by the terms and conditions specified in this resolution.

Paul Rakitin, Applicant

Date: _____

Attachment: Draft Resolution [Revision 1] (1573 : Use Permit Amendment-Depot-Rakitin)

EXHIBIT "A"

STANDARD CONDITIONS

APPLICATION: UP-17-41: DEPOT – RAKITIN

THE FOLLOWING ARE STANDARD CONDITIONS OF APPROVAL THAT MUST BE MET PRIOR TO THE ISSUANCE OF BUILDING PERMITS AND/OR SITE DEVELOPMENT PERMITS EXCEPT AS MAY BE SPECIFIED IN THE CONDITIONS. THE APPROVAL REQUIREMENTS INCLUDE THESE REQUIREMENTS AND ANY SPECIAL CONDITIONS THAT ARE APPLIED THROUGH THE DEVELOPMENT APPROVAL PROCESS. APPLICANTS ARE REQUIRED TO SIGN THE APPROVAL CERTIFICATE/RESOLUTION FORM INDICATING THEY UNDERSTAND AND AGREE TO IMPLEMENT THESE STANDARD CONDITIONS AND ANY SPECIAL CONDITIONS APPLIED TO THEIR PERMIT APPROVAL.

PLANNING DIVISION

I. TIME LIMITS

- A. In accordance with Section 18.54.090 of the Municipal Code, the Community Development Department shall conduct an annual review of the approved use for compliance with specified conditions. The Department may initiate corrective action as specified in the aforementioned Code Section if necessary to ensure compliance with said conditions. **(MHMC 18.54.090)**

II. OTHER CONDITIONS

- A. DEFENSE AND INDEMNITY: Applicant agrees to defend and indemnify and hold City, its officers, agents, employees, officials and representatives free and harmless from and against any and all claims, losses, damages, injuries, costs and liabilities arising from any suit for damages or for equitable or injunctive relief which is filed against City by reason of its approval of this approval. In addition, applicant shall pay all pre-tender litigation costs incurred on behalf of the City including City's attorney's fees and all other litigation costs and expenses, including expert witnesses, required to defend against any lawsuit brought as a result of City's approval or approvals, but shall not be required to pay any litigation from the City. However, applicant shall continue to pay reasonable internal City administrative costs, including but not limited to staff time and expense spent on the litigation, after tender is accepted. The undersigned hereby represents that they are fully empowered by the applicant as their agent to agree to provide the indemnification, defense and hold harmless obligations, and the signature below represents the unconditional agreement by applicant to be bound by such conditions.
- B. MITIGATION FEE ACT: Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your development project for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for processing

applications for governmental regulatory actions or approvals, fees collected under development agreements, or as a part of your application for development allocations under the City's Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day approval period in which you may protest has begun.

- C. The project shall comply with the conditions of approval of prior related project applications or Planning Division Files.
- D. The Conditional Use Permit is approved solely for the operation of the tap room and bar as described in the applicants proposed statement of operations on file with the planning division date stamped December 1, 2015 (application UP-15-15 Depot – Rakitin), with the exception of the area designated as retail which is considered a flexible use space, to allow amusement activities such as shuffleboard and darts as described in the ABC license application, and not specifying the size of the retail component as described in G below. Any expansion, intensification, or changes to the uses approved under this Conditional Use Permit shall be permitted only upon modification of this Conditional Use Permit or approval of a separate Conditional Use Permit application.
- E. HOURS OF OPERATION: The hours of operation for the tap room is as follows:
 - Monday through Thursday: Noon to 10PM
 - Friday and Saturday: 11 AM to 11PM
 - Sunday: 12 PM to 8PM
- F. Alcohol shall only be served in the taproom portion of the business as identified in the floor plan included in the facility's ABC License – this area is also identified as Unit B on the site plan.
- G. A retail component of the business shall be required to operate in conjunction with the taproom activities, however, the size of the retail component shall not be specified.

POLICE DEPARTMENT

- A. Entertainment as defined in Section 5.28 of the Morgan Hill Municipal Code may not be conducted on-site unless the establishment has applied and gained approval for an Entertainment Permit and satisfied all conditions of approval prior to the commencement of such use per Section 5.28 of the Morgan Hill Municipal Code.



Paul and Rene Ratikin
16977 Barnell Avenue
Morgan Hill, CA 95037

RE: Morgan Hill Conditional Use Permit 15-15
17500 Depot Street, Suite 100, Morgan Hill 95037

Dear Paul and Rene:

In response to your request for a letter verifying the recent modifications to the Running Shop and Hops business plan are in compliance with your Conditional Use Permit (CUP), the City of Morgan Hill has reviewed your CUP, statement of operations, application for and license granted for an Alcoholic Beverage Control (ABC) permit at 17500 Depot Street.

Based on the information included in your ABC License, your current operations appear to necessitate the review and approval or amendment to your ABC License to appropriately reflect the revised use of the premises and the square footage of space which is subject to the permit. Also, the License should include the entertainment activity disclosure including video/coin operated games, pool/billiards tables, games and the possible change to the percentage of sales from your business that are attributed to be from alcoholic beverages, which your permit lists as 40%.

The conditions in the CUP for your business also require an annual review for condition compliance. In preparation for annual review, the Development Services Department has reviewed documents contained in your file, including the statement of operations, the CUP Resolution and conditions contained therein, and the California Department of Alcoholic Beverage Control (ABC dated 11-17-15) application and permit related to the operations and use as proposed for the premises. Your use permit review is due January 12, 2018.

Once ABC has completed a review/amendment of your license from ABC, the City of Morgan Hill will prepare a modification to your CUP, consistent with Section 18.54.090 MC, wherein the Community Development Department may initiate corrective action to the CUP as a part of your annual review, to reflect the changes to your operations. The CUP will then be scheduled for Planning Commission review at their first meeting in January to ensure that the CUP mirrors your current business operations. Should modification of your ABC license be unnecessary, the modification of the CUP can proceed accordingly with a letter or communication to that effect from ABC. The City would encourage you to contact ABC at your earliest convenience to seek such letter or amended license in order to meet the January timeframe.

The City Manager has also received a complaint regarding violations at your premises of the City's smoking ordinance, contained in Chapter 8.44 of the Morgan Hill Municipal Code. To assist you with smoking compliance, this letter outlines the basic requirements of the City's no-smoking ordinance (Smoking Pollution Control), and your obligations as an owner and operator of a business to enforce the provisions of the ordinance in on, and around any space used by you and or patrons of your business. Please note that smoking violations are a serious matter and any person who violates provisions of this section, individual or business, can and shall be found guilty of an infraction and can be cited. In addition, upon receipt of a complaint, and

during any regular inspection, the City may require the owner, manager or operator to provide a "self-certification" that all the requirements of the Ordinance have been complied with. The Ordinance states:

It is unlawful for a person who owns, manages, operates or otherwise controls the use of any premises to fail to enforce or comply with the City's no-smoking provisions. It is unlawful for any person to smoke in areas restricted by Chapter 8.44, Smoking Pollution Control. At least one universal symbol "no smoking sign", with letters no less than one inch in height shall be clearly, sufficiently and conspicuously posted on the building or other place where smoking is regulated by the City's Smoking Pollution Control Ordinance by the owner, operator, manager or that person having control of such building or other places. Presence of signs or not – shall not be a defense to a charge of smoking in violation of City laws. Further, smoking is not permitted in:

- a) Public places within 25' of any doorway, window, opening, crack or vent into a public place which fronts on a sidewalk or street (except while actively passing)
- b) Service areas (any publicly or privately-owned area including streets and sidewalks, that is used by one or more persons to receive a service, waiting to receive a service, or to make a transaction, whether or not such service includes exchange of money)
- c) Dining areas (any area, including streets and sidewalks available to or customarily used by the general public or an employee, and which is designed, established or regularly used for consuming food or drink. This includes outdoor patios and other areas used for consumption of food or drink).

You may establish a designated smoking area if it meets the following criteria:

- It must be clearly marked/identified with conspicuous signs;
- It must not overlap with any area in which smoking is otherwise prohibited;
- It must be located a reasonable distance (25 feet) from any areas used primarily by children; and,
- It must be no more than 5% of the total outdoor area of the property on which the building/business is located.

Please let me know if you have questions regarding any of the above. In order to schedule your CUP for Planning Commission in early January, we should receive your ABC information no later than Dec. 5.

Sincerely,



Leslie A. Little
Asst. City Manager, Development Services

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

100 Paseo de San Antonio, Rm. 119
San Jose, CA 95113
(408) 277-1200



November 21, 2017

The Running Shop & Hops Inc
Attn: Mr Paul Rakitin
17500 Depot Street, STE 100
Morgan Hill CA 95037

The Running Shop & Hops
License # 40-564197

Dear Mr Rakitin

Thank you for providing an update to your premises diagram (ABC 257) and planned operation (ABC 257-reverse). A copy of each form is enclosed.

The overall dimensions of your licensed premises have not changed, and the operations described do not violate the conditions inherent for your type of ABC license, which, as you know is a type 40 On Sale Beer license.

Please contact me if you have questions.

Sincerely,

Jerry Koshimizu
Licensing Representative
Email: jerry.koshimizu@abc.ca.gov
Phone: (408) 277-3563

Attachment: ABC Ltr dtd 21 Nov 2017 (1573 : Use Permit Amendment-Depot-Rakitin)

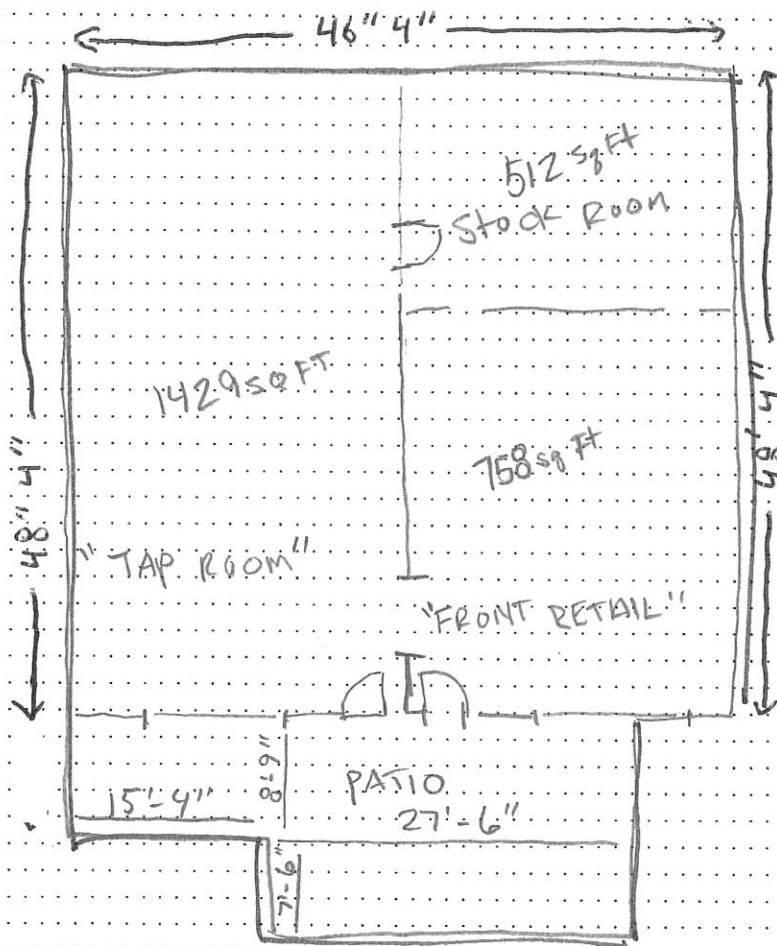
Department of Alcoholic Beverage Control

LICENSED PREMISES DIAGRAM (RETAIL)

RECEIVED
State of California
OCT 27 2017
Dept of Alcoholic Beverage Control
San Jose

1. APPLICANT NAME (Last, first, middle) The Running Shop and Hops Inc	2. LICENSE TYPE 40
3. PREMISES ADDRESS (Street number and name, city, zip code) 17500 Depot St, STE 100, Morgan Hill CA 95037-3886	4. NEAREST CROSS STREET East 1st Street

The diagram below is a true and correct description of the entrances, exits, interior walls and exterior boundaries of the premises to be licensed, including dimensions and identification of each room (i.e., "storeroom", "office", etc.).

DIAGRAM

It is hereby declared that the above-described boundaries, entrances and planned operation as indicated on the reverse side, will not be changed without first notifying and securing prior written approval of the Department of Alcoholic Beverage Control. I declare under penalty of perjury that the foregoing is true and correct.

APPLICANT SIGNATURE (Only one signature required) <i>P. G. R. M.</i>	DATE SIGNED 10/19/17
FOR ABC USE ONLY	
CERTIFIED CORRECT (Signature) <i>[Signature]</i>	PRINTED NAME Jerry Koshinich
ABC-257 (5/05)	INSPECTION DATE Compared/Waived

Attachment: ABC Ltr dtd 21 Nov 2017 (1573 : Use Permit Amendment-Depot-Rakitin)

Department of Alcoholic Beverage Control
PLANNED OPERATION (RETAIL)

SECTION I - FOR ALL RETAIL APPLICANTS

1. APPLICANT NAME(S) The Running Shop and Hops Inc				2. LICENSE TYPE(S) 40			
3. PREMISES ADDRESS (Street number and name, city, zip code) 17500 Depot St, STE 100, Morgan Hill CA 95037-3886				4. NEAREST CROSS STREET East 1st Street			
5. TYPE OF BUSINESS (Choose one that best describes the planned operation)							
☐ Full Service Restaurant		☐ Cafeteria/Hofbrau		☐ Cocktail Lounge		☐ Private Club	
☐ Deli or Specialty Restaurant		☐ Comedy Club		☐ Night Club		☐ Veterans Club	
☐ Cafe/Coffee Shop		☐ Brew Pub		☐ Tavern		☐ Fraternal Club	
☐ Bed & Breakfast		☐ Theater		☐ Wine Tasting Room			
☐ Supermarket		☐ Membership Store		☐ Service Station		☐ Swap Meet/Flea Market	
☐ Liquor Store		☐ Department Store		☐ Convenience Market		☐ Drive-in Dairy	
☐ Variety/Drug Store		☐ Gift Shop/Florist		☐ Convenience Market w/Gasoline			
☒ Other - describe: <u>ON SALE BEER</u>							
6. PATRON CAPACITY 123		7. SURROUNDING AREA ☒ Commercial ☐ Rural ☐ Residential ☐ Industrial ☐ Other		8. PREMISES IS LOCATED IN ☒ Free Standing Building ☐ Shopping Center (Name): ☐ 10 Units or Less ☐ More than 10 Units			
9. FOOD SERVICE ☐ None ☒ Minimal ☐ Full Meals		10. PARKING LOT? ☒ Yes ☐ No		11. PATIO? ☒ Yes ☐ No		12. WILL YOU HIRE A MANAGER? (Rule 57.5) ☒ Yes ☐ No	
13. WILL YOU HAVE A FOOD LESSEE? (Rule 57.7) ☐ Yes ☒ No							
14. MEAL TYPE ☐ Dinner House ☐ Seafood ☐ Fast Food/Deli ☒ Other: ☐ Pizza/Pasta <u>PRE PACKAGE SNACKS</u>		15. TYPE OF FOOD ☐ American ☐ Greek ☐ Indian ☐ French ☐ Chinese ☐ Korean ☐ Italian ☐ Thai ☐ Japanese ☒ Other: <u>PRE PACKAGE SNACKS</u>				16. HOURS OF FOOD SERVICE BREAKFAST HOURS From: To: LUNCH HOURS From: To: DINNER HOURS From: To:	
17. OPERATING HOURS							
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Opening Time	12:00 PM	12:00 PM	12:00 PM	12:00 PM	12:00 PM	11:00 AM	11:00 AM
Closing Time	8:00 PM	10:00 PM	10:00 PM	10:00 PM	10:00 PM	11:00 PM	11:00 PM
18. ENTERTAINMENT (One or more may apply. Please describe any entertainment with an asterick (*) below)							
☐ None		☐ *Amplified Music		☐ Patron Dancing		☐ Card Room	
☒ Recorded Music		☐ *Live Entertainment		☐ Bikini/Topless/Exotic		☐ Movies	
☐ Juke Box		☐ *Floor/Stage Shows		☐ Pool/Billiard Tables		☐ "Hot Spot"/Lottery	
☒ *Other		☐ Karaoke		☐ *Amateur/Pro Sports Events		☒ Video/Coin-Operated Games	
*Description: <u>SHUFFLEBOARD, DARTS, FOOTBALL, CHESS, CHECKERS, ONE STAND UP ARCADE COIN OPERAT</u>							
19. PREMISES IS LOCATED ON ☐ Major Thoroughfare ☒ Secondary Street ☐ Other				20. TYPE OF STRUCTURE ☐ Single Story ☐ Two-Story ☐ Multi-Story - Number of stories:			
21. PASS-THROUGH WINDOW? ☐ Yes ☒ No		22. FIXED BARS? ☒ Yes - how many: <u>1</u> ☐ No		23. WHAT PERCENTAGE OF YOUR TOTAL SALES WILL BE ALCOHOLIC BEVERAGES? <u>70%</u>			
FOR ABC USE ONLY							
24. INFORMATION GIVEN (R-27, R-107, Sec. 25612.5, Sec. 23790.5, etc.)						25. DATE ENTERED INTO CABIN	



City of Morgan Hill

File #: 15-927, Agenda Date: 1/12/2016, Version: 1

PLANNING COMMISSION STAFF REPORT MEETING DATE: JANUARY 12, 2016

PREPARED BY: Sheldon S. Ah Sing, Contract Planner/Community Development
APPROVED BY: Andrew Crabtree, Community Development Department Director

USE PERMIT UP-15-15: DEPOT - RAKITIN: Use Permit approval request for a tap room and bar for the on-site sale of alcoholic beverages to be established in conjunction with a retail store. The property identified by Assessor Parcel Number 726-14-059, is located on the northeast corner of Depot Street and East First Street (Charles Weston, Owner). CEQA: Categoricaly exempt pursuant to section 15301.

RECOMMENDATION(S):

Approval subject to the Findings and Conditions contained in attached Resolution.

CEQA (California Environmental Quality Act):

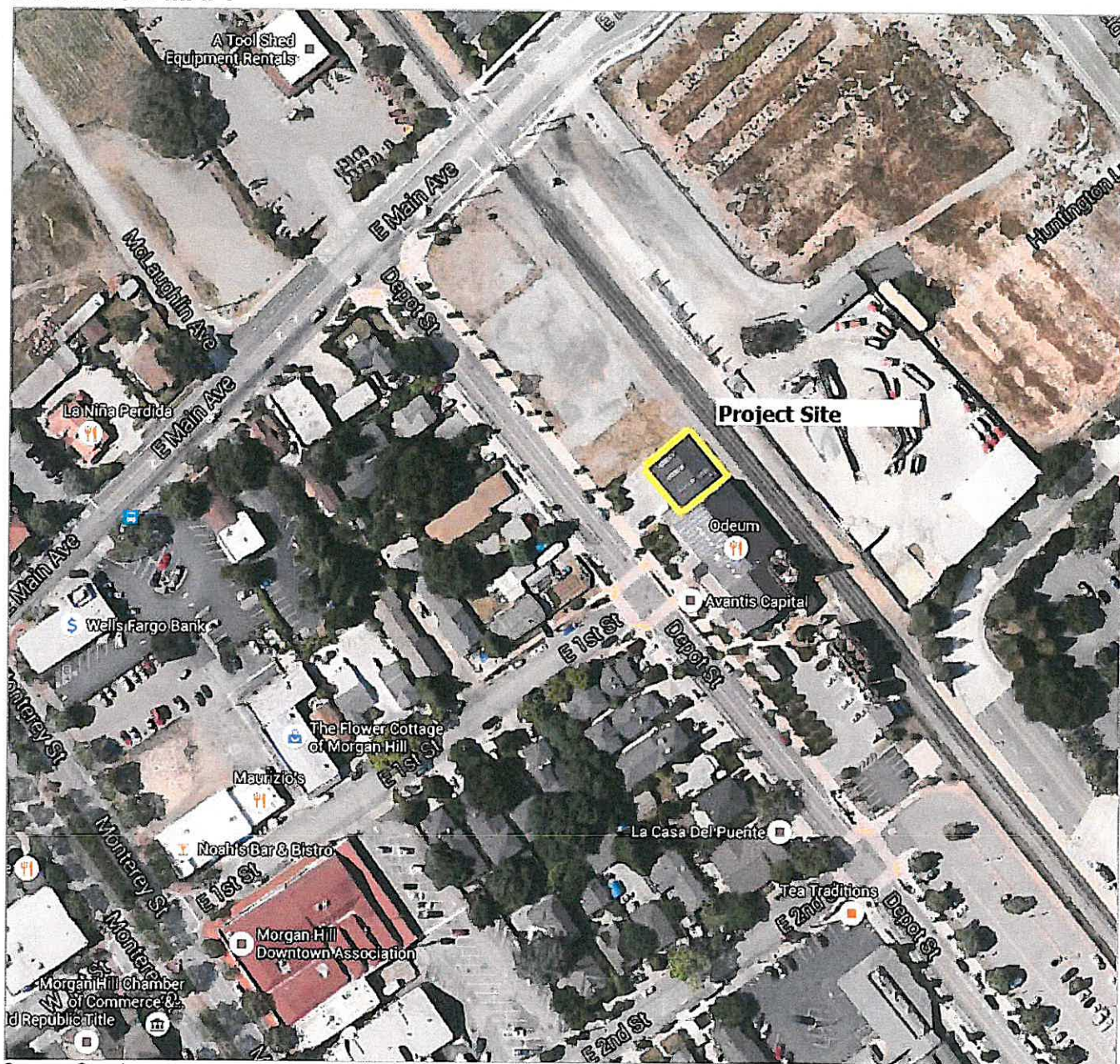
Categorical Exemption

The project is categorically exempt from environmental review under Section 15301 of the CEQA Guidelines - Existing Facilities. The project includes interior renovations, including partitions, plumbing and electrical work to upgrade the existing garage into a commercial space.

PROJECT SUMMARY:

Location: 17500 Depot Street #100 (APN: 726-14-059)
Site Area: 1.54 acres (2,428 square foot tenant space)
General Plan: Mixed Use
Zoning: Central Business District (CBD)
Request: Request for approval for a Conditional Use Permit for a tap room and bar for the on-site sale of alcoholic beverages to be established in conjunction with a retail store.

LOCATION MAP:



Source: Google.

BACKGROUND:

Site Description

The project site is 1.54 acres in area, located within the Downtown, governed by the Downtown Specific Plan. The site includes an existing 19,658 square foot two-story building repurposed in 2006 from its former granary use. The project proposes to renovate the existing 2,532 square foot garage into commercial space. The building includes commercial uses (office and restaurant uses). Some parking is provided on-site with surface parking with other parking available on-street or at the off-site parking lots nearby.

Surrounding Uses

The site abuts the Union Pacific and Caltrain rail tracks to the east. To the south of the site is a parking lot for the Morgan Hill Caltrain Station and the Downtown district. To the west are multi-family residential dwelling units (duplexes and triplexes) on small lots. To the north is a vacant lot with a current proposal to construct multi-family residential dwelling units.

ANALYSIS:

Proposed Project

The applicant requests a Use Permit to allow a tap room and bar for the on-site sale of alcoholic beverages to be established in conjunction with a retail store within a 2,655 square foot tenant space (1,130 square foot tap room and bar with 80 seats, 748 square foot retail space, 483 square foot storage room, 160 square foot restroom and 67 square foot electrical room).

The existing garage space (2,532 square feet) would be renovated into a commercial space to accommodate the proposed uses. The proposed retail would be a running specialty shop that would have direct internal access to the tap room space. As part of the proposal, the applicant proposes a minor addition for restrooms at the rear of the building. The applicant further states and the project plans indicate that site improvements would include an outdoor patio area for seating within the area that currently includes surface parking adjacent to the entry of the tenant spaces. The site improvement request would be submitted later this year. As such, the proposal includes outdoor seating for up to 48 seats.

The tenant improvement to establish the retail shop does not require any discretionary review. However, exterior improvements, including the outdoor seating patio, façade changes and restroom addition require Design Review outside the purview of the Use Permit consideration.

As described further in the applicant's "statement of proposed operations" (Attachment 2), the hours of the tap room would generally be between noon and midnight (except starting at 10am on Friday, Saturday and Sunday and closing at 8pm on Sunday).

Specifically, the applicant would request a "Type 40" liquor license from the California Department of Alcohol Beverage Control, which would limit the operation to only serve beer on-site.

Consistency with Adopted Plans and Policies

The proposed project was analyzed with respect to consistency with the: 1) General Plan; 2) Downtown Specific Plan; 3) Zoning Ordinance; and 4) other applicable policies.

1) General Plan Consistency

The Site has a General Plan designation of CBD Mixed Use and is located within the Downtown Specific Plan Area. When applied in accordance with the Downtown Plan, this designation covers 68 acres of smaller parcels with the downtown area. This designation is intended to encourage a mixture of commercial and residential uses. The proposed use would be commercial, consistent with this designation as further discussed below.

General Plan Policies

The project is consistent with the following General Plan policies:

Community Development

- 9a. Encourage a variety of commercial and office development to meet the needs of city residents.
- 9b. Ensure the viability of downtown and other recognized shopping areas, and discourage

isolated and sprawling commercial activities along major roads.

The project includes commercial development that includes retail and beverage services, which are desirable in the downtown. These uses will serve to both keep and attract people downtown.

- 13c. Consider allowing downtown land uses with night and weekend peak parking demands to share parking spaces with uses that have daytime and weekday peak parking demands.

The proposed tap room includes night and weekend hours, which is consistent with this policy.

Economic Development

- 1b. Encourage retention and expansion of existing businesses, and attract new businesses.

The project includes a new enterprise that renovates a garage into a commercial space.

2. Downtown Specific Plan

The site is located within the Downtown Specific Plan. The Downtown Specific Plan boundary covers 18 blocks and approximately 110 acres. Downtown Morgan Hill is centered on Monterey Road and is bound by Main Avenue, Butterfield Boulevard, Dunne Avenue, and Del Monte Avenue. The Downtown Core is generally defined by Main Avenue, the railroad tracks, Dunne Avenue, and Del Monte Avenue.

The vision statement of the Downtown Specific Plan is: "Strengthening Downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of this Plan - a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else - a place with its own scale, character and uses." Consistent with this vision, the Specific Plan identifies that the downtown "will offer needed goods and services and well as provide a congenial home for new and unique businesses".

Since the project is located within the Downtown Specific Plan, the listed permitted and conditionally permitted uses within the Specific Plan supersede the Morgan Hill Zoning Ordinance and provide the primary tool for the Plan's implementation. Since the proposed use would not offer food with the alcoholic beverage service, it is considered a "bar" and as such requires the approval of a Conditional Use Permit (Figure 8, Permitted Uses—Morgan Hill Downtown Specific Plan). Such use can be appropriate provided that it meets the City's standards for conditional uses.

Land Use Goals and Objectives

- Encourage a diverse mix of uses emphasizing specialty retail, restaurant, entertainment, residential and commuter-serving uses.

The project includes a tap room and bar along with retail shop.

Policies

- Encourage land uses that have weekend and evening peak demands to better accommodate shared parking.

The proposed tap room includes night and weekend hours, which is consistent with this policy.

3. Zoning Code Consistency

Zoning Code Conditional Use Permit Findings

According to the Downtown Specific Plan, the CBD Central Business District, bar uses require approval of a conditional use permit. Pursuant to the requirements in Section 18.54.050 of the Zoning Ordinance, the following findings are required:

- A. The site is suitable and adequate for the proposed use.**
- B. The proposed use and design would not have a substantial adverse effect on traffic circulation and on the planned capacity of the street system.**
- C. The proposed use at the location will not adversely affect the peace, health, safety, morals or welfare of persons residing or working in the surrounding area, or impair the utility or value of property of other persons located in the vicinity of the site, or be detrimental to public health, safety or general welfare.**
- D. The design of the project is compatible with existing and proposed development within the district and its surroundings.**

A. Site Suitability

The site is located in the downtown core identified as Central Business District (CBD) within the Downtown Specific Plan. The project renovates an existing garage into a commercial space. As discussed previously, the intended use of the site is consistent with the following Downtown Specific Plan land use goals, objectives and policies:

- Encourage a diverse mix of uses emphasizing specialty retail, restaurant, entertainment, residential and commuter-serving uses.
- Encourage land uses that have weekend and evening peak demands to better accommodate shared parking.

B. Circulation

Currently, in front of the tenant space there is a small parking lot for three vehicles with access to Depot Street. Future site improvements would reduce this parking to one space consistent with the Americans with Disabilities Act requirements. Commercial (non-office) uses within the Downtown are exempt from providing additional on-site parking (Chapter 4: Parking Resources Management Strategy—Morgan Hill Downtown Specific Plan and City Council Resolution #6640). The Specific Plan concluded that the current parking demand does not exceed the supply, but in the long-term additional parking will be necessary. A new parking structure in the downtown near the project would provide 275 parking spaces and a parking study focused on the Downtown is under way to confirm parking demand and supply statistics.

C. General Welfare

As conditioned and as regulated by state and local laws, the project's operations would not adversely affect peace, health, safety, morals or welfare of persons residing or working in surrounding areas. The project would not impair the utility or value of the property of other persons located in the vicinity of the site and will not be detrimental to the health, safety or general welfare. For instance, the project would be required to obtain an alcohol license from the state for the on-sale of beer. The proposed use is part of a coordinated development scheme for the east side of Depot Street, including other potential future commercial uses, an already approved condominium development, and an existing commercial use. The design of these uses is being coordinated by a single developer/architect with the intent of providing positive interfaces between the uses and connecting them to each other in a cohesive, coordinated manner so that the proposed uses would support other commercial activity and provide an amenity for the area. Implementation of the project would also include compliance with building codes.

Zoning Designation

The zoning designation for the site is Central Business District (CBD). The project's land use is consistent with the zoning and a Conditional Use Permit is requested. The findings for approval are discussed in the previous section.

4. Applicable Policies

As mentioned previously, parking for commercial (non-office) uses is exempted. City Council Resolution Number 6640 further clarifies the Specific Plan recommendations.

Public convenience or necessity

Alcohol licenses are issued under the authority of the State's Alcoholic Beverage Control. Each census tract has a limited number of licenses that can be issued based on population within the census tract and crime rates. Additional licenses can be issued if findings for "public convenience or necessity" are made by the City. Based on information from the ABC, there exists an undue concentration under State Code Section 23958.4 Business & professions for the subject site's census tract. Such a concentration is typical and considered appropriate for a downtown area which contains multiple dining and drinking establishments. Therefore, findings for public convenience or necessity are included in the project's Use Permit resolution for Commission consideration.

Community Engagement

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period and a sign has been posted at the proposed business location per the Planning Division requirements.

Conclusion

As discussed in this report, the City is able to make the required findings for approval of the requested Conditional Use Permit for the operation of the tap room and bar. As a condition of approval, the outdoor seating is contingent upon the approval of site improvements through Design Review (Site and Architectural Review) that would appropriately evaluate the tables/seating and landscape improvements. Approval is recommended subject to the findings and conditions contained in the attached resolution.

CEQA (California Environmental Quality Act):

Categorical Exemption

The project is categorically exempt from environmental review under Section 15301 of the CEQA Guidelines - Existing Facilities. The project includes interior renovations, including partitions, plumbing and electrical work to upgrade the existing garage into a commercial space.

LINKS/ATTACHMENTS:

1. Conditional Use Permit Resolution
2. Statement of Proposed Operations
3. Letter of Justification by Applicant
4. Project Plans

RESOLUTION NO. 16-11

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL APPROVING A CONDITIONAL USE PERMIT TO ALLOW A 1,429 SQUARE FOOT TAP ROOM AND BAR WITH SERVICE OF BEER AT 17500 DEPOT STREET IN THE CENTRAL BUSINESS DISTRICT (APN 726-14-059)

WHEREAS, such request was considered by the Planning Commission at its regular meeting of January 12, 2016, at which time the Planning Commission approved application UP-15-15: Depot – Rakitin; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

- SECTION 1.** The approved use permit is consistent with the Zoning Ordinance and the General Plan.
- SECTION 2.** The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301, Existing Facilities of the CEQA Guidelines.
- SECTION 3.** The approved conditional use has been found consistent with the criteria for use permit approval contained in Section 18.54.050 of the Zoning Code. The basis and the findings are set forth in the staff report for Item #2 of the Planning Commission Meeting of January 12, 2016, which findings were duly considered by the Commission and are hereby adopted.
- SECTION 4.** The project is a public convenience or necessity because it provides a unique business opportunity to attract patrons to the Downtown and activate a space that is now a garage. The business is consistent with the long-term vision of the Downtown Specific Plan in that it is a component of a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life.
- SECTION 4.** The use shall be expressly conditioned on conformance to conditions incorporated herein and as attached as Exhibit "A".
- SECTION 5.** Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your use for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for

Resolution No. 16-11

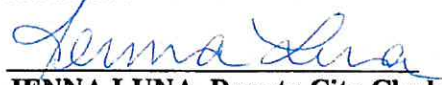
Page 2

processing applications for governmental regulatory actions or approvals, or fees collected (a) under development agreements, (b) pursuant to agreements with the Morgan Hill Redevelopment Agency or (c) as a part of your application for development allocations under the City's Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day approval period in which you may protest has begun. This right to protest does not apply to voluntary Residential Development Control System fees.

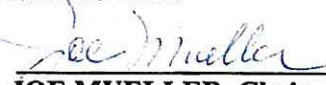
PASSED AND ADOPTED THIS 12TH DAY OF JANUARY 2016, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES:	COMMISSIONERS:	MCKAY, TOOMBS, SPRING, MUELLER, TANDA, DOWNEY
NOES:	COMMISSIONERS:	NONE
ABSTAIN:	COMMISSIONERS:	NONE
ABSENT:	COMMISSIONERS:	OROSCO

ATTEST:


JENNA LUNA, Deputy City Clerk

APPROVED:


JOE MUELLER, Chair

Date:

1/19/16

A F F I D A V I T

I, Paul Rakitin, applicant, hereby agree to accept and abide by the terms and conditions specified in this resolution.


Paul Rakitin, Applicant

Date:

1/19/16

EXHIBIT "A"**STANDARD CONDITIONS****APPLICATION: UP-15-15: DEPOT – RAKITIN**

THE FOLLOWING ARE STANDARD CONDITIONS OF APPROVAL THAT MUST BE MET PRIOR TO THE ISSUANCE OF BUILDING PERMITS AND/OR SITE DEVELOPMENT PERMITS EXCEPT AS MAY BE SPECIFIED IN THE CONDITIONS. THE APPROVAL REQUIREMENTS INCLUDE THESE REQUIREMENTS AND ANY SPECIAL CONDITIONS THAT ARE APPLIED THROUGH THE DEVELOPMENT APPROVAL PROCESS. APPLICANTS ARE REQUIRED TO SIGN THE APPROVAL CERTIFICATE/RESOLUTION FORM INDICATING THEY UNDERSTAND AND AGREE TO IMPLEMENT THESE STANDARD CONDITIONS AND ANY SPECIAL CONDITIONS APPLIED TO THEIR PERMIT APPROVAL.

PLANNING DIVISION**I. TIME LIMITS**

- A. The Conditional Use Permit approval granted under this Resolution shall remain in effect for 18 months to July 12, 2017. Failure to commence the use within this term shall result in termination of approval unless an extension of time is granted prior to the expiration date. (MHMC 18.54.070 A)
- B. In accordance with Section 18.54.090 of the Municipal Code, the Community Development Department shall conduct an annual review of the approved use for compliance with specified conditions. The Department may initiate corrective action as specified in the aforementioned Code Section if necessary to ensure compliance with said conditions. (MHMC 18.54.090)

II. SITE DEVELOPMENT

- A. **FINAL SITE DEVELOPMENT PLANS:** Building permits for tenant improvements can be issued by the City, however, final site development plans shall be reviewed and approved by the Community Development Department prior to issuance of an occupancy permit.
- B. **OUTDOOR SEATING:** The project is approved for up to 48 seats outside of the tap room/bar and retail shop tenant spaces. The actual amount may be less as evaluated for ingress/egress and compliance with accessibility codes. However, no tables or seating shall be located outside of the establishments until a Design Review permit or similar permit is issued by the City.
- C. **EXTERIOR IMPROVEMENTS:** No building permit shall be issued for any exterior changes to the project unless a Design Review permit or similar permit is issued by the City. This includes fenestration changes, façade changes and the restroom addition.

III. OTHER CONDITIONS

- A. DEFENSE AND INDEMNITY: Applicant agrees to defend and indemnify and hold City, its officers, agents, employees, officials and representatives free and harmless from and against any and all claims, losses, damages, injuries, costs and liabilities arising from any suit for damages or for equitable or injunctive relief which is filed against City by reason of its approval of this approval. In addition, applicant shall pay all pre-tender litigation costs incurred on behalf of the City including City's attorney's fees and all other litigation costs and expenses, including expert witnesses, required to defend against any lawsuit brought as a result of City's approval or approvals, but shall not be required to pay any litigation from the City. However, applicant shall continue to pay reasonable internal City administrative costs, including but not limited to staff time and expense spent on the litigation, after tender is accepted. The undersigned hereby represents that they are fully empowered by the applicant as their agent to agree to provide the indemnification, defense and hold harmless obligations, and the signature below represents the unconditional agreement by applicant to be bound by such conditions.
- B. MITIGATION FEE ACT: Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your development project for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements, or as a part of your application for development allocations under the City's Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day approval period in which you may protest has begun.
- C. SIGNED COPIES OF APPROVAL CERTIFICATE /RESOLUTION: Submit two (2) signed copies of Approval Resolution No. 16-11 to the Planning Division prior to issuance of building permits.
- D. The project shall comply with the conditions of approval of prior related project applications or Planning Division Files.
- E. Public Works Impact fees may be required for this project and must be paid prior to the issuance of Building Permit.
- F. The Conditional Use Permit is approved solely for the operation of the tap room and bar as described in the applicants proposed statement of operations on file with the planning division date stamped January 4, 2016 (application UP-15-15 Depot – Rakitin). Any

expansion, intensification, or changes to the uses approved under this Conditional Use Permit shall be permitted only upon modification of this Conditional Use Permit or approval of a separate Conditional Use Permit application.

G. HOURS OF OPERATION: The hours of operation for the tap room is as follows:

- Monday through Thursday: Noon to Midnight
- Friday and Saturday: 10AM to Midnight
- Sunday: 10AM to 8PM

H. SIX MONTH REVIEW: Staff shall prepare, after the first six (6) months of operation, a report with respect to complaints or calls of service from the Police Department for the business to the Planning Commission with recommendations on whether to maintain the hours of operation or amend accordingly.

BUILDING DIVISION

A. The owner or designee shall follow all applicable building codes.

FIRE DEPARTMENT

A. The owner or designee shall follow all applicable fire safety codes, including but not limited to:

1. Automatic Fire Sprinkler System Required, The building shall be protected throughout by an approved, automatic fire sprinkler system, hydraulically designed per National Fire Protection Association (NFPA) Standard #13.
2. Premises Identification, Approved numbers or addresses shall be placed on all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property. Numbers shall contrast with their background and be a minimum of four inches in height. (CFC section 505).

POLICE DEPARTMENT

- A. The applicant shall comply with applicable provisions of the City's building security ordinance. Exterior lighting shall comply with criteria specified in the Design Review Ordinance. (MHMC 18.74.050)
- B. Entertainment as defined in Section 5.28 of the Morgan Hill Municipal Code may not be conducted on-site unless the establishment has applied and gained approval for an Entertainment Permit and satisfied all conditions of approval prior to the commencement of such use per Section 5.28 of the Morgan Hill Municipal Code.

November 27, 2015

Letter of Justification: The Running Shop and Hops

17500 Depot Street #100 Morgan Hill, CA 95037

DEVELOPMENT
SERVICES

DEC 01 2015

CITY OF MORGAN HILL

To Whom It May Concern:

The Running Shop and Hops Inc. and officers are requesting a Conditional Use Permit for the above address.

The proposed site is currently zoned for commercial mixed use. The proposed use will provide a unique mixed retail space and social gathering place for all ages. The Running Shop and Hops will provide a safe communal meeting space for active families, adults as well as local running clubs like the South Valley Running Club and Moms Run this Town to congregate in a private retail space setting with indoor and outdoor seating.

The Running Shop and Hops will increase the value of the surrounding neighborhood by drawing a wide variety of additional visitors to the downtown area from neighboring cities due to its unique business model concept of being the first retail store and craft beer room in the entire state of California and second in the entire country. The Running Shop and Hops will place Morgan Hill on the map as a destination location for beer and running enthusiasts by providing expert shoe fittings and sales accompanied by a social gathering place offering regional craft beers. The first business to create this concept is based in Longmont Colorado, called Shoes and Brews, www.shoesbrews.com. They gained national publicity for their location and are currently expanding to Fort Collins Colorado because of their success.

As a local small business owner and veteran I am committed to help support our community in any way possible. As an example, this past Veterans Day, I helped codirect with Charles Weston, also a Veteran, our Inaugural Veterans Day run here in Morgan Hill. All proceeds benefitted local veterans' organizations. Additionally, the past two years we have helped donate over 75 pairs of shoes to the Mini Mermaids running program here in Morgan Hill and San Martin. We also continue to donate new and used shoes to Community Solutions every month.

The business concept is consistent with the downtown specific plan and will complement existing businesses while serving existing and future residential units as a retail and social gathering place.

Paul and Renee Rakitin

Pe & Renee

669-253-0551

650-576-7466

16977 Barnell Avenue

Morgan Hill, CA 95037

UP-15-15: DEPOT- RAKITIN

Attachment: Planning Commission Staff Report and resolution from January 12, 2016 (1573 : Use Permit Amendment-Depot-Rakitin)

November 27, 2015

Statement of Proposed Operations: The Running Shop and Hops

17500 Depot Street #100 Morgan Hill, CA 95037

DEVELOPMENT
SERVICES

CAL 01 2015

CITY OF MORGAN HILL

To Whom It May Concern:

The Running Shop and Hops Inc. and officers are requesting a Conditional Use Permit for the above address.

The proposed use for the above address will include relocating our current business and join it with a craft beer tap room. We will move The Running Shop location in Morgan Hill, which we opened in July 2013 to the larger new location at 17500 Depot Street # 100. We are an established and highly successful specialty running shoe store. We draw customers from within a 75 mile radius. The Running Shop is the only specialty shoe fitting store in the entire south county area. The Running Shop and craft beer room or "Hops" will be under one roof sharing an adjoining wall maintaining a level of separation each having its own entrances and hours of operation. There will be a communal patio seating area for patrons as well.

The Running Shop and Hops space will utilize an existing garage structure adjacent to the Granary Building. The projected surrounding buildings will be a part of the Granary Retail Buildings.

The Running Shop and Hops will be open 7 days a week.

Hops Hours

Monday 12:00 pm to 12:00 am

Tuesday 12:00 pm to 12:00 am

Wednesday 12:00 pm to 12:00 am

Thursday 12:00 pm to 12:00 am

Friday 10:00 am to 12:00 am

Saturday 10:00 am to 12:00 am

Sunday 10:00 am to 8:00 pm

11:00 pm will be the last call serving beer for the Hops.

UP-15-15: DEPOT- RAKITIN

Attachment: Planning Commission Staff Report and resolution from January 12, 2016 (1573 : Use Permit Amendment-Depot-Rakitin)

GENERAL NOTES

1. ALL WORK SHALL BE DONE IN ACCORDANCE WITH THE FOLLOWING:
 - A. APPLICABLE SECTIONS OF THE STATE OF CALIFORNIA'S DEPARTMENT OF TRANSPORTATION STANDARD SPECIFICATIONS, LATEST EDITION, HEREINAFTER CALLED "CALTRANS".
 - B. CALIFORNIA PLUMBING CODE AND CALIFORNIA BUILDING CODE.
 - C. ANY STANDARD SPECIFICATIONS WHERE APPLICABLE.
 - D. CIVIL ENGINEER'S DESIGN DRAWINGS.
 - E. LABOR, OCCUPATIONAL SAFETY AND HEALTH, ADMINISTRATION, OFFICE OF STANDARDS AND RULES OF THE DIVISION OF INDUSTRIAL SAFETY.
 - F. ANY OTHER CODES, ORDINANCES, RULES, AND REGULATIONS THAT MAY BE APPLICABLE.
 - G. ANY CONFLICTS EXIST BETWEEN ANY OF THE ABOVE LISTED SPECIFICATIONS THE MOST STRINGENT SPECIFICATION SHALL PREVAIL.
2. CONTRACTOR SHALL VERIFY LOCATION OF ALL EXISTING GROUND UTILITIES AND PROVIDE FOR THEIR THOROUGH DISCONNECTION, PROTECTION, REMOVAL AND/OR STORAGE AS NECESSARY. CONTRACTOR SHALL COORDINATE WITH THE COUNTY UTILITIES DEPARTMENT REGARDING ANY THOROUGH SERVICES AS NECESSARY.
3. ALL SPILLS, DEBRIS, AND INCIDENTAL ITEMS SHALL BE HAULED OFF SITE BY CONTRACTOR AND BE DISPOSED OF IN A LAWFUL MANNER IN ACCORDANCE WITH ALL APPLICABLE REGULATIONS.
4. CONTRACTOR SHALL TAKE CARE NOT TO DAMAGE IN ANY WAY ANY EXISTING ELEMENTS NOT DESIGNATED FOR REMOVAL. SUCH DAMAGE IS THE RESPONSIBILITY OF THE CONTRACTOR AT NO ADDITIONAL COST TO THE COUNTY/DISTRICT.
5. CONTRACTOR SHALL SHUT-OUT OF ALL UTILITIES PRIOR TO ANY CONSTRUCTION.
6. CONTRACTOR IS TO PROTECT AND KEEP <4> FEET NOT MARKED FOR REMOVAL OR REMOVAL.
7. THE SITE MUST BE CLEANED AT THE END OF EACH BUSINESS DAY.
8. CONTRACTOR TO MAINTAIN A SAFE, SECURE SITE.
 - A. THE DRAWING IS TO OUR BEST KNOWLEDGE AND REFLECTS THE INFORMATION PROVIDED TO US BY THE CLIENT. CONTRACTOR IS THE RESPONSIBILITY OF THE CONTRACTOR TO SECURE ALL PERMITS NECESSARY TO PERFORM THE WORK, INCLUDING BUT NOT LIMITED TO WORK IN THE PUBLIC RIGHT-OF-WAY, TREE REMOVAL, AND UTILITY NOTIFICATIONS.
 - B. CONTRACTOR SHALL EXERCISE ALL NECESSARY CAUTION TO AVOID DAMAGE TO ANY EXISTING UTILITIES NOT INTENDED TO REMAIN IN PLACE. WHETHER OR NOT SUCH LINES ARE RESPONSIBLE FOR ANY DAMAGE PLANS, AND SHALL BEAR FULL RESPONSIBILITY FOR ANY DAMAGE TO EXISTING UTILITIES.
 - C. CONTRACTOR IS ADVISED TO CONTACT THE CITY OF SAN JOSE PUBLIC WORKS DEPARTMENT AT 415-351-2444 OR A PRIVATE UNDERGROUND LOCATOR SERVICE AT CONTRACTOR'S EXPENSE AND THE APPLICABLE UTILITY COMPANY FOR MARKING OF EXISTING UTILITIES PRIOR TO BEGINNING WORK.
 - D. CONTRACTOR SHALL BE REQUIRED TO OBTAIN CONSTRUCTION PERMITS FOR THE FOLLOWING:
 1. WATER ALL ACTIVE CONSTRUCTION AREAS AT LEAST TWICE DAILY.
 2. MATERIALS OR EQUIPMENT HAULING SLOD, SAND, OR LOOSE MATERIALS ON ROADWAYS, SHALL BE COVERED AT LEAST TWICE PER DAY OF FREEDOM.
 3. SPEED STREET WITH WATER SWEEPERS IF AVAILABLE.
 4. ALL MATERIAL NATURAL IS CARRIED INTO ADJACENT PUBLIC STREETS.
 5. ENCLOSE COVER, WATER TWICE DAILY OR APPLY SAND, MULCH, SOIL, SUPPLIES TO EXPOSED STOCKPILES (15' HIGH, ETC.).

KEY NOTES

- | | |
|----|---|
| 13 | <E> WALL & COLUMNS TO REMAIN |
| 14 | SIDEWALK TO COMPLY WITH ACCESSIBILITY NOTES |
| 16 | (N) 6" CHAIN LINK FENCE |
| 17 | LARGE POTTED PLANTS |

SYMBOL LEGEND

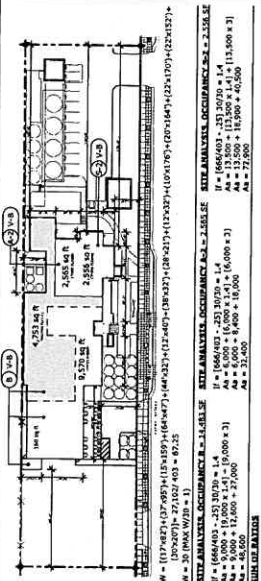
- PROPERTY LINE
- AREA OF WORK TO BE DONE
- ACCESSIBLE PATH OF TRAVEL

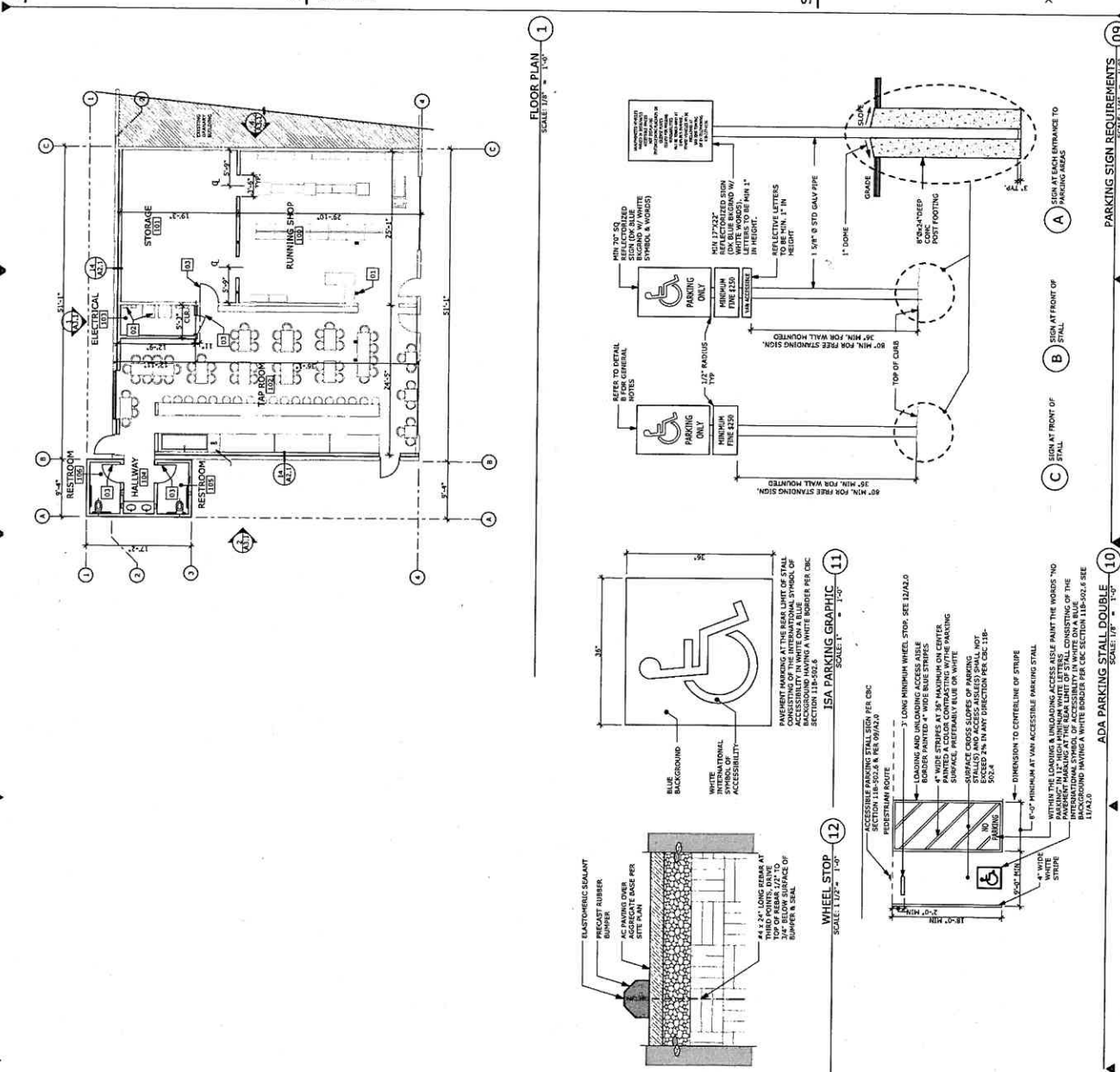
ACCESSIBILITY NOTES

4. ACCESSIBLE GROUND FLOOR ENTRY/ EXITS SHALL COMPLY WITH:
CFC 118-414.2.4.
- 24" STRIKE SIDE CLEARANCE AT EXTERIOR PULL SIDE OF DOORS
- 60" MIN LEVEL AREA (2% MAX SLOPE) PERPENDICULAR TO DOOR & EXTERIOR & INTERIOR
- LEVEL LANDING AREA CONNECTED TO ACCESSIBLE ROUTE THROUGHOUT SITE.
ALL GATES IN POST SHALL BE EQUIPPED W/ANIC HARDWARE.

- [illegible]

DEPOT STREET







PLANNING COMMISSION STAFF REPORT

MEETING DATE: January 9, 2018

PREPARED BY: Rich Buikema, Contract Planner

APPROVED BY: Jennifer Carman, Community Development Director

UP2017-0013 LIGHTPOST- BIG OAK RANCH: CONDITIONAL USE PERMIT TO ALLOW WINE TASTING IN CONJUNCTION WITH THE ON-SITE PRODUCTION OF WINE WITHIN AN EXISTING INDUSTRIAL BUILDING, IDENTIFIED BY ASSESSOR PARCEL NUMBER 726-33-027, LOCATED ON THE EASTERLY TERMINUS OF LIGHTPOST WAY

RECOMMENDATION(S)

1. Open/close the public hearing; and,
2. Adopt a Resolution approving a Conditional Use Permit allowing wine tasting within an existing industrial building at the requested site.

REQUEST:

A Conditional Use Permit is being requested by the applicant, Big Oak Ranch LLC, to allow wine tasting within an approximately 2,000 square foot portion of an existing 61,000 square foot industrial building.

BACKGROUND:

A continuance was granted on November 28, 2017 to the December 12, 2017 Planning Commission meeting in response to a request received on November 24, 2017 from Matthew LeMaster representing an adjacent property owner.

A continuance was granted on December 12, 2017 to allow time for additional notification to the neighboring properties. The size and contents of the posted notice was in accordance with the Zoning Ordinance (Section 18.02.085) and application instructions for a Conditional Use Permit; however, the location of the sign was not sufficiently visible to the public from the street. The sign has since been relocated to be visible from Lightpost Drive. Additionally, notice for the January 9, 2018 public hearing was mailed to property owners within 300 feet of the project and published in the newspaper for the minimum 10-day period.

The November 28, 2017 and December 12, 2017 staff reports have been attached (Attachments 2 and 3).

ADDITIONAL INFORMATION:

The applicant submitted revised plans (Attachment 4) on December 7, 2017 to clarify the ultimate extent of the proposed wine tasting use. The area within the interior of the building changed from 2,015 square feet to 2,696 square feet to include areas previously shown as future expansion areas that were not included in the area calculation. The parking calculation was revised to demonstrate that there remains an adequate amount of parking for the wine tasting use in accordance with the Zoning Ordinance parking requirements. The Resolution has been updated to reflect the change in project description.

A correction to the Staff Report has been made to clarify that the site has a General Plan designation of Commercial/Industrial and not Industrial as indicated in the Staff Report dated November 28, 2017.

The purpose of the Commercial/Industrial designation is to promote job-generating development of lands, generally located along Highway 101, by allowing greater flexibility in terms of allowing a varied mix of industrial, office, and commercial uses that are compatible with existing development. Specifically, this designation would allow office, research and development, light industrial uses, and similar uses, and would also allow amenities, such as retail services, restaurants, and lodging to support the primary job generating uses within business park settings.

The proposed wine tasting use would be consistent with uses allowed within the Commercial /Industrial land use as this land use provides more flexibility to allow for non-industrial uses, supportive amenities, retail services and restaurants within a business park setting. The proposed use, within an existing multi-tenant industrial building includes an industrial component (wine production/storage) with ancillary commercial uses (wine tasting and food pairing events) and will maintain the overall character of the existing industrial setting.

Refer to the original and supplemental staff reports for further information regarding the project.

LINKS/ATTACHMENTS:

1. Planning Commission Resolution
2. 11/28 Planning Commission Staff Report
3. 12/12 Supplemental Planning Commission Staff Report
4. Updated Plan

RESOLUTION NO.**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL APPROVING A CONDITIONAL USE PERMIT TO ALLOW WINE TASTING WITHIN AN EXISTING BUILDING AT 900 LIGHTPOST WAY IN THE M-L LIGHT MANUFACTURING ZONE DISTRICT (APN 726-33-027)**

WHEREAS, such request was considered by the Planning Commission at its regular meeting of January 9, 2018 at which time the Planning Commission approved Conditional Use Permit UP2017-0013: Lightpost-Big Oak Ranch; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1. The approved Conditional Use Permit is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301, Existing Facilities of the CEQA Guidelines.

SECTION 3. The approved conditional use has been found consistent with the criteria for Conditional Use Permit approval contained in Section 18.54.050 of the Zoning Code. The basis and the findings are set forth in the staff report for this item in the Planning Commission Meeting of November 28, 2017, December 12, 2017, and January 9, 2018, which findings were duly considered by the Commission and are hereby adopted.

SECTION 4. The use shall be expressly conditioned on conformance to conditions incorporated herein and as attached as Exhibit "A".

Resolution No.

Page 2

PASSED AND ADOPTED THIS 9TH DAY OF JANUARY 2018, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

JENNA LUNA, Deputy City Clerk

APPROVED:

JOHN MCKAY, Chair

Date: _____

Attachment: Planning Commission Resolution [Revision 1] (1557 : UP2017-0013 Lightpost- Big Oak Ranch)

AFFIDAVIT

I, Big Oak Ranch LLC, applicant, hereby agree to accept and abide by the terms and conditions specified in this resolution.

Sofia Fedotova, Applicant

Date: _____

EXHIBIT "A"

STANDARD CONDITIONS

APPLICATION: UP2017-0013 Lightpost-Big Oak Ranch LLC.

THE FOLLOWING ARE STANDARD CONDITIONS OF APPROVAL THAT MUST BE MET PRIOR TO THE ISSUANCE OF BUILDING PERMITS AND/OR SITE DEVELOPMENT PERMITS EXCEPT AS MAY BE SPECIFIED IN THE CONDITIONS. THE APPROVAL REQUIREMENTS INCLUDE THESE REQUIREMENTS AND ANY SPECIAL CONDITIONS THAT ARE APPLIED THROUGH THE DEVELOPMENT APPROVAL PROCESS. APPLICANTS ARE REQUIRED TO SIGN THE APPROVAL CERTIFICATE/RESOLUTION FORM INDICATING THEY UNDERSTAND AND AGREE TO IMPLEMENT THESE STANDARD CONDITIONS AND ANY SPECIAL CONDITIONS APPLIED TO THEIR PERMIT APPROVAL.

ACRONYMS:

MHMC – Morgan Hill Municipal Code

MHARH – Morgan Hill Architectural Review Handbook

PLANNING DIVISION

I. TIME LIMITS

- A. The Conditional Use Permit approval granted as described in the Planning Commission Staff report dated January 9, 2018 shall remain in effect for 12 months to January 9, 2019. Failure to commence the use within this term shall result in termination of approval unless an extension of time is granted prior to the expiration date. **(MHMC 18.54.070 A, B)**
- B. In accordance with Section 18.54.090 of the Municipal Code, the Development Services Department shall conduct an annual review of the approved use for compliance with specified conditions. The Department may initiate corrective action as specified in the aforementioned Code Section if necessary to ensure compliance with said conditions. **(MHMC 18.54.090)**

II. SITE DEVELOPMENT

- A. Final site development plans and/or modifications to the exterior building shall be reviewed and approved by the Development Services Department as required through a Design Review Permit prior to issuance of a building permit.

III. OTHER CONDITIONS

- A. The Conditional Use Permit is approved solely for the operation of the wine tasting room in conjunction with the on-site production of wine (winery), retail sales of wine and events as described in the applicants proposed statement of operations on file with the Planning Division (Application UP2017-0013: Lightpost-Big Oak Ranch) and as shown in the area depicted on the illustrations in the set of plans revised December 7, 2017. Serving of food is allowed in conjunction with the wine tasting activity and related events. A restaurant is not permitted. Any expansion, intensification, or changes to the uses approved under this Conditional Use Permit shall be permitted only upon amendment of this Conditional Use Permit or approval of a separate Conditional Use Permit application.
- B. The hours of operation are restricted to 9:00AM-12:00AM, 7 days a week.
- C. Applicant agrees to defend and indemnify and hold City, its officers, agents, employees, officials and representatives free and harmless from and against any and all claims, losses, damages, injuries, costs and liabilities arising from any suit for damages or for equitable or injunctive relief which is filed against City by reason of its approval of this Condition Use Permit approval. In addition, applicant shall pay all pre-tender litigation costs incurred on behalf of the City including City's attorney's fees and all other litigation costs and expenses, including expert witnesses, required to defend against any lawsuit brought as a result of City's approval or approvals, but shall not be required to pay any litigation from the City. However, applicant shall continue to pay reasonable internal City administrative costs, including but not limited to staff time and expense spent on the litigation, after tender is accepted. The undersigned hereby represents that they are fully empowered by the applicant as their agent to agree to provide the indemnification, defense and hold harmless obligations, and the signature below represents the unconditional agreement by applicant to be bound by such conditions.
- D. Notice is hereby given that, pursuant to the Mitigation Fee Act, the City of Morgan Hill charges certain fees (as such term is defined in Government Code Section 66000) in connection with approval of your development project for the purpose of defraying all or a portion of the cost of public facilities related to your development project (Mitigation Fee Act Fees). These fees do not include fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements, or as a part of your application for development allocations under the City's Residential Development Control System. The Mitigation Fee Act Fees applying to your project are listed in the schedule of fees provide. Notice is also hereby given that you have the opportunity to protest the imposition of the Mitigation Fee Act Fees within 90 days of the approval of the approval or conditional approval of your development project and that the 90-day approval period in which you may protest has begun.

Resolution No.

Page 6

- E. Submit two (2) signed copies of Resolution No. _____ to the Planning Division prior to issuance of building permits.
- F. The sale of alcohol shall be limited to the onsite and offsite sales of WINE ONLY in accordance with the licensing requirements of the California Department of Alcoholic Beverage Control (ABC). Any change to the type of ABC license for the purposes of selling or serving distilled spirits would require an amendment to the Use Permit.

ENGINEERING DIVISION

- A. Public Works Impact fees may be required for this project and must be paid prior to the issuance of Building Permit

BUILDING DIVISION

- A. The owner or designee shall follow all applicable building codes.
- B. This building will require a structural analysis as prescribed in Chapter 34 CBC.
- C. Building Permits Required. Tenant Improvement Plans clearly showing all construction details for rated occupancy separations, accessibility, egress equipment anchoring and full compliance with California Building, Fire, Electrical, Plumbing and Mechanical Codes from a Licensed Architect or Engineer.

POLICE DEPARTMENT

- A. The applicant shall comply with applicable provisions of the City's building security ordinance. Exterior lighting shall comply with criteria specified in the Design Review Ordinance. **(MHMC 18.74.050)**
- B. Entertainment (including amplified sound) as defined in Section 5.28 of the Morgan Hill Municipal Code may not be conducted on-site unless the establishment has applied and gained approval for an Entertainment Permit and satisfied all conditions of approval prior to the commencement of such use per Section 5.28 of the Morgan Hill Municipal Code.
- C. Prior to the issuance of a building permit, a Security and Safety Management Plan shall be submitted and reviewed by the Morgan Hill Police Department to the satisfaction of the Chief of Police.

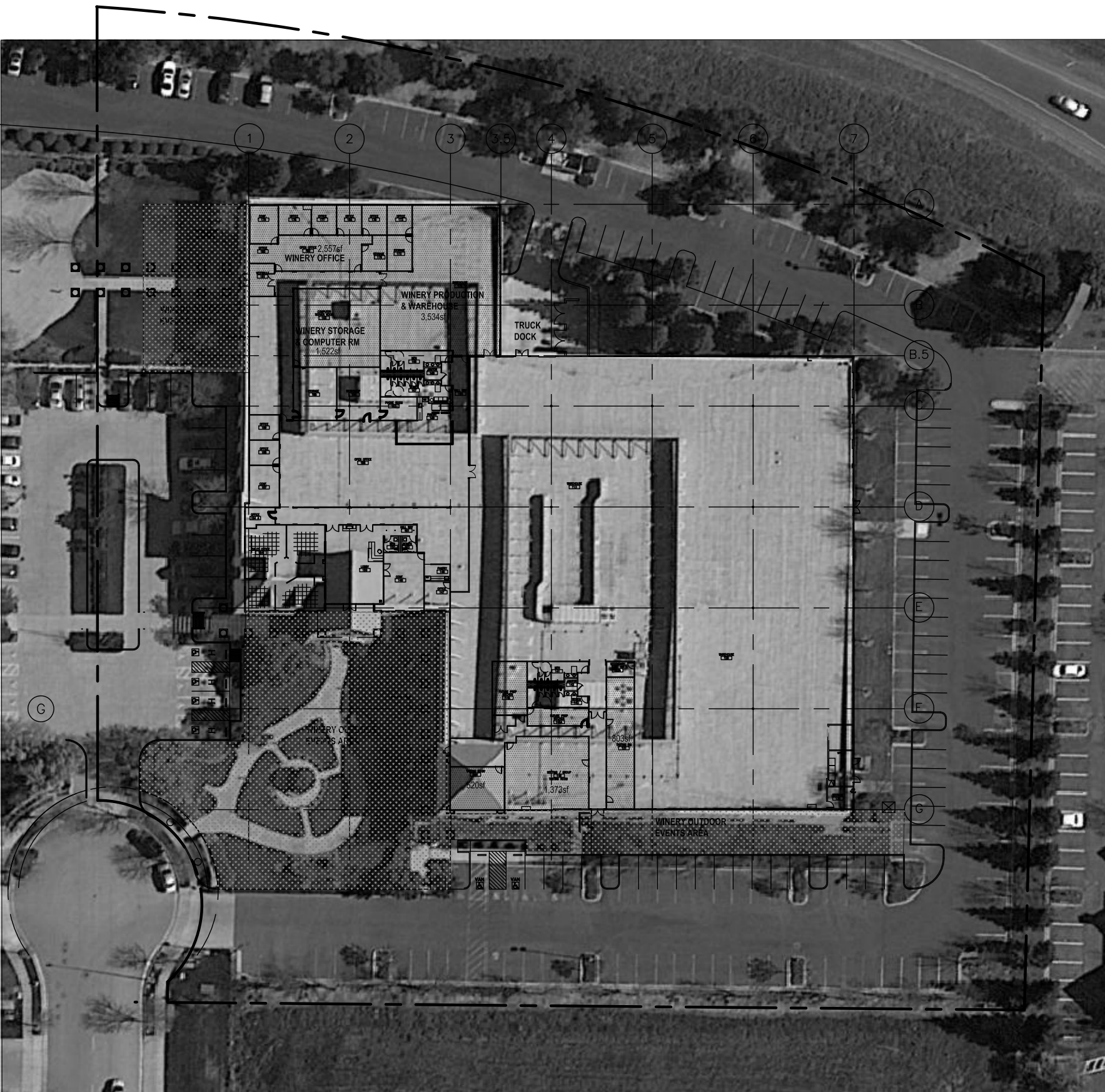
PROJECT DATA

Assessor's Parcel Number -726-33-027
Existing zoning: ML (light industrial)
Site area: 4.31 acres
Building size: 61473 s.f.
General plan designation:Commercial/Industrial
Parking: 179 total (including 6 handicap)

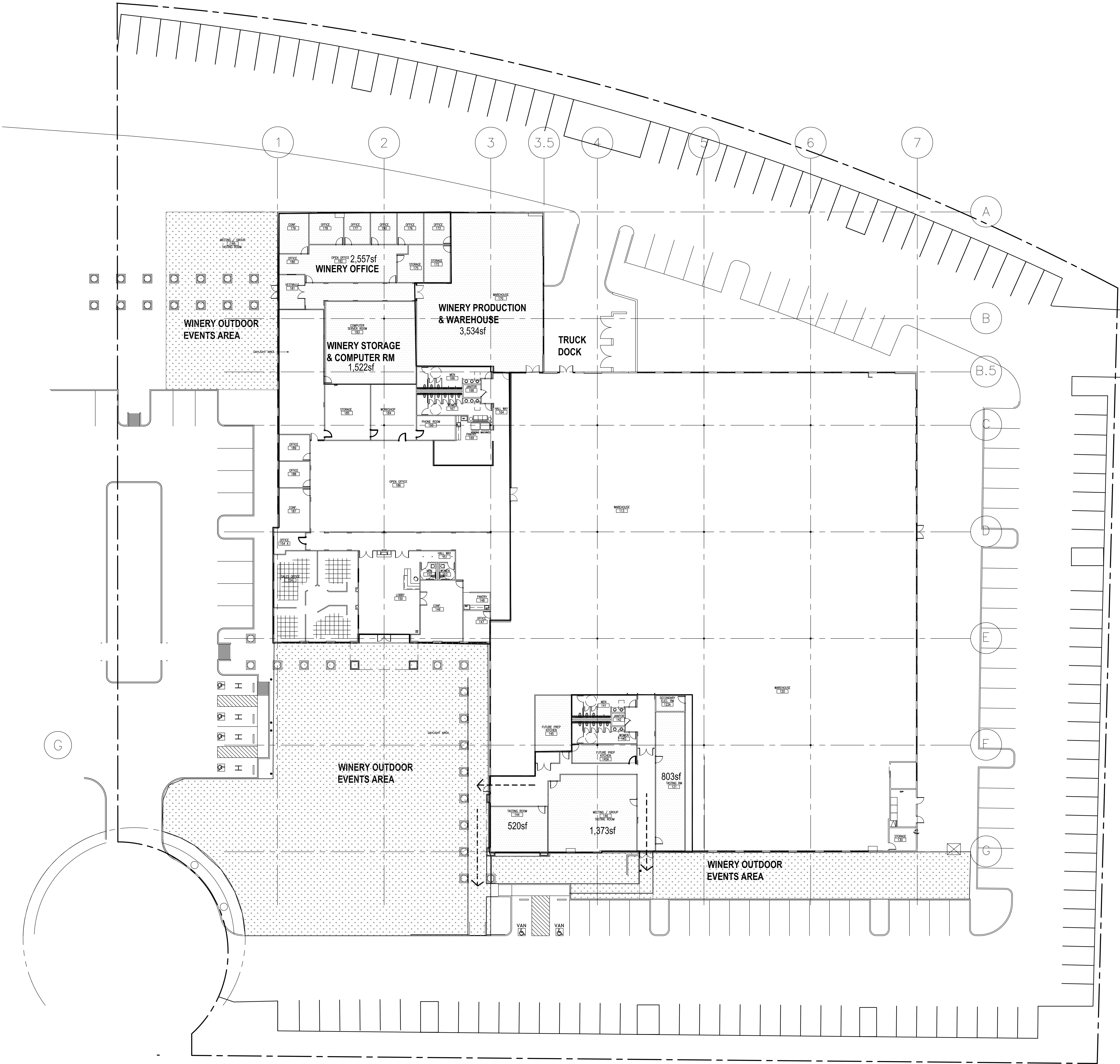
Parking requirement:

Office Area: 20,168sf/250sf = 81 spaces
Manufacturing: 3,542sf/500sf = 8 spaces
Warehouse: 34,896sf/1000sf = 35 spaces
Wine Tasting: 2,696sf/100sf = 27 spaces

Total spaces required: 152
Total spaces provided : 179



2 AERIAL SITE PLAN



1 SITE PLAN
1" = 20'-0"



**RICHARD
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ARCHITECT
INTERIORS * PLANNING

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PROJECT NAME:
**Tenant Improvement
Plans for
LIGHTPOST
TASTING ROOM**
900 Lightpost Way
Morgan Hill, Ca

CLIENT NAME:
BIG OAK RANCH
900 LIGHTPOST WAY
Morgan Hill Ca 95037

CONTRACTOR:

SHEET NAME:

SITE PLAN

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DISCLOSED WITHOUT WRITTEN CONSENT OF THE ARCHITECT.		
REVISIONS:	DATE	BY
PLANNING	09-27-17	RJP
REV #01	12-07-17	RJP

STAMP(S):

DRAWN BY:
DATE: 09-27-17
PROJECT: 1726

SHEET
A-1



PLANNING COMMISSION STAFF REPORT

MEETING DATE: January 9, 2018

PREPARED BY: John Baty, Principal Planner/Development Services

APPROVED BY: Jennifer Carman, Community Development Director

ZA2016-0006: ZONING CODE UPDATE - JOINT CITY COUNCIL / PLANNING COMMISSION STUDY SESSION - PRESENTATION REVIEW

RECOMMENDATION(S)

Review and provide feedback on the presentation for the January 17, 2018 Joint City Council / Planning Commission Study Session on the Zoning Code Update

BACKGROUND:

In its review of the Public Review Draft Zoning Code at four workshops (August 29, September 19, October 3, and November 28, 2017) and one regular meeting (October 24, 2017) the Planning Commission identified several potential topics for discussing with the City Council at the January 17, 2018 Joint Council/Commission Study Session.

On December 12, 2017 the Planning Commission reviewed, discussed, and came to an agreement on the attached prioritized list of topics and related questions.

The purpose of this meeting is for the Planning Commission to review, discuss, and provide feedback on the presentation for the Joint City Council/Commission Study Session.

CEQA (California Environmental Quality Act):

An Environmental Impact Report (EIR) for the Morgan Hill 2035 Project, which includes the Zoning Code Update, was prepared in accordance with the California Environmental Quality Act (CEQA) and certified by the Morgan Hill City Council on July 27, 2016. (SCH#2015022074).

LINKS/ATTACHMENTS:

1. Study Session Topics

Zoning Code Update

Joint City Council / Planning Commission Study Session
January 17, 2018

In its review of the Public Review Draft Zoning Code at four workshops (August 29, September 19, October 3, and November 28, 2017) and one regular meeting (October 24, 2017) the Planning Commission identified several potential topics for discussing with the City Council at the Joint Council/Commission Study Session. On December 12, 2017 the Planning Commission reviewed, discussed, and came to an agreement on the following prioritized list of topics and related questions.

Discussion Topics

I. Building Height

- A. Should maximum height limits be increased in certain zoning districts to allow greater flexibility for development of certain uses in those districts?
 1. The CH – Highway Commercial and CI – Commercial Industrial zoning districts, located along the Highway 101 corridor, allow hotels as a permitted use; however, CH has a maximum height limit of three (3) stories or 35 feet, whichever is less, and CI has a 30-foot maximum height limit. Potential hotel developers interested in locating in Morgan Hill have indicated that they would need a height of about 55-feet to accommodate four (4) stories, while allowing for flexibility/creativity of building design.
 2. Are there other zoning districts where the existing/proposed height maximums are too restrictive for the types uses that are envisioned/encouraged in those areas?
 - a. 30 feet in Residential Estate, Residential Detached Low and Medium
 - b. 35 feet in Residential Detached High
 - c. 30 feet in Residential Attached Low
 - d. 40 feet in Residential Attached Medium and High
 - e. 45 feet (or 55 feet on bigger sites) in Mixed Use Downtown
 - f. 35 feet in Mixed Use Neighborhood and Flex
 - g. 30 feet in Commercial Neighborhood
 - h. 35 feet in Commercial General, Highway Commercial, and Service Commercial
 - i. 30 or 50 feet in Commercial Industrial (commercial uses or industrial uses)
 - j. 35 feet in Light Office Industrial
 - k. 50 feet in Campus Industrial, Light Industrial, and General Industrial
 - l. 25 feet in Open Space
 - m. 35 feet in Sports Recreation and Leisure

Staff Recommendation: Consistent with the Economic Blueprint goals and objectives, establish a 55-foot maximum height in the CH and CI zoning districts for properties

adjacent to the Highway 101 corridor. Maintain existing/proposed heights in other zoning districts.

II. Bars in Restaurants

- A. Should a Conditional Use Permit (CUP) be required in all instances where a restaurant includes a bar where alcoholic beverages are served?

Notes:

Sit-Down Restaurants, by Zoning Code definition, may include a bar serving alcoholic beverages.

Restaurants are permitted in the Mixed Use, CG – General Commercial, and CH – Highway Commercial zoning districts and require a CUP in the CN – Neighborhood Commercial, CS – Service Commercial, and CI – Commercial Industrial districts.

Staff Recommendation: Consistent with the Economic Blueprint goals and objectives, no change in permitting requirements for bars in sit-down restaurants.

III. Non-Industrial Uses in Industrial Zoning Districts

- A. To what extent should industrial zoning districts be preserved for industrial uses by limiting the number/type of non-industrial uses that are allowed in industrial districts and/or establishing criteria/standards for evaluating CUPs for non-industrial uses?

Example:

Community Assembly uses (e.g., churches) are allowed in the CI – Commercial Industrial, IL – Light Industrial, and IG – General Industrial zoning districts with a CUP.

Mini-Storage uses are allowed in the IL – Light Industrial and IG – General Industrial zoning districts with a CUP.

Staff Recommendation: Consistent with the Economic Blueprint goals and objectives, no change in permitting requirements, but establish a limit of one mini-storage use in each of the City's four major industrial employment land sub-areas identified in the Morgan Hill 2035 General Plan (Figure CNF-4).

IV. Emergency Shelters (Homeless Shelters)

- A. The Planning Commission would like to better understand the scope and challenges the City faces with addressing the homelessness problem and how Zoning Code changes could be part of the solution. Homeless shelters are currently only allowed (by-right) in the PF – Public Facilities zoning district and with a Conditional Use Permit (CUP) in the CL-R – Light Commercial Residential (proposed MU-F – Mixed Use Flex

Zoning District. Should the City consider allowing homeless shelters in another zoning district(s)?

Note:

As allowed by State law, the proposed Zoning Code establishes objective development and management standards for emergency shelters in Section 18.92.050, including limiting the number of beds, establishing minimum parking requirements and maximum length of stay, and requiring on-site management and security.

Staff Recommendation: Conduct follow-up study session with the Planning Commission on the City's efforts to address the homelessness problem.

V. Alternative Standards for Medium Density Residential Development

- A. Chapter 18.29 of the existing Zoning Code was adopted in October 2015 to provide alternative standards for development of a variety of types of homes on small lots in the R-2 or R-3 Medium Density Residential Zoning Districts. Prior to the adoption of the alternative standards, certain small lot projects (e.g., townhomes) were required to obtain a Planned Development Zoning to establish development standards (e.g., lot size, setbacks, etc.) that would work for their project.
- B. The Planning Commission proposes to carry-forward Chapter 18.29 into the Zoning Code Update as Chapter 18.40 with only minor edits to clarify applicability (the alternative standards are optional) and maximum height for townhome projects.
- C. The Planning Commission requests that the City Council direct staff, through a separate work effort with the Commission, to evaluate the effectiveness of the Alternative Standards in terms of achieving the desired intent to:
 - 1. Ensure that small lot development blends with the surrounding community and is compatible with neighborhoods, is sensitive to its context, and incorporates appropriate amenities and high-quality design;
 - 2. Implement residential development standards to enhance the appearance of the surrounding neighborhood and be well integrated with existing homes nearby;
 - 3. Discourage abrupt transitions in height, mass, and prevailing setback patterns and separations caused by high, solid walls and blank building faces;
 - 4. Recognize small lot and medium density development as a more efficient form of land use than lower density development, a means of reducing the environmental impacts of housing development, and a way to create more walkable neighborhoods;
 - 5. Guide new development while accommodating creativity, innovation, and flexibility in housing design; and

6. Implement Morgan Hill Housing Element policies which encourage greater housing diversity and affordability in Morgan Hill.

Staff Recommendation: Support Planning Commission's recommendation.

VI. Monterey Corridor

- A. The Planning Commission recognizes the important role that establishing specific development standards for the Mixed Use Flex zoning district will have on the transformation of the Monterey Corridor into a vibrant mixed use area that encourages walking and bicycling and supports the Downtown.
- B. While it would have been ideal to include the results of the Monterey Corridor Implementation Plan into the Zoning Code Update, the Commission understands the need to conclude the Zoning Code Update process.
- C. The Planning Commission looks forward to the conclusion of the Monterey Corridor Study where they will have an opportunity to evaluate and provide the City Council with their recommendation on implementation strategies (e.g., zoning changes).
- D. The Commission encourages the City Council to prioritize the completion of a plan for the Monterey Corridor prior to the start of the 2018 RDCS competition (Prelim Applications due November 2018; Final Applications due January 2019).

Staff Recommendation: Consistent with the Economic Blueprint goals and objectives, support Planning Commission's recommendation.