

STAFF REPORT

September 28, 2016

TO: Planning Commission

FROM: Ashley Feeney, Assistant Community Development & Sustainability Director
Katherine Hess, Community Development Administrator

SUBJECT: PA #15-70: Mitigated Negative Declaration #6-15, General Plan Amendment #4-15, Rezoning and Planned Development Amendment #8-15, Conditional Use Permit #8-15, Final Planned Development #11-15, and Design Review #29-15:
4647 Fermi Place, Residence Inn Hotel

Recommendation

Staff recommends the Planning Commission hold a public hearing and recommend the City Council take the following actions:

1. Certify Mitigated Negative Declaration #6-15 as adequately assessing the potential impacts of the project;
2. Approve the attached resolution amending the General Plan to conditionally allow hotels within the Office land use designation in the area between Second Street and Interstate 80, with a Floor Area Ratio up to 100 percent;
3. Approve the attached ordinance amending Planned Development #4-88 to allow hotels as a conditional use within the Light Industrial / Business Park district, in the area between Second Street and Interstate 80, with a maximum height of four stories and fifty feet;
4. Approve Conditional Use Permit application #8-15, Final Planned Development #11-15, and Design Review application #29-15 for the project, based on the attached findings and subject to the attached conditions.

This application is one of two extended stay hotel proposals undergoing development review. The other, a proposed Hyatt House on Cowell Boulevard, was reviewed by the Planning Commission earlier this month. Both applications require City Council action, which is anticipated in October and November.

In March, the City Council adopted criteria for evaluation of hotel proposals. As discussed later in this report, the resolution provided guidance for the planning application processing: [T]hese criteria will supplement the customary planning entitlement review considerations of plan consistency, zoning standards, CEQA review, and urban form. This public hearing before the Planning Commission constitutes the customary planning review anticipated by the Council resolution. The Planning Commission's purview is to evaluate the land use merits of the proposal and legal findings necessary for the requested property entitlements. The City Council's review, scheduled for October-November, will consider Planning Commission

recommendations on land use related matters as well as other topics such as market capacity and fiscal impacts.

Project Description

The project is the construction of an extended stay hotel, surface parking lot, and customary accessory uses and facilities at 4647 Fermi Place, near the intersection of Mace Boulevard and Second Street. The 2.69-acre parcel is currently vacant.

The project proposal includes the following components:

- ◆ 120 guest rooms, including studio and one-bedroom units;
- ◆ Ground-floor guest amenities including fitness room, lobby (with a potential lounge amenity), meeting room, guest laundry, and outdoor pool and exercise court;
- ◆ A four-story structure with a maximum height of 49’4” to parapet;
- ◆ Surface parking lot with approximately 120 vehicle spaces (including EV charging spaces);
- ◆ Sustainability features including carport photovoltaic panels generating an estimated 75 kilowatts of electricity; and
- ◆ Vehicular access from Fermi Place and bicycle/pedestrian access from Fermi Place and Second Street.



Rendering from Fermi Place Frontage

Project Setting

The project site is located in the Mace Ranch area on the south side of Second Street, adjacent to the Mace Boulevard overcrossing. The property has excellent access to Interstate 80, but freeway visibility is limited due to the berm and overcrossing.

Adjacent Zoning and Land Use:

	Existing Use	Zoning	General Plan Designation
Project Site	Vacant	PD #4-88 for Light Industrial / Business Park uses	Business Park
North	Gas station / Minimart and vacant portion of University Covenant Church parcel	PD #4-88 for Light Industrial / Business Park uses	Office
South	Vacant parcel, Union Pacific Railroad, and Interstate 80	PD #4-88 for Office uses	Office

East	Mace Boulevard overcrossing	N/A	N/A
Southwest	Light Industrial and Retail businesses	PD #4-88 for Light Industrial / Business Park uses	Office



Project Vicinity Map

Project Data

Applicant:

Eric Edelmayer for Jackson Properties
 155 Cadillac Drive Suite 100
 Sacramento 95825

Property Owner:

Dan Ramos for Ramco Properties
 PO Box 175
 West Sacramento CA 95691

Project Location:

4647 Fermi Place (at the intersection of Mace Boulevard and Second Street)

Existing and Proposed General Plan Designation:

Office

Current and Proposed Zoning:

Planned Development #4-88
 (Light Industrial / Business Park Subarea)

Lot Size:

117,176 square feet (2.69 acres)

Existing Use:

Vacant

City Council Goals 2014-16

Goal: Drive Innovation and Economic Vitality

Objective: Develop Davis as a visitor destination

Public Notice

Notice of this public hearing was published in the Davis Enterprise and mailed to owners of all property within 500 feet of the area affected by the General Plan and zoning amendments. The applicant also conducted outreach to nearby businesses, the Davis Chamber of Commerce, and the Yolo County Visitors Bureau.

Environmental Analysis

Negative Declaration #6-15 was prepared for the hotel project (Attachment 3). The applicant provided reports from kd Anderson (traffic), LSA Associates (air quality), and Bollard Acoustical Consultants (noise), which staff reviewed and found credible. The Initial Study concluded that the project, with mitigation, would not have an adverse effect on the environment.

A nesting pair of western burrowing owls (a Federal Bird of Conservation Concern and state Species of Special Concern) currently occupies the site. Burrowing owls are transient during the fall and winter months and additional owls could easily settle into the burrows onsite prior to commencement of construction. The site is not considered to be high-quality burrowing owl habitat due to its highly disturbed nature, proximity to high-traffic roads, and urban surroundings. However, burrowing owls and habitat occur, and mitigation would be required to reduce potential significant impacts to a less than significant level.

The City's Wildlife Resource Specialist recommends a three-pronged mitigation package for any burrowing owls present on the site:

1. Passive relocation (exclusion) during the non-breeding season, in accordance with California Fish and Wildlife's 2012 Burrowing Owl Mitigation Guidelines;
2. Coordination with CDFW to include the owls in any statewide burrowing owl exclusion study. Should CDFW decline to include the owls in their study, monitoring to document the activity of the owls prior to, during, and after exclusion to ensure take has been avoided and to document post exclusion activity of the owls; and
3. Mitigation for the loss of habitat in the amount of six acres, of greater quality than the existing site.

Alternatively, the developer may choose to work with burrowing owl researchers to translocate any owls found on the property, as long as such translocation is approved by the California Department of Fish and Wildlife with the appropriate permits. At this time, staff does not know whether the state would approve such a permit. Mitigation for habitat loss would also be required under this alternative.

Other findings of the Initial Study include:

1. Air quality analysis showed implementation of the project would not conflict with or obstruct implementation of any air quality planning efforts or violate or contribute substantially to an existing or projected air quality violation.
2. Although Swainson's hawks may potentially nest near the site, a pre-construction survey

and appropriate protections would reduce impacts to raptors to less-than-significant levels.

3. The proposed project would generate greenhouse gas emissions (GHG) that contribute to climate change impacts. Because the proposed project's net increase in operational GHGs would not be substantial with respect to mass emission thresholds that have been recommended by other air districts for analyzing stationary sources, the project would be consistent with the goals mandated by AB32, GHG emissions would not be cumulatively considerable, and impacts would be less-than-significant.
4. Interior noise levels within the hotel can be reduced to acceptable levels with upgraded windows for the rooms facing Interstate 80.

All mitigation measures have been accepted by the applicant, as required by CEQA.

Project Analysis

This staff report includes analysis of the following aspects of the project review:

1. Consistency with General Plan and PD #4-88 Principles (page 5)
2. Aesthetics (page 6)
3. Sustainability (page 7)
4. Market Capacity and City Council Evaluation Criteria (page 8)
5. Summary of Applications and Recommendations (page 9)

Each of these sections includes staff analysis and recommendations.

1. Consistency with General Plan and PD#4-88 Principles

The site is designated for Office use on the General Plan Land Use Map. The intent of the Office designation is to provide locations for small administrative, professional and medical offices in centrally located areas near the downtown and/or residential neighborhoods. Allowable uses include administrative, professional and medical offices. Residential uses are conditionally allowable as secondary uses. Hotels are not identified as permitted uses within this designation. Floor Area Ratio is limited to 50 percent.

Planned Development #4-88, which includes much of Mace Ranch and a few nearby areas, identifies the subject area, along with several other properties south of Fifth Street / Alhambra Boulevard, as a light industrial / business park subarea. The intent of the subarea is to provide an environment exclusively for and conducive to the development and protection of modern, large scale administrative facilities, research institutions, and specialized manufacturing organizations, all of a non-nuisance type. Permitted uses include customary I-R uses of administrative offices, laboratories, research, and light manufacturing, plus warehouse and distribution facilities. Retail uses such as restaurants and auto service stations, necessary to serve and appropriate to the PD district, are conditionally permitted, as are conference centers and related facilities. The Planned Development has a height limitation of 40 feet and a maximum FAR of 50 percent. The Planned Development also requires all activities to be conducted within a structure.

Staff finds that an extended stay hotel can be an appropriate addition to the mix of uses found in this Business Park / Light Industrial area. The neighborhood of the project site includes a mix of light industrial, office, and retail uses. It is proximate to businesses such as DMG Mori Seiki, Schilling Robotics, the City's growing seed business cluster on Cousteau Place, and other

companies with country-wide or international connections. The hotel rooms can provide space for visiting researchers and company officials from outside Davis, while the meeting room could support the needs of local businesses. In addition, more hotel rooms could support other economic development goals and activities, including the General Plan polices to “Increase attractions and amenities that bring people to the Core” and “Promote Davis as a destination for visitors with interests in eco-tourism, university/academic events, culture and arts, and downtown shopping.” A hotel use is similar to the restaurant, service station, and conference center conditionally permitted under the Planned Development, and staff has concluded that the requested modification to the zoning is warranted. The potential lounge, if incorporated, could become an amenity for hotel guests and for employees of nearby businesses. The recommended General Plan and PD amendments adds hotel as a conditionally permitted use within the Office designation and Light Industrial / Business Park subarea of the Mace Ranch Planned Development, in the area between Second Street and Interstate 80. (See map, page 10)

The proposed project exceeds the intensity anticipated in the General Plan and Planned Development. The proposed project has a Floor Area Ratio of 67 percent. The General Plan Office category has a maximum floor area ratio of 50 percent, with an additional 15 percent for the housing component of a mixed use project. The Planned Development also has a maximum FAR of 50 percent. In addition, the proposed project exceeds the Planned Development’s height limit of 40 feet by ten feet, which is a greater exceedance than can be approved as a Minor Modification.



Recommendation: Staff has concluded that the consistency with General Plan and Planned Development goals can be met, and recommends approval of the General Plan Amendment and Planned Development Amendment, along with conditions of approval for the Conditional Use Permit and Design Review to ensure proper integration into the community in areas such as sustainability, operation, and parking management. Staff recommends modifications to the General Plan and Planned Development to allow hotel uses of this intensity in the area between Second Street and Interstate 80. (See map, page 9.)

2. Aesthetics and Site Plan

The site is limited in visibility from Interstate 80 because of the Mace Overcrossing structure and berm, but is very visible from Mace Boulevard and from Second Street. The four-story structure would be taller than the predominant one- and two-story buildings existing along Second Street. The building is placed at the corner of Mace Boulevard and Second Street, so that parking is located at the western portion of the site and adjacent to Fermi Place. Second Street parking areas are screened by a twenty-foot landscape area with both trees and a bioswale.

Staff appreciates the efforts of the applicant and architect team in designing a building with articulation of the façade, extensive landscaping, and an attractive mix of materials for elevations facing Fermi Place, Second Street, and Mace Boulevard. Staff and the applicant team have worked to ensure that mechanical equipment is screened by the building parapet, and include appropriate accommodations for bicyclists and pedestrians on and to the site.

Signage for the building is anticipated to be predominantly on the Second Street elevation, with additional ground-level and monument signs to identify the site from Fermi Place. Because the site is adjacent to – and highly visible from - Second Street, staff recommends conditions of approval requiring pedestrian access to the corner of Second and Mace, and special consideration to the Second Street elevation during the building permit review process.

Recommendation: In addition to standard Design Review conditions of approval, staff recommends the following additional conditions:

1. Site plan shall be revised to incorporate a five-foot sidewalk connection to the intersection of Mace Boulevard and Second Street from the eastern entrance of the building. Existing overpass slope and slope easement need to be shown and accounted for in the site/drainage swale layout. Also, drainage swale is in conflict with service, control and pump facilities at Mace Blvd and layout is subject to review and approval by the City Engineer. (Condition 18)
2. Design details for the Second Street pedestrian entrance to the building shall be reviewed during building permit submittal to ensure the building has a welcoming pedestrian entry for guests and visitors at Second Street. (Condition 52)
3. Prior to the issuance of permits, preliminary exterior paint colors (and materials) shall be submitted for review and approval by the Community Development & Sustainability Department. (Condition 54)

The Industrial Research zoning district allows a maximum of 100 square feet of signage for a building with frontage exceeding 73 feet. In contrast, the Commercial Highway zoning district allows twice the sign area. The recommended amendment to PD #4-88 allows sign area for conditional uses to be determined by the Director of Community Development and Sustainability, reflecting consistency with the principles of the City-wide sign design guidelines. Staff anticipates the final sign program for the project will be approved administratively, reflecting the site's use, location and neighborhood context, and total sign area will be greater than that otherwise allowed in the Light Industrial zoning district.

3. Sustainability

The project would be subject to standard City requirements, including stormwater best management practices and mandatory CalGreen Tier 1 building code requirements with 15% compliance margin for exceeding energy code. Additional sustainability components include:

- ◆ Photovoltaic panels on parking lot carports and/or building roof generating a minimum of 75 kilowatts of electricity;
- ◆ High efficiency kitchen appliances, laundry appliances, and boilers, and Energy Star appliances in guest rooms.
- ◆ Rooftop solar thermal to serve guest rooms, laundries, and staff kitchen

- ◆ EV charging stations in the parking lot consistent with the City's draft EV readiness standards
- ◆ Bicycle parking and loaner bicycles for guests, and a secured bicycle parking area for employees and guests.
- ◆ Shuttle to connect to airport, UC Davis, other destinations

Recommendation: Staff recommends the above provisions be included as conditions of approval for the conditional use permit (Condition 81). Staff further recommends the applicant explore opportunities to further increase their sustainability commitments by participating in the CCE program and building the project to a LEED equivalency certification standard that would be verified through a third party energy consultant agreeable to the City. Planning Commission recommendations on this concept will be forwarded to the City Council. Minor modifications are subject to review and approval by the Director of Community Development and Sustainability, while major revisions could require Planning Commission hearing and alteration to the CUP.

4. Market Capacity and City Council Evaluation Criteria

As the Commission knows, the City Council approved entitlements for a hotel conference facility on Richards Boulevard in fall 2015. Litigation is pending, and building permit applications have not been submitted. This spring, the City Council discussed the pending hotel applications (this proposal and the proposed Hyatt House on Cowell Boulevard) and wished to evaluate the ability for the local market to absorb all proposed hotel rooms.

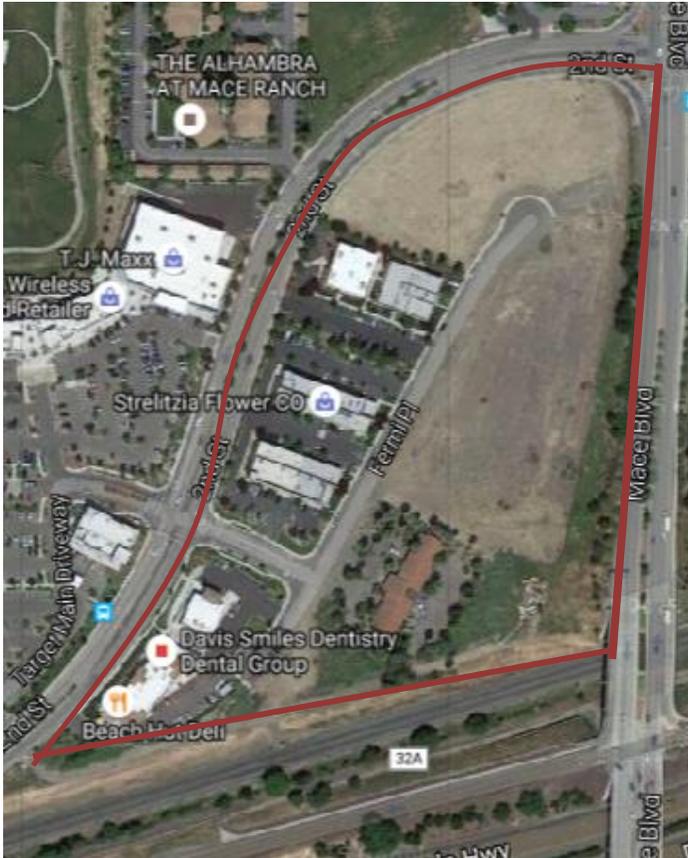
In March, the City Council reviewed analyses of the market prepared by a hospitality consultant under contract with the City, and adopted criteria for evaluation of hotel proposals (See Attachment 8). Responses from the applicant regarding the adopted criteria are included within Attachment 1. The other application was reviewed by the Planning Commission hearing earlier this month. Both applications require City Council action, which is anticipated in October and November.

The resolution establishing Criteria for Evaluation of Hotel Proposals speaks to site, project, and developer characteristics. Some are within the purview of the Planning Commission (such as site access, amenities, and sustainability) while others are less planning-related (such as brand profile, revenue to the City of Davis, and developer capacity). The resolution also provided guidance for the planning application processing:

[T]hese criteria will supplement the customary planning entitlement review considerations of plan consistency, zoning standards, CEQA review, and urban form.

This public hearing before the Planning Commission constitutes the customary planning review anticipated by the Council resolution. City Council consideration will include the broader criteria outlined for its evaluation, including fiscal impacts and market considerations.

The Finance and Budget Commission discussed the potential fiscal impacts of the hotel proposals at their September 12th meeting. Conclusions of the Finance and Budget Commission are included as Attachment 9 to this staff report.



5. Summary of Applications and Recommendations

A Mitigated Negative Declaration #6-15 analyzing the effect on the environment with specific focus on raptors, roadways, noise, and air quality.

Recommendation: Staff recommends the Planning Commission recommend the City Council determine that the Initial Study and Negative Declaration (Attachment 3) adequately assess the potential impacts of the project, and that recommended mitigation measures reduce any potential environmental impacts to less-than-significant levels. Mitigation measures to address potential impacts to raptors and to meet City interior noise standards are included.

B Amendment to the General Plan.

Recommendation: Staff recommends the Planning Commission recommend the City Council adopt a resolution (Attachment 4) to add hotels as conditionally permitted uses within the Office land use designation in the area between Second Street and Interstate 80, with a maximum Floor Area Ratio of 100 percent (see outlined area, above). This area includes one other vacant parcel that could potentially accommodate hotel or conference center use, subject to property owner interest and City approval of any Conditional Use Permit application. However, no interest has been expressed for hotel development by other property owners in the designated area.

C Amendment to Planned Development # 4-88

Recommendation: Staff recommends the Planning Commission recommend the City Council adopt an ordinance (Attachment 5) to add hotels as conditionally permitted uses within the Light Industrial / Business Park subarea in the area between Second Street and Interstate 80, with a maximum building height of four stories and 50 feet, add outdoor recreational areas to the list of uses that are not required to be wholly contained within a building, and allow sign dimensions and location to be established for hotel uses to be subject to review and approval by the Director of Community Development and Sustainability.

D Conditional Use Permit for the extended-stay hotel

Recommendation: Staff recommends the Planning Commission recommend the City Council approve the Conditional Use Permit, based upon the findings and subject to the conditions in Attachments 6 and 7. Specifically, staff recommends the Planning Commission find that the proposed use will not constitute a nuisance and that any additional conditions stipulated by the Commission and Council have been or will be met (see recommended additional conditions in response to neighbor comments, page 8). Specific Conditional Use Permit approvals include a four-story 120-room extended stay hotel with guest lobby, guest gathering/meeting room, fitness room, and outdoor common area, swimming pool, and sport court. A lounge is recommended to be permitted, although the applicant suggests that one may not be included. This Conditional Use Permit also allows project signage to deviate from the size and location requirements of the Zoning Ordinance, subject to review and approval of the Director of Community Development and Sustainability.

E Final Planned Development and Site Plan and Architectural Review.

Recommendation: Staff recommends the Planning Commission recommend the City Council approve the Final Planned Development (establishing development standards) and Site Plan and Architectural Review for the proposal, based upon the findings and subject to the conditions in Attachments 6 and 7.

Conclusion

Staff has concluded that the proposal is consistent with the goals of the General Plan and the City Council 2014-16 Goals. All potential environmental impacts can be mitigated to less-than-significant levels. The hotel will meet existing needs for hotel rooms and meeting space to serve UC Davis, local businesses and residents. The project will provide a range of employment opportunities for residents of Davis. The City will benefit financially from increased property taxes, sales taxes, and transient occupancy taxes. Staff recommends the Planning Commission recommend approval of the applications to the City Council.

Attachments

1. Applicant Submittals (complete submittal posted at <http://www.cityofdavis.org/city-hall/community-development-and-sustainability/test-development-projects/marriot-residence-inn>)
2. Applicant information, including response to City Council criteria for evaluation of hotel applications
3. Initial Study / Negative Declaration (Attachments are at the above link)
4. General Plan Amendment Resolution
5. Planned Development #4-88 Amendment Ordinance
6. CUP, Final Planned Development, and Site Plan and Architectural Review Findings
7. CUP, Final Planned Development, and Site Plan and Architectural Review Conditions
8. Resolution 16-049 Establishing Criteria for Evaluation of Hotel Proposals
9. Finance and Budget Commission Conclusions
10. Correspondence (transmitted separately; not posted)