

SUPPLEMENTAL STAFF REPORT

DATE: January 24, 2017

TO: City Council

FROM: Mike Webb, Assistant City Manager
Ashley Feeney, Assistant Community Development & Sustainability Director
Katherine Hess, Community Development Administrator

SUBJECT: PA #15-60: Mitigated Negative Declaration #4-15, General Plan Amendment #4-16, South Davis Specific Plan Amendment # 2-16, Rezoning and Planned Development Amendment #7-15, Conditional Use Permit #5-15, Minor Modification #4-16, and Design Review #25-15: **2750 Cowell Boulevard, Hyatt House Hotel**

Recommendation

Staff recommends the City Council approve the applications for an extended stay hotel at 2750 Cowell Boulevard. Specifically, recommended actions include:

1. Certify Mitigated Negative Declaration #4-15 as adequately assessing the potential impacts of the project;
2. Approve the attached resolution amending the General Plan to conditionally allow hotels at this property (APN #069-390-031), with a Floor Area Ratio up to 100 percent;
3. Approve the attached resolution amending the South Davis Specific Plan to allow a reduction in the required landscape area at this property to be established in a Planned Development;
4. Introduce the attached ordinance amending Planned Development #2-12 to allow hotels as a conditional use at this property with a maximum height of four stories and fifty feet (unless adjusted by Minor Modification, as noted in #5 below);
5. Approve Conditional Use Permit application #5-15, Final Planned Development #9-15, Minor Modification for a reduction in parking spaces and increase in tower height, and Design Review application 25-15 for the project, based on the attached findings and subject to the attached conditions. **These conditions include modifications to the project resulting from facilitated meetings with representatives of the Rose Creek neighborhood south of the project site.**

This report is supplemental to the staff report for the City Council public hearing on November 1, 2016. That report (<http://documents.cityofdavis.org/Media/Default/Documents/PDF/CityCouncil/CouncilMeetings/Agendas/20161101/06-Hyatt-House-Hotel.pdf>) included a description of the project, environmental review, Planning Commission recommendations, policy analysis, and evaluation of the proposal based upon adopted City Council criteria. This report provides information on the conclusions of the facilitated neighborhood meetings and recommended changes to the project.

Fiscal Impacts

As discussed in the November 1st report, the Finance and Budget Commission concluded that the Hyatt House would likely result in a net fiscal benefit of hundreds of thousands of dollars annually to the City of Davis.

In addition to ongoing General Fund revenue, the project would provide one-time revenues at the time of construction. Major contributions would be construction tax (approximately \$246,200), Roadway Impact Fees (\$1,286,750) and Parks Impact Fees (\$53,800).

Original Project Proposal

As a reminder, the original application included the following components:

- ◆ 120 guest rooms, including studios, one-bedroom units, and suites;
- ◆ Ground-floor guest amenities including guest kitchen, fitness room, lobby with bar, meeting room, and outdoor pool and courtyard;
- ◆ A four-story structure with a maximum height of 47' 10" to parapet, with a tower at 55' at the building entry;
- ◆ Surface parking lot with approximately 112 vehicle spaces (including EV charging spaces, consistent with the City's draft EV readiness plan);
- ◆ Sustainability features including bicycle infrastructure, photovoltaic panels over a portion of the roof and parking lot generating an estimated 290 kilowatts of electricity, a commitment to achieving a LEED Gold certification from the US Green Building Council, and purchasing any remaining electricity from offsite renewable sources through the proposed City of Davis Community Choice Energy JPA;
- ◆ Vehicular and bicycle access from Cowell Boulevard, and bicycle/pedestrian access from the greenbelt along the south edge of the site; and
- ◆ Off-site improvements including a storm drain connection to Albany Avenue and pedestrian/bicycle improvements on Cowell Boulevard.

Neighborhood Meetings

Per direction provided by City Council at the November 1st public hearing for the project, the City sponsored a professionally facilitated conversation between the project applicant and neighborhood representatives. The meeting was held on November 29th and facilitated by Orit Kalman. A round table format was utilized, consisting of four appointed Rose Creek neighborhood representatives and the four members of the applicant team. There were also other community members present in the audience who also had an opportunity to have their voices heard as part of the process. The meeting consisted of identifying issues and concerns from the perspectives of the neighborhood and the development team. While headway was made on a number of issues, it was clear that more discussion was desired related to the following concerns:

- Lighting
- Noise
- Parking
- The size of the building relative to the property

A second meeting was agreed to by both parties and was held on January 10th. The meeting was focused in nature and all participants engaged in a discussion to better understand the nature of

the remaining concerns and offer potential solutions to address them in a collaborative manner. Progress was made on a number of items by jointly agreeing to project modifications and developing conditions of approval to deal with the concerns surrounding noise, parking and lighting which will be elaborated on later in the staff report. There were two outstanding issues at the conclusion of the meeting:

- The size of the building relative to the property
- A contribution to support local neighborhood improvements

The size of the building relative to the property

Based upon feedback received at the November 29th facilitated meeting, the applicant directed their architect to study possible redesigns to address neighborhood concerns regarding privacy, scale, and mass. At the January 10th meeting the development team presented a redesigned building that eliminated all fourth floor rooms that faced south towards the neighborhood by incorporating a single-loaded corridor at the rear of the fourth floor with the remaining guest rooms facing north with views towards Cowell Boulevard. This redesign significantly reduces the massing of the building at the rear by reducing it from four stories at a height of 48 feet to three stories at a height of 37 feet. The fourth floor corridor hallway would have clerestory windows placed at a height where hotel guests would not have a view of the neighborhood. The redesign reduced the room count from 120 to 118 rooms.

The neighborhood representatives expressed appreciation for the development team's efforts but also voiced disappointment that the entire building was not reduced to three stories.

A contribution to support local neighborhood improvements

After reviewing the redesigned building, the neighborhood representatives requested the applicant consider if there is anything that could be done to help address neighborhood concerns regarding a potential change to their quality of life and property value by making a contribution to targeted park and greenbelt enhancements within the Rose Creek neighborhood. The neighborhood representatives voiced that considering the redesign of the building did not go as far as the neighbors had desired in reducing massing, that a contribution, coupled with all of the other efforts may help in reducing opposition for the majority of the neighbors if there were specific benefits the neighborhood would receive should the hotel be built.

The applicant agreed to give some thought to the concept of a neighborhood contribution and the neighborhood representatives committed to taking the redesigned building in conjunction with the entirety of the project modifications and conditions of approval to the larger neighborhood for feedback and to see if it could potentially change the opposition to the project.

A detailed summary of the facilitated conversations was prepared by the facilitator and is provided as Attachment 8 to the staff report.

Post-meeting update on outstanding issues

In consideration of the neighborhood representatives' request, the applicant has revised their project description to include a Rose Creek Neighborhood Park and Greenbelt Enhancement Fund. The fund contributions would be calculated based upon a formula of \$1.00 per night for each guest room sold. The fund would be administered by the Parks & Community Services

Department and used for targeted park and greenbelt improvements within the Rose Creek neighborhood based upon neighborhood feedback. The owner would provide an accounting of the guest rooms sold along with the corresponding funds on a quarterly basis. The term for which the Rose Creek Neighborhood Greenbelt and Park Enhancement Fund would be collected is for a period of ten years from the first date in which a hotel room is rented. The applicant did state that the establishment of the voluntary fund is contingent upon no legal challenges being funded or filed by or on the behalf of Rose Creek neighborhood representatives, and that should a legal challenge be brought forward by others, the Rose Creek neighborhood representatives would not participate in the suit and would act in good faith towards the project. At a 70% occupancy rate, the fund would generate approximately \$30,000 per year or \$300,000 over the ten year period.

The neighborhood representatives met with their neighbors to discuss the redesign and get feedback on what improvements they were desirous of in the neighborhood. The neighbors desire a one-time contribution to redesign and reconstruct a greenbelt mini park at the end of Brentwood Place and to utilize any remaining contributions at Village Park. The neighborhood desires the funding commitment to be binding and either be made by the City through the use of fees generated from the project or if that is not possible, by the applicant directly. The neighbors' ideas for a redesign of the mini park at Brentwood Place would include active programming for children and adults such as, play equipment, bocce ball courts, etc., landscaping, a drinking fountain and picnic tables. There is also a desire for new play equipment and other targeted improvements at Village Park. To accomplish these efforts, the neighbors estimate a minimum commitment of \$350,000 through either project generated fees or a developer contribution.

In addition to the one-time contribution, the neighborhood desires the Rose Creek Neighborhood Greenbelt and Park Enhancement Fund proposed by the applicant be increased from \$1.00 per night, to \$2.00-\$3.00 per night and have the term continue as long as there is a hotel operating in the project location. At the time of writing this report, staff is not aware of any further agreement between the applicant and the neighborhood representatives regarding increasing the applicant proposed Rose Creek Neighborhood Greenbelt and Park Enhancement Fund commitment nor the status of any discussions surrounding a one-time contribution.

City considerations related to the neighborhood requests

In reviewing the requests associated with the park improvements, staff concurs that the playgrounds referenced are nearing completion of their useful life and staff supports playground replacement, pending identification of funds through the budget process. Staff has been actively preparing a preliminary, 5-year implementation plan for park & playground equipment replacement which includes an allocation of \$80,000 for Village Park playground equipment replacement in 2019. The replacement of targeted greenbelt play structures in the area is also budgeted for in the following years. The 5-year implementation plan is preliminary and would require approval by the Parks & Recreation Advisory Commission and the City Council. If there was a desire by Council to increase programming at either location, an increase in funding would require further budget allocation as the replacement costs staff is currently anticipating would be similar to existing programming.

The concept of utilizing project generated fees to accomplish the desired neighborhood park improvements is challenging in that if it was the desire of Council to allocate project funds in accordance with the neighborhood request, the commitment would be an expression or intent versus a binding agreement. The Council is not able to bind future Councils on the expenditure of fees yet to be collected. Another item of note is that while the construction tax is a general fund fee typically utilized for CIP projects and one-time expenditures, the Park Impact Fees contain a requirement that funds be used to address cumulative or incremental impacts and not for the replacement of existing facilities.

As a result of discussions with the applicant and the Rose Creek neighborhood regarding noise, privacy, and visual impacts, staff recommends the following modifications to the project:

Building Design

As discussed earlier, the building height facing the neighborhood to the south is reduced to three stories and 37 feet. The northern portion, facing Cowell Boulevard, would remain at four stories and 48 feet (and a higher tower element). Room count would be reduced from 120 to 118 guestrooms. The fourth floor hallway facing south would have clerestory windows and motion controlled, bi-level lighting, with a condition of approval (COA# 66) that reduces or eliminates the exterior view of corridor lighting.

The screening for the south-facing windows proposed earlier would be added to the second story guestrooms, as well as the third-floor rooms.

The building redesign allows for the previously ground mounted photovoltaics to be relocated to the roof on the third story increasing optimal efficiency addressing previous concerns voiced during public comment.

Pool and Parking Lot

To block noise to the greenbelt and the neighborhood, the pool area would have a wall facing the south (COA#80). Twenty additional trees would be planted at the southern property line as a visual screen. All parking lot lighting would be mounted on bollards or shorter-than-standard poles. A parking lot lighting and architectural lighting program condition of approval (COA# 110) has been developed to address concerns associated with lighting.

Parking adjacent to the greenbelt would be designated for employee use only (COA#111). This condition was developed to address concerns with the potential for parking lot noise adjacent to the greenbelt and nearby neighbors. In addition to reducing potential noise by limiting the parking in this area to employees, it also ensures that there is parking available to employees which helps address a concern about offsite employee parking. While this requirement reduces guest parking flexibility, neither the applicant nor staff is concerned with the adequacy of guest parking given the proposed transportation program that would be provided by the hotel coupled with the increasingly car free travel patterns of business travelers. The condition restricting the parking to employees only does allow some flexibility for guest parking for an event where maximum capacity would be anticipated but only with prior authorization from the Community Development Director.

In response to neighborhood parking concerns, the existing bicycle path connection from the greenbelt to Cowell Boulevard at the east edge of the property would be relocated to the western edge. This would reduce the likelihood of hotel guests or employees parking on Albany, as well as provide greater convenience to hotel guests with UC Davis or downtown destinations.

City Greenbelt

To address concerns with privacy and building screening, the property owner would revamp and maintain the greenbelt plantings adjacent to the property as long as a hotel or building of similar mass remained on the site (COA#111). This would be enforced through a covenant recorded on title to the property.

The revised project plans and drawings, and the Conditions of Approval reflect these commitments.

Environmental Analysis

Staff has reviewed the Initial Study and Negative Declaration prepared for the project in light of the proposed modifications and finds the modified project and the resulting level of intensity to be less than, or equal to, the original project. No additional impacts or greater impacts have been identified. All identified mitigation measures remain applicable and have been incorporated as conditions of approval. No subsequent environmental review is required, pursuant to Section 15162 of the CEQA Guidelines.

Attachments

1. Revised Plans and Drawings
2. Initial Study / Negative Declaration
3. General Plan Amendment Resolution
4. South Davis Specific Plan Amendment Resolution
5. Planned Development #2-12 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. Summary of the Hyatt House Hotel Facilitated Conversations