



**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

MEETING DATE: 11/11/2020

ITEM NO: 3

DATE: November 6, 2020
TO: Planning Commission
FROM: Joel Paulson, Community Development Director
SUBJECT: Requesting a Zoning Consistency Determination and Approval of a Conditional Use Permit (U-20-009) for a Bank (Charles Schwab Community Banking and Investment Services) on Property Zoned C-2:LHP:PD. Located at 35 University Avenue. APN 529-02-044. Property Owner: SRI Old Town LLC. Applicant: Amber DeMaglio.

RECOMMENDATION:

Consider a zoning consistency determination and approval of a Conditional Use Permit (U-20-009) for a bank (Charles Schwab Community Banking and Investment Services) on property zoned C-2:LHP:PD, located at 35 University Avenue.

PROJECT DATA:

General Plan Designation: Central Business District
Zoning Designation: Central Business District with a Landmark and Historic Preservation Overlay, C-2:LHP
Applicable Plans & Standards: General Plan and Commercial Design Guidelines
Parcel Size: 4.18 acres (182,080 square feet)
Surrounding Area:

	Existing Land Use	General Plan	Zoning
North	Commercial	Central Business District	C-2:LHP
East	Commercial	Central Business District	C-2:LHP
South	Commercial	Central Business District	C-2:LHP
West	Parking Lot	Central Business District	C-2:LHP

PREPARED BY: Sean Mullin, AICP
Associate Planner

Reviewed by: Planning Manager and Community Development Director

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SUBJECT: 35 University Avenue/U-20-009

DATE: November 6, 2020

CEQA:

The project is Categorical Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area.

FINDINGS:

- The project is Categorical Exempt pursuant to the adopted Guidelines for the Implementation of California Environmental Quality Act, Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area.
- As required by Section 29.20.190 of the Town Code for granting approval of a Conditional Use Permit application.

ACTION:

The decision of the Planning Commission is final unless appealed within ten days.

BACKGROUND:

Citing the evolving nature of the traditional banking industry, the applicant requests a zoning consistency determination from the Planning Commission for a bank (Charles Schwab Community Banking and Investment Services) and seeks approval of a CUP for the use.

PROJECT DESCRIPTION:

A. Location and Surrounding Neighborhood

The subject property is located on the west side of University Avenue (Exhibit 1) and is developed with the Old Town Shopping Center commercial buildings. The subject vacant 5,337-square foot tenant space is located on the ground floor of the northern building adjacent to the corner of University Avenue and Elm Street. The property abuts commercial properties to the north, south, and east, and a parking lot to the west.

B. Project Summary

The applicant requests a zoning consistency determination from the Planning Commission for a bank (Charles Schwab Community Banking and Investment Services) and seeks approval of a CUP for the use.

PROJECT DESCRIPTION (continued):

When reviewing a CUP, the deciding body should consider the information in the applicant's submitted materials (Exhibits 4 through 7); however, the key consideration should be the proposed use since the CUP runs with the land and the operational details can change from owner to owner.

C. Zoning Compliance

The intent of the C-2 or Central Business District zone is to encourage the continuance of a viable and predominantly pedestrian-oriented business district for the Town. The C-2 zone allows for a wide variety of retail, service, entertainment, and administrative activities, which are necessary to serve a large trading area. An office use is allowed in the C-2 zone, but may not be located on the ground floor. A bank use is allowed in the C-2 zone with the approval of a CUP and may be located on the ground floor.

If the Planning Commission determines that the proposed use is a bank, the use would be allowed on the ground floor of the C-2 zone with approval of the CUP.

DISCUSSION:

A. Zoning Consistency Determination

The applicant requests a zoning consistency determination from the Planning Commission for a bank (Charles Schwab Community Banking and Investment Services). Traditionally, businesses that provide investment services have been considered office uses and may not be located on the ground floor in the C-2 zone. The applicant has provided a Project Description (Exhibit 4), Letter of Justification (Exhibit 5), and a letter speaking to zoning consistency (Exhibit 6), all of which describe the proposed use as a bank and cite the evolving nature of traditional banking. The applicant requests that the Planning Commission determine that the proposed use is a bank and seeks approval of the CUP for the use to be located on the ground floor in the C-2 zone.

B. Conditional Use Permit Application

As discussed above, if the Planning Commission determines that the proposed use is a bank, the applicant seeks approval of the CUP for the use. The applicant requests hours of operation of 8:00 a.m. to 6:00 p.m., Monday through Friday; 8:00 a.m. to 4:00 p.m., Saturday; and closed, Sunday. The applicant has provided a Project Description (Exhibit 4), Letter of Justification (Exhibit 5), and a letter speaking to zoning consistency (Exhibit 6), all of which describe the operational details of the proposed use.

DISCUSSION (continued):

C. Traffic and Parking

The site was previously a retail use with a parking requirement of one space for every 300 square feet of floor area, or 18 spaces. A bank requires one space for every 250 square feet of floor area, or 22 spaces. The site is part of the Old Town Shopping Center, which provides parking through 215 spaces onsite and 464 spaces in the Parking Assessment District (PAD). Based on an analysis of the existing uses in the Old Town Shopping Center, the additional four spaces required for the proposed use would be accommodated through the surplus spaces located onsite and in the PAD.

D. Conditional Use Permit Findings

If the determination is made that the proposed use is a bank, the Planning Commission must make the following findings in order to grant approval of a CUP:

1. The proposed use of the property is essential or desirable to the public convenience or welfare; and
2. The proposed use would not impair the integrity and character of the zone; and
3. The proposed use would not be detrimental to public health, safety, or general welfare; and
4. The proposed use of the property is in harmony with the various elements or objectives of the General Plan and the purposes of the Town Code.

With regards to the first finding, the use will relocate an existing banking and financial service business to a new location in the Central Business District. With regards to the second finding, the use will not impair the integrity of the zone because limitations will be placed in the conditions of approval to preserve the character of the Central Business District zone. With regards to the third finding, the use will not be detrimental to public health, safety, or general welfare because the conditions of approval will address any potential impacts. With regards to the final finding, the proposed use meets the objectives of the General Plan and Town Code as discussed within this report.

E. General Plan

A bank use is consistent with the Central Business District General Plan land use designation for the property with the approval of a CUP. A bank would support the mixture of community-oriented commercial goods, services, and lodging unique to the Central Business District and would maintain the small-town character of the downtown area.

The goals and policies of the 2020 General Plan applicable to this project include, but are not limited to:

DISCUSSION (continued):

- Policy LU-1.8 Commercial development of any type (office, retail, research and development, etc.) shall be designed in keeping with the small-town character of Los Gatos.
- Policy LU-2.1 Minimize vehicle miles traveled for goods and services by allowing and encouraging stores that provide these goods within walking distance of neighborhoods in Los Gatos.
- Policy LU-9.2 Maintain a variety of commercial uses, including a strong Downtown commercial area combined with Los Gatos Boulevard and strong neighborhood commercial centers to meet the shopping needs of residents and to preserve the small-town atmosphere.

F. CEQA Determination

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area.

PUBLIC COMMENTS:

Written notice was sent to property owners and tenants within 300 feet of the subject property. Public comments received before 11:00 a.m., Friday, November 6, 2020, are included as Exhibit 8.

CONCLUSION:

A. Summary

The applicant requests a zoning consistency determination from the Planning Commission for a bank (Charles Schwab Community Banking and Investment Services) and seeks approval of the CUP for the use to be located on the ground floor in the C-2 zone.

No additional square footage is proposed; therefore, there will be no increase in traffic impacts. The increased parking requirement will be accommodated with surplus spaces available onsite and in the PAD. A bank use would be in conformance with the Town Code and consistent with the General Plan.

B. Recommendation

Staff recommends that the Planning Commission review the application materials and determine whether the proposed use is a bank. If the Commission determines that the use

CONCLUSION (continued):

is a bank, based on the analysis above staff recommends approval of the CUP subject to the recommended conditions of approval (Exhibit 3). If the Planning Commission finds merit with the proposed project, it should:

1. Make the determination that the proposed use is consistent with a bank; and
2. Make the finding that the proposed project is categorically exempt, pursuant to Section 15301 of the California Environmental Quality Act as adopted by the Town (Exhibit 2); and
3. Make the findings as required by Section 29.20.190 of the Town Code for granting approval of a CUP (Exhibit 2); and
4. Approve CUP application U-20-009 with the conditions of approval attached in Exhibit 3.

C. Alternatives

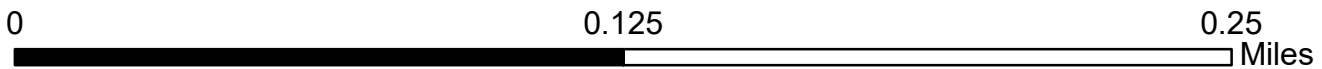
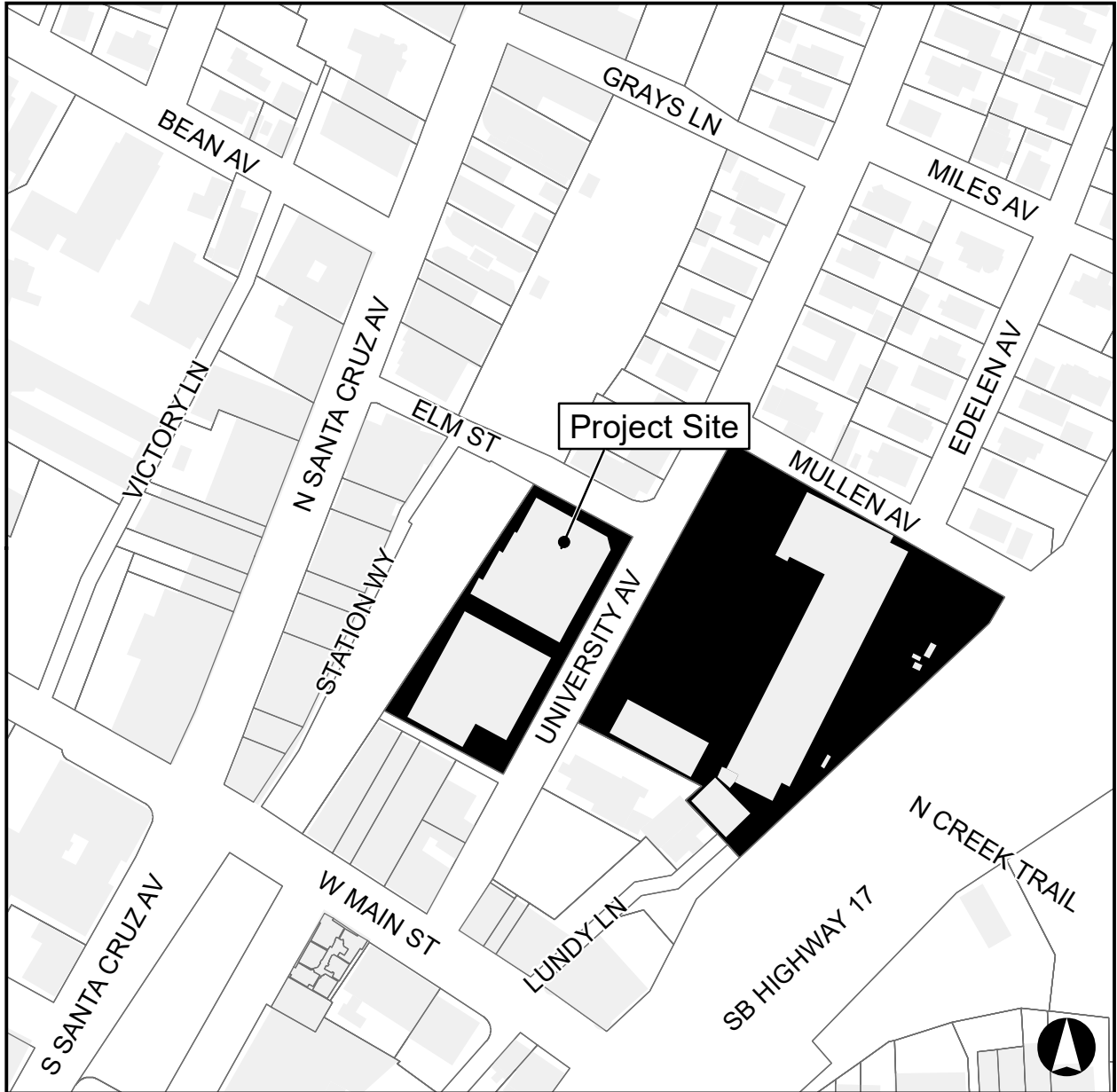
Alternatively, the Commission can:

1. Continue the matter to a date certain with specific direction; or
2. Approve the application with additional and/or modified conditions; or
3. Deny the application.

EXHIBITS:

1. Location map
2. Required Findings for Conditional Use Permit
3. Recommended Conditions of Approval
4. Project Description
5. Letter of Justification
6. Zoning Consistency Determination Letter
7. Floor Plan
8. Photos
9. Public Comment received by 11:00 a.m., Friday, November 6, 2020

35 University Avenue



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PLANNING COMMISSION – November 11, 2020
REQUIRED FINDINGS FOR:

35 University Avenue
Conditional Use Permit Application U-20-009

Requesting a Zoning Consistency Determination and Approval of a Conditional Use Permit for a Bank (Charles Schwab Community Banking and Investment Services) on Property Zoned C-2:LHP:PD. Located at 35 University Avenue. APN 529-02-044.
PROPERTY OWNER: SRI Old Town LLC.
APPLICANT: Amber DeMaglio

FINDINGS

Required Finding for CEQA:

- The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of California Environmental Quality Act, Section 15301: Existing Facilities. No significant effect on the environment will occur since the project uses an existing structure with no increase in floor area.

Required findings for a Conditional Use Permit:

- As required by Section 29.20.190 of the Town Code for granting a Conditional Use Permit:

The deciding body, on the basis of the evidence submitted at the hearing, may grant a conditional use permit when specifically authorized by the provisions of the Town Code if it finds that:

1. The proposed use of the property is essential or desirable to the public convenience or welfare because it will relocate an existing banking and financial services business to a new location in the Central Business District; and
2. The proposed use would not impair the integrity and character of the zone because limitations will be placed in the conditions of approval to preserve the character of the residential zone; and
3. The proposed use would not be detrimental to public health, safety, or general welfare because the conditions of approval will address any potential impacts; and
4. The proposed use of the property is in harmony with the various elements or objectives of the General Plan and the purposes of the Town Code.

EXHIBIT 2

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Planning Commission –November 11, 2020
CONDITIONS OF APPROVAL

35 University Avenue
Conditional Use Permit Application U-20-008

Requesting a Zoning Consistency Determination and Approval of a Conditional Use Permit for a Bank (Charles Schwab Community Banking and Investment Services) on Property Zoned C-2:LHP:PD. Located at 35 University Avenue. APN 529-02-044. PROPERTY OWNER: SRI Old Town LLC. APPLICANT: Amber DeMaglio

TO THE SATISFACTION OF THE DIRECTOR OF COMMUNITY DEVELOPMENT:

Planning Division

1. APPROVAL: This application shall be completed in accordance with all of the conditions of approval and in substantial compliance with the approved plans. Any changes or modifications to the approved plans shall be approved by the Community Development Director, DRC, or the Planning Commission depending on the scope of the changes.
2. EXPIRATION: The approval will expire two years from the approval date pursuant to Section 29.20.320 of the Town Code, unless the approval has been vested.
3. LAPSE FOR DISCONTINUANCE: If the activity for which the Conditional Use Permit has been granted is discontinued for a period of one (1) year, the approval lapses pursuant to Section 29.20.340 of the Zoning Ordinance.
4. USE: The approved use is a bank.
5. HOURS OF OPERATION: Maximum hours of operation are Monday through Friday, 8:00 a.m. to 6:00 p.m.; and Saturday, 8:00 a.m. to 4:00 p.m.
6. DELIVERIES: Deliveries shall occur between 9:00 a.m. and 4:00 p.m. Deliveries shall not be made from University Avenue or Elm Street.
7. TRASH AND RECYCLING DISPOSAL HOURS: Trash and recycling from the business shall only be emptied between 9:00 a.m. and 9:00 p.m., to limit the noise impacts.
8. SIGN PERMIT: A Sign Permit from the Los Gatos Community Development Department must be obtained prior to any changes to existing signs or installation of new signs.
9. CERTIFICATE OF USE AND OCCUPANCY: A Certificate of Use and Occupancy from the Los Gatos Community Development Department must be obtained prior to commencement of use.
10. BUSINESS LICENSE: A business license from the Town of Los Gatos Finance Department must be obtained prior to the commencement of any new or change of use.
11. TOWN INDEMNITY: Applicants are notified that Town Code Section 1.10.115 requires that any applicant who receives a permit or entitlement from the Town shall defend, indemnify, and hold harmless the Town and its officials in any action brought by a third

EXHIBIT 3

party to overturn, set aside, or void the permit or entitlement. This requirement is a condition of approval of all such permits and entitlements whether or not expressly set forth in the approval, and may be secured to the satisfaction of the Town Attorney.

12. COMPLIANCE MEMORANDUM: A memorandum, in compliance with standard Town practice, shall be prepared and submitted with the building permit detailing how the conditions of approval will be addressed.

DRAFT

Project Description

The Project would involve the introduction of a new Charles Schwab “branch of the future” which will function as a modern, service-oriented bank and financial services use in an existing retail space at 35 University Avenue in the Town (“Project Site”). The retail space is approximately 5,337 square feet in a one story building. From a land use and zoning standpoint, the Site has a General Plan designation of Central Business District, and is zoned C-2, Central Business District. The Project Site is in the Old Town Planned Development, however, this planned development follows the zoning standards for the broader C-2 zone.

The Project would involve tenant upgrades to create a modern “branch of the future” space. This modern space will include a welcome bar, coffee bar, hospitality area, and living room style conference and seminar room where clients or walk-in customers would have an opportunity to meet with Charles Schwab’s bankers and advisors privately. The Project would also involve appropriate exterior upgrades to create an upscale, pedestrian-focused retail storefront that would complement surrounding retail uses and the pedestrian retail focus of the University Avenue area.

The Project is expected to have pedestrian and customer traffic similar to the retail use that previously occupied the site, meaning that no significant environmental impacts are anticipated.

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August 18, 2020

Town of Los Gatos Planning
Commission
110 E. Main St.
Los Gatos, CA 95030

Re: Letter of Justification for Proposed Charles Schwab Use at 35 University Avenue

Dear Honorable Commissioners:

This letter outlines the justification for efforts by Federal Realty Investment Trust ("Federal") and Charles Schwab ("Schwab") to locate an innovative community banking and financial services use at 35 University Avenue in the Town ("Project Site"). The Project would allow Schwab to provide a wide range of interactive banking and brokerage services to area residents and small businesses while bolstering the commercial and financial viability of the Town. The Project would also fill an impending vacancy of the Project Site by Gap Stores, the current tenant of the site.

Schwab has operated in the Town for more than twenty years. During that time, Schwab has provided vital financial and banking services to Town residents and small businesses at its existing 335 N. Santa Cruz location. While Schwab's existing location was adequate to meet the financial services needs of its clients twenty years ago, like its competitor banks and financial services institutions, Schwab's business model and the needs of its clients have evolved significantly in recent years. Whereas Schwab used to focus on offering office style financial advice to its clients, it now offers a full range of modern banking and financial services that require a more pedestrian and community focused space. This is at least partially due to the fact that with the advent of online banking and financial "apps" customers are seeking more in person interaction and advice from banks and financial advisors. The Project would meet these changing needs of Town residents and small businesses and help foster the Town's unique "small town" identity while also supporting its commercial viability and wellbeing.

As already outlined in Federal's zoning consistency letter submitted with this application, the Project is consistent with the Town's General Plan and will promote several of the Town's core goals for the Central Business District. These include General Plan goals and policies: (1) aimed at encouraging community-oriented

services that maintain the small-town character of the Town, (2) encouraging development and retention of small businesses and independent stores and shops, and (3) encouraging land use patterns that promote the “pedestrian scale and orientation of the Central Business District.” (Town General Plan LU-14, 29; General Plan Goal 10.) The Project would do this by introducing a modern pedestrian and community-oriented space that will provide a range of modern financial and banking services to local residents and small businesses.

Moreover, as outlined in Federal’s zoning consistency letter, the Project would introduce a modern use that is in all key aspects consistent with bank and savings and loan office uses that are conditionally permitted at the Project Site.

For all of the reasons outlined above we respectfully request that the Commission approve a Conditional Use Permit for the Project. Such an approval would allow the applicant to introduce a strong and vibrant business operator that will be vital to the continued success of the Town’s Central Business District, particularly in these uncertain times.

Very truly yours,

MILLER STARR REGALIA

Michael E. Di Geronimo

Michael E. Di Geronimo

cc: Amber Maglio (via email)



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August 18, 2020

VIA E-MAIL AND U.S. MAIL

Planning Staff
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Zoning Consistency Determination for Proposed Charles Schwab Community Bank and Brokerage Storefront at 35 University Avenue

Dear Staff:

This office represents SRI Old Town, LLC, a California limited liability company ("SRI"), an entity owned by Federal Realty Investment Trust. SRI is the fee owner of a one-story building at 35 University Avenue in the Town ("Project Site"). The existing tenant of the Project Site, Gap Stores, recently notified SRI that it will soon terminate its lease and vacate the Project Site. To fill this impending vacancy, SRI is working with Charles Schwab ("Schwab") to locate an innovative community financial services storefront at the Project Site that would provide a wide range of interactive banking and brokerage services to the Town and area residents (the "Project").

We are providing this letter in support of our client's application for a conditional use permit for a Schwab branch at the Project Site.

As outlined below, Schwab's proposed use has evolved significantly from the office-type use that Schwab initially introduced at its current location in the Town more than twenty years ago. Instead, consistent with modern banking needs (which includes a full range of financial services) and market changes, the use that Schwab now seeks to introduce is a financial services storefront with all the key features of a bank and with a heavy emphasis on walk-in customers and regular customer interaction. This is exactly the type of pedestrian-oriented and community-focused use that the Town General Plan and Zoning Code envision at the Project Site.

Because Schwab's proposed use will not necessarily look like a traditional bank, Town planning staff previously asked SRI's representatives to confirm that the proposed use is consistent with a banking or savings and loan office use, which are conditionally permitted at the Project Site. Although the Project may look somewhat different than the banks that existed when the Town adopted its zoning code several

decades ago, Schwab is proposing a use that in all key respects is a banking use and should be treated as such by the Town. Banks are conditionally permitted at the Project Site. Accordingly, we request that staff opine that the Project is conditionally permitted at the Project Site in its staff report for SRI's Conditional Use Permit application for the Project.

I. The Project Would Promote the City's General Plan Goals for the Project Site and Is Conditionally Permitted

The Project Site has a General Plan Designation of Central Business District, and is zoned C-2, Central Business District. The Project Site is within the Old Town Planned Development, however this planned development follows the zoning standards applicable to the C-2 zone.

A. The Project Will Promote the Town General Plan's Goals for the Project Site.

The Project Site is within the General Plan's Central Business District which:

encourages a mixture of community-oriented commercial goods, services, and lodging unique in its accommodation of small-town style merchants and maintenance of small-town character.

(Town General Plan LU-14.)

Within the Central Business District, Land Use Goal 10 seeks to "preserve Downtown Los Gatos as the historic center of the Town" with goods and services available for local residents "while maintaining the existing Town identity, environment, and commercial viability." (TGP LU 29.) Relevant policies in support of this goal include:

Policy LU-10.1: Encourage the development and retention of small businesses and independent stores and shops Downtown that are consistent with small-town character and scale.

Policy LU-10.2: Recognize and encourage the different functions, land use patterns, and use mixes of the various commercial areas within the Downtown. These include: (a) The pedestrian scale and orientation of the Central Business District....

(TGP LU-29, Policy LU-10.1.)

As highlighted in the letter dated February 3, 2020 and attached as **Exhibit A**, Schwab's proposed use would introduce a modern, service-oriented bank that will serve long-standing and new walk-in customers by providing a range of financial services. Schwab will enhance the existing space with a number of retail-style

improvements inspired by retail coffee shops and the location of other retailers of high-end goods and services. Consistent with this, Schwab's community bank would feature a welcome bar, coffee bar, hospitality area, and living room style conference room. In this retail-style space, Schwab staff would offer customers its wide range of community banking and brokerage services in a comfortable, modern space. With respect to the above, it should be noted that almost all mainline banks, such as Wells Fargo, Chase, and Bank of America, also offer their customers brokerage services similar to those offered by Schwab.

For more than twenty years, Schwab has provided vital financial services to Town residents from its 335 N. Santa Cruz location less than half a mile from the Project Site.¹ At its new location, Schwab would continue to serve new and existing clients, including small businesses, but in a more pedestrian and community focused, retail type space that more accurately meets modern banking needs. Consistent with the General Plan, the Project will help support local residents and small businesses, thus maintaining the Town's unique "small town" identity, and support its continued commercial viability and wellbeing.

B. The Project Would Introduce a Bank Use, Which is Conditionally Permitted at the Project Site.

From a zoning standpoint, the C-2 zone is "intended to encourage the continuance of a viable and predominantly pedestrian-oriented central business district for the Town." (Town Municipal Code § 29.60.315.) Consistent with this intent, within the C-2 zone, retail businesses are permitted, whereas banks and savings and loan offices are conditionally permitted. (TMC §§ 29.20.180, 29.60.320.) "Office activities" are generally prohibited on the first floor of buildings within the C-2 zone.

As noted above, the Project will introduce a modern community banking and financial services use to the Project Site that will meet the banking and brokerage needs of Town and Area residents. Schwab's use will focus on modern interactive banking and investment services. This reflects the reality that traditional banking attributes such as teller lines and ATMs are growing less utilized and more obsolete with the advent of banking apps, credit cards, and online banking.

Although the Project layout might seem like a Starbucks or Philz Coffee shop or Apple Store more than a traditional bank, Schwab's actual use would function exactly like a modern bank. As noted on the comparison chart attached as **Exhibit B**, the range of banking and financial services offered by Schwab would be identical to those offered by Schwab's traditional banking competitors like Wells Fargo, Bank of America, and Citi. For example, Schwab will offer a full range of banking and credit card services, including checking and savings accounts, credit cards, ATM cards, and cash withdrawals. Schwab will also provide a range of loan

¹ We note that Schwab's existing location is also zoned C-2 and is on the first floor.

and credit services. Like its competitor banks, Schwab will also provide a full range of investment and retirement services, as well as wealth management and planning services. Accordingly, the use proposed by Schwab fits squarely into the conditional bank use under the Town's zoning code. With respect thereto, it is worth noting that many mainline banks consider Schwab to be a competitor and will seek to exclude them from centers and other retail projects in which the mainline banks are located.

In all material respects, Schwab's proposed use is consistent with a bank or savings and loan office use, both of which are conditionally permitted at the Project Site.²

II. Conclusion

Consistent with the above, we request that staff support the Project application and confirm that Schwab's proposed use meets the definition of the use category of banking and savings and loan office use and allow SRI to move forward with the conditional use permit application they filed for the Project. We note that the Town has wide discretion in interpreting its own General Plan and Zoning Code, meaning it is well within the Town's power to make this entirely reasonable and in our view clear interpretation of its Zoning Code. (See *Joshua Tree Downtown Business Alliance v. County of San Bernardino* (2016) 1 Cal.App.5th 677, 696.)

Very truly yours,

MILLER STARR REGALIA

Michael Di Geronimo

Michael E. Di Geronimo

cc: Amber Maglio (via email)

² Companies like Schwab who would like to open a store and operate in the Central Business District should be encouraged by the Town to do so. It seems like every day that there is a media story about retailers closing stores due to COVID-19 and the rise of internet shopping. Having financially strong and vibrant business operators like Schwab is vital to the continued success of the Town's business district.

EXHIBIT A

February 3, 2020

Planning Department
Community Development Department, Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Charles Schwab, 35 University Avenue (Old Town Los Gatos)
Use Description / Letter of Justification

To whom it may concern:

Charles Schwab and Federal Realty have agreed upon terms for Charles Schwab to occupy the existing (and soon to be former) Gap location in the Old Town Los Gatos project at 35 University Avenue in Los Gatos, CA. This location is part of the C-2 zone and Charles Schwab, as a retail securities brokerage and bank use, will apply for a conditional use permit to occupy the space.

Site

35 University Ave
Cross Street: Elm Street
Zoning District: C-2
See attached Exhibit A for aerial and site plan

C-2 Zone Overview

C-2 Zone: The Central Business District Commercial zone is intended to encourage a viable and predominantly pedestrian-oriented Central Business District. The C-2 zone is designed to facilitate a wide variety of retail, service, entertainment, and administrative uses which are vital to a large trading area.

Office uses shall not be located on the ground floor along streets, alley ways, or public parking lots. There are exception areas (Lyndon, Wood, Victory Lane, South side of Los Gatos-Saratoga), but University and N. Santa Cruz are not included.

Office uses on ground floors that are legal and allowed if the office use is not discontinued for 180 consecutive days. If the office use is discontinued for more than 180 days, then it shall not be resumed.

Examples of Proper C-2 uses: Apparel stores, laundrettes/dry cleaning agencies, travel agencies, antique stores, telephone answering services, artist studios, sales offices (merchandise stored elsewhere), craft studios, auto parts sales and paint shops.

Personal service businesses may be allowed on the ground floor in the C-2 zone with a conditional use permit (CUP). The Community Development Department handles the CUP process and more information can be found in Town Code Sec. 29.20.185. Banks are permitted in the C-2 zone with a CUP.

History

Charles Schwab is currently located at 335 N. Santa Cruz in Los Gatos. We have been a fixture in the Town and have been in the C-2 district for more than 20 years. As the demand for our services in the Town have continued to grow along with the changes in the nature of banking and brokerage transactions that have evolved, the need has come up for more space, which has led us to the current Gap location. This location would allow us to serve our customers and community more effectively, and in an interactive space as the next generation of banking requires.

Retail is Changing

As highlighted with the C-2 zoning above, we feel that the current definition of retail may be outdated and not in line with today's retail landscape. As more consumers make purchases online, customers now seek an interactive experience as they walk into shops, banks or other service providers. Retail now needs to be about that experience for it to succeed long term. In addition, sales have been decreasing in traditional soft goods retail areas leading to significant retail vacancy: Union Square (SF) and downtown Los Gatos as examples. By replacing the vacant spaces with companies that provide both a person to person transaction and a customer experience, we maintain vibrant city centers.

Banks are Changing

- Teller Lines are no longer needed. As people move to online transactions and pay-by-phone applications, the need to utilize a traditional teller line is no longer a part of the modern banking program.
- ATM usage is decreasing, and cash withdrawals have consistently decreased year over year. As noted above, the use of credit cards and the many mobile applications have lessened the need for cash.
- Banks are needed as a "presence" and are shifting the services that they provide onsite. By allowing customers to use the site as more of an interactive customer facing location, they can manage their finances in a more personal manner.
- As the new banking model evolves, classes, seminars, and interactive sessions have become a fixture of the Charles Schwab business model for each branch. This allows Charles Schwab to not only be a community bank and brokerage house, but also a community service.

Many banks are revising their business model in a similar model as Charles Schwab. Below are a few local examples:

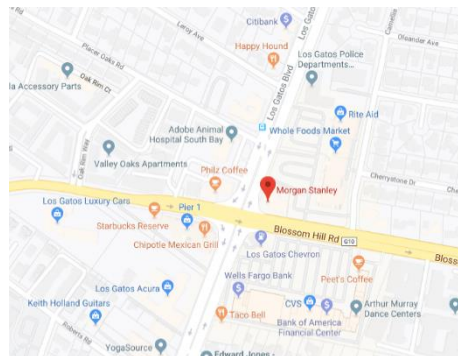
Capital One



Chase private client



Morgan Stanley – In the retail location in the Los Gatos SC on Blossom Hill



Charles Schwab Overview

A search of “Charles Schwab” online provides the following description:

The Charles Schwab Corporation is a bank and stock brokerage firm based in San Francisco, California. It was founded in 1971 by Charles R. Schwab. It is ranked 13th on the list of largest banks in the United States and it is also one of the largest brokerage firms in the United States.

Charles Schwab Bank – FDIC Insured, and Highest 2019 ranking by JD Power for Direct Retail Banking Customer Satisfaction. Offers High yield checking & savings, mortgage loans, and all other financial products that can be obtained in any other bank.

Charles Schwab, like many other banks noted above, is evolving to meet the modern view of a service-oriented bank. Pictures below are of the “branch of the future” which has launched in Austin and will be on the cutting edge in Los Gatos, the heart of Silicon Valley, where innovation is everywhere. Our new branch model features a welcome bar, coffee bar, hospitality area, and living room style conference room and a seminar room as well as private space where clients or walk-in customers can have an opportunity to meet with our bankers and advisors privately. This new model allows for a hands on experience for the clients of Charles Schwab and a space for a interactive experience for residents of Los Gatos.

We have leveraged the best practices from other retailers: Apple’s approachable, informative store environment combined with the cozy comfort of Starbucks



Examples

Charles Schwab operates in the same capacity as other retail banks, focusing on foot traffic, signage, parking, access, and overall convenient locations. They target retail locations throughout the country where zoning is retail, and their use is permitted.

- 211 Main Street, San Francisco, CA – Ground floor retail zoning
- 100 Post, San Francisco, CA – Retail zoning for the 1st and 2nd floors.
- The Village, Corte Madera, CA – Retail shopping center
- Santa Monica, CA – Retail building (former pet shop)
- Woodland Hills, CA – Retail shopping center
- Raleigh, NC – Stand-alone retail pad building
- Sandy Springs, GA – Single tenant retail
- Cobb, GA – Street front retail building.
- Paramus, NJ - Retail zoning
- Clear Lake, TX – Retail zoning
- Mount Kisko, KY – Street front retail zoning
- Huntington, NY – Retail zoning
- Fort Myers, FL – Retail zoning
- Northbrook, IL – Retail zoning

Conclusion

Charles Schwab has had a long history serving the Town of Los Gatos. We have been an integral part of the community and hope to serve our valued community for many years to come. To do this, we need to move and grow with the demand of our customer base and with the requirements of a changing market. This branch at 35 University Avenue, with its space for group classes, will provide a beneficial for the entire community, not just our existing customers. We will contribute towards creating synergy amongst the current and future tenants, provide a beautiful façade, the level of quality that the Town of Los Gatos demands, and be a positive driver within the community. Charles Schwab plans to have outreach seminars regarding financial planning to anyone in the Los Gatos community; our store will provide a gathering place for residents and visitors. Therefore, we are formally requesting approval to operate at 35 University Avenue with a conditional use permit as a bank use.



We thank you for your time and look forward to meeting in person to answer any additional questions.

Sincerely,
Joon H. Lee

Joon Lee
Portfolio Director, Corporate Real Estate






Cc: Jeff Kreshek, Federal Realty

EXHIBIT B

BANKING COMPARISON – SERVICES OFFERED

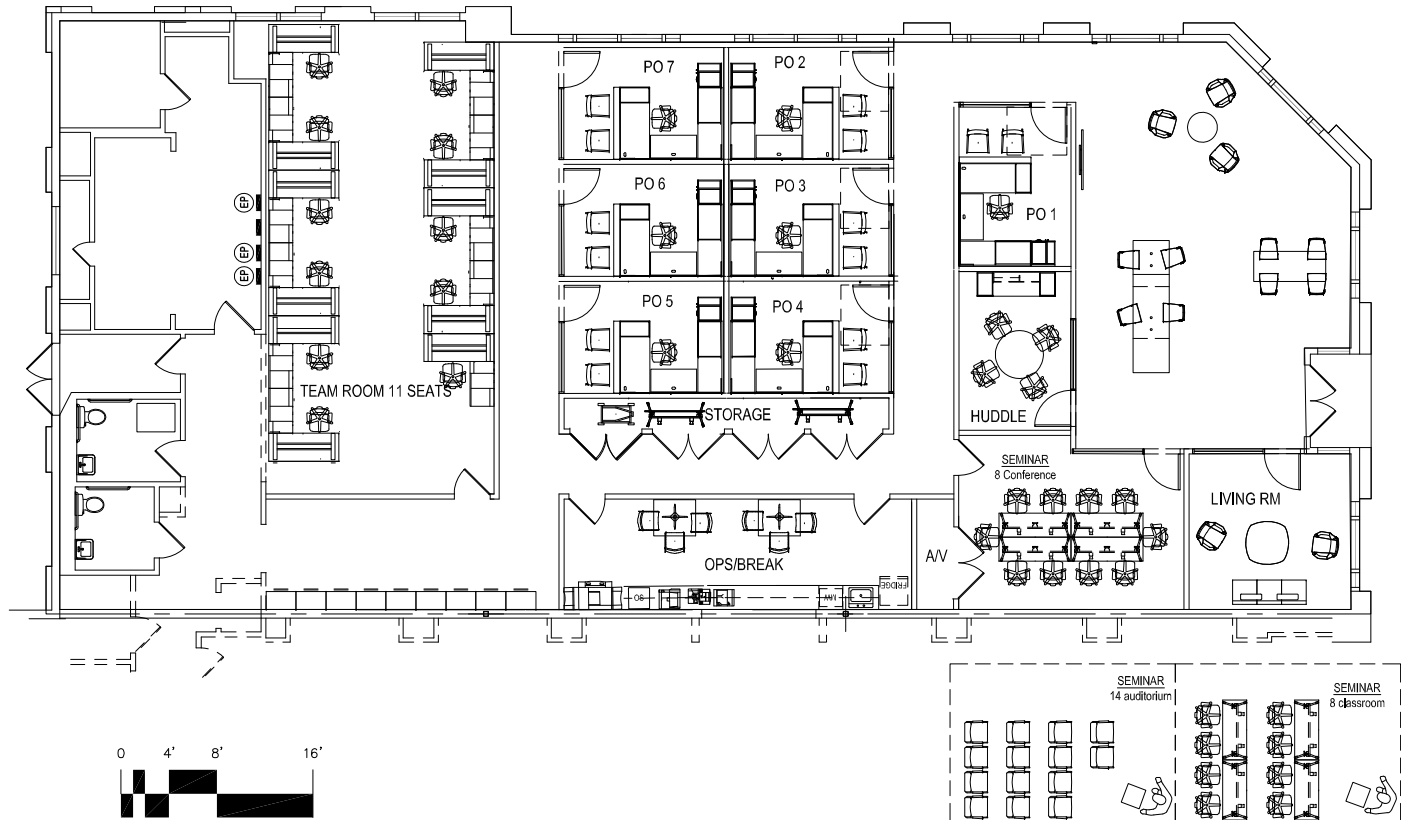
MAY 21, 2020

charles
SCHWAB

SERVICES					
BANKING & CREDIT CARDS					
CHECKING ACCOUNTS	x	x	x	Charles Schwab Bank	N/A
SAVINGS ACCOUNTS & CDS	x	x	x	Charles Schwab Bank	N/A
CREDIT CARDS	x	x	x	Charles Schwab Bank	N/A
ONLINE BANKING	x	x	x	Charles Schwab Bank	N/A
MOBILE BANKING	x	x	x	Charles Schwab Bank	N/A
ATM CARDS	x	x	x	Charles Schwab Bank	N/A
CASH WITHDRAWALS	x	x	x	Charles Schwab Bank	N/A
LOAN AND CREDIT					
HOME LOANS	x	x	x	Charles Schwab Bank	N/A
HOME EQUITY LINES	x	x	x	Charles Schwab Bank	N/A
PERSONAL LINES OF CREDIT	x	x	x	Charles Schwab Bank	N/A
SMALL BUSINESS LOANS	x	x	x	Charles Schwab Bank	N/A
STUDENT LOANS	x	x	x	Charles Schwab Bank	N/A
AUTO LOANS	x	x	x	Charles Schwab Bank	N/A
INVESTING AND RETIREMENT					
IRAS	x	x	x	x	x
MUTUAL FUNDS	x	x	x	x	x
401K	x	x	x	x	x
529C (EDUCATION ACCOUNT)	x	x	x	x	x
HEALTH SAVINGS ACCOUNT	x	x	x	x	x
BROKERAGE & TRADING ACCOUNTS	Wells Fargo Advisors	Merill Lynch	x	x	x
INSURANCE SOLUTIONS; LIFE, DISABILITY, LONG TERM CARE	x	x	x	x	x
WEALTH MANAGEMENT					
WEALTH PLANNING / FINANCIAL PLANNING	x	x	x	x	x
TRUST & FIDUCIARY SERVICES	x	x	x	x	x
INVESTMENT & ASSET MANAGEMENT	x	x	x	x	x
FINANCIAL LITERACY / SEMINARS	x	x	x	x	x
LINKS:	https://www.wellsfargo.com/ https://www.wellsfargoadvisors.com/	https://www.bankofamerica.com https://www.merrilledge.com/	https://online.citi.com	https://www.schwab.com https://www.schwab.com/bank	https://www.fidelity.com/

Notes: Charles Schwab Bank was founded in 2003. / We have the ability to have cash...but this is why we don't want to. / Compare the services offered by Schwab originally to what services they offer today. / TD Bank is not part of this acquisition.

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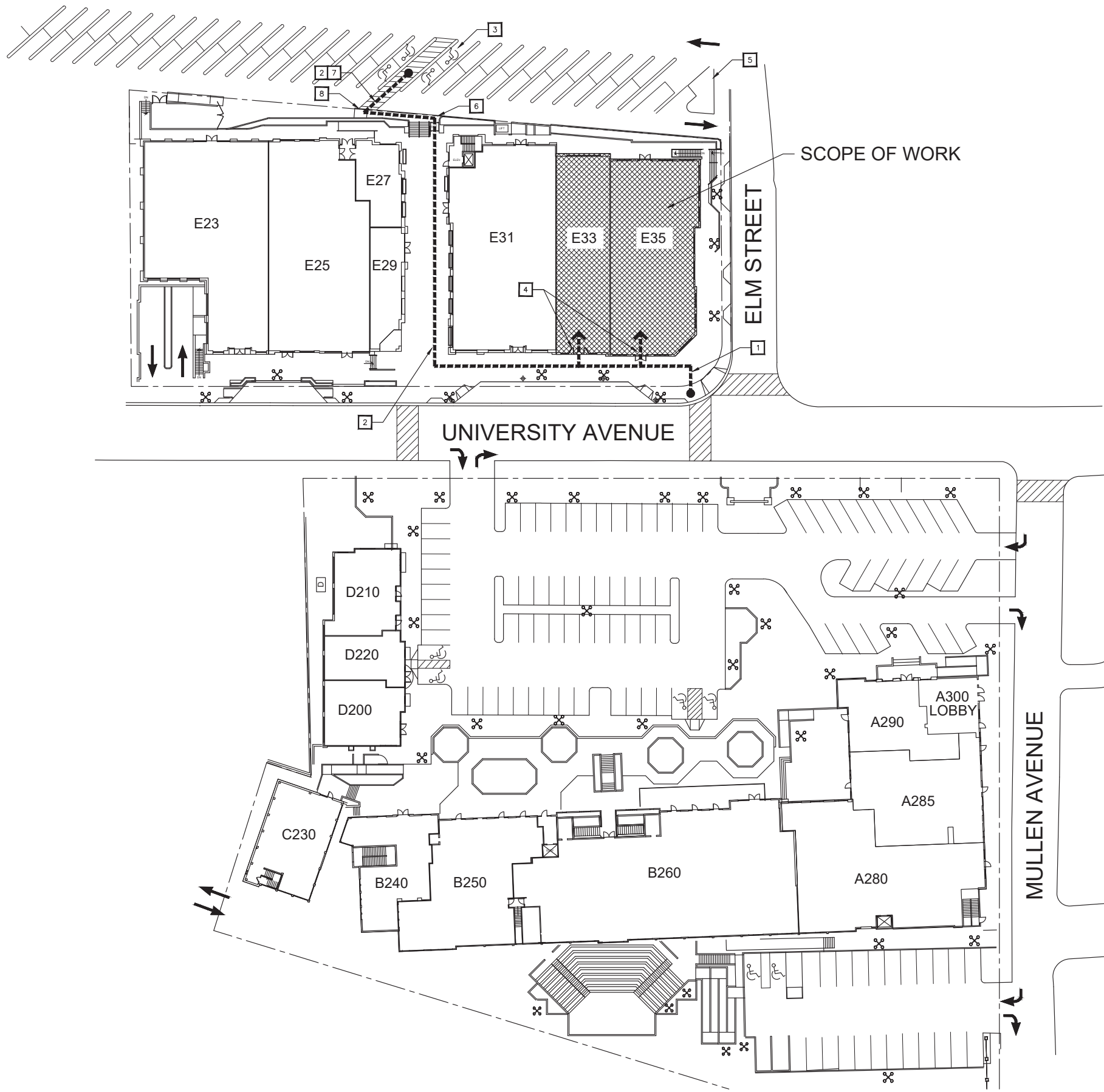
LOS GATOS

50 UNIVERSITY AVE LOS GATOS, CA

SCALE: NTS



DATE: 7_9_19
 REVISION: 0
 DRAWN BY: MM



REFERENCE SITE PLAN
SCALE: 1" = 30'-0"

SHEET NOTES

- 1 EXISTING ACCESSIBLE PATH OF TRAVEL FROM PUBLIC SIDEWALK TO TENANT ENTRANCE.
- 2 EXISTING ACCESSIBLE PATH OF TRAVEL FROM EXISTING ACCESSIBLE PARKING TO TENANT ENTRANCE.
- 3 EXISTING ACCESSIBLE PARKING. SEE DETAIL 1/A0.5. REPAIR OR REPLACE DAMAGED OR MISSING ITEMS.
- 4 EXISTING ACCESSIBLE TENANT ENTRANCE.
- 5 EXISTING ACCESSIBLE SIGNAGE AT ENTRANCE TO PARKING LOT. SEE DETAIL 10/A0.5. REPLACE IF DAMAGED OR MISSING.
- 6 EXISTING ACCESSIBLE SIGNAGE AT PEDESTRIAN ROUTE OF TRAVEL. SEE DETAIL 11/A0.5. REPLACE IF DAMAGED OR MISSING.
- 7 EXISTING ACCESSIBLE PATH STRIPING. SEE DETAIL 12/A0.5. REPAINT IF FADED OR MISSING.
- 8 EXISTING ACCESSIBLE CURB RAMP AND DETECTABLE WARNING SURFACE. SEE DETAILS 2 & 8/A0.5. REPLACE IF DAMAGED OR MISSING.

SITE ACCESSIBILITY

THE DEVELOPED SITE INCLUDES ALL ACCESSIBILITY REQUIREMENTS FOR EACH BUILDING AND HAS BEEN APPROVED UNDER A SEPARATE BUILDING PERMIT. THE FOLLOWING ITEMS ARE EXISTING AND ARE NOT A PART OF THIS TENANT IMPROVEMENT PERMIT:

1. EXISTING ACCESSIBLE PATH FROM PUBLIC SIDEWALK AND FROM BUS STOP TO EACH BUILDING AND TENANT ENTRANCE.
2. EXISTING SIGNAGE AT EACH DRIVEWAY ENTRANCE TO THE SITE INDICATING ACCESSIBILITY.
3. EXISTING ACCESSIBLE PARKING STALLS CLOSE TO EACH BUILDING AND TENANT ENTRANCE.
4. EXISTING ACCESSIBLE PATH FROM ACCESSIBLE PARKING STALLS TO EACH TENANT ENTRANCE.
5. SEE ACCESSIBILITY NOTES AND DETAILS ON SHEETS A0.3 - A0.5.

LEGEND

- SCOPE OF WORK - ALL OTHER ITEMS ARE EXISTING TO REMAIN
- EXISTING ACCESSIBLE PATH OF TRAVEL



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www.tw-architects.com



OLD TOWN
TENANT SPLIT - SPACE E35
35 UNIVERSITY AVENUE
LOS GATOS, CA 95032

DATE: 06-12-2020

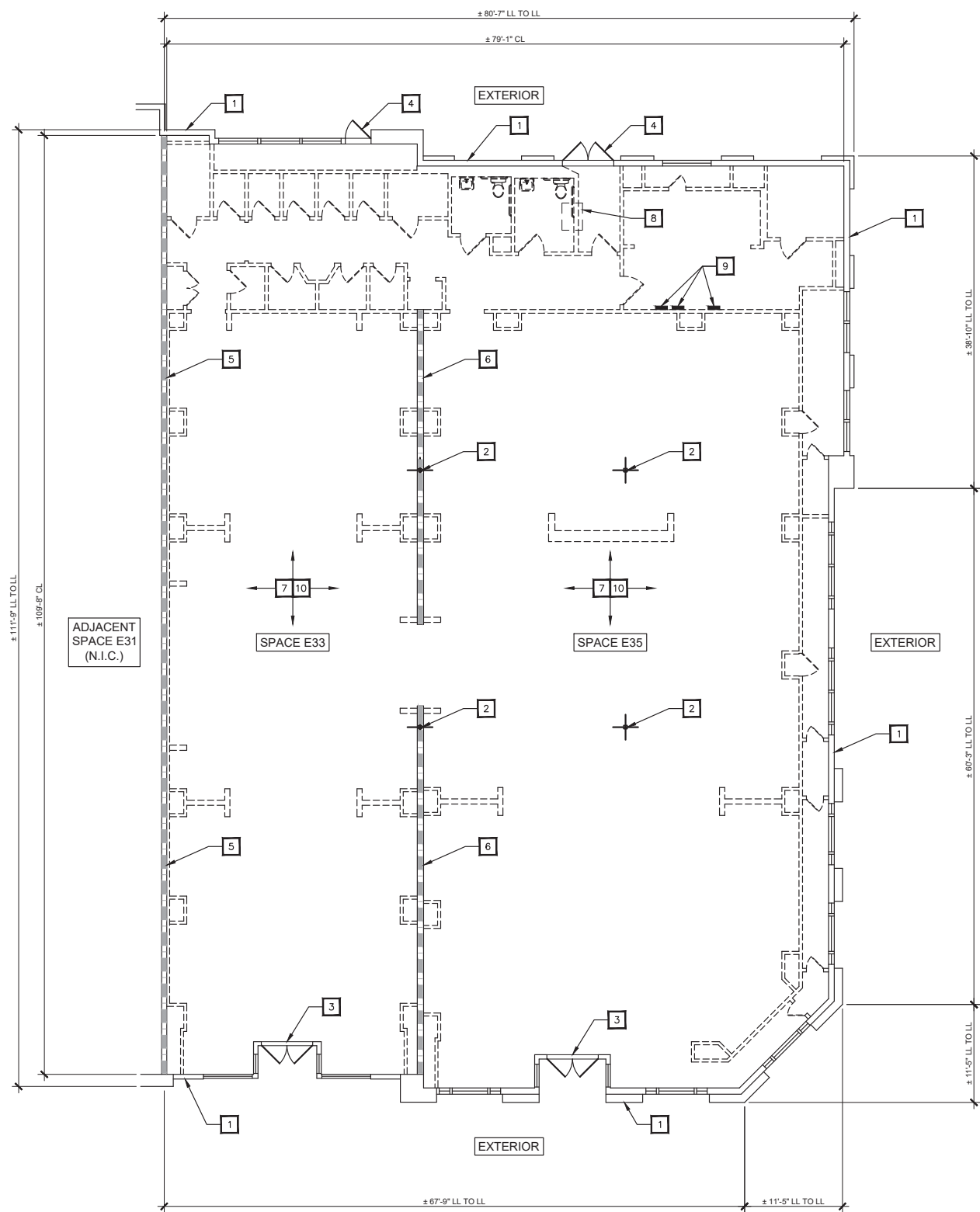
REV. NO.	REV. DATE

REFERENCE
SITE PLAN

A1.1

JOB NO.: FRE36

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UNIVERSITY AVENUE

ELM STREET



DEMOLITION FLOOR PLAN

SCALE: 1/8" = 1'-0"

SHEET NOTES

- 1 EXISTING EXTERIOR WALL TO REMAIN, TYPICAL.
- 2 EXISTING STRUCTURAL COLUMN TO REMAIN, TYPICAL.
- 3 EXISTING ALUMINUM STOREFRONT ENTRY DOORS TO REMAIN.
- 4 EXISTING REAR EXIT DOOR(S) TO REMAIN.
- 5 EXISTING INTERIOR DEMISING WALL TO REMAIN.
- 6 EXISTING INTERIOR FULL-HEIGHT WALL TO REMAIN.
- 7 EXISTING CONCRETE FLOOR SLAB TO REMAIN.
- 8 EXISTING STEP-DOWN TRANSFORMER ABOVE TO REMAIN. SEE ELECTRICAL DRAWINGS.
- 9 EXISTING ELECTRICAL PANEL. SEE ELECTRICAL DRAWINGS FOR RELOCATION.
- 10 REMOVE INTERIOR WALLS, DOORS, CEILING, LIGHT FIXTURES, PLUMBING FIXTURES, EQUIPMENT, AND FINISHES THROUGHOUT TENANT SPACE SHOWN DASHED, UNLESS OTHERWISE NOTED. CAP AND LABEL ALL UTILITIES. SEE ELECTRICAL, MECHANICAL, AND PLUMBING DRAWINGS FOR ITEMS TO REMAIN THAT ARE NOT SHOWN HERE.

DEMOLITION NOTES

- A. THE CONTRACTOR SHALL OBTAIN APPROVALS FROM THE LOCAL AIR QUALITY MANAGEMENT DISTRICT.
- G. THE CONTRACTOR SHALL OBTAIN ALL PERMITS AND APPROVALS NECESSARY FOR DEMOLITION WORK.
- H. DEMOLITION ACTIVITIES ARE REQUIRED TO CONFORM TO AIR QUALITY MANAGEMENT DISTRICT (AQMD) REGULATIONS SECTION 467. NOTIFICATION SHALL BE FILED WITH THE AQMD AT LEAST 10 DAYS PRIOR TO DEMOLITION.
- I. IF CHARACTERISTIC GASOLINE ODOR IS NOTICED DURING SOIL EXCAVATION ACTIVITIES, AN ENVIRONMENTAL CONSULTANT WILL BE CALLED ON SITE TO IMMEDIATELY EVALUATE SOILS CONDITIONS AND PERFORM AIR MONITORING.
- J. THIS PLAN IS NOT INTENDED TO AND/OR DETERMINE THE METHOD, DETAILS, OR MEANS OF PERFORMING THE DEMOLITION WORK.
- K. ALL WORK SHALL BE PERFORMED IN ACCORDANCE WITH THE STATE AND FEDERAL OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) AND THE STATE SAFETY CODE AND APPLICABLE ORDINANCES OF THE GOVERNING MUNICIPALITY.
- L. PROTECT ALL EXISTING FEATURES NOT DESIGNATED FOR DEMOLITION OR REMOVAL. IF DAMAGED, PROMPTLY REPAIR DAMAGES AT NO ADDITIONAL COST TO THE OWNER.
- M. ALL MATERIALS REMOVED FROM THE SITE SHALL BE DISPOSED OF IN ITS ENTIRETY IN AN APPROPRIATE LEGAL MANNER. FOLLOW ALL LOCAL, STATE, AND FEDERAL REGULATION WHEN DISPOSING OF HAZARDOUS MATERIALS. SEE PRE-DEMOLITION ASBESTOS INSPECTION REPORT, IF PROVIDED.
- N. ALL EXISTING UTILITIES AND OTHER DEMOLITION ITEMS TO BE REMOVED MAY OR MAY NOT BE SHOWN ON THIS PLAN. IT IS THE CONTRACTOR'S RESPONSIBILITY TO COORDINATE WITH THE OWNER, APPLICABLE UTILITY COMPANIES AND THE ENGINEER TO FIELD VERIFY ALL EXISTING FEATURES TO BE REMOVED OR TO REMAIN. NO ADDITIONAL COMPENSATION SHALL BE ALLOWED.
- O. ALL WORK TO BE DEMOLISHED SHALL BE SAW CUT/REMOVED WITH A NEAT AND TRUE EDGE.
- P. SHOULD ARCHAEOLOGICAL MATERIALS BE UNCOVERED DURING GRADING, TRENCHING OR OTHER ON-SITE ACTIVITY, EARTHWORK WITHIN 30 YARDS OF THESE MATERIALS SHALL BE STOPPED UNTIL A PROFESSIONAL ARCHAEOLOGIST WHO IS CERTIFIED BY THE SOCIETY OF PROFESSIONAL ARCHAEOLOGY (SOPA) HAS HAD AN OPPORTUNITY TO EVALUATE THE SIGNIFICANCE OF THE FIND AND SUGGEST APPROPRIATE MITIGATION(S), IF DEEMED NECESSARY.
- Q. SHOULD HUMAN REMAINS BE DISCOVERED, CONSTRUCTION WORK SHALL BE STOPPED AND THE CORONER SHALL BE CONTACTED IMMEDIATELY, PER PUBLIC RESOURCES CODE SECTION 15064.5(E).
- R. PERFORM THE DEMOLITION WITH GREAT CARE AND WITH SMALL TOOLS IN ORDER NOT TO JEOPARDIZE STRUCTURE AND EQUIPMENT THAT IS TO REMAIN.
- S. IF STRUCTURAL MEMBERS NOT SHOWN TO BE REMOVED INTERFERE WITH THE NEW WORK, IMMEDIATELY NOTIFY THE ARCHITECT AND OBTAIN WRITTEN AUTHORIZATION PRIOR TO REMOVING MEMBERS.
- T. REMOVE DEMOLITION ITEMS NOTED COMPLETELY TO THE BASE MATERIALS. DEMOLITION INCLUDES CUTTING BACK EXISTING ITEMS AS REQUIRED TO THE EXTENT THAT INSTALLATION OF NEW WORK CAN BE ACCOMPLISHED.
- U. CLEAN SURFACES REMAINING EXPOSED AFTER DEMOLITION WORK TO MATCH EXISTING ADJACENT SURFACES.



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 LOS GATOS, CA 95032

LEGEND

- ITEM TO BE REMOVED
- ===== EXISTING EXTERIOR WALL TO REMAIN
- EXISTING DEMISING WALL TO REMAIN

DATE: 06-12-2020

REV. NO.	REV. DATE

DEMOLITION PLAN

A2.0

JOB NO.: FRE36

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OLD TOWN
GAP
KIDS

GAP

GAP

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GAP



GAP

OLD TOWN
39
GAP

UNKISSE
Shorts

University Avenue

STOP





francesca's

GAP

2 HOUR PARKING

DR 30%

RANGE ROVER

5YVM153

4N1T3M1H



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Planning Commission

Nov. 2, 2020

Re: U-20-009

Dear Planners

The continued loss of prime retail space being converted to professional office and restaurant space has endangered the viability of down town Los Gatos.

The applicant has an existing presence downtown but it is in the outskirts of the central business district with little effect on it's neighbors. Allowing them to re-locate next to heart of retail shopping stores is not a wise decision. The conversion of of general retail to office and restaurant use can only lead to continued circulation and parking problems. As we increase the number of restaurant and professional uses, who can afford to pay higher rents, we will loose smaller specialty stores and the loss of ambiance we are so well known for. Tipping the scales to destination businesses has always been balanced in the past but things have changed. The applicant does not have the right to change address. Old town has already peaked out of intensive use on it's property. Lets not lose another curbside retailer. This is a vital visual active corner. It needs to remain general retail not a professional destination location not paying sales tax.

Larry Justo Arzie

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