



**TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT**

MEETING DATE: 04/26/2023

ITEM NO: 2

DATE: April 21, 2023
TO: Planning Commission
FROM: Joel Paulson, Community Development Director
SUBJECT: Forward a Recommendation to the Town Council on Land Use and Economic Recovery Amendments to Chapter 29 (Zoning Regulations) of the Town Code Regarding Personal Service Businesses, Bars, Markets, Banks, Financial Services, Formula Retail, Group Classes, Veterinarians, Offices, and Definitions. The Proposed Amendments to the Town Code are Not Considered a Project Under the California Environmental Quality Act. Town Code Amendment Application A-23-001. **Project Location: Town Wide.**
Applicant: Town of Los Gatos.

RECOMMENDATION:

Forward a recommendation to the Town Council for approval of the land use and economic recovery amendments to Chapter 29 (Zoning Regulations) of the Town Code.

CEQA:

In accordance with CEQA Guidelines Section 15378, these proposed ordinance amendments are not a "project" subject to CEQA because the proposed amendments affect processing of applications only and will not impact the physical environment. Individual projects processed in accordance with the Town's Zoning Code will undergo CEQA review.

FINDINGS:

- In accordance with CEQA Guidelines Section 15378, these proposed ordinance amendments are not a "project" subject to CEQA because the proposed amendments affect processing of applications only and will not impact the physical environment. Individual projects processed in accordance with the Town's Zoning Code will undergo CEQA review; and
- The amendments to Chapter 29 of the Town Code are consistent with the General Plan.

PREPARED BY: Sean Mullin, AICP
Senior Planner

Reviewed by: Planning Manager, Community Development Director, Town Attorney, and Economic Vitality Manager

BACKGROUND:

Throughout the last several years, the Town Council has identified strategic priorities related to:

- Community vitality;
- Economic recovery;
- Business permit streamlining; and
- Policies and ordinances as they relate to business activity.

Given the priorities identified by the Town Council, staff brought forward a series of policy and ordinance changes to begin this streamlining work, creating a more welcoming and flexible business environment with reduced timelines and fee structures for businesses. The recently adopted 2023 - 2025 Strategic Priorities includes Economic Vitality and Pandemic Recovery (Exhibit 3), providing an opportunity to continue the streamlining work that began before the pandemic to support the business community during the recovery.

Exhibit 4, Economic Vitality and Land Use Streamlining, illustrates the policy and ordinance streamlining that took place prior to 2020. Once the Pandemic hit the community and the devastating effects became notable, the local business community and economic well-being of the Town's shopping areas were among the stakeholder groups most negatively affected.

On March 12, 2020, the Director of Emergency Services (Town Manager) issued a proclamation pursuant to Town Code Section 8.10.035, declaring the existence of a local emergency within the Town due to the COVID-19 pandemic. On March 17, 2020, the Town Council adopted Resolution 2020-008 Ratifying and Continuing the Proclamation of Existence of Local Emergency Issued by the Director of Emergency Services (Exhibit 5).

At this point, it was understood that the potential length and impacts of the Pandemic were unknown and the Town needed to make adjustments to local land use and business permit policies to align with those being made at the County, State, and Federal levels through emergency orders, and to offer flexibility and options to support the local business community in the uncertain times. After thoughtful discussion by the Town Council, an Economic Recovery Resolution was adopted to provide businesses with options for flexibility to modify their business offerings. On June 3, 2020, an Economic Recovery Resolution 2020-022 was adopted by the Town Council, and has since been modified and extended with a current sunset date of June 30, 2022. Exhibit 6 is the current Economic Recovery Resolution, 2022-066.

A high-level overview of the streamlining and flexibility offered through the Economic Recovery Resolution includes:

- Suspension of rent for Town-owned facilities;
- Providing business resources through a COVID-19 website;

BACKGROUND (continued):

- Allowing restaurants to sell groceries, provide for curbside pickup, and sell alcohol via delivery and takeout;
- Allowing outdoor dining in parklets along N. Santa Cruz Avenue and in private parking lots;
- Allowing the use of pop-up patios, parklets, and outdoor spaces for signage, merchandising, and queueing;
- Allowing existing businesses in Town to relocate, expand, or open additional locations without obtaining a new Conditional Use Permit (CUP) through an Economic Recovery Agreement;
- Suspending the requirement for personal service businesses to obtain a CUP in the C-2 zone through an Economic Recovery Agreement;
- Reducing the cost for a new CUP by 50 percent, with the Town paying the balance of the fees;
- Allowing alcohol consumption with meals in Town parks, temporary pop-up parks, temporary patio dining areas, and parklets; and
- Extending the expiration date for all building permits and planning entitlements by two years.

The California Emergency Services Act (California Government Code Section 8550, *et seq.*) provides that once the Town Council determines that there is no need to continue the local emergency, the Council shall proclaim the termination of the local emergency at the earliest possible date. The Department of Health and Human Services is planning for the Federal Public Health Emergency for COVID-19 to expire on May 11, 2023. In response, the Governor of the State of California ended the State emergency declaration related to COVID-19 on February 28, 2023, and the County of Santa Clara demobilized its remaining COVID-19 mass vaccination and mass testing sites. On March 7, 2023, the Town Council adopted Resolution 2023-011, terminating the local emergency in line with the end of the State emergency declaration related to COVID-19 (Exhibit 7).

DISCUSSION:

With the quick adoption and implementation of Resolution 2020-022, the Town experienced fewer vacancies and business attrition during the darkest times of the Pandemic and was quick to assist businesses in reopening in new formats, locations, or with other modifications that allowed them to be compliant with health orders while serving the community through their business offerings. Since the adoption of Resolution 2020-022, the Town continues to see the benefit of the flexibility and latitude the streamlining offers businesses. Staff is bringing forward these recommendations to memorialize this flexibility within the Town Code to continue to welcome businesses and work toward the Town Council's strategic priority related to economic vitality and pandemic recovery.

DISCUSSION (continued):

Staff has received positive feedback from business and property owners, as the flexibility throughout the Pandemic and beyond has allowed for them to be agile and quickly adjust with the dynamic economic environment. Customer and community demands are more fluid than ever as folks are establishing their own new “normals” for comfortable shopping, dining, personal services, and community experiences. The proposed changes will continue this work and allow the Town to remain welcoming to a variety of business models through reduced timelines and fee structures.

The current economic environment is driven by social media, innovation, in-person experiences, and the ability to meet customer expectations. This fast-paced environment requires businesses to be on their toes and ready to pivot to keep up with the evolution of the community. Business life cycles vary greatly and ebb and flow with these economic trends. By creating a more flexible and streamlined permitting environment, the Town is making space to allow for current businesses to make these shifts more readily, and welcome new businesses with less perceived obstacles.

In consideration of the dynamic economic environment and the Town Council’s adopted strategic priority that promotes updates to Town policies and ordinances and permit streamlining related to economic vitality and pandemic recovery (Exhibit 3), staff is bringing forward recommendations for Town Code amendments related to CUP processes, land use definition clarity, and zoning updates to ultimately offer a more welcoming, flexible, and streamlined process for the business community. The specific amendments recommended are being identified based on the performance of the economic recovery efforts enacted during the COVID-19 emergency declaration, land use and economic vitality streamlining efforts during 2015 to 2019, and interactions with the business community. The proposed amendments provide continued support through increased flexibility and reduced process and cost.

A. Personal Service Businesses as a Permitted Use in the C-2 and O Zones

The Town Code defines a personal service business as one that predominately sells personal convenience services directly to the public, including but not limited to, barbers, beauty salons and related services, cosmetologists, electrolysis, facial and/or skin care, hair dressers and/or hair stylists, hair removal and/or replacement, manicurists, nail salons, pedicurists, permanent make-up, skin and body care, piercing, spas, tanning salons, tattooing, cleaners, dog grooming, tailors, and other services of a similar nature. Personal service business does not include travel agencies, insurance offices, law offices, architect offices, or any other type of office use.

Under the current Town Code, a personal service business is a permitted use in the C-1, CH, and LM zones. In the C-2 zone, personal service businesses are allowed on the ground floor with a CUP and are a permitted use in specific areas described in Section 29.60.320 (c)(2), as

DISCUSSION (continued):

shown on the map included as Exhibit 8. A CUP for a personal service use must be approved by the Planning Commission.

While the local COVID-19 emergency order was in place, the Town Council suspended the requirement for personal service businesses to obtain a CUP in the C-2 zone and allowed them to locate within the Office zone. This action offered locational flexibility and reduced costs and timelines to personal service businesses during the emergency order.

To continue the support of the business community consistent with the strategic priority, staff proposes amendments to the Town Code allowing personal service businesses on the ground floor throughout the C-2 zone, making them a permitted use by eliminating the CUP requirement, and removing limitations based on location within the C-2 zone. Additionally, personal service businesses would be added as a permitted use in the O zone. Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Update the definition of personal service businesses by adding specific services that have become common since the definition was originally developed (29.10.020);
- Add personal service businesses to the required parking for retail and commercial shops to reflect Town practice [29.10.150 (b)(1) and (c)(9)];
- Eliminate the CUP requirement for personal service businesses in the C-2 zone from the Table of Conditional Uses (29.20.185);
- Remove personal service businesses from the required findings for granting a CUP [29.20.190 (b)];
- Add personal service businesses as a permitted use in the O and C-2 zones (29.60.085 and 29.60.320); and
- Eliminate the locational restrictions for personal service businesses in the C-2 zone [29.60.320 (c)]

The impact of the proposed amendments to the Town Code regarding personal service businesses are summarized in the table on the following page.

DISCUSSION (continued):**Impact of Town Code Amendments on Personal Service Businesses in the C-2 and O Zones**

	Current Code	Amended Code
C-2 Zone*		
Application Type, Fee	CUP by Planning Commission: \$9,098.64 Use and Occupancy: \$278.16 Business License: \$75 to \$975	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 4 months	Over the counter (typical)
O Zone		
Application Type, Fee	Not permitted	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	Not permitted	Over the counter (typical)
* Where a CUP is required		

B. Bars, Markets, and other Miscellaneous Commercial Businesses

The Town Code currently includes definitions and regulations for bars and restaurants. Bars are defined as a drinking place where alcoholic beverages and snacks are served; possibly with entertainment such as music, television screens, video games, or pool tables. Bars are a conditional use allowed only in the C-2 zone and require approval by the Town Council. Restaurants are defined as a retail food service establishment in which food and beverage is prepared, served, and sold to customers for on-site or take-out consumption. Restaurants without alcohol service are a conditional use allowed in the C-1, C-2, CH, LM, and CM zones. Restaurants with alcohol service also require a CUP, but are not allowed in the CM zone. A CUP for either type of restaurant may be considered by the Development Review Committee (DRC).

While the local COVID-19 emergency order was in place, the Town Council suspended the requirement for up to five (5) markets, bars, and/or miscellaneous commercial businesses to obtain a CUP in the C-2 zone. This action offered reduced costs and timelines to specific Business types during the emergency order; however, the resolution and the current Town Code lack a definition for “market” and do not clarify what is meant by “miscellaneous commercial businesses.” One of the five available markets, bars, and/or miscellaneous commercial businesses executed an Economic Recovery Agreement, a wine tasting establishment without food located in the C-2 zone.

The market concept typically offers a hybrid of retail and restaurant uses within a single business. The current framework of the Town Code adequately regulates these types of businesses as either retail or restaurant, depending on the specific operational characteristics of the business. Therefore, there is no need to introduce markets as a new use in the Town Code. The “miscellaneous commercial businesses” term included in the resolution allowed the Town to be nimble in its regulatory approach to new businesses

DISCUSSION (continued):

within the bar to restaurant spectrum during an unprecedented time. As the recovery process continues, it is important that updated Town Code language continue to provide for flexibility while recognizing and defining the variety of business models within the bar to restaurant spectrum. Two examples of business types that do not fit into the framework of the existing Town Code are tap/tasting rooms and specialty food retail. When these business types pursue operation in the Town, they are often forced into a category that is not consistent with their desired operational characteristics, which may limit where they can be located and could require review by the Town Council.

Tap/Tasting Rooms

Tap/tasting rooms are a business model becoming more prevalent. A tap/tasting room offers sampling and sales of alcoholic beverages for on- or off-site consumption, but does not include the extended hours that are typical of a bar. Like a bar, food may be offered at a tap/tasting room, but is not a requirement. Currently, this type of business would either be classified as a bar or would need to incorporate food service infrastructure and staffing into their business model to open as a restaurant in the Town. This new category provides an opportunity to businesses that do not want to establish a kitchen to offer food and operate as a restaurant and do not want to offer late night hours of operation characteristic of a bar. Additionally, tap/tasting rooms typically provide a unique environment that may focus on craft and high-quality alcoholic beverages and provide a social gathering place with hours of operation not extending beyond 10:00 p.m. The limited hours of operation of a tap/tasting room reduce noise and other impacts, making them compatible in more areas of the Town. Lastly, the California Department of Alcoholic Beverage Control (ABC) requires different licenses for a bar and a tap/tasting room. The proposed tap/tasting room category recognizes the distinction in operational characteristics and the hours of operation between them and a bar, which allows the Town to regulate the two uses independently.

To continue the support of the business community consistent with the strategic priority and to provide increased flexibility and opportunity to new business types, staff proposes amendments to the Town Code to define and provide a regulatory framework for tap/tasting rooms. Tap/tasting rooms would be added to the restaurant categories for parking in the downtown area and outside of the downtown area. Tap/tasting rooms would also be added to the Table of Conditional Uses for the C-1, C-2, CH, and LM zones, and assigned to the DRC. A new definition would be added for tap/tasting room and the definition of bar would be simplified to reflect the rescinding of the Town's Alcohol Policy in 2019.

- *Tap/tasting room* means an establishment operating within the hours of 10:00 a.m. and 10:00 p.m. devoted to the sampling and sale of alcoholic beverages for on- and/or off-site consumption. Food service is not required.

DISCUSSION (continued):

- *Bar* means a drinking place operating within the hours of 6:00 a.m. and 2:00 a.m. where alcoholic beverages are served for on-site consumption. Food service is not required.

Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Update the definition of bar to recognize the rescinding of the Town's Alcohol Policy in 2019 (29.10.020);
- Add the definition of tap/tasting room (29.10.020);
- Add tap/tasting room to the required parking for restaurants [29.10.150 (b)(1) and (c)(9)];
- Add tap/tasting room to the Table of Conditional Uses:
 - Tap/tasting room would be allowed with an approved CUP in the C-1, C-2, CH, and LM zones.
 - Bars would continue to be allowed with an approved CUP only in the C-2 zone (29.20.185); and
- Update the assignment of duties adding tap/tasting room to the DRC, consistent with restaurants (29.20.745).

The impact of the proposed amendments to the Town Code regarding tap/tasting room businesses are summarized in the table below.

Impact of Town Code Amendments on Restaurant, Bar, and Tap/Tasting Room

	Zone Allowed with CUP	Application Type, Fee	Average Processing Time
Restaurant without Alcohol	C-1, C-2, CH, LM, CM (no change)	CUP by DRC: \$5,794.02 (no change)	3 to 4 months (no change)
Restaurant with Alcohol	C-1, C-2, CH, LM (no change)	CUP by DRC: \$5,794.02 (no change)	3 to 4 months (no change)
Bar	C-2 (no change)	CUP by Town Council: \$16,261.46 (no change)	4 to 6 months (no change)
Tap/Tasting Room	C-1, C-2, CH, LM	CUP by DRC: \$5,794.02	3 to 4 months

Specialty Retail and Specialty Food Retail

A specialty retail use is not a new business type to the Town. In fact, there are examples of businesses throughout Town that are considered specialty retail uses. To date, the Town Code has lacked a definition and regulatory framework specific to specialty retail uses, with staff relying on an interpretation of information in different Town policy documents to regulate the use. Currently, specialty retail businesses are considered walk-in and impulse businesses that offer pre-packaged foods and beverages, but do not offer meals, and with limited to no seating. While both restaurant and specialty retail businesses offer food

DISCUSSION (continued):

products, the primary distinction between the two uses is that food and beverages must be pre-prepared and may not be made-to-order to be considered a specialty retail use. Once a business offers any items made to order, including coffee, bagels with condiments, ice cream, etc., they are currently required to obtain a CUP for a restaurant use. Currently, a specialty retail business is regulated as a retail use and may be approved over the counter.

Within the current framework, a specialty retail business is limited in what and how products can be offered. Only pre-prepared food and beverages can be offered. This limitation forces some businesses into a restaurant CUP process that may not warrant that level of control. To increase flexibility within the retail food/restaurant space, staff recommends incorporating the following definition to bridge the gap between the two existing uses:

- *Specialty food retail* means businesses that are primarily walk-in and impulse businesses that do not generally serve meals, but offer pre-packaged/pre-prepared foods and/or made-to-order beverages and have limited to no seating. Examples include but are not limited to, coffee/tea houses, donut shops, juice/smoothie bars, and ice cream/frozen yogurt shops.

This definition creates a use between retail and restaurant that allows for a business to offer pre-prepared food items and made-to-order beverages while not being classified as a restaurant. Staff proposes amendments to the Town Code to define and provide a regulatory framework for a specialty food retail use. The new definition would be added to the Town Code and the specialty food retail use would be allowed as a permitted use in the C-1, C-2, CH, and LM zones, where retail uses are also a permitted use. However, approval of a CUP would be required for a specialty food retail business offering alcohol for off-site or on-site consumption along with the appropriate ABC license. The Table of Conditional Uses would be updated accordingly. Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Update the definition of convenience market to specifically exclude specialty food retail (29.10.020);
- Add the definition of specialty food retail (29.10.020);
- Add specialty food retail to required parking for restaurants [29.10.150 (b)(1) and (c)(9)];
- Add specialty food retail to the Table of Conditional Uses for establishments selling alcoholic beverages for consumption off-site or on-site (29.20.185);
- Update the assignment of duties adding specialty food retail uses offering alcoholic beverages for consumption off-site or on-site to the DRC, consistent with restaurants (29.20.745); and
- Add specialty food retail without alcoholic beverages as a permitted use in the C-1, C-2, CH, and LM zones (29.60.210, 29.60.320, 29.60.420, and 29.70.100).

DISCUSSION (continued):

The impact of the proposed amendments to the Town Code regarding specialty food retail businesses are summarized in the table below.

Impact of Town Code Amendments on Specialty Food Retail Businesses

	Current Code	Amended Code
Frozen Yogurt Shop		
Application Type, Fee	CUP (restaurant) by DRC: \$5,794.02 Use and Occupancy: \$278.16 Business License: \$75 to \$975	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 4 months	Over the counter (typical)
Coffee House		
Application Type, Fee	CUP (restaurant) by DRC: \$5,794.02 Use and Occupancy: \$278.16 Business License: \$75 to \$975	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 4 months	Over the counter (typical)
Specialty Food Retail Shop Offering Alcohol for Off- Site or On-Site Consumption		
Application Type, Fee	CUP (restaurant) by DRC: \$5,794.02 Use and Occupancy: \$278.16 Business License: \$75 to \$975	CUP (specialty food retail with off-site or on-site alcohol) by DRC: \$5,794.02 Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 4 months	3 to 4 months

C. Banks and Financial and Investment Services

The Town Code does not provide a definition of bank, but does require a CUP for banks in the C-1, C-2, and CH zones. In 2020, an applicant requested a zoning consistency determination and approval of a CUP for a bank in the C-2 zone. The proposed use did offer some of the services traditional to banks, but also offered other financial and investment services that are typically considered office uses. The Planning Commission determined the use to be a bank and approved the CUP. This decision was appealed, and the Town Council determined that the proposed use was not appropriate for the specific location, granting the appeal and denying the application.

To clarify the distinction between a bank and a financial and investment services use, staff proposes amendments to the Town Code. New definitions would be added for retail bank, financial and investment services, and office activities. Existing regulations would continue to determine the parking requirements for office activities and where they could be located in the Town. The following new definitions would be added to the Town Code:

- *Bank, retail* means commercial and non-profit banks and credit unions, which are primarily focused on in-person customer services such as: deposits/withdrawals, loans,

DISCUSSION (continued):

checking and savings accounts, currency exchanges, mortgages, personal loans, and debit or credit card services. This classification does not include payday lending businesses or check cashing businesses. The term "payday lending business" as used herein means retail businesses owned or operated by a "licensee" as that term is defined in California Financial Code Section 23001(d), as amended from time to time. The term "check cashing business" as used herein means a retail business owned or operated by a "check casher" as that term is defined in California Civil Code Section 1789.31 as amended from time to time.

- *Financial and investment services* means businesses that offer financial advice and services, including but not limited to: investment banking, portfolio management, private equity, and venture capital.
- *Office activities* means office uses, including but not limited to: administrative, professional, medical, dental, optical, real estate, insurance, financial and investment services, and other similar office uses characterized by an absence of retail sales.

Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Add the definitions of retail bank, financial and investment services, and office activities (29.10.020);
- Add retail bank and financial and investment services to the required parking [29.10.150 (b)(2) and (c)(10)]; and
- Change "bank" to "retail bank" in the Table of Conditional Uses (29.20.185).

D. Formula Retail Greater than 6,000 Square Feet

The Town Code defines a formula retail business as a business which, along with seven or more other business locations, is required by contractual or other arrangement to maintain any of the following: standardized merchandise, services, décor, uniforms, architecture, colors, signs, or other similar features. Under the current Town Code, formula retail businesses up to 6,000 square feet are a permitted use in the C-1, C-2, CH, and LM zones. Formula retail businesses greater than 6,000 square feet are a conditional use in the C-1, C-2, CH, and LM zones and require Planning Commission approval.

To continue the support of the business community and to provide increased flexibility and opportunity for businesses in the Town, staff proposes amendments to the Town Code to allow formula retail businesses greater than 6,000 square feet as a permitted use in the C-1, C-2, CH, and LM zones by eliminating the formula retail definitions and specific regulations. With this change, a formula retail business as it is currently defined would simply be considered a retail business and allowed where retail uses are allowed. This change would not impact the requirement for an Architecture and Site approval for new construction of a

DISCUSSION (continued):

commercial building. Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Eliminate the definition of formula retail business (29.10.020);
- Eliminate the CUP requirement for formula retail businesses greater than 6,000 square feet in the C-1, C-2, CH, and LM zones from the Table of Conditional Uses (29.20.185);
- Remove formula retail businesses greater than 6,000 square feet from the required findings for granting a CUP [29.20.190 (b)];
- Remove formula retail businesses up to six thousand (6,000) square feet as a permitted use in the C-1, C-2, CH, and LM zones (29.60.210, 29.60.320, 29.60.420, and 29.70.100).

The impact of the proposed amendments to the Town Code regarding formula retail businesses are summarized in the table below.

Impact of Town Code Amendments on Formula Retail Businesses Greater than 6,000 sf

	Current Code	Amended Code
Application Type, Fee	CUP: \$9,098.64 Business License: \$75 to \$975	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 6 months	Over the counter (typical)
Deciding Body	Planning Commission	Community Development Director

Alternatively, the Planning Commission could consider maintaining the requirement for a CUP for a formula retail business greater than 6,000 square feet in specific zones, but change the deciding body from Planning Commission to DRC. Additionally, the Planning Commission could consider whether specific, but not all, types of formula retailer greater than 6,000 square feet should require a CUP in specific zones. One example of a specific type is a use that might still require a CUP is one whose primary focus is on alcohol sales.

E. Group Classes in C-2 Zone

The Town Code defines group classes as a class that offers instruction provided at a rate greater than one (1) student to one (1) instructor and does not include schools as defined in the Town Code. Under the current Town Code, group classes are a permitted use in the O, C-1, CH, and LM zones. Group classes require DRC approval of a CUP in the C-2 zone.

To continue the support of the business community and to provide increased flexibility and opportunity for businesses in the Town, staff proposes amendments to the Town Code to eliminate the requirement for a CUP for group classes in the C-2 zone, allowing it as a permitted use. Below is a summary of the amendments to the Town Code necessary to carry out these changes:

DISCUSSION (continued):

- Eliminate the CUP requirement for group classes in the C-2 zone from the Table of Conditional Uses (29.20.185);
- Eliminate group classes as an assigned duty for the DRC [29.20.745 (21)]; and
- Add group classes as a permitted use in the C-2 zone (29.60.085).

The impact of the proposed amendments to the Town Code regarding group classes businesses are summarized in the table below.

Impact of Town Code Amendments on Group Classes Businesses

	Current Code	Amended Code
Application Type, Fee	CUP: \$9,098.64 Business License: \$75 to \$975	Use and Occupancy: \$278.16 Business License: \$75 to \$975
Average Processing Time	3 to 6 months	Over the counter (typical)
Deciding Body	DRC	Community Development Director

F. Veterinarians in C-1 Zone

Currently, the Town Code requires Planning Commission approval of a CUP for a veterinarian (without a kennel) in the C-2, CH, LM, and CM zones. Veterinarians are not allowed in the C-1 zone. Staff has received several inquiries recently related to commercial properties in the C-1 zone, including locations on Los Gatos Boulevard, from parties interested in establishing a new veterinarian business.

Staff proposes amendments to the Town Code to allow veterinarians (without a kennel) in the C-1 zone with Planning Commission approval of a CUP, consistent with the other commercial zones. Below is a summary of the amendments to the Town Code necessary to carry out these changes:

- Amend the Table of Conditional Uses to allow veterinarians in the C-1 zone as a conditional use (29.20.185).

PUBLIC COMMENTS:

Staff conducted outreach through the following media and social media resources, as well as direct communication with the Chamber of Commerce and individual businesses and groups as summarized below:

- The Town's website home page, What's New;
- The Town's Facebook page;
- The Town's Twitter account;

PUBLIC COMMENTS (continued):

- The Town's Instagram account;
- The Town's NextDoor page;
- The Town's Community Development Booth at the Town's Spring Into Green Event on Sunday, April 23, 2023;
- Direct communication with the Chamber of Commerce Executive Director and Board Members; and
- Direct email communication to business stakeholders including property owners, business owners, and property managers/brokers.

CEQA DETERMINATION:

In accordance with CEQA Guidelines Section 15378, these proposed ordinance amendments are not a "project" subject to CEQA because the proposed amendments affect processing of applications only and will not impact the physical environment. Individual projects processed in accordance with the Town's Zoning Code will undergo CEQA review.

CONCLUSION:

A. Summary

To continue Town support of local businesses, staff has identified several amendments to the Town Code relative to land use and zoning consistent with the strategic priority that promotes updates to Town policies and ordinances related to economic vitality and pandemic recovery. The proposed amendments provide continued support through increased flexibility and reduced process and cost.

B. Recommendation

Staff recommends that the Planning Commission review the information included in the staff report and forward a recommendation to the Town Council for approval of the amendments to Chapter 29 of the Town Code in the Draft Ordinance Amendments (Exhibit 2). The Planning Commission should also include any comments or recommended changes to the Draft Ordinance in taking the following actions:

1. Make the finding that the proposed amendments to the Town Code are not considered a project under the California Environmental Quality Act (Exhibit 1);
2. Make the required finding that the amendments to Chapter 29 of the Town Code in the Draft Ordinance are consistent with the General Plan (Exhibit 1); and
3. Forward a recommendation to the Town Council for approval of the amendments to Chapter 29 of the Town Code in the Draft Ordinance Amendments (Exhibit 2).

CONCLUSION (continued):

C. Alternatives

Alternatively, the Commission can:

1. Forward a recommendation to the Town Council for approval of the Draft Ordinance with modifications; or
2. Forward a recommendation to the Town Council for no changes to the Town Code; or
3. Continue the matter to a date certain with specific direction.

EXHIBITS:

1. Required Findings
2. Draft Ordinance Amendments
3. Strategic Priorities 2023 - 2025
4. Economic Vitality and Land Use Streamlining Information
5. Resolution 2020-008
6. Resolution 2022-066
7. Resolution 2023-011
8. C-2 Ground Floor Offices Map

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