



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 05/26/2020

ITEM NO: 1

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DATE: May 21, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Consider Options and Provide Direction to Staff on Next Steps for Economic Recovery and Community Vitality Opportunities.

**RECOMMENDATION:**

Consider options and provide direction to staff on next steps for economic recovery and community vitality opportunities.

**BACKGROUND:**

The COVID-19 pandemic has caused an unfortunate economic downturn for many Los Gatos businesses and residents. As the Shelter in Place (SIP) order continues and some restrictions are eased to provide the ability for more businesses to operate or businesses to expand operations, many are looking for innovative ways to best address the impacts on their business model while providing additional measures to allow for customers to remain socially distanced and feel safe. Equally, customers are looking for creative ways to continue to patronize local businesses and have access to the specialty products offered by Los Gatos merchants.

Town Council and staff have been receiving suggestions and comments from many businesses and community members regarding ideas that they believe could be implemented to provide community and economic vitality. Suggestions and comments have come in through social media, conversations, and written communication. Those recently provided through written communication are provided with this staff report as Attachment 1. Staff has made an effort to collect all written submissions; however, may have missed some that were provided prior to the noticing of this meeting.

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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DISCUSSION:

Town staff has compiled a menu of community vitality ideas for the Council to consider in its discussion. The options have been generated from input by Town staff, Los Gatos businesses, the Chamber of Commerce, and the community at large. All of these ideas are intended to facilitate sales for Los Gatos businesses in a manner that is fair, equitable, and fiscally viable for the Town to implement. Staff has estimated costs for each idea to provide the Council with an order of magnitude of the investment; however, costs would be refined after Council selects its preferred option(s). For planning purposes, the Council may wish to assume a budget maximum of approximately \$2 M (see Fiscal Impact section of this report).

In addition to the Community Vitality initiatives, like outdoor dining, the discussion points also include the opportunity for the Council to consider further process streamlining to limit vacancies by retaining and attracting businesses.

Community Vitality

The community vitality opportunities for discussion within this report generally include the use of public (Town) property for shopping and dining activities, thus there is a focus on the downtown. Businesses outside of downtown typically have private parking lots or private property adjacent to their businesses providing them with more flexibility to innovate their service models. Some innovation, such as dining in parking spaces, may require the Council to adopt reduced parking requirements. If the Council directs staff to provide similar flexibility downtown with a resolution for programming parking spaces, staff may also include this flexibility for commercial zones outside of downtown within a resolution if the Council so directs. Businesses and property owners may then work directly with staff to address options for innovation on private property.

To provide the Council with condensed conversation points, staff has summarized the suggestions into the discussion topics below and as the Council identifies those opportunities that rise to the top, staff may provide additional information and address logistics in more detail. It is assumed that the shelter in place (SIP) County Public Health Order may continue to be extended and that restrictions will be loosened in phases. Therefore, it is staff's intent that the options being presented may also be implemented in phases to remain in compliance with the current Public Health Order.

**Pop-Up Park in Parking Lot 4 (Public Parking Lot between Elm Street and Grays Lane)**

It has been observed that the community continues to seek opportunities to enjoy the downtown while creating the need for more space between one another. One opportunity to expand open space in downtown for gatherings and take out dining options could include the

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temporary closure of Parking Lot 4, wherein the Town could close this lot (and/or other lots) and create ambiance with lighting, umbrellas, low maintenance foliage, bicycle parking, etc. Community members may gather here, free of cars, with social distance, and enjoy the space for reconnecting and take-out dining options. With this opportunity, staff is not recommending that the Town provide any seats or tables, although would invite the community to bring chairs, cushions, blankets and other portable seating options as they do in Plaza Park. If the Town were to provide tables and chairs, the ongoing maintenance of cleaning these items between each user would not be feasible until a time where “high touch” public areas are permissible by the Public Health Order and such frequent cleaning would not be required.

The estimated cost to implement and maintain this pop-up park is \$36,700.

**Pop-Up Parks on Side Streets**

Similar to the Grays Lane temporary public parklet that was approved by the Council on April 7, 2020 and the opportunity presented above, the Council could direct staff to identify additional side streets to implement pop-up parks.

The Town’s investment for these two pop-up park options would include the barriers for the closure plus items for ambiance such as those noted above and absent of seating or dining furniture. The spaces would need to be cleaned and maintained approximately two to three times per week and would be managed by the Parks and Public Works Department, or through a third-party maintenance service. If the side street option is desirable, the surface of the street would need to be treated with a lighter color to reduce the heat of the asphalt during the summer months. Parking Lot 4 is concrete, not asphalt, so surface treatment may not be required.

The estimated cost to implement and maintain a pop-up park on a side street is \$30,400 per street.

**Temporary Parklets for Restaurants**

Through conversations with many restaurants individually, and as a part of a larger restaurant stakeholder meeting hosted by the Chamber of Commerce, temporary parklets repeatedly rises to the top as a desired expanded seating option for restaurants. Several businesses have requested that the Town allow temporary parklets to come back to N. Santa Cruz Avenue and be added to Main Street, similar to those that were in place last summer allowing restaurants to expand their seating outdoors without the large investment of time and capital that the

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Town's current parklet program requires. Restaurants could use existing County Health permits and Alcoholic Beverage Control (ABC) licenses to serve in these temporary parklets with approval from the two agencies.

As the Council considers this option, non-restaurant businesses should be considered along with restaurants. Many retailers, personal services, and group classes may also have interest in having expanded spaces to meet the needs of their customers. As the Council considers this option, it should be noted that staff has heard concerns and requests that parking not be completely eliminated as this access is highly desirable for customers who choose to participate in a curbside pickup or to go model of shopping and dining.

The Council may wish to provide direction on certain elements of this opportunity, such as barrier type/materials and the number of parking spaces a business may occupy (i.e., only those spaces directly in front of their business, or case by case based on the parking availability and neighboring business support). Requests have been made for the Town to provide the barriers for the businesses to use, so the Council may wish to weigh in on this as well. Programming and maintenance would be the responsibility of the business occupying the parklet.

Last year, the Town provided k-rail as barriers for the temporary parklets on N. Santa Cruz Avenue. They were met with mixed reviews given the aesthetics of the barriers and their association with construction areas. If the Town were to purchase and install planters instead of the k-rail, the estimated cost would be \$11,000 per parklet plus the cost of foliage for the planters, whereas k-rail would be significantly less per space.

**Closure of Portions of N. Santa Cruz Avenue and/or Main Street**

The majority of the suggestions and comments received advocate for closing N. Santa Cruz Avenue to create a large pedestrian friendly thoroughfare. The suggestions range in closure size, times, and duration. This option would likely require the most time and financial investment on the part of the Town and impact traffic patterns during the closure. As the Council considers this street closure option, there is a broad spectrum of stakeholders to consider as well as how the closure would be messaged to set expectations and provide consistency.

Within this opportunity, staff has received a wide variety of suggestions represented in the points below:

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- Closure Size
  - Close all or portions of N. Santa Cruz Avenue between Bachman Avenue and Main Street.
  - Use closed portions to allow sidewalk dining and keeping the street available for pedestrian traffic.
  - Use closed portions to allow restaurants to place tables and chairs in the street in front of their business and pedestrian traffic would be maintained on the sidewalks and in some portion of the street.
  
- Closure Times and Duration
  - Close N. Santa Cruz Avenue during evening hours only to support expanded dining options. Suggestions have ranged from most nights to only specific nights per week, specifically Saturday and Sunday evenings, to allow for daytime traffic and activities to be maintained.
  - Close N. Santa Cruz Avenue every weekend for a full extended period, for example the closure would begin Thursday late at night and end Sunday late at night.
  - Close N. Santa Cruz Avenue completely for a specified duration (i.e. summer and early fall) to create a pedestrian promenade and open-air downtown shopping and dining experience.

To close the street, the Town would need to contract with a traffic management company. This would be more costly if the street is closed several times a week for short durations. It is estimated that each closure would cost approximately \$8,000. Additionally, each time a closure takes place, parking enforcement would need consideration so that the street may be clear of cars before the closure. There may also be an opportunity for the Town to partner with the Chamber of Commerce and provide the funding for the project while the Chamber provides the staffing and implementation of the closures.

Businesses would be responsible for supplying, placing, and cleaning their dining furniture, and retail businesses would be required to place and secure their items as well. Street layout would require pre-approval to ensure there is proper access for emergency vehicles if necessary.

Concerns around street closures and loss of on street parking have been raised by some businesses as it could negatively impact the access and ease of curbside pickup and to go orders.

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With all of the options noted above, the Council could also consider allowing additional businesses to utilize closed public right-of-way to offer business services beyond food uses including retail, group classes, and personal services. If the Council would like to allow for any use of public right-of-way for private business, staff could work on a resolution that allows for the existing businesses with Conditional Use Permits (CUPs) to be expanded into these spaces, and staff would work with the businesses to ensure some level of permitting is in place that address liability concerns on Town property and business responsibility for operating within all Public Health, Environmental Health, and Alcohol Beverage Control provisions.

In addition, if the Council would like to allow alcohol consumption in parklets, pop-up parks, and other areas where the community may be enjoying take out meals, staff may include language in a resolution that addresses the ability to consume alcoholic beverages with or without meals in such public areas as directed by the Council.

Process Streamlining

Likely more than ever, businesses are in an economic situation that is evolving quickly and unexpectedly creating a higher risk situation for opening or expanding a business. In recent times, the Town Council has approved several modifications to the Town Code and policies to create land use streamlining opportunities that attract new businesses and encourage existing businesses to remain in Los Gatos.

The COVID-19 pandemic has created changes in how businesses will operate for the foreseeable future including how the customer is served, person to person spacing, number of employees, and business hours. We know with certainty that several businesses have plans to not reopen following the lifting of SIP restrictions creating an increase in vacancies. Understanding that the business environment and conditions are much different than those that have been in place for many years and those which most Town processes and provisions are based on, the Council may wish to implement temporary resolutions that allow additional process streamlining.

Some considerations for streamlining could include the temporary allowance of:

- Current Los Gatos businesses to relocate or expand into additional or larger spaces without requiring a new Conditional Use Permit (CUP). The uses for these changes could become legal non-conforming and be treated as such for future change of use, or, the use could expire with a change of occupant. This promotes business retention and

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could allow for businesses to modify their model to adapt to the current economic environment.

- Personal service CUPs could be heard by the Development Review Committee (DRC) in the C-2 Zone, or removing the need for a CUP all together. Considerations and limits could be implemented including limiting the areas of downtown where the restrictions are removed, and/or a cap on the number of spaces that may become personal service during the temporary resolution.
  - The desire for personal service uses has risen during the pandemic as these professionals are looking to leave salons and spaces where multiple professionals are working at once for smaller spaces where only one or two professionals utilize the space.
- Extending the expiration date for all building and planning entitlements.
- Greatly reduce the cost of CUPs for businesses by absorbing the staff cost to process the applications. This would provide the opportunity for businesses to be vetted through the current processes; however, would reduce the economic impact on the businesses.

CONCLUSION AND NEXT STEPS:

After discussing the opportunities outlined in this report and others that may come forward through public comment or Town Council discussion, staff is requesting direction on next steps for implementing the selected options. For those that may require changes to Town Code provisions, staff will return to Council with a draft temporary resolution that addresses the items and allows the changes to occur during this state of emergency, or until a time set forth by the Council. The resolution may include the allowance of alcohol consumption with meals in pop-up parks, extension of CUP boundaries to include adjacent outdoor service areas, and other necessary changes to allow for the community vitality and economic recovery initiatives to be utilized by businesses.

COORDINATION:

This report has been prepared with coordination between the Town Manager's and Town Attorney's Offices, and the Police, Community Development, Parks and Public Works, and Finance Departments.

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FISCAL IMPACT:

Depending upon the option(s) selected by the Town Council, costs will vary as explained in the report. If the Council is interested in a high cost option, staff recommends that Council consider repurposing one of the projects identified in the FY 2020/21 Capital Improvement Program. For example, the Council may consider the Downtown Streetscape Revitalization (\$1.9 M) or the implementation of the Parking Study (approximately \$200 K) as projects that have a nexus to downtown investments. Staff recommends that the Council adopt a motion that specifies any repurposed capital project so it can be reflected in the final budget documents and associated resolutions that are scheduled for consideration on June 2, 2020.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. Public Comment