



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/23/2021

ITEM NO: 1

DATE: February 17, 2021
TO: Mayor, Town Council, and Planning Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss Economic and Community Vitality and Urban Design with a Panel of Industry Professionals Servicing the Town of Los Gatos.

RECOMMENDATION:

Discuss economic and community vitality and urban design with a panel of industry professionals servicing the Town of Los Gatos.

BACKGROUND:

The Town of Los Gatos periodically holds study sessions with local commercial real estate professionals to best understand current industry trends for commercial real estate in Los Gatos. These meetings provide the opportunity for a public dialogue to better understand current market trends in various retail and business use sectors.

Through past study sessions, discussions with staff, and focus group discussions with commercial brokers and property owners, the Town Council and Policy Committee began reviewing existing ordinances and policies. Subsequently, the Town Council adopted streamlined processes to modernize the provisions in Los Gatos to retain and attract businesses. Attachment 1 provides a timeline of the adopted streamlining.

Over the past several years, retail has been evolving rapidly for a variety of reasons, and most notably as a result of the dynamic online marketplace. As more retail items become readily accessible online, brick and mortar stores are left with a greater need to innovate and provide services with their retail to attract shoppers into their stores. Prior to the COVID-19 pandemic, the desire for personal service businesses, in-person fitness and other group classes, and sit-down food and beverage uses were on the rise. There was a demand for creative business models that encouraged in-person shopping and consumer experiences. Additionally,

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Economic Vitality Manager

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

BACKGROUND (continued):

office spaces with access to employee amenities such as fitness, food, and retail were in demand as companies looked to create attractive spaces where employees would stay for extended hours to work and complete their daily schedules.

The demand for place making also grew rapidly during these times. Private and public operations were looking for ways to carve out areas within existing spaces to create a sense of place for people to gather and share experiences. The Town embraced these trends as opportunities to bring customers into Los Gatos by adopting a temporary parklet program, piloting a one-way street and modified parking options, and streamlining processes for businesses that encouraged groups and personal service experiences, as illustrated in Attachment 1. In addition, the Town encouraged the installation of semi-permanent parklets on North Santa Cruz Avenue and Main Street, of which there are now five (Root Stock, Andale's, Pizza My Heart, Centonove, and Los Gatos Roasting/Zona Rosa).

In March of 2020, the economic landscape took a drastic turn when the COVID-19 pandemic was declared and the first shelter in place orders were enacted. Businesses were forced to pivot their practices for what was initially believed to be a short period of time.

As the extended timeline of the pandemic became clear, businesses needed to start looking at more long-term plans for innovation and modification to sustain their operations. The Town supported these efforts by adopting a twelve-month Economic Recovery Resolution on June 3, 2020, which was recently extended by the Town Council until at least December 31, 2021 (Attachment 2). With the adoption of the Resolution and to encourage business retention and attraction, the Town facilitated the ability for businesses to implement outdoor dining, shopping, and group class areas to support business operations that were unable to take place indoors. In addition, the Resolution provides further temporary streamlining options that support business needs to relocate, bifurcate, expand and adapt to the dynamic economic environment.

Through the last year, Los Gatos businesses have risen to the occasion and demonstrated resiliency and innovation to keep their operations open. The Town applauds the community for these tireless efforts. In addition, the Town continues to receive interest from new businesses looking to open or expand into Los Gatos. Many report that Los Gatos is attractive because of the Town's support and implementation of outdoor service areas including downtown parklets, and the ability to implement outdoor areas in private parking lots and shopping centers by reducing parking requirements.

The Town Council's extension of the semi-permanent parklet program, and the adoption of the grant program for building semi-permanent parklets further strengthens this message and

BACKGROUND (continued):

shows support to businesses who desire outdoor service areas. These efforts also support Los Gatos consumers as many have demonstrated the desire to remain outdoors for the foreseeable future as the community weathers the pandemic, and to simply enjoy the ability to patronize their favorite businesses while embracing the beauty of Los Gatos.

DISCUSSION:

Given the unprecedented events over the last year and their effect on businesses and consumers, this study session was scheduled to provide the opportunity for a public discussion with the Town Council and Planning Commission on the current economic environment and how Los Gatos may best position itself to support business and economic recovery and expansion.

Key objectives for the discussion are to learn about the current trends in commercial real estate including the uses that are on the rise and decline, listen to the experiences of the Town's business stakeholders, and discuss how the Town may continue to attract and retain businesses as we move through economic recovery.

The study session creates a starting point and common language for future discussions on streamlining processes and policies and supporting business development in Los Gatos, and how urban design and streetscape planning may be utilized to support outdoor shopping and service areas through economic recovery and beyond.

A panel of commercial real estate professionals was invited to join the conversation based on their work throughout Los Gatos, representing downtown and neighborhood serving shopping centers, in varying professional roles. Panel members (biographies in Attachment 4) include:

- Cindy Johnson, Director of Construction for Western States, property owners of Downing Shopping Center and Los Gatos Village Square;
- Jeff Kreshek, Senior Vice President, West Coast Leasing for Federal Realty, property owners of Old Town Center, and current land lease holder and managing operators at King's Court Shopping Center;
- Jim Foley, Principal at Pennant Properties, business and commercial property owner in downtown Los Gatos, Chamber of Commerce Board Member; and
- Keyston Smith, President and Chief Executive Officer of Cilker Orchards, owners of Cornerstone Shopping Center.

The Town Council and Planning Commission were surveyed on specific questions they would like addressed by the panel members and the survey results are contained in Attachment 3.

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DISCUSSION (continued):

Attachment 5 contains information from Council Member Hudes, which he wanted to share after completing the survey.

Additionally, staff has connected with businesses and commercial property owners to invite them to share their input and experiences either with public comments at the meeting or in writing prior to the session which would be distributed as an Addenda or Desk Item prior to the meeting.

The study session includes an Urban Design discussion to be led by Sally Zarnowitz, AIA, LEED AP and Planning Manager at the Town of Los Gatos. She will provide an overview of the urban design context for Los Gatos, providing insight on how parklets may contribute to the vitality of the shopping areas in the short-term, and exploring through questions and answers how the Town could harness the trends identified by the panelists.

CONCLUSION:

The study session provides ample opportunities for the Council and Commission to ask questions of the panel and staff. Staff looks forward to the discussion and the continued partnership with the business community to enhance the vitality of Los Gatos.

COORDINATION:

This report has been prepared in collaboration with the Town Manager's Office and Community Development Department.

FISCAL IMPACT:

There is no fiscal impact associated with this study session.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Economic Vitality and Land Use Streamlining Document
2. Adopted Economic Recovery Resolution
3. Town Council and Planning Commission survey results
4. Commercial Real Estate Professional biographies
5. Communication from Council Member Hudes