

LOCATION MAP



BACKGROUND

Site Description

The project site is located on the southwest corner of Monterey Road and West 2nd Street. The property is a 5,000 square foot lot, previously known as the Bike Shop and currently utilized for the downtown mobile pop-up park. The General Plan land use designation for the property is Mixed Use and the Zoning designation is Central Business District (CBD) with a Ground Floor Overlay (GFO).

Surrounding Uses

The adjacent properties include; a restaurant (Betto's Bistro) and retail use to the south; retail (Tryst Fashion) and restaurants (Slim's) across Monterey Road (east); a two story building with retail on the ground floor (Happy Spatula, The Candy Parlor, etc.) with 2nd floor offices across 2nd Street (north); and the Verizon Wireless facility at the back of the property (west). All adjacent properties have the same Mixed Use land use designation with CBD zoning.

Project Description

The applicant is requesting approval of a Conditional Use Permit for wine bar and restaurant with two full service bars and live entertainment. In addition, a Site and Architectural Review permit is requested for the construction of a 9,995 square foot three story building with roof deck amenity.

Art Gallery and Wine Bar

The 1,007 square foot first floor will be occupied as a wine bar. The wine bar area includes a bar and seating for approximately 30 patrons. The remaining first floor (1,050 square feet) and second floor (2,575 square feet) will operate as an art gallery. The art gallery will open at 10:00

am and wine bar will open at 11:00 am. The wine bar and art gallery uses will overlap with patrons of the wine bar encouraged to visit the gallery while enjoying a glass of wine. Both spaces are also available for special events and exhibits. The wine bar and gallery will regularly close at 9:00 pm. During special events the wine bar and gallery will close by 11:00 pm. Both businesses estimate five to eight employees, with additional employees needed for special events.

Restaurant and Lounge

The 1,739 square foot third floor will be occupied with a restaurant with full bar service and would be able to accommodate approximately 150 people. The proposed restaurant use will also be operating a 1,492 square foot rooftop lounge deck which will be equipped with an ancillary bar. Hours of operations for the restaurant would be from 11:00 am-10:00 pm daily with the lounge closing by 1:00 am. Both the restaurant and bar are available for special events and banquets. The special events may include live entertainment/amplified sound both in the restaurant and on the roof deck. Live entertainment may include but are not limited to a pianist, guitarist, small band, etc. and amplified sound may include music played on a sound system and/or DJ. The restaurant and bar will employ approximately 45 full and part-time employees. The maximum number of employees at the site will be 23.

Required Actions

The Planning Commission is being asked at this time to review both an Architectural and Site Design Permit and a Conditional Use Permit for the project. The Planning Commission is the decision making body for the Conditional Use Permit. The Planning Commission will approve the Architectural and Site Design Permit which will be presented City Council as an informational item.

Design Review Permit

The City of Morgan Hill requires a Design Permit for new construction and significant remodels in accordance with Chapter 18.74 (Design Review) of the Zoning Ordinance. Based on Section 18.74.030 – Design Permit – Community Development Director requirements, the project's design review could be evaluated by the Director at an administrative hearing, however, the Director at his discretion decided that the project is significant to warrant Commission and Council review.

Conditional Use Permit

The Downtown Specific Plan (Figure 8) requires that nightclub and bar, ancillary to a restaurant use be conditionally permitted in accordance with Chapter 18.54 (Conditional and Temporary Use Permits). The Planning Commission would be responsible for making the required findings prior to any approval as described later in this report.

ANALYSIS:

The proposed Conditional Use Permit and Design Review Permit were analyzed with respect to consistency with the: 1) General Plan; 2) Zoning Code; 3) Downtown Specific Plan, 4) Applicable Policies.

1. General Plan Consistency

The General Plan designation for the site is Mixed-Use. When applied in accordance with the Downtown Specific Plan, this designation covers 68 acres of smaller parcels with the Downtown area. This designation is intended to encourage a mixture of commercial and residential uses. The Mixed-Use designation is implemented through the CBD Zoning District, which allows a mixture of commercial uses either by right or as conditional uses, including restaurants and bars which are

conditional uses. The project has been found consistent with the following General Plan Policies:

CITY AND NEIGHBORHOOD

Downtown

Policy CNF-14.1 Mixture of uses Downtown. Encourage a mixture of uses in the Downtown that will promote its identity as a cultural and activity center of the City.

Policy CNF-14.3 Downtown Specific Plan. Support the implementation of the Downtown Specific Plan.

Policy CNF-14.4 Downtown Retail Uses. Encourage a mix of retail uses in the Downtown, such as specialty retail, office, entertainment, and other retail uses, with offices located away from Monterey Road or on upper floors along Monterey Road.

Policy CNF-14.11 Downtown Parking Sharing. Consider allowing Downtown land uses with night and weekend peak parking demands to share parking spaces with uses that have daytime and weekday peak parking.

The new building with proposed uses is consistent with the following policies in that it supports the Downtown Specific Plan vision, promotes a mixture of uses complementary to the neighboring uses, and provides opportunities to share parking.

ECONOMIC DEVELOPMENT

Fiscal Sustainability

Policy ED-2.3 Economic Diversity. Promote a diversified economic industry base with a variety of job types and skills to insulate the local economy from possible economic downturns. Encourage agriculture as an appropriate part of the economic mix.

Business Retention and Attraction

Policy ED-3.1 Business Retention, Expansion, and Attraction Efforts. Encourage retention and expansion of existing business, and attract new businesses, that:

- generate revenue to the City General Fund (such as retail and point-of-sale manufacturing);
- help provide greater fiscal strength and stability to the City;
- add industry diversity to the local economy;
- stimulate other businesses to develop in the city;
- augment or provide a service/amenity presently needed or lacking in the community, including higher education and medical services opportunities; and
- offer higher-paying, quality jobs for local residents.

The new building and uses stimulate other businesses to redevelop while providing new jobs and generate revenue for the City.

2. Zoning Code Consistency

The zoning for the site is Central Business District (CBD) with Ground Floor overlay (GFO), which is intended to implement the Downtown Specific Plan. Where the GFO district is combined with

the CBD district, the uses permitted or conditionally permitted within the GFO district shall apply in lieu of the uses as normally allowed in the CBD district. In addition, for this block within the Downtown Specific Plan, the Overlay District requires ground floor retail, restaurant, and/or entertainment uses with minimum depth of 80 feet along Monterey Road intersections. The proposal includes 85' minimum depth of ground floor retail and therefore is consistent with the Overlay district.

Conditional Use Permit Findings

The Downtown Specific Plan (Figure 8) requires that nightclub and bars, ancillary to a restaurant use be conditionally permitted in accordance with Chapter 18.54 (Conditional and Temporary Use Permits). The proposal includes a wine bar and art gallery on the 1st and 2nd floor, a restaurant with full service bar and optional live entertainment and amplified sound on the third floor with outdoor seating, and an ancillary roof deck bar with seating areas. In reviewing the application for a Conditional Use Permit, the Planning Commission shall consider the following:

- A. The site is suitable and adequate for the proposed use.

The building is being constructed specifically to accommodate the proposed uses. The proposed location for the wine bar, restaurant with full service bar, live entertainment and amplified sound, and ancillary roof top bar is within the Core of the Downtown on Monterey Road and 2nd street. The nearest residential use is approximately 150 feet away on the other side of the wireless facility building. The use of a wine bar on the first and second floor is a compatible use with the art gallery and neighboring restaurants. A restaurant with full service bar and ancillary rooftop bar is compatible with the neighboring restaurants, bars and retail uses. The proposed uses are suitable and in an appropriate location within the downtown.

- B. The proposed use and design would not have a substantial adverse effect on traffic circulation and on the planned capacity of the street system.

The site is designed to provide a 20 foot wide access to a shared 36 stall parking lot adjacent to the site. The type of uses proposed are not estimated to exceed the trip count threshold nor cause a change in the planned capacity of the adjacent street system. The uses proposed within the building are considered non-office uses and pursuant to City Council Resolution 6640 are exempt from providing on or off-site parking.

- C. The proposed use at the location will not adversely affect the peace, health, safety, morals or welfare of persons residing or working in the surrounding area, or impair the utility or value of property of other persons located in the vicinity of the site, or be detrimental to public health, safety or general welfare.

The proposed uses are similar in nature to the surrounding uses. The nearest residential use is approximately 150 feet away. Morgan Hill Municipal Code Chapter 8.28 (Noise) limits live entertainment/amplified sound, radios, musical instruments and similar devices to no louder than is necessary for convenient hearing for the persons listening. Any music played between the hours of 11:00 pm and 7:00 am is limited in such a manner that it cannot disturb anyone beyond 50 feet of the building or structure where such device is located. Section 18.48.075 of the Zoning Ordinance identifies the maximum sound generated by any use may not exceed 70 db(A). As conditioned within the attached resolution, the proposed uses will comply with these limitations.

The proposed uses are similar in nature to the existing uses and are unlikely to impair the utility or value of property of other persons located in the vicinity of the site. The investment in the site with a new build designed to accommodate restaurant and entertainment uses will likely result in a positive influence to the value of the surrounding properties. The intent of the CBD zoning district is to provide a variety and intermixture of residential, commercial and public activities in the downtown core. The use as proposed will provide an active ground floor use with the wine bar, cultural use with the art gallery and unique outdoor seating atmosphere within the downtown. The nearest residential properties are located to the west of the property along 2nd street. The roof deck includes the rooftop equipment with screening located on the west side that will preclude patrons on the deck from seeing over the neighboring offices and into the yards of the residences and therefore will not affect neighboring properties privacy.

As conditioned, the restaurant/bar/lounge use will provide a venue safety and security plan with review and approval by the Police Department. In addition, the Police Department is requiring the live entertainment permit to insure a safe and responsible atmosphere.

- D. The design of the project is compatible with existing and proposed development within the district and its surroundings.

As previously discussed a wine bar, restaurant with full service bar and ancillary rooftop bar is compatible with the surrounding restaurants, bars and retail uses. The proposed building design is also compatible with the existing adjacent buildings within the downtown. The proposed uses will also compliment the proposed theater and hotel as patrons from those businesses are likely to seek out other venues for meals, shopping and entertainment. The additional variety offered by this proposal will further the goals of the Downtown Plan by adding a mixture of uses within the downtown core.

3. Downtown Specific Plan Consistency

The site is located within the Downtown Specific Plan. The vision statement of the specific plan is: "Strengthening Downtown as the gathering place, a connecting force, the social and activity heart of Morgan Hill, is the overriding aspiration of this Plan - a place where residents from all segments of the community can live, work, meet, shop, dine and participate in public celebrations, and share in the richness of Morgan Hill's community life. It will be a place like nowhere else - a place with its own scale, character and uses."

The Downtown Specific Plan boundary covers 18 blocks and approximately 110 acres. Downtown Morgan Hill is centered on Monterey Road and is bound by Main Avenue, Butterfield Boulevard, Dunne Avenue, and Del Monte Avenue. The Downtown Core is generally defined by Main Avenue, the railroad tracks, Dunne Avenue, and Del Monte Avenue.

The Downtown Specific Plan also establishes design / development standards unique to the Specific Plan area. When development standards, including parking regulations are listed within the Specific Plan, those standards supersede the City's usual standards. Where the Specific Plan is silent, the Zoning Ordinance requirements prevail.

The intent of the Specific Plan is to preserve and enhance the character and pedestrian scale, while accommodating areas for redevelopment and growth in a more dense and mixed-use pattern. The Downtown Specific Plan Design Guidelines generally support traditional architectural styles and features but also allow for design creativity and use of contemporary materials. The

following tables outline the applicable design standards for development within the CBD zoning district and development guidelines for projects within the boundaries of Downtown Specific Plan. The project's consistency with those design standards are provided within the tables.

Table 1.1
CBD Development Standards

	Requirement	Proposal	Consistent
Maximum building coverage:	Not specified	4,200 SF	NA
Lot Area	3,500 SF	5,000	Yes
Lot Width	40' min	40'	Yes
Lot Depth	80'	125'	Yes
Floor Area Ratio	2.0 Max	2.0	Yes
Minimum number of floors	2 stories	3 stories	Yes
Maximum number of floors	3 stories	3 stories	Yes
Maximum Building Height	Three Story building s up to 45 Feet	Roof Plate 45'	See Exceptions Section below
Setbacks: Front	0' minimum, 10' maximum	0'	Yes
Side	0' minimum for commercial/office/mixed-use	0'	Yes
Rear	0' minimum for commercial/office/mixed-use	20' easement for circulation to rear parking lot	Yes
Ground floor "floor-to-ceiling clear" height	14' minimum	15'	Yes
Ground Floor Building Depth	Depth minimum 80'	105'	Yes
Parking	Exempt per Resolution No. 6640	0	Yes

The proposed project is consistent with all the CBD site development standards as summarized in Table 1.1.

Exceptions

The building as proposed meets the general height requirements specified within the Downtown Specific Plan. However, the structure includes a useable roof deck that includes design features which would require an exception to the 45 foot base height limitation of the CBD zoning district. The features requiring exception are summarized in the table below.

Table 1.2
Height Exceptions

Exception	Project proposed height	Proposed exception to height	Maximum height exception allowed
Architectural Feature	Corten Panel element = 49' Trellis = 55'	4' 10'	55'
Elevator towers, two elevators are required for public access and building requirements	61'	16'	50' unless approved by Planning Commission
Parapet and railing	49'	4'	60'
Mechanical equipment screen	52'	7'	60'

The zoning ordinance specifically allows for exceptions to the height for elements such as

architectural elements, elevator shafts, parapets, mechanical equipment screening, etc. The mechanical screens, parapet walls and the Corten Panel element at the corner of Monterey Road and West Second Street are within the allowed exceptions.

The elevator shafts exceed those standard exceptions by 16 feet. Pursuant to Section 18.57 (Exceptions) of the Municipal Code, the Planning Commission is able to allow additional heights beyond the limits listed in the standard height exceptions.

It is recommended that the Commission support the requested exception to meet the building requirements for elevators. The elevator shafts are approximately 10 feet by 8 feet and will be setback a minimum of 20 feet from Monterey Road and 14 feet from West Second Street and are necessary for ADA building requirements.

Table 2.1
Basic Design Principles

Applicable Principles	Consistent
#1 Buildings should reflect the character of Downtown Morgan Hill.	Yes
#4 Buildings should provide a visual continuity of display windows along with architectural and landscape details to provide an interesting environment for pedestrians.	Yes
#5 Each structure should be uniquely designed for Downtown Morgan Hill	Yes
#7 All buildings and remodeling should utilize high quality materials and craftsmanship.	Yes

The design of the proposed project is unique to Morgan Hill and remains sensitive to its context in scale, height, and style. Thus, the project aims to fit within the existing character while introducing an exciting new addition that celebrates an active and evolving downtown corridor. The building was designed with architectural details on all four facades and includes large glass operable doors along the facade with a grand entrance to the building. The building includes graphic art as a tribute to the History of the site for the "Edes Bros Groceries" with soft lighting to highlight the graphic at night.

Table 2.2
Design Guidelines for All Building Facades

Applicable Guidelines	Consistent
DG-A1. Construct buildings with both solid surfaces and window openings	Yes
DG-A2. Provide distinctions between each floor.	Yes
DG-A3. Design external stairways to complement the buildings.	Yes
DG-A4. Design the sides and rear of buildings to complement the front facade.	Yes
DG-A7. Limit the number of building materials used on the facade.	Yes
DG-A8. Use appropriate materials.	Yes
DG-A9. Avoid inappropriate building materials.	Yes
DG-A10. Changes in materials should generally occur when there is a change in the plan of the facade.	Yes
DG-A11. Facades should have finishes and colors similar to those found on traditional buildings in Morgan Hill.	Yes
DG-12. The natural colors of brick and stone material should be maintained.	Yes
DG-A13. Muted and soft colors are encouraged	Yes
DG-A14. Limit the number of colors used on facades.	Yes
DG-A15. Window openings should have vertical orientation and proportion.	Yes
DG-A16. Basic and simple window shapes are encouraged.	Yes

The architectural style is intended to mimic traditional "main street" commercial vernacular with contemporary additions, as if the brick building was original construction that had been restored

over time and adapted to new uses. The material palette – including vintage brick veneer, Corten steel panels, FSC certified reclaimed wood, board formed concrete, gridded storefront glass with transoms, and corrugated metal screens - evoke industrial motifs in a modern application.

Table 2.3
Design Guidelines for Mixed Use Building Facades

Applicable Guidelines	Consistent
DG-B1. Design Articulated Facades	Yes
DG-B2. Provide ground-floor storefront windows and vertically oriented upper-floor windows.	Yes
DG-B3. Emphasize display windows and storefront entries.	Yes
DG-B4. Create a continuous street wall.	Yes
DG-B5. Design storefronts with traditional "Main Street" elements.	Yes
DG - B6. Provide architectural details to enhance the visual interest of facades.	Yes
DG-B7. Building articulations features encouraged.	Yes
DG-B8. Provide special accent design elements for corner buildings.	Yes
DG-B9. Design structural bays and recessed storefronts on ground floor facades.	Yes
DG-B10. Provide upper floor and secondary entrances and windows.	Yes
DG-B11. Operable windows and French doors are encouraged for restaurants.	Yes

The building provides enhanced architectural details with articulation features. The ground floor entrance to the building is recessed a grand entrance to the main building. The facade along West Second Street includes large glass operable doors to the patio areas where people can see into the art gallery. Windows are recessed and include planters incorporated in the design of the building. In addition to the accent detail at the top of the building and in the columns, there is an architectural element made of perforated Corten metal panels at the corner of the building facing Monterey Road and West Second Street. The perforated Corten metal has small holes and will be back light with to provide a delicate glow during the night hours of operation.

Table 2.4
Design Guidelines for Roofs

Applicable Guidelines	Consistent
DG-E1. Construct roofs that are compatible with the building character	Yes
DG-E3. Construct gutters and downspouts that are compatible with the building's character.	Yes as conditioned
DG-E4. Minimize the public view of downspouts.	Yes as Conditioned.
DG-E5. Screen rooftop mechanical equipment from public views.	Consistent
DG-E7. Paint vent pipes to minimize public view.	Yes as Conditioned.

The architectural style of the building is commercial vernacular with contemporary additions with a flat roof and roof deck. As condition of the Design Permit approval the project will minimize the views of downspouts and rooftop equipment.

Table 2.5
Design Guidelines for Awnings and Marquees

Applicable Guidelines	Consistent
DG-F1. Construct appropriate awnings and marquees.	Yes
DG-F2/F4. Use compatible materials.	Yes
DG-F3. Use multiple awnings instead of one large awning.	Yes
DG-F4. Construct awnings with an appropriate height.	Yes as Conditioned

The project includes five individual red fabric awnings that provide interest along the building facade. The clearance height for the awnings is 8 feet, as required in the Downtown Specific Plan.

Table 2.6
Design Guidelines for Balconies

Applicable Guidelines	Consistent
DG-G1. Construct appropriate balconies.	Yes
DG-G2. Use compatible materials	Yes
DG-G3. Construct high quality balconies.	Yes

The third floor restaurant includes large glass doors that open up to a balcony that can be utilized for restaurant seating along West Second Street. The style of the 56 foot wide and 7.5 foot deep balcony is complementary to the building and the material ties in with the material being used for the architectural element at the Monterey Road and 2nd Street intersection. In addition, the balcony provides a great feature for the restaurant.

Table 2.7
Design Guidelines for Outdoor Open Space

Applicable Guidelines	Consistent
DG-J1. Construct appropriate open space areas.	Yes
DG-J2. Design open spaces to be used throughout the year.	Yes
DG-J3. Construct open spaces to take advantage of views.	Yes
DG-J4. Design outdoor open spaces with a sense of enclosure.	Yes

The project includes a roof top deck with 360 degree views of downtown Morgan Hill. The deck is designed to enhance the building and support the uses by creating a relaxing place that includes a bar and lounge area, shade for day/hotter times of the year, fire pits for the cooler nights/times of the year, and defining the space by lining it with landscape planters and railing.

Table 2.8
Design Guidelines for Service Areas, Mechanical, and Electrical Equipment

Applicable Guidelines	Consistent
DG-K1. Construct service areas away from public view.	Yes
DG-K2. Design compatible trash enclosures.	Yes
DG-L1. Construct services areas away from the public view	Yes

The building has been designed to include interior space for trash, electrical, check-valve and backflow devices. Any mechanical and electrical equipment on the roof is screen from view by a 5

foot tall parapet walls.

Table 2.9
Design Guidelines for Landscaping

Guideline	Consistent
DG-M1. Provide landscaping in appropriate areas.	Yes
DG-M2. Provide a variety of vegetation.	Yes
DG-M3. Avoid over-spray from automatic irrigation systems.	Yes as conditioned
DG-M5. Construct an adequately sized planting area for all trees.	Yes as conditioned
DG-M7. Maintain landscaped areas.	Yes as conditioned
DG-M12. Construct flowerpots and planter boxes	Yes
DG-M13. Design appropriate landscaping	Yes
DG-M15. Construct service areas away from public view.	Yes

Due to the project site size, there is minimal room for landscaping. However, the building has incorporated landscaped planters at the ground floor entrance, along the recessed windows on the second floor, and on the top of the roof deck to line the patio area. Plant materials include Marina Strawberry Tree, Pincushion Tree, honey suckle, trumpet vine, and more. See attached landscape plans.

Table 2.10
Design Guidelines for Site Lighting

Applicable Design Guidelines	Consistent
DG-O1. Provide lighting in appropriate areas.	Yes
DG-O2. Design lighting to illuminate only the intended areas.	Yes
DG-O3. Avoid light and dark pockets.	Yes
DG-O4. Avoid over-lighting buildings and sites.	Yes
DG-O5. Provide storefront window lighting	Yes

In addition to the existing street lighting, the building provides pedestrian scale lighting along the facade of Monterey Road and West Second Street, in addition to the glow of the architectural element at the intersection on West Second Street and Monterey Road the soft wall lighting focusing on the art graphic at the rear of the building facing the parking lot entrance. Details of the light fixtures are shown on sheet SL-1 of the Site Plans

The applicant will apply for a sign program prior to issuance of occupancy.

Design Permit Findings

All development is subject to the Design Permit requirements of Zoning Ordinance Chapter 18.74 (Design Review) of the Morgan Hill Municipal Code. Approval of Design Permits shall be subject to the following findings:

- A. The proposed construction or alteration project is in substantial conformance with the Design and Signage Guidelines of the Downtown Specific Plan.
- B. The proposed construction or alteration project is in substantial conformance with the Design Standards and Guidelines contained in the Design Review Handbook.

The tables above (Table 1.1 - Table 2.10) summarize the projects consistency with the Downtown Specific Plan Development Standards and Design Guidelines. The project as proposed would conform to these guidelines and their intent. Consistent with Downtown Specific Plan and Architectural Handbook policies, the site would have excellent pedestrian access, with multiple points of entry. The project design also fosters pedestrian circulation with transparent frontage adequate sidewalk dimensions and pedestrian scale design elements along the project frontages. Loading and service areas are well screened from public view, but also adequate to support service activities.

The project design uses a wide variety of high quality materials and would be very unique, and customized to the Morgan Hill location. The design would be authentic in that it does not replicate historic details or make use of overly stylized architectural forms. The design would make use of conventional massing and rhythm, consistent with historic forms, allowing for visual compatibility with other Downtown buildings. The building facade has significant variation in horizontal plain, creating visual interest.

4. Applicable Policies

Parking for commercial (non-office) uses is exempted within the Downtown Specific Plan area. City Council Resolution Number 6640 further clarifies the Specific Plan recommendations.

Conclusion

The proposal to construct a 9,995 square foot, three story building at the south west corner of Monterey Road and West Second Street has been found consistent with the General Plan, CGD/GFO zoning, City Design Guidelines and Downtown Specific Plan Design Guidelines. The proposed uses for the building include a wine bar and a restaurant with full service bar and live entertainment. These uses are conditional uses under the CBD/GFO zoning district. These proposed uses in the context of the proposed structure, its location and applicant's statement of operations have been found consistent with the findings required for the approval of the proposed Conditional Use Permit.

Community Engagement

The proposed project was publicly noticed (mailing to property owners within 300 feet of the project and newspaper legal noticing) for the minimum 10-day period and a sign has been posted at the proposed business location pursuant to the Planning Division requirements.

No public comments were received prior to the publication of the staff report.

CEQA (California Environmental Quality Act):

The project is covered by the Downtown Specific Plan Master Environmental Impact Report (MEIR). In accordance with CEQA Section 15179, since the MEIR was adopted more than five years ago (November 2009), the City needs to make the following finding:

- No substantial changes have occurred with respect to the circumstances under which the MEIR was certified, or that there is no new available information, which was not known and could have been known at the time the MEIR was certified.

LINKS/ATTACHMENTS:

1. Conditional Use Permit Resolution

2. Design Permit Resolution
3. Project Plans