Atascadero Design Review Committee
Staff Report – Community Development Department

COLONY SQUARE HOTEL PROPOSAL – SECOND REVIEW

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>PROJECT PLANNER</th>
<th>APPLICANT CONTACT</th>
<th>PLN NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/11/2018</td>
<td>Callie Taylor, Senior Planner</td>
<td>Jeff Nelson The Oak Creek Company</td>
<td>CUP 2004-0127 Amendment (PLN 2099-0904)</td>
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RECOMMENDATION

Staff recommends DRC:
Provide feedback regarding the updated project design and parking study, and forward the proposal on to Planning Commission with recommendation to approve an Amendment to the Colony Square CUP.

<table>
<thead>
<tr>
<th>PROJECT ADDRESS</th>
<th>GENERAL PLAN DESIGNATION</th>
<th>ZONING DISTRICT</th>
<th>ASSESOR PARCEL NUMBER(S)</th>
<th>SITE AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6901 &amp; 6903 El Camino Real</td>
<td>Downtown (D)</td>
<td>Downtown Commercial (DC)</td>
<td>029-361-041</td>
<td>0.98 acres</td>
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PROJECT DESCRIPTION

The proposed project includes a CUP amendment for the Colony Square Master Plan of Development to add a 3-story boutique hotel on the L-shaped lot between El Camino Real and Atascadero Creek. Buildings B & C at Colony Square are proposed to be redesigned to include retail and restaurant space on the first floor and an 89-room hotel on the second and third floors. The hotel is proposed to utilize the existing shared parking within Colony Square, existing on street parking within the downtown, and possibly a valet service.

ENVIRONMENTAL DETERMINATION

To be determined

EXISTING USES

Colony Square Building A has been constructed with a 10-screen movie theater and 13,000 sq. ft. of retail space. The subject lot (designated for Buildings B & C) is currently vacant.

APPROVAL PROCESS

☒ DRC ☐ AUP ☒ PC ☐ CC

ADDITIONAL INFORMATION MAY BE OBTAINED BY CONTACTING THE ATASCADERO COMMUNITY DEVELOPMENT DEPARTMENT AT
http://www.atascadero.org
6500 PALMA AVENUE | ATASCADERO, CA 93422 | (805) 461-5000
DISCUSSION:

Background
In August 2005, the Planning Commission approved a mixed-use Master Plan of Development for the Colony Square project (CUP 2004-0127). Seven (7) new buildings, plus the temporary City Hall building and the Round Table Pizza building, were included in the CUP Master Plan of Development. Most of the new buildings were to be three stories in height with restaurant and retail uses on the ground level. Offices and housing units were to be located on the upper two floors. Building A of Colony Square, which includes Galaxy Theater, was completed in March 2011 with the aid of a bridge loan from the City’s Redevelopment Agency.

The 2005 project approval included the following components:

- 75,230 sq. ft. of retail/restaurant space
- 35,000 sq. ft. 10-screen movie theater
- 17,100 sq. ft. of office space
- 67 residential units (airspace condominium units, 72,360 sq. ft. of housing)

In 2012, the previous property owner submitted a CUP amendment to downsize the Colony Square Master Plan of Development to respond to market conditions during the recession. At the owner’s request, the amendment eliminated most of the second and third floors within the project and divided the larger buildings into one-story 3,000 to 5,600 sq. ft. standalone buildings which could be built in several phases as tenants became available. Most of the office spaces were eliminated and the residential entitlement for 67 units was transferred to Building D to be located at the back of the project near Capistrano. No buildings have been constructed at Colony Square since the master plan was amended in 2012.

Project Description
The current project proposal includes a 3-story mixed-use building on the L-shaped lot which fronts on El Camino Real and Atascadero Creek. The first floor of the building is proposed to include 9,800 sq. ft. of retail and restaurant space, plus 10,475 sq. ft. for the hotel lobby and possible hotel restaurant or event space. An 89-room boutique hotel is proposed on the second and third floors, totaling 51,080 sq. ft. on the upper floors.

Analysis
Due to the size of the Colony Square project, a Conditional Use Permit amendment is required in order to modify the Master Plan of Development. In addition, hotels are identified as a Conditional Use in the Downtown Commercial zoning district, and therefore Planning Commission review is required. Design review of elevations and site plan is required for all commercial projects.

The current proposal reflects an increase in size and square footage from the previously approved 2012 master plan; however, the proposed changes are consistent with the
original 2005 project vision and original design for the Colony Square project. In order for Atascadero’s downtown to be successful, it needs a strong mix of retail, restaurants, and 24-hour presence to add vibrant life and increased density to the area. By bringing back the designs for taller buildings, increased density, and a 24-hour downtown presence with the boutique hotel, this project would create a synergy of uses that the City has been looking for.

**October 11, 2017 DRC Review:**
The DRC reviewed a preliminary concept plan for the proposed hotel in October, and provided comments regarding the following items:

1. **Site & Elevation Design:**
   The Committee was in favor of the overall proposed site and elevation design, with suggested modifications:
   - Provide designated drop-off area at the front of the hotel. Location should minimize conflict with the theater and through vehicle access
   - Identify ADA parking
   - Enhance the hotel entry to make this a main feature at the corner
   - Modify design of covered pedestrian walkway which accesses rear parking
   - On the side facing Atascadero Creek, enhance the elevation design, outdoor patio, and walkways, especially at the corner for a future restaurant space
   - Include balconies or railings on upper hotel floors
   - Include attention to awning colors, sign styles, variety of architectural details and materials

2. **Provide an updated parking demand study:**
   - Look for potential valet parking areas on or off site
   - Identify hotel demand for parking, peak hours
   - Parking analysis to include all approved & proposed uses for full build out of Colony Square
   - Consider cumulative parking demand in downtown
   - Explore reciprocal parking agreements with Bank of America and County of SLO

**Updated Site Plan & Elevations**
The applicant and project architects have updated the proposed plans to respond to DRC’s recommended changes. The plans provide a more refined design, with attention given to pedestrian spaces, function of the hotel and retail spaces, and enhanced elevation design. Changes include the following:

- Driveway to parking behind the hotel redesigned as a porte cochere for guest drop and check in.
- Hotel lobby redesigned as main feature at the corner across from the theater. Floor plan updated to wrap lobby around the corner and eliminate second pedestrian access to rear parking. Enhanced hotel entry with curved metal awning.
• First floor to be occupied by smaller retail spaces near El Camino Real, large 4,200 sq. ft. restaurant space near Atascadero Creek, and 10,475 sq. ft. lobby space at the center of building, which may be utilized for a hotel restaurant or event space.
• Restaurant space near Atascadero Creek has been enhanced with a large outdoor seating area. The restaurant patio is proposed to extend beyond applicant’s property onto the creekside property owned by the City. The City has maintained ownership of this piece of property to ensure this type of use along the creek frontage. An encroachment permit could be approved for the proposed restaurant patio.
• Wide plaza/walkway space is shown at the Centennial Bridge landing.
• Optional roof top deck for the hotel that can look out on the Sunken Gardens.
• Hotel layout and room design has been refined, with a total of 89 rooms.
• Decorative metal balconies added to third floor hotel rooms.
• Varied retail entrance with use of awnings and signage.

Proposed Site Plan:
Elevation – Hotel Entrance
(across from theater entrance, near heritage flag monument)

Elevation – Creekside Restaurant & Plaza
(near Centennial Bridge landing)
Parking
The applicant hired Nelson Nygard to update the parking study for Colony Square to address the proposed hotel use, as well as other changes to the Colony Square project and the available parking supply in the downtown. City staff and the applicant worked with Nelson Nygard to identify both peak demand and average parking demand for the project.

- There are **316 on-site parking spaces within Colony Square** (including the parking within Building D for the residential units.)
- There are more than **300 public parking spaces and over 450 private spaces** in nearby on- and off-street locations that could be utilized to accommodate overflow parking at peak periods.

<table>
<thead>
<tr>
<th>Type</th>
<th>Weekdays</th>
<th>Nights + Weekends</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site</td>
<td>316</td>
<td>316</td>
</tr>
<tr>
<td>Off-site public</td>
<td>307</td>
<td>307</td>
</tr>
<tr>
<td>Off-site private</td>
<td>Assumed unavailable</td>
<td>456</td>
</tr>
<tr>
<td>Total</td>
<td>623</td>
<td>1,079</td>
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Peak Demand
- Peak demand was analyzed to document “worst case scenario” for parking demand. It assumes full build out of the entire Colony Square project, including 67 residential units in Building D, and considers the rare occasions when the hotel, restaurants, retail, and the theater are all at full capacity.
- **Weekday peak demand is 363 parking spaces**, which would occur at 1:00 p.m. **Weekend peak parking demand is 568 parking spaces**, occurring at 8:00 p.m. These totals represent a conservative, maximum demand estimate.
- Compared with on-site parking availability of 316 spaces, this results in an estimated on-site peak deficit of 47 spaces at 1 p.m. on weekdays and 252 at 8 p.m. on weekends.

Average Demand
- Average demand also assumes full build out of the project, but assumes a more typical average occupancy rate, rather than full capacity of all uses.
- **Weekday average demand is 304 parking spaces**, which would occur at 1:00 p.m. **Weekend average parking demand is 454 parking spaces**, occurring at 8:00 p.m.
- Compared with on-site parking availability of 316 spaces, this results in an estimated on-site surplus of 12 spaces at 1 p.m. on weekdays and on-site deficit of 138 at 8 p.m. on weekends.
The parking study found that the available parking resources that are existing in the downtown within a reasonable walking distance to Colony Square will be able to accommodate both average and peak parking demand for Colony Square.

- Assuming that 60% of off-site spaces are unavailable and/or occupied by other uses at all times of the day, there would be a surplus of 76 spaces on weekday peak period and 53 spaces on the weekend peak period.
- Assuming that 60% of off-site spaces are unavailable and/or occupied by other downtown uses at all times of the day, there would be a surplus of 135 spaces on average weekday period and 167 spaces on the average weekend period.

The parking study concluded with the following recommended strategies to support the functioning of Colony Square as a “park-once,” shared parking district:

- Identify and secure shared parking agreements with adjacent private parking facilities, ensuring that existing tenant needs are not adversely impacted. The peak demand for Colony Square does not match with the peak demand for neighboring private parking lots, offering great opportunity to share supply. Valet parking for a future hotel offers a strong opportunity for shared parking agreements within the area.
- Continue to improve pedestrian connections to Colony Square from adjacent private parking lots, especially across Capistrano Avenue and El Camino Real, to ensure safe and convenient access.
- Clear signage is especially important to ensure legibility of parking availability and possible restrictions in adjacent private lots. Effective wayfinding is also a high priority, highlighting new connections to Sunken Gardens via the new pedestrian bridge.
- Explore use of mobility programs on-site to reduce drive-alone trips, such as discounted transit passes, flexible work schedules to reduce peak parking demand, carpool incentives, options to work from home, and incentives for biking, walking, or taking transit.

The Atascadero Municipal Code includes special allowances for parking within the Downtown Commercial zoning district in order to promote a mix of higher density uses. The Atascadero General Plan (pg. II-8, Downtown Land Use Designation) states “...Design and parking standards are different from other areas to encourage a development pattern consistent with a historic Downtown...” The City’s Zoning Ordinance was updated in 2005 to require no on-site parking in the downtown, except for hotels and residential uses, and for all development east of Atascadero Creek. Due to its location east of the creek, as well as the proposed hotel use and previously approved residential uses, Colony Square is required to provide some on-site parking.

The Zoning Ordinance allows the Planning Commission great flexibility in approving parking reductions through the Conditional Use Permit process. The Planning Commission must make findings that the characteristics of the use or its immediate vicinity do not necessitate the number of parking spaces required by the code, and that reduced parking will be adequate to accommodate all parking needs generated by the use. The Ordinance also states that parking requirements may be modified where a
parking district provides adequate parking within the limits of the district. Parking reductions also provided for mixed-use sites which have uses with alternate peak demands (AMC section 9-4.115.) Based on the 2018 parking study provided by the applicant, Planning Commission could make the findings necessary to approve the parking plan and mix of uses within Colony Square as proposed.

DRC DISCUSSION ITEMS:

1. Site Design
2. Elevation Design
3. Parking

ATTACHMENTS:

Attachment 1: Applicant’s written description
Attachment 2: Applicant’s current proposed plans for Building B/C
Attachment 3: January 2018 Parking Study for Proposed Hotel
April 4, 2018

City of Atascadero
Community Development
Attn: Phil Dunsmore and Callie Taylor
6500 Palma Avenue
Atascadero, CA 93422

Dear Phil and Callie:

This is input on the parking plan for the boutique hotel, currently referred to as Bridgewalk at Colony Square.

There are dedicated spots near the lobby for short term check-in parking, as well as the porte cochere which is covered for weather and allows an entry in to short-term parking in the back for checking in.

In this respect, the check-in parking is conventional, like other hotels. The amount of parking that is available nearby in the shared 181 spaces will vary from time to time. Consequently, we believe that there will be times when there will be valet parking and there will be times that there is not valet parking.

Because we have the dual goals of providing adequate parking for the existing Galaxy Theatre and other retail patrons and the hotel patrons, we believe we can continue to calibrate when more distant valet parking will be appropriate.

We have communicated with Bank of America and their representatives multiple times now, seeking to get some formality to an agreement of using their vast parking lot for overflow purposes. Their General Manager first said it would just be easier to have people use it occasionally in the off-time than having to do an Agreement. I understand that this happens some now when major events are occurring at the Sunken Gardens. Bank of America has a property manager that is the point of contact for this, and she is out this week.

I contacted the appropriate party for the County concerning the existing parking lot (Library etc.) and the undeveloped lot behind that but did not receive a response.

Our view is that we will seek to do an arrangement with the Bank of America or some other party where they have an economic incentive to have the overflow valet parking occur on their property. This can be through a sharing of the actual valet income or some
other form of financial agreement. This would also provide an appropriate indemnification and other insurance tie between the hotel and the offsite parking location(s).

Other candidates, other than B of A for such an arrangement may be the Historical Society with its properties, the City, the County, or other properties.

I believe the marketplace will ultimately demonstrate how much valet parking is required and not required. I also believe that providing economic benefits to the party that is receiving overflow valet parking will present opportunities so that those parties are appropriately compensated and protected from a liability standpoint. It cannot be expected that all of those arrangements would be in place already during design review of the hotel, but we are trying to advance the dialog on those as quickly as possible.

This is intended to complement the Parking Study done at the request of the Design Review Committee and the letter from Arris Studio Architects on the parking issue. We look forward to continuing discussion of these issues.

Sincerely,

Jeffrey C. Nelson
ATTACHMENT 2: Applicant’s current proposed plans for Building B/C

See Attached
See Attached