



# Agenda Report

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**DATE:** DECEMBER 13, 2010

**FROM:** PLANNING DEPARTMENT

**SUBJECT:** APPEAL OF CONDITIONAL USE PERMIT #5209 AND OTHER LAND USE ENTITLEMENTS, PRIVATE TREE REMOVAL, FINAL ENVIRONMENTAL IMPACT REPORT, AND STATEMENT OF OVERRIDING CONSIDERATIONS FOR THE COLORADO AT LAKE MIXED-USE PROJECT AT 880-940 E. COLORADO BOULEVARD WITH SHARED PARKING AT 2 N. LAKE AVENUE

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## **RECOMMENDATION**

It is recommended that the City Council at the close of the public hearing take the following actions:

1. Adopt the resolution certifying the Final Environmental Impact Report (FEIR) and adopting environmental findings in accordance with the California Environmental Quality Act (CEQA) for the Colorado at Lake Project.
2. Adopt the resolution adopting a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the Alternative 3 – Hotel Option Project.
3. Approve the Findings of Fact (Attachment A), with the Conditions of Approval (Attachment B), the Scope of Development (Attachment C), and the Compliance with the General Plan and Specific Plan (Attachment D), for the Alternative 3 – Hotel Option Project.
4. Approve the Conditional Use Permit for a new non-residential project that exceeds 25,000 square feet (Attachment A).
5. Approve the Conditional Use Permit to establish a Lodging (Hotel) Use in the CD-5 zoning district.
6. Approve the Minor Conditional Use Permit for a new project that exceeds 15,000 square feet in the Transit-Oriented District (Attachment A).
7. Approve the Minor Conditional Use Permit for Shared Parking (Attachment A).

8. Approve the Minor Conditional Use Permit for Tandem Parking (Attachment A).
9. Approve the Minor Conditional Use Permit for Valet Parking (Attachment A).
10. Approve the Variance for a reduction in the number of required loading spaces (Attachment A).
11. Approve the Variance for the reductions in the required dimensional requirements for loading spaces (Attachment A).
12. Approve the Private Tree Removal Application (Attachment A).

## **EXECUTIVE SUMMARY**

### **Project Proposal**

The applicant, Park Place Commercial LP, is requesting approval of a mixed-use project on a 1.95-acre site at 880-940 E. Colorado Boulevard, bounded by E. Colorado Boulevard, S. Lake Avenue, and S. Mentor Avenue. Specifically, the applicant requests approval of the "Alternative 3—Reduce Développement to 90% of Project--Hospitality Option", which is an environmentally superior alternative that was analyzed in both the Draft and Final Environmental Impact Reports (EIRs). This alternative was selected by the applicant for approval after public comments were received that expressed a desire for the original project to reduce environmental impacts on historic resources and traffic. The project under review by the Council is herein referred to as the "Alternative 3 – Hotel Option Project," or simply as the "Project." This project proposes to preserve and rehabilitate all historic buildings and the courtyard on the site. It also eliminates the significant street intersection impact at the corner of Lake Avenue and Walnut Street. For a detailed summary of the components of the Project, see Attachment C.

The Project would be constructed in two phases:

- Phase 1 - Renovation and re-use of the Constance Hotel building and historic one-story buildings with hotel, restaurant, and retail uses; and construction of an above-grade parking garage with 125 spaces (completion in 2012).
- Phase 2 - Construction of a rear addition to the hotel including five residential units; and construction of a new office building with restaurant and retail uses and a subterranean parking garage with 320 spaces (completion in 2014).

The full Project would include: 156 hotel rooms; five residential condominium units; a new office building with six occupied floors; and retail and restaurant uses. The total square footage of the completed development is 231,711 square feet. (Currently, the total square footage of all existing buildings on the site is 101,646 square feet). The Project would also satisfy a portion of the required

parking with a shared parking arrangement at the existing parking garage at 2 N. Lake Avenue, which currently serves a large office building.

#### Land Use Entitlements Required for the Project

The Project requires several land use entitlements including Conditional Use Permits, Minor Conditional Use Permits, two Variances for loading, and Private Tree Removal of three protected trees. The recommended findings for approval are included in Attachment A. The Project meets the majority of the development standards of the Zoning Code, including height, floor area ratio, setbacks, and parking requirements. The Variances for loading are requested due to the unique conditions on the property, which include historic buildings that will be retained and preserved and constraints regarding driveway configurations and street frontages on the site. The Project also requires concept and final design approval by the Design Commission, including approval of Height Averaging, which would occur under separate application at a future public hearing.

#### Environmental Impact Report (EIR) and Statement of Overriding Considerations (SOC)

A draft and final EIR were prepared by the City that analyzed the environmental impacts of the original project and four different project alternatives, including the proposed Project. Although substantial environmental impacts would be reduced in the Project, it would still result in significant unavoidable impacts on: Air Quality (during the construction period only); and Transportation and Circulation (three street segments on Mentor Avenue, but no intersection impacts). Therefore, the Project requires a Statement of Overriding Conditions (SOC) for approval. All other impacts were found to be less than significant with mitigation measures incorporated.

Staff recommends approval of the SOC because the Project meets the required findings for the land use entitlements and it complies with many policies and objectives of the Central District Specific Plan and the General Plan (Attachment D).

### **BACKGROUND**

#### Entitlement Process and Appeals

The applicant submitted the application for land use entitlements in February 2009. The draft EIR was prepared, and then circulated for a 45-day public review period from July 29, 2010 to September 12, 2010. The Hearing Officer certified the Final EIR, adopted the SOC, and approved the Project at a public hearing on October 20, 2010. The Pasadena Coalition for Responsible Development (Coalition) appealed the Hearing Officer's decision on November 1, 2010. The Board of Zoning Appeals affirmed with a 4-1 vote the Hearing Officer's decision of approval and made minor revisions to the SOC at a public hearing on November 17, 2010. The Coalition appealed the BZA decision of approval on November 29, 2010.

### Appeal by Pasadena Coalition for Responsible Development

The appeal application addresses two subjects: 1) traffic and transportation in the Final EIR; and 2) the content of the fiscal analysis that was used to support the one of the six statements (concerning the potential improvement of social and economic conditions with new jobs, revenue, and taxes) in the Statement of Overriding Considerations.

The appellant's transportation consultant (OEG, Inc.) asserts in a November 29, 2010 letter (included in the appeal application) that elements of the Project and the alternatives were not clearly explained and/or analyzed in the Final EIR. OEG also asserts that the Project has a shortage of parking spaces, and therefore there is a significant impact on transportation and traffic that was not analyzed in the Final EIR. The City's Department of Transportation (DOT), in consultation with the traffic consultant who prepared the transportation and parking analysis, has responded to the specific comments of the OEG and the appellant in a memorandum dated December 6, 2010 (Attachment G). In summary, the DOT has carefully reviewed OEG's comments and has affirmed that the methodology used in the EIR's traffic and parking analyses is correct, and that the information in the traffic study and in the Final EIR is accurately presented. Further, even with the differing opinions previously presented by the OEG to the Hearing Officer and the Board of Zoning Appeals concerning methodology and trip and transit reduction factors, staff concludes that these differences are minor, and they would not result in any substantial impacts to transportation, circulation, or parking as a result of the Project.

The appellant also disputes the accuracy of the Illustrative Fiscal Revenue Analysis in the December 16, 2009 memorandum prepared by CB Richard Ellis (Attachment H). The Analysis estimates that the project expected to create 630 temporary construction jobs, 750 new permanent jobs, a payroll of approximately \$32 million, and also indirect and induced employment and economic benefits. These benefits were cited in Statement No. 4 (one of six statements) in the Statement of Overriding Considerations, which was approved by the Hearing Officer and the Board of Zoning Appeals.

The analysis and conclusions of the CB Richard Ellis report have been reviewed and determined to be reasonable in a December 7, 2010 memorandum from Keyser Marston Associates, Inc. (Attachment F) The Project would result in a net gain of approximately 130,000 square feet of new commercial floor area on the site, including the introduction of a new hotel use which is unique to the Lake Avenue and East Colorado business corridors. Based on the amount of this new development in the Central District, it is likely that substantial economic benefit will result from the Project.

Further, the Project's benefits cited in the SOC are diverse and not limited to economic development. They also include: historic preservation of a landmark commercial building and other landmark eligible buildings; revitalizing the site

with viable, pedestrian-friendly uses; new development that is consistent with the Mobility Element and the Transit-Oriented District and enhances the Lake Avenue office corridor; and an energy-efficient and environmentally conscious development with re-use of existing buildings and LEED-certified new construction.

## **ANALYSIS AND STAFF RECOMMENDATION**

### **1- Conditional Use Permit for a new non-residential project over 25,000 square feet**

A Conditional Use Permit (CUP) is required for new non-residential projects that exceed 25,000 square feet. The Project includes a total of 140,023 square feet of new non-residential construction, which is comprised primarily of a new office building with six floors at the corner of E. Colorado Boulevard and S Lake Avenue. The total square footage of uses on the property (including retained buildings) is 231,711 square feet, which includes the re-occupation of the landmark Constance Hotel and retention of the existing one-story historic commercial buildings.

The Project is compatible with existing and future land uses, aesthetic values, character, scale, and view protection in the vicinity. The existing neighborhood is developed with a mix of commercial, residential, and institutional land uses. The existing neighborhood includes buildings of different heights, construction types, vintages, and architectural character. The general design, site plan, preservation of historic structures on the site, pedestrian orientation to the streets and sidewalks, and the public-use open spaces are in character with other development in the vicinity. The CD-5 (Lake Avenue) subdistrict is intended to support Lake Avenue as a pedestrian-oriented high-end commercial street, including regional office space and local shopping.

### **2 – Conditional Use Permit to establish a Lodging (Hotel) Use in the CD-5 zoning district**

A Conditional Use Permit is required to establish a lodging (hotel or motel) use in the CD-5 zoning district. The Project would renovate and restore the existing, vacant, landmark Hotel Constance building for use as a boutique hotel. With the rear addition to building, the hotel would have 156 rooms, ground floor retail, and services and amenities including a rooftop swimming pool and ground floor courtyard. The Hotel Constance would be restored in accordance with the *Secretary of the Interior's Standards for Historic Preservation*. The total square footage of the hotel use would be 87,105 square feet. Parking for the hotel use would be provided for guests, customers, and employees in new parking facilities on the premises. The proposed lodging (hotel) use is consistent with the intent of the Central District Specific Plan, which encourages a diverse mix of land uses designed to create the primary business, financial, retailing, and government center of the City.

### 3 - Minor Conditional Use Permit for Transit-Oriented Development

A Minor Conditional Use Permit (MCUP) is required for a new project that exceeds 15,000 square feet in the Central District Transit-Oriented area. Such developments are considered Transit-Oriented Developments (TODs). The development standards of TODs provide for a mixture of commercial, high-density residential, mixed-use, public, and semi-public uses in close proximity to light rail stations, encouraging transit usage in conjunction with a safe and pleasant pedestrian-oriented environment. These standards emphasize intensification of development and reduced reliance on motor vehicles.

The Project includes ground floor retail uses that are oriented toward E. Colorado Boulevard, South Lake Avenue, and S. Mentor Avenue. It has been designed to comply with a reduced number of on-site parking stalls in compliance with the Transit-Oriented Development standards of the Zoning Code. The Project includes bicycle parking for employees and visitors. The site is accessible by users of the Gold Line, with the Lake Avenue Station located less than one-half mile north of the site.

### 4 - Minor Conditional Use Permit for Shared Parking

A Minor Conditional Use Permit is required to allow for shared parking. The Project proposes to share parking among the hotel, office, retail, restaurant, and residential uses on the site; and also to provide some additional parking spaces at an underutilized parking garage at 2 N. Lake Avenue.

Based on the Project's proposed land uses and gross floor area, 323 off-street parking spaces are required for the Project at completion of Phase 1; and additional 340 spaces are required for the new construction in Phase 2; for a total of 663 parking spaces required for the entire Project at the completion of Phase 2. This requirement includes the mandatory reductions for the Transit Oriented Development.

The Zoning Code allows for a reduction in the number of off-street parking spaces required on any site where the hours of operation allow the shared use of parking spaces to occur without conflict. In the Final Transportation Study, a parking demand study was conducted to analyze the potential for shared parking for the Project. The Study concluded that the maximum number of parking spaces that the project would demand at any time for Phase 1 (hotel and retail development, Summer at 2:00 p.m.) would be 215 spaces; and Phase 2 (hotel and retail plus office development) would be 508 spaces. This estimated demand includes a 10 percent additional buffer of parking spaces to ensure that adequate parking demand will exist for the project.

For Phase 1, the Project would provide 125 parking spaces on-site and an additional 90 parking spaces off-site at the parking structure at 2 N. Lake Avenue, for a total of 215 spaces. For Phase 2, the Project proposes to provide

a total of 445 parking spaces on-site and up to an additional 65 spaces off-site at the parking structure at 2 N. Lake Avenue, for a total of 510 spaces. The Project's proposed provision of off-street parking for both phases is consistent with the shared parking analysis of the Final Transportation Study.

#### 5 - Minor Conditional Use Permit for Tandem Parking

A Minor Conditional Use Permit is requested to allow the Project to incorporate tandem parking for up to 75 percent of the total off-street non-residential parking, in compliance with the Zoning Code. The majority of the parking spaces for Phase 1 and 2 for the Project are for commercial (hotel, retail, restaurant, and office) uses. A total of eight residential parking spaces (for the five residential units) are proposed in the project. The proposed tandem spaces would be located in both the above-grade and subterranean parking structures on the property. A full-time parking attendant service would manage the parking spaces, which would primarily be used for hotel customers (with on-site valet service) and employees of the office, retail, and restaurant uses on the site. The provision of up to 75 percent tandem parking spaces allows for efficient use and re-development of the site and is consistent with the operations of commercial, hotel, and office developments.

#### 6 - Minor Conditional Use Permit for Valet Parking (on-site)

The Project proposes to provide valet service parking for hotel visitors, customers of the restaurants and/or retail shops, the five residential units, and some employees of the business on-site. For Phase 1 (hotel, retail, restaurant), the Project proposes to provide 125 parking spaces on-site in a surface lot and above-grade parking structure located next to the hotel and behind the one-story retail buildings; and for Phase 2 the Project proposes to provide an additional 320 parking spaces in a subterranean garage under the office building at the corner of E. Colorado Boulevard and S. Lake Avenue; for a total of 445 on-site parking spaces. Access to the site for both parking structures (which will be connected to each other on a subterranean parking level) is from driveways located at the rear of the project site with access from S. Lake Avenue and S. Mentor Avenue. Valet stations would be either on the site, and/or on E. Colorado Boulevard and S. Mentor Avenue (which requires administrative approval of the Public Works and Transportation Departments under a separate application process).

Tandem parking allows for a parking service that enhances the operations of the hotel and other uses on the property and is consistent with other uses in the vicinity of the Central District. It also provides an opportunity for a professional parking operator to conduct parking operations in an efficient. Prior to issuance of a Certificate of Occupancy for any use on the site that proposes to use valet parking, the applicant shall submit a valet parking plan (showing valet operations, location of valet stations, etc.) to the Zoning Administrator for review and approval.

7 - Variance for a reduction in the number of required loading spaces; and  
8 - Variance for reductions in the required dimensional requirements for loading spaces.

One Variance is requested to provide a total of four loading spaces (two loading spaces in each development phase) instead of the nine total loading spaces required by the Zoning Code. A second Variance is requested to deviate from the required dimensional requirements for three of the loading spaces.

The site does not currently have a designated loading space(s) and the existing retail and restaurant uses (a total of 7,564 square feet of gross floor area) do not require loading space under the Zoning Code. In Phase 1, the Project proposes to provide two loading spaces at the rear of the property, adjacent to the above-grade parking structure, near the driveway entrance on Mentor Avenue. In Phase 2, the Project proposes to provide two additional loading spaces at the rear of the property adjacent to the new office building, near the driveway on S. Lake Avenue. The proposed hotel, small-scale retail, restaurant, and office retail uses receive the majority of deliveries in small trucks or vans with short delivery periods. The uses typically do not generate trips by large delivery trucks that will be parked in the loading bays for long periods of time, except when moving activities associated with new tenants occur. It is anticipated that usually at least one loading space will be unoccupied.

The Project proposes to retain and renovate the historic Constance Hotel structure and landmark-eligible one-story buildings that front E. Colorado Boulevard. These buildings cover approximately 20 percent of the project site. In order to retain the historic integrity of these buildings, the Project proposes to preserve them without relocation or subterranean excavation beneath them for parking. Further, the Project proposes substantial open space and distance between the new construction and historic structures in order to minimize any aesthetic impacts on historic resources and to provide an appropriate design solution (e.g., site plan, vehicular ingress/egress, parking, etc.) for the infill development. The existing historic buildings on the property are a unique condition of the property that generally does not exist on other properties in the CD-5 zoning district. Also, the Central District Specific Plan discourages driveways with vehicular access from Colorado Boulevard. Therefore the driveways for Project are located off the other two streets, which further influences the design of the site and the loading spaces.

9 - Private Tree Removal – For the removal of three protected specimen trees

The site includes a total of 31 trees on the private property. The Project proposes to remove all of the trees on the site. Three of these trees are protected specimens under the City's Tree Protection Ordinance (TPO, P.M.C. 8.52). These are: 1) Eucalyptus sideroxylon (Rosy-red ironbark) [19.4"-dbh x 30'-h; 2) Ficus benjamina (Weeping fig) 20"-dbh x 25'-h; and 3) and a multi-trunk Ailanthus altissima (Tree of Heaven) [49.5"-dbh x 40'-h]. No public or street trees are proposed for removal by the Project.



There would be a substantial hardship to the private property owner in the enjoyment and use of real property if the removal of the trees is not permitted. The trees are located in the interior of the property. The new building construction and the extensive excavation required for the new parking structures requires removal of these three trees to provide adequate parking and open spaces on the property, and to create an appropriate design solution in order to retain the integrity of the remaining landmark Constance Hotel building and landmark-eligible one-story retail buildings on the property. To not allow the Project to construct the parking structures in order to retain the trees would be a substantial hardship to the use of the real property because it could not accommodate a reasonable development that is typical of other commercial and mixed-use developments in the vicinity. The preliminary landscape plan for the Project includes several trees and other landscaping in the proposed courtyard, pedestrian areas, and upper levels that will have aesthetic benefits. The final landscape plan will be reviewed by the Design Commission to ensure that it will compliment the buildings and enhance visual character of the streetscape.

#### Staff Recommendation

Staff recommends approval of the Alternative 3 – Hotel Option Project as requested by the applicant. The Project has several components that would enhance the site and the Central District, including: historic preservation of structures and buildings; establishment of new office, retail, restaurant, and residential development and employment opportunities; local commercial and retail benefits of new employees associated with the new development; and open spaces and pedestrian-oriented design along the three adjacent streets.

The General Plan encourages the protection of historic and cultural resources. The historic preservation component of the Project is multi-faced. It includes restoration and revitalization of the landmark Hotel Constance building. It also includes the complete exterior restoration of the facades of the adjacent, landmark-eligible commercial buildings on E. Colorado Boulevard, which are currently covered by decades of non-historic storefront alterations that will be removed during the first phase of development. The Project would restore and enhance the historic courtyard adjacent to the hotel tower for use as an open space amenity. The Project provides a unique opportunity expand historic preservation of significant commercial buildings eastward on Colorado Boulevard at a prominent intersection located outside of City's established historic districts.

Environmental mitigation measures and conditions of approval are recommended to mitigate potential impacts of the Project and to ensure the Project's compatibility with the surrounding mixed-use and commercial development. The Project requests several entitlements that require approval prior to additional review by the Design Commission. The staff has reviewed the Project for compliance with all of the findings required for entitlements, including consistency with the policies, goals, and objectives of the General Plan and Central District Specific Plan, as shown in Attachment D.

Staff recommends, and the applicant has agreed to, adoption of an additional condition as follows:

**76. Indemnification:**

1. Applicant agrees to indemnify and hold harmless the City, the City Council, its advisory agencies, boards or commissions, officers, contractors, employees, and consultants (collectively, the "City") from:

(a) any and all awards or judgments for attorneys' fees, damages or costs entered against the City arising out of any action challenging, attacking, or otherwise seeking to set aside, void, or annul any approvals issued in connection with Applicant's application(s) for entitlement, if approved by the City, or any action taken to provide the related environmental clearance(s) under the California Environmental Quality Act ("CEQA") by the City; and

(b) any and all costs or fees incurred in any additional investigation or study of, or for supplementing, redrafting, revising, or amending, any document such as an environmental impact report or application for entitlement, if made necessary by any such action defined under 1(a) above, and should the Applicant desire to pursue such additional investigation or study.

2. The City shall have the right not to participate in the defense of any action set-forth in 1(a) above, except that the City agrees to reasonably cooperate with Applicant in the defense of any such action.

3. Applicant's indemnification of the City as set-forth herein shall remain in full force and effect throughout all stages of any action defined under 1(a) above, including any and all appeals of any lower court judgments, and until such time as any such action is deemed final under California law.

**FISCAL IMPACT**

The cost of the Project reviews and permits will be paid to the City by the applicant. The Project will generate income to the City.

## CONCLUSION

Staff recommends approval of all entitlements with recommended conditions, the EIR, and the Statement of Overriding considerations. The Project includes historic preservation of existing buildings, pedestrian-oriented and transit-oriented development, economic benefit, and an appropriate mix of compatible uses for the site. The design will continue to be developed and refined in the design review process.

Respectfully submitted,

  
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Assistant City Manager

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Approved by:

  
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Attachments:

- A. Findings of Fact
- B. Conditions of Approval
- C. Scope of Work of the Project
- D. Compliance of the Project with Goals, Policies, and Objectives of the General Plan and the Central District Specific Plan
- E. Department of Transportation Memorandum of December 7, 2010
- F. Keyser Marston Associates, Inc. Memorandum of December 7, 2010
- G. CBRE Illustrative Fiscal Revenue Analysis of December 16, 2009
- H. CBRE Response to Comments on Analysis Dated October 19, 2010
- I. Application materials (plans, elevations, applications)