

# LP ACQUISITIONS

REAL ESTATE DEVELOPMENT

July 23, 2015

*REVISED October 5, 2015*

*REVISED February 10, 2016*

*REVISED July 13, 2016*

Ms. Kendra Burch, Chair  
Los Gatos Planning Commission  
Town of Los Gatos  
110 E. Main Street  
Los Gatos, CA 95030

RE: Letter of Justification

Dear Ms. Burch:

Included in this letter is the justification for the efforts of LP Acquisitions to redevelop the 2.15-acre site known as 401-405 Alberto Way (APN 529-23-018), located at the northwest corner of Los Gatos-Saratoga Road (Highway 9) and Alberto Way. Our Justification Letter includes the response to the comments we received at both the Conceptual Development Advisory Committee (“CDAC”) review, as well as the Town Staff comments received during the Technical Project Review meetings held on August 19, 2015, October 28, 2015 and March 16, 2016. Particular emphasis has been afforded to describe the manner in which our project complies with the Town’s 2020 General Plan, as well as the Sustainability Plan (2012).

Our proposed project includes the demolition of the three, three-story, wood-framed office structures (~30,000 square feet), as well as all appurtenant site improvements and replacement with two new, steel frame, 2-story buildings totaling 91,965 square feet. Parking for employees and visitors will be provided on two levels of underground parking (383 subterranean parking spaces) and seven (7) surface parking spaces. Site development would include an onsite employee amenity area, visitor parking, new landscaping and a variety of energy efficient and sustainable interior and exterior building elements. As described in the paragraphs that follow, development of the site will fully comply with all applicable Town General Plan Goals and Policies, as well as applicable standards and guidelines established by the Municipal Code.

The designed building land coverage is 49.6%, below the 50% land coverage allowed by the Mixed-Use Commercial Land Use Designation (2020 General Plan). The building height also complies with the Mixed-Use Commercial Land Use Designation as well as the Municipal Code Section 29.10.090 which addresses height limits and exceptions to such building height limits since the Project is consistent with that section. As you know, Municipal Code Section 29.10.090 allows exceptions to the height restrictions; therefore, this Municipal Code Section allows towers, spires, and similar architectural features to exceed the 35-foot height limit provided those areas are inaccessible to human activity or

storage. Consistent with Section 29.10.090, the building entry feature will be closed off at the second floor ceiling such that the feature will neither be accessible, habitable nor visible from the interior of the building. Thus, tenants in the buildings will be unable to access or use the feature from inside the building and the building entry feature would qualify for the exception to the 35-foot height limitation.

The building use will be dedicated to professional office use. Hours of operation will generally be from 7am to 6pm. Given the proposed building square footage, we anticipate no more than 1 employee per 250 sf of usable space on site at any given time. Because the tenant mix has not been finalized, office hour shift details are not currently available; however, given the types of professional office space users we are targeting, we expect the hours of operation, including any employee shifts would be limited between 7am to 6pm.

Site development would require demolition of all existing site improvements.

The project neither proposes nor requires a General Plan Amendment and Planned Development. The project complies with the Zoning for the property in all respects. The project does not require any variance or exception to any rule, code or regulation and meets all requirements for the zoning code related to lot coverage, set-back, heights and other requirement of the zone. This request is for approval of a Conditional Use Permit (required by Town Code) and Architecture and Site Application materials (attached), which are required for the construction of the buildings.

#### **Background:**

LP Acquisitions is a wholly owned subsidiary of Lamb Partners, which has developed over 800,000 square feet of commercial and office buildings in Santa Clara County since 1998. We have taken great interest in the West Valley Class A office Market, specifically Los Gatos. Our goal is to provide quality commercial projects to neutralize the very low vacancy rates and high demand for Class A office space in the Los Gatos area. Our proposed project is consistent with the Town's objective of promoting economic vitality and business diversity in Los Gatos.

Initially, we met with Town Planning Staff and various CDAC Committee Members to better understand the site zoning and uses which might be sensitive to current Town conditions. During our CDAC meeting, the Committee Members provided valuable feedback on the following four (4) areas related to compatibility with the Los Gatos 2020 General Plan and Zoning: Traffic, Building Height and Size, Transportation Demand Management Plan, and Community Outreach. We took great care in discussing these items with the Committee Members and we have provided details below to address their concerns.

In addition to these initial meetings, during the last 16 months we have successfully completed our due diligence process, engaged the Town Planning Staff and Public Works in three (3) technical review meetings to address Staff comments. We have met with various Planning and Public Works Staff and a couple of the Town's key planning review consultants (including Larry Cannon, Town Consulting Architect). The purpose of these meetings were to clarify and confirm the proposed architectural concepts and treatment of offsite conditions and to address specific technical concerns.

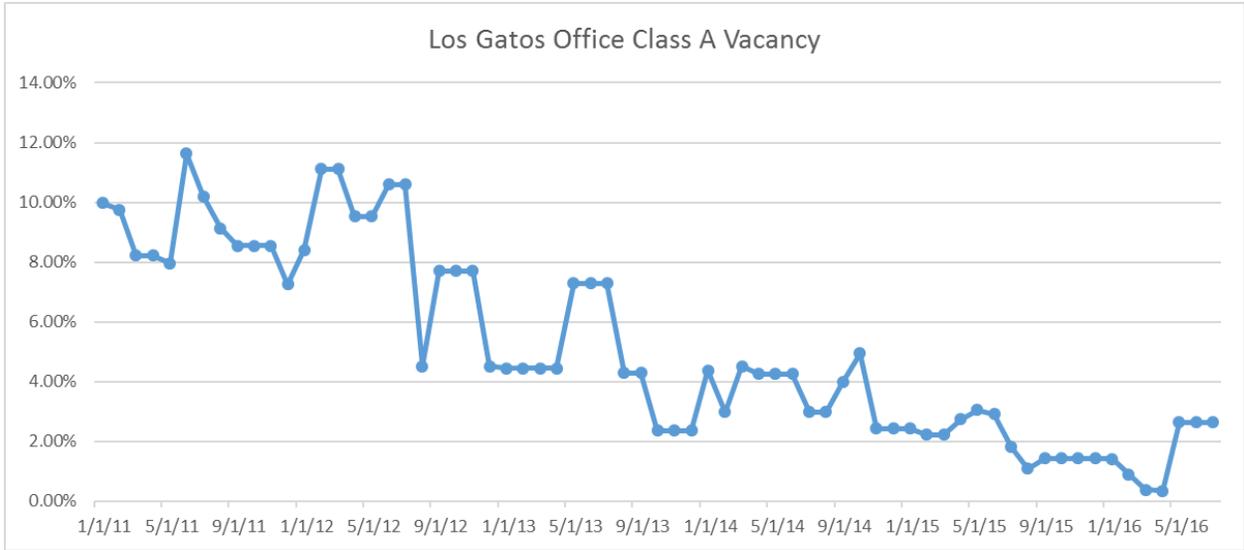
Lastly we recently participated in a kick-off meeting organized by Town Planning Staff for the initiation of the California Environmental Quality Act (CEQA) Review process. Though our project does not trigger preparation of a full Environmental Impact Report (EIR), we voluntarily agreed to preparation of an EIR with the intent of providing the community with an opportunity to review a more rigorous and comprehensive environmental assessment of our proposed project than would otherwise be prepared.

**The project does not result in *any* significant environmental impacts. The City's Draft Environmental Impact Report further confirmed that the project would not result in any significant environmental impacts. Nonetheless, we voluntarily agreed to include the handful of additional mitigating features identified in the Draft EIR in order to further lessen the already less-than-significant environmental impacts. Moreover, even though the project would not cause any significant environmental impacts, the Draft EIR considered alternatives to the Proposed Project. In this regard, the Town went above and beyond CEQA's requirement to identify alternatives that would avoid or substantially lessen environmental impacts because the project would not cause any significant impacts to begin with. Nonetheless, although the Draft EIR alternatives would not "feasibly attain" most of the basic objectives of the project, we appreciate the Town's interest in providing the alternatives analysis for informational purposes so that the public and decision makers can be fully informed about the consequences of the project and our efforts to design an office development that is compatible with the surrounding land uses.**

**All of the information below was requested by CDAC members and we have taken great care to show that we are in compliance with the Los Gatos General Plan 2020. We conclude this letter with a discussion of the benefits to the community.**

**Office Market Research Statistics for Los Gatos:**

- The size of the commercial office market in Los Gatos is approximately 1,617,800 square feet, of which 655,340 square feet is Class A Office.
- The current Class A vacancy in the West Valley is 10.44%.
- The current Class A vacancy in Los Gatos is 2.64%.
- Below is the historical vacancy rate for Los Gatos from January 2011 to present



\*Colliers International – July 1, 2016 Los Gatos & WV Availability Reports (see attached “Monthly Snapshot”)

**Project Compatibility with the Los Gatos 2020 General Plan and Zoning:**

▪ **Land Use:**

The proposed project has been designed in conformance with the Town of Los Gatos Zoning requirements. Proposed site coverage, height limitations and parking requirements all meet the Town zoning requirements. We are requesting no special considerations, variances, exceptions or amendments as part of this application.

Specific applicable goals/policies in the 2020 General Plan include:

LU-1.2 Ensure that new development preserves and promotes existing commercial centers consistent with the maintenance of a small-town atmosphere and image.

LU-1.4 Infill projects shall be designed in context with the neighborhood and surrounding zoning with respect to the existing scale and character of surrounding structures, and should blend rather than compete with the established character of the area.

LU-1.8 Commercial development of any type (office, retail, research and development, etc.) shall be designed in keeping with the small-town character of Los Gatos.

▪ **Community Design Element:**

The existing buildings on the site were constructed in the mid 1960’s and have outlived their usefulness in terms of energy efficiency and sustainability, and they do not meet the current building code requirements for seismic safety and accessibility. The proposed project will bring to the area new state of the art Class A office buildings, incorporating recycled and sustainable building materials and energy efficient operational systems. The architecture has utilized

building materials, exterior finishes and design features that compliment not only the surrounding land uses, but draw from the architecture of the Town's most recognizable and important buildings. The stone veneer and canopy incorporated into the first floor helps to ground the buildings and break up the height of the structures. The second floor provides functional balconies and natural/earth-toned building materials and colors allowing for a seamless blend with the buildings' surroundings. These architectural features as well as the clay roof tile with saw-cut wood rafters are consistent with the architectural features and character found in other nearby commercial and residential structures. The Hotel Los Gatos (210 E. Main St.) and both Palo Alto Medical Foundation buildings located at 15400 Los Gatos Blvd and 15720 Winchester Blvd are examples of this architectural style.

Importantly, the buildings have been set back to the rear of the site, opening the front of the site to an area of enriched landscaping, pedestrian activity and employee use. By providing underground parking, visitor parking on the street level is kept to a minimum, further enhancing the pedestrian experience as compared to existing conditions.

To respond to Town Staff comments, and in respect of our immediate property owners and businesses, a Shadow Study was prepared as part of this resubmittal, please refer to Sheet A3.32. Based on the shade and shadow analysis, no impacts to adjacent property owners would result.

As a result of the attention we have afforded to these high quality design elements, the proposed architecture will respect the small town feel desired by the Town through a combination of building articulation, scale and building setbacks, and landscape treatments. (Refer to Sheets A1.01, A3.01, A3.02, A3.11a, A3.11b, L0.1, and L0.2).

Redevelopment of this site will also provide a more desirable building type needed to attract and retain today's high tech and professional office users (i.e. larger floor plates, operationally sustainable/functional buildings, energy efficient systems and onsite employee amenities). 98% of the parking for the project will be below grade leaving more of the site available for landscape, open space and employee amenity/leisure space. Site lighting will be largely accomplished with bollard pedestrian lights, wall sconces, and soffit lighting, thereby meeting the night-lighting safety needs and minimizing lighting impacts to the neighboring sites. Our goal is to create an interactive pedestrian orientated space that is attractive to future employees and visitors to the site.

Specific applicable goals/policies in the 2020 General Plan include:

- CD-1 Preserve and enhance Los Gatos' character through exceptional community design.
  - CD-1.1 Building elements shall be in conformance with those traditionally in the neighborhood.
  - CD-1.2 New structures, remodels, landscapes and hardscapes shall be designed to harmonize and blend with the scale and rhythm of the neighborhood and natural features in the area.

- CD-1.3 Buildings, landscapes, and hardscapes shall follow the natural contours of the property.
- CD-1.4 Development on all elevations shall be of high equality design and construction, a positive addition to and compatible with the Town’s ambiance. Development shall enhance the character and unique identity of existing commercial and/or residential neighborhoods.
- CD-2 To limit the intensity of new development to a level that is consistent with surrounding development and with the Town at large.
- CD-3 To require utilities, landscaping and streetscapes to contribute to Los Gatos’ high-quality character.
  - CD-3.2 Street and structural lighting shall be required to minimize its visual impacts by preventing glare, limiting the amount of light that falls on neighboring properties, and avoiding light pollution of the night sky.
  - CD-3.4 Encourage the use of landscaping such as trees, large shrubs, and trellised vines to mitigate the effects of building mass, lower noise, and reduce heat generation.
  - CD-3.5 All landscaping shall be carefully reviewed to ensure that it is aesthetically pleasing, compatible with its neighborhood and natural environment, and water conserving.
  - CD-3.7 Roof mounted mechanical equipment shall be screened and such screening shall be considered as part of the structure for height limitations.
- CD-4 To preserve existing trees, natural vegetation, natural topography, riparian corridors and wildlife habitats, and promote high quality, well designed, environmentally sensitive, and diverse landscaping in new and existing developments.
  - CD-4.5 New development shall promote visual continuity through tree planting, consistent use of low shrubs and ground cover.
- CD-16 Promote and protect view sheds and scenic resources.

- **Transportation Element:**

The property is ideally located for ingress/egress to Los Gatos-Saratoga Road and Highway 17, with the northbound on-ramp to Highway 17 adjacent to the site. Hexagon has performed a full traffic impact study (TIA) with direction from Los Gatos Public Works for the proposed project. Briefly, the report presents the following conclusions:

- During the daily AM and PM peak-hour, trips generated by the proposed project had no significant impact on traffic operations. The report concludes that no mitigation improvements are needed at the intersections studied in the traffic analysis.
- Specifically, inside the am/pm peak timeframes, all intersections studied would operate at acceptable levels of service under all studied scenarios.

- As stated in the Hexagon Report, though the proposed project does not trigger any CEQA-related impacts, it is noted that the intersections on Los Gatos-Saratoga Road at Santa Cruz Avenue and at University Avenue experience longer queues and delays on certain LOS calculations indicated. Thus, the proposed project includes certain roadway improvements to help alleviate existing operational delays. These improvements are identified and shown on Figure 12 which is attached to this letter.

With the addition of these few improvements and overall design of the proposed project, the intent of the following goals/policies of the 2020 General Plan would be met.

Specific applicable goals/policies in the 2020 General Plan include:

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| TRA-2.4  | New development shall minimize the number of driveway openings and curb cuts.  |
| TRA-2.6  | Street improvements such as curb cuts, sidewalks, bus stop turnouts, bus shelters, light poles, traffic signals, benches, and trash container shall be planned as an integral part of development projects to ensure safe movement of people and vehicles and minimize disruption to the streetscape.                          |
| TRA-3    | To prevent and mitigate traffic impacts from new development (all policies under Goal TRA-3).  |
| TRA-5    | To ensure that Los Gatos streets are safe for all users, including drivers, cyclists and pedestrians.  |
| TRA-9.6  | Require development proposals to include amenities that encourage alternate forms of transportation that reduce pollution or traffic congestion as a benefit to the community (e.g. bicycle lockers/racks, showers, dedicated van-pool or car-pool parking areas, dedicated shuttle services, innovative bus shelter designs). |
| TRA-13   | To provide adequate parking for existing and proposed uses, and to minimize impacts on surrounding residential neighborhoods.  |
| TRA-13.3 | Require adequate parking in commercial areas so as not to impact or affect adjacent residential properties.  |

▪ **Environmental and Sustainability Element:**

The project will promote the appropriate use of local, native plants in its landscaping. It will promote the efficient use of water, and will minimize the amount of storm water runoff.

Development of the proposed project would include low-water use landscape and plant materials to control sun and wind exposure, and to provide employee amenity spaces that are both functional and aesthetically inviting. The core and shell of the office structure would be

designed with the goal of achieving the standards for Leadership in Energy and Environmental Design (LEED) certification based on current LEED standards.

Specific applicable goals/policies in the 2020 General Plan include:

- ENV-1 To preserve and protect native plants and plant communities in the Town, and promote the appropriate use of local, native plants in habitat restoration and landscaping.
- ENV-5 To protect and preserve watersheds and water quality.
- ENV-6 To conserve the water resources of the Town and promote the efficient use of water to ensure an adequate support of the Town's plant and wildlife populations as well as human populations.
- ENV-9 To minimize the amount of storm water runoff, as well as to protect and improve the water quality of runoff.
- ENV-10 To promote recycling and reuse as well as reduction in demand.
- ENV-12 To conserve the air resources of the Town and maintain and improve acceptable air quality in Los Gatos.
- ENV-13 To promote a sustainable community that protects environmental resources and the climate to prevent negative impacts to future generations.
- ENV-14 To reduce overall greenhouse gas (GHG) emissions to 1990 levels by 2020.
- ENV-17 To promote green buildings that minimize consumption of energy and natural resources

▪ **Los Gatos Sustainability Plan (2012):**

Sustainability measures including energy efficiency and alternative transportation facilities will be provided in accordance with Los Gatos standards. The framework for solar energy and solar hot water systems installation will be provided and fixtures will be chosen according to efficiency requirements. The project will be designed to meet Cal Green standards and go beyond the Town's requirements to attain LEED gold certification.

Additional measures from the Los Gatos Sustainability Plan addressed by the project include support for pedestrians, bicyclists and transit facilities and programs such as a fixed route shuttle, school pool program and a vehicle circulation, parking and idling reduction program. The development includes solar orientation and solar ready features to promote renewable energy generation. Energy efficiency features such as programmable thermostats, energy-efficient indoor and outdoor appliances and lighting are also included. The project will meet water use and efficiency requirements to include water efficiency retrofits and water conservation pricing. A thorough Construction Waste Management plan will address construction waste diversion from the project and promote salvaged, recycled-content and local

construction materials. The wide array and level of sustainability measures included in the proposed project would meet the full intent of the applicable goals/policies in the 2012 Sustainability Plan as noted below.

Specific applicable goals/policies in the 2012 Sustainability Plan include:

TR-1 Support for Pedestrians, Bicyclists and Transit. Promote walking, bicycling, and transit through the following:

- a. Require all new buildings, excluding single-family homes, to include a principal functional entry that faces a public space such as a street, square, park, paseo or plaza, in addition to any entrance from a parking lot, to encourage pedestrian foot traffic.
- b. Require new projects, excluding single-family homes, to include pedestrian or bicycle through-connections to existing sidewalks and existing or future bicycle facilities, unless prohibited by topographical conditions.
- c. Seek grant funding to establish a Safe Routes to School (SR2S) Program to increase more student walking and biking trips.
- d. Design and implement affordable traffic-calming measures on specific streets to dissuade Highway 17 cut-through traffic and attract pedestrian and bicycle traffic.
- e. Implement transit access improvements through sidewalk/crosswalk safety enhancement and bus shelter improvements.

TR-4 Bicycle Facilities and Programs. Provide for new bicycle facilities and programs through the following:

- a. Install new bicycle facilities throughout the existing Town street network to close bicycle network gaps as identified in the General Plan.
- b. Require bicycle parking facilities and on-site showers in major non-residential development and redevelopment projects. Major development projects include buildings that would accommodate more than 50 employees, whether in a single business or multiple tenants; major redevelopment projects include projects that change 50 percent or more of the square footage or wall space.

TR-6 Vehicle Circulation, Parking and Idling Reduction Programs. Support trip reduction and the use of electric vehicles through the following:

- a. Encourage a voluntary Employer Commute Trip Reduction Program for new and existing development. This would be multi-strategy program that encompasses a combination of individual measures, such as ride-share programs, discounted transit programs, end-of-trip facilities (e.g. showers and lockers), encouraging telecommuting, and preferential parking permit programs. As part of this program, encourage employers to allow commuters to pay for transit with pre-tax dollars.
- b. Encourage new non-residential development to include designated or preferred parking for vanpools, carpools and electric vehicles.

GB-4 Solar Orientation. Require measures that reduce energy use through solar orientation by taking advantage of shade, prevailing winds, landscaping and sunscreens.

RE-3 Renewable Energy Generation in Projects. Require that new or major rehabilitations of commercial, office, or industrial development greater than or equal to 20,000 square feet in size incorporate solar or other renewable energy generation to provide 15 percent or more of the project's energy needs. Major rehabilitations are defined as remodeling/additions of 20,000 square feet of office/retail commercial or 100,000 square feet of industrial floor area. Remove regulatory barriers to incorporating renewable energy generation.

RE-5 Solar Ready Features. Where feasible, require that all new buildings be constructed to allow for the easy, cost-effective installation of future solar energy systems. "Solar ready" features should include: proper solar orientation (i.e. South facing roof area sloped at 20 to 55 degrees from the horizontal); clear access on the south sloped roof (i.e. No chimneys, heating vents, or plumbing vents); electrical conduit installed for solar electric system wiring; plumbing installed for solar hot water system; and space provided for a solar hot water storage tank.

EC-1 Energy-Efficient Appliances and Lighting. Require new development to use energy-efficient appliances that meet Energy-Star standards and energy-efficient lighting technologies that exceed Title 24 standards by 30 percent.

EC-3 Energy-Efficient Outdoor Lighting. Require outdoor lighting fixtures to be energy-efficient. Require parking lot light fixtures and light fixtures on buildings to be on full cut-off fixtures, except emergency exit or safety lighting, and all permanently installed exterior lighting shall be controlled by either a photocell or an astronomical time switch. Prohibit continuous all night outdoor lighting in construction sites unless required for security reasons. Revise the Town Code to include these requirements.

EC-10 Heat Gain Reduction. Require all new development and major rehabilitation (i.e. additions or remodels of 20,000 square feet of office/retail commercial or 100,000 square feet of industrial floor area) projects to incorporate any combination of the following strategies to reduce heat gain for 50 percent of the non-roof impervious site landscape, which includes roads, sidewalks, courtyards, parking lots, and driveways: shade within five years of occupancy; paving materials with a Solar Reflectance Index (SRI) of at least 29, open grid pavement system; and parking spaces underground, under deck, under roof, or under a building. Any roof used to shade or cover parking must have an SRI of at least 29.

WW-1 Water Use and Efficiency Requirements. For new development, require all water use and efficiency measures identified as voluntary in the California Green Building Standards Code, and consider more stringent targets. California Green Building Standards Code requirements include: 1) reduce indoor potable water use by 20 percent after meeting the Energy Policy Act of 1992 fixture performance requirements, and 2) reduce outdoor potable water use by 50 percent from a calibrated mid-summer baseline case, for example, through irrigation efficiency, plant species, recycled wastewater, and captured rainwater.

WW-3 Bay Friendly Landscaping. Require new development to use native plants or other appropriate non-invasive plants that are drought-tolerant, as described in the Bay Friendly Landscaping Guidelines, available at [StopWaste.Org](http://StopWaste.Org) and [BayFriendlyCoalition.Org](http://BayFriendlyCoalition.Org).

SW-3 Salvage, Recycled-Content and Local Construction Materials. Encourage the use of salvaged and recycled-content materials and other materials that have low production energy costs for building materials, hard surfaces, and non-plant landscaping. Require sourcing of construction materials locally, as feasible.

- **Conditional Use Permit Findings:** The redevelopment of the project site into a more sustainability designed, operated and functional office space is both essential to the well-being of the Town of Los Gatos, its residents and employers, as it is desirable to the Community as a whole. The current site was not designed with sustainable practices in mind, and has long surpassed its functionality as a desirable office environment. The proposed uses would not be detrimental to the public health, safety, or general welfare of the Town, and in fact, quite the opposite, will result in an improved condition over the currently built environment. As demonstrated through the project architectural elements, engineering details, and environmental sustainability practices highlighted herein, the property is designed to be in harmony with the various elements of the General Plan (as described above), and in fact implements many of those same policies.
- **Neighborhood Outreach:**  
We initiated our Neighborhood Outreach Meetings and Open House on September 28<sup>th</sup> and September 30<sup>th</sup>, 2015, and followed up with additional outreach meetings on October 14<sup>th</sup> and 21<sup>st</sup>, November 17<sup>th</sup>, 2015, January 5<sup>th</sup> and 6<sup>th</sup>, 2016, and then we held update meetings from July 18<sup>th</sup> through 21<sup>st</sup>, 2016. Since we envisioned this as an interactive process, we met onsite with the adjacent homeowner associations and key stakeholders (the names and addresses of those that were notified are attached to our resubmittal). . This process naturally began with extensive communication with the onsite tenants. Our outreach program includes notification of the meetings, an overview of meeting formats, when and where information will be provided, team members that will be present and a request for neighbors to attend so that we can seek their input. In addition, these initial meetings and our planned community neighborhood follow-up meetings provides specific information on the project’s features, components and amenities in order to elaborate on the benefits that redevelopment of the site facilitates.
- **Benefits to the Community**  
From an environmental perspective, the building designs will provide a more energy efficient and healthy environment for prospective tenants. Upgraded and energy efficient buildings will assist in further reducing the current carbon footprint by minimizing energy load, enhancing the number of large shade trees, modernizing energy operations/systems, increasing the amount of landscaped space and improving irrigation efficiency. We will be providing the type of high-

quality, Class A office space that will attract businesses seeking “A” space to stay in Los Gatos or relocate to Los Gatos. This will help enrich both the retention and diversity of local jobs offered in Town.

By redeveloping the site, we will provide for a significantly higher property tax base, which benefits both the Town of Los Gatos, but also (importantly), the Los Gatos School Districts.

We will provide a Transportation Demand Management (TDM) plan to maximize alternative mode split options, reduce dependence on single-occupant vehicle and to encourage use of pedestrian/bicycle/ride-share programs. Additionally, this state of the art office complex will reward tenant employees which use public transportation to and from work by providing the following: 1) subsidize the cost of transit passes (details to be provided when a tenant is secured); 2) make available designated carpool/vanpool parking and garage area storage for up to 99 bicycles; and 3) provide shower and locker areas for pedestrians and cyclists.

Respectfully,

*Shane Arters*

Shane Arters  
Principal & COO