

**CITY OF SAN MATEO
PLANNING COMMISSION
MINUTES OF THE REGULAR MEETING
JANUARY 08, 2013**

APPROVED

The meeting convened at 7:30 p.m. in the City of San Mateo Council Chambers and was called to order by Chair Whitaker, who led the Pledge of Allegiance.

Those present were Chair Whitaker, Vice Chair Massey, Commissioner Bonilla, Commissioner Moran and Commissioner Hugg.

A motion was made by Commissioner Massey, seconded by Commissioner Moran to approve the minutes of the Regular meetings of December 11 and 18, 2012.

Vote: Motion passes 5-0.

***** PUBLIC COMMENT**

Chair Whitaker opened the public comment period.

No one wishing to speak, Chair Whitaker closed the public comment period.

ITEM 1

**** PUBLIC HEARING**

PA 12-040 DRAPER UNIVERSITY AND THE COLLECTIVE ENTREPRENEURS CLUB for the reuse of three existing buildings (including two historic buildings), establish a private school use and ground floor office use (aka Collective Entrepreneurs Club), and includes physical alterations to the buildings and properties. The project also includes modifications to the public access walkways (including the Benjamin Franklin Court, located between E. Third Ave and E. Fourth Ave) with changes to landscaping and removal of trees. The project site is comprised of: Benjamin Franklin Hotel building: 36-44 E. Third Ave (APNs: 034-143-240, 280, -290), Fourth Ave Office building: 37 E. Fourth Ave (APN: 034-143-230), Collective building: 51-65 E. Third Ave (APNs: 034-142-030, -180), and publically accessible walkways including the Benjamin Franklin Court.

- A. Mitigated Negative Declaration
- B. Site Plan & Architectural Review (SPAR) for exterior modifications to buildings & sites.
- C. Site Development Permit (SDP) for removal of major vegetation including 11 trees.
- D. Downtown Economic Development Permit for the establishment of a private post-secondary educational school use and ground floor office use within the downtown required retail frontage area.

The project site is comprised of multiple parcels totaling approximately 57,466 sq ft. The project site is located in downtown San Mateo and is generally bounded by Second Avenue and Mills

Medical Center to the north, S. San Mateo Drive and downtown commercial uses to the east, E. Fourth Ave and commercial uses to the south, and S. El Camino Real with office and residential uses to the west. The project site is zoned CBD (Central Business District).

Julia Yeh, Associate Planner, gave the staff presentation.

Carol Lo, Chief Operating Officer introduced Tim Draper. Carol Lo, Tim Murphy AIA, and Mark Stevens – Architecture & Light, gave the applicant presentations.

The Planning Commission had the following questions of the applicant:

- What is the number of occupants @ The Collective Building? It is a little over 200 for the auditorium/multipurpose room, but what about the capacity of the rest of Collective building? How many can be there at most? *Applicant: depends on if you're talking about code max or actual usage. Actual usage is 31 enclosed workspaces, 50 open workspaces in the basement, 64 on the ground floor for a total of 145 open and enclosed workspaces. 223 occupant load for the basement multi-purpose room + the 145 for open & enclosed workspaces + 42 people in the overlook area = 410 people in The Collective.*
- It is my understanding that The Collective Entrepreneurs Center would be occupied during the day by people who have day passes; the school would be using the auditorium during the day. There would be no actual overlap because the multipurpose room would be used by the school. *Applicant: The multipurpose room is reserved for Draper University use during the day for speakers, workshops, etc. After daytime hours (after 6 pm), the area would be available for rent to members of the public. The intent is that Draper University ("DU") events that are open to the public would have priority, but others would have an opportunity to rent the Collective building for afterhour use.*
- Earlier version of the project plans showed Crayola colors on the outside rear of the Benjamin Franklin building that extended the entire height of the building. *Applicant: Yes, now the plans show the backside of the building with the Crayola colors up to the 2nd floor. In the front of the building, Astaria has the east side (orange color) and DU has the west side (green color). Astaria would like to have a different color to identify them. The majority of the building (floors 2 and above) is neutral.*
- Regarding the Collective building, would like to confirm that if someone wanted to reinstall the floor that is currently proposed to be removed for the auditorium/multipurpose room, would it be difficult to put the floor back? *Applicant: there is mahogany flooring in there and we are reusing that flooring to repair other areas that have holes. Filling in the hole doesn't mean filling in an entire basement? Applicant: No, it just means that there is a wood-frame floor and it is easy to put a floor for the first floor back in.*
- I'm curious about the overlook area, it doesn't appear to go anywhere. *Architect: It is a gathering area and also serves as an entrance area to the retail space. There is a projection room to the right of there as well. Entrance to the overlook room would be from the street and exterior will remain the same. Where would a person go from there?*

Applicant: there will be high-tech equipment for use by individual brought in by DU. As such, it might be a target for problems.

- In the Collective building, how large is the space for public retail? *Applicant: Approximately 300 sq ft each.*
- Tell me about the main entrance for the Collective building, are there steps or is it a walk-in from the street? *Applicant: It is a straight walk-in from the street.*
- As far as ADA access, there are no steps coming off the street? The area is flat all the way back to the elevator? *Applicant: Yes.*
- Just to confirm, when we looked at the project before, we saw more of a phased project approach, however, I don't see that in the project as proposed now, correct? *Applicant: Yes.*
- The Collective Building, on the different levels, some spaces are labeled rental offices in the basement and 2nd floor, and the remainder is retail office rental. *Applicant: Anyone can join The Collective on a daily, weekly, monthly, or annual basis. We consider it retail and an individual is not required to sign a year-long office space lease. The 2nd floor (premium) is reserved for those attending Draper University. Individuals such as accountants, lawyers will be there so that individuals at Draper University can ask questions.*
- The large assembly space in the basement showed theatre style seating before. *Applicant: Yes, but everything has now been changed to furniture that is moveable to give us more flexibility.*
- The bike parking at the front of the Collective building is different from what we saw before. *Applicant: We worked with Ken Chin, from the Public Works Department, to situate bike storage/parking racks in better locations. In the packet, it looks like the bike racks are located out more towards the street, which is accurate? Applicant: Yes, there are some out by the street, next to the sidewalk and parallel to the curb.*

The Chair opened the public comment period.

The following individuals spoke: Alicia Petrakis, San Mateo; Eleni Lolas, Millbrae; Brian Wilson, San Francisco; Andrew Forsythe, San Mateo; Shirley Melnicoe, San Mateo; Doug Henton, San Mateo; Bertha Sanchez, San Mateo; Jeannette Oberholser, San Mateo; Karen Herrel, San Mateo; Ben Toy, San Mateo; Jessica Evans, DSMA, San Mateo; Andrew Tang, San Mateo; Michele King, San Mateo; Peter Bloom, San Mateo; Christine Guibara, San Mateo; Alan Talansky, San Mateo; Linda Asbury, EDGE Chamber of Commerce, San Mateo; Dave Kalman, San Mateo; Mr & Mrs Maniscalco, San Mateo; Samantha Philips, San Mateo; Allan Young, San Mateo; Surbhi Serna, San Francisco; Cathleen Baker, San Mateo; Joseph Ip, San Mateo; Diane Papan, San Mateo; Maxine Turner, San Mateo; Maureen Hurley, San Mateo.

- If there was going to be a hotel, there would be a hotel there now. B St is revitalized because the theatre is now on B St. At the time the theatre was proposed, there was a lot of opposition. Now it's made a huge difference for B St and the community.

- Grew up in San Mateo, now live in Millbrae and spends 90% of time in San Mateo, mother ran a salon in the Benjamin Franklin hotel on 3rd Ave. There used to be a lot of large businesses in downtown. When United Airlines came in, downtown was still vibrant area and there was no parking issue because the United staff were driven to the building.
- Have business behind the Benjamin Franklin hotel, Tim Draper helped them to get started years ago, excited about the project. San Mateo needs the vibrancy that this venture would provide.
- I am hoping to relocate and to hire 25 employees this year. I went through the Draper program and I'm very happy with the results. Retail pop-up space would allow them to test micro-products.
- I am concerned with the fact that there is not enough parking. I noticed an influx of cars during one of the pilot programs. Please retain retail space as the San Mateo Municipal Code requires. San Mateo is losing business because there is not enough parking – Tuesday Morning and XL Salon are two examples. Our downtown needs to stay viable. Draper University pays no hotel tax; it would if it was reflected as a hotel. Can Draper University pay a hotel fee as a boarding school?
- Please do not allow Crayola colors, concerned about where they can be seen.
- I am a San Mateo resident and have a business in San Mateo. I strongly support this because it allows young people to come learn and become successful. It can create new business and new residences, create buzz, an anchor, opportunities for start-ups and benefits for this region. We have some issues but these can be worked out. Not bringing of cars is fine but there are other ideas for transit. Especially like the TDM programs, think there are ways to solve parking problems. Let's not forget that YouTube was started in San Mateo. This is an opportunity for the City.
- I am in favor as this is a wonderful opportunity for the community. It will encourage young people to open retail stores. There are many people who want an opportunity to start their own businesses.
- I am a resident of San Mateo for 65 years plus, have watched our downtown go up and down over the past 10 years. San Mateo has fostered several startups. In 1990's City Council was asked to allow office, Council said no and maintained retail in downtown with no office space. No opposition to the proposal for the Benjamin Franklin or 4th Avenue building. The proposal for the Collective building is the problem – moving the entry back and having retail pop-up doesn't work. We don't want to see a lounge from the street, look at having retail activity there. When would we change parking? Are there exemptions for downtown parking lot? Can the public still use the space between the buildings, the Benjamin Franklin Court area? Please look carefully.
- In favor of this project to revitalize. I owned a retail shop in early 1990's for 5-6 years and managed the Collective Antiques, that's my background. I know that there are 100's of entrepreneurs who dream of starting something new. This project can really help entrepreneurs. Retail pop-up is a really good idea for small start-ups. Retail business is difficult now, had to give rent discounts to dealers, property owners lost on it and when

Jud Green left, they had difficulties renting it. We won't see much retail until we see people buying retail.

- I am intrigued about Draper University - adjustments to the plans and buildings. There is a lot of concern regarding The Collective Building. The City of San Mateo will be losing some retail from the Collective. It is a shame to lose all retail at the building. Instead we'll have a retail pop-up store. This is not a replacement of regular retail. I can't see good in the location. Please take a closer look at the response to the draft negative declaration. There are too many changes in the building; too much emphasis on a boom & bust industry. We need to make sure the building isn't changed so much that they cannot be reused.
- Parking is an issue. San Mateo has a good opportunity to keep its character. The downtown is dying and we need to move our downtown forward to the 21st century. Parking structures of the 20th century are a waste – let's rethink the parking. Proper scale is needed and necessary. We need mixed use and high density. Upgrading different areas is a welcome idea.
- I am concerned about recent update of the San Mateo Municipal Code regarding required retail frontage. Please do not allow accommodations in the Collective. Keep retail at the street level. Pop-up retail won't do it.
- Please keep retail on the ground floor. Projects like this bring new life to an area of San Mateo. Young people are vital to San Mateo. I believe that retail should be kept at the front of the building. There are independent businesses closing down. I would suggest that Draper University has an opportunity to redefine retail. We are fortunate that they have chosen our city as their location. Please do not delay approval of this project.
- All of the board members for Draper share one thread – we are all entrepreneurs and investing. This is a most meaningful project. This is an opportunity to be with the higher level of entrepreneurs and share in the lessons in investing. Don't shy away from this, let's embrace it.
- I want to be in a prosperous city. We do not have the land available to build a large building that would bring in people and money, etc.
- I went through the pilot program and would enjoy being in the pop-up retail space at the Collective building. It is a good opportunity to test your product for market.
- We can stamp a brand on the community. This is a new concept in education.
- Do something about the lack of downtown parking. Can something be done with the two empty lots at both corners of 3rd Avenue and El Camino Real?
- I support the development of an educational aspect in this regard. Many concerns raised here have been addressed. We have problems parking in front of our own house. There appears to be a lot of accommodation regarding the rules. I don't want to see the city waste money.
- Nueva School had parking issues and met all of the requirements placed on them. St. Matthews and Serra High School have parking issues, how is it being handled here?.
- There is a transformation of San Mateo approaching. There is more competition; we now have more access to money and knowledge. Lots of people are looking for something like

this. We need an ecosystem to support this. Retail follows growth & vibrancy. Look at “Popuphood” in Oakland, it is successful. Also, look at SOMA in San Francisco.

- I went to one of the Draper Pilot Programs as I wanted to start a business that helps women. Draper University provided me with the tools that I needed to start this idea. This is what we need to solidify San Mateo’s place as an entrepreneurial center.
- It is time to bring in new ways of thinking. I applaud San Mateo. Nothing is perfect, but Draper University would be a good anchor. People need to remember that street parking is in the public right-of-way and doesn’t belong to them. This could also bring in new revenues for the city.
- Draper University helped me to set up my business. It will help to improve life and businesses. As a facility manager I would like to express two important things: parking spaces are limited and this issue needs to be solved. I’m happy to have the Central Park Garage. The Main Library has a 3-story parking garage. There is a lot of parking congestion at 2nd & 3rd Avenues.
- San Mateo neighborhood is an ecosystem. Activity is welcomed. Don’t reject this project, but perhaps make parking a condition of approval. Is condemnation of blighted areas possible?
- I support this project. Two things to consider: 1) don’t change important General Plan uses in core streets. 2) don’t create a dangerous precedent for other buildings downtown. Our community is a healthy mix of ages, races, etc. There is a historic flavor in the downtown. Staff should protect the desires of the neighbors. Nothing about The Collective is supportive. We are already built-out. Draper University must respect the community. The Collective building can keep the two retail areas on each side. Downtown retail can be better. Work with the DSMA, EDGE, Chamber of Commerce to better the downtown.
- I am a long-term CFO of a startup and I have been part of a number of different start-ups. I am here because of Draper University and because of hi-speed internet in the downtown. Hi-speed internet is essential in today’s market. Draper University is willing to use space for non-profits. Interns need to work with mentors. Try to find solutions, it will benefit the city.
- I have had two start-ups in San Mateo. I am in favor of Draper University and The Collective project. It will bring more ideas to the city and will bring new people. They could be part of solving some of our long-term local problems. They will also add start-ups.

No additional individuals wishing to speak, Chair Whitaker closed the public comment period.

The Planning Commission addressed the following issues raised by the speakers:

- Staff, can you respond to the parking questions? *Staff: Nelson/Nygaard’s report includes a TDM program that relies on Draper University showing no tolerance for student vehicles. Draper University has a no drugs, no alcohol, and no car policy and there are penalties if a participant is found to have them. Additionally, Nelson/Nygaard recommended a*

Monitoring program; includes annual self-reporting and separate monitoring. Draper University is required to provide funding for City employees or consultant to check on vehicles left overnight in parking facilities. There is a broader downtown parking problem and Public Works Department has started a downtown parking management study to look into this broader issue.

- The impact of removing part of the floor in The Collective, how difficult would it be to rebuild it? *Applicant: It would be in the owner's best interest to rebuild the floor if the building is not in use for this project. The contractor is estimating a cost between \$100,000 to \$150,000 to rebuild the floor.*
- The Commission asked about the 2-hour residential parking program. *Staff: There is a separate application and review process for residents interested in establishing a residential parking program for their neighborhood. At least 70% of residents in a neighborhood would sign a petition requesting the program on their street. It is submitted to the Public Works Commission. Does the Planning Commission have any authority? Staff: No, it's with the Public Works Commission. How is the residential parking permit program funded? Staff: It's funded by the General Fund.*

The Planning Commission had the following questions or comments.

- This is an exciting venture and a risk we should take. We can make this a success for everyone; the city and Draper University. It is our best chance to save The Collective building and the Benjamin Franklin Hotel, but also keenly aware about retail and parking. Academy of Arts in San Francisco, is an example of how it did not work. Experience in South of Market Area (SOMA) in San Francisco, they are not engaging storefronts. So, we are thinking a lot about what we can do here. We also need to move forward.
- There are several concerns: 1) retail; 2) parking; 3) negative declaration; 4) design; 5) opening of ground floor to basement floor; can it be reconfigured to accommodate more retail? 6) quarterly review of parking situation, perhaps stacking cars.
- The Benjamin Franklin has been vacant for almost than 15 years. The Benjamin Franklin and Fourth Ave building have been discussed before, but not the Collective building because it was added later, the issues now are with the Collective building.
- See this project as contributing to diversity of uses in downtown, could help to weather downturns. See flexible retail spaces as opportunity for people to generate ideas & share products, and when one idea moves on, another will replace it. Downtown banners say, "All the right ingredients", this is one of those ingredients. See, the Collective building's interface with the environment and downtown parking as the key issues.
- Concern is that we would have empty storefronts. Need to try to be creative about creating active storefronts. Attracted to idea of pop-up retail, and ask to expand area for pop-up retail.
- Downtown Economic Development Permit is in the City's code. It is our process, it is our authority to exercise that. Concern with definition of "engaging" and "active" storefronts – how can the City enforce that? Main concern is the Collective building, we should be making provisions for retail in the Collective building.

- Required frontage code says minimum 60 feet, but the people can apply for less than 60 feet with the Downtown Economic Development Permit.
- Do not see this project as a precedence setting, this is a very special, exceptional situation.
- Commissioner mentioned that she had contacted staff regarding some new conditions. Staff showed draft conditions regarding window coverings, active storefronts, and to allow retail use in display area. Commission discussed draft conditions, and asked for applicant feedback during the public meeting. Commission and applicant agreed to add the following five new conditions:

1. Active Storefronts – Draper University shall maintain visually engaging and active storefronts on the street-facing frontages of the Collective building and Fourth Avenue building, in a manner consistent with the Downtown Area Plan goals and policies. (PLANNING)
2. Collective Building Spaces: The three storefront spaces may be used for retail use (long and short-term retail use) or media/display. No more than one of the three spaces may be used for long-term media/display. The property owner shall make every effort to lease the spaces for retail use. (PLANNING)
3. Window Coverings in Street Facing Storefronts – The property owner shall ensure that window coverings are open for the school and entrepreneurial center, as follows:
 - Benjamin Franklin building: The property owner may close window curtains for occasional short-term events in the Draper University's Egg Room/lounge room, and between 9 pm and 9 am.
 - Collective building: The projection room in the Collective building shall be allowed window coverings to screen projection equipment. The remaining storefronts shall not have window coverings.
 - Fourth Ave/Bank building: The retail store in the Fourth Avenue building shall not have window coverings on the Fourth Avenue street facing frontage.

The final building permit plans shall provide details showing location of window displays and window covering for all three building's storefront windows. (PLANNING)

4. Acoustical Speakers for the Overlook Room in the Collective Building – The final building permit plans will include details for speaker locations in the Overlook Room that will allow those in the Overlook Room to hear the activities in the Multipurpose Room. (PLANNING)

5. Monitoring and Evaluation Program (Nelson Nygaard's Report) – For Monitoring program #2, change the word “Annual” to “Semi-annual” for the first two years, and thereafter annually. (PLANNING)

- Do not cover the Benjamin Franklin wording on the east/west sides of the building.
- Pop-up space in The Collective should be a little deeper.
- We have too many retail vacancies in the downtown. I am concerned over empty storefronts. I believe we should be concerned.
- Expand the areas for retail from 300 sq ft.
- My biggest concern is with The Collective Building – the other 2 buildings are fine.
- I have no problem with the draft conditions. Increase retail space somewhere between 12 and 60 ft. Would like to see a larger retail presence in this building.
- Benjamin Franklin sign should be preserved and visible.
- I don't understand the colors in the front. Astaria also wants to be able to maintain a visible presence of its' own.
- Perhaps take the brass/bronze sign in the terrazzo tile floor and place it somewhere that would pay significance to Mr. Benjamin and Franklin. How about moving the Draper University signage to the south side of the building? *Applicant: That would not work for us. The Benjamin Franklin sign at top does not educate on the history of the building. We would be happy to commission a bronze plaque, excavate & encapsulate the Benjamin Franklin sign in the terrazzo floor and display it inside or outside building. We are investing a lot to establish an institution, it is not just a business. This is something we feel strongly identifies the school. 100 years from now, we would like for people to see the building as Draper University.*
- *Applicant: Our business is a school, it's in our best interest to have active storefronts. This building is part of the campus, it is not designed to make money as a separate operation. This is not a traditional school or office, and we do not have the same economic drivers as a separate business would. We need Commission's guidance on retail. Our school will not function without the Collective space and having a 40 feet of retail up front will not work for their business.*
- Hear the problem is the west side space. What can be engaging and activate the left storefront space? How about making that retail in front and extending it back to grid line B to line up with the display area? *Applicant: Want to clarify, our understanding is that you are referring to the lounge space in the west side of the Collective and making that a retail space that extends back to line up with the rear wall of the display area? Yes, the lounge area on the west side.*
- Applicant requested a short break to discuss with their team, which was granted by Chair Whitaker.
- *Applicant: We have drawn up an updated ground floor plan showing the new retail space that extends back to line up with the rear wall of the display room. We agree to provide*

this space and want flexibility to provide retail. And to also be able to use the display room for retail.

- Commission reached agreement on the five new conditions (see above) but also wanted to recommend that the City Council consider and act on the following:
 - a. Urge staff to move quickly on the Downtown Parking Management Study and find a way to enable the formation of the Downtown Transportation Management Association (TMA).
 - b. Provide an opportunity for city staff, city's historic consultant, applicant and restaurant owner to explore color alternatives that provide some distinction for the restaurant business (aka Astaria) that separates it from the Draper University operation in the historic Benjamin Franklin hotel building, and ensure the color alternatives are consistent with the Secretary of Interior's Standards and Downtown Historic Buildings' Design Guidelines.
 - c. Provide a way to highlight the history of the Benjamin Franklin hotel building, such as providing a plaque but the easiest way would be to urge the applicant to retain and maintain the visibility of the existing East and West "Benjamin Franklin" signs at the top of the historic hotel building.

The following motions were made and voted on by the Commission:

1. Motion by Commissioner Moran, 2nd by Commissioner Massey, to recommend approval of the Mitigated Negative Declaration based upon the Findings for Approval. Vote: 5-0, motion passes
2. Motion by Commissioner Moran, 2nd by Commissioner Massey, to recommend approval of the Site Plan & Architectural Review (SPAR) for exterior modifications to buildings & sites. Vote: 4-1, Whitaker opposed, motion passes.
3. Motion by Commissioner Moran, 2nd by Commissioner Massey, to recommend approval of the Site Development Permit (SPD) for removal of major vegetation including 11 trees. Vote: 5-0. Motion passes.
4. Motion by Commissioner Moran, 2nd by Commissioner Massey, to recommend approval of the Downtown Economic Development Permit for the establishment of a private post-secondary educational school use and ground floor office use within the downtown required retail frontage area. Vote: 4-1, Whitaker opposed, motion passes.
5. Motion by Commissioner Moran, 2nd by Commissioner Bonilla, to recommend urgency in addressing the downtown parking issues by moving quickly on the downtown parking management study and through the formation of a downtown Transportation Management Association (TMA). Vote: 5-0.
6. Motion by Commissioner Moran, 2nd by Commissioner Bonilla, to recommend retention of Benjamin Franklin sign on the east & west sides of the building, and to explore color alternatives that provide some distinction between the restaurant and Draper University while insuring that the colors are consistent with the historic nature of the building. Vote: 4-1, Massey opposed, motion passes.

7. Motion by Commissioner Moran, 2nd by Commissioner Bonilla, to approve the five new conditions as drafted during the meeting and agreed to by the applicant. Vote: 5-0, motion passes.

COMMUNICATIONS/ANNOUNCEMENTS

1. Communications from Staff.
2. Communications from the Commissioners.
 - a. Commissioner Moran introduced a list of items to be included in project descriptions for environmental documents. Staff indicated that they would review the list and prepare a memo in response to be reviewed at the next Planning Commission meeting under "Communications/Announcements)

ADJOURNMENT

There being no further items before the Planning Commission, Chair Whitaker adjourned at 1:20 a.m. on Wednesday, December 19, 2012.