

TO: James L. App, City Manager  
FROM: Ron Whisenand, Community Development Director  
SUBJECT: Uptown Specific Plan: Request to Proceed with Processing a Discretionary Development Plan Application in Advance of Completion of the Specific Plan (Daemesor LLC)  
DATE: August 21, 2007

Needs: To consider a request to authorize the processing of a development plan (“PD”) application for a proposed hotel prior to completion of the Uptown Specific Plan.

- Facts:
1. At its meeting of May, 15, 2007, the City Council adopted Resolution 07-100 which established limits on the type of development applications that could be authorized within the Uptown Specific Plan Overlay District during the time that the specific plan is being prepared.
  2. Resolution 07-100 (copy attached) provides that the following types of development may proceed during preparation of the Uptown Specific Plan:
    - a. All discretionary development applications that have an active (i.e., not expired) approval status. Time extensions for such applications could be approved during this period.
    - b. All non-discretionary development: that is, development of 4 or fewer dwelling units per lot, new commercial and industrial buildings if less than 10,000 sq ft (cumulative) on a lot.
    - c. Conditional use permits for occupancy of existing buildings.
    - d. All discretionary applications filed with the City prior to May 1, 2007.
    - e. Development of the First Five Commission’s proposed School Readiness and Family Resource Center at 36<sup>th</sup> and Spring Streets.

Under Resolution 07-100, the City would not allow consideration of new applications for development plans, tract maps, or parcel maps during the preparation of the specific plan.

3. On July 10, 2007, Daemesor LLC filed a request that the City Council allow them to proceed with the processing of a development plan (discretionary) application to develop a 92 room, 3 story, “mid-range” hotel on vacant property located on the northeast corner of Riverside Avenue and Black Oak Drive.
4. The following attached documents comprise Daemesor’s request:
  - a. Letter dated July 8, 2007 from Daemesor LLC;
  - b. Letter dated July 10, 2007 from Andrea Steinbeck (realtor representing Daemesor), including maps and photos of the property;
  - c. Letter dated July 9, 2007 from Pete Clark (realtor representing Richard and Linda Pacheco, the sellers);

- d. Conceptual site, floor, and elevation plans for the proposed hotel.
5. The property in question is 5 acres in area; the conceptual site plan indicates that 87,118 sq. ft. or about 2 acres of the southern end of the property would be developed with a hotel. No plans for the remaining 3 acres on the northern end of the property have been proposed.
6. The General Plan Designation for the property is Commercial Service; the Zoning is C-3. Hotels are a permitted use in the C-3 Zone, but their development requires approval of a development plan, which is a discretionary application.
7. On July 23, 2007, the City received five proposals for consultant services to prepare the Uptown Specific Plan, a form-based zoning code, and an Environmental Impact Report. It is expected that the award of a consultant services contract will be presented to the Council in September 2007.

Analysis and  
Conclusion:

The primary reason for establishing limitations on development during the preparation of a specific plan, particularly one in an urbanized area, is that the City is looking to improve the mix of land uses and development patterns to achieve objectives, such as those set forth in the Economic Strategy, that could not be attained under existing land use plan and development standards. If development under the existing plan and standards is allowed to continue, the opportunities for making meaningful improvements are diminished.

The value of waiting for the specific plan to be completed works to the advantage of property owners as well. The changes to be brought about by the new plan may offer more development options and a better return on their investment than would be permitted under the existing zoning regulations and development standards.

Concerns associated with allowing the proposed development to proceed in advance of the specific plan would include the following.

- Development of the subject property in accordance with the specific plan would likely have a greater ability to be a catalyst for investment and re-investment in neighboring properties. A lesser degree of development (under existing zoning) might not generate the “critical mass” to spur such investment and re-investment.
- Allowing discretionary development to proceed in advance of the specific plan may encourage other owners and developers to seek similar authorizations, with the potential of significantly weakening the ability of the specific plan to affect the type of change that would implement the Economic Strategy’s vision.
- An example of the types of changes that the specific plan could bring would be:
  - A greater range of permissible land uses (e.g. mixed use) than would be allowable under current C-3 zoning;
  - Development standards that implement traditional neighborhood design (e.g., zero setbacks, parking in rear, architectural standards, street improvements designed to unify a neighborhood)
- The specific plan may identify infrastructure improvements necessary to serve the types and intensities of development envisioned for the neighborhood. Under a specific plan, the costs of such improvements may be recovered via specific plan fees, which would apportion the

costs to benefiting properties in relation to the degree of benefit. Development that is allowed to proceed in advance of a specific plan would be exempt from such fees, which would place the cost burden on the general public.

- In the absence of a specific plan that would identify any needed infrastructure improvements, the applicants could be faced with bearing the costs and time to prepare special studies (e.g. traffic and/or drainage).

Policy

Reference: 2003 General Plan; 2006 Economic Strategy

Fiscal Impact: If the applicant's request is not approved, development and attendant increases in property tax and Transient Occupancy Tax revenues would be postponed for about two years. However, it is expected that the specific plan will improve the long range development of the planning area, which would be expected to generate, in the long term, higher property values and corresponding higher amounts of property tax revenues. The subject property has potential to act as a catalyst to spur further investment in the neighborhood, which would increase property tax revenues.

If the applicant's request is approved, there is risk that there would be a diminished catalytic effect. Additionally, as noted in the above Analysis, the costs of the property's share of any infrastructure improvements that might be identified by the specific plan would be borne by the general public, most likely by the General Fund.

Options: After consideration of all public testimony, that the City Council consider the following options:

- a. Via minute action (voice vote) deny Daemesor LLC's request for authorization to proceed with development of the subject property in advance of completion of the Uptown Specific Plan.
- b. Via minute action (voice vote) approve Daemesor LLC's request for authorization to proceed with development of the subject property in advance of completion of the Uptown Specific Plan.
- c. Amend, modify or reject the foregoing options.

Prepared By:

Ed Gallagher  
City Planner

Attachments:

1. Resolution 07-100
2. Letter dated July 8, 2007 from Daemesor LLC;
3. Letter dated July 10, 2007 from Andrea Steinbeck (realtor representing Daemesor), including maps and photos of the property;
4. Letter dated July 9, 2007 from Pete Clark (realtor representing Richard and Linda Pacheco, the sellers);
5. Conceptual site, floor, and elevation plans for the proposed hotel.

ED\UPTOWN SPECIFIC PLAN\CCR 082107 - REQUEST TO PROCEED

RESOLUTION NO. 07-100

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
AUTHORIZING THE TYPES OF DEVELOPMENT TO BE ALLOWED  
WITHIN THE UPTOWN SPECIFIC PLAN OVERLAY DISTRICT  
DURING PREPARATION OF THE UPTOWN SPECIFIC PLAN

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WHEREAS, at its meeting of May 1, 2007, the City Council adopted Resolution 07-081 to approve General Plan Amendment 2007-001B to amend the Land Use Element to establish the Uptown Specific Plan Overlay District; and

WHEREAS, the description of the Specific Plan Overlay District on Page LU-27 of the Land Use Element includes the following text:

Purpose: This overlay designation is established where infrastructure needs, land use patterns, or other substantial land use related issues indicate a need to require the preparation and adoption of a Specific Plan, as defined by California Government Code sections 65450 et seq. In such instances, the City may require completion of a specific plan prior to approval of a subdivision or development plan for any property located within the Specific Plan category. The City Council will determine the method of funding for a specific plan on a case by case basis.; and

WHEREAS, with the adoption of GPA 2007-001B, the City Council directed staff to prepare options for authorizing or limiting development during preparation of the Uptown Specific Plan, a process which is expected to be completed between the end of Calendar Year 2009 and middle of Calendar Year 2010;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, does hereby authorize the following types of development to occur within the Uptown Specific Plan Area during the preparation of the specific plan:

1. All discretionary development applications that have an active (i.e., not expired) approval status. Time extensions for such applications could be approved during this period.
2. All non-discretionary development: that is, development of 4 or fewer dwelling units per lot, new commercial and industrial buildings if less than 10,000 sq ft (cumulative) on a lot.
3. Conditional use permits for occupancy of existing buildings.
4. All discretionary applications filed with the City prior to May 1, 2007.

5. Development of the First Five Commission's proposed School Readiness and Family Resource Center at 36<sup>th</sup> and Spring Streets.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 15<sup>th</sup> day of May 2007 by the following vote:

AYES: Hamon, Nemeth, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Deborah D. Robinson, Deputy City Clerk

**DAEMESOR LLC**  
315 S. San Gabriel Boulevard , Suite C,  
San Gabriel, California 91776

Paso Robles  
JUL 10 2007  
Planning Division

City of Paso Robles  
1000 Spring Street  
Paso Robles, CA 93446  
Attn: Ed Gallagher

July 8, 2007

Dear City Staff and Honorable City Council Members,

We would like to approach the City Council of Paso Robles for consideration to allow us to proceed with our plan of constructing a 92 unit Mid Range Hotel project on the site located at 3002 Riverside Avenue, being exempt from the Uptown Specific Plan study.

Granting us to go forth with our project will greatly enhance the visual impact for this area while setting precedence for future projects. We greatly feel that our project will utilize the best use of this land and create a larger exposure of this area to tourism. Should we be granted an exemption from the two to two and a half year study for the Uptown Specific Plan, we will not only improve the current area but inject a clean breath of freshness to the location. Our proposal is to construct a three story hotel with architectural features and coloring to compliment the setting of Paso Robles.

It is not an exaggeration that we fell in love with the countryside and city of Paso Robles. The sweeping landscape of vineyards stretching for miles as one drives towards Paso from Highway 46 East was so breathtaking and invigorating to the senses of sight and smell that we couldn't see why anyone wouldn't build a hotel in that area. With the creation of our hotel, there would be more foot traffic which would not only benefit our hotel's success, but also benefit the tourism that occurs in the quaint town of Paso Robles as a whole.

As newcomers to Paso Robles, we see every section of this town as potential for great things. We believe that Paso Robles is a wonderful sight for tourists and those who just want to get away from their regular routine life. The first time we viewed 3002 Riverside Ave., we saw a beautiful site just waiting for anyone to unleash their ingenuity and creativity. That is what we plan to do with our new project. We plan to continue with Paso Robles' undying tradition of a lively town which hosts year-round tourist-oriented events and working towards satisfying the needs of the community and its visitors.

To obtain your permission for our project to advance forward exemplifies the true view point of the Uptown Specific Plan of this district. Our new hotel and site presentation will lead and set an example for rejuvenating this side of town. We are committed to working together with the City's intent of a well structured, architecturally appealing and useful development of this area.

We are absolutely dedicated to the further beautification of Paso Robles. We humbly request permission for this parcel to be exempt from the Uptown Specific Plan study to enable us to process our development plan prior to the completion of said study, so we can work in partnership with the City of Paso Robles to develop 3002 Riverside Avenue to its full potential. We believe our project has the potential to set a standard for new projects located within the Uptown Specific Plan area and help begin the process of rejuvenating the North end of The City of Paso Robles.

Sincerely,  
Daemesor LLC

  
Mary Quan

JUL 10 2007



[www.TheSteinbeckTeam.com](http://www.TheSteinbeckTeam.com)

Your Real Estate Information Source

Dear City Staff and Council Members:

My client respectfully requests to be added to the Agenda for City Council consideration regarding: RESOLUTION NO. 07-XXX: A resolution of the City Council of The City of Paso Robles authorizing the types of development to be allowed within the Uptown Specific Plan Overlay District during preparation of the Uptown Specific Plan.

Purpose: Daemesor LLC and their representatives formally and respectfully request permission from the Paso Robles City Council to process their development plan prior to the completion of the Uptown Specific Plan.

Daemesor LLC is the buyer, and The Pacheco Family Trust, represented by Pete Clark, is the seller. They are in contract for the sale of the property located at 3002 Riverside Ave., Paso Robles, CA APN 008-051-008 which was originally due to close escrow 7/9/07. Both parties desire a successful sale; however buyer would like to immediately proceed with their plans to build a mid-range hotel on subject property and not be required to wait until the Uptown Specific Plan is complete.

Buyer's request for an exception to RESOLUTION No. 07-XXX is based upon the following:

1. Buyer and their representatives believe an appealing mid-range hotel is the highest and best use for subject property. (see conceptual plan)
2. Buyer's project would be a great improvement to the neighborhood. (see attached photos)
3. Subject property is currently zoned C3. No zoning changes would be required.
4. An appealing, mid-range hotel on subject property would increase tourism for the city and surrounding businesses while providing a healthy balance of competition.

Buyer is a collaboration of investors whom are well qualified financially to complete the proposed project on subject property. Two of the main investors met with City Staff on Monday, June 25<sup>th</sup>, 2007 and other partners have years of experience in processing and constructing residential homes in the County of Los Angeles. Buyer intends to hire at least one local entity to add to their team. This would be their first large-scale commercial venture however their tenacity, enthusiasm, and diligent work towards the goal of acquiring subject property will carry over into the process of completing this hotel project. Buyer has been more than accommodating to work with, and has continued to diligently move forward to pursue the prospect of this hotel project and the successful close of escrow on subject property. The following inspections/reports have already been completed:

- Survey marking northerly corners and recording southerly corners of property. (Seller cost)
- Natural Hazard Disclosure (Seller cost)
- Topography map plotting existing oak trees to enable buyer to incorporate into plans. (Buyer cost)
- Conceptual Plan of proposed hotel. (Buyer cost)

Buyer has great enthusiasm for this proposed project, has fallen in love with Paso Robles, and wants to invest in the beautification of this North end of town immediately. I too respectfully request for the City Council to grant Buyer, Daemesor LLC c/o Philip Tsui and Mary Quan, permission to proceed with their development plan prior to the completion of the Uptown Specific Plan. Thank you for your time and consideration.

Sincerely,

Andrea Steinbeck, Realtor®

7/10/07



Parkside Real Estate 711 12th Street, Paso Robles, CA 93446

800.591.5250

Ed Steinbeck

800.591.5246

Andrea Steinbeck

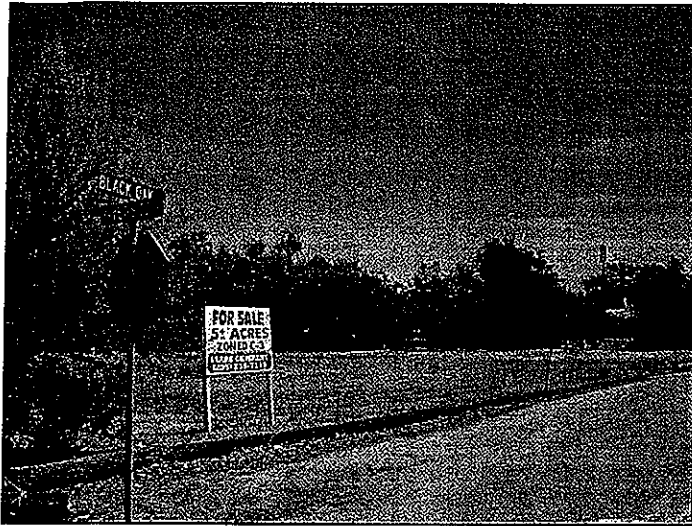
805.591.5256

Kristen Telles

805.591.5273

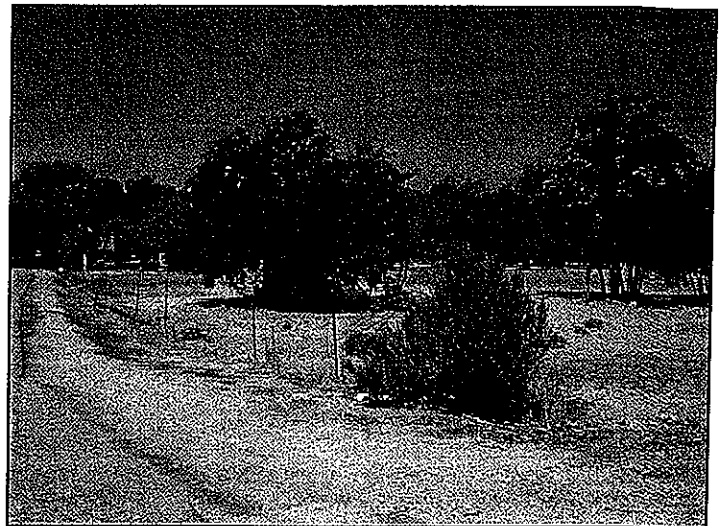
FAX

3002 Riverside Ave. ~ Current State



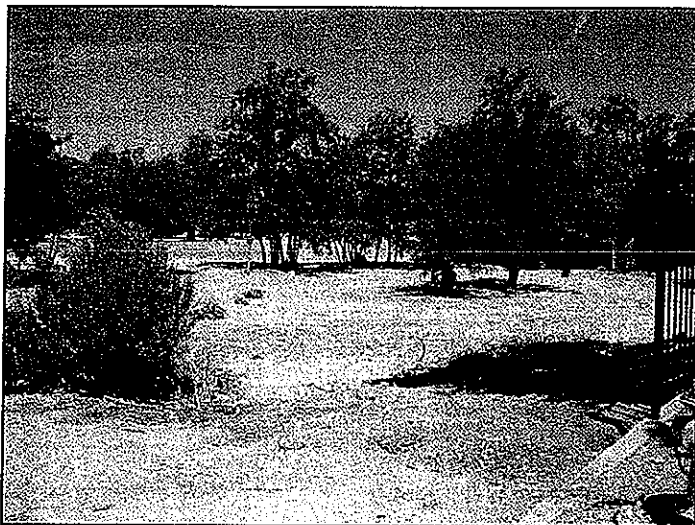
EASTERLY VIEW

Looking towards Hwy 101 from the corner of Black Oak & Riverside.

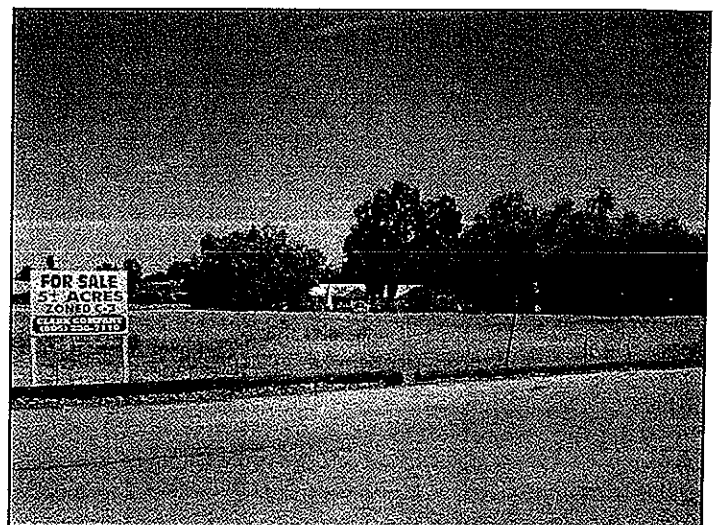


WESTERLY VIEW

Looking towards Napa Auto Parts by RR tracks. Black Oak Dr. on left.



Edge of subject property near South East corner by old Pizza Hut.

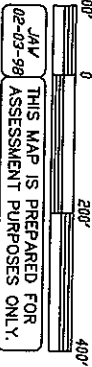


Front view from Black Oak Dr., near South West corner. 'Powerhouse' across the street.

~ Pictures taken June 29, 2007 ~



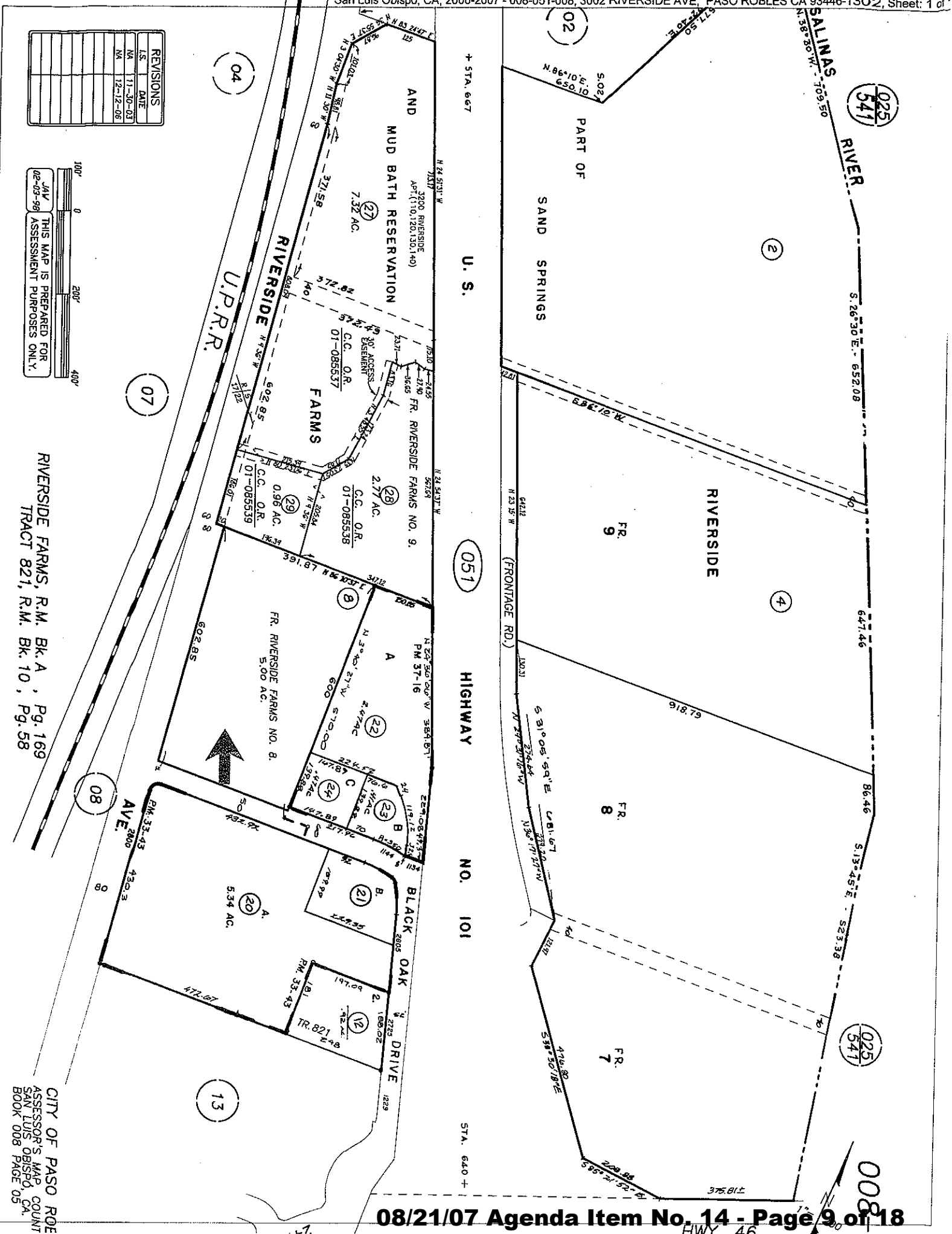
REVISIONS		
I.S.	DATE	
MA	11-30-03	
MA	12-12-06	



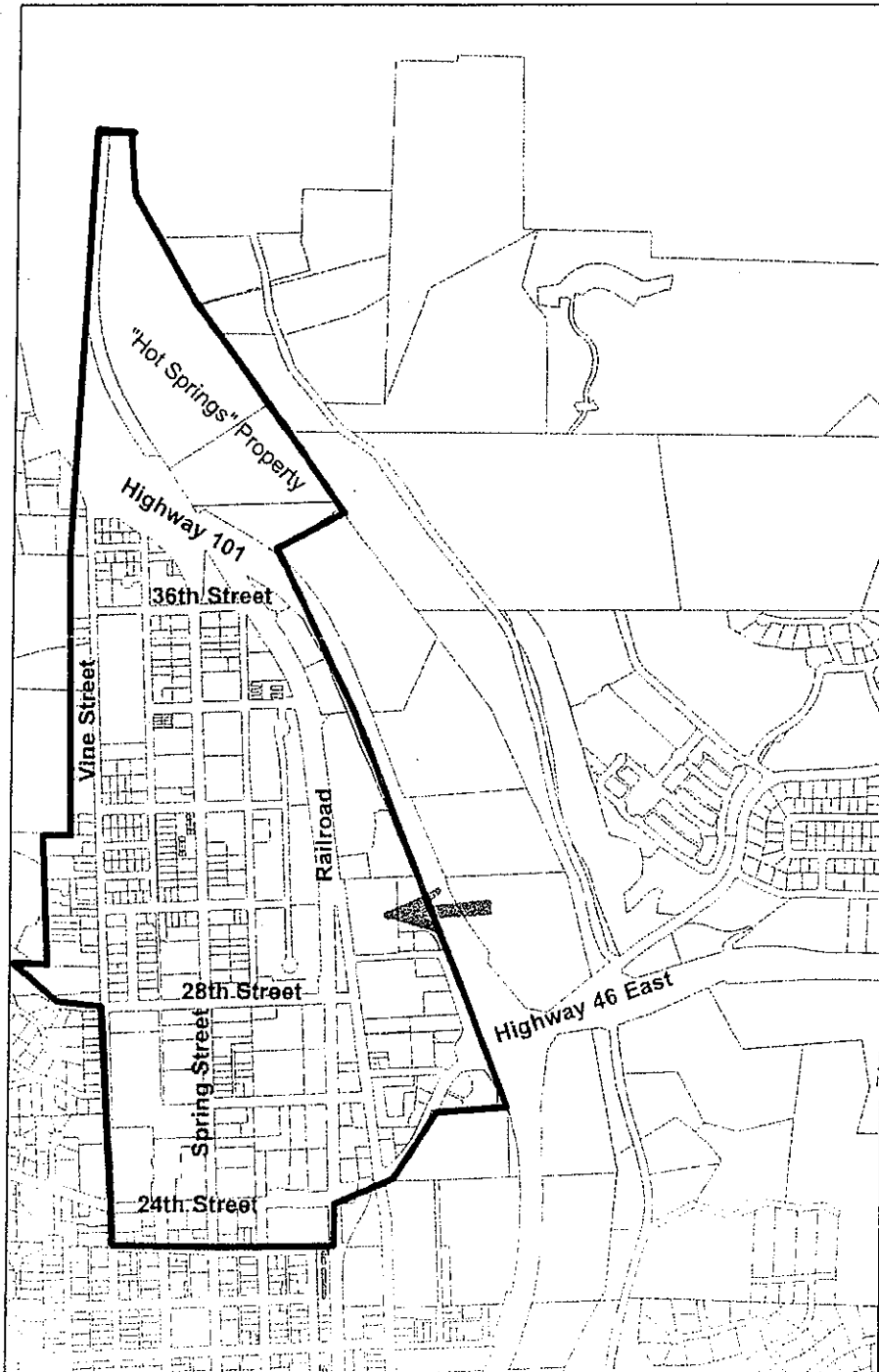
RIVERSIDE FARMS, R.M. Bk. A, Pg. 169

TRACT 821, R.M. Bk. 10, Pg. 58

CITY OF PASO ROBE  
ASSESSOR'S MAP COUNT  
SAN LUIS OBISPO, CA.  
BOOK 008 PAGE 05



# Exhibit A-4



Uptown Specific Plan

Figure LU-6A.1

City of El Paso de Robles



**CLARK COMPANY**  
CLARK BUILDING  
1031 PINE STREET  
PASO ROBLES, CALIFORNIA 93446  
TELEPHONE NUMBER (805) 238-7110  
FAX: (805) 238-1324



Paso Robles

JUL 10 2007

9 July 2007 Planning Division

City Council  
City of Paso Robles  
1000 Spring Street  
Paso Robles, California 93446

Delivered by Hand

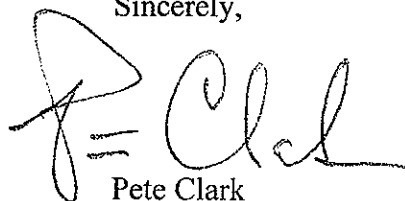
Dear Mayor Meacham and  
City Council Members:

I represent Richard and Linda Pacheco in the sale of their commercial property located at 3002 Riverside Avenue. This property has been in Linda Pacheco's family for several generations, and the Pachecos have been relying on the appreciation and ultimate sale to financially facilitate their retirement years, which they have now entered.

Should the Deamesor LLC hotel development represented by Andrea Steinbeck not be allowed to proceed, the sale of the subject property will be terminated causing financial hardship for the Pachecos. Due to the Uptown Specific Plan Overlay, it will be most difficult to sell this property for at least two more years. Development would be stalled until the specific plan is approved. The proposed project will be of mutual benefit to both the city, generating TOT revenue, and to the Pachecos.

Therefore, I respectfully request your favorable consideration of the Deamesor LLC development plan for the Pacheco property.

Sincerely,



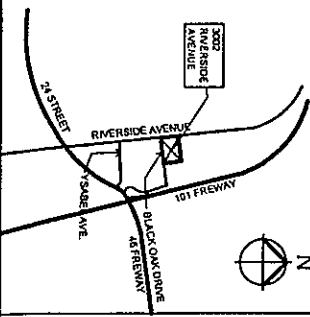
Pete Clark

PGC:lr

# PROJECT SUMMARY

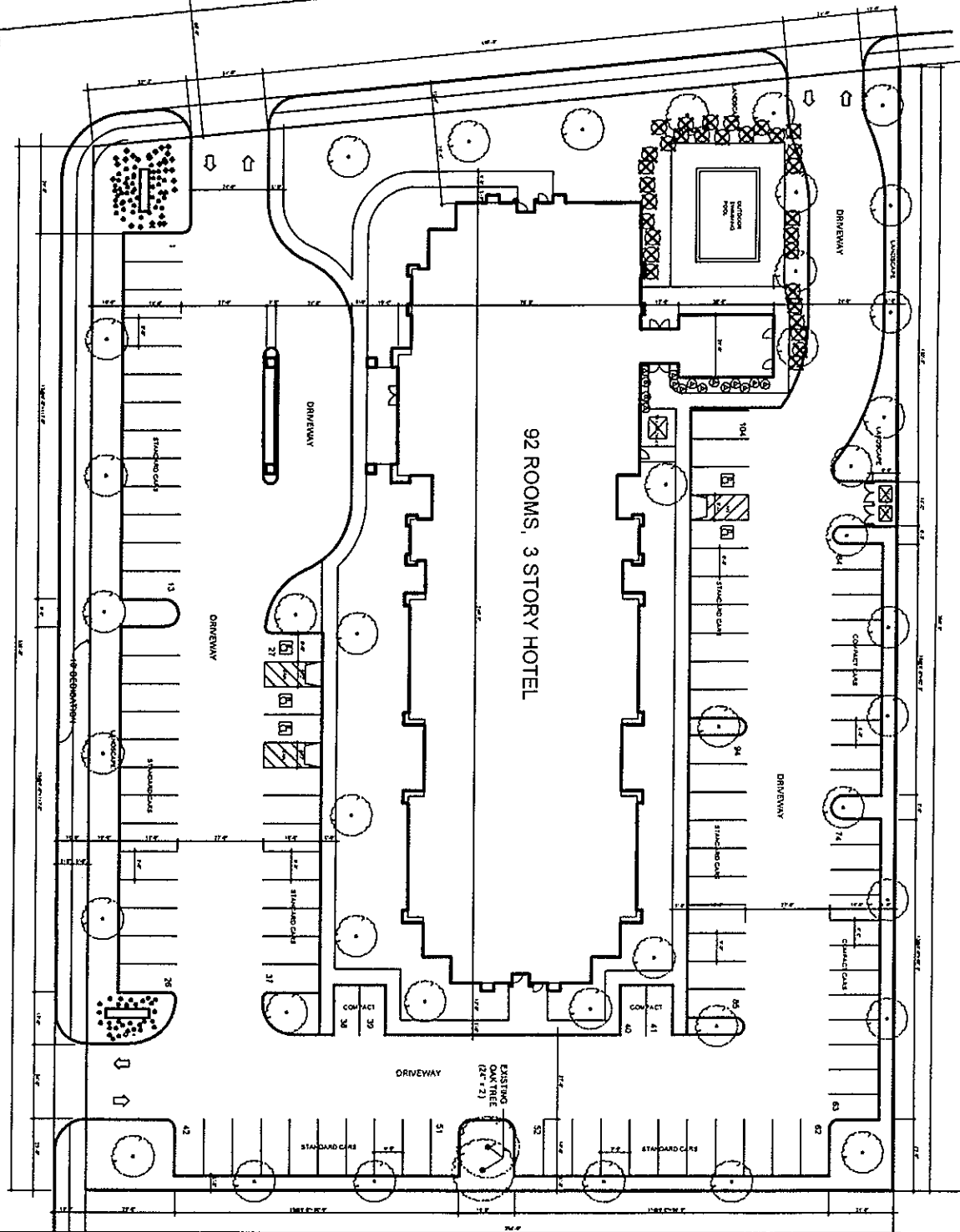
**PROJECT ADDRESS:**  
 3002 RIVERSIDE AVENUE  
 PASO ROBLES, CA  
**APPLICANT/OWNER:**  
 DAEMESOR LLC  
 P.O. BOX 806  
 SAN GABRIEL, CA 91778-0806  
**PROJECT REPRESENTATIVE:**  
 PHILLIP TSUI & MARY QUAN  
 (626) 287-1500  
**LOT SIZE:** 87,118 S.F.  
**ZONING:** C-3  
**EXISTING LOT:** VACANT  
**PROPOSED:** 92 GUESTROOMS HOTEL  
 BUILDING AREA: 50,563 S.F.  
**PARKING PROVIDED:**  
 STANDARD = 78 CARS  
 COMPACT = 26 CARS (25%)  
**TOTAL = 104 CARS**

## VICINITY MAP



RIVERSIDE AVE.

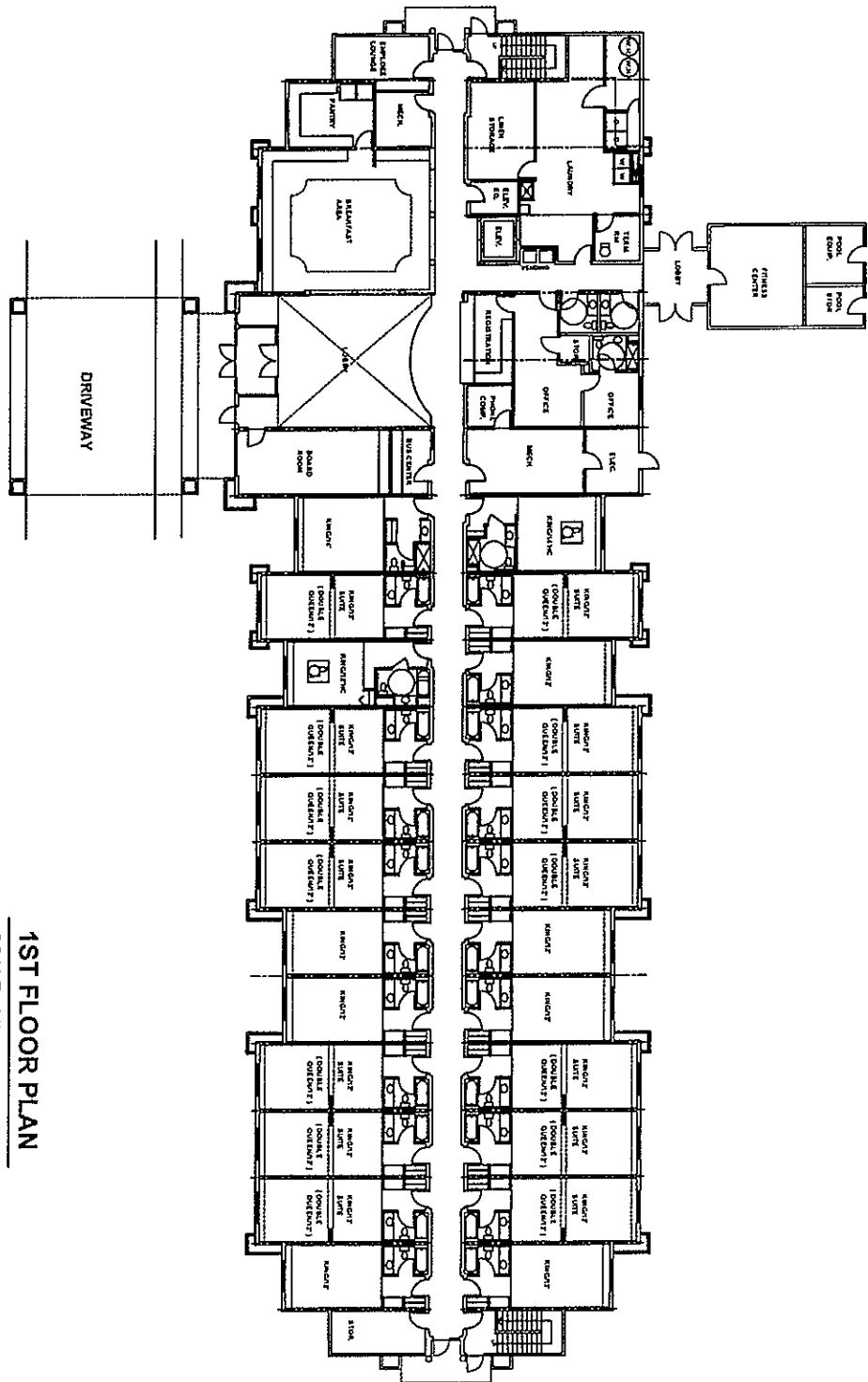
BLACK OAK DRIVE



## SITE / 1ST FLOOR PLAN

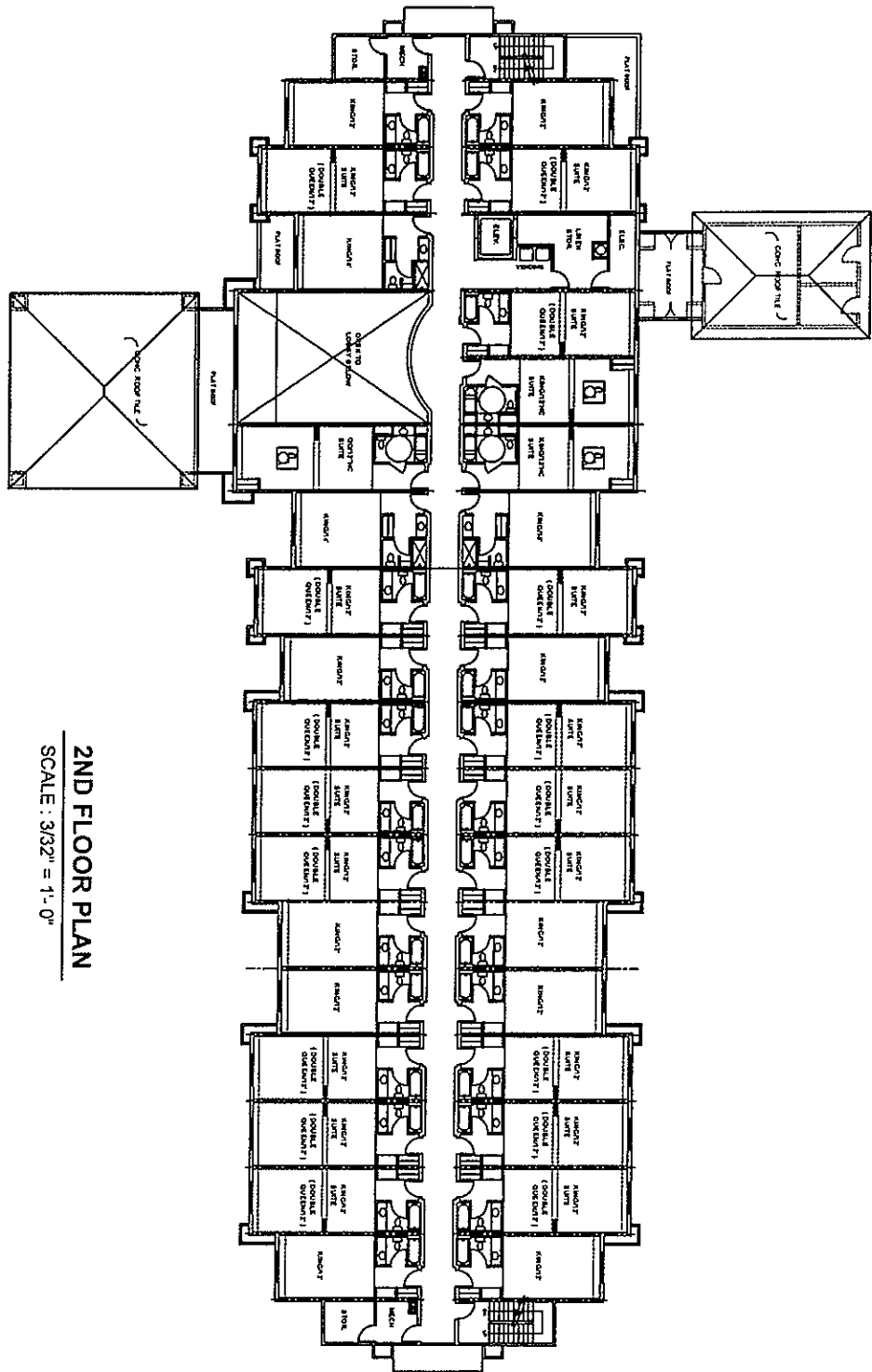
SCALE: 1/16" = 1'-0"

Sheet	A-1
Date	08/21/07
Scale	1/16" = 1'-0"
Author	JTC
Check	JTC
Drawn	JTC
Revised	
By	
Check	
Date	



1ST FLOOR PLAN  
 SCALE : 3/32" = 1'-0"

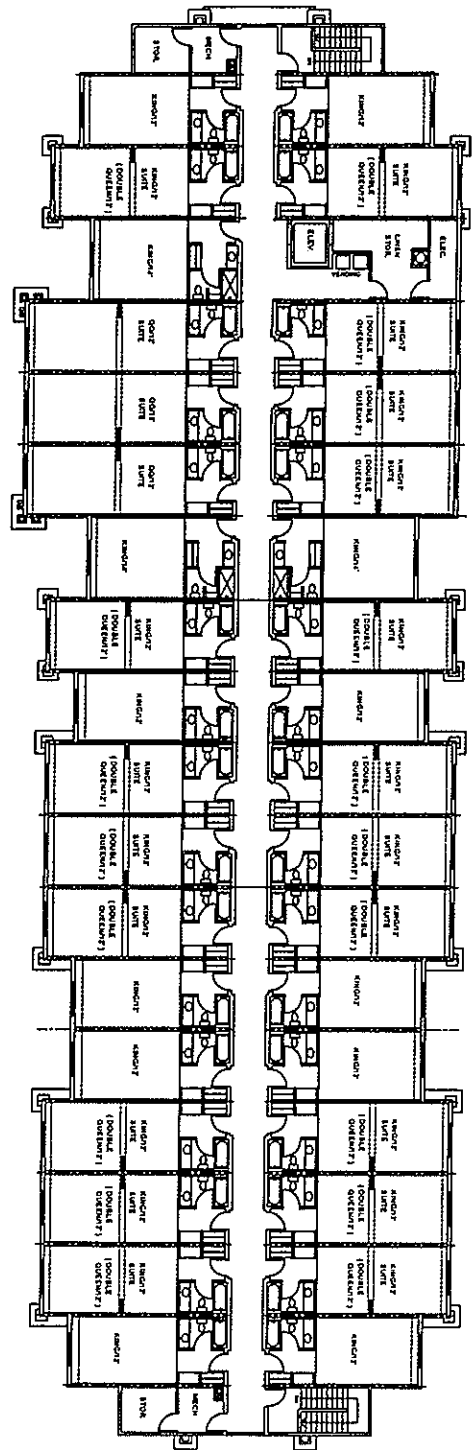
A-2



**2ND FLOOR PLAN**

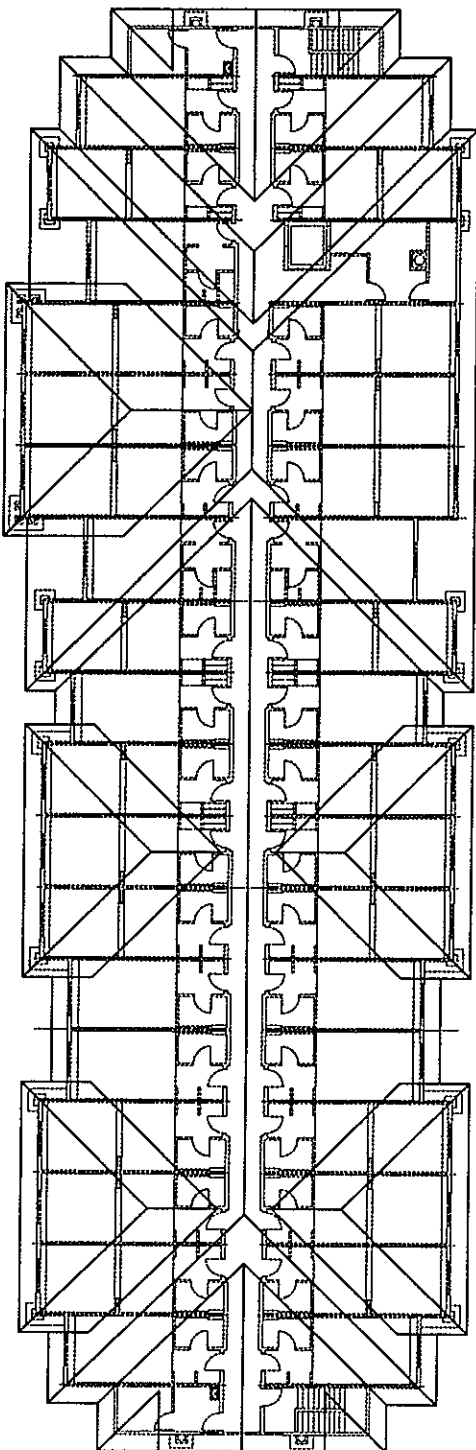
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REV	DATE	BY	CHKD
5-28-2004			
5-29-2004			
5-29-2004			



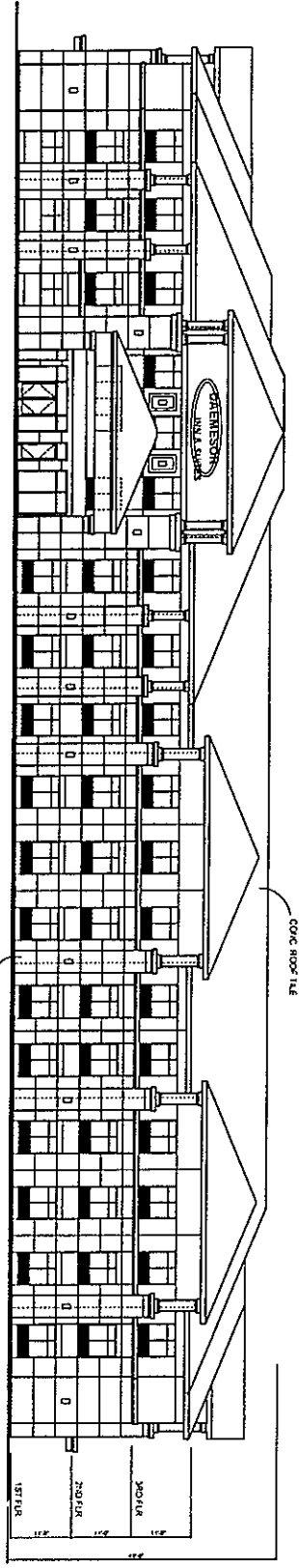
3RD FLOOR PLAN

SCALE : 3/32" = 1'-0"

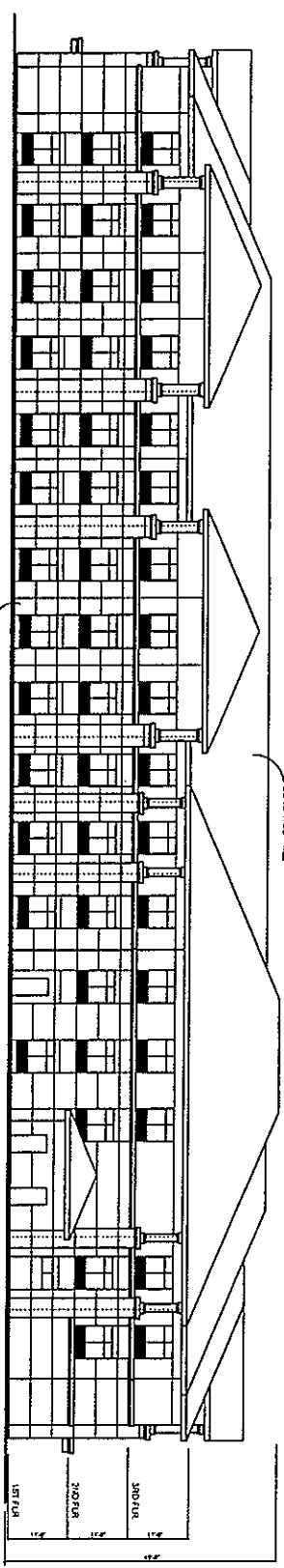


ROOF PLAN

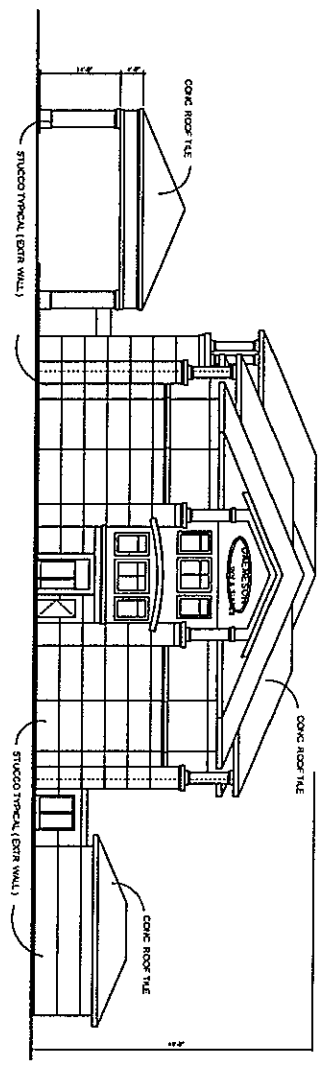
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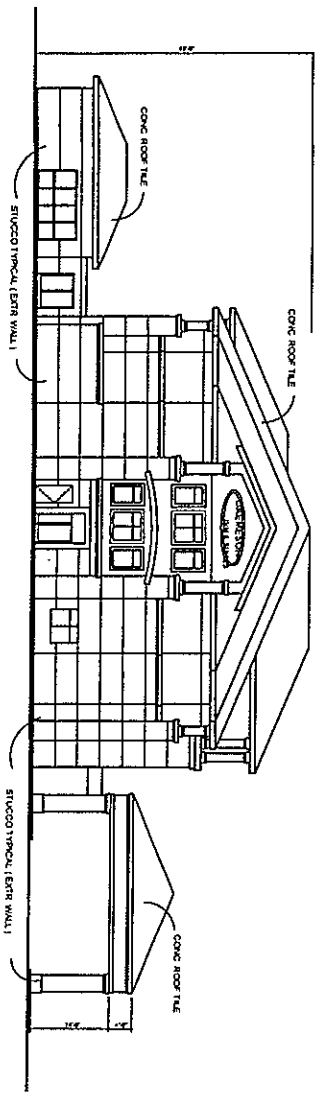
**SOUTH ELEVATION**  
SCALE : 3/32" = 1'-0"



**NORTH ELEVATION**  
SCALE : 3/32" = 1'-0"



**EAST ELEVATION**  
SCALE : 3/32" = 1'-0"



**WEST ELEVATION**  
SCALE : 3/32" = 1'-0"





Friday, August 03, 2007

Jim App, City Manager  
Ron Whisenand, Community Development Director  
Meg Williamson, Assistant City Manager  
Ed Gallagher, City Planner

RECEIVED  
CITY MANAGER

AUG 06 2007

CITY OF PASO ROBLES

RE: 3002 Riverside Ave. on City Council Agenda for August 21, 2007

Dear City Staff;

Thank you for your time Wednesday in granting us an additional meeting to discuss the property on Riverside Ave. The information was helpful, and I appreciate City Staff adding this item to the City Council agenda for August 21, 2007.

I discussed items mentioned at our meeting yesterday with my client (buyer; Philip Tsui representing Daemesor LLC). He has been considering options for the remainder of the 5 acre parcel after the hotel is built that would accent and enhance their business and the neighborhood as a whole, such as a restaurant. He has had experience with zoning changes on his properties in the past, and is prepared to work with The City in their goal of enhancing and improving this area if the City Council grants him this exception. His main goal is to build a thriving hotel.

I have two new points that I'd appreciate the City Staff and City Council to consider when making their decision.

- My client and I reviewed the 2006 Paso Robles Economic Strategy, and the proposed project for 3002 Riverside Ave. adheres to that vision.
- Timing is ironic: My buyer's offer was accepted on Saturday 4/28/07. The City Council adopted Resolution NO. 07-100 authorizing the types of development to be allowed during preparation of the Uptown Specific Plan on 5/15/2007, just 17 days later.

Since the time my buyer and I became aware of the Uptown Specific Plan, we have continued to diligently work towards the goal of closing escrow on 3002 Riverside Ave. so they can see their dream of building and operating a hotel come to life. I feel privileged that they have chosen Paso Robles as their destination to fulfill their dreams, and look forward to helping them with any future projects they undertake. They intend to invest in our community, create jobs, and join in the beautification of our unique city.

Thank you again for all your time and consideration.

Sincerely,

Andrea Steinbeck

Attachment:

-Pictures of projects built by Daemesor LLC, and Contractor Information



## Pictures of Projects completed by Daemesor LLC

- They have ongoing remodel projects with residential homes and apartments.

### Contractor Information: (more information available upon request)

- Richard Chu with Unicon Development
  - 30+ years experience constructing residential, multi-family, and commercial buildings
  - Currently working on a hotel project for the Howard Johnson chain [www.howardjohnson.com](http://www.howardjohnson.com)
- Other projects include Sunny Motel in El Monte, Commercial and Residential tracts in Ontario, Irvine, Pasadena, Buena Park, San Gabriel, plus many more Condominium and Planned Unit Development tracts.

