

MILL DISTRICT

HEALDSBURG CALIFORNIA

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RE: Proposed Amendment to Mill District Master CUP

Replay is seeking an amendment to the Mill District Conditional Use Permit (CUP 2017-12) to better reflect current project status and clarify potential ambiguity in the approvals, specific to Lot 1 and the development of the future hotel. The first requested change would allow design review and approval for Lot 1 to be completed in two phases, one for the amenity facilities and a second for the hotel. The second requested change is meant to clarify the ability of a hotel operator to provide food and beverage services or a restaurant within the hotel.

Phased Approach to Approvals for Parcel 1

General Provision Number 5 of the Master CUP requires that each legal parcel within the Mill District obtain approval for the overall design for all structures, open spaces and recreational amenities on each parcel prior to construction, with the exception of Lot 5 for which the park and the remainder of the parcel may be reviewed in two phases. Replay is seeking to modify this condition to allow Lot 1 of the Mill District to also be considered in phases; the first phase being the residential amenity building and swimming pool, with the second phase being the hotel. As discussed with the Planning Commission during the workshop on December 7, 2021, the Mill District is being built in multiple phases which are all advancing at different paces. Planning for Phase 1 of the residential development is further advanced than the planning for the hotel, so Replay is seeking the ability to apply for design review and approval for the residential amenity in advance of the overall hotel to ensure we can deliver the amenity at the same time as the first phase of residential units. The hotel phase will be submitted for design review and approval at a later date, when plans are further advanced.

Proposed Text of General Provision Number 5 with additions in blue: *Before constructing any structures on a legal parcel within the Project site, the overall design for such parcel (including all proposed structures, all open spaces, and all recreational amenities) shall be subject to design review and approval by the Planning Commission in accordance with the Municipal code. The only exception to this requirement shall be Parcel 1 & Parcel 5, for which two rounds of design review shall be conducted: one for the amenity facility and swimming pool and a second for the hotel in the case of Parcel 1, and one for the 0.78-acre park, and a second for the remainder of the parcel in the case of Parcel 5.*

Restaurant Use Within Hotel

Replay has always intended to deliver a distinctive hotel on this parcel, with services commensurate with other high-quality hotels in the area. Top-quality hotels, especially in the Healdsburg area, are expected to provide high quality culinary offerings for their guests. Restrictions on restaurant use were originally included in the Master CUP due to concerns about the availability of parking. These restrictions have emerged as an obstacle to advancing the hotel development. Replay has engaged with potential hotel operators who are unwilling to invest time or money developing a plan for the hotel without confidence that a

hotel restaurant will be allowed, because food and beverage services are an integral component of a high-caliber hotel. Replay is seeking to modify the restriction on restaurant use to allow a restaurant contingent upon the provision of adequate parking to support it.

The history of the restaurant and parking discussion is provided in the following points from the Master CUP and First Amendment to the Development Agreement:

- General Provision Number 8 of the Master CUP illustrates the goal of providing a refined hotel experience, stating “The hotel use on Parcel 1 shall offer top-quality services and extensive amenities, which may include but not be limited to; concierge availability, breakfast, meeting rooms and sitting rooms. Guest rooms shall be accessible from an indoor corridor, lobby, or hallway only, and not via an outdoor parking area. All parking shown in the approved shared parking study as being designated for hotel use only shall be used to serve the hotel only.”
- Planning and Building Department Condition number 27 to the Master CUP was included to address concerns that there may not be adequate parking for a restaurant at the Mill District. This condition states: “A restaurant at the hotel is prohibited; however, on-site food preparation may be permitted for services incidental to hotel guest use. Within the hotel, the size of conference/meeting space shall be restricted so that it shall not be used as an entertainment and assembly venue, as such terms are defined in the Municipal Code.”
- The First Amendment to the Development Agreement added language to reflect conversations between Replay and the City regarding Replay's intention to revisit the Master CUP condition that prohibits a restaurant use. Recital H of the amendment states, in part: “Developer believes that adequate parking may be available and desires to amend CUP Condition, No. 27 to allow such uses.” A new section 6.2(h) was added to the Development Agreement indicating that the City will timely process such an amendment application.

Replay seeks to amend the Master CUP such that restaurant uses may be permitted within the hotel, conditioned on the availability of parking. Replay proposes that Condition 27 be eliminated and, and General Provision number 8 be reworded to state: *As provided in other conditions of approval, Parcel 1 may include 8,500 square feet of commercial and a 53- room hotel. The hotel use on Parcel 1 shall offer top-quality services and extensive amenities, exclusive of the 8,500 square feet of commercial, which may include but are not limited to: concierge availability; meeting rooms; sitting rooms; on-site food preparation for in-room, rooftop, and poolside dining; health-related personal services facilities; and a full-service restaurant, inclusive of rooftop seating, open to the public. The restaurant and rooftop may include a combination of indoor and outdoor space. Guest rooms shall be accessible from an indoor corridor, lobby, or hallway only, and not via an outdoor parking area. Parking for the restaurant must be provided according to the parking requirements of the City of Healdsburg Land Use Code or an approved update to the shared parking analysis pursuant to Land Use Code section 20.16.150.*