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## CITY OF CUPERTINO

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10300 Torre Avenue, Cupertino, California 95014 (408) 777-3308

To: City of Cupertino City Council

CC: Pamela Wu, City Manager  
Luke Connolly, Acting Director of Community Development

From: Gian Paolo Martire, Senior Planner

Date: February 7, 2023

Subject: Informational update regarding retail and restaurant uses for the Main Street Mixed-Use Development

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### **Background**

The Main Street mixed-use project (see Figure 1) was approved by the City Council on September 4, 2012. The project includes 130,500 square feet of retail, a 180-room hotel, a multi-level parking garage, 260,000 square feet of office space, and a 120-unit live/work rental loft development.



### **Discussion**

Like other, similar mixed-use developments, Main Street was envisioned as a place where visitors could have a range of experiences, such as dining and shopping, without the need to drive to another venue. When the Main Street project was approved, the City Council Resolution 12-098 (M-2012-03) included a condition that stated the following regarding restaurant uses onsite:

#### **9 MAXIMUM PERCENTAGE OF RESTAURANTS**

*The maximum square footage of food service uses permitted within the retail space of the mixed-use development shall not be more than 40% of the total retail square footage of 130,500 square feet (or a maximum of 52,600 square feet of restaurant uses) based upon the approved development plan dated August 15, 2012 in accordance with the Main Street Cupertino-Revised Proposed Project Analysis report as Appendix A in the Second*

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*Addendum to the Final Certified 2009 EIR prepared by Fehr and Peers. Any future refinements to the restaurant percentage may be approved by the Director of Community Development if a subsequent parking and traffic analysis indicates that there is adequate parking for the various mixtures of uses and there are no additional and/or new significant traffic impacts compared to thresholds studied in the original 2009 Environmental Impact Report and 2012 Addendum.*

In July 2015, nearly three years after Main Street was approved, Fehr& Peers, a transportation consulting firm, completed their *Main Street Parking Analysis* and submitted their findings to the Director of Community Development. The conclusion of their analysis was that the 40% restaurant cap is maintained by distinguishing food service uses between “restaurants” and “specialty foods.” Specialty foods is defined in the Municipal Code as, “uses such as bakeries, donut shops, ice cream stores, produce markets and meat markets, or similar establishments where food is prepared and/or sold primarily for consumption off the premises.” These specialty food uses are distinguished from restaurants, where food is generally served and eaten on the premises, and are treated as general retail not subject to the 40% restaurant cap cited in Condition #9 of the Resolution.

Over the last year there have been inquiries regarding the percentage of restaurant uses out of the total 130,500 square feet of retail space at Main Street. Presently, based on City and property owner information, the total restaurant square footage is at or slightly over 40%, being approximately 41%. If specialty food uses, which would include current tenants such as Philz Coffee, Meet Fresh, and others, were considered the same as restaurants that would raise the percentage of “food service” (i.e., restaurant + specialty foods) uses to slightly over 50% of the 130,500 Main Street retail area.

### **Conclusion**

While additional analysis could be done to refine and reconcile the differences between City and property owner data, such as minor differences that exist in the floor areas of individual tenant spaces, it can be concluded that the overall percentage of restaurant uses would not change much, if at all, for the Main Street center and that the center is presently in substantial conformance with Condition #9 of the Resolution. The 40% restaurant cap at Main Street was included in the Resolution primarily to address potential parking concerns, since restaurants typically have a higher parking demand than traditional retail uses, but the cap can also be used as a mechanism to try to retain more traditional retail uses at the location. Condition #9 of the Resolution includes a provision allowing for the Director of Community to use discretion regarding the 40% cap “if a subsequent parking and traffic analysis indicates that there is adequate parking for the various mixtures of uses and there are no additional and/or new significant traffic impacts compared to the thresholds studied in the original 2009 Environmental Impact Report and 2012 Addendum.” This provision provides flexibility to adjust the cap while ensuring impacts to the community will be avoided.