



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: March 31, 2009

Staff Report #: 09-046

Agenda Item #: F2

REGULAR BUSINESS: **Consideration of and Direction on an Approach to Pursue a Coordinated Planning Effort within a Portion of the M2 (General Industrial) Zoning District.**

RECOMMENDATION

Staff recommends that the City Council forego the land use study known as the Dumbarton Transit Station Area Specific Plan and instead work directly with Menlo Business Park, LLC, AMB Property Corporation, and General Motors (or subsequent buyer of its property) to effectuate the renovation of properties in the M2-zoned area of the City that is proximate to Willow Road, referenced in this report as the Willow Business Area.

BACKGROUND

A consortium of transportation agencies including the San Mateo County Transportation Authority, Santa Clara Valley Transportation Authority, Alameda County Transportation Improvement Authority and the Capital Corridor Joint Powers Authority are proceeding with planning efforts and preparation of an Environmental Impact Report (EIR) to reactivate the Dumbarton Rail Line between Union City and Redwood City. The project is known as the Dumbarton Rail Corridor Project. The project budget was established at approximately \$300 million, a portion of which was to be funded through a \$1 increase in bridge tolls authorized by passage of regional Measure 2 in March 2004. Subsequently, the Metropolitan Transportation Commission (MTC), the planning agency for Bay Area transit, shifted \$91 million intended for the Dumbarton Rail Corridor Project to the BART-to-Warm Springs Fremont project. Additionally, the project faces a significant shortfall in funding based on current total cost estimates of approximately \$600 million, even without the loss of the \$91 million. The consortium sponsoring the project has stated that the planning and environmental review process for the Dumbarton Rail Corridor Project will continue and include consideration of phasing options to address the funding shortfall, but that full funding for the construction will not likely be restored until at least 2019. A lawsuit filed by Transportation Solutions Defense and Education Fund of San Rafael to block the transfer of the \$91 million is pending. Related to

the lawsuit, a request for an immediate injunction blocking the transfer of funds was denied by Alameda County Superior Court on March 20, 2009.

It should be noted that the project is not without controversy, including the above noted concerns regarding funding and increasing costs of the project, ridership projections, and impacts to residential areas adjacent to the rail line. The City of Menlo Park submitted four letters between 2000 and 2007 expressing the City's concerns. Staff is continuing to participate in the review of the Dumbarton Rail Corridor Project as the project moves forward.

In recognition of the Dumbarton Rail Corridor Project and that a station location in the vicinity of Willow Road in Menlo Park was envisioned, the City Council identified the area referred to as the "East Hamilton-Tyco property" as a possible station location site and established a land use planning study as a priority in the 2004-05 fiscal year. The land use planning study has been carried forward each fiscal year since 2004-05 as an ongoing priority project.

In May 2005, the City learned that MTC was soliciting proposals from agencies interested in grant funding under a new Station Area Planning Program. With the support of the San Mateo County Transportation Authority, SamTrans and Caltrain agencies, the City submitted an application in June 2005 for MTC funding under the Station Area Planning Grant Program, Pilot Cycle 1, FY 2005-06. The City was successful in being chosen for grant funding. However, MTC only awarded one half of the total funding amount requested, or \$225,000. The City then continued to work with MTC and the San Mateo County Transportation Authority to bridge the funding gap and develop a scope of work for the land use planning study.

At its meeting of May 16, 2006, the City Council took action to: (1) review the scope of work for the land use planning study; (2) authorize the City Manager to execute a funding agreement with MTC for \$225,000; (3) authorize the City Manager to send a letter to the San Mateo County Transportation Authority requesting a \$75,000 grant to supplement the \$225,000 MTC grant; and (4) appropriate \$225,000 for the land use planning study from Redevelopment funds. The total budget established for the project was \$525,000 from all funding sources.

On June 1, 2006, the San Mateo County Transportation Authority adopted a resolution granting Menlo Park the requested \$75,000, subject to the execution of a funding agreement with the Transportation Authority. To date, an agreement with the Transportation Authority has not been signed and is contingent on completion of the funding agreement with MTC.

Over the following months, Menlo Park worked with MTC on the terms of the funding agreement. The City Manager signed the MTC funding agreement in November 2006 and forwarded the agreement to MTC for signature. The City

never received the signed funding agreement from MTC, based in part on a December 2006 announcement of the sale of 22 acres of the Tyco property to General Motors. Since this had been the preferred site for a new transit station, all actions related to the project were put on hold and staff began discussions with MTC and the San Mateo County Transportation Authority on alternative station sites. MTC undertook an analysis of alternative station locations, completing its analysis in March 2007. MTC's currently preferred station site is to the east of Willow Road, adjacent to property owned by AMB Property Corporation and also known as Willow Park. Staff would note that in subsequent action by the Council, the Council directed that the original site continue to be explored as a possible location for the transit station.

Subsequent to the City signing the funding agreement and before it was known that MTC would delay action on the funding agreement, staff proceeded with a Request for Proposals (RFP) for a land use planning consultant in November 2006. The City sent the RFP to 17 firms, and received two proposals in response. Several of the consultants who chose not to respond explained that they believed the budget was too low to complete the project. Under the terms of the pending MTC funding agreement, the City was restricted from signing a consultant contract until the funding agreement was signed by both parties. Since the funding agreement was never signed, staff did not move forward with a contract.

In early 2007 the Council initiated and ranked as the Community Development Department's highest priority the El Camino Real/Downtown Visioning and Planning Project. In April 2007, MTC submitted a revised funding agreement to the City. The scope of work and revised funding agreement required completion of all elements of the study in 18 months, a very ambitious timeline for a project that includes a Specific Plan, General Plan amendments, Zoning Ordinance amendments and EIR. Staff recognized that it was not likely that both large scale planning studies could be conducted on expedited timelines. Based on Council establishing the El Camino Real/Downtown project as a top priority, staff discussed the option of an extended timeline with MTC. MTC acknowledged that other jurisdictions participating in the grant funding program had extended their respective studies up to three years. MTC agreed to a three year timeline for Menlo Park. The City Council considered a revised scope of work reflecting the extended timeline in December 2007. At the meeting, the Council continued its review of the item to a subsequent meeting in February 2008. At the February meeting, the Council acted to approve the revised scope of work (3-2 with Council Members Cohen and Cline opposed). Staff subsequently submitted a revised scope of work and funding agreement to MTC.

In anticipation that the revised funding agreement would be signed by MTC, staff proceeded with a second RFP for a land use planning consultant in July 2008. In the second RFP, the budget for the project was provided but staff did not restrict the proposal to a budget maximum. The City received eight proposals and

proceeded with review of the proposals. However, based on the same restriction on moving forward with contracts before the funding agreement is signed, no further action has been taken on the consultant proposals.

Staff received the most recent version of the funding agreement from MTC in November 2008. In the intervening time between staff's submittal of a revised scope of work and funding agreement to MTC in February 2008 and the receipt of the most recent agreement from MTC in November 2008, a number of circumstances have changed in the city which staff believes the Council should consider before potentially moving forward with specific actions in the Willow Business Area.

Gateway 2020 Study

Although not directly related to the issue before the Council, staff believes it is important to reference the ongoing work on the Gateway 2020 Study in that it may have a future impact on the Willow Road area. The Gateway 2020 Study was conducted by the City/County Association of Governments (C/CAG) in association with Caltrans to analyze ways to improve traffic flow from US 101 to the Dumbarton Bridge, as well as improve traffic flow on US 101 from Highway 85 to Woodside Road. The study analyzed many options and categorized them into short-term and long-term projects with both categories requiring further analysis. The short-term options generally consist of improved signal timing, right turn pockets and turn restrictions. The long-term options generally consist of grade separating Bayfront Expressway at Willow Road and University Avenue and trenching the regional traffic flow along Willow Road and University Avenue, but allowing local traffic to have its own access. The additional analysis of the short- and long-term projects will be conducted in a second phase of study, although work has not yet been started.

ANALYSIS

As discussed in the background section of the report, the land use planning study related to the Dumbarton Rail Corridor Project has been in process for an extended period of time. Over that time, not only has a changing economic climate emerged but so have new interests and pursuits for the City. This is an opportunity for the Council to take a broad look at the factors that have emerged more recently and to consider possible approaches for moving forward with a coordinated planning effort in the Willow Business Area. Staff has provided a discussion of the various factors and alternative approaches on the following pages, followed by a recommended strategy for the Council's consideration.

Factors in Determining Planning Approach in the Willow Business Area

Business Development Plan

The industrial zoned areas of the city, also referred to as the M-2 zoned areas, are comprised of a mix of office uses, research and development uses, distribution centers, warehouses and light industrial uses. The area is a major contributor to the City's revenues through property taxes and sales tax. In the most recent quarter the area contributed approximately 54 percent of the City's retail sales tax generated revenues. Although the area performs well today, it is generally recognized that the area has significant potential to build greater capacity for revenue generation, thereby enhancing the long-term sustainability of the City. This is further supported by recent Council actions related to a Business Development Plan for the City and the creation of a City Council Business Development Subcommittee comprised of Mayor Robinson, Council Member Boyle and select City staff charged with the responsibility to implement the plan.

The Business Development Plan was reviewed by the Council on November 18, 2008. The plan's overall objective for the industrial/research and development areas is to focus on the needs of existing businesses in order to grow and diversify the tax base for the city, attract new businesses from both the life sciences and technology industries that will keep Menlo Park on the cutting edge of innovation, and to actively advance ideas and facilitate redevelopment of properties and at facilities whose economic life is ending. The Business Development Plan recognizes eight light industrial/research and development sub-areas located along Bayfront Expressway, Highway 101, Willow Road, O'Brien Drive, and Haven Avenue. Each sub-area is comprised of distinct economic development initiatives including the Marriott Hotel and Office project, development of the General Motors property, renovation of Willow Business Park, expansion of Menlo Business Park and work with Sun Microsystems and Tyco Electronics.

It is evident, based on the Council actions noted above, and continued comments in the public arena, that economic development is a key activity for the City. While cutting expenses and conserving critical resources are important elements in the recovery equation, an active program to identify and act on revenue growth opportunities is critical to the City's sustained financial health.

Private Development Interests

Both Business Development and Community Development staff have been engaged recently in conversations with Menlo Business Park LLC, AMB Property Corporation, and General Motors regarding each owner's active interest in the renovation, expansion or sale of their respective properties. On the following page is a table that provides basic information regarding the size, level of existing

development, and potential for additional development for each property under the existing General Plan and zoning. Following the table, staff has provided a brief description of the interests of each of the three property owners. Although this report focuses on the three business interests that have been in most recent discussions with the City, staff recognizes other important interests in the area, including Sun Microsystems, Tyco Electronics, owners along O'Brien Drive and Haven Avenue, and owners along the M-1 (Light Industrial) Zoning District on Hamilton Avenue in proximity to the Redevelopment Agency-owned property, and the need to also work with these property owners.

Development Potential Under Existing General Plan and Zoning Ordinance*

	Menlo Business Park	AMB	General Motors	Total
Acreage	47.3	61.0	22.0	130.0
Maximum Square Footage @ 55% Floor Area Ratio**	1,133,213	1,461,438	527,076	3,121,727
Existing Square Footage**	889,173	1,083,291	119,509	2,091,973
Square Footage Potential**	244,040	378,147	407,567	1,029,754

* The information in the tables are estimates and subject to verification.

** Square footage is calculated based on definition of Gross Floor Area

Menlo Business Park

The primary property owner of this business park, Menlo Business Park, LLC (Menlo Business Park), is focusing on life science and technology companies. In addition, this firm is in an expansion mode as it is seeking ways to accommodate growing businesses in the existing park, plus its interest in attracting new tenants consistent with the overall focus of the park.

The business park is comprised of approximately 47.3 acres and operates under an existing master plan approved by the City in 1983. The property is currently developed with approximately 889,173 square feet of building area. The primary businesses in the park are Office Max, UPS, Acclarent and Pacific Biosciences. Under existing zoning, the business park has a potential to add an additional 244,040 square feet of building area. The owners would like to work with the City on a revised master plan for building out the remainder of the allowed square footage. The owners also have an interest in further expansion through additional property acquisition.

The interests of the business park owner are consistent with the City's Business Development Plan, which emphasizes working with the property owners to review the development's existing Master Plan and identify elements necessary to attract high income generating tenants within the bioscience, life science, clean technology and green technology sectors.

Willow Park

AMB Property Corporation (AMB) owns Willow Park, a business park of approximately 61 acres. The park is currently developed with approximately 1,083,291 square feet of buildings housing research and development, distribution and warehousing, and light industrial uses. Under current zoning, the park has the potential to add approximately 378,147 square feet of additional building space. AMB began discussions of its interest in redeveloping the business park around the time the area adjacent to the park became the preferred site for the proposed Dumbarton Rail Transit Station. AMB is interested in sharpening the business focus of the park on life sciences and “green or clean” technology enterprises, but is also interested in a mixed use approach that could include retail services and housing. AMB has also expressed support for a proposed multi-modal transit center and continues to be interested in incorporating such a facility into an overall redevelopment plan.

As with Menlo Business Park, the interests of AMB are aligned with the City’s Business Development Plan which outlines working with AMB to reposition the property to focus on life sciences, clean technology and biotechnical enterprises within the context of an overall plan for the property that would potentially include a new transit hub and housing and local and regional-serving business.

General Motors Property

General Motors is pursuing the sale of its 22 acres adjacent to the intersection of Bayfront Expressway and Willow Road. The property is currently developed with two existing office buildings totaling 119,509 square feet at the northern end of the property, with the southern end vacant although encumbered by monitoring wells and easements. The property remains under a deed restriction related to former contamination and clean up of the property that prohibits residential development. Additionally, General Motors is not interested in considering the site for a transit station.

The City’s Business Development Plan emphasizes working with General Motors’ executives and its agents to ensure that the sale and development of its 22-acre parcel provides the maximum benefit to the City. To date, the Council has not provided specific direction on the type of development it believes is appropriate for the site to achieve the goal of the Business Development Plan. Under the current General Plan and zoning, the site is suitable for research and development uses, general industrial uses, offices, distribution centers and warehousing at a range of 45 to 55 percent Floor Area Ratio. General Plan and Zoning Ordinance amendments would be required to consider other types of uses such as regional retail and/or an increase in intensity beyond the currently allowed Floor Area Ratio.

Development of Housing

As one of the initial steps in the work to update the Housing Element, staff is assessing possible housing sites. As the Council may recall, the City is obligated to provide zoning for 1,830 housing units as part of its current work to update the Housing Element. It is staff's belief that in order to meet this number of units, there would need to be some consideration of housing in the area currently zoned for industrial use. At this point, housing cannot be provided on the General Motors property due to the deed restriction on the property. Menlo Business Park is not interested in considering housing on its property in that it would create potential compatibility issues with their intended uses. AMB has expressed a willingness to consider housing as part of a mixed use approach to the renovation of Willow Park.

Although housing can be considered in the context of mixed use in the area, staff recognizes that for housing to be successful and provide for a sense of neighborhood there needs to be a sufficient number of units in close proximity to each other and necessary services. Additionally, and as expressed by Menlo Business Park, there is a potential for conflicts between housing and the types of research and development businesses being considered for the area, especially with regard to the use of hazardous materials, hours of operation and noise.

Approaches for a Coordinated Planning Effort

Staff has identified three possible approaches to moving forward with a coordinated planning effort for the Willow Business Area. The alternative approaches include:

1. Proceeding with the Dumbarton Transit Station Area Specific Plan;
2. City visioning and planning effort for the Willow Business Area; and
3. Coordinated review of applicant-sponsored development proposals.

Following is a more detailed discussion of the three alternative approaches. Additionally, staff has prepared a chart that provides a summary of the factors considered in the analysis of the three alternative approaches (Attachment A) and a map that labels the various business parks and entities and provides boundaries for the Dumbarton Transit Station Area Specific Plan (Approach #1) and the Willow Business Area (Approach #2) (Attachment B).

Approach #1 - Dumbarton Transit Station Area Specific Plan

MTC established the grant funding program for the development of Dumbarton Transit Station Area Specific Plans to support the agency's policy on Transit-Oriented Development (TOD). The TOD policy has three key elements, with a focus on the development of housing: (1) corridor level housing thresholds to quantify appropriate minimum levels of development around future corridors; (2) the creation of corridor working groups that bring together transit agencies and

local planning staff from the jurisdictions along the future transit corridors to plan for TOD; and (3) funding for city-led station area plans to address housing, employment, mixed use, urban design and station access issues within the context of each local community. Specifically, the policy establishes an average of 2,200 housing units per station along the Dumbarton Rail corridor, also acknowledging opportunities for local jurisdictions to trade off densities in order to better meet the housing thresholds along the entire corridor. The number of existing housing units in the Dumbarton Rail corridor does not currently meet the housing thresholds in the TOD policy. Specifically for Menlo Park, it is estimated that there are 674 existing units within the study area, indicating a need for 1,526 additional housing units.

The scope of work for the Dumbarton Transit Station Area Plan was approved by Council in February 2008 (Attachment C). The scope of work is consistent with MTC's TOD policy and has been approved by MTC. The planning effort would cover a one-half mile radius from the proposed station location, as shown on Attachment B. This would include the properties currently housing Sun Microsystems, Willow Park, Menlo Business Park, properties owned by General Motors, properties owned by the Agency along Hamilton Avenue, smaller, independently-owned commercial properties along O'Brien Drive and Willow Road and portions of the adjacent single-family residential neighborhoods.

Staff believes it is important to acknowledge that while the scope of work includes community workshops and an educational component, it is a different approach than currently being pursued for the El Camino Real/Downtown planning effort that started with a community-driven visioning process to guide the remainder of the planning work and included a community committee and City Council Subcommittee to help guide the process. In this case, the vision is stated in the TOD policy adopted by MTC. Although MTC acknowledges that each community will need to adopt a plan consistent with its own values and vision, the underlying requirement for compliance with the TOD policy for the grant funding is clear.

Transit Station Planning by the City of East Palo Alto

Since the City of Menlo Park was first awarded grant funding in fiscal year 2005-06, MTC has continued grant funding in subsequent cycles. In the most recent funding cycle, the City of East Palo Alto was granted funding for a similar study as would be conducted by Menlo Park. The City of East Palo Alto is currently in a RFP process for consultant services and intends to award a contract in mid to late May. The map included as Attachment B shows the optional station locations proposed by the City of East Palo Alto as a part of its study. MTC and the City of East Palo Alto have expressed a desire for a coordinated approach between the Cities of Menlo Park and East Palo Alto.

Approach #2 - City Visioning and Planning Effort

The City could decide to pursue a comprehensive land use plan similar to the process currently underway for the El Camino Real/Downtown Visioning and Planning project. This approach would allow the community to consider the vision for the Willow Business Area (or as an alternative the Council could determine the vision for the area through Council establishment of goals, strategies and priorities). Additionally, the City would have complete control over the elements of the study. Staff envisions that this type of study would ultimately result in a Specific Plan for the area, amendments to the General Plan and Zoning Ordinance and environmental review enabling implementation of the Specific Plan. However, similar to the Dumbarton Transit Station Area Specific Plan and the El Camino Real/Downtown project, the study would likely take two to three years to complete. It is likely that current development opportunities would be lost due to the development time constraints.

Approach #3 - Coordinated review of applicant-sponsored development proposals

Menlo Business Park, AMB and General Motors are highly motivated to move forward with planning for the long-term renovation and/or possible expansion of their respective properties. This approach would allow the private property owners to move forward by submitting plans through the formal planning review process for ultimate consideration by the Council, similar to the manner in which other private development projects are reviewed by the City. The one key difference is that the review process for each of the projects would be coordinated in a manner that would allow for the overall land uses and circulation needs to be evaluated in a broader context. Similarly, a single environmental review document would be prepared that would allow for a comprehensive review of possible impacts, mitigations and benefits.

Although there would be a coordinated review process for this approach, any future approvals would be project specific, including possible changes in the development standards for the individual projects through approval of Conditional Development Permits. Staff would comment that this approach will require the three property owners to undertake the concurrent and coordinated processing of the reviews. Based on the review of similar projects, staff would not anticipate significant time savings over the two other approaches under consideration. It is likely that the processing will take a minimum of two years, however, there would be an opportunity for smaller scale projects such as building façade changes and small additions to buildings to take place while the broader review is in process.

Staff has met with representatives for Menlo Business Park, AMB and General Motors to review the three alternative approaches. All three representatives have expressed support for the third approach which would involve the

collaboration of the three owners in a coordinated review of applicant-sponsored development proposals.

Staff Recommended Approach

Through the establishment of the Council's goal for a vibrant and resilient economy supporting a sustainable budget and its actions related to the Business Development Plan, staff understands that the key interest of the Council for the Willow Business Area is fostering business development that will result in long-term benefits to the city. Although there are many different paths to this objective, staff believes that the ability to proactively work with business and property owners to achieve desired results in an expeditious manner is important.

This focus on business development coupled with the shifting of funding and delay of the Dumbarton Rail Corridor Project leads staff to recommend that the Council forego the Dumbarton Transit Station Area Specific Plan and MTC and Transportation Authority funding for the Specific Plan at this time and instead proceed with Approach #3 and work directly with Menlo Business Park, AMB, and General Motors (or subsequent purchaser of its property) to effectuate the renovation and possible expansion of their respective properties. Staff believes that this should be done as a joint, coordinated effort between the property owners, working with the City, to ensure a comprehensive approach to environmental review and possible General Plan and zoning changes.

This recommendation recognizes that the City appears to have more of a business development interest in the area than would be supported by the Dumbarton Transit Station Area Specific Plan with its emphasis on housing. Additionally, the current property owners have indicated their interest in moving forward in a timely manner. Even though this recommendation would forego working through MTC on the Specific Plan, staff's intent, as supported by AMB, is to continue to plan for a multi-modal transit center in the area. Staff has discussed this issue with MTC. MTC has indicated that its preference for the transit center would continue to be the location in Menlo Park, regardless of how the City decided to pursue planning for the area.

Staff also recognizes that this approach may limit opportunities for housing in the area, although housing will be considered to the extent that it can be appropriately located to provide a quality residential environment without creating land use conflicts with the business uses. Staff further recognizes that this may have implications on the number of housing units necessary for State certification of the Housing Element.

IMPACT ON CITY RESOURCES

Each of the alternative approaches presented for consideration would have different budgetary impacts. Staff would note that the recommended approach of

working directly with the property owners to effectuate the renovation of the properties would have no or minimal costs to the City. The budgetary impacts of each approach are discussed below.

Approach #1: Dumbarton Transit Station Area Specific Plan

At its meeting of May 16, 2006, the City Council appropriated \$225,000 from the Redevelopment Fund to supplement grants of \$225,000 from MTC and \$75,000 from the Transportation Authority for a total project budget of \$525,000. The budget (plus an additional carryover of \$18,621 from a previous appropriation) has been carried forward in every fiscal year since it was originally appropriated. Additionally, in fiscal year 2008-09, the Council budgeted \$150,000 from the Redevelopment Fund for contract planning services to manage the project.

During the RFP process conducted in September 2008, the proposals received by the City ranged from approximately \$567,000 to \$918,500 with an average of \$706,600 for the base proposals (without optional elements). All of the proposals exceed the current budget of \$543,621 for consultant services (including the grants from MTC and Transportation Authority). Based on the proposals received, additional funding will be needed to pursue the scope of work as required by MTC for the Dumbarton Station Area Specific Plan.

Approach #2: City Visioning and Planning Effort

This planning effort would be modeled on the approach used for the El Camino Real/Downtown visioning and planning project. The total budget for the El Camino Real/Downtown project (Phases 1 and 2) is \$1,160,450 although the budget for Phase 2 has not been fully appropriated at this time. Although it can be assumed that the budget would be similar for an effort in the Willow Business Area, it is possible that the costs would be lower given the geographical concentration of the area and focus on business development. Regardless, the costs are likely to exceed the current budget of \$243,621 for consultant service (this amount does not include grant funding). Additionally, contract planning services are likely to be needed to maintain staff resources on the El Camino Real/Downtown project.

Approach #3: Coordinated review of applicant-sponsored development proposals

In this approach, the property owners would be paying the full costs of planning services, as would any other private development project. Although it is difficult to estimate fees in these cases, based on similar projects, staff would estimate approximately \$300,000 in planning service fees and approximately \$500,000 for costs associated with a traffic study, environmental review and fiscal impact analysis, split between the three property owners. Staff would note that there

would be some possible savings in proceeding in a coordinated manner especially with regard to the environmental document.

POLICY ISSUES

Each of the alternative approaches has a different policy implication. The Dumbarton Transit Station Area Specific Plan is based on an MTC policy that supports TOD development and specifically housing. The City visioning and planning approach is a “bottoms up” approach that provides the community the opportunity to drive the focus of redevelopment in the Willows Business Area. The coordinated review of projects proposed by the property owners would be consistent with the Council’s focus on business development for the long-term sustainability of the community. Ultimately, the Council’s decision on the approach and long-term plan and/or projects will establish the land use policies for the area.

ENVIRONMENTAL REVIEW

All of the alternative approaches would require environmental review, the level of which would be determined by the specifics of the approach.

Arlinda Heineck
Community Development Director
Report Author

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition, the City has prepared a project page for the proposal, which is available at the following address: http://www.menlopark.org/projects/comdev_dmb.htm. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated or meetings are scheduled.

ATTACHMENTS

- A. Comparison of Alternative Approaches Table
- B. [Map Outlining Study Area Boundaries for the Three Approaches](#)
- C. Menlo Park Dumbarton Rail Station Area Specific Plan Scope of Work, approved by Council February 2008

Attachment A
Comparison of Alternative Approaches Table

	Option 1	Option 2	Option 3
Official Name	Dumbarton Transit Station Area Specific Plan	ECR/Downtown Model: Phase I Vision Plan and Phase II Specific Plan	Coordinated Review of Planning Projects as Proposed by Private Property Owners
Policy Focus	Station Location and Access; Transit Oriented Development; and Housing Development to Support Ridership	Established by Community	Interests of Property Owners Consistent with Business Development Plan
Key Difference	Policy direction set by Metropolitan Transportation Commission	Community-driven vision from a "bottom up" approach	City reacts to interests expressed by individual property owners
Study Area Boundaries	1/2 mile radius of potential station site (includes Menlo Park and East Palo Alto)	M-2 South (South of Chilco), including Menlo Business Park, Willow Park, GM, Tyco, Sun and O'Brien Drive, plus M-1 (Agency owned and privately owned), and Willow Corridor between 101 and Bayfront (140' in depth on north side) (Does not include any single-family residential properties.)	Menlo Business Park, Willow Park, General Motors
Outreach and Oversight Committee	Not in current scope of work	Yes	No
Council Subcommittee	No	Yes	No
Transit Station Inclusion	Yes	Yes	Interest by AMB at Willow Park
Housing Units that Need to be Planned	Average of 2,200 units per station with 4 stations equals 8,800 units total	Portion of Cities' Needs Number (1,830) that the community believes can be accommodated in this geographic area	AMB has expressed a willingness to consider housing on a portion of Willow Park along Willow Road
Achieves Council Goal of Updated Planning Documents based on Geographic Areas	Yes	Yes	No
Achieves Council Goal of Business Development	Questionable because of potential land use compatibility impacts with Housing	Dependent on Community Vision	Yes
Concurrent Processing of Requests that Comply with General Plan Land Use Categories and Maximum FARs	Yes, unless Council directs otherwise	Yes, unless Council directs otherwise	Not applicable
Estimated Cost	Estimated at \$856,600 (\$706,600 consultant services; \$150,000 contract planning services)	Estimated at \$1,160,450 based on ECR/Downtown Project Costs	Estimated at \$800,000 to cover staff time and City consultants to process land use entitlements
Budget and Source of Funding	\$225,000 MTC; \$75,000 Transportation Authority; \$393,621 Redevelopment Agency for total of \$623,621	\$393,621 Redevelopment Fund	\$0 City costs; planning services fully paid by project sponsors
Timeline	Three Years	Two to Three Years	Two to Three Years
Opportunities/Next Steps	Interview Top Consulting Firms; May Require Revised Proposals	Appoint Subcommittee and Proceed with RFP Process	Continue to work with property owners to submit complete development applications

ALTERNATIVE DRAFT

MENLO PARK DUMBARTON RAIL STATION AREA SPECIFIC PLAN SCOPE OF WORK

February 2008

Background

The City of Menlo Park, with the support of the San Mateo County Transportation Authority (TA), SamTrans and Caltrain, submitted an application for and received Metropolitan Transportation Commission (MTC) funding under the Station Area Planning Grant Program, Pilot Cycle 1, FY05-06, for the *Menlo Park Dumbarton Rail Station Area Specific Plan*. The City has also received a supplemental funding commitment from the TA as well as committing programmed funding from the City's Redevelopment Agency. The City believes that this proposal represents a unique opportunity to comprehensively plan for a new start-up commuter rail service.

The Menlo Park Dumbarton Rail Station is situated at a prominent gateway: the intersection of Bayfront Expressway (Hwy 84) and Willow Road (SR 114). The City's Community Development (Redevelopment) Agency has acquired strategic parcels in proximity to the station site and is working with AMB Property Corporation, the abutting property owner to the proposed station location, in efforts to master plan its 55 acre site.

The adjoining Belle Haven neighborhood is comprised of lower income families of primarily Latino and African American lineage. Residents will benefit from convenient, walk-to rail and bus mass transit service to connect to jobs along the Dumbarton-Caltrain corridor. Plans will include implementation of the adopted Bicycle Master Plan and links to the Bay Trail and Bayfront Park, as well as employment centers and residential neighborhoods in eastern Menlo Park and East Palo Alto.

Pressures to develop housing and commercial space in the vicinity continue as developers anticipate the advantages of locations close to the future Dumbarton Rail station. A detailed plan along with tailored zoning regulations will guide a collaborative public-private marketing (Request for Qualifications/Proposals) effort to select a master developer. With only a handful of major property owners in the immediate vicinity of the station site, coordination and cooperation is more straightforward.

The Station Area Planning grant will fund an extensive planning process, resulting in an adopted Specific Plan and related General Plan and Zoning Ordinance amendments, and an approved Environmental Impact Report (EIR). The rail station will catalyze redevelopment in the immediate area and will complement the significant investments made by the City/Agency in infrastructure, nearby affordable housing and public parks and facilities. The programmatic EIR coupled with the Specific Plan ensures that the mixed-use, transit-oriented village can be developed contemporaneously with the construction of the Dumbarton Rail station facilities.

The City will report progress to both the Dumbarton Rail Corridor Policy Advisory Committee and the Technical Advisory Committee, in addition to any Dumbarton Rail Corridor working group that may be formed to address the implementation of MTC's Transit-Oriented Development (TOD) policy. The City will also provide updates for the Station Area planning grant to MTC, ABAG and the regional Joint Policy Committee as needed.

Scope of Work

The City of Menlo Park will develop a Station Area Specific Plan by analyzing the overall project area with respect to access and circulation, evaluating existing and alternative land uses, preparing environmental assessments and a comprehensive specific plan, and developing design guidelines and zoning regulations to encourage TOD in and around the Menlo Park Dumbarton Rail Station area.

Through a rigorous review of examples and extensive community engagement, a plan for the entire area within a one-half mile radius will be developed, with particular attention to the relationship between the start-up inter-modal station and supportive land uses. With considerable housing and employment in the immediate vicinity already, the specific plan will evaluate concentrating uses close to the station area and a context-sensitive transition to the existing neighborhood pattern.

The primary objectives to be accomplished as part of the Station Area planning process are to:

- Facilitate informed community dialogue amongst the diverse stakeholders in order to obtain input into the specific land use planning for the entire area surrounding the station location as well as the redevelopment of the immediate area adjacent to the Menlo Park Dumbarton Rail Station;
- Utilize extensive outreach to educate the public about the specific plan and environmental review process and transit-oriented village concepts, including a broad-based understanding of the specific community benefits of TOD;
- Establish a planning framework, process and specific plans necessary as a prerequisite for successful transit-oriented development, and effectively integrate the transit station into the existing adjacent residential and commercial neighborhoods, with strong connections to employment centers; and
- Prepare and adopt a Station Area Specific Plan that attracts private investment, creates a livable, walkable community and, ultimately, results in strong transit ridership demand.

Public Outreach

Menlo Park will conduct extensive public outreach and convene workshops at key milestones for the community to constructively participate in the selection of preferred concepts and plans. An essential element of success of the proposed plan will be the City's ability to engage the community to accomplish the following:

- Develop a shared vision for the area that includes defining opportunities for TOD to support and directly benefit the neighborhood;
- Educate residents and employers on the concepts of TOD, specific planning and the environmental review process, and provide examples of successful mixed-use TOD. These forums may involve representatives from transit agencies or other communities that have firsthand experience with successful TODs;
- Assess acceptable development alternatives/scenarios to be evaluated in the EIR; and
- Synthesize concepts until consensus is reached and proceed with further review and approval of the preferred development strategy.

Work Tasks and Deliverables

Task 1: Brownfields Redevelopment Assessment

Some properties within the planned station area have known environmental contamination as a result of historic light industrial use adjacent to the existing railway line. Other properties may have levels of contamination that are as yet unidentified. This phase of the study would conduct preliminary assessments within the area and examine the environmental assessments and remediation plans that have been prepared to date in order to ascertain the technical and financial feasibility of expanded land use options.

Deliverable #1a: Brownfields Investigation and Land Use Alternatives Analysis

Task 2: Land Use Alternatives Analysis

The City's consultant will evaluate existing data to create an accurate assessment of current land use types and densities and analyze a range of feasible alternatives for new jobs, retail and housing and accompanying densities, including a higher density scenario that would provide additional housing units in the range of the adopted MTC threshold for commuter rail stations. The consultant will prepare a map of the proposed project area depicting the existing conditions. The map will show streets, buildings, parking areas, bike paths and trails and public facilities. The consultant will assemble the existing data, map of existing conditions, and land use analysis into an Existing Conditions and Land Use Alternatives Analysis Report.

After the establishment of the existing conditions base map and land use alternatives analysis, the City will conduct Community Workshop #1. The Community Workshop will serve as a forum for staff and the consultant to review the land use alternatives, educate the public on concepts of TOD, specific plans and the environmental review process, and to provide examples of successful TOD projects. This forum may include individuals from the development community or transit agencies who have been involved in the successful development of transit villages.

Deliverable #2a: Existing Conditions and Land Use Alternatives Analysis Report

Deliverable #2b: Workshop #1 Meeting Summary

Task 3: Market Demand Analysis

The City's consultant will prepare a preliminary report on the market demand for TOD in the station area. The demand analysis will examine both residential and employment demand, and will examine in detail the financial feasibility of affordable housing in particular.

Deliverable #3: Market Demand Analysis

Task 4: Parking Demand Study

The City, through its consultant, will conduct a parking demand analysis for the station area. The study will include:

- Anticipated residential parking demand;
- Anticipated employment/commercial parking demand;
- Potential for shared parking in station area;
- Potential for priced parking in station area;
- Recommended TOD parking ratios for residential and commercial projects; and
- Feasibility of establishing parking maximum ratios and abolishing minimum parking ratios.

The City, through its consultant, will conduct a workshop during the development of this deliverable to seek public input.

Deliverable #4a: Parking Demand Analysis and Potential TOD Parking Policies ***Deliverable #4b: Workshop #2 Meeting Summary***

Task 5: Station Access and Circulation Plans and Design Standards

The City will closely coordinate its efforts with those of the Dumbarton Rail project study already underway, as well as use Caltrain's adopted Transit-Oriented Development Guidelines and available Caltrans, SamTrans, Transportation Authority and/or City/County Association of Governments (C/CAG, the San Mateo County congestion management agency) station area planning guidelines and staff to develop a station access strategy for the station area.

The station area is ideally located near the intersection of Bayfront Expressway and Willow Road. Access points to Willow Road will be studied, as will circulation alternatives in order to provide intermodal access to the planned Dumbarton Rail station area. Special attention will be paid to the area immediately adjacent to the station complex in terms of pedestrian and bicycle access, and taxi and jitney shuttle service to nearby employment centers. Also, links and upgrades to the existing pedestrian undercrossing to the Sun Microsystems campus and the Bay Trail connection will be examined as a part of an integrated, multimodal transportation network strategy. Pedestrian-oriented design standards for the station area will incorporate such

standards as smaller block sizes, wider sidewalks, street trees, pedestrian-focused lighting, minimal setbacks and driveway cuts, and visible pedestrian crossings.

The consultant will develop a proposal for the development of a form-based code that would guide the land use and design standards for the station area.

The access needs of people with disabilities and the requirements under the Americans with Disabilities Act will also be carefully examined in the development of the design standards.

The City, through its consultant, will conduct a workshop during the development of this deliverable to seek public input.

Deliverable #5a: Station Access and Circulation Plan and Design Standards

Deliverable #5b: Workshop #3 Meeting Summary

Task 6: Development of the Draft Station Area Specific Plan, Fiscal Impact Analysis and Draft Environmental Impact Report

The City will develop a Draft Station Area Specific Plan, with options, for public review. Following public review, the City will develop a revised draft version of the Station Area Specific Plan, if necessary. The Draft Station Area Specific Plan will encompass findings and incorporate Tasks 1-5, and reflect the required elements as identified under the project overview section.

The Draft Station Area Specific Plan shall, at a minimum, include the following elements:

1. Goals and implementation measures for the Plan;
2. Description of Planning Process - Description of the public involvement process used to engage community stakeholders and members of the public;
3. Land Use Section - Description of anticipated increase in new housing units, affordable housing, jobs and mix of other uses within a half-mile radius of the Menlo Park station;
4. Station Access and Circulation Section - Address pedestrian, transit, auto, and bicycle access to the Menlo Park station. Estimate of the number of transit riders from within the station area accessing the transit station by non-motorized modes;
5. Parking Section - Address innovative parking management policies and strategies;
6. Pedestrian Design - Incorporate design policies and standards that will promote walkability and livability of the station area; and
7. Implementation Section - Describe local commitment to formally adopting and implementing the Station Area Specific Plan.

Following preparation of the Draft Station Area Specific Plan, a Fiscal Impact Analysis will be prepared to assess the projected revenues to the City and other agencies

derived from the project and the costs for providing services to the project over a 20-year period in a net annual and on a cumulative basis. Additionally, the Fiscal Impact Analysis will establish a baseline of current revenue generation from the project area and surrounding areas and evaluate the potential impacts of the proposal on that revenue generation.

Simultaneous with the preparation of the Fiscal Impact Analysis, a Draft Environmental Impact Report will be prepared to assess the environmental impacts of the Draft Station Area Specific Plan.

The City will conduct a Workshop following preparation of the Draft Station Area Specific Plan, Fiscal Impact Analysis and Draft Environmental Impact Report and prior to the development of the Final Station Area Specific Plan, related General Plan and Zoning Ordinance amendments and Final Environmental Impact Report.

Deliverable #6a: Draft Station Area Specific Plan, Fiscal Impact Analysis and DEIR

Deliverable #6b: Workshop #4 Meeting Summary

Task 7: Adoption of the Final Station Area Specific Plan, Related General Plan and Zoning Ordinance Amendments and Final Environmental Impact Report

Ultimately, this set of tasks leads to the adoption of a Station Area Specific Plan, General Plan and Zoning Ordinance amendments necessary to implement the Plan, and the approval of a programmatic Final Environmental Impact Report (FEIR) such that it positions the City to market the redevelopment of the station area. The Zoning Ordinance amendments will incorporate concepts of form-based zoning, including detailed prescriptions of physical form related to standards for building envelopes, architecture and streets, in a well illustrated, clear plan.

7.1 Planning Commission Hearing on Final Station Area Specific Plan, General Plan and Zoning Ordinance amendments and the FEIR

The Final Station Area Specific Plan, General Plan and Zoning Ordinance amendments and FEIR will be presented for a recommendation to the City Council at a hearing before the Planning Commission.

7.2 City Council Hearing on Final Station Area Specific Plan, General Plan and Zoning Ordinance amendments and FEIR

The Final Station Area Specific Plan, General Plan and Zoning Ordinance amendments and FEIR will be presented at a public hearing before the City Council.

7.3 City Council approval of Final Station Area Specific Plan, General Plan and Zoning Ordinance Amendments and FEIR

Consultant shall make any final revisions or modifications to the Station Area Specific Plan, General Plan and Zoning Ordinance amendments and FEIR,

prepare a camera-ready copy and coordinate printing of the documents. After approval, the City shall provide MTC with four-color copies of the adopted Station Area Specific Plan.

Deliverable #7a: Final Station Area Specific Plan and General Plan and Zoning Ordinance amendments as adopted by City Council

Deliverable #7b: Final Environmental Impact Report as adopted by City Council

Summary

The Menlo Park City Council, acting as the Board of Directors of the Community Development Agency, identified the “East Hamilton Avenue Area” redevelopment opportunity as a top priority months before the announcement of the Station Area Planning Grant Program and has since identified the Dumbarton Rail Station Specific Plan as a top priority. MTC and TA funding, combined with programmed Agency funding, will ensure a holistic, multidisciplinary planning approach. In addition, it will ensure that the plan reflects “best practices” of other communities in planning transit-oriented developments that effectively capitalize on existing employment centers and the complementary development of housing and additional job generating uses that would serve to support commuter rail.

The specific plan and environmental review will be context-specific in order to determine how best to develop higher densities in the station area and effectively and sensitively transition to the adjacent residential area. This is an ideal opportunity to do state-of-the-art planning that will serve as a model for other transit hubs. As important, the community engagement process will result in a plan that is beneficial to residents and riders, is broadly supported and effectively addresses environmental, economic and social justice issues that often impact lower income neighborhoods in close proximity to rail service corridors.

**MENLO PARK DUMBARTON RAIL STATION
PROJECT BUDGET AND SCHEDULE**

The following table provides the project budget by deliverable, including the local match to be provided by the City of Menlo Park:

Task	Deliverables	Total Cost	MTC Grant	TA Grant	City Match	Completion Date
1	Brownfields “Best Practices”	\$25,000	\$10,000		\$15,000	June 2008
2	Land Use Alternatives	\$75,000	\$35,000		\$40,000	December 2008
3	Market Demand Study	\$25,000	\$10,000		\$15,000	March 2009
4	Parking Demand Study	\$25,000	\$10,000	\$15,000		June 2009
5	Access and Circulation Study	\$75,000	\$35,000	\$40,000		June 2009
6	Draft Station Area Specific Plan, Fiscal Impact Analysis and DEIR	\$235,000	\$90,000	\$20,000	\$150,000	September 2010
7	Final Station Area Specific Plan, General Plan and Zoning Ordinance Amendments and FEIR	\$100,000	\$35,000		\$40,000	December 2010
	TOTAL	\$525,000	\$225,000	\$75,000	\$260,000	

V:/projects/Dumbarton Station Area Specific Plan/February 2008 – Draft Scope of Work – Revised - Alternative