



# COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: October 6, 2009  
Staff Report #: 09-131

Agenda Item #: E1

**PUBLIC HEARING: Consideration of a Request for a Rezoning, Planned Development Permit, Tentative Parcel Map, Below Market Rate Housing Agreement, Heritage Tree Removal Permit, and Environmental Impact Report to Construct Two Commercial Buildings Totaling 110,065 Square Feet on a 3.4-Acre Parcel Located at 1300 El Camino Real**

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## RECOMMENDATION

Staff recommends that the City Council concur with the recommendation of the Planning Commission and approve the following for the 1300 El Camino Real project, subject to the findings and actions contained in Attachment A:

1. Rezoning the properties from C-4 General Commercial District (Applicable to El Camino Real) to Planned Development (P-D) District;
2. Planned Development Permit to establish development regulations and conduct architectural review for the proposed development of 110,065 square feet of commercial space (51,365 square feet of retail/restaurant/service uses and 58,700 square feet of non-medical office uses);
3. Tentative Parcel Map to merge the existing six lots into one lot and create up to four commercial condominium units;
4. Below Market Rate (BMR) Housing Agreement for the payment of in-lieu fees associated with the City's BMR Housing Program;
5. Heritage Tree Removal Permits to remove one on-site and two off-site heritage trees; and
6. Environmental Review of the proposed project for potential environmental impacts.

## BACKGROUND

In late 2005, the applicant submitted an application for a mixed-use (commercial and residential) project that included 134 apartments and 81,000 square feet of commercial space with at-grade and fully submerged parking levels. A Notice of Preparation (NOP) was issued and work commenced on the Draft Environmental Impact Report (EIR). This project anticipated using the General Plan Amendment that was proposed for the Derry project, which would have allowed for increased residential and commercial density and

intensity. The project was put on hold at the applicant's request in late 2006. On March 13, 2007, the City Council held a study session on the mixed-use project and its relationship to the visioning efforts for El Camino Real. A majority of the City Council members expressed an interest in completing the visioning effort prior to processing any potential General Plan Amendments for the El Camino Real corridor. Following the City Council meeting, the applicant decided to proceed with an application that would not require a General Plan Amendment and submitted the current application in July 2007.

### **Planning Commission Review**

Given the extent of the changes to the revised proposal, the Notice of Preparation (NOP) for the Draft EIR was revised and re-circulated prior to holding an environmental scoping session with the Planning Commission. During the Planning Commission scoping session and project study session on August 20, 2007, Commissioners provided comments on the content to be discussed in the Draft EIR and the components of the proposal. Following the scoping and study session, the Draft EIR was prepared and the applicant refined the project plans to address staff and Planning Commission comments. Additionally, a Fiscal Impact Analysis (FIA) and parking study were prepared for the project.

On April 6, 2009, the Planning Commission held a public hearing to review the Draft EIR and a study session on the proposed project. The Planning Commission provided comments on the Draft EIR and the applicant, staff and City consultants also responded to questions. The following topics were the focus of the discussion on the Draft EIR: transportation and parking, global climate change, housing, noise, and project alternatives. During the study session portion of the meeting, the Planning Commission discussed the potential for including housing in the project, the proposed architecture, green building features, accessible parking, trees and landscaping, building setbacks, parking, connectivity, and lighting.

On July 13, 2009, the Planning Commission discussed the parking study, FIA, and updates to the project architecture, site design, and circulation. The parking study and FIA are discussed in the applicable sections below. During its discussion of the parking, individual Planning Commissioners expressed support for the parking study. Individual Commissioners also commented that the City should benefit from granting a reduced number of parking spaces. While reviewing the FIA, individual Planning Commissioners commented that the project appears to have a positive fiscal benefit and expressed an appreciation for the conservative nature of the report. The City has not received any comments from the public on the FIA.

On August 31, 2009, the Planning Commission conducted its final review of the project. The staff report from this meeting and the minutes are included as Attachments K and L, respectively. The Commission recommended that the City Council approve the proposal with the following modifications to the staff recommendation. The bases for the modifications are discussed in the Analysis section of the report.

- Modify section 5.1 of the PD Permit to reduce the term of the PD Permit prior to its expiration.
- Modify condition 6.17 of the PD Permit to request that a pedestrian/bicycle easement be provided if the Garwood Way right-of-way is not dedicated.
- Modify condition 6.36 of the PD Permit to require LEED certification of the project.

Additionally, the Planning Commission requested revisions to the CEQA Findings document and revisions to the project plans. The specific revisions requested for the plans are discussed in the Analysis section below. The attached draft CEQA Findings (Attachment B) and Planned Development (PD) Permit (Attachment F) show the Planning Commission's revisions in ~~strike through~~ and underline format.

The Planning Commission voted unanimously to communicate to the City Council that in the interest of seeing development move forward at this particular site, the Planning Commission decided to forego the opportunity to include a residential component to the project. Also, the Planning Commission provided direction to the applicant to the prepare additional drawings, including enlarged colored site plans and elevations, for the proposed courtyard along El Camino Real and the courtyard between the two buildings, and to consider adding some plantings or some other form of visual interest in front of the proposed fin wall along the El Camino Real frontage prior to the City Council meeting. These supplemental plans are discussed further below.

Staff reports and minutes for all the Planning Commission meetings are available on the City website and at the Community Development Department.

### **Housing Commission Review**

The proposed project is subject to requirements of the Below Market Rate (BMR) Housing Program. The Housing Commission reviewed the BMR Agreement on March 5, 2008 and recommended approval of the applicant's proposal to pay an in-lieu fee of approximately \$995,750 (based on current rates) to meet the BMR commercial requirements. The staff report and the minutes from the meeting are included as Attachment M and N, respectively. The BMR Agreement has been reviewed by the City Attorney and is included as Attachment G.

### **ANALYSIS**

The focus of the Analysis section is to provide an overview of the project and associated documents and discuss issues raised at the August 31, 2009 Planning Commission meeting. The project plans are included as Attachment I. A more detailed description the project, including a review of architecture, materials, and landscaping, is provided in

the August 31, 2009 Planning Commission staff report, included as Attachment K. The project description letter is included as Attachment O.

### **Proposed Project**

The applicant is proposing to demolish all existing structures on the project site, merge the six existing legal lots, and construct 58,700 square feet of non-medical office space and 51,365 square feet of non-office space (e.g. retail, restaurant, fitness) in two commercial buildings at the site. The applicant is proposing to record a subdivision map, so that up to four commercial condominiums would be created. One building would front on El Camino Real and the second building would front on Garwood Way. A courtyard would be located between the two buildings and a second story walkway is proposed to connect the buildings. A total of 424 parking spaces would be located at grade on the south side of the El Camino Real building and on the north side of the Garwood Way building, and below grade as a fully submerged underground parking level. Three heritage trees would be removed as part of the project, including one on-site heritage tree and two off-site heritage trees.

### **Uses**

The non-office uses would be located on the ground floor level of the building fronting on El Camino Real. The non-medical office uses would be located on the second floor of the building fronting on El Camino Real and on both floors of the building fronting on Garwood Way. Because the applicant cannot predict the exact tenant mix for the non-office space at this point in time, the following primary project and variants are proposed.

#### Primary Project

- Grocery Store/Major Retail tenant (51,365 square feet)
- Non-medical Office (58,700 square feet)

#### Variant 1

- Grocery Store/Market (15,000 square feet)
- Retail/Restaurant (11,365 square feet)
- Health and Fitness Club with associated massage (25,000 square feet)
- Non-medical Office (58,700 square feet)

#### Variant 2

- Retail (10,000 square feet)
- Restaurant (16,365 square feet)
- Health and Fitness Club with associated massage (25,000 square feet)
- Non-medical Office (58,700 square feet)

### Proposed Plans

Since the Commission meeting, the applicant has worked to address the Planning Commission's request for enlarged colored site plans and elevations for the proposed courtyard along El Camino Real and the courtyard between the two buildings, and the consideration of adding some plantings or some other form of visual interest in front of the fin wall along the El Camino Real frontage. Staff has received revised project plans, which are included as Attachment I.

Due to some of the recent plan refinements, not all of the plan sheets are now consistent. Where the renderings (plan sheets A3.3 and A3.4) differ from the site plans and elevations (for example, the stair from the courtyard to the second level of the office and design of the bridge over the courtyard connecting the two buildings), what is shown on the renderings should be considered the accurate representation of the proposal. The walls enclosing the courtyard shown on the enlarged landscape site plan (plan sheet L4) are the design intent, even though these walls are not shown on the architectural site plan. The courtyard walls are proposed to be six to eight feet in height. Additionally, the location of El Camino Real driveway entry and layout of the surface parking lot as shown on the architectural plans differ from the civil and landscape plan sheets. In this case, the architectural sheets reflect the current proposal. Finally, the six-foot-tall fence shown on the El Camino Real elevation in front of the outdoor seating area (plan sheet A2.1) is no longer proposed and is not shown on the rendering. Condition of approval 6.24 has been updated by staff to address these inconsistencies.

### Rezoning and Planned Development Permit

The Planned Development (P-D) zoning designation and PD Permit were created to encourage the merging of parcels in order to foster more innovative design alternatives than could be accomplished with existing, smaller parcels. While the proposal is consistent with the established uses in the C-4 (ECR) zoning district, the applicant is pursuing a rezoning from C-4 (ECR) to P-D, and approval of a PD Permit, to gain the flexibility in the application of the development standards, specifically the standards related to parking and height of buildings. The proposed rezoning ordinance is included as Attachment E and draft PD Permit is included as Attachment F. Revisions to the PD Permit that were made by the Planning Commission are discussed below.

Section 3 of the draft PD Permit includes a use table that specifies the various uses, locations, and maximum square footage permitted for this project. The use table generally tracks the proposed project and variants, and would be used to govern uses on the site. As noted above, the PD Permit would include uses for the project site that are consistent with the pre-existing C-4 zoning. As proposed, retail uses could occupy the entire ground floor of the El Camino Real building, while health and fitness centers would be permitted to occupy approximately one-half and restaurants approximately one-third of the El Camino Real building ground floor square footage, allowing for a flexible combination of ground floor uses. Non-medical office uses would be permitted

on both floors of the Garwood Way building and on the second floor of the El Camino Real building.

### PD Permit Expiration

The PD Permit includes the specific development standards and conditions of approval for the proposal as well as provisions for minor changes in the project over time. Minor changes that are generally consistent with the PD Permit would be allowed through an administrative review process. Major modifications involving additional square footage or a change in the land uses or development standards would require an amendment to the PD Permit and approval by the City Council. Originally, staff drafted the PD Permit so that it would expire two years from the date of project approval if the applicant had not submitted a building permit application, but if the term of the tentative parcel map was extended, then the PD Permit would automatically be extended, for up to an additional two years to correspond with the tentative parcel map extension. Additionally, the Community Development Director could allow an extension per Municipal Code Section 16.82.170 for one year for a total of five years. While the Planning Commission believed that a longer approval period may be appropriate due to the current economic climate, some Commissioners felt uncomfortable approving a project that did not include housing for potentially up to five years. Additionally, some Commissioners believed that a shorter approval period may provide a greater incentive to begin construction on the approved project. The Planning Commission revised the approval so if the term of the tentative parcel map was extended for two years, then the PD Permit would automatically be extended for up to one year, resulting in the potential for the approval period being reduced from up to five years to up to four years, inclusive of the one year that could be granted by the Community Development Director.

### Green Building Features

The project is proposing to be Leadership in Energy and Environmental Design (LEED)-certified, and has been registered by the applicant. The applicant is proposing to include green elements into the design of the project such as water efficient landscaping, ecologically-friendly heating, ventilating, and air conditioning systems (HVAC), and the use of materials that are rated at low levels of toxicity and/or are recycled or renewable. The proposal also incorporates bicycle parking to promote alternative modes of transportation. A preliminary LEED checklist has been included as Attachment Q.

At the August 31, 2009 meeting, the Planning Commission voted to add a requirement that the applicant obtain LEED certification for the project, and not just attempt to obtain it. Condition 6.36 of the PD Permit has been revised to require LEED certification.

### Garwood Way Right-of-Way Improvements

The 1300 El Camino Real project is adjacent to the Derry project, a proposed mixed-use development. The Derry project includes the parcels located at 550-580 Oak Grove Avenue and 540-570 Derry Lane. The Derry project proposal includes the construction

of residential units, commercial space, and the dedication of the Garwood Way plan line that would extend the Garwood Way right-of-way to Oak Grove Avenue. Beyond the extension of the road, the proposed right-of-way improvements for Garwood Way also included reconstruction of the roadway, installation of new utilities, construction of a soundwall, creation of a vegetated swale, installation of landscaping, and the creation of parallel parking spaces along the road. As a result of this proposal, the 25 perpendicular parking spaces in the right-of-way across from the Glenwood Inn would be removed and replaced with approximately 13 parallel spaces.

Throughout the processing of the 1300 El Camino Real application, the applicant worked cooperatively with the applicant for the revised Derry project to prepare their onsite and offsite improvement plans, and therefore, the proposed Derry project and associated Garwood Way right-of-way improvements were anticipated. As the Derry project has not yet received entitlements and is on hold at the applicant's request, the dedication of the right-of-way for the extension of Garwood Way to Oak Grove Avenue may not occur prior to construction of 1300 El Camino Real project being completed.

Conditions 6.17 and 6.21 in the PD Permit deal with potential revisions to the Garwood Way improvements. The conditions state that the applicant shall work with the property owner of 560 Derry Lane, the property on which the Garwood Way plan line is located, on dedication of the right-of-way. However, if the dedication does not occur, then the plans for the 1300 El Camino Real project would need to be revised to provide a vehicular turnaround, and potentially to omit features associated with the Derry project, including the proposed sound wall and vegetated swale. Additionally, if the applicant cannot obtain a utility easement from the property owner of 560 Derry Lane, or if San Francisco Public Utilities Commission (SFPUC) will not permit certain proposed utilities to be located within its easement, then alternative utility layouts would need to be designed.

In the interest of providing a pedestrian and bicycle connection to Oak Grove Avenue and the Caltrain station, even if the extension of Garwood Way is not constructed, the Planning Commission modified condition 6.17 to require the applicant to make a good faith effort to obtain a pedestrian and bike easement if the Garwood Way right-of-way is not dedicated.

### Proposed Parking

The applicant is proposing to construct 100 at-grade parking spaces and 324 below-grade parking spaces for a total of 424 spaces. Entries on both El Camino Real and Garwood Way would provide vehicular access to the surface parking lots for the site. Two ramps are proposed to access the below-grade parking areas. One ramp would be adjacent to Garwood Way (south of the Garwood Way surface parking lot access point) and the second ramp would be accessed via the at-grade parking area to the south of the building off El Camino Real.

Because the P-D zoning district does not have specific off-street parking requirements, the applicant elected to conduct a parking study given the mix of proposed uses. The proposed 424 parking spaces equates to a ratio of approximately 3.8 spaces per 1,000 square feet of gross floor area where six spaces per 1,000 square feet would be required for the C-4(ECR) zoning district regardless of use.

The primary project and the two project variants were analyzed in the parking study. The parking study considered several different methods for determining parking demand. Further detail on each methodology is provided in the parking study. The parking study has been distributed to the City Council, and available at the City offices and on the City website.

<b>Land Use Alternatives</b>	<b>Proposed # of Parking Spaces</b>	<b>Menlo Park Use Guidelines</b>	<b>Institute of Transportation Engineers (ITE) Parking Rates</b>	<b>Median Nearby Cities*</b>	<b>Shared Parking Urban Land Institute (ULI)</b>	<b>Parking Surveys**</b>
<i>Primary Project</i>	424	452	398	401	387	382
<i>Variant 1</i>	424	458	492	518	417	428
<i>Variant 2</i>	424	469	513	540	432	424

\*Burlingame, Cupertino, Mountain View, Palo Alto, Redwood City

\*\* Menlo Center, Menlo Square, 2500 Sand Hill Road, Equinox Fitness Center - Palo Alto, Whole Foods - Los Altos, Bay Meadows - San Mateo

After using each of the above methods to calculate what the parking requirement would be for the project, the report recommended using the ULI shared parking methodology due to the mixed-commercial nature of the project. In most cases, the shared parking method results in lower parking requirements than the Menlo Park use-based standards, the ITE rates, and the median requirement for nearby cities. This is due to the shared parking method accounting for potential sharing opportunities between uses. However, the parking survey rates that are based on parking counts conducted at nearby properties with various uses, result in parking figures that are either consistent with or lower than the shared parking calculations. The parking surveys, therefore, provide confidence that the shared parking methodology would provide adequate parking at the site.

Based on the proposed 424 parking spaces for the commercial project options, the parking study (recommending the shared parking methodology) determines the primary project and Variant 1 would have adequate parking. While the shared parking analysis for Variant 2 is shown as needing eight more parking spaces than are being provided, the parking survey approach for Variant 2 determined that 424 parking spaces would be sufficient. Therefore, staff believes that the proposed number of parking spaces would be adequate for all three scenarios. The Planning Commission concurred with this recommendation.

### Landscaping and Heritage Trees

The applicant has submitted an arborist report (Attachment Q) detailing the species, size, and conditions of the 42 trees on or near the subject parcel, including 14 heritage trees. The project would involve the removal of three heritage trees, including one on-site heritage tree and two off-site heritage trees. The on-site tree proposed for removal is a 21-inch blackwood acacia in poor/potentially hazardous condition on the northerly property line. The proposed improvements for the Garwood Way right-of-way would require the removal of a 21-inch valley oak in fair condition and a 38-inch coast live oak in very poor/hazardous condition. The removal of the heritage trees requires a Heritage Tree Permit and would require a two-to-one replacement ratio. In addition, a 32-inch palm tree would be relocated from the proposed location of the sidewalk in the public right-of-way along Garwood Way to a location on-site to the south of the driveway leading to the underground garage.

The applicant is proposing to plant a total of 56 trees on-site and 10 trees off-site, including two 48-inch box London plane trees and two 24-inch box redwoods along the El Camino Real frontage, and six 48-inch box tulip trees along the Garwood Way right-of-way. The landscape proposal includes multiple types of other tree species, including Chinese pistache, purpleleaf plum, aristocrat pear, marina arbutus, Southern magnolia, cajeput, Australian tea tree, evergreen pear, and Canary Island palm.

### Correspondence

Staff has received two items of correspondence since the August 31, 2009 Planning Commission meeting. One item is from Howard Crittenden, who expresses his support for both the proposed project and the EIR alternative that includes housing. Staff also received a late response letter from Caltrans on the Response to Comments document. In the letter, Caltrans requests that the striping for the crosswalks at Oak Grove Avenue and Valparaiso Avenue at El Camino Real be refreshed, notes that the existing maintenance agreement between Caltrans and the City may need to be updated due to this project, and requests that the 95<sup>th</sup> percentile queues for each movement at two intersections be provided. Because the letter was received after the end of the comment period, the City is not obligated to respond to these comments; however, the applicant would need to obtain an encroachment permit from Caltrans and these issues could be discussed at that time. Both letters are included as Attachment R. Three previous pieces of correspondence that are not related to the environmental review process are available at the City.

### **IMPACT ON CITY RESOURCES**

The proposed project will ultimately require the City Council to consider a policy decision whether to change the zoning classification for the property from C-4 (General Commercial Applicable to El Camino Real) to P-D (Planned Development). The FIA will provide information that will ultimately inform the Council's decision, along with the EIR, public comment and other information sources.

A fiscal impact analysis is an examination of the revenues, costs, and fiscal balance (revenues minus costs) associated with public agency activities. It provides a reasonable planning-level estimate of fiscal impacts, useful for anticipating whether a new project will pay its own way, generate surplus revenues that can be used by a city to improve services, or generate deficits that will require a city to reduce services or find offsetting sources of funds.

The fiscal impact analysis prepared for this project focuses on one public agency at a time, as each public agency has its own budget, and therefore, revenues collected and costs incurred by one agency do not affect those of the others. While the focus of the analysis is on the City of Menlo Park, the study also addresses fiscal impacts on the following special districts that provide services to the project site:

- Menlo Park Fire Protection District;
- California Water Service Company;
- West Bay Sanitary District;
- Menlo Park Elementary School District; and
- Sequoia Union High School District.

The FIA prepared for the project considers the direct costs and revenues resulting from all four project scenarios (Primary, Variants 1 and 2, EIR Alternative) as they relate to the City's General Fund. Operating costs are annually recurring costs of providing public services, such as public safety, public works, recreation, and general city administration, which typically cover staff salaries and benefits, office supplies, vehicle operating expenses (fuel, insurance, maintenance), maintenance of City facilities and infrastructure, and smaller items of equipment. Operating revenues are the funds that are collected on an ongoing or recurring basis, which include taxes, license and permit fees (excluding one-time development-related fees), funds it receives from the state and federal government, and others. These funds are not earmarked for any particular use; instead, they are collected in the General Fund, and the City allocates them as it sees fit to cover the operating costs of public safety, public works, general government, recreation, and other services.

The FIA considers a period of 20 years, beginning with project completion. The project is assumed to be completed in the Fiscal Year 2011 (FY 2010-11). The 20-year study period was chosen to examine how revenues and costs might change over time after the project is completed. This examination permits the effects of differential inflation rates (for costs vs. revenues) to become apparent. Results are reported for three "indicator" years: 2011 (the year of completion), 2021 (10 years after completion), and 2031 (20 years after completion).

### **Primary Project**

The FIA for this project concludes that the project will generate surplus revenues for the City of Menlo Park. With the proposed project, revenues would increase by about \$96,000 per year upon project completion, resulting from property taxes, business license fees, franchise fees, utility user fees, and some other City revenues. However, to be conservative the FIA assumes that the sales taxes collected from retail sales in the Primary Project would not represent net increases in revenues; therefore, all purchases were assumed to be shifted from other locations within Menlo Park. In constant dollar terms (adjusted for inflation) revenues would decrease gradually over time. The net addition to City revenues by the end of the study period, 20 years after completion of the project, would be in the range of \$83,000 per year. Costs would increase by about \$1,200 per year upon project completion, which includes the cost of maintaining Garwood Way adjacent to the project site. It also includes a small increase in the cost of employee support functions. In constant dollar terms, costs are expected to remain about the same over the study period. On balance, the Primary Project would yield a surplus of about \$94,800 per year upon project completion. This surplus is projected to decrease to about \$81,900 per year after 20 years. The cumulative surplus after 20 years would total about \$1.8 million.

### **Variants 1 and 2**

With Variants 1 and 2, revenues would increase by slightly more than with the Proposed Project. The difference between the results for the Proposed Project and the results for Variants 1 and 2 lies in the estimate of new sales tax revenues generated by the proposed health club in these scenarios. Based on input provided by the applicant, it is anticipated that the health club would be sufficiently different from those currently available in Menlo Park, and that all of its retail sales would be new to the City. Costs would be the same as with the Proposed Project. The net fiscal impact would be slightly more advantageous with Variants 1 and 2 than with the Proposed Project. The variants would yield a surplus of about \$102,400 per year upon project completion, which would decrease to about \$89,500 per year after 20 years. Over the 20-year study period, the cumulative surplus with Variants 1 and 2 would be about \$2.0 million, compared to \$1.8 million with the Proposed Project.

### **EIR Alternative**

With the EIR Alternative, revenues would increase by more than they would with the Proposed Project. Property taxes would be slightly higher, because the development cost of this alternative is expected to be greater than the cost of the Proposed Project. Additionally, revenues associated with population, such as vehicle license fees, some fines, and some service fees would grow with the addition of City residents. Some additional sales tax revenue is also attributed to residents, who would be expected to make purchases in Menlo Park. Net new revenues are projected to total about \$125,800 per year upon project completion, or nearly \$30,000 more than new revenues with the Proposed Project. Costs would also be higher than with the Proposed Project. The cost

of providing public services to residents is estimated to be higher per resident than the cost per employee of providing services to people working in Menlo Park. The increase in City service costs is estimated to be about \$37,300 per year, compared to about \$1,200 per year with the Proposed Project. Overall, the EIR Alternative would be expected to yield a surplus of \$88,500 per year upon project completion. This annual surplus would decline to about \$80,200 per year in FY 2030-31, 20 years after project completion. On a cumulative basis, the EIR Alternative would yield a surplus after 20 years of about \$1.7 million, compared to about \$1.8 million for the Proposed Project. The results summarized here for the EIR Alternative assume that the housing units are never resold. If the units are offered for sale, however, the fiscal impacts of this alternative would be slightly more positive and the cumulative surplus over 20 years would be about \$1.8 million.

The results for the four scenarios and three indicator years are summarized in the table below.

	<b>FY 2010-11</b>	<b>FY 2020-21</b>	<b>FY 2030-31</b>
<b><i>Annual Net Balance</i></b>			
Primary Project	\$94,793	\$87,093	\$81,850
Variant 1	\$102,393	\$94,693	\$89,450
Variant 2	\$102,393	\$94,693	\$89,450
EIR Alternative	\$88,547	\$83,427	\$71,956

<b><i>Cumulative Net Balance</i></b>			
Primary Project	\$95,000	\$999,000	\$1,839,000
Variant 1	\$103,000	\$1,083,000	\$1,999,000
Variant 2	\$103,000	\$1,083,000	\$1,999,000
EIR Alternative	\$89,000	\$945,000	\$1,668,000

Note: numbers are rounded to the nearest thousandth

## **POLICY ISSUES**

In reviewing the rezoning and planned development permit request, it is worthwhile to consider it in the context of the current El Camino Real/Downtown planning process. Previously, the City Council acknowledged that projects along the El Camino Real corridor that do not require amendments to the General Plan, including this project in particular, could proceed concurrently with the City's broader planning efforts. The Specific Plan process is currently underway and is expected to be completed in late 2010. The key themes that have emerged from Community Workshop #3 would generally be consistent with the mix of retail, service, and office that is proposed for the project, although the themes may evolve as the Specific Plan process continues.

This application proposes to rezone six legal parcels from C-4 (General Commercial – Applicable to El Camino Real) to PD (Planned Development District). The rezoning would be consistent with the General Plan land use designation of El Camino Real

Professional/Retail Commercial. The proposed project would revitalize an underutilized site along the El Camino Real corridor, creating new commercial space for offices and retail, restaurant, and/or fitness uses to locate near the downtown and Caltrain station. The components of the project have been designed to be compatible with the surrounding area. The proposed rezoning is consistent with the intent of the P-D zoning district, which is to encourage the consolidation of smaller parcels into larger parcels to provide benefits to the City. Staff believes the proposal is consistent with the goals and policies of the General Plan.

The Planning Commission voted unanimously to communicate to the City Council that in the interest of seeing development move forward at this particular site, the Planning Commission decided to forego the opportunity to include a residential component to the project.

## **ENVIRONMENTAL REVIEW**

A Draft EIR was prepared for the 1300 El Camino Real project, and was released for public comment from March 23, 2009 to May 7, 2009. Staff received two comment letters from various local and state agencies and two comment letters from individuals during and immediately following the comment period. The comment letters on the Draft EIR generally discussed traffic, alternative transportation, parking, landscaping, air pollution, energy usage, and train crossing conflicts. The Response to Comments (RTC) document includes all comment letters, in addition to comments received at the Draft EIR public hearing on April 6, 2009, and responses to those comments. The RTC and the Draft EIR comprise the Final EIR for the project. The Final EIR was released for public review from August 21, 2009 to August 31, 2009. The City received one late comment from Caltrans, dated September 15, 2009.

In order to complete the EIR process and certify the document, CEQA requires the preparation of Findings for Certification, a Statement of Certification, and a Mitigation Monitoring and Reporting Program. The Findings for Certification address the potentially significant impacts identified in the Draft EIR, describing the impact, the mitigation and the determination of significance. The Statement of Certification states that the City has met all procedural requirements of CEQA. The Mitigation Monitoring and Reporting Program (MMRP) establishes responsibility and timing for implementation of all required mitigation measures. The mitigation measures have been taken from the list of mitigation measures listed in Table II-2 of the Draft EIR on pages 8 through 25. While the substance of the mitigation measures has remained, revisions have been made to better identify implementation timing and responsibility. The revised mitigation measures are included in the MMRP. The Findings for Certification, including the Statement of Certification, Draft Resolution for Certification of the EIR, and the Mitigation Monitoring and Reporting Program are included as Attachments B, C, and D, respectively.

## **Impacts**

As identified in the EIR, the project would result in significant, unavoidable transportation impacts. The following intersections would be subject to significant, unavoidable impacts:

- Middlefield Road and Ravenswood Avenue
- Alma Street and Oak Grove Avenue
- Garwood Way/Merrill Street and Oak Grove Avenue
- Middlefield Road and Oak Grove Avenue (Town of Atherton)
- Middlefield Road and Marsh Road (Town of Atherton)
- Middlefield Road and Glenwood Avenue (Town of Atherton)
- Middlefield Road and Encinal Avenue (Town of Atherton)
- Glenwood Avenue/Valparaiso Avenue and El Camino Real
- Ravenswood Avenue/Menlo Avenue and El Camino Real

The following roadways segments would be subject to significant, unavoidable impacts:

- Middlefield Road segment north of Glenwood Avenue
- Middlefield Road segment south of Oak Grove Avenue
- Ravenswood Avenue segment east of Laurel Street
- Oak Grove Avenue segments east and west of Laurel Street
- Glenwood Avenue segment west of Laurel Street
- Laurel Street segment north of Glenwood Avenue
- Alma Street segment south of Oak Grove Avenue
- Garwood Way segment south of Glenwood Avenue

In order to approve the project with significant and unavoidable adverse environmental impacts, the City Council must adopt a Statement of Overriding Considerations. This is a specific finding that the project includes substantial benefit that outweighs its significant adverse environmental impact. The Statement of Overriding Considerations is included in Attachment B, as part of the Findings for Certification. The Planning Commission reviewed and recommended approval of the Final EIR, Findings for Certification, the Statement of Overriding Consideration, Statement of Certification and Mitigation Monitoring and Reporting Program, at its meeting on August 31, 2009.

## **Mitigation Measures**

Partial mitigation measures to address impacts at specific intersections include the following:

- Preparation of a study of construction alternatives for safety and vehicle capacity improvements to the intersection of Middlefield Road and Ravenswood Avenue;

- Payment of \$126,667 to the City as a partial contribution for the installation of a traffic signal and associated roadway improvements at the intersection of Middlefield Road and Encinal Avenue
- Preparation of plans for the construction of an additional dedicated northbound right turn lane and conversion of the existing northbound right turn lane into a through lane at the intersection of El Camino Real and Ravenswood Avenue; and
- Construction of a southbound right-turn lane as part of the Garwood Way extension improvements.

The conditions of approval associated with these mitigation measures are 6.49, 6.45, 6.50, and 6.21, respectively. Other partial mitigation measures include payment of a transportation impact fee (TIF) and a transportation demand management (TDM) program. The conditions of approval associated with these mitigation measures are 6.46 and 6.47, respectively.

### **Alternatives**

The City evaluated the No Project Alternative, a Mixed Use Alternative, and a Maximum Residential Alternative in the EIR. At the request of the City Council, the applicant has prepared plans for the mixed-use alternative. The alternative would consist of 36 two-bedroom residential units, 58,700 square feet of non-medical office, and 22,895 square feet of retail/restaurant uses with approximately 415 at-grade and below-grade parking spaces. Select sheets from the plans set for this alternative are included as Attachment J.

Additionally, BMR agreements for the residential alternative have been prepared and reviewed by the Housing Commission. One BMR agreement was for a rental scenario, and the other was for for-sale units. These agreements would only be brought forward if the City Council directed pursuit of the residential alternative. These agreements, which included eight two-bedroom BMR units to fulfill the residential and commercial requirements, were reviewed at the March 5, 2008 Housing Commission meeting. However, due to changes to the proposed commercial mix for the EIR alternative, the agreements needed to be revised. On July 1, 2009, the Housing Commission reviewed revised BMR agreements for the EIR mixed-use residential alternative project that included eight two-bedroom BMR units and an in lieu fee of approximately \$28,000 and voted unanimously to recommend approval of the agreements.

The Findings for Certification of the Environmental Impact Report discusses the alternatives to the project that were studied in the EIR. Findings and an explanation rejecting each alternative are then provided. At the August 31, 2009 meeting, individual Planning Commissioners expressed a concern with findings regarding a potentially significant air quality impact. The air quality impact on residents would result from the existing diesel-operated train operations near the site, and was referenced as a reason for rejecting the alternatives with housing. The Planning Commission requested that staff revise the Findings document to remove this portion of the findings and rely solely

on the fact that the alternative was rejected because it would include the construction of housing (which is not a project objective), and would not substantially reduce the environmental impacts of the proposed project.

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Megan Fisher  
Associate Planner  
Report Author

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Justin Murphy  
Development Services Manager

## **PUBLIC NOTICE**

Public notification consisted of publishing a legal notice in the local newspaper and notification by mail of all property owners and occupants within the area bounded by the City's northerly boundary along El Camino Real between Valparaiso Avenue and Watkins Avenue, Felton Gables, Laurel Street, Ravenswood Avenue, the Caltrain right-of-way, Middle Avenue, and University Drive.

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\\_1300ecr.htm](http://www.menlopark.org/projects/comdev_1300ecr.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. Previous staff reports and other related documents are available for review on the website.

## **ATTACHMENTS**

- A. [Draft Findings and Actions for Approval, October 6, 2009](#)
- B. [Findings for Certification of the Environmental Impact Report, including the Statement of Overriding Considerations](#)
- C. [EIR Certification Resolution](#)
- D. [Mitigation Monitoring and Reporting Program for the Environmental Impact Report](#)
- E. [Draft Ordinance rezoning the property located at 1300 El Camino Real from C-4 \(General Commercial, Applicable to El Camino Real\) to P-D \(Planned Development District\) 8](#)
- F. [Draft Planned Development Permit, dated October 6, 2009](#)
- G. [Draft Below Market Rate Housing Agreement](#)
- H. [Location Map](#)
- I. [Project Plans](#)
- J. [EIR Alternative Projects Plans \(select sheets\)](#)
- K. [Planning Commission staff report for the meeting of August 31, 2009 \(without attachments\)](#)
- L. [Draft Excerpts from the Minutes of the August 31, 2009 Planning Commission meeting](#)

- M. [Housing Commission staff report for the meeting of March 5, 2008 \(without attachments\)](#)
- N. [Excerpts from the Minutes of the March 5, 2008 Housing Commission meeting](#)
- O. [Project Description Letter](#)
- P. [Arborist Report by McClenahan Consulting, dated January 21, 2008](#)
- Q. [Leadership in Energy and Environmental Design \(LEED\) Checklist](#)
- R. [Correspondence](#)
  - Howard Crittenden, dated September 11, 2009
  - Lisa Carboni, Caltrans District Branch Chief, dated September 15, 2009

**The Following Documents with all of the Attachments were Distributed Previously and are Available for Review During Business Hours at the Planning Division:**

1. City Council Study Session Staff Report, dated April 4, 2006
2. Planning Commission Study Session Staff Report, dated May 15, 2006
3. City Council Study Session Staff Report, dated March 13, 2007
4. Planning Commission Staff Report, dated August 20, 2007
5. Revised Notice of Preparation, prepared by LSA Associates, August 2007
6. City Council Information Item, dated August 28, 2007
7. City Council Staff Report, dated April 22, 2008
8. City Council Staff Report, dated May 6, 2008
9. Draft Environmental Impact Report, prepared by LSA Associates, dated March 2009
10. Planning Commission DEIR and Study Session Staff Report, dated April 6, 2009
11. Parking Study, prepared by TJKM Associates, dated July 2009
12. Fiscal Impact Analysis, prepared by Mundie & Associates, dated July 2009
13. Planning Commission Staff Report, dated July 13, 2009
14. Response to Comments Document, prepared by LSA Associates, dated August 2009
15. Planning Commission Staff Report, dated August 31, 2009

**EXHIBITS TO BE PROVIDED AT MEETING**

Color and Materials Board

**Note:** Attached are reduced versions of maps and diagrams submitted by the applicant. The accuracy of the information in these drawings is the responsibility of the applicant, and verification of the accuracy by City Staff is not always possible. The original full-scale maps and drawings are available for public viewing at the Community Development Department.