



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: August 28, 2007
Staff Report #: 07-150

Agenda Item #: H1

INFORMATION: Update on the Review Process for the Proposed Commercial Project Located at 1300 El Camino Real.

This is an information report. Council action is not required at this time.

BACKGROUND

1300 El Camino Real Initial Application

In December 2005, the Sand Hill Property Company submitted a preliminary application for a mixed-use development at 1300 El Camino Real, the former Cadillac dealership. The application anticipated utilizing General Plan and Zoning Ordinance amendments that were part of the Derry Lane Mixed-Use Development application that was in the review process at the time. The intent of the General Plan and Zoning Ordinance amendments proposed by the Derry project was to provide projects within the area bounded by Oak Grove Avenue, El Camino Real, Glenwood Avenue, and the Caltrain right-of-way with the opportunity to propose increased densities of up to 40 dwelling units per acre (du/ac) and increased intensities of up to 150 percent Floor Area Ratio (FAR) through a rezoning to Planned Development (PD) and approval of a PD permit. The purpose of the increased densities and intensities was to encourage high-density, transit-oriented development near the Caltrain station. The amendments were necessary since the current General Plan and Zoning Ordinance do not allow the flexibility within the PD designation to increase the density or intensity of a project site above that established by the pre-existing zoning of the site. In both the case of the Derry Lane Mixed Use Development and the proposed mixed use project at 1300 El Camino, the proposals exceeded the pre-existing density and intensity of the C-4 (applicable to El Camino Real) zoning district.

The City Council held a study session on February 7, 2006 to discuss the future of the El Camino Real corridor and listen to development concepts for three different properties on El Camino Real. Sand Hill Property Company presented its conceptual proposal to demolish the automobile dealership building located at 1300 El Camino Real and to construct a mixed-use project of residential, retail, and non-medical office. A majority of Council members expressed a willingness to consider higher densities along the El Camino Real corridor, noting that public benefit would be an important component of any proposal.

On April 4, 2006, an additional City Council study session specifically devoted to this project was held. The preliminary project plans proposing to demolish all existing structures on the project site, merge the lots, and construct 134 apartments, 78,065 square feet of commercial space, and at-grade and fully submerged parking levels were discussed at that meeting. The topics outlined for discussion in the April 4, 2006 staff report included density and FAR, public benefit, recreational requirements, trees, and compatibility with the Derry project, a proposed mixed-use, high-density, transit-oriented development. At that time, a majority of the Council members were comfortable with the increase in density and FAR.

On May 15, 2006, a joint EIR scoping session and Planning Commission study session was held regarding the 1300 El Camino Real project. The preliminary project plans were discussed at this meeting. The Planning Commission discussed the proposed size, mix and type of uses, parking, maximum building height, building design, and the Notice of Preparation (NOP) of the Environmental Impact Report.

On August 29, 2006, the Derry Lane Mixed Use Development, which included 135 residential units and 22,525 square feet of commercial space, was approved by the City Council (including the General Plan amendment), and on September 12, 2006, the City Council waived the second reading and adopted the ordinances amending the Zoning Ordinance and rezoning the property to PD. In October 2006, a referendum petition was submitted to the City. Because the referendum petition posed the potential for the General Plan and Zoning Ordinance amendments to be overturned, the applicant for the 1300 El Camino Real project amended its proposal to include applications for General Plan and Zoning Ordinance amendments similar to the amendments approved for the Derry Lane project. The intent of the project sponsors was to continue to process the project as originally proposed. Recently, the applicant for the Derry Lane project and the referendum group announced a settlement, and an application for a revised project has been submitted to staff.

El Camino Real Planning Initiative

On February 12, 2007, the City Council held a special meeting to discuss economic development and land use issues along the El Camino Real Corridor/Santa Cruz Avenue Area. The Council determined that it wished to move forward with a long range planning effort for this area, and directed staff to come back shortly with a work program for the Council to discuss. The Council also came to a consensus that individual projects in this area with existing applications should continue to be processed.

1300 El Camino Real Revised Project

On March 13, 2007, the City Council held a study session on the 1300 El Camino Real proposal and its relationship to the visioning efforts for the Downtown/El Camino Real corridor. The City Council 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 withdraw its original

application and proceed with a plan that would not require a General Plan amendment or a Zoning Ordinance amendment. A revised application, as described in the proposal section below, was submitted in July 2007.

ANALYSIS

Proposal

The applicant is now proposing to demolish buildings associated with an existing vacant auto dealership and construct a commercial project on an approximately 3.4-acre parcel located at 1300 El Camino Real. The proposed project would require the following actions:

- 1) **Rezoning:** Change from the C-4 (ECR) zoning district (General Commercial Applicable to El Camino Real) to the P-D zoning district (Planned Development);
- 2) **Planned Development Permit:** Establish specific development regulations and architectural designs for the demolition of existing commercial structures associated with the former car dealership and the construction of:
 - Two commercial buildings with a total of 108,850 square feet;
 - Two-story building elements with a maximum building height of approximately 40 feet; and
 - An at-grade and below-grade parking structure.
- 3) **Lot Merger and Minor Subdivision:** Merge six existing lots and create up to four commercial condominium units;
- 4) **BMR Agreement:** Payment of in-lieu fees associated with the City's Below Market Rate Housing Program;
- 5) **Heritage Tree Removal Permit:** Remove one onsite and six offsite heritage trees from the project site; and
- 6) **Environmental Impact Report:** Analyze the potential environmental impacts of the proposal.

Notice of Preparation

A Notice of Preparation (NOP) of the Environmental Impact Report (EIR) was issued for the revised project on August 7, 2007. Following the release of the NOP, the applicant clarified that three different commercial use options are now being considered for the 108,850 square feet. The primary project description and two project variants/options are as follows:

Primary Project Description

- Grocery store/Market (50,850 square feet)
- Non-medical Office (58,000 square feet)

Option 1

- Grocery store/Market (15,000 square feet)

- Retail/Restaurant (10,850 square feet)
- Health and Fitness Club with associated spa including sports massage (25,000 square feet)
- Non-medical Office (58,000 square feet)

Option 2

- Retail/Restaurant (25,850 square feet)
- Health and Fitness Club with associated spa including sports massage (25,000 square feet)
- Non-medical Office (58,000 square feet)

On August 20, 2007, the Planning Commission held an EIR scoping session and study session on this project. The staff report for this item is included as Attachment A, and provided information on the revisions to the project description, related to the three different commercial use options. At this meeting, the Planning Commission and members of the public were able to comment on items that should be addressed in the EIR and the project proposal and plans. Overall, the Commission and the public indicated that they supported a commercial project at this site, but several people expressed concern that housing would not be part of this project. Other items discussed included traffic, parking, and site access, the proposed use options, the proposed height of the buildings, architectural elements of the buildings, heritage trees in the project area, Leadership in Energy and Environmental Design (LEED) Green Building certification of the buildings, pedestrian connectivity, retail loading areas, and the project's relationship to the proposed Derry project and the existing Glenwood Inn.

On August 27, 2007, a revised NOP that covers the three different commercial use options for the project was issued. The revised NOP provides a more detailed description of the project and is included as Attachment B.

City Council study sessions have typically been reserved for projects that are requesting a General Plan amendment and/or a Development Agreement. Since the 1300 El Camino Real proposal does not include a General Plan or Zoning Ordinance amendment, a City Council study session has not been scheduled for this project.

Project Review Process

Throughout the process, there will be opportunities for public input. The following public meetings have occurred or are planned:

- EIR Scoping Session – August 20, 2007 (Planning Commission);
- Housing Commission Meeting to make recommendations on the proposed BMR Agreement;
- Planning Commission Public Hearing to review the Draft EIR and the requested development applications;
- Planning Commission Public Hearing to make recommendations on the Final

EIR, incorporating responses to comments on the Draft EIR, and the requested development applications;

- City Council Public Hearing on the Final EIR and the requested development applications, including introduction of the ordinance to rezone the property; and
- City Council Meeting to adopt the ordinance to rezone the property.

Following the end of the EIR scoping period, the applicant will be submitting more detailed project plans for staff review. Additionally, staff is planning to contract with a consultant to prepare a Fiscal Impact Analysis (FIA) for this project to be paid for by the project applicant, per City Council direction from other high visibility projects. The City Council has not established a comprehensive policy regarding the use of FIA. It may choose to consider making the development of such a policy a priority during the next project priority setting process. Until that time, staff plans to require the preparation of a FIA for all projects that require an EIR.

Discussion of Public Benefits

In 2006, the City Council considered the issue of public benefits related to proposed development projects requesting General Plan amendments, Zoning Ordinance amendments and/or PD zoning and permits that would allow for an increase in density over the pre-existing zoning on a project site. The Council specifically considered categories of items that could be considered for public benefits as well as a mechanism for determining the appropriate amount of public benefit. At the time, the Council indicated an interest in further exploring the issue.

Although the current proposal is not requesting a General Plan or Zoning Ordinance amendment nor an increase in density over what is currently allowed, a discussion of public benefits may be appropriate in the event of project impacts during the review of the project, potentially through the P-D rezoning, EIR process, and/or negotiations with the project sponsor.

IMPACT ON CITY RESOURCES

There will be no impact on City fiscal resources as a result of this information item. Staff time spent on the development review of this project is fully recoverable through fees charged to the applicant.

ENVIRONMENTAL REVIEW

An EIR will be prepared for this project. While a NOP for the EIR was released on August 7, 2007, a revised NOP was released on August 27, 2007 to address the different commercial use options. The City requests that written comments on the NOP be sent to the following address by September 27, 2007: Megan Fisher, Associate Planner, City of Menlo Park Community Development Department, Planning Division, 701 Laurel Street Menlo Park, CA, 94025. Comments may also be submitted by email to: mefisher@menlopark.org

Megan Fisher
Associate Planner
Report Author

Justin Murphy
Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. Planning Commission Staff Report, dated August 20, 2007
- B. Notice of Preparation, dated August 27, 2007

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



PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION
MEETING OF AUGUST 20, 2007
AGENDA ITEM C1 AND D1

LOCATION:	1300 El Camino Real	APPLICANT AND OWNER:	Sand Hill Property Company
EXISTING USE:	Vacant Auto Dealership		
PROPOSED USE:	Mixed Commercial	APPLICATIONS :	Rezoning, Planned Development Permit, Lot Merger and Subdivision, BMR Agreement, Heritage Tree Removal Permit, Environmental Review
EXISTING ZONING:	C-4(ECR) (General Commercial, Applicable to El Camino Real)	PROPOSED ZONING:	P-D (Planned Development)

PROPOSAL

The applicant is proposing to demolish buildings associated with an existing vacant auto dealership and construct two commercial buildings for a total of 108,850 square feet and 420 parking spaces located at grade and in an underground parking structure. The development would take place on an approximately 3.4-acre parcel located at 1300 El Camino Real. The two heritage redwood trees along El Camino Real would remain.

The proposal will require review and recommendations by the Planning Commission for Rezoning, Planned Development Permit, Lot Merger and Subdivision, and Environmental Impact Review (EIR). In addition, the proposal will require Housing Commission review and recommendation for a BMR (Below Market Rate) Agreement to provide in-lieu fees associated with the City's BMR Housing Program. The City Council will be the final decision-making body on these applications and the Heritage Tree

Removal Permit. In addition, to address related fiscal issues, staff is planning to contract with a consultant to prepare a Fiscal Impact Analysis (FIA) for this project to be paid for by the project applicant. No staff recommendation on the requested applications is being provided at this time.

This meeting will serve as a scoping session for the EIR and a Planning Commission study session. The Scoping Session is part of the EIR process, during which the City solicits input from other agencies and the public on specific topics that they feel should be addressed in the environmental analysis. Comments received during the scoping session on the project will be addressed in the Draft EIR. The study session will provide an opportunity for the Planning Commission to become familiar with the project and for the applicant and staff to understand questions, ideas, or concerns of the Planning Commission.

BACKGROUND

In late 2005, the applicant submitted an application for a mixed use (commercial and residential) project, and work on an EIR commenced. 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. The City Council 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 a revised application in July 2007. Given the extent of the changes to the proposal, the Notice of Preparation (NOP) was revised and re-circulated. The NOP provides a more detailed description of the project and is included as Attachment C.

Following the release of the NOP, the applicant clarified that three different commercial use options are being considered for the 108,850 square feet. The primary project description and two project variants are as follows:

- Grocery store/Market (50,850 square feet)
- Non-medical Office (58,000 square feet)

Variant 1

- Grocery store/Market (15,000 square feet)
- Retail/Restaurant (10,850 square feet)
- Health and Fitness Club with associated massage (25,000 square feet)
- Non-medical Office (58,000 square feet)

Variant 2

- Retail/Restaurant (25,850 square feet)
- Health and Fitness Club with associated massage (25,000 square feet)
- Non-medical Office (58,000 square feet)

A revised NOP will be issued shortly to describe the three different commercial use options for the project.

PROJECT DESCRIPTION

The proposed project would require the following actions:

- 1) **Rezoning:** Change from the C-4 (ECR) zoning district (General Commercial Applicable to El Camino Real) to the P-D zoning district (Planned Development);
- 2) **Planned Development Permit:** Establish specific development regulations and architectural designs for the demolition of existing commercial structures associated with the former car dealership and the construction of:
 - Two commercial buildings with a total of 108,850 square feet;
 - Two-story building elements with a maximum building height of approximately 40 feet; and
 - 420 parking spaces in an at-grade and below-grade parking structure.
- 3) **Lot Merger and Minor Subdivision:** Merge six existing lots and create up to four commercial condominium units;
- 4) **BMR Agreement:** Payment of in-lieu fees associated with the City's Below Market Rate Housing Program;
- 5) **Heritage Tree Removal Permit:** Remove three onsite and four offsite heritage trees from the project site; and
- 6) **Environmental Impact Report:** Analyze the potential environmental impacts of the proposal.

Rezoning to P-D allows a project to depart from the development regulations of the existing zoning district, with the exception of density and intensity. The Zoning Ordinance states that:

The purpose of the P-D zone is to encourage the consolidation of smaller parcels into larger parcels to provide benefits to the city that could not otherwise be obtained. In order to obtain these benefits, the project plans should consider the inclusion of specific development controls to develop more usable open space, to provide efficient use of land, utilities, and circulation systems, to develop creative and integrated design and to allow for innovative and desirable mixed use developments that are consistent with the density and intensity requirements of the pre-existing zoning designation, except as provided in Section 16.57.050, and with the aesthetic and environmental qualities of the community. (While the Zoning Ordinance currently reflects Ordinance 953, it is anticipated that Section 16.57.050 will be modified as part of the Derry settlement.)

The P-D Permit would establish the specific uses, development regulations, and architectural designs for this project. The following is a summary table comparing the development standards of the existing C-4(ECR) zoning and the requested P-D zoning.

Development Regulation Comparison

	Proposed P-D District Development Standards	Existing C-4(ECR) District Development Standards
Setbacks		
Front (El Camino Real)	25 ft. min.	0 ft.
Rear (Garwood Way)	30 ft. min.	0 ft.
Sides	10 ft. min.	0 ft.
Height	40 ft. max.	30 ft. max.
Floor Area Ratio (FAR)		
Office	40%	40% max.
Other	34% additional	35% max. additional
Total	<u>74%</u>	<u>75% max.</u> with use permit
Coverage	44%	0% max.
Paving	30%	0% min.
Landscaping	26%	10% min.
Parking	3.9 spaces/1,000 sf* 420 spaces**	6 spaces/1,000 sf 654 spaces

*While the plans do not indicate it, the applicant has stated a willingness to provide parking in accordance with the Policy for Administrative Review of Parking Reduction Requests shown below.

<u>Use</u>	<u>Parking Guideline</u>
Health and Fitness Center	1 space per 200 square feet of gross floor area
Office, General	1 space per 300 square feet of gross floor area
Restaurant	1 space per 167 square feet of gross floor area
Retail	1 space per 200 square feet of gross floor area

**Incorrectly listed as 412 spaces in the site tabulation on sheet A1.1, Attachment B.

The applicant has provided preliminary plans that are included as Attachment B. The plans only indicate the primary project description, but the three different commercial use options for the 108,850-square-foot project are summarized in the table below. In all options, the office space would be located in the Garwood building and the second floor of the El Camino Real building and the non-office uses would be located in the ground floor of the El Camino Real building:

	Primary Project	Variant 1	Variant 2
Grocery store/Market	50,850 sf	15,000 sf	0 sf
Retail/Restaurant	0 sf	10,850 sf	25,850 sf
Health/Fitness Club	0 sf	25,000 sf	25,000 sf
Non-medical Office	58,000 sf	58,000 sf	58,000 sf

Opportunities for Public Input

Throughout the process, there will be opportunities for public input. The following public meetings have been scheduled or are planned:

- EIR Scoping Session – August 20, 2007 (Planning Commission)
- Housing Commission Meeting to make recommendations on the proposed BMR Agreement.
- Planning Commission Public Hearing to review the Draft EIR and the requested development applications.
- Planning Commission Public Hearing to make recommendations on the Final EIR, incorporating responses to comments on the Draft EIR, and the requested development applications.
- City Council Public Hearing on the Final EIR and the requested development applications, including introduction of the ordinance to rezone the property.
- City Council Meeting to adopt the ordinance to rezone the property.

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. This page will provide 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.

ENVIRONMENTAL REVIEW

An EIR will be prepared for this project. The Notice of Preparation of the EIR was released on August 7, 2007 requesting comments by Monday, September 10, 2007. As stated previously, a revised NOP will be issued shortly, effectively extending the comment period. The City requests that written comments on the NOP be sent to the following address: Megan Fisher, Associate Planner, City of Menlo Park Community Development Department, Planning Division, 701 Laurel Street Menlo Park, CA, 94025. Comments may also be submitted by email to: mefisher@menlopark.org

RECOMMENDED MEETING REVIEW PROCEDURE

1. Introduction by Staff Explaining the Role of the Scoping Session
2. Project Presentation by Applicant
3. Commission Questions of Staff/Applicant on EIR Scope
4. Public Comment on EIR Scope
5. Commission Comments on EIR Scope
6. Close the Scoping Session
7. Commission Questions of Staff/Applicant on Project Proposal and Plans
8. Public Comment on Project Proposal and Plans
9. Commission Comments on Project Proposal and Plans

Megan Fisher
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Report Author

Justin Murphy
Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed. In addition, notice of this scoping meeting was mailed to 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.

ATTACHMENTS

- A. Location Map
- B. Project Plans
- C. Notice of Preparation, dated August 7, 2007

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

EXHIBITS TO BE PROVIDED AT MEETING

None

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