



**STAFF REPORT**

**City Council**  
**Meeting Date:** 6/21/2016  
**Staff Report Number:** 16-107-CC

**Informational Item:** Update on the status, schedule, required actions, and Development Agreement negotiation process for the Facebook Campus Expansion Project Located at 301-309 Constitution Drive

**Recommendation**

This is an informational item and no action is required.

**Policy Issues**

The proposed project will require the City Council to consider the requested land use entitlements, such as the appropriateness of the proposed Zoning Ordinance text amendment, rezoning, conditional development permit (CDP), heritage tree removals, and below market rate (BMR) agreement, along with the public benefits associated with the Development Agreement. In addition, the Council will need to consider the potentially significant and unavoidable impacts and the accompanying statement of overriding considerations. After release of the Final Environmental Impact Report (EIR), the Planning Commission will provide a recommendation on the project entitlements and the Final EIR for the Council's consideration. At this time, staff is updating the Council on the progress of the environmental and entitlement reviews. As a reminder, the Council designated review of complex development projects as item two of the Council Work Plan for 2016.

**Background**

On March 31, 2015, Hibiscus Properties LLC, on behalf of Facebook, Inc. submitted an application for the proposed redevelopment of the former TE Connectivity Campus. The approximately 58-acre campus is located at 301-309 Constitution Drive, along Bayfront Expressway, between Chilco Street and the recently completed Building 20 (formerly identified as the Facebook West Campus). Building 20 is currently a separate parcel, but would be merged with the project site. Building 23 is located on the project site, but previously received its entitlements for the conversion of a warehouse building to office uses in December 2014. For purposes of this staff report, Building 23 is included in the site development discussion, while Building 20 is excluded.

**Project Description**

The proposed Facebook Campus Expansion Project includes the demolition of the existing buildings at 301-306 Constitution Drive and the construction of two new office buildings (Buildings 21 and 22), encompassing approximately 962,400 square feet of gross floor area. The two office buildings would increase the gross floor area of office uses at the site by 126,600 square feet. The project also includes a potential 200-room limited service hotel of approximately 174,800 square feet. With the hotel, the net increase in gross floor area for all uses at the site would be approximately 121,300 square feet for a total

of 1,317,300 square feet, inclusive of Building 23. The following table summarizes the proposed square footage and parking at the site by building:

Proposed project buildings	Gross Floor Area (GFA)	Buildings to be demolished	Proposed parking
Building 21	512,900 s.f.	307-308 Constitution Dr.	1,476 spaces
Building 22	449,500 s.f.	301-306 Constitution Dr.	1,294 spaces
Building 23 (Existing)	180,100 s.f.	Conversion of 300 Constitution Drive	518 spaces
Total Office	1,142,500 s.f.		3,288 spaces
Hotel	174,800 s.f.	n/a	245 spaces
Total Site	1,317,300 s.f.		3,533 spaces

The proposed office buildings would be oriented east-to-west, similar to Building 20. Building 21 would be constructed in the first phase and would be connected to Building 20 through usable gross floor area. Building 22 and the hotel would be a second phase and Buildings 22 and 21 would be connected through an open air bridge. The hotel is anticipated to be located near the corner of Chilco Street and Bayfront Expressway. The project would include publicly accessible open space and a new pedestrian/bicycle bridge over Bayfront Expressway, providing a more direct connection from the campus and the Belle Haven neighborhood to the Bay Trail. The publicly accessible area would be located between Building 21 and 22, adjacent to the bend in Chilco Street near the Dumbarton Rail Corridor. The most recent version of the project plans is available on the City-maintained project page (<http://menlopark.org/1001/Project-Plans>).

The entitlement process for the Facebook Campus Expansion Project includes the following review and permit approvals:

- **Zoning Ordinance Text Amendment** to include hotels as conditional uses within the M-2 zoning district. The text amendment would be consistent with the Limited Industry Land Use Designation of the existing General Plan;
- **Rezone** entire site from M-2 (General Industrial) and M-2(X) (General Industrial, Conditional Development) to M-2(X) (General Industrial, Conditional Development) to allow for a Conditional Development Permit to permit the proposal to diverge from standard M-2 zoning district requirements;
- **Conditional Development Permit (CDP)** to redevelop the approximately 58 acre site with approximately 962,400 square feet of offices and a 200 room hotel of approximately 174,800 square feet. Including the existing Building 23 (approximately 180,108 square feet), the maximum gross floor area for offices would be approximately 1.143 million square feet, which is within maximum 45 percent floor area ratio (FAR) for offices. With the hotel, the maximum gross floor area would be approximately 1.318 million square feet, or 52 percent FAR, which is consistent with the FAR maximum of up to 55 percent for all other uses. The CDP would permit maximum building heights of up to 75 feet and allow building coverage to potentially exceed 50 percent of the site, as well as to define all other development standards, such as parking at the site. The CDP would also include the existing Building 20 (1 Facebook Way);

- **Development Agreement** for the provision of overall benefits to the City and adequate development controls in exchange for vested rights for the Facebook Campus Expansion Project;
- **Heritage Tree Removal Permits** to permit the removal of approximately 274 heritage trees associated with the proposed project;
- **Below Market Rate (BMR) Housing Agreement**, per the requirements of the City's Municipal Code, which would help increase the affordable housing supply by requiring the applicant to provide monies for the BMR fund or by procuring off-site BMR units;
- **Lot Reconfiguration** to modify the location of two legal lots or merge the legal lots that comprise the project site and the adjacent lot for Building 20; and
- **Draft Environmental Impact Report** to analyze the potential environmental impacts of the proposed project.

A Draft Fiscal Impact Analysis (FIA) and Housing Needs Assessment (HNA) have been prepared for the proposed project, which is also available for review and comment during the Draft EIR review period. Both items are further discussed in the Analysis section. A displacement analysis is also being prepared for the project and is anticipated to be available by the Housing Commission's meeting.

## **Analysis**

Staff developed a draft schedule for the public outreach and development agreement negotiation process, which was reviewed by the City Council at its meeting on May 3, 2016. The Draft EIR was released on May 26, 2016, and the review and comment period ends on July 11, 2016. This report provides a status update to key items listed in the schedule. The City Council's full discussion of the project and final actions is targeted for September 2016.

## ***Draft EIR***

The Draft EIR assesses potentially significant environmental impacts that could result from the project. A potentially significant effect is a potentially substantial, adverse change in any of the physical conditions within the area affected by the project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. Potential impacts under CEQA are physical, not social or economic. To assess economic impacts the City contracted with the firm BAE Urban Economics to prepare a FIA for the project and to assess social impacts, the City is in the process of completing a displacement analysis. It is anticipated that the consultant, KMA, would complete the analysis prior to the Housing Commission's review of the project and BMR Agreement on June 29, 2016.

As stated in the State CEQA Guidelines, an EIR is an "informational document" that is intended to inform public agency decision-makers and the public of the potentially significant environmental effects of a project, identify possible ways to avoid or substantially lessen the significant effects, and describe reasonable alternatives to the project. The purpose of this Draft EIR is to provide the City, responsible and trustee agencies, other public agencies, and the public with detailed information about the environmental effects that could result from implementing the Project, examine and institute methods of mitigating any adverse environmental impacts should the Project be approved, and consider feasible alternatives to the Project, including the required No Project Alternative.

The Draft EIR identifies potential impacts as "potentially significant," "less than significant," and "no impact." For "potentially significant" impacts, the Draft EIR provides mitigation measures to reduce the

potential impact to “less than significant.” Where mitigation measures do not diminish the effect to “less than significant,” or are not feasible, the impact would be considered potentially “significant and unavoidable.”

The Draft EIR for the Facebook Campus Expansion Project analyzed the following topic areas: Aesthetics, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Greenhouse Gas Emissions, Hazardous Materials, Land Use, Noise, Population and Housing, Public Services, Transportation, Utilities and Service Systems, and Hydrology and Water Quality.

The Draft EIR prepared for the project identifies “less than significant effects” in the following categories: Land Use, Geology and Soils, Population and Housing, Public Services, and Utilities and Service Systems. The Draft EIR identifies “potentially significant” environmental effects that can be mitigated to a “less than significant level” in the following categories: Aesthetics, Air Quality, Noise, Cultural Resources, Biological Resources, Hydrology and Water Quality, and Hazards and Hazardous Materials. The Draft EIR identifies “potentially significant” environmental effects that are “significant and unavoidable” in the following categories: Transportation and Greenhouse Gas Emissions.

On June 20, 2016, the Planning Commission will conduct a public hearing to receive comments on the Draft EIR. The Draft EIR is required by the California Environmental Quality Act (CEQA) and is available for review at the City Administration building (701 Laurel Street), the main Library (800 Alma Street), the Belle Haven Branch Library (413 Ivy Drive), and online at the following location:

<http://menlopark.org/1012/Environmental-Impact-Report>

Comments on the Draft EIR are due by 5:30 p.m. on Monday, July 11, 2016. Comments on the environmental review will be responded to in the Final EIR.

### ***Draft FIA***

The City’s independent economic consultant, BAE Urban Economics, has prepared a Draft FIA, assessing the fiscal impact of the project on the City and special districts, such as the Menlo Park Fire Protection District. The Draft FIA projects the potential net increase in revenues and expenditures, and resulting net fiscal impact directly associated with development of the proposed project. The Draft FIA explores the net fiscal impact of the project on the following:

- Menlo Park General Fund;
- Menlo Park Fire Protection District;
- Ravenswood Elementary School District and Sequoia Union High School District; and
- Other special districts serving the site.

The Draft FIA was released with the Draft EIR and is available for public review at City offices and on the City maintained Project web page. The Planning Commission will conduct a public hearing on the Draft EIR and a study session on the overall project at its meeting on June 20, 2016. Comments on the Draft FIA may be made at the June 20, 2016 meeting as well.

### ***Recent Activities and Upcoming Meeting Schedule***

As of this staff report, the City held a community outreach meeting at the Senior Center and the Transportation and Bicycle Commissions have received presentations on the Draft EIR and the project.

Following the Council meeting on June 21, the Environmental Quality Commission and Housing Commission will receive presentations from staff on the project and the Draft EIR. The EQC meeting is scheduled for Wednesday, June 22 and the Housing Commission is scheduled for June 29. The EQC will also review the request to remove approximately 274 heritage trees and provide a recommendation on the requested tree removals for consideration by the Planning Commission and City Council. The Housing Commission will also review the Project Sponsor's proposed Below Market Rate (BMR) housing agreement and the displacement analysis prepared for the project. Commissions may choose to provide feedback on the proposed project and/or draft a formal comment letter on the Draft EIR. Individual Commissioners may provide individual written comments to staff by July 11, 2016 at 5:30 p.m.

### ***Public Benefit Negotiation Process***

In December 2015 the City Council created the Council Subcommittee for the Facebook Campus Expansion Project Development Agreement negotiation. The subcommittee includes Mayor Richard Cline and Mayor Pro Tem Kirsten Keith. City staff, including the City Manager and City Attorney have begun meeting with the Council Subcommittee to determine the parameters for the negotiation of public benefits as part of the Development Agreement. Throughout the next few weeks, staff will be negotiating with the Project Sponsor. The Council is expected to review the draft Development Agreement term sheet at its meeting on July 19, 2016

### **Public Notice**

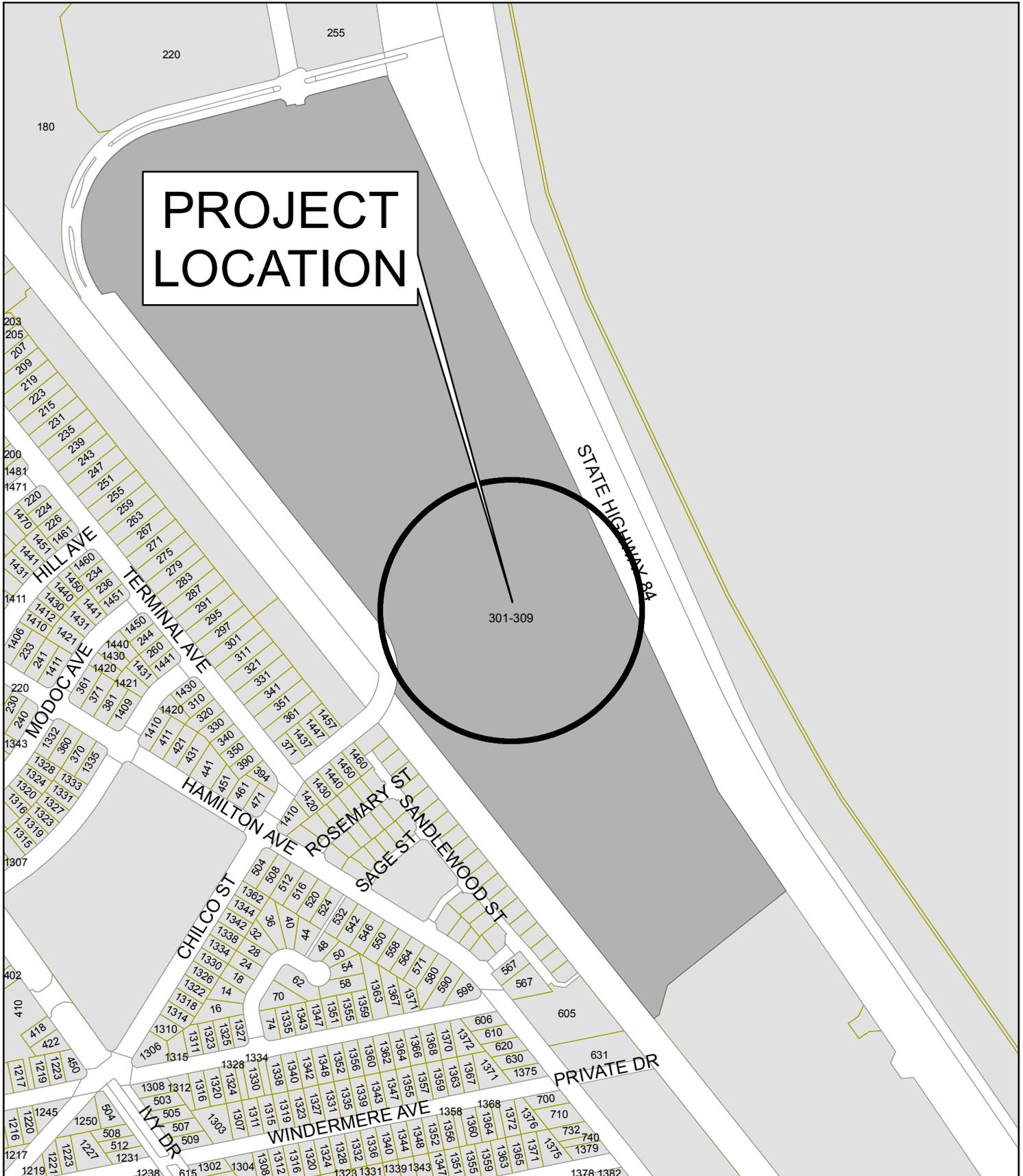
Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

### **Attachments**

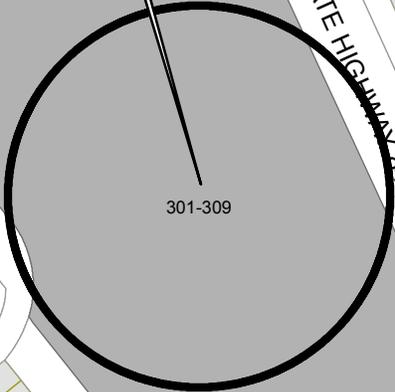
- A. Project Location Map
- B. Public Outreach and Development Agreement Negotiation Schedule

Report prepared by:  
Kyle Perata, Senior Planner

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**PROJECT  
LOCATION**



301-309



CITY OF  
MENLO PARK

# CITY OF MENLO PARK

## LOCATION MAP

### 301-309 CONSTITUTION DRIVE

DRAWN: TAS CHECKED: KTP DATE: 06/06/16 SCALE: 1" = 300' SHEET: 1



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*Preliminary DRAFT*

**Public Outreach and Development Agreement Negotiation Process  
Facebook Campus Expansion Project (301-309 Constitution Drive)**

<b>No.</b>	<b>Meeting/Milestone Description</b>	<b>Notes</b>	<b>Proposed Dates</b>
1.	<b>Milestone:</b> Application submittal	Facebook submitted preliminary application to commence environmental review	March 31, 2015
2.	<b>City Council Meeting:</b> Information item	Provide information on Draft Public Outreach and Development Agreement Negotiation Process	May 19, 2015
3.	<b>City Council Meeting:</b> Authorization for City Manager to enter into consultant contract for environmental review and fiscal impact analysis for phase two (consent calendar)	Phase one of the environmental review authorized by City Manager based on purchase cost below \$56,000 threshold	June 16, 2015
4.	<b>Milestone:</b> Release Notice of Preparation (NOP)	Begin 30-day Scoping Period	June 18, 2015
5.	<b>Planning Commission Meeting:</b> EIR scoping session and study session	During NOP comment period	July 13, 2015
6.	<b>City Council Meeting:</b> Information Item	Provide information on draft project schedule	November 10, 2015
7.	<b>City Council Meeting:</b> Appointment of a Council subcommittee	Approximately three months prior to release of Draft EIR and Draft FIA	December 15, 2015
8.	<b>City Council Meeting:</b> Adopt water supply assessment (WSA)	Approximately two months prior to release of Draft EIR and Draft FIA	January 12, 2016
9.	<b>Milestone:</b> Release Draft EIR and Draft FIA	Begin 45-day review period	May 26, 2016

**Preliminary DRAFT**

**Public Outreach and Development Agreement Negotiation Process  
Facebook Campus Expansion Project (301-309 Constitution Drive)**

No.	Meeting/Milestone Description	Notes	Proposed Dates
10.	<p><b>Public Outreach Meeting:</b> Inform the community about the proposed project and the documents available for review</p> <p><i>(Note: Meeting is open to the public and may be attended by any or all Council Members or Commissioners)</i></p>	<p>Prior to individual commissions' reviews and one week after release of DEIR. (Meeting is not intended to receive comments, but to let people know how they can submit comments)</p>	<p>June 1, 2016</p>
11.	<p><b>Combined Bicycle and Transportation Commission Meeting:</b> Overview of the project and introduction to the Draft EIR. Comments to be provided at individual Commission meetings</p> <p><i>(Note: Meeting will be televised/recorded to encourage viewing/attendance by other Commissioners)</i></p>	<p>Special combined meeting</p>	<p>June 6, 2016 (5:30 P.M. Special Start Time)</p>
12.	<p><b>Bicycle Commission Meeting:</b> Review the Draft EIR summary and the Transportation chapter</p>		<p>June 6, 2016 (7:00 P.M. Start After Combined Meeting)</p>
13.	<p><b>Transportation Commission Meeting:</b> Review the Draft EIR summary and the Transportation chapter</p>		<p>June 8, 2016</p>
14.	<p><b>Planning Commission Meeting:</b> Public hearing regarding the Draft EIR and study session item to discuss Draft FIA and the project</p>		<p>June 20, 2016</p>

**Preliminary DRAFT**

**Public Outreach and Development Agreement Negotiation Process  
Facebook Campus Expansion Project (301-309 Constitution Drive)**

No.	Meeting/Milestone Description	Notes	Proposed Dates
15.	<b>City Council Meeting:</b> Intended to learn more about the project and identify any other information needed to ultimately make a decision on the project and consider feedback from the Commissions, discuss environmental impacts and mitigations, public benefit, fiscal impacts, development program, and provide direction or parameters to guide development agreement negotiations		June 21, 2016
16.	<b>Environmental Quality Commission Meeting:</b> Review the Draft EIR summary, Greenhouse Gas Emissions chapter, and the requested heritage tree removals		June 22, 2016
17.	<b>Housing Commission Meeting:</b> Review and provide a recommendation on the Below Market Rate (BMR) Housing Agreement		June 29, 2016 (Special Meeting)
18.	<b>Milestone:</b> Prepare Final EIR, Final FIA, and negotiate draft development agreement	Timing depends on extent of comments received and development agreement negotiations	July/August 2016
19.	<b>City Council Meeting:</b> Regular item to review business terms of development agreement		July 19, 2016
20.	<b>Milestone:</b> Publish Final EIR and Final FIA	Begin public review period	August 12, 2016
21.	<b>Planning Commission Meeting:</b> Public hearing for recommendation on Final EIR, Final FIA, and requested land use entitlements and associated agreements	Approximately three to four weeks after Council review of the business terms of the Development Agreement.	August 22, 2016 (Special Meeting)

**Preliminary DRAFT**

**Public Outreach and Development Agreement Negotiation Process  
Facebook Campus Expansion Project (301-309 Constitution Drive)**

<b>No.</b>	<b>Meeting/Milestone Description</b>	<b>Notes</b>	<b>Proposed Dates</b>
22.	<b>City Council Meeting:</b> Public hearing for review of and initial action on Final EIR, Final FIA, and requested land use entitlements and agreements	Approximately three (3) weeks after Planning Commission recommendation	September 13, 2016
23.	<b>City Council Meeting:</b> Second reading of the ordinance for the Development Agreement, Rezoning, and Zoning Ordinance Amendment (consent item)	Next available Council meeting after first reading	September 27, 2016

*Note: all dates tentative and subject to revision.*

*Note: all Commissioners and members of the public may submit individual written comments to the City throughout the project review.*