

## Community Development

**STAFF REPORT****City Council**

**Meeting Date:** 10/6/2015  
**Staff Report Number:** 15-150-CC

**Regular Business:** El Camino Real/Downtown Specific Plan – Biennial Review

**Recommendation**

Staff recommends that the City Council conduct the biennial review of the El Camino Real/Downtown Specific Plan. The review includes consideration of the Maximum Allowable Development status and other informational updates, and direction regarding potential modifications to the Specific Plan. The Planning Commission has previously received public input and provided recommendations to the City Council. The City Council should provide direction to staff on whether or not to pursue changes in the following standards:

- Rear Setback
- Maximum Setbacks
- Sidewalks
- Personal Improvement Services Parking Rate
- Transportation Demand Management Programs
- Electric Vehicle Recharging Stations
- Hotel Parking Rate
- Additional Parking Reductions for Mixed-Use Projects in the Station Area Sphere of Influence
- Proposed Changes by Pollock Financial Group:
  - Gross Floor Area Calculation
  - Major Vertical Façade Modulation

**Policy Issues**

The multi-year El Camino Real/Downtown Vision Plan and Specific Plan processes resulted in extensive policy clarifications and changes related to land use and transportation issues, as described in detail in the El Camino Real/Downtown Specific Plan itself. In particular, the adopted Specific Plan is intended to embody the following Guiding Principles:

- Enhance Public Space
- Generate Vibrancy
- Sustain Menlo Park's Village Character
- Enhance Connectivity
- Promote Healthy Living and Sustainability

As discussed in more detail later, the Specific Plan's Ongoing Review requirement was established to ensure that it is functioning as intended, as well as to consider the policy-related implications of various Plan aspects. The staff-recommended modifications described in this report are intended to support and enhance the adopted Guiding Principles, and the Planning Commission and City Council may consider additional modifications and overall policy issues as part of this review.

The City Council will separately be considering the General Plan update (also known as ConnectMenlo) at the October 6 session and at other upcoming meetings. Staff has considered the recommended Specific Plan changes with regard to the draft General Plan Goals, Policies and Programs, and believes them to be consistent.

## **Background**

### Vision Plan and Specific Plan Development

Between 2007 and 2012, the City conducted an extensive long-range planning project for the El Camino Real corridor and the Downtown area. The commencement of this project represented a reaction to a number of high-visibility vacant parcels and several requests for development-specific General Plan and Zoning Ordinance Amendments, and the resulting desire for an approach that would instead be comprehensive, long-term, and community-focused. The planning process acknowledged from the beginning that Menlo Park is a community with diverse and deeply-held opinions regarding development, but noted that a deliberate and transparent process would provide the best option for a positive outcome.

The project started with a visioning project (Phase I: 2007-2008) to identify the core values and goals of the community and to define the structure of the second phase of planning. The culmination of the first phase of work was the City Council's unanimous acceptance of the Vision Plan in July 2008. The Vision Plan established 12 overarching goals for the project area, which served as the foundation for the subsequent Specific Plan. The Specific Plan process (Phase II: 2009-2012) was an approximately \$1.69 million planning process informed by review of an Environmental Impact Report (EIR) and Fiscal Impact Analysis (FIA). A key Specific Plan goal was the establishment of a comprehensive, action-oriented set of rules, which would establish much greater clarity and specificity with regard to development, both with respect to rights as well as requirements.

Both the Vision Plan and Specific Plan processes benefited from extensive community involvement, with excellent attendance at workshops and related events, as well as regular public review by a diverse Oversight and Outreach Committee. In total, the Vision Plan and/or Specific Plan were an agendaized topic of discussion at over 90 public meetings over five years, including at least 28 City Council sessions and 18 Planning Commission sessions. The planning projects were promoted by numerous citywide newsletters/postcards, in addition to promotions at the downtown block parties, updates to Chamber of Commerce, newspaper coverage, and regular email alerts. Each phase of the project was guided by a consulting firm with technical expertise in the required tasks.

In June 2012, the City Council unanimously approved the Plan and related actions, following a unanimous recommendation for approval from the Planning Commission. The 356-page Specific Plan, filled with extensive new standards, guidelines, and illustrations, primarily replaced two zoning districts that together constituted slightly more than two pages of text in the Zoning Ordinance (which itself was last comprehensively revised in 1967). Full information on the Vision and Specific Plan projects (including staff reports, meeting video, environmental and fiscal review documents, analysis memos, and workshop presentations and summaries) is available on the City's web site at: [menlopark.org/specificplan](http://menlopark.org/specificplan).

### Initial Review (2013)

The initial implementation of the ongoing review requirement occurred in 2013, one year after the Specific Plan's adoption, at which point the Planning Commission and City Council received public input, discussed a wide range of options, and directed that staff prepare formal amendments for the following topics:

1. Revise text to clarify that implementation of the “Burgess Park Linkage/Open Space Plaza” public space improvement is not dependent on the High Speed Rail project;
2. Eliminate “Platinum LEED (Leadership in Energy & Environmental Design) Certified Buildings” as a suggested Public Benefit Bonus element; and
3. For new medical/dental office uses on El Camino Real, establish an absolute maximum of 33,333 square feet per development project.

Following that direction in late 2013, the Planning Division had a number of staffing changes that delayed work on the Specific Plan amendments, but the formal revisions were presented and approved in October 2014, and are currently in effect.

#### Biennial Review (2015)

The current review commenced with the Planning Commission conducting a regular business session on the topic on August 3, 2015. The approved meeting minutes are included as Attachment A. Correspondence submitted in advance of the meeting are included as Attachment B. The Planning Commission’s recommendations are discussed throughout the Analysis section.

### **Analysis**

#### Ongoing Review Requirement

The approved Specific Plan requires the following as part of Chapter G (“Implementation”):

##### *Ongoing Review of Specific Plan*

*The Specific Plan constitutes a significant and complex revision of the existing regulations, and there may be aspects of the plan that do not function precisely as intended when applied to actual future development proposals and public improvement projects. In order to address such issues comprehensively, as well as to consider the policy-related implications of various Plan aspects, the Specific Plan recommends that the City conduct an initial review of the Specific Plan one year after adoption. In addition, the Specific Plan recommends that the City conduct an ongoing review every two years after the initial review. Such reviews should be conducted with both the Planning Commission and City Council, and should incorporate public input. Any modifications that result from this review should be formally presented for Planning Commission review and City Council action. Minor technical modifications would generally be anticipated to be covered by the current Program EIR analysis, while substantive changes not covered by the Program EIR would require additional review.*

As described by the Specific Plan, the ongoing review is neither explicitly focused nor limited in scope. However, the term “review” itself provides some guidance, in contrast to more active terms like “reconsider” or “reopen.” In addition, the reference to whether the Specific Plan is functioning as intended implies that aspects that were clearly discussed (and in many cases, modified from initial drafts) during earlier reviews should not necessarily be revisited in perpetuity.

#### Maximum Allowable Development and Recent/Current Development Proposals

The Specific Plan establishes a maximum allowable net new development cap, which is intended to reflect likely development over the Specific Plan’s intended 20- to 30-year timeframe. Development in excess of these thresholds requires amending the Specific Plan and conducting additional environmental review. Specifically, the approved Specific Plan states the following as part of Chapter G (“Implementation”):

##### *Maximum Allowable Development*

*The Specific Plan establishes the maximum allowable net new development as follows:*

- *Residential uses: 680 units; and*
- *Non-residential uses, including retail, office and hotel: 474,000 Square Feet.*

*The Specific Plan divides the maximum allowable development between residential and non-residential uses as shown, recognizing the particular impacts from residential development (e.g., on schools and parks) while otherwise allowing market forces to determine the final combination of development types over time.*

*The Planning Division shall at all times maintain a publicly available record of:*

- *The total amount of allowable residential units and non-residential square footage under the Specific Plan, as provided above;*
- *The total number of residential units and non-residential square footage for which entitlements and building permits have been granted;*
- *The total number of residential units and non-residential square footage removed due to building demolition; and*
- *The total allowable number of residential units and non-residential square footage remaining available.*

*The Planning Division shall provide the Planning Commission and City Council with yearly informational updates of this record. After the granting of entitlements or building permits for 80 percent or more of either the maximum residential units or maximum non-residential square footage, the Community Development Director will report to the City Council. The Council would then consider whether it wished to consider amending the Plan and completing the required environmental review, or the Council could choose to make no changes in the Plan. Any development proposal that would result in either more residences or more commercial development than permitted by the Specific Plan would be required to apply for an amendment to the Specific Plan and complete the necessary environmental review.*

The biennial review provides an opportunity for an informational update regarding these development thresholds. The project summary table included as Attachment C represents a summary of applications with square footage implications that have been submitted since the Specific Plan became effective. This table does not include applications that only affect the exterior aesthetics of an existing structure. For example, an architectural refresh of the exterior of the building at 1090 El Camino Real (former BBC) was approved in February 2014 as part of a new restaurant use, where existing square footage was reallocated between floors but no net new square footage was proposed. In addition, the table does not include proposals that have not yet submitted a complete project application. For example, two new mixed-use concepts at 706 Santa Cruz Avenue (Union Bank/Juban/Manny's Children's Shoes) and 115 El Camino Real (Stanford Inn) are currently being contemplated, and the respective owners have submitted fee deposits to enable pre-application inquiries and meetings with staff. However, full project plans and other required application elements have not yet been submitted for those potential projects. As was the case at the initial review in 2013, the Specific Plan area still has not yet benefitted from significant redevelopment. The 612 College Avenue project is the only completely new project to receive both discretionary entitlements and building permits, and it is limited in scale at four dwelling units. Since the 2013 review, seven new projects have been submitted, all of which include comprehensive site redevelopment. Of these seven, four are proposed at the Base density level and three are proposed at the Public Benefit Bonus level. For the three projects proposed at the Public Benefit Bonus level, Planning Commission study sessions have thus far been held for 650 Live Oak Avenue and 1020 Alma Street. (The Public Benefit Bonus topic is also discussed in a following section.)

### Process Improvements

As individual projects have been reviewed, staff identified a need to assist applicants with the significantly more detailed requirements of the Specific Plan, including associated CEQA (California Environmental Quality Act) mitigations. In response, staff has created a Development Guide section of the Specific Plan project page: [menlopark.org/956/Development-Guide](http://menlopark.org/956/Development-Guide)

This page describes application submittal requirements, including the Standards/Guidelines Compliance Worksheet that is necessary to confirm adherence to the Plan's detailed design requirements, and identifies typical fees and other unique requirements of development in this area. Staff has also instituted a requirement for a staff-level pre-application design meeting, to ensure that applicants understand key requirements (e.g., the Major Vertical Façade Modulation standard), prior to locking in other aspects of the proposal. Staff has received positive feedback so far from applicants on the Development Guide and the pre-application design meeting.

### Green Building Certification Update

Specific Plan Standard E.3.8.03 requires that all residential and/or mixed use developments of sufficient size, and major alterations of existing buildings be certified at the LEED Silver level or higher. In accordance with the Specific Plan, verification of attainment of LEED Silver level or higher may be achieved through LEED certification through the United States Green Building Council (USGBC) or through a City-approved outside auditor. Currently, projects are required to obtain certification through the USGBC as the City does not have an outside auditor program in place.

As part of the ongoing effort to identify ways to streamline the review process, staff from the Planning and Environmental Programs Divisions explored the possibility of setting up a City-approved outside auditor program, with the intent that the auditor program could result in potential cost and time savings as compared to review and certification through the USGBC. In the course of gathering information, it became apparent that the outside auditor program could incur similar costs and require similar review timelines as the USGBC certification process. Furthermore, the outside auditor program would likely require additional staff resources to oversee its implementation. As there does not appear to be any cost or time savings through setting up an outside auditor program, staff has determined that it would not be advantageous to pursue this option at this time.

### Public Space Projects and Events

Although the focus of this report is on private development projects and associated regulations, the Biennial Review also provides an opportunity to discuss public space improvements in the Specific Plan area. Since the adoption of the Specific Plan, the City Council has considered such projects on an ongoing basis through the yearly Capital Improvement Plan (CIP) process, including the following:

- Chestnut Street Paseo: The City recently conducted a six-week trial of this downtown park, following on earlier one-off events (e.g., 2014 State of the City). The pilot implementation included programmed events like the Menlo Movie Series, which was well attended. Staff will be gathering feedback to inform whether/how to implement such an improvement on a more permanent basis.
- Santa Cruz Street Café Pilot Program: Staff is in the process of implementing a program for businesses to utilize parking in front of their business for seating or other amenities in partnership with the City. A consultant has developed a prototype base design that can be easily adapted to the parallel and angled parking configurations present downtown, and staff is evaluating applications by businesses to take part in this program.
- El Camino Real Corridor Study: This project is considering potential transportation and safety improvements to El Camino Real. In response to recent City Council direction, the Transportation

Division is preparing a proposal for a one-year trial of a bike facility, to be considered by the Council in the coming months.

In addition, the City has supported a number of special events in the Specific Plan area, with the goal of increasing activity and vibrancy. For example, existing events like the Downtown Block Party and Connoisseurs' Marketplace have been joined by the new Off the Grid food truck market and Family Fitness Extravaganza.

### Public Benefit Bonus Review

The Specific Plan established two tiers of development: 1) Base: Intended to inherently address key community goals, and 2) Public Benefit Bonus: Absolute maximums subject to provision of negotiated public benefit. The Public Benefit Bonus process, including background on how the structured negotiation process was selected relative to other procedural options, is described on Specific Plan pages E16-E17. In general, the Plan was developed under the assumption that most development proposals would be at the Base level, with requirements set up to achieve intrinsic benefits and greater certainty for both the community and applicants. However, the Specific Plan allowed for a limited set of uniquely-positive proposals to be considered under the structured Public Benefit Bonus process.

A small Public Benefit Bonus was granted for one Specific Plan proposal, a unique hotel conversion project at 555 Glenwood Avenue, but otherwise this discretionary review process has not yet been fully conducted for any project. On May 18, 2015, the Planning Commission held study sessions on proposals at 650-660 Live Oak Avenue and 1020 Alma Street, which provided an opportunity to review the applicants' respective proposals and consider an independent financial analysis performed by a consultant overseen by staff.

For the August 3 Planning Commission meeting, Commissioners Kadvany and Onken submitted a presentation regarding a potential change to how Public Benefit Bonus projects could be valued, which is included as Attachment C. Commissioner Kadvany discussed the concepts in more detail at that meeting. The proposal would not require modifications to the Specific Plan itself, but rather could be a change to how the existing case-by-case Public Benefit Bonus review is implemented. Specifically, the existing 'pro forma' comparison could be supplemented by an additional analysis of the cost of the extra land that would conceptually be needed to achieve the higher Floor Area Ratio (FAR) of the Public Benefit Bonus level development. The Planning Commission as a group did not recommend that such analyses be included with future Public Benefit Bonus proposals, although individual Commissioners could bring such estimates forward for discussion/consideration.

During the August 3 meeting, the Planning Commission in general expressed discomfort/uncertainty with the Public Benefit Bonus process, with some individual Commissioners requesting that the City Council provide more clarity on the topic. As noted earlier, the Specific Plan's Public Benefit Bonus process was established to be a relatively unique occurrence, with most development proposed at the Base level (where it creates intrinsic benefits). For the Specific Plan, greater clarity on the Public Benefit Bonus topic could encourage a greater amount of proposals at the higher level, which could result in the Maximum Allowable Development cap(s) being reached more quickly than anticipated. Staff believes that some of the Planning Commission's lack of comfort with this topic so far may be more the result of underwhelming benefit proposals from applicants, rather than a fundamental issue with the process itself. Regardless, the City Council should note that other public benefit programs (such as for the in-progress General Plan update) can be set up in alternate ways, which may allow greater specificity/certainty.

### Options for Specific Plan Modifications

The City Council may consider a range of options, from making limited/no changes to the Specific Plan, to

embarking on a completely new multi-year community planning project. As the Council considers potential changes to the Specific Plan, staff recommends keeping in mind:

- What is the basis for the proposed change? In particular, based on the projects that have been approved and/or proposed since the Specific Plan was adopted, why is the change warranted?
- How would the change support the overall project objectives (Vision Plan Goals + Specific Plan Guiding Principles)? A modification may appear to enhance one goal/principle when viewed in isolation, but not when considered in relation to all objectives.
- Within the Specific Plan itself, would the change have any ripple effects for other aspects of the Plan? Many elements are interrelated, and what appears to be a small positive change in one area could have negative consequences for another part of the Specific Plan.
- Was the change previously considered during the Specific Plan development process? If so, is there substantive new information justifying the change?
- Could the change affect the Housing Element, the in-progress General Plan update, or other City plans/projects?

### Recommended Modifications

As noted in the Specific Plan's "Ongoing Review" section, the Plan is a significant and complex revision of the regulations that previously applied, and there may be unanticipated consequences in how different requirements interact with each other or different development sites. As actual project proposals have been considered, staff has noted several topics that may warrant formal modification. The following list summarizes the issue and relevant case(s) and identifies the general direction of the recommended change. However, staff is not necessarily specifying detailed revisions at this stage, in order to allow for a range of solutions to be considered.

The following staff recommendations were supported by the Planning Commission. As a result of this consensus, staff has not modified the recommendations substantially since the August 3 meeting.

1. Rear Setback: Specific Plan Figure E7 clearly relays setback requirements for front and corner side setbacks. However, in districts where a rear setback applies (for example, the ECR SW and ECR NE-R districts, which adjoin lower-density residential districts and which have such setbacks to provide an appropriate transition), a parcel's orientation may make it unclear where the rear setback applies. For example, an initial concept for the 612 College Avenue proposal made an incorrect assumption as to the location of the rear of the property, as the parcel's primary usable front is located perpendicular to the Specific Plan area boundary. That proposal was corrected, but new text and a basic summary graphic could help relay that the rear setback applies to the boundary between a Specific Plan parcel and an adjacent residential area. This concept was identified during the 2013 initial review as something that could potentially be addressed in a clarification/interpretation memo, but staff now believes that it would be best incorporated into the Specific Plan itself.
2. Maximum Setbacks: The Zoning Ordinance has long had minimum setback requirements, but the Specific Plan also introduced new standards for maximum front and interior side setbacks, which are intended to ensure a consistent building form in this area. Staff believes the maximum front and side setbacks are working as intended with regard to urban design, but has identified an issue with how the maximum front and side setbacks interact with other portions of the Zoning Ordinance to create unintended consequences. Specifically, during review of the 1020 Alma Street project (still under consideration), the applicant and staff determined that the maximum side setback standard (25 feet) would require the removal of a heritage tree on one side of the property, which was not the preference of the applicant or staff. In concept, this initially seemed like an opportunity to consider a variance due to the unique hardship of the heritage tree location. However, variances are limited to no more than 50

percent of the standard in question, which for this project means that a 37.5-foot setback is the maximum that could be requested, which is still not sufficient to preserve this tree. For the 1020 Alma Street proposal specifically, staff has identified a potential workaround for a tree protection easement, which would permit the building setback to be measured from the easement edge, but this is not necessarily an ideal solution for all projects. At the August 3<sup>rd</sup> Planning Commission meeting, staff had only contemplated potential conflicts with the side setback standard, however, since that meeting, the 1704 El Camino Real project (Red Cottage Inn) has brought to light the potential for conflicts with the front setback standard as well. Early designs for the redevelopment of 1704 El Camino Real (currently being contemplated) has shown that the front setback standard would potentially impede the site's ability to comply with emergency access requirements and the preservation of existing heritage trees due to the site's unique configuration. As a result, staff is recommending that the Specific Plan (and/or the Zoning Ordinance) be amended to specify that the 50 percent limit no longer apply to the maximum front and side setback requirements. If approved, such a change would potentially enable other projects to preserve heritage trees or address other unique site conditions, subject to case-by-case variance review.

3. Sidewalks: The Specific Plan currently requires 11- to 15-foot wide sidewalks along most public right-of-ways, where 15 feet is typically required east of El Camino Real and 11 to 12 feet is typically required west of El Camino Real. The Specific Plan is silent on the sidewalk requirements on some side streets, such as Glenwood Avenue within the ECR NE (El Camino Real North-East) and ECR NE-R (El Camino Real North-East – Residential Emphasis) districts, as well as a few others within the Specific Plan area. These appear to be accidental omissions. The proposed hotel project at 1400 El Camino Real (still under consideration), located at the corner of El Camino Real and Glenwood Avenue, is directly affected by the lack of clear sidewalk standards along Glenwood Avenue. For this project, staff has been working with the applicant to determine the appropriate sidewalk width in consideration of a unique addition of a right turn pocket that would be required along the site's Glenwood Avenue frontage. However, in order to provide clarity on the sidewalk requirements for future projects along the omitted streets, staff recommends amending the development standards in the affected Specific Plan zoning districts to include sidewalk standards for all streets that currently do not have such standards. Existing sidewalk standards would remain unchanged. Staff anticipates that the recommended sidewalk widths would fall within the current range of 11 to 15 feet.
4. Personal Improvement Services Parking Rate: Specific Plan Table F2 establishes the parking rates for residential and commercial uses most frequently occurring within the Specific Plan area. One use for which staff has received regular inquiries is personal improvement services, which is defined as follows:

*Provision of instructional services or related facilities, including photography, fine arts, crafts, dance, or music studios; driving schools; and diet centers, reducing salons, spas, and single-purpose fitness studios, such as yoga studios or aerobics studios. This classification is intended for more small-scale storefront locations and is distinguishable from small-scale commercial recreation uses that tend to occupy larger sites and generate more noise.*

Personal improvement services are permitted in all Specific Plan land use designations, subject to restrictions in most designations, including limitations on the size of individual establishments (i.e., no more than 5,000 square feet in the El Camino Real Mixed Use/Residential, Downtown/Station Area Retail/Mixed Use, and Downtown Adjacent Office/Residential land use designations) or location (i.e., allowed only on the upper floors within the Downtown/Station Area Main Street Overlay). Overall, personal improvement services offer community-serving amenities, and many establishments have the ability to exert some control over its parking demand through appointment-based and/or regularly

scheduled services. As there is no established parking rate for personal improvement service uses, any such use proposing to occupy a tenant space that previously had a non-personal-improvement (which is most often the case) currently triggers the need for a parking analysis to evaluate parking demand and any potential parking impacts. Such parking analyses are reviewed by Transportation Division staff on a case-by-case basis. Case-by-case review is time-consuming for staff and results in uncertainty for potential applicants. Staff recommends the establishment of a parking rate for personal improvement services to streamline review of these uses.

5. Transportation Demand Management Programs: The Specific Plan EIR Mitigation Measure TR-2 requires new developments to have a City-approved Transportation Demand Management (TDM) program in place prior to project occupancy in order to mitigate traffic impacts on roadway segments and intersections. In implementing this requirement, the Transportation Division applies a methodology outlined in the City's TDM Guidelines, which is consistent with those adopted by the San Mateo City/County Association of Governments (C/CAG), the Congestion Management Agency for San Mateo County. The Guidelines provide a framework in which to determine if a combination of acceptable options/measures will result in sufficient trip "credits" to reduce the net number of new trips on the City's circulation network anticipated to be generated by the proposed project. While the TDM Guidelines have been adopted by the City Council, the City's TDM program objective/criteria of attaining sufficient trip credits to account for all net new trips is not currently formally documented under Mitigation Measure TR-2. In order to provide clarification on the implementation of Mitigation Measure TR-2, staff recommends formalizing the City's TDM program criteria as part of this mitigation measure.
6. Electric Vehicle Recharging Stations: As part of Specific Plan Standard E.3.8.03, all residential and/or mixed use developments of sufficient size are required to install dedicated electric vehicle/plug-in hybrid electric vehicle recharging stations. This requirement currently does not extend to any commercial-only developments, such as the proposed 1020 Alma Street office project. Installation of electric vehicle recharging stations encourages the use of low/zero emissions, fuel-efficient vehicles through improving the vehicle recharging infrastructure network, and is one of the strategies identified in the Climate Action Plan to help reduce greenhouse gas emissions. Staff recommends the modification of Standard E.3.8.03 to extend the requirement for installation of electric vehicle recharging stations to include commercial-only developments. As part of this suggestion, staff will review other standard requirements (e.g. CALGreen) to make sure that any new Specific Plan standards would not be inconsistent/duplicative.

The following staff recommendations were not supported by a majority of the Planning Commission. Staff has added some additional context/discussion for the City Council's consideration.

7. Hotel Parking Rate: Specific Plan Table F2 establishes a single parking rate for hotels of 1.25 spaces per room. This parking rate is based on hotels with supporting facilities that are publicly accessible, such as conference rooms, restaurants, bars, and independent health club facilities. During review of the 555 Glenwood Avenue (Marriott Residence Inn) and 727 El Camino Real (Mermaid Inn), both of which are approved, staff determined that these hotel uses are materially distinct from the Specific Plan's listed hotel rate due to limited provision of publicly-accessible support facilities. Similarly, the boutique hotel project at 1400 El Camino Real, which is currently under review, also proposes partially limited support facilities. For all three hotel projects, the Transportation Manager has indicated that it would be appropriate to apply a lower parking rate for limited-service hotel uses. The continued application of a reduced parking rate appropriate for similar limited-service hotel use does not require any change to the Specific Plan (the Transportation Manager is allowed to approve a rate for a use type not listed in Table F2), but a more formal clarification would benefit potential applicants proposing

similar hotel types. The recently adopted Economic Development Plan includes recommendations to encourage hotel development in order to grow and diversify the City's revenue source. Staff recommended to the Planning Commission that lower parking rates for limited-service hotel uses be formalized to better reflect actual parking needs, as well as to encourage hotel development. Reducing the parking requirement for limited-service hotel developments would incentivize this use by reducing overall costs associated with development.

At the August 3 meeting, the Planning Commission expressed concern about a strict change to the hotel rate, in particular as it might relate to a hotel developer receiving a lower parking rate for limited amenities/events, but then later adding such features/activities to the facility. However, the Planning Commission stated that the existing case-by-case review of alternate hotel parking rates is still acceptable. In response, instead of new limited-service hotel parking rate, staff is now recommending that the hotel parking requirement be expressed as a range (likely between 0.8 and 1.25 spaces per room), with a note that the determination would be made as part of the overall project approval. Staff believes this would address the Planning Commission's concern, while also signaling to hotel developers that the current 1.25 spaces per room standard isn't the only option.

8. Additional Parking Reductions for Mixed-Use Projects in the Station Area Sphere of Influence: As noted above, the Specific Plan specifies parking rates for different uses via Table F2. In addition, the Specific Plan allows for Shared Parking Reductions throughout the Plan area, subject a published Urban Land Institute (ULI) methodology. Such reductions are typically applied to projects with uses that have peak demand at different times. For example, office uses have highest use during weekdays, so they can align well with residential uses, which require more use at night and on weekends. No project has yet been approved with a Shared Parking Reduction, although the 1300 El Camino Real proposal may include such an element. Staff believes the Shared Parking Reduction allowance is worth retaining, but identified potential room for improvement during initial review of the 1020 Alma Street project. Specifically, that project is currently proposed as a primarily office proposal with a small food service kiosk. During the project's study session, individual Planning Commissioners inquired about the potential for a more robust retail component, since the project has excess Floor Area Ratio (FAR) that conceptually could be used for that purpose. The applicant responded that they are limited by the site constraints and parking requirements, and that the Shared Parking Reduction wouldn't allow for a significant improvement, since retail and office have similar peak demand times. As a result, staff recommended to the Planning Commission that additional flexibility be allowed for parking ratios to be reduced for mixed-use projects in the "Station Area Sphere of Influence" (see Specific Plan Figure F5, page F21). This would enable case-by-case review of parking demand in the Plan area best served by transit, and could help incentivize retail/restaurant/personal service uses. The reductions would not be allowed for single-use proposals, so office-only projects would not necessarily be encouraged. Such a revision could help support a recommendation of the Economic Development Plan to relax on-site parking requirements for new development in areas well-served by transit, in order to activate downtown.

At the August 3 meeting, a Planning Commission "straw poll" regarding this recommendation failed on a 3-4 vote (Commissioners Combs, Ferrick, and Goodhue in support; Commissioners Kadvany, Kahle, Onken, and Strehl in opposition). Staff still considers the recommendation a potentially positive way to encourage mixed-use projects in the areas closest to the Caltrain station.

Staff believes that all of the recommended changes, because they support existing core principles of the Plan and require limited graphical changes, could be accomplished through a "modest modification" of the Specific Plan. The Specific Plan was adopted by resolution of the City Council, following review/recommendation by the Planning Commission. Specific Plan amendments can be conducted

following the same general procedure. City Council Resolutions require a majority action of the Council Members present and eligible to vote.

These types of changes would require some level of CEQA consideration, but based on the experience with the amendments conducted in 2014, staff believes they could take the form of a Negative Declaration, which has limited noticing and circulation requirements relative to an EIR. CEQA options are also discussed in a following section.

Staff believes that modest modifications could potentially occur within an approximately five- to seven-month timeframe, following City Council recommendation on the overall direction. This process would include:

- Refinement of the Commission/Council's direction (wording, etc.)
- Draft revisions of the Specific Plan document
- Environmental Review
- Planning Commission meeting (with public notice)
- City Council meeting (with public notice)
- Final revisions of the Specific Plan document, including web posting and printing

During this time, development proposals would remain under consideration, with the existing Specific Plan in effect.

Potential Specific Plan changes that would affect multiple graphics and/or revisit core principles of the Plan, such as changes to FAR standards, would require a more extensive process, and would be considered a "major modification". Such major Plan revisions would likely require specialized services for graphics and potentially additional environmental review. Such a process could also include an iterative, public process that allows for more careful and comprehensive consideration of options, which would appear appropriate given that the Specific Plan itself was developed through a community-oriented, transparent process. In general, staff believes that major modifications to the Specific Plan could take upwards of 12 months to complete, and would likely affect other plans/projects, with regard to staff and Commission/Council resources.

#### Correspondence

In addition to the correspondence received in advance of the earlier Planning Commission meeting (Attachment B), staff has received one additional piece of correspondence from Pollock Financial Group (Attachment D), the applicant for the proposed hotel development at 1400 El Camino Real, with a request for additional modifications to the Specific Plan. Staff has only had limited time to consider the requests in the letter and provide general comment on the proposal. The specific proposals are summarized below.

1. Modify the gross floor area calculation for small hotels to allow "back-of-house" supporting uses located in basement areas to be excluded from the allowable gross floor area calculation. According to Pollock Financial Group's letter, "back-of-house" uses are described as areas "not accessible to hotel guests including storage areas, mechanical equipment enclosures, employee lockers, employee break rooms, employee restrooms, maintenance and repair shops, janitors' closets, and laundry facilities."
2. Modify the major vertical façade modulation requirement with respect to when this requirement is triggered, and to provide flexibility on how this requirement could be met on smaller sites. Pollock Financial Group proposes several potential revisions geared towards hardships for development on smaller sites, including the following:
  - Requiring the modulation to be extended through a portion of the façade, rather than through the full height of the building;

- Increasing the allowable maximum side yard setback in order to reduce overall building façade lengths, thus avoiding triggering the modulation requirement;
- Allowing a change in building materials for a 20-foot width instead of requiring the façade to be recessed; and,
- Allowing facades exceeding 100 feet in length to comply with either the major or minor modulation requirement, but not both.

With regards to modifying the gross floor area calculation, in accordance with the Zoning Ordinance's definition for "gross floor area" (GFA), back-of-house areas currently contribute towards the allowable GFA for the site, with the exception of mechanical equipment enclosures which may be eligible for exclusion. The current definition was developed through an extensive public process, culminating in a definition which reflected the community's desire to clearly identify areas that need to be counted. The maximum allowable development limit established under the Specific Plan was based on the current GFA definition. Modifications to the current definition as requested could potentially result in more areas devoted to back-of-house spaces that could in turn support more guest rooms and/or "front of house" operations, resulting in a higher intensity of use. In essence, any modifications to the GFA definition could require a re-evaluation of the basis upon which the Specific Plan build-out was analyzed. Furthermore, the GFA definition is currently applied citywide and is not unique to the Specific Plan area.

If revised, it could potentially have ripple effects for development throughout the city. Although a revised GFA definition could be limited to the Specific Plan area and could potentially limit impacts, this would result in different definitions throughout the City. In recent years the City has been working to create more consistency in ordinance definitions and regulations to facilitate their use by the development community. Staff believes that the proposed definition change could constitute a major revision that could likely require additional analysis, public input, and environmental review.

With regards to modifying the major vertical façade modulation requirement, this requirement is intended to provide vertical modulation that would break up "long stretches of continuous or monotonous street frontage and to provide visual interest." Specific Plan Standard E.3.4.2.02 requires a major vertical façade modulation for every building façade length of 100 feet facing public rights-of-way, where the modulation shall have a recess from the primary building façade of a minimum of 6 feet deep by 20 feet wide. The modulation is required to extend through the full height of the building, coupled with a 4-foot height modulation and changes in fenestration pattern, building material, and/or color. Contrary to the argument that smaller sites should receive some relief from the requirement, staff believes that creating a vertical break in the façade takes on greater relevance when it comes to providing visual relief for taller buildings on small sites. To date, other approved and pending developments on similarly small sites within the Specific Plan area have been able to successfully comply with the modulation requirements. In reviewing the project plans for the 1400 El Camino Real project, staff believes that a minor revision to the proposed hotel design could effectively bring the project into compliance with the modulation requirement. Since the design standards of the Specific Plan are intricately linked to one another, staff believes that changes to any one of those standards could constitute a major modification that could trigger the need for re-evaluation of design standards, text and graphics changes in the document, and potential environmental review.

Staff believes that individually and cumulatively, the changes requested by Pollock Financial Group could constitute major revisions that could require staff resources and time to process, as well as consultant services related to graphics changes in the Specific Plan and possible environmental review. As staff continues to work with the applicant to process the proposed 1400 El Camino Real project expeditiously, it is anticipated that the timing of the proposed Specific Plan revisions would not likely be completed in time to benefit the hotel development.

### Conclusion

Staff believes the proposed Specific Plan changes as recommended by staff would provide clarification on how specific aspects would be implemented, and would constitute modest modifications to the Specific Plan. The proposed modifications are based on experiences with actual project proposals. The proposed changes requested by Pollock Financial Group could require re-evaluation of fundamental assumptions and standards as established through the Specific Plan process. Staff recommends that the City Council provide direction on the proposed changes. The City Council may also consider whether to recommend additional modifications to the Specific Plan and/or its implementation procedures.

### **Impact on City Resources**

As part of the Specific Plan adoption, an El Camino Real/Downtown Specific Plan Preparation Fee was approved. This fee is charged to projects adding square footage, to recover the costs associated with the preparation of the Specific Plan.

Staff believes the work required for the Specific Plan modifications recommended by staff could likely be absorbed within the Community Development Department budget, although it would affect somewhat the Planning Division's ability to address other projects and plans. This determination assumes that the Planning Division is able to successfully recruit and hire for a number of approved positions that are currently vacant. These modifications would require some consultant services to format the changes into the graphically-unique Specific Plan, but these are likely to be absorbed into existing consultant services budgets.

The work required for more significant modifications to the Specific Plan, such as those requested by Pollock Financial Group, could require consideration of a new budget appropriation for more significant technical consultant services, as well as more formal direction from the Council on how the revisions relate to other priorities of the Planning Division.

### **Environmental Review**

#### Specific Plan Program EIR

The Specific Plan process included detailed review of projected environmental impacts through a program Environmental Impact Report (EIR), as required by the California Environmental Quality Act (CEQA). In compliance with CEQA requirements, the Draft EIR was released in April 2011, with a public comment period that closed in June 2011. The Final EIR, incorporating responses to Draft EIR comments, as well as text changes to parts of the Draft EIR itself, was released in April 2012, and certified along with the final Plan approvals in June 2012.

#### Project-Level Review under the Specific Plan

As specified in the Specific Plan EIR and the CEQA Guidelines, program EIRs provide the initial framework for review of discrete projects. Aside from smaller projects that are categorically exempt from CEQA and require no further analysis (for example, the four-unit 612 College Avenue proposal), most new proposals are required to be analyzed with regard to whether they would have impacts not examined in the program EIR. This typically takes the form of a checklist that analyzes the project in relation to each environmental category in appropriate detail. Depending on the results of such analysis, the City could determine that the program EIR adequately considered the project, or the City could determine that additional environmental review is required. For example, the 1300 El Camino Real project is conducting a project-level EIR for certain topics that were not fully analyzed in the program EIR.

Regardless of the CEQA review process, all projects must incorporate feasible mitigation measures included in the Specific Plan EIR's Mitigation Monitoring Program. Examples of such mitigations include:

- Payment of fees for transportation improvements;
- Incorporation of Transportation Demand Management (TDM) programs;
- Surveys and avoidance programs for special-status animal species; and
- Training programs and protection measures for archaeological resources.

#### CEQA Requirements for Potential Changes to the Specific Plan

As noted earlier, potential changes to the Specific Plan would require consideration under CEQA, although this may vary based on the nature and extent of the changes. Based on the experience with the 2014 changes, staff believes that the currently-recommended revisions could potentially be considered under a Negative Declaration process, as a result of their nature as enhancements to existing Plan objectives. However, this is not certain until the required Initial Study is conducted. More substantive changes to the Specific Plan, in particular those that could potentially intensify environmental impacts, could require a more extensive review process.

#### **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. Planning Commission August 3, 2015 Meeting Minutes
- B. Planning Commission August 3, 2015 Meeting Correspondence
- C. El Camino Real/Downtown Specific Plan Project Summary – September 2015
- D. Letter from Camas Steinmetz, dated September 28, 2015

Report prepared by:

Jean Lin, Associate Planner; Thomas Rogers, Interim Principal Planner

## Planning Commission



## REGULAR MEETING MINUTES - EXCERPT

**Date:** 8/3/2015  
**Time:** 7:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

Chair Onken called the meeting to order at 7:01 p.m.

Present: Combs, Ferrick, Goodhue, Kadwany, Kahle, Onken (Chair), Strehl (Vice Chair)  
 Staff: Thomas Rogers, Senior Planner, Jean Lin, Associate Planner, Michele T. Morris, Associate Planner

**A. Reports and Announcements**

Senior Planner Rogers said the September 21 Planning Commission meeting would focus on the General Plan and the environmental impact review scoping session. He said the City Council would meet on August 25 and tentatively were scheduled to consider the El Camino Real Corridor Study and receive the Planning Commission's and Bicycle and Transportation Commission's recommendations on that with the expectation they would select a preferred alternative for action.

**E. Regular Business**

- E1. El Camino Real/Downtown Specific Plan/Biennial Review:** Ongoing evaluation of the El Camino Real/Downtown Specific Plan, which was approved in 2012. As specified by Chapter G ("Implementation"), the Planning Commission and City Council will conduct an initial review of the Plan one year after adoption (2013), with ongoing review at two-year intervals thereafter. This review is intended to ensure that the Plan is functioning as intended, as well as to consider the policy-related implications of various Plan aspects. Depending on the results of the review, potential modifications may be formally presented for Planning Commission recommendation and City Council action at subsequent meetings. Any such modifications may require additional review under the California Environmental Quality Act (CEQA). (*Staff Report # 15-008-PC*)

Staff Comment: Senior Planner Rogers said correspondence received had been sent to the Commissioners via email and hard copies were provided this evening for the Commission and members of the public.

Planner Lin said this was a required ongoing review of the El Camino Real/Downtown Specific Plan (Plan). She said the initial one-year review conducted in 2013 has led into reviewing the Plan every two years. She said since the implementation of the Plan, several public space improvements had occurred or were in the process of being implemented such as the Off the Grid Food Truck events at the Caltrain station parking lot, the Santa Cruz Avenue Sidewalk Café Pilot program, the outdoor movie events on the Chestnut paseo, and an upcoming September action to activate the Chestnut paseo space. She said staff prepared a table of development projects

approved, proposed and/or currently under review within the Plan area, which she briefly summarized. She said staff was recommending several changes to clarify and streamline certain aspects of the Plan: under Development Standards including a recommendation to clarify the rear setback making it at the boundary of Plan district parcel with an adjacent residential district parcel to create a buffer zone; to allow a variance to the maximum side setback requirement in excess of 50 percent of the requirement in order to address certain unique site conditions that staff saw in project reviews; and clarification of sidewalk standards along some of the side streets where there are no sidewalks currently. She said staff also was recommending some transportation-related modifications including establishing a lower required parking rate for limited services hotel uses; establishing a parking rate for personal improvement services; allowing parking reductions to be considered for mixed use projects in the Station Area Sphere of Influence and close to transit; formalizing the City's Transportation Demand Management (TDM) program criteria, and requiring electric charging stations for commercial projects. She said those stations were now only required for residential and residential mixed-use projects. She said the Commission was asked to review these recommendations and provide feedback on them to the City Council. She said the City Council would next review these recommendations and the Commission's feedback, and provide direction to staff. She said staff would prepare analysis on the proposed changes including any changes to the Plan document and prepare environmental review. She said this would subsequently be brought to the Commission for review and recommendation to the City Council after which the Council would review the proposed changes and the Commission's recommendations. She said the Plan documents would then be revised to include the approved changes.

Commissioner Kahle asked about the 50% limit regarding the maximum side setback. Senior Planner Rogers said under the City's Ordinance Code a variance from the side setback requirement might be requested but for only up to 50% of the required setback. He said the logic for that did not seem to apply well to what was more urban development in the Plan area, noting an instance where the 50% limit for side setback variance meant that half a healthy heritage tree would need to be removed if that limit were applied.

Commissioner Goodhue asked about the requirement for electric charging stations. Planner Lin said that mid-to-large-sized residential projects were required to have electric charging stations. She said these included new large commercial projects, 5,000 square feet or greater, new residential development, either single or duplex, new multi-family residential developments of three or more units, and new multi-building / one building development on one or more acres. She said they would also be required for significant alterations of existing buildings. She said at this time they were merely identifying an omission in terms of not having an electric charging station requirement for commercial development and it would have to be analyzed.

Chair Onken asked about Calgreen requirements and electric charging stations. Planner Lin said that Calgreen required a certain amount of parking spaces for clean fuel vehicles. She said staff was made aware of recent legislation regarding electric charging stations. She said they had not yet had time to look at those items in detail but would explore those provisions and requirements as part of the recommendation being made.

Commissioner Goodhue asked about Ms. Patti Fry's correspondence and that there appeared to be a discrepancy in the project numbers. Senior Planner Rogers said similar comments had been submitted previously and had been reviewed with other staff. He said they looked at historical documents and discussed the topic with the City Attorney. He said staff's list of development projects was correct as far as could be determined. He said the key area of disagreement was with how the Derry mixed used project was counted. He said that project did not receive final approvals including CEQA and thus there were no credits to the current 1300 El Camino Real project from the Derry Lane portion. He said there was a credit for the Sand Hill Property Company's 1300 El Camino Real project that had been approved in 2009 with an approved environmental review. He said that was deducted from the current Greenheart Station 1300 project. He said they have reviewed the information multiple times and staff believed the information was correct as presented.

Commissioner Goodhue asked if the hotel on Glenwood Avenue was a limited service hotel without a restaurant. Planner Lin said it was limited service with most of its services geared toward their guests. She said although there was a restaurant, there were no extensive meeting or conference facilities.

Commissioner Strehl said she recalled that the hotel proposal included hosting weddings and attracting dining customers. Commissioner Goodhue said she thought there needed to be further investigation into the proposed hotel use at Glenwood and whether it was actually a limited service hotel.

#### Public Benefit Presentation

Commissioner Kadwany said he and Commissioner Onken had extensive discussions and emails about public benefit, and that he had spoken about this with local real estate brokers and developers. He noted that their presentation was attached to the staff report as Attachment B. He said they were suggesting in addition to the current analysis for determining public benefit another method of valuation to determine the cost of buildable square footage by right, and using that metric as a starting point for public benefit proposals. He provided an example of how this would be calculated. He said the suggested approach to use the buildable cost per square foot metric could be combined with a 50/50 sharing of FAR bonus value which represented the developer having a partner role with the city in the project. He said this method could also be used with leased property. He said this could be combined with the traditional method of determining public benefit, and was not meant as a decisive standard for determining public benefit but a starting point for benefit proposal considerations. He said the developer then might propose other things about the project that provided public benefit such as hotel transient occupancy tax (TOT) and/or desirable retail frontage, affordable or senior housing, or companies providing tax/revenue benefits to the City. He said another question was whether Planning Commission architectural and design decisions would be made before, in parallel with, or after negotiated public benefit. He said the Plan EIR may have assumed a limited number of public benefit projects, and that too many benefit projects could exceed the caps, requiring a new EIR.

Chair Onken said he would like to see a model for the determination of public benefit whereby Planning Commissioners did not haggle about money with applicants as he did not think that was

where Commissioners' abilities lie or what they had been appointed to do. He said ideally there would be a standard equation of some sort that staff was commissioned to use with the goal of a more transparent process for determining public benefit.

Public Comment: Ms. Patti Fry, Menlo Park, said she was a 24-year Menlo Park resident, had been involved in all stages of the Specific Plan development, and was a former Planning Commissioner. She said the community came together during the visioning for the Plan with a strong desire to vitalize the El Camino Real corridor and downtown community. She said the community accepted more height in exchange for more open space, and were willing to accept impacts that were not possible to mitigate because promises of benefits that included enhancing the public realm, creating a more active and vibrant downtown with a mix of retail, office and residential uses, and enhanced connectivity, walkability and healthy living were made. She said the Plan was developed in the depth of the recession and based on a sense that the public benefit threshold had to be high to encourage development. She said there was now a different economy. She asked the Commission to look at the Plan and how well it is working to the expectations of that time. She said there was a perception that the City has lost retail and that was something that needed to be looked at as part of the Plan. She said the open space offered by the Stanford project was balconies. She said the key points for TDM were to be able to have mechanisms to manage the real impacts of growth. She said many public improvements were expected in the first five years of Plan as part of the public benefit. She said those were not done so they needed to be looked at so the promise of the Plan might be realized.

Mr. Steve Pierce, Greenheart Land Company, said he appreciated the public benefit discussion. He said there was a desire for simplicity to determine public benefit and in other places that was a simple dollar amount. He said the City was using a pro forma approach that was a more fine grained analysis. He said what was being proposed by Commissioners Kadvany and Onken was somewhere in between. He said the current method was accomplished by an independent consultant who did in depth analysis and took into consideration costs and revenues to determine the profit from a project and the additional profit relating to public benefit. He said both the investors and the City were interested in that latter profit and how much value that created, which led to the question of how that would be split. He said he thought it would be good to establish what that split would be and that could reduce the number of negotiating points earlier in the process. He said the benefit of the more fine-grained analysis looked at the differences among projects. He said for 1020 Alma Street that analysis found that the value of the additional square foot was \$185 and in the same evening 650 Live Oak Avenue was considered and that dollar value went to \$28 per square foot. He said that was a huge difference because they were two very different projects. He said the proposed method of determining public benefit included cost only for square footage at the base density. He said Station 1300 was a poster child for why that would not work. He said at their base density they would do an aboveground structure parking with about 20% open space on the site. He said at the public benefit density level parking would go underground with about 38% open space on the site. He said that was a public benefit with a price tag of about \$27 million to park the cars underground. He said if that cost was not included in the calculation of public benefit such a project became infeasible. He said the pro forma approach was really the only way to get at the wide variations.

Chair Onken closed the public hearing.

Commission Comment: Chair Onken suggested they review each item and close with the public benefit discussion.

Commissioner Kadvany said related to the recommended modifications for parking that he appreciated a more flexible approach to parking and suggested staff might look at parking even more broadly, noting that what was proposed to be modified for parking was in response to certain projects.

#### Rear Setback

In response to a query from Chair Onken, Senior Planner Rogers said that the recommended modification for rear setbacks was identified in 2013 and at that time they pursued a remedy using what was named "Clarification and Interpretation Memo" and which was like an overlay to the Plan. He said that route made sense if no other changes were being proposed to the Plan. He said the need to modify the rear setback came out of the 612 College Avenue project in that the lot was a much deeper than wide with the main frontage on College Avenue. He said the original applicant made the assumption that the rear setback, which was the largest setback at 20 feet, applied to the functional rear of the property. He said everything with the Plan including its EIR said the rear setback was where the Plan boundary touched a single-family or other sensitive residential property. He said for the 612 College Avenue project, they were able to work the rear setback out to provide buffer to the R-1-U property to the left, but that a diagram and/or other changes in the Plan would assist in relaying that information to all applications.

#### Side Setback

Commissioner Combs referred to the recommendation regarding side setbacks and variance request and asked why the maximum side setback could not be changed instead. Senior Planner Rogers said the maximum side setbacks were intended to create a consistent street presence of buildings. He said the change they were recommending was to assist in hardship situations such as a heritage tree taking up more than half of the side setback. He said removing the maximum altogether would run the risk of unnecessary gaps occurring.

Chair Onken said he was supportive of the two recommendations for setbacks. He suggested that they review each item and determine if there was consensus. He said if it was not clearly consensus they could vote. He said finally they could draft a motion of other recommendations.

Commissioner Goodhue said she supported both setback recommended changes.

Commissioner Ferrick said she agreed with determining consensus. She said she supported the recommendations and most important to her was establishing criteria for TDM.

Commissioner Combs said he agreed with the recommendations and establishing criteria for the TDM program.

#### Sidewalks

Chair Onken said he supported the recommended change to sidewalks.

Commissioner Goodhue said regarding sidewalks that it seemed reactive and piecemeal and they should look at areas not addressed or not clear in the Plan and provide clear guidance. Planner Lin said staff was recommending a comprehensive approach to look at all the streets.

#### Hotel Parking Rate

In response to a query from Chair Onken, Senior Planner Rogers said the proposed analysis of hotel parking rates was coming out of hotel development proposals that the Commission and City Council had considered: the Marriott Residence Inn at 555 Glenwood Avenue and the Mermaid Inn at 727 El Camino Real, which was transitioning to the Hotel Lucent. He said staff working on these two proposals realized that the 1.25 parking spaces per room required under the Plan was more for a hotel like Stanford Park that has extensive and independent conference facilities and restaurants. He said although they were able to work out a lower rate for those proposals under the Plan as written, they thought it would be better to have the rate shown so as not to unnecessarily discourage potential new development proposals.

Chair Onken said the 1.25 parking rate was standard for hotel use. He said people tended to be concerned about hotel parking rates due to the potential for hotel guests to park on side roads. He said Menlo Park's overnight parking restrictions lessened that concern. He said it was something to be careful about but noted hotels have arranged to share parking spaces with adjacent commercial sites.

Commissioner Kadvany asked if there would be a new use category for limited service hotels that would place restrictions such as the size of a wedding party. Senior Planner Rogers said that was something they would explore as part of a later analysis if the concept was supported. Commissioner Kadvany said parking spaces were valuable and expensive to build and if parking spaces could be built at lower marginal cost as part of the project perhaps that should be encouraged. He suggested parking share or cost sharing as well.

Commissioner Goodhue said one of the tenets of the Plan was density and proximity to transit. She said density could not be achieved with the traditional parking ratios. She said it needed to be clear what was meant by limited service hotel use.

Commissioner Combs said he supported the reduced parking ratio concept as presented. He said that part of the parking requirement for the Marriott Residence Inn was met by the opportunity for guests to park along the railroad tracks. Senior Planner Rogers said that had been historically allowed for the senior living facility and was not considered to have set a precedent, and would likely not be a pursuable option for other projects.

Commissioner Strehl said her concern was whether the Commission would have the opportunity to review and have discretion as to whether a hotel was really limited service use or not. Senior Planner Rogers said one of the architectural control findings the Commission makes was related to parking. He said as part of that there would need to be a set of findings related to limited service hotels which the Commission had discretion to direct changes to.

Commissioner Strehl said she agreed that they wanted to limit trips up and down El Camino Real but one of the objectives of the hotel proposal was to create vibrancy downtown. She said it couldn't do that and provide limited services and reduced parking. Senior Planner Rogers said he thought it better to frame the parking concept as finding the correct parking ratio for a particular proposal and not reducing parking.

Commissioner Ferrick said she would not want them to understate the parking need either. She noted that parking ratios had to include employee parking as well.

Commissioner Strehl suggested parking be considered on a case by case basis. She said she did not feel strongly that the parking threshold should be lowered.

Commissioner Kahle said he agreed with Commissioner Strehl. Commissioner Ferrick said she concurred also.

After further discussion, the Commission consensus was that the hotel parking minimum requirement should be kept as stated in the Plan, to remind developers of discretionary parking, and that parking could continue to be considered case by case as had been done with the limited service hotel proposals.

Senior Planner Rogers said the 1400 El Camino Real hotel proposal had a parking ratio of 1.19 spaces per room which was not a significant change from the 1.25 hotel parking ratio.

Chair Onken asked the Commission if they agreed with the recommendation that staff not modify the hotel parking ratio for limited service hotel use and to expect discretion about the parking when such developments come before the Commission. He noted that six Commissioners agreed and Commissioner Kadvany abstained.

#### Personal Improvements Services Use

Planner Lin, replying to Chair Onken, said there was no established parking rate for personal improvements services use. She said staff needed to look carefully at the business model and operations of each proposal as it came in, and that these proposals required a great deal of staff time including the Transportation Division. She said having a use category and parking ratio would help reduce staff time.

Commissioner Goodhue said establishing a parking ratio seemed to be a more efficient use of staff time. Chair Onken said the parking number might intimidate this group of applicants. Commissioner Goodhue suggested that the applicants would be able to talk to staff about the process.

Commissioner Kadvany asked if these parking rates if established would impact existing similar uses. Planner Lin said it would not be applied retroactively and would be applied to new businesses looking to locate or relocate.

Chair Onken said he would support staff establishing a parking rate for personal improvement

services after analysis. He queried the other Commissioners, all of whom supported the concept.

Senior Planner Rogers said regarding Additional Parking Reductions for Mixed-Use Projects in the Station Area Sphere of Influence that projects had to provide exactly the parking listed in the table with one allowance for a shared parking reduction. He said this would allow for more case by case review for these projects and the area.

Commissioner Goodhue said she supported the concept. She said with density and providing public benefit that reduced parking coupled with a good TDM program supported the Plan.

Commissioner Ferrick said she agreed.

Commissioner Kadvany said he generally supported the concept but parking was needed downtown.

Commissioner Combs said he supported but noted the Station area was a large part of the Plan. Chair Onken said he was happy for staff to look at this and make proposals.

Commissioner Kadvany said he did not think this was a good use of staff time and was at cross purposes with an overall parking strategy.

Chair Onken asked which Commissioners supported the recommendation for staff to look at additional parking reductions for mixed-use projects in the Station Area sphere of influence.

Commissioners Combs, Ferrick and Goodhue supported the recommendation. Commissioners Kadvany, Kahle, Onken and Strehl did not support the recommendation.

#### Transportation Demand Management Programs

Commissioner Ferrick said she supported this noting the staff report statement:...."that to provide clarification on the implementation of Mitigation Measure TR-2, staff recommends formalizing the City's TDM program criteria as part of this mitigation measure."

Chair Onken said he was supportive. Commissioner Goodhue said she also supported. Chair Onken assessed that all of the Commissioners supported this recommendation.

#### Electrical Vehicle Recharging Stations

Commissioner Goodhue said she supported this and the City should be consistent with whatever agencies were leaders on this already. There was consensus on supporting this recommendation.

#### Public Benefit

Commissioner Kadvany said as he presented this was a negotiation process and something the developer could agree to. He said they were framing this from the perspective of the City and putting the burden on the developer to demonstrate why their project was different. He said he did not like rigid or algorithmic processes.

Commissioner Combs confirmed with Commissioner Kadvany that the method proposed by Commissioners Kadvany and Onken was not to replace the pro forma analysis but to provide another data set that could be added to the process.

Commissioner Strehl said she would like to have an expert consultant review and opine on the suggested model and the assumption of having a 50/50 split. She said she would like more public dialogue and review on it. She said the City Council had to establish priorities for the City and public benefits such as bicycle/pedestrian overpass or parking structure and where those should be located as part of the Plan.

Commissioner Ferrick asked if this methodology was being used in other cities. Commissioner Kadvany said he had not recently looked at other cities' methods for determining public benefit. Commissioner Ferrick said it would be helpful to have information on other cities' methodologies. She said she agreed with Commissioner Combs that it was good to have more information. She said having someone review the methodology and how it would work would be helpful.

Commissioner Goodhue said she concurred and she would like the Council to prioritize public benefit needs. She said it would be helpful if an expert could provide them with some guiding principles when considering public benefit merits. Chair Onken said the Commission does architectural control and that financial control was outside the Commission's scope, in his opinion. He said having a mechanism to determine value and corresponding public benefit would be helpful. He said the goal as for staff and Council to do something like what Commissioner Kadvany offered to make the process more transparent and understandable so that decisions on public benefit did not seem like backroom deals.

Commissioner Kadvany said he felt strongly about this as it seemed to be a detriment to development. He said they needed more input from Council and what this money would be for. He said it was a value and policy judgment.

Chair Onken said they were proactively requesting the City establish a model of benefit rather than each developer's individual model. Commissioner Kadvany said they have that with the pro forma and he was suggesting another way to look at determining public benefit.

Commissioner Ferrick said there seemed to be support to recommend the City Council to look at this method of determining value and public benefit and consider putting resources to it. Commissioner Strehl said this needed more discussion and she wanted to include developers and others in that discussion. She said she found some of what Mr. Pierce said compelling and some of what Commissioner Kadvany was recommending compelling. Commissioner Goodhue said they were not proposing to hold up projects but rather to get the Council's direction and guidance.

Chair Onken asked if they could have a presentation at the Commission's September meeting by the consultant who did this analysis as to how public benefit was calculated and why, and an analysis of Commissioner Kadvany's model. Commissioner Strehl said the consultant for the General Plan was also looking at public benefit and models for that, and perhaps they would have some thoughts or models. Senior Planner Rogers said the September meeting would focus on the

General Plan and was not applicable to the Specific Plan.

Commissioner Kadvany said the Stanford project was large but was just a base line project. He said if Greenheart reverted to the base level they could have all office project. He said the benefit process confounds the value issue of control and mixture of uses. He said a large project could come forward at the baseline level. He said he would like a middle area so that where a project goes to a scale such as two acres or an area of retail being replaced that the developer should know the City would want a discussion on the mix of uses in that project.

Chair Onken said the consensus of the Commission was to have further clarification of the financial side of public benefit, that there were a number of models possible, and putting those into motion. Commissioner Ferrick said she thought they were forwarding the recommendation that the City Council consider this information and consider recommending further study on public benefit models or calculations methods. Commissioner Kahle asked to add the notion of getting back from the City Council what they wanted to see. Commissioner Combs said this was discussed by Council during the development of the Plan and they had not expressed interest in changing the method. Commissioner Ferrick said it was a suggestion to provide the Council with another potential method to calculating public benefit and the interest to have a more transparent process for determining public benefit. Chair Onken said they were seeking to keep things open and continue the discussion. Commissioner Kadvany said he would like them to encourage the Council to discuss this and get some feedback one way or another. He said there were no obstacles to developers pursuing public benefit at this time. He said the Planning Commission was in ways body to address public benefit because they had more time to learn and discuss the issues, while leaving the Council to be the final arbiter.

Commissioner Ferrick recommended that the presentation be forwarded to the City Council with the request they consider re-opening discussion on public benefit methodologies and do that with public meetings. All seven commissioners supported this action.

Chair Onken said regarding the Specific Plan review that the total numbers of square footage of housing and non-residential indicated they were near the cap of non-residential development. Senior Planner Rogers said the Council could raise the caps with a new EIR or an applicant could approach the Council to increase the cap and accomplish the EIR.

## **H. Adjournment**

The meeting adjourned at 10:30 p.m.

Staff Liaison: Senior Planner Thomas Rogers

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on September 21, 2015

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**Rogers, Thomas H**

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**From:** Bob Burke <burke@greenheart.bz>  
**Sent:** Friday, July 31, 2015 4:30 PM  
**To:** \_Planning Commission  
**Cc:** Steve Pierce  
**Subject:** Comment Memo on El Camino Real/Downtown Specific Plan--Biennial Review  
**Attachments:** Greenheart Memo on Kadvany Proposal 07-31-2015.pdf

The attached memo is addressed to the Planning Commissioners regarding the Staff Report 15-008-PC & Attachment B to be discussed Monday (August 3rd) evening. Mr. Pierce will be present Monday evening to answer any questions.

Thanks,

Bob Burke  
Principal  
Greenheart Land Company

**To: Planning Commission**

**From: Bob Burke & Steve Pierce (Greenheart Land Company)**

**Date: July 31, 2015**

**Re: Specific Plan Public Benefit Dollar Valuation Proposal (John Kadvany)**

There are many merits to the Kadvany Valuation Proposal, but it does not accurately reflect full scope of economic realities for many developments for the reasons stated below. We therefore recommend that the current approach be the primary tool for assessing public benefit with this proposed methodology being used for informational purposes to the Planning Commission when evaluating each Public Benefit proposal.

### **Current Methodology**

The current Public Benefit (PB) methodology uses an outside consultant to objectively analyze and estimate the additional value to the landowner created by extra floor area afforded by PB. The consultant assesses the unique attributes of the proposed development to quantify the value of the higher floor area ratio. The value of the additional floor area is not the same for all developments. In two recent examples, the proposed 1020 Alma development had a total public benefit office FAR value of \$183 per square foot (PSF) of additional FAR space while the 650 Live Oak Development's value of additional office and residential FAR allowed was \$28 PSF.

### **Kadvany Proposal**

The relative straightforward and objective nature of the Kadvany proposed process has merit in that landowners and the City can easily gain a quick understanding of the PB value parameters. The primary assumption in this proposed valuation process is that the "assumed market price per acre" paid for the base FAR building area would remain a straight line constant for the value of the additional floor area allowed under the PB zoning. In real estate development, this assumption normally does not hold true. Both marginal costs and revenue change with increased density of development.

### **Marginal Cost**

The PSF construction and development costs associated with increasing the density of a development from the Base FAR to the PB FAR can be significantly different. For example, our proposed Station 1300 development will have an above ground parking structure for the Base FAR development scenario, which will result in open space at the minimum 20% required by the Specific Plan. Under the PB proposed development, all of the required parking would be underground and 38% of the site would be open space, and the large above ground concrete parking structure would be eliminated. The cost for underground parking will be \$27,000,000 more than Base Case above ground parking which reduces the FAR value of the PB case.

Due to construction techniques, structural requirements and so forth, there are many examples where the marginal PSF cost to increase density is greater than the average PSF cost for the Base FAR development. Unlike the pro forma analysis, the proposed Kadvany PB valuation process does not take that cost increase into account.

### **Revenues**

Secondly, the additional revenue gained from a more dense development may be less than the average PSF revenue obtained from a Base FAR development. This is especially true in residential developments where more density normally equates to a lower price (or rent) on a PSF basis. A buyer (or renter) will pay a higher price (or rent) PSF for a 1,500 SF two story townhouse with its own garage than a 1,500 SF multi-story flat with a common parking garage. Additional density can reduce the average revenue PSF causing the residual FAR land value of the additional space to be less than the associated Base FAR land value paid.

### **Conclusion**

We appreciate the approach Mr. Kadvany has proposed for the PB valuation process and believe that simplifying the process has merit. We agree that the value sharing percentage with the City should be established for the Specific Plan Area, as this would set the expectations for both the City and Landowner. Setting a sharing ratio now will simplify negotiations later. However, it is crucial that every proposed development be evaluated on its unique attributes and how they affect both revenue and costs in going from the Base FAR to PB FAR.

## Rogers, Thomas H

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**From:** Michael Levinson <michael@mdlevinson.com>  
**Sent:** Sunday, August 02, 2015 1:54 PM  
**To:** \_Planning Commission  
**Cc:** \_CCIN  
**Subject:** What are we doing to make downtown Menlo vibrant?

Dear Planning Commission,

I have read several recent letters from residents regarding the General Plan, including those of Patti Frye, George Fisher, and others. Lost in the process questions and technicalities is the main point, which in my opinion is this:

Why don't we have a vibrant downtown? And what are we doing about it?

My personal opinion is that *\*we need density\**. Density of residential to support nightlife and weekends, and density of office to support the lunch hour and weekday shopping.

The Downtown Specific Plan envisioned two and three story buildings with housing and office over retail on Santa Cruz. But none have been developed or even proposed. Why not? Townhouses and upstairs apartments attract young professionals and downsizing empty nesters, both of whom would take advantage of downtown without taxing the schools. And increasingly, such residents take Caltrain, Uber and bicycles, which means we can afford to relax our outdated "two parking spaces per unit" requirements.

Some fear office buildings will bring traffic, but SurveyMonkey and other recent nearby developments show that our old assumptions about driving habits are woefully outdated. We can add offices without dramatically increasing car trips—and doing so would bring dramatic benefits to our downtown.

All that said, I'm sure there are other root causes and other strategies to address them. I would love to see the Planning Commission elevate the issue of Santa Cruz Ave vibrancy—and specifically increasing density downtown—as an explicit city goal.

Thank you for all your efforts.

Michael Levinson  
Resident, Allied Arts

## Rogers, Thomas H

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**From:** Patti L Fry <pattilry@gmail.com>  
**Sent:** Sunday, August 02, 2015 8:56 PM  
**To:** \_Planning Commission  
**Subject:** Review of the ECR/Downtown Specific Plan  
**Attachments:** 1300 El Camino Real site net new 20150802.pdf

Dear Planning Commission,

The Menlo Park Planning Commissioners need more information to be provided to you in order to determine whether the Plan is "working as intended".

**Important questions** to ask, and some additional information to seek:

- Is the Plan improving the **jobs/housing balance**? A ratio of 1.56 new population to new jobs was expected, compared to the then-current ratio of 1.78. Many in the community supported the Plan with the assumption that it would ease the housing crunch with more transit-oriented housing. Housing demand is at an all-time high right now.  
*What is the ratio for the approved and pending projects? What is the city's current ratio?*
- Is the Plan maintaining or improving a **balance of uses** to serve our community, according to the Vision and community process that created the Plan? The Plan was approved, based on an expectation that the benefits of the following development would outweigh the negative impacts: 91,800 square feet ("SF") of retail, 240,820 square feet of commercial uses, 380 hotel rooms (a total 474,000 square feet of non-residential development) and 680 residential units.  
*What is the ratio for the approved and pending projects relative to each of the above?*
- Has Menlo Park lost **retail** uses in the Specific Plan area? What is the amount of firmly committed net new retail? The 1300 El Camino Real project developer has not committed to providing retail. The Plan expected that net new retail would be about 20% of the total non-residential square feet. Palo Alto is considering severe development limits because of retail/restaurants that are being displaced by offices. Is Menlo Park developing office space at the expense of retail and new residential development that would support existing and new retail/restaurants.  
*What is the amount of net new retail and the retail percentage of total non-residential development for the approved and pending projects?*

This information is essential before moving forward with the review. With answers to such questions, the Commission and Council can identify whether it is necessary to modify the Plan to better encourage the desired mix of development, and remedy any deterioration (e.g., lost retail). If these decisions are left to market forces in this current office boom time, retail opportunities will be shut out. Offices could consume more of the developable space in the city.

**Revisions in the staff report** - none address community concerns regarding

- **Open Space** - True, at-grade, open space is important to encourage ground level public plazas, gardens and walkways. Our community accepted taller buildings with the expectation that this would allow ground-level space that would separate and provide greater visual relief from the mass of adjacent structures. They accept the importance of private decks and balconies, but not to the exclusion of true open space.  
The Specific Plan should be modified to better encourage true open space, at grade level, in addition to balconies for upper level residential units. Example ways: establish maximum lot coverage (by structures or hardscape), minimum landscaping, and/or specify that a minimum of the required open space be at grade.
- **Trigger for Public Benefit** - The threshold is too high. Major projects are likely over the next 20-30 years on both the Stanford and Big 5 shopping center sites at the Base zoning level. At the Base level, the city has no ability to negotiate public benefits such as infrastructure improvement funding and support for bike/pedestrian passageways and undercrossing. Lowering the Public Benefit threshold would provide needed additional leverage to secure public improvements.
- **Amount of Office** at public benefit level - The calculation for Office uses at the public benefit level needs to be corrected so it is not possible to create an all-office project at the Public Benefit size. Best would be to retain the Base level absolute limit to ensure that larger projects would be true mixed use. An alternative would be to limit office in a Public Benefit level project to a percentage of the project (e.g., 30%), again encouraging mixed use projects.

- **Funding for Public Improvements** - The Specific Plan described alternatives for obtaining funds for public improvements. Here it is, 3 years into the Plan, and there still is no defined plan for funding. Already, more than 86% of the commercial development is in the pipeline. The opportunity is slipping by extremely quickly.  
As Jeff Tumlin of Nelson Nygaard advised "development in Menlo Park should be a privilege, and pay its fair share."

**Additional comments** regarding information in the staff report:

- **Public Benefit considerations** - the proposal by commissioners Kadwany and Onken is a creative way to help decisionmakers and applicants identify the ballpark of value expected at the Public Benefit development level.
- **Transportation Demand Management** - it is good to include city goals and objectives. Equally, if not more, important is to include monitoring and enforcement mechanisms. Without measurable objectives and a tracking and enforcement mechanism, TDM can be a loophole for developers - putting residents at risk as they suffer the traffic. It is not enough, for example, for a building to have bike racks and showers if the expected reduction in traffic does not result. Furthermore, TDM programs need ongoing monitoring and enforcement to ensure compliance.
- **Variances/Maximum Setbacks** - rather than modify what constitutes a variance, which could end up resulting in unintended consequences, just remove the maximums for setbacks, especially on the sides.
- **Net New Development** in Table of Projects July 2015 - The net new residential units and non-residential square feet for the 1300 El Camino Real project is not consistent with past information about net development provided in the Specific Plan's EIR or in the prior 1300 El Camino Real project's EIR. This causes the Table to overstate substantially that project's net new residential units (by 108 units) and substantially understate the net new non-residential square feet (by nearly 29,000 SF). See attached for more detail.

Thank you for your consideration.

Patti Fry  
former Menlo Park Planning Commissioner

## NET NEW DEVELOPMENT AT 1300 EL CAMINO REAL SOURCE INFORMATION

Note that the current project site comprises the former Derry Lane project site, the former 1300 El Camino Real project site, and 1258 El Camino Real.

DATE	RESIDENTIAL UNITS			NON-RESIDENTIAL SQUARE FEET		
	NEW	EXISTING	NET NEW	NEW	EXISTING	NET NEW
August 3, 2015 <sup>1</sup> PC Staff Report			202			97,835
August 1, 2015 <sup>2</sup> City Website						
Current Project			202	217,900		
"Approved Project" (1300 ECR)					110,065	
Other (Derry site)		0			0	
Other (1258 El Camino Real)					10,000	
Net			202			97,835
April 2011 <sup>3</sup> Specific Plan - Projects in EIR						
Prior 1300 El Camino Real	0		0	110,065	28,584	81,481
Derry, 580 Oak Grove	108		108	24,925	21,290	3,635
Subtotal	108		108	134,990	49,874	85,116
April 2010 <sup>4</sup> Rogers Memo re Specific Plan EIR						
EN1 project (assumed prior 1300 ECR)				110,000	30,000	80,000
EN1 project (assumed Derry)	108		108	25,000	18,500	6,500
Subtotal	108		108	135,000	48,500	86,500
August 2009 <sup>5</sup> PC Staff Report – prior 1300 ECR						
Effect of Gross Floor Area Re-definition (a reduction of 3,757 SF)				110,065	Redefined to be →	106,308
March 20, 2009 <sup>6</sup> Draft EIR - prior 1300 ECR Project				110,065		110,065
March 26, 2008 <sup>7</sup> Staff report – Derry CEQA review						
Original project (2006)	135		135	22,525	21,900	625
Revised project (2008)	108		108	24,925		24,925
August 20, 2007 <sup>8</sup> PC staff report – prior 1300 ECR				108,850		
April 2006 Staff Report <sup>9</sup> – original 1300 ECR						
Assumptions in original Derry EIR re 1300 ECR			147	22,020	31,000	-8,980
Original 1300 ECR discussed in study session			134	78,065	0	78,065
Amount to be studied in 1300 ECR EIR			-13	56,045	0	87,045

**Red values** are those that should have been corrected, based on prior analysis/reports, as indicated by **red arrows**..

**Yellow highlighted values** are residential units or net square footage that inexplicably were not used in subsequent calculations.

*NOTE: Sources are shown on pages 3 and 4 of this document*

**DISCUSSION**

**Discussion**

The information about the current 1300 El Camino Real project in the staff report table (8/3/15) does not map to information provided to the Menlo Park community in previous City of Menlo Park documents. It does not reflect:

- Information provided in the Specific Plan EIR, which regarded both the prior 1300 ECR and Derry Lane projects to have been built. Neither site was regarded as an Opportunity Site.
- The prior 1300 ECR project's EIR gross and net amounts, as per its EIR.
- The Gross Floor Area (GFA) re-definition

Thus, the current 1300 ECR project should be shown as

- net of any active uses for the 1258 ECR site,
- net of both of the prior Derry Lane and 1300 ECR projects - each of which received prior CEQA review in the Specific Plan EIR and in their own individual project reviews..

Inexplicably the Specific Plan EIR did not incorporate the GFA re-definition adjustment for the 1300 ECR's commercial square footage, so that adjustment should be reflected into the net in the Table for this project since that is how GFA now is measured.

Suggested calculation for what is reported about the 1300 ECR project is circled below:

ADJUSTMENTS TO REPORTING OF 1300 ECR PROJECT						
	RESIDENTIAL UNITS			NON-RESIDENTIAL SQUARE FEET		
	NEW	EXISTING	NET NEW	NEW	EXISTING	NET NEW
Current Project - Gross	202			217,900		
1300 ECR – from SP EIR					81,481	
GFA adjustment – 8/2009					-3,757	
Other (Derry site) - from SP EIR		108			3,635	
Other (1258 El Camino Real)					<u>10,000</u>	
<b>Net New Development</b>			<b>94</b>		91,359	<b>126,541</b>
Amounts reported in Table 8/3/15 staff report			202			97,835
<b>Difference between staff report Table and what should be reported</b> (i.e., changes that should be made to Table)			<b>108 fewer units</b>			<b>28,706 more SF</b>

The differences are significant. An average multi-family unit is roughly 1,400 SF. The amount of commercial space that is understated is the equivalent size of 21 homes, or nearly 3 times the size of the retail portion of the currently proposed 500 El Camino Real project.

## SOURCES

### Sources:

<sup>1</sup> Planning Commission staff report Attachment A page 1: "The approved 1300 El Camino Real project is credited like an existing building, since it received full CEQA clearance; active square footage also credited."

<sup>2</sup> City of Menlo Park website regarding 1300 El Camino Real Project: "...up to 217,900 square feet of commercial uses and up to 202 dwelling units....The project site encompasses an earlier development proposal that was fully approved by the City Council for 110,065 new square feet of non-residential uses, in addition to additional sites with approximately 10,000 square feet of active non-residential uses. As a result, the current proposal would result in 97,835 (= 217,000 - 110,065 - 10,000) net new square feet of non-residential uses. The project site does not currently contain any existing or approved dwelling units, so all of the project's proposed 202 dwelling units would be net new residences."

<sup>3</sup> Menlo Park El Camino Real/Downtown Specific Plan Draft Environmental Impact Report Table 4-1 "List of Projects Used in Cumulative Analysis" page 4-5, ESA/208581

Both the prior 1300 ECR and Derry projects were assumed by the Specific Plan EIR to be built (approved/proposed projects); their sites were not considered Opportunity Sites. The net SF and housing is shown in the table for this document: Derry/580 Oak Grove Residential 108 dwelling units; Commercial 24,925 square fee; 21,290 square feet replaced. 1300 El Camino Real Commercial 110,065 square feet; Commercial 28,584 square feet replaced.

<sup>4</sup> Memo from MP staff Thomas Rogers to staff Chip Taylor and consultant Atul Patel "ECR/D – traffic analysis process" attachment "Menlo Park Downtown and El Camino Real Specific Plan Program Summary, Net New Development – PREFERRED PLAN" dated April 2010. Shows Pipeline Projects" for area EN1 (where 1300 ECR, 1258 ECR, Derry sites are): [1300 ECR] projected new commercial/office 58,700 SF; zero existing. Retail new 51,300 and existing 30,000, with net of 21,300 SF. Other [Derry] with 25,000 new retail, 18,500 SF existing and net 6,500 SF, and 108 new residential units.

<sup>5</sup> August 31, 2009 Planning Commission staff report "1300 El Camino Real/HP Los Altos, LLC" page 5 "The proposed project was designed in accordance with the City's gross floor area definition in effect at the time of the application submittal...The applicant estimates that the gross floor area under the current definition would be 106,308 square feet, instead of 110,065 square feet."

<sup>6</sup> March 20, 2009 DEIR for 1300 El Camino Real. LSA Associates, Inc. page 32: "...the EIR analyzes the environmental effects of the maximum development scenario (51,365 square feet of retail uses and 58,700 square feet of non-medical office)."

<sup>7</sup> March 26, 2008 FEIR Revised Derry project. LSA Associates, Inc. page 2. Number of residential units 108 (16 BMR), non-medical office 12,275 SF, Retail/Restaurant 12,650 SF for total commercial of 24,925 SF. Hexagon Transportation Consultants, Inc. (page 12) shows existing uses as 21,290 SF.

<sup>8</sup> August 20, 2007 Planning Commission staff report "1300 El Camino Real/Sand Hill Property Company" page 2. "Following the release of the NOP, the applicant clarified that three different commercial use options are being considered for the 108,850 square feet."

**NET NEW DEVELOPMENT AT 1300 EL CAMINO REAL, cont.**

**SOURCES**

<sup>9</sup> April 4, 2006 CC Study Session regarding original 1300 ECR (#06-064). "The EIR will focus on the difference between the impact of the 1300 El Camino Real project parameters studied in the Derry Lane Mixed-Use Development Draft EIR and the current 1300 El Camino Real Proposal as summarized below:

Page 7 of 7  
Staff Report # 06-064

	Derry DEIR	1300 El Camino Real Proposal	Difference
Existing Auto Dealership	31,000 sf	vacant	+31,000 sf
Proposed			
Dwelling Units	147 units	134 units	-13 units
Commercial Space	22,020 sf	78,065 sf	+56,045 sf

\_\_\_\_\_  
Megan Fisher  
Assistant Planner  
Report Author

\_\_\_\_\_  
Justin Murphy  
Development Services Manager

**Rogers, Thomas H**

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**From:** Bob McGrew <bmcgrew@gmail.com>  
**Sent:** Sunday, August 02, 2015 10:15 PM  
**To:** \_Planning Commission  
**Cc:** \_CCIN  
**Subject:** Eliminating dwelling intensity limits in the Downtown Specific Plan

Dear Planning Commission Members:

Menlo Park is facing a crisis of housing affordability. As the planning commission reviews the Downtown Specific Plan, I request that you consider a change that will help address housing affordability, reduce impacts on our school districts, and generate vibrancy for the downtown.

In the Downtown Specific Plan, residential development is limited by an overall unit cap, a cap on FAR for a specific parcel, and a cap on dwelling units per acre. Given the cap on FAR and total units, the du/acre limit effectively acts as a minimum unit size.

However, there are many reasons to prefer allowing smaller units. Smaller units are naturally affordable to middle-income workers. They are well-suited to the needs of young professionals and senior citizens, both of whom create minimal impacts on our crowded school system, compared to the families who would be most suited for larger units. Finally, smaller units encourage residents to patronize local restaurants and night life, generating more vibrancy for the downtown area.

As rents have continued to increase across the Bay Area, the young and the old especially have borne the brunt of housing cost increases. Removing or relaxing the city's redundant limit on dwelling intensity would be a simple way to help them while generating vibrancy for the downtown.

Bob McGrew  
Willows resident

## Rogers, Thomas H

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**From:** Patti L Fry <pattifry@gmail.com>  
**Sent:** Monday, August 03, 2015 10:15 AM  
**To:** \_Planning Commission  
**Subject:** amended attachment regarding 1300 El Camino Real project in Table  
**Attachments:** 1300 El Camino Real site net new 20150803.pdf

Dear Commissioners,

I inadvertently sent an earlier version of the analysis and sources related to 1300 El Camino Real. Added to this updated version are references from the prior project's EIR that show that the EIR assumed that the Derry Lane project was built and that the car dealership was re-occupied. Thus, both of these must be netted against the gross square footage and residential units for the project that was approved at that time. The Table to the staff report shows only the gross, not the net, of what was studied in either the Specific Plan's EIR or the prior project's EIR.

The corrected square footage would take the Specific Plan's cumulative approved and proposed non-residential square feet up to approximately 92% of the Maximum Allowable Development, and reduce the residential units to about 48% of the Maximum Allowable Development.

This information provides a more accurate backdrop for discussion of how the Specific Plan is working, and for future discussions about the 1300 El Camino Real project that will be coming forward very soon for discretionary approval.

Patti Fry  
former Planning Commissioner

## NET NEW DEVELOPMENT AT 1300 EL CAMINO REAL SOURCE INFORMATION

Note that the current project site comprises the former Derry Lane project site, the former 1300 El Camino Real project site, and 1258 El Camino Real.

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Project – compared w No Project that assumes car dealership is re-occupied and Derry Lane project is assumed to be built				110,065		110,065
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**NET NEW DEVELOPMENT AT 1300 EL CAMINO REAL, cont.**

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<sup>5</sup> August 31, 2009 Planning Commission staff report "1300 El Camino Real/HP Los Altos, LLC" page 5 "The proposed project was designed in accordance with the City's gross floor area definition in effect at the time of the application submittal...The applicant estimates that the gross floor area under the current definition would be 106,308 square feet, instead of 110,065 square feet."

<sup>6</sup> March 20, 2009 DEIR for 1300 El Camino Real. LSA Associates, Inc. page 32: "...the EIR analyzes the environmental effects of the maximum development scenario (51,365 square feet of retail uses and 58,700 square feet of non-medical office)." On page 97, in the Transportation analysis section, LSA Associates states that the Derry project was assumed to be part of the No Project background: "Near-term no project traffic volumes were derived by adding to existing (2006) traffic volumes an annual growth rate of 1 percent for 4 years in anticipation of project buildout in the year 2010...Since the **Derry Lane project is included in the near-term no project scenario**, it is assumed that the Garwood Way extension will be completed in this scenario...The traffic that would be generated by **the re-occupancy of the vacant auto dealership onsite were added to near-term no project** traffic volumes to obtain traffic volumes under near-term with auto dealership conditions" [emphasis added]

**NET NEW DEVELOPMENT AT 1300 EL CAMINO REAL, cont.**

**SOURCES**

<sup>7</sup> March 26, 2008 FEIR Revised Derry project. LSA Associates, Inc. page 2. Number of residential units 108 (16 BMR), non-medical office 12,275 SF, Retail/Restaurant 12,650 SF for total commercial of 24,925 SF. Hexagon Transportation Consultants, Inc. (page 12) shows existing uses as 21,290 SF.

<sup>8</sup> August 20, 2007 Planning Commission staff report "1300 El Camino Real/Sand Hill Property Company" page 2. "Following the release of the NOP, the applicant clarified that three different commercial use options are being considered for the 108,850 square feet."

<sup>9</sup> April 4, 2006 CC Study Session regarding original 1300 ECR (#06-064). "The EIR will focus on the difference between the impact of the 1300 El Camino Real project parameters studied in the Derry Lane Mixed-Use Development Draft EIR and the current 1300 El Camino Real Proposal as summarized below:

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	Derry DEIR	1300 El Camino Real Proposal	Difference
Existing Auto Dealership	31,000 sf	vacant	+31,000 sf
Proposed			
Dwelling Units	147 units	134 units	-13 units
Commercial Space	22,020 sf	78,065 sf	+56,045 sf

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Assistant Planner  
Report Author

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Justin Murphy  
Development Services Manager

Project	Address	Description	Development Level	Entitlement Status	Building Permit Status	Net New Res. Units	Net New Non-Res. SF	Notes
Marriott Residence Inn	555 Glenwood Avenue	Conversion of a senior citizens retirement living center to a 138-room limited-service, business-oriented hotel	Public Benefit Bonus	Approved	Issued 11/12/13; Completed 4/30/15	0	71,921	No new square footage was constructed, but the net new vehicle trips associated with the conversion are considered equivalent to the listed square footage
Mermaid Inn	727 El Camino Real	Comprehensive renovation of an existing hotel, including an eight-room expansion	Base	Approved	Issued 5/14/14; Construction in progress	0	3,497	
612 College	612 College Avenue	Demolition of a residence and a commercial warehouse building, and construction of four new residential units	Base	Approved	Issued 9/29/15	3	-1,620	
1295 El Camino Real	1283-1295 El Camino Real	Demolition of two commercial buildings and construction of a new mixed-use residential and commercial development	Base	Approved	No application yet	15	-4,474	
500 El Camino Real	300-550 El Camino Real	Construction of a new mixed-use office, residential, and retail development	Base	Proposed	n/a	170	181,568	Existing square footage needs to be double-checked; project expected to be revised and resubmitted
1300 El Camino Real	1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane	Construction of a new mixed-use office, residential, and retail development	Public Benefit Bonus	Proposed	n/a	202	97,835	The approved 1300 El Camino Real project is credited like an existing building, since it received full CEQA clearance; active square footage also credited
840 Menlo Avenue	840 Menlo Avenue	Construction of a new mixed-use office and residential development on a vacant parcel	Base	Proposed	n/a	3	6,936	
133 Encinal Ave	133 Encinal Ave	Demolition of several commercial buildings and construction of a new townhome-style development	Base	Proposed	n/a	24	-6,166	
650 Live Oak Ave	650 Live Oak Ave	Demolition of commercial building and construction of new office-residential development	Public Benefit Bonus	Proposed	n/a	15	10,815	Linked with 660 Live Oak Ave proposal, although that parcel is not in the Specific Plan area and as such is not included in this table.
1020 Alma St	1010-1026 Alma St	Demolition of existing commercial buildings and construction of new office development	Public Benefit Bonus	Proposed	n/a	0	14,884	
1400 El Camino Real	1400 El Camino Real	Construction of new 63-room hotel	Public Benefit Bonus	Proposed	n/a	0	31,781	
1275 El Camino Real	1275 El Camino Real	Construction of new mixed-use development on a vacant site	Base	Proposed	n/a	3	12,197	
<b>Total Entitlements Approved</b>						<b>18</b>	<b>69,324</b>	
<i>Percentage of Specific Plan Maximum Allowable Development</i>						<i>3%</i>	<i>15%</i>	
<b>Total Entitlements Proposed</b>						<b>417</b>	<b>349,850</b>	
<i>Percentage of Specific Plan Maximum Allowable Development</i>						<i>61%</i>	<i>74%</i>	
<b>Total Entitlements Approved and Proposed</b>						<b>435</b>	<b>419,174</b>	
<i>Percentage of Specific Plan Maximum Allowable Development</i>						<i>64%</i>	<i>88%</i>	
<b>Total Building Permits Issued</b>						<b>3</b>	<b>73,798</b>	
<i>Percentage of Specific Plan Maximum Allowable Development</i>						<i>0%</i>	<i>16%</i>	
<b>Specific Plan Maximum Allowable Development</b>						<b>680</b>	<b>474,000</b>	

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September 28, 2015

Thomas Rogers  
 Senior Planner  
 City of Menlo Park  
[THRogers@menlopark.org](mailto:THRogers@menlopark.org)

VIA: Email

Re: Downtown El Camino Specific Plan Modifications

Dear Thomas:

I understand from my client, the Pollock Financial Group, that you are recommending certain minor modifications to the El Camino Real/Downtown Specific Plan ("Specific Plan") for the City Council's biennial review at its upcoming October 6th meeting. We would like you to consider recommending two additional minor modifications to the Specific Plan with regard to (1) gross floor area calculation for hotel projects; and (2) facade modulation requirements for smaller buildings. As discussed below, these additional modifications would not only facilitate the preferred design for my client's proposed boutique hotel on a 0.5 acre site located at 1400 El Camino Real, they would also further several principals and objectives of the Specific Plan.

#### **1. Requested Modification to Gross Floor Area Calculation for Small Hotels**

The Specific Plan projects development of 380 additional hotel rooms at full build-out (Specific Plan, C20) and identifies hotels as "a desirable use for the City from a fiscal and economic development perspective." (Specific Plan, B6.) It notes that they "generate transient occupancy taxes, an important source of local revenue... [and] generate spending at nearby businesses such as restaurants and retail stores." (Id.)

To encourage and facilitate hotel use, we propose that the Specific Plan be modified to help overcome certain space challenges and site constraints particular to hotels, especially hotels on smaller sites, by excluding hotel "back-of-house" uses located in basement areas from the gross square footage calculation.

As explained in Section E.3.1 of the Specific Plan, maximum development intensity of commercial projects is measured by floor area ratio (FAR) which is the ratio of gross floor area of all buildings and structures to lot area, expressed in square feet. Section 16.04.325 of the Zoning Ordinance describes what portions of a building are included and what portions of a building are excluded in the calculation of gross floor area. (Specific Plan, E13.)

While maximum FAR varies by Zoning District, it is the same for all uses within a Zoning District. See Tables E2, E6-E15. Hotels, however have site constraints and space challenges that are not shared by other uses. For example, hotels cannot take advantage of certain economies of scale as each individual guest room requires its own climate control unit and the mechanical room requires secondary water pump to ensure sufficient water pressure for showers running simultaneously. Moreover hotels require what are known as “back-of-house” supporting uses required to serve guests, yet are not accessible to guests, such as storage areas, mechanical rooms, employee break rooms, laundry facilities and maintenance/ repair rooms that are required regardless of the number of hotel rooms.

To help reduce these space constraint challenges for smaller hotels and thereby encourage this desired use, we propose that a new development standard be added to Section E.3.1 of the Specific Plan as follows:

“Notwithstanding Section 16.04.325 of the Zoning Ordinance, in calculating FAR for hotel uses on sites less than 1.0 acre, the following uses shall be excluded from gross floor area provided they are located in basement areas and provided they do not exceed 15% of the maximum gross floor area for the lot: back-of-house spaces not accessible to hotel guests including storage areas, mechanical equipment enclosures, employee lockers, employee break rooms, employee restrooms, maintenance and repair shops, janitors closets, and laundry facilities.”

Alternatively, this language could be inserted as a second footnote asterisk to Table E2. We note that while this modification will certainly help overcome site constraint obstacles particular to smaller hotels and allow for greater site design flexibility, it is a relatively minor adjustment. Many other cities in the area have increased allowable FAR overall for hotel use to incentivize development of hotels and the significant transit occupancy taxes they generate. For example, Palo Alto allows an FAR of 2.0 for hotel use in its Commercial Services district, compared to an FAR of 0.4 for all other uses. (See Table 3 and Section 18.16.060(d) of Chapter 18.16 of the Palo Alto Municipal Code.)

## 2. Requested Modification to Required Façade Modulations for Multi-Story Buildings on Small Sites

Guiding principles of the Specific Plan include generating vibrancy and enhancing connectivity. These principles are accomplished in part through the development standards set forth in Section E.3 which govern development intensity (discussed above), setbacks, massing and modulation and ground floor treatment, among others.

For projects on smaller sites, like my client's project, there can be tension, if not direct conflict, between these standards. For example, my client's site is subject to the maximum 25 foot side yard setback set forth in Table E7. This in turn dictates the length of the proposed building at 104 feet, which in turn triggers the requirement for the major building modulation requirement set forth in Section E.3.4.02 which requires a 6 ft. deep by 20 ft. wide recess or a minimum 6 ft. setback of building plane from the primary building façade for the full height of the building.

Unless some flexibility is provided to meet this modulation requirement, our ability to satisfy the 50% transparency requirement in Section E.3.5.02 and fully achieve the overarching Specific Plan principles to generate vibrancy and enhance connectivity is compromised. This is because achieving the 20 foot width required by the major building modulation results in a severe shortening of our proposed "pavilion", a separate one-story three-sided structure designed to define the El Camino street wall and activate the pedestrian realm by providing an interface between passers-by and the activities inside the hotel. The pavilion was specifically suggested and encouraged by staff to achieve street wall definition and the transparency requirement and the vibrancy and connectivity principles. Yet the major modulation requirement that the building just barely triggers (at 104 ft.), requires a reduction in the pavilion to the point where it would not fully achieve its originally intended purpose.

The purpose of the modulation requirement is to "help reduce the monolithic character of a building... and provide variety and visual interest." (Specific Plan, E24) To continue to achieve this purpose while avoiding conflict with other development standards, we propose that one or more of the following sentences be inserted prior to the last sentence of Section E.3.4.3.02:

- For multi-story buildings, the major vertical façade modulation must only extend through one-half or more of the building floors (or alternatively, through the floors above the first floor).
- A 20% increase in maximum side yard setback may be permitted to achieve (or avoid triggering) the major modulation requirement.
- The major vertical modulation requirement shall only be triggered if the 100 feet of façade length is contained in a single building (i.e. two or more separate, distinct buildings totaling 100 feet or more, even if along the same plane, shall not trigger the major vertical modulation requirement).

- For buildings less than 120ft. in length, a change in building materials (such as glass for example) that effectively contrasts from the rest of the façade for the width of 20 ft., may be used in lieu of the otherwise required 6 ft. recess or setback.
- For building facades where the entire length of the proposed building is within 10% of the 100 foot length that will trigger the major modulation requirement, such building facades shall be allowed to: a) include only either a major modulation component or minor modulation component, but not both; or b) be required to apply the major modulation requirement only to that portion of the building that exceeds 100 feet in length.

Many thanks for your consideration of these minor modifications to the Specific Plan which we believe will make a big difference in avoiding potential conflicts between the development standards and allowing for flexibility of design that achieves the overall governing principals of the Specific Plan.

Very truly yours,



Camas J. Steinmetz

CJS:

Cc: Bill McClure, City Attorney  
Jean Lin, Planner  
Jeff Pollock, Pollock Financial Group  
Alex McIntyre, City Manager  
Ross Edwards, Sr.  
Mark Hornberger  
John Spanier  
James Cogan