



CITY COUNCIL COMMUNITY DEVELOPMENT AGENCY MINUTES

Tuesday, June 13, 2006

7:00 p.m.

701 Laurel Street, Menlo Park, CA 94025

Menlo Park City Council Chambers

Council Member Duboc participated via teleconference from the Days Inn, Chicago Lincoln Park, 644 West Diversey Parkway, Chicago, IL 60614

7:32 p.m. REGULAR MEETING (Menlo Park City Council Chambers)

ROLL CALL – Jellins, Fergusson, Cohen, Duboc (via teleconference), Winkler

STAFF PRESENT – David Boesch, City Manager; William McClure, City Attorney; Silvia Vonderlinden, City Clerk. Other City staff was in the audience.

PLEDGE OF ALLEGIANCE

A. COMMISSION VACANCIES, APPOINTMENTS AND REPORTS

1. There is one vacancy on the Environmental Quality Commission to fill an un-expired term that ends August 2006. The deadline for receipt of applications is Wednesday, June 21, 2006 at 5:30 p.m.
2. There are two vacancies on the Las Pulgas Committee to fill two un-expired terms that expire March 2009. One vacancy is for a business member seat and one is for a rental owner seat. The extended deadline is Wednesday, June 21, 2006 at 5:30 p.m.
3. There are two vacancies on the Library Commission to fill two expiring terms. The new terms will end July 2010. The deadline for receipts of applications is Wednesday, June 21, 2006 at 5:30 p.m.
4. There are two vacancies on the Transportation Commission to fill two expired terms. The new terms will end July 2010. The deadline for receipt of applications is Wednesday, June 21, 2006 at 5:30 p.m.
5. Commission Reports.

Anne Moser, Chair of the Housing Commission, thanked the City Council for the recognition event. Ms. Moser thanked Ms. Heineck for a summary report she provided to that body on the number of projects that have been reviewed and are being reviewed by the Planning Department.

B. PRESENTATIONS AND PROCLAMATIONS

1. Proclamation recognizing the outstanding work performed by Daniel K. Yost to reopen and sustain Kepler's.

Daniel K. Yost was present to receive the proclamation. He thanked the Council for its efforts in reopening Kepler's and he said this needs to be a continuous effort.

C. PUBLIC COMMENT #1 (*Limited to 30 minutes*)

Robin Smith addressed the issue of Bayfront Park and shared her experience with a proposed levy closure in the City of Redwood City. She does not believe the City will be successful in these efforts.

Hank Lawrence thanked Council Member Winkler and Business Development Manager Dave Johnson for their efforts to keep Kepler's open. Mr. Lawrence commented that a local newspaper did not correctly characterize the interests of certain Council Members.

D. CONSENT CALENDAR

1. Adoption of resolution no. 5670 approving the placement of a tax lien on a property at 1118 Madera Avenue regarding Public Nuisance Abatement.
2. Approval of an agreement with Peninsula Volunteers Inc., in the amount of \$45,100 for the delivery of senior lunches for Fiscal Year 2006-07 and authorization of the City Manager to execute the agreement.
3. Award of contract to Vanguard Construction in the amount of \$99,258 for the Fiscal Year 2005-06 for the Sidewalk Repair Program; and authorization of a budget of \$128,000 for construction, contingencies, engineering, testing, and construction administration.
4. Adoption of resolution no. 5671 authorizing the City Manager to submit an application and execute agreements for the Surface Transportation Program (STP) funds as required by the Metropolitan Transportation Commission (MTC) for the Sand Hill Road and Oak Grove Avenue Street Resurfacing Projects.
5. Approval of resolution no. 5672 adopting principles for protecting vital City interests in the regulation of telecommunications services and opposing Assembly Bill 2987.
6. Approval of the resubmitted City Council minutes for the meeting of February 28, 2006 (*attachment*) and the City Council minutes for the meetings of March 21, 2006 (*attachment*) and March 28, 2006. (*attachment*)

M/S Winkler/Fergusson to adopt the Consent Calendar as presented. Motion carries unanimously by roll call vote with Council Member Cohen absent.

E. PUBLIC HEARING (*item taken out of sequence*)

1. Consideration of a request for a General Plan amendment, rezoning, conditional development permit, below market rate housing agreement, heritage tree removal permit, waiver of seventy percent of the building construction street impact fee, and environmental impact report to construct a 170,000-square-foot hotel facility comprised of 120 guest rooms and suites, five villas, a restaurant, spa, fitness center, and a 100,000 square-foot office complex on a 21.06-acre, undeveloped site at 2825 Sand Hill Road adjacent to the Sand Hill Road/Interstate 280 Interchange. (Resolution No. 5675)

Mayor Pro Tem Fergusson recused herself.

Deanna Chow, Associate Planner, presented the staff report and Chip Taylor, Transportation Manager, was available to answer questions. Ms. Chow explained details about the project. City Attorney McClure explained that it was brought to his attention that with the absence of Council Member Cohen the Council could not proceed with the public hearing since there wasn't a quorum of Council Members in the jurisdiction where the meeting was being conducted. Mr. McClure explained the various options available to Council. He offered to call Council Member Cohen and ask him to return and Council took a five minute break.

Council Member Cohen returned. Council resumed the meeting with three Council Members at the dais, which included Mr. Jellins, Mr. Cohen and Ms. Winkler.

Staff reiterated that it is presenting three items which include: the revisions to the May 22nd transcripts, the correspondence received from Pamela Martin and a revised section B of Plan Sheet A601 and of the office-level plan sheet A2.04. Staff is also recommending that section 6.30.2 be deleted from the conditions.

Bill Phillips reintroduced the project and introduced John Scott of Rosewood who had worked with his development team to develop a quality hotel. It will be a small hotel, but it will create a financial benefit to the City of Menlo Park. He commented that John Hill designed an unassuming and elegant hotel, and incorporated many suggestions from the Planning Commission.

The developer said the objective was to develop a vacant site with uses that are most economically feasible for the City of Menlo Park and Stanford. They estimate that \$1.9 million as stabilized net

income will come to the City from the project in 2011, and the plan would also address the lack of hotel space along the Sand Hills corridor.

John Scott presented a brief synopsis of Rosewood with its goal being to redefine the luxury hospitality industry. They believe that these properties are art and not science, which is reflected in their approach to development. They identify world-class destinations, partner with experienced developers who share their vision and create one-of-a-kind hotels that demonstrate a unique sense of place. Rosewood has 16 hotels and resorts around the world in 7 different properties, and they have an active pipeline of projects that they will continue to develop.

John Hill briefly reviewed the project, which consists of an ultra-luxury, 120-room hotel. There is a 160-seat, first-class restaurant, a fitness center and spa that is approximately 16,000 square feet, meeting and banquet facilities that are about 8,700 square feet, five extended-stay villas, a four-building office complex which totals 100,000 square feet and hotel amenities, which are adjacent to the office. There are four 25,000 square foot one and two-story buildings. It is an integrated facility in design, and Mr. Hill provided a more detailed description of the layout of the property in the context of surrounding property.

Public Comment

Tim Robertson, with time donated by his wife, shared concerns about the traffic between the project and the 280 Freeway westbound in the afternoon and eastbound in the morning. The EIR report showed significant impact in the morning though there is some planned mitigation if Caltrans goes along with that, which is fine. He pointed out that the EIR does not address the condition of the Sand Hill Road or that 280 is a scenic corridor.

Reg Rice is in favor of the project and is thrilled to see all of the trees. At the time that Sand Hill was widened and connected with El Camino, some people in the Sharon Heights were negative about it because of the noise. Now, he doesn't hear any objections at all.

Jim Madden spoke in favor of this project and pointed out that all of the positives are good trade-offs for the increase in traffic.

Rise Krag spoke in favor of the project, particularly the hotel, which she thinks would be a great asset to the community.

Hank Lawrence spoke in favor of the project and about the need for revenue-generating facilities as close to the periphery of the city as possible. He spoke highly of Rosewood and how it will add prestige to the community, and he supports the idea of Menlo Park working with Stanford.

Bob Freelen said that given the site and the financial challenges of Menlo Park he is delighted with this type of project and supports it.

Henry Riggs is a Planning Commissioner member but spoke as an individual. He noted the fact that Stanford has been responsive to many of the comments made by staff, and he sees a clear intent to make a major architectural and functional corridor of the Sand Hill Corridor. He believes that the eastbound improvement on Sand Hills and resulting signal retiming will avoid new troubles for the residential neighbors. He did suggest that Council defer any exemption on the contract fees.

Chuck Bernstein has been a resident of Menlo Park for 38 years and is a double alumnus of Stanford, but said he is embarrassed by Stanford's behavior as a landowner and believes the proposal is filled with cynicism as the hotel is a smoke screen for an office development for which Menlo Park gets nothing. He added that Stanford has barely completed the widening of Sand Hill Road to alleviate massive congestion and already it is prepared to consume the additional capacity with more development. In his opinion the traffic issue is virtually ignored in the EIR, and he believes the zoning change will allow a lot more occupancy.

Roxanne Rorapaugh said she does not support the project, and she underscored that the applicant is asking for a reduction in the building construction road impact fee, which she finds inappropriate.

John Boyle was interested in hearing what mitigation is planned or safety changes to help insure that bicyclists remain as safe as possible as Sand Hill is a popular bicycle route.

Nancy Robertson stated that she is also opposed to the waiver of the building construction street impact fee. She requested a three-lane improvement and a dedicated right turn lane at 2900. She also pointed out the need for better walking and bike paths. The traffic study did not support that the lane addition is necessary at this time.

Mayor Jellins deemed the public hearing closed.

Chip Taylor, Transportation Manager, said that as part of the traffic analysis for the project there was a proposed mitigation to add an additional turn lane. In the evening peak hour there wasn't a need for the mitigation because there was no impact. The bicycle impact was discussed, and Mr. Taylor said that there would be a 2.5% increase in traffic, which would not increase the safety issues with the bike lanes as they are located today. Kent Steffens, Public Works Director, explained issues related to Sand Hill Road. He also added that staff is concerned that adjusting the building construction road impact fee would set a precedent.

Staff explained that the estimated cost to resurface Sand Hill Road from 280 to Santa Cruz is \$1.4 million, and there certainly would be a substantial amount of traffic coming from 280. Taking this cost into consideration is what led to the recommendation regarding not reducing the construction street impact fee for any future projects. However, the Council can adjust the fee, and in that case the staff's recommendation would be to grant not more than a 50% reduction. Upon receiving official notice from Caltrans regarding a grant, the City would have to award a construction contract within six months. However, there may be some flexibility between award of contract and when the contractor is expected to proceed with the work. As much of the project construction as possible would need to be completed prior to the resurfacing work.

Mr. Taylor explained that one of the mitigation measures is included in the traffic impact fee and is \$1.60/square foot. The Planning Commission has recommended the City Council consider using that for payment towards adaptive signal timing on Sand Hill Road west of Santa Cruz with the remaining portion to be funded by the general fund and the transient occupancy tax. The amount of money for the adaptive signal timing is \$1.3 million with \$432,000 being from the fees. There was discussion regarding the adaptive signal timing as it relates to Palo Alto and Stanford not having implemented the same.

The applicant said that discussions have taken place with the many property owners in regards to the median and pathway placement. Creative solutions are being looked at in attempting to make the area a gateway to not only Menlo Park but also the various projects that are in that area.

M/S Duboc/Jellins to approve all items except the construction impact fee, Item 10, which would be taken up later. The motion carried 3-1 with Cohen opposing and Fergusson recused.

Council Member Duboc stated that putting aside the fee might encourage other development projects to ask for exceptions as well.

M/S Winkler/Duboc to deny the request for a reduction or partial waiver of the construction street impact fee. The motion carried 4-0 with Fergusson recused.

Mayor Pro Tem Fergusson returned to the dais.

F. REGULAR BUSINESS *(item taken out of sequence)*

1. Adoption of resolution no. 5673 of intention to order the levy and collection of assessments for the Landscaping Assessment District for Fiscal Year 2006-07; and adoption of resolution no. 5674 giving preliminary approval of the Engineer's Report that proposes an increase of three percent to the tree portion of the assessment.

Pat Stone, Supervising Engineer, presented the report explaining the proposed increase in the general fund contribution, and the assessment engineer has indicated that 25% of the benefits are general benefits in nature. Consequently, 25% of the total program must be funded by means other than the assessments. The recommendation is that the general fund contribution be increased from \$141,000 to \$156,000 so that when that amount is added to the other contributions it would total

approximately 26%. There is a gap between revenues and expenditures, and part of the reason for that is the assessments have only been increased twice in the last six years. Personnel expenses have increased over time, and the number of trees added to the inventory has increased. Street sweeping costs have also increased.

The tree assessment rates for a single family with a City tree is increasing from \$53.24 to \$54.84 per parcel. For a single-family unit that did not have a City tree, the assessment will increase from \$26.62 to \$27.42 per parcel. No increase is proposed for the sidewalk assessment. Staff's recommendation is to adopt the Resolution of Intention to order the collection of assessments for the landscape assessment district and to adopt a resolution giving preliminary approval of the engineer's report for the landscape assessment district that proposes a 3% increase in the fee assessment.

There is a fund dedicated to tree assessment, and the current estimated balance is slightly over \$500,000. Staff projects that over the next four to five years, with the maximum expenditure and a 3% increase, the fund balance would be reduced to about zero.

M/S Jellins/Fergusson to adopt the staff recommendation but reduce the item from 26% to 25%. Motion carries unanimously.

2. Consideration of state and federal legislative items including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Items.

Mayor Jellins noted that Council approved a Resolution adopting principles for protecting vital City interests in the regulation of telecommunications services and opposing Assembly Bill 2987.

G. WRITTEN COMMUNICATION

1. Request from Mayor Jellins to place a communication from Honor Huntington relative to the Budget Advisory Committee on the Council's agenda.

Mayor Jellins explained that the communication that he placed on the agenda was prepared by Ms. Huntington and is a summary of Council's discussions as well as discussions with the City Manager. As Ms. Huntington was not present and may very well wish to be present to engage in discussion around this item, he suggested that the item be continued for two weeks.

Roxanne Rorapaugh addressed the Council and expressed concerns regarding the Brown Act and the democratic process. She stressed that all parties need to be heard and have a right to know what is going on. She believes that the letter from Ms. Huntington talked about doing a lot of things outside of the Brown Act, and she disagrees with that approach.

Council consensus was to have the item continued for two weeks.

I. COUNCIL MEMBER REPORTS

Council Member Cohen reported that he attended the Bicycle Commission Meeting of the Silicon Valley Bike Commission and was asked to request on their behalf that they be allowed to arrange for the Silicon Valley Bike Coalition to handle bike parking at the Connoisseur's Market this year.

J. PUBLIC COMMENT #2 (Limited to 30 minutes)

K. ADJOURNMENT – the meeting was adjourned at 10:17 p.m.

Respectfully submitted,

Silvia M. Vonderlinden, Certified Municipal Clerk

Approved at the Council Meeting of November 14, 2006.