



PLANNING COMMISSION EXCERPT MINUTES

October 5, 2009

6:00 p.m.

City Council Chambers

701 Laurel Street, Menlo Park, CA 94025

Teleconference with participation by Commissioner Kadvany from:
716 S. Madison
Pasadena, CA 91106
(Posted October 1, 2009)

CALL TO ORDER – 6:00 p.m.

ROLL CALL – Bressler, Ferrick, Kadvany, Keith, O'Malley (Vice chair), Pagee, Riggs (Chair)

INTRODUCTION OF STAFF – Deanna Chow, Senior Planner; Justin Murphy, Development Services Manager; Thomas Rogers, Associate Planner

Item heard at approximately 8:35 p.m.

A. STUDY SESSION

2. Study Session/General Plan Amendment, Zoning Ordinance Amendment, Rezoning, Development Agreement, Architectural Control, Tentative Parcel Maps, Heritage Tree Removal Permits, Below Market Rate (BMR) Agreement, and Environmental Review/Bohannon Development Company/101-155 Constitution Drive and 100-190 Independence Drive (Menlo Gateway Project):

1. General Plan Amendment to create a new Mixed-Use Commercial Business Park land use designation, which would allow research and development (R&D) facilities, offices, hotels/motels, health/fitness centers, cafes and restaurants, and related commercial uses. The maximum floor area ratio (FAR) would be set at 100% for offices, R&D, and related commercial facilities, 12.5% for health/fitness centers, cafes and restaurants, day care facilities, and related retail/community facilities, and 25% for hotels/motels (total maximum FAR of 137.5%);
2. General Plan Amendment to change the land use designation of the properties from Limited Industry to Mixed-Use Commercial Business Park;
3. Zoning Ordinance Amendment to create a new M-3 (Mixed-Use Commercial Business Park) zoning district to allow for uses and FAR as stated in the

corresponding General Plan land use designation. In addition, the M-3 zoning district would permit a maximum building height of 140 feet and a maximum number of 235 hotel rooms, and would specify use-based off-street parking requirements;

4. Rezoning the properties from M-2 (General Industrial) to M-3 (Mixed-Use Commercial Business Park);
5. Development Agreement to create vested rights in project approvals, address implementation of the proposed design and infrastructure improvements in the project area, and specify benefits to the City;
6. Architectural Control approval of specific project plans for the construction of new buildings with a maximum of 955,170 square feet of gross floor area (137.5% FAR) and a maximum building height of 140 feet;
 - The Constitution Drive site would include two eight-story office buildings totaling 494,669 square feet; potential neighborhood-serving convenience retail and community facility space; and two multi-story parking structures;
 - The Independence Drive site would include a 200,000-square-foot, eight-story office building; a 171,563-square foot, eleven-story, 230-room hotel; a 68,519-square-foot health and fitness center; a 4,245-square-foot restaurant; potential neighborhood-serving convenience retail and community facility space; and a shared multi-story parking structure;
7. Tentative Parcel Maps (one on the Independence site and one on the Constitution site) to merge lots, adjust lot lines, and establish easements.
8. Heritage Tree Removal Permits to remove 40 heritage trees on the Independence site and 32 heritage trees on the Constitution site;
9. BMR Agreement for the payment of in-lieu fees associated with the City's Below Market Rate Housing Program; and
10. Environmental Impact Report (EIR) to analyze the potential environmental impacts of the proposal.

This item will focus on the proposed uses, building and site design, public benefit, and Fiscal Impact Analysis (FIA) related to the proposed Menlo Gateway project. No action will be taken on the proposed project.

Staff Comment: Planner Rogers clarified that the Derry Project listing in Attachment G, Comparison to Other Projects, was the Derry Project as originally submitted and approved by the City Council. He said that Project was subsequently suspended and this comparison did not show the tentatively negotiated settlement program, which staff would show the next time the Menlo Gateway Project came before the public and City Council.

Planner Rogers highlighted the meeting procedure for the item, noting that this would be the final public comment on the draft Fiscal Impact Analysis (FIA) report and that comments on the FIA would be responded to by the consultant and staff. The draft FIA and those comments and responses would be the Final FIA.

Planner Rogers said the Commission would be asked to list the top 10 public benefits of the project; he said the intent of the exercise was to identify public benefits and not to just rank ideas presented. He said the Commission would then comment on the Development Program, General Plan Amendment and Zoning Ordinance Amendment, Development Agreement, Other Land Use Entitlements and Necessary Approvals, and the FIA.

Public Comment: Mr. David Bohannon, Bohannon Development Company, said the team of architects and planners would present the project to the Commission. He said the project proposal would be one of the most sustainable commercial projects ever built on the peninsula. He said it would provide Menlo Park with a tremendous economic advantage including over \$1.6 million in annual revenue and scores of new jobs. He said it would continue the Bohannon family's 70 year tradition of creating high quality commercial developments and raise the bar for private sustainable development and benefits to the community. He introduced Mr. Scott Pickard of Leisure Sports.

Mr. Pickard said that Leisure Sports was a partner with Marriott International on the Renaissance Club Sport brand. He said the hotel proposal was a 230 room, four-star and four-diamond facility, which would have a 68,000 square foot high-end lifestyle health club. He said his company looked at five major categories for fiscal feasibility of a site for one of their clubs, including the office and corporate environment of the site; traffic and visibility from major highways; club competition; hotel competition; and residential demographics. He said for this project proposal they had begun their fiscal feasibility analysis about two and a half years ago. He said they met with the developers and came to understand the master plan of the development. He said they then evaluated the site against existing open sites and prospective future sites that had passed their feasibility analysis. He said they have a Renaissance Club in Walnut Creek and a new one in Aliso Viejo. He said the 700,000 square feet of office space for the Bohannon plan was slightly under what they would like to see. He said that the Club in Walnut Creek had 1.6 million square feet of office space within walking distance and the new Club in Aliso Viejo has 1.9 million square feet of office space within walking distance. He said they also looked at traffic however, and there were many vehicles driving up and down Highway 101 and the project would have great visibility from that highway. He said the only competing club in the market was the Pacific Athletic Club which was four and a half miles away. He said they preferred a 360 degree of residential density around their club sites, which this project would not have. He said they expected 40 percent of their membership to come from the corporate environment and this facility would have 5,000 members at establishment of the product. He said they did not have ideal components with the

proposed project, but noted that the residences surrounding the site had high-income owners. He said the square footage for office was under what they would like to see, but the traffic up and down Highway 101 added to the determining success factors. He said the project had to pass their feasibility analysis and that of potential investors and lenders. He said with the current economy that they were on the edge of being able to get this project approved by investors and lenders so it was important to keep the amount of office space that was currently shown in the plan.

Chair Riggs asked if they had taken into account that the three buildings of the project might be phased. Mr. Pickard said that the plan was to have a ramp-up period built into their pro-forma analysis but that the faster the ramp-up the more suitable it would be for financing.

Commissioner Bressler asked if their commitment to the project depended upon a commitment from the developer as to when the project would be built. Mr. Pickard said absolutely. Commissioner Bressler asked about a reasonable time frame. Mr. Pickard said they would have to evaluate the phasing as to when the hotel would open versus the additional office space and the ramp-up for the occupancy of that space.

Commissioner O'Malley asked if the project was approved in the next year when construction of the project would begin. Mr. Pickard said he thought that there would be a one-year design phase. Commissioner O'Malley said that the new jobs were about a year and a half away. Mr. Pickard said that seemed a reasonable assumption.

Mr. Tom Gilman, DES Architects, Redwood City, said they had set out to create a new kind of place, a healthy living work environment. He said the intent was to create a sense of place which was a fulfilling place to be, a healthy place to work and a nurturing place to stay. He said the project proposal was a seamless integration of wonderful exterior spaces, world class architecture and healthy work spaces. He said they had taken advantage of the environment in the design of the buildings, which design responded to the immediate context and had environmental soundness, and was influenced by sustainability. He said in many ways their decisions had been shaped by the desire to respond to the environmental influence. He said the architecture of the design had been a very deliberate process to respond to the environmental influences of the site, which shaped their approach to site and building design and creation of a healthy and living work environment.

Mr. Gilman said the buildings were oriented east-west to maximize solar in a passive way. He said the buildings were designed taller so as to have a smaller footprint, which meant that 40 percent of the site was open space with a four-acre park along the Bayfront Parkway. He said the project would use natural and native landscaping and incorporate storm management practices within the site design. He said the architecture was shaped by orientation and the way the sun and wind affected the

buildings. He noted that the buildings on the north side had very smoothly shaped surfaces and a very transparent floor to floor glazing, which allowed for greater daylight harvesting and less dependence on artificial light within the buildings. He said the buildings on the south side were more textured, closed, and solid but noted light shelves to balance light further back into the building and the use of solar sunshades for control of the amount of light and solar heat gain. He said the use of highly insulating materials as well as more massive materials such as natural stone would help delay the transfer of heat into the building. He said on the east and west side of the buildings that they had incorporated a serrated character which added shading by the overlap of the shapes and the forms, giving a little more verticality to the building with fins that helped with sun shading in late afternoon and early morning when the sun was low.

Mr. Gilman said that ultimately they were creating a new destination for the community and a way of connecting all of Menlo Park. He said the project was about creating places to be both inside and outside the buildings, creating both contemplative spaces and very active spaces, and spaces within buildings that had a strong connection to both inside and outside.

Ms. Andrea Traver, KEMA, said she was the Director of the Sustainable Building and Operations Group, and her company had been the LEED consultants and commissioning agents for over 25 LEED projects, and sustainability consultants on about 100 green projects. She said that this project proposal was a transformation of an industrial site of the 20th century to a 21st century example of sustainability, which was the core ethos of the project during the two years KEMA has worked with Bohannon. She said it was very unusual to work with a developer who was proceeding very aggressively on sustainability strategies without even knowing whether the project would be approved. She said they were committed to LEED gold certification for the offices and parking garages and LEED silver certification for the hotel and the Club Sport. She said the Commissioners had a booklet of the sustainable efforts that were being made. She said she wanted to highlight the prioritization of high energy efficiency, site orientation and landscaping, efficient heating/cooling and hot water systems. She said the project would be 20 percent more efficient than state code. She said the developer was also investigating a large solar electric system to produce a portion of electricity onsite. She said there was a very responsible water use goal and intent to have a minimum 40 percent water savings in the buildings. She said over 50 percent of the site would be landscaped using irrigation efficiencies. She said they were also actively developing a rainwater collection system for irrigation. She said that now that gray water was legal in California they would look at its potential use. She said the selection of materials were those of highly recyclable content and when feasible purchased from local sources. She said Best Management Practices would divert at least 70 percent of construction waste from landfill and their goal was a 90 to 95 percent diversion from land fill. She said Mr. Bohannon was developing a green tenant operation and those

features would be incorporated in the buildings as well. She said the ongoing operations would be sustainable for the life of the buildings.

Commissioner Bressler asked whether their work would be transferable to a modified version of this project. Ms. Traver said the approaches and strategies of efficiency would be retained.

Commissioner O'Malley confirmed with Ms. Traver that 25 of their projects had gone completely through LEED certification.

Commissioner Keith asked what percentage of their projects had been LEED certified. Ms. Traver said it was 100 percent.

Mr. Bohannon said this was the formal part of their presentation. He said they also had transportation and fiscal analysis consultants to answer questions.

Planner Rogers said Mr. Steve Murphy, Bay Area Economics, would present the FIA and color coded documents that conformed to the consultant's presentation were found in Attachment D. He said members of the public who had not received those documents could contact him for copies and that the information would also be available on the project site on the City's website.

Mr. Steve Murphy, Bay Area Economics (BAE), a senior associate with the firm, noted that they had prepared an independent fiscal impact analysis for the proposed Menlo Gateway project. He said some of the Commissioners had been able to attend the public meeting where they had done a similar presentation of their analysis results. He said his firm's principal, Mr. Ron Golden, had done the past presentations but was home due to illness.

Mr. Murphy said that they were working directly with the City and not with the project sponsor. He said the scope of work was to evaluate the project and five alternative plan uses. He said the five alternative plan uses that they evaluated were the same plan uses evaluated for the EIR. He said they presented a memo to the City in June 2008 detailing the other land use alternatives as well as the project proposal. He said they looked at fiscal impact and also at two indirect impacts. He said they looked at the induced housing demand because of the project and fiscal impacts. He said there was a potential of this project to encourage redevelopment on adjacent and surrounding sites. He said there were strategies to look at additional revenues to be generated from this project beyond the existing impact fee schedule and above and beyond the existing tax structure the City has. He said they had prepared a report with details on methodology used, data sources and assumptions, which was available on the City's website. He said comments on the FIA report would be received through this meeting and they would then work with staff on response to comments which with the draft FIA would constitute the Final FIA.

Mr. Murphy said a fiscal impact analysis systematically looked at revenues that would be produced by a new development which were then compared to costs that would be generated by that development. He said those costs in terms of the City would be the need for new personnel, materials, and facilities as well as overhead costs generated by development. He said that they looked at impacts to the City's General Fund and impacts to other districts such as the Fire District and five school districts. He said regarding methodology that they reviewed detail from the City and affected special districts and conducted interviews with heads of departments and districts. He said they looked at marginal costs and the actual costs incrementally for additional facilities and labor or overhead that would be needed to serve development. He said this was done with major departments with major cost impacts, noting fire and police services, and other less major departments of the City and supporting districts such as the community college district and administrative districts. He said it was assumed that employees in the development would generate half of the cost impact of residents. He said they also interviewed other City services providers such as the Library and Parks and Recreation.

Mr. Murphy said that expected revenue from the project would include Transfer Occupancy Tax (TOT, property taxes, and sales taxes. He said it was important to look at factors that might affect TOT and sales taxes revenues. He said they looked at actual business to business sales tax transactions for the highest quality, multi-tenant office developments and how that was inferred with tenant change. He said they looked at high, middle and low revenue years for those businesses. He said they did the same analysis of hotels in Menlo Park and the surrounding communities looking at revenue cycles and low, average, and high revenue years for those hotels. He said they estimated revenue from other fees such as license, utility use tax, permits, and license and franchise fees. He said they looked at annually occurring revenues, one-time revenues, property transfer tax, project impact fees, and sales tax on construction materials. He said they summarized those findings and considered general fund revenue in stabilized future years. He said with the project built and fully occupied with both the office and hotel use, the expected revenues were over \$2 million annually which was offset by new expenditures created by the project of about \$500,000 annually, which indicated a net surplus to the City of \$1.67 million annually based on an assumption of mid-range hotel revenues and mid-range business to business tax revenue. He said they also compared to a low-range revenue year. He said they looked at the project over a 20 year period and the evaluation was that it would continue to provide significant revenue to the City.

Mr. Murphy said that the Menlo Park Fire District would have impacts from the project which were determined through interviews with the Fire Chief and staff. He said that the Fire District would need to add a ladder truck at Station 77 that could reach over a four-story height as well as three more personnel as the ladder truck required four personnel as opposed to existing trucks that only required three personnel. He said that the Station was staffed in three shifts currently with three staff per shift but for operation of the ladder truck there would need to be four staff per shift. He said the

ladder truck might also serve other tall buildings within the District's jurisdiction. He said the estimated cost of such a truck was up to \$1 million. He said Fire District revenues came from property taxes and that revenue would not meet the ongoing cost for additional staff with an anticipated deficit of \$67,000 annually.

Mr. Murphy said the school districts that were within the project area were the Redwood City Elementary School District and the Sequoia Union High School District, which would receive \$1.5 million annually from this project. He said there were no costs to these Districts generated by the proposed project and they would also receive some additional impact fees of about \$240,000. He said that the overall increased extreme demand on these districts would be weighted on revenue.

Mr. Murphy said regarding housing demand generated by the project that ABAG designated certain obligations on all cities in Bay Area to build to future housing numbers, and with this project they found at the high end the City might get an obligation of 76 housing units. He said the next ABAG projection would be for cycle 2014 to 2019. He said they found an overall slight fiscal impact to the City's General Fund of \$67,000 annually from this indirect cost. He said some of the other school districts would have a slightly negative impact and some a positive impact from the project. He said the overall negative impact for all of the school districts combined was about \$45,000 annually. He said there was a slight negative impact overall for all other types of districts.

Mr. Murphy said they also considered the potential for land use changes on adjacent sites because of this project, noting there were 191 acres that surrounded this project site. He said they found that there would be pressures for redevelopment over the long term but not for the short term, noting that many of the businesses on Independence and Constitution Drives were small and privately owned or they were owned by businesses that have active businesses. He noted that it was a long, uncertain process for owners to pursue zoning changes on these other parcels.

Mr. Murphy said the City had asked them for strategies to obtain additional benefits from this project. He said there were development fees such as charged by Redwood City, Palo Alto and San Francisco, several of which Menlo Park was not charging as much as those other municipalities and in some instances not charging at all such as for childcare and parks and recreation facilities. He said however that the timeline to update the City's Impact Revenue Schedule might take longer than this project timeline.

Mr. Murphy said in some instances when non-retail uses were proposed for retail sites that in-lieu fees could be collected. He said within the development agreement that the City might negotiate other impact fees. He said that the hotel component of the project was the driver of the revenue and the timing and assurance of that use was important. He said another strategy would be to request that the developer have the property reassessed through an ownership transfer prior to pursuing development

noting that Proposition 13 capped property tax increases at 2 percent. He said a reassessment would establish a new baseline for property values and the City and other districts would receive additional revenues. He said they could also request that the developer and the contractor report sales tax revenue to the City rather than to the San Mateo County pool. He said that would require additional paperwork on the part of developer and contractor but it could be done. He said the City could also ask for additional community benefit from the developer.

Commissioner O'Malley said looking at the expected revenues to the City that he did not see a big difference between the proposed project and the alternative projects. He noted comments in a letter received by the Commission this evening that indicated one of the alternative projects would be preferable as there were similar expected revenues. He said comments made by Mr. Pickard indicated that the square footage of office space planned would just be the minimum limit for making the project feasible for the fitness club. He said that made him question Alternatives 3, 4 and 5, which had less square footage and he did not think he could accept the FIA for alternatives 3, 4 and 5.

Mr. Murphy said his firm would work with staff to provide appropriate responses to the comments received and whether there was additional analysis that was needed or wanted, and they would respond to the letter recently received. He said that prior to the current downturn there was a substantial log of hotel development throughout the peninsula of different sizes and types. He said they could do additional analysis of hotel development and whether a smaller scale hotel could work without the office component.

Commissioner Bressler said the comments about the size of the office space were made by Mr. Pickard about the health club. Chair Riggs said without the health club the proposal would have been for a Marriott Courtyard product with 130 rooms as opposed to the 230 rooms for the project proposal. Commissioner Bressler said the FIA used the EIR as to the number of new residences to be added and the Commission had had concerns with the need for one new residence for every 10 jobs. He asked if that would be the actual assessment. Planner Rogers said that related to the EIR they were researching that question, and if the response to that EIR comment resulted in a different housing unit they would work with BAE on that evaluation.

Commissioner Bressler said the question that would benefit the City the most was what project at this site would create the most revenue and least impact for the City. Mr. Murphy said that cities sometimes asked an even broader question as to what development was best for that city, which was sometimes answered through planning processes. Commissioner Bressler said there might be shortcomings related to the FIA based on the project proposal. Chair Riggs asked staff to comment. Planner Rogers said that was not an FIA comment rather a comment on the process of this proposal. He said there had been direction to accept the project proposal for the

purposes of discussion. He said that it could be discussed in the section on how the general plan and zoning were set up.

Planner Rogers said that the public benefit topic for the project was fairly complicated. He said there had been community workshops at which brainstorming ideas had been gathered related to public benefit. He said they took all of those ideas, reviewed them, expanded some that were somewhat vague and listed all of the ideas into categories. He said Attachment I was that list. He said the Commission would be asked to review those ideas and provide ideas that were not listed. He said the Commission would then be asked to do a ranking exercise on all of the ideas listed and presented by the Commission. He said the City Council would be asked to do a similar exercise with the intent of identifying desirable public benefits for use in the development agreement negotiation. He said that public benefits were distinct from other attributes of the project such as TOT and this discussion was about extra public benefits. He said as the size of the project changed the level of public benefits would change as well.

Chair Riggs encouraged the Commission to work hard on the public benefit issue as this was the largest topic of discussion at this point.

Commissioner O'Malley asked if staff was expecting the Commission to accomplish the ranking this evening. Planner Rogers said that was correct. Commissioner O'Malley said he thought that the exercise was of dubious value as it was not yet determined what the project would be.

Chair Riggs opened the floor for public comment, and requested that speakers hold their comments to three minutes. He asked that they provide their place of residence and if comfortable in doing so indicate their occupation.

Public Comment: Ms. Patti Fry, Menlo Park, said she was retired and a community volunteer. She said it was important to understand the lifetime of the potential development agreement before them. She said she had heard it might be 15 to 20 years and the City could change greatly in that amount of time. She said the Zoning Ordinance Amendment and General Plan Amendment had been proposed by the developer and it was important that the community, Commission and Council looked at what was good for the City and not just what was good for the developer. She said it was not a use permit or planned development. She said the Menlo Gateway project was just an example of what the amendments would allow and questioned its impact in 15 to 20 years. She said there was no use permit process for community events proposed. She said the City had held long discussions on zoning ordinances updates, definitions of offices, some limits on uses, and consideration of uses that might lead to better revenues. She said as designed there would be no flexibility for the City once the zoning change was made and everything would have to be negotiated upfront. She suggested that the Commission consider the General Plan's stated goal for the industrial zone for projects that promoted retention and expansion

of uses that generated revenue to the City designed to have low environmental or traffic impacts. She said that this project did not meet all of those goals. Responding to Chair Riggs, she noted that she had time donated from Mr. Bob Eptal. She said the development agreement would only affect the public benefit portion of it. She said there was a limit to what was allowed but there would be no chance to change allowed uses later if the City's needs changed. She said it was important to address ABAG requirements for housing as there was no help in the project related to impacts on the jobs/housing imbalance in the City. She said that under the zoning ordinance amendment this proposal had three times the amount of FAR currently allowed as well as a more intense use and that would ripple into traffic, neighborhood and water impacts. She suggested setting the proposed project aside and looking at the Zoning Ordinance Amendment and General Plan Amendment to make sure the City was comfortable with the changes and impacts they might have.

Ms. Wanda Haynes, the Mt. Olive Apostolic Original Church of God, said their Church had just returned from a conference in Portland, Oregon, and their pastor, Dr. Bostic, and members were still traveling, but some members were present. She said the members of the Church wished to reiterate their support for the Menlo Gateway project. She said they had previously submitted a letter detailing why they supported this project which was signed by the pastor and 49 Church members, many of whom were Belle Haven residents. She said that there were short- and long-term employment opportunities, many of which were committed to Menlo Park residents through Mr. Bohannon's agreement with Job Train. She said the project would improve the appearance of the area and provide amenities that were sorely lacking in this part of the City.

Mr. William Mack, Menlo Park, said he was speaking on behalf the San Mateo County Building and Construction Trade Council, an organization of 14,000 of the highest skilled union crafts persons. He said this \$350 million project would generate \$1.67 million in new revenue, \$8.5 million dollars for BMR housing and would create 2,100 professional and office related jobs, 212 hospitality related jobs, and 1,900 construction workers with good salaries and benefits. He said with the recession that unemployment was over 12 percent in California and construction jobs were 25 percent of that unemployment rate. He said there were optimistic indicators that private construction would remain depressed over next year and expected to improve after that. He said this project could be our own economic stimulus funds, and he hoped next year there would be a groundbreaking for a project that they all could support and feel pride in.

Mr. Morris Brown, Menlo Park, retired businessman, said the project was too big and should be discarded immediately. He said that the project would remove 72 heritage trees. He said that it would create huge traffic impacts and the Town of Atherton had written a six-page letter to the EIR consultant related to the nightmare the project would create on Marsh and Middlefield Roads. He said the project was not even within the Menlo school system and revenue would go to another school district. He

said the requirement of only 76 more housing units was absurdly low. He said that the Rosewood Hotel was built on Stanford land and had only 100,000 square feet of office. He said this was the wrong project in terms of land use. He said that this zoning amendment would be reused by other developers. He said the City should do planning for the M-2 zone or even a visioning process on M-2. He said a developer should not tell the City how to use the land.

Mr. David Speer, Menlo Park, (additional time donated per Planner Rogers), made a visual presentation. He said the FIA came out July 1 as well as the EIR and this was the first time that the project was revealed for public review. He said the FIA needed to compare total M-2 tax revenue with what will be generated with rezoning. He said related to the housing impacts of this project, the FIA indicated that 1,090 units were needed and 408 of those in upper median income category. He said the EIR additionally identified 1,220 indirect jobs created in addition to the 1,878 new jobs created directly by the project. He said using the same factor of determining housing need that was used for direct jobs and applying it to indirect jobs, he calculated that 710 housing units were needed. He said the FIA reported that the net direct operating cost to the City was a negative \$900 per household, and with the need for 1,800 new households regionally that created a net cost of \$1.6 million, which was being externalized to the region. He said in the EIR, that the Keyser Marsten study indicated that a 10 percent share of housing associated with the project would be assumed in Menlo Park for purposes of the FIA. He said information was needed to make decisions and there should be a range of assumptions as to what the potential costs were. He said other new developments in the area such as in Redwood City and Stanford also externalized housing needs. He said the Stanford Medical Center showed that a total of 1,119 additional households were needed, of which 484 were high income, and that project was just across the creek from Menlo Park. He said that schools were experiencing rapid new enrollment. He said to provide the new housing required would mean the need for a neighborhood the size of the Willows. He asked where a development that size could be built in Menlo Park.

Ms. Elizabeth Lasensky, Menlo Park, employed by Stanford University, said she was representing the Bedwell Bayfront Park, one of most adjacent neighbors from this proposed development. She said they would welcome users from this project at the Park. She said the studied patterns of parking and traffic at the Park indicated that people come to the Park for about an hour and then left. She said it was assumed that people from this project would visit the Park during the day and there would not be a peak in traffic or parking. She said the present view from the Park to the proposed project site was ugly and the proposed development would make an interesting view. She said there had been comments about the proposed height of the project shadowing surrounding areas but for the Park the shadowing if any would affect the Bay or pond which was not impactful. She said there had been comments about setbacks or lack of setbacks affecting the Park but the Park was separated from the project site by a highway, pond and a road and she could not see how the Park would be impacted. She said that public benefits from this project should stay in

this area with amenities for Belle Haven and the Park such as revegetation. She said unrelated to the Park regarding jobs that for people living in Menlo Park who had lost their jobs to hear someone say that new jobs were a bad thing was hard to swallow.

Mr. Elias Blawie, Menlo Park resident, said he was a lawyer employed in Palo Alto, and had at one time been the manager of a law firm in Menlo Park so he was familiar with offices such as proposed. He said he was quite disappointed with the materials presented on the public benefits review. He said there was a big difference between mitigations and benefits. He said all of the items listed except item 9 were mitigations, not benefits. He said a ladder truck was not a benefit but a necessary requirement of this project. He said he did not agree with the statement made that the benefits should stay in the neighborhood. He said impact was city and region wide and the City needed to consider benefits consummate with the costs. He said he did not think it made sense to make a small city to support a product, i.e. health club. He said the office number was based on an employee number based on square footage which was not accurate and made assumptions about traffic counts, housing numbers, and school impacts. He asked about the parking structure which was not shown. He said this was a 20th century design and only an option.

Mr. Paul Collacchi, (time donated by Charlie Bourne), said he lived in Redwood City, and was a software engineer. He made a visual presentation that accompanied his comments. He reiterated that there was a difference between mitigations and benefits particularly with greenhouse gases. He said the City did not have standards of significance and because it did not it could not enforce standards so it was important that the City establish those standards. He said he had heard positive things from the developer that he would like to fully mitigate this project but the City needed to define standards. He said the emissions were increased by 600 percent from an existing 4,000 metric ton to 28,000 metric ton with the proposed project. He said related to the City's projected emissions to the year 2020 that this project would take up 23 percent of that and that probably meant that the original forecast had not included this project. He said the world was trying to get back to 1990 levels and this was a big project with big impacts. He said despite their best efforts to make the buildings energy efficient the real problem was the vehicular traffic. He said the largest single component of the project was the parking garages, which took up 18.9 acres. He said the project was massing 1.7 million square feet on 40 acres of development. He showed how the uses generated traffic trips. He said the health club did not generate much revenue for the City and nor would the office space. He showed slides demonstrating the comparison of the footprints of this project and those of the Rosewood Hotel and the University Circle project. He said the next two slides showed material that Mr. Speer had reviewed related to indirect jobs and housing. He asked if this project was really sustainable. He said if there was a 20 year development agreement that other parcel owners in M-2 would be coming into get the same agreement. He said the M-2 plan should be done before any project was considered. He said that the M-2 had been studied previously and staff should be asked to provide that material.

Mr. Chuck Kinney, Menlo Park, retired and Vice President of a Homeowners' Association Board, Chairman of Sustainable Menlo Park, and President of Trees for Menlo, Inc., said he wanted to talk about top ten public benefits ideas, noting that Trees for Menlo Park was listed under item 12. He said he was a friend of David Bohannon and Trees was grateful for a generous contribution from Mr. Bohannon which enabled the completion of the first phase of planting. He said many of the 41 benefits ideas had merit and many were directly related to Belle Haven community. He said he had worked on a two-day workshop related to high-speed rail which had been presented in the context of planning high speed rail for the next 100 years or more. He said that Trees for Menlo, Inc. had planted 250 trees along the significant El Camino Real and received the 2003 Arbor Day award, which was the City's first national award.

Mr. Chuck Bernstein, Menlo Park, said he was a 41 year old resident of the Willows and an educator. He said this was the first time he had seen all of the details of the project. He said he was impressed by the skills and knowledge of the residents of the City, which underscored why he cared so much about the community. He said he was very unimpressed by the skills of the planning staff. He asked about the purpose of a study session in which the Commission was being asked to make a decision and make a recommendation to City Council. He said there had been no discussion about major intersections. He said to him it sounded like a question of how much money would come to the city. He said that he would discourage selling one's soul for public benefits.

Chair Riggs noted that the Commission was not taking action this evening but providing comments to the City Council.

Mr. Matt Henry, Menlo Park, said he was retired. He said many of the residents in the City that consistently criticized the large projects wanted it both ways. He said on the one hand they wanted to slow down development to maintain a high quality of life and then complained about the loss of revenue. He said maintaining a high quality of life took money and a higher quality of life would take even more money.

Ms. Gail Slocum, Menlo Park, said the framework of how to look at such a project was so big that she felt they should step back and determine what was important. She said she was concerned about a public benefits list. She said it was important to have a paradigm for public benefits and what those were for other cities who allowed up zoning. She said there was excellent intent and potential benefit for the City from the proposed project but there was also significant impact to greenhouse gas emissions. She said thought should be given as to how to make this project have net zero emission with mitigation measures and/or public benefits measures. She said there was a way to calculate benefit from a carbon metric and to rank those things based on cost effectiveness. She said they could add synergistic ideas to the list such as a solar school program by having the developer install solar panels on

schools and provide have green programs for the future generation's education. She said that transportation impacts were the major impacts of the proposed project and suggested focusing on transportation mitigations and public benefits.

Chair Riggs closed the public comment period.

Commission Comment: Chair Riggs said that 1,000 plus additional housing units needed on a regional basis agreed with the EIR. Planner Rogers said that staff would need to do research to get the answer.

Planner Rogers said that the Chair had asked them to touch base after 10:30 p.m. about the length of tonight's meeting. Chair Riggs said that usually the end of their meeting was 11:30 p.m. and if they were to go past 11:30 p.m. there would need to be consensus. There was unanimity to continue as necessary.

Chair Riggs asked about process. Planner Rogers said that perhaps the Commission might want to add additional items to the public benefits list and then the Commission might vote on the expanded list. Chair Riggs asked Commissioners for ideas and suggestions.

Commissioner Ferrick said there were some ideas listed that were mitigation, such as the fire truck. She said focusing on the transportation and transit was important because there would be such an increase from the proposed project in greenhouse gas emissions. She suggested extended shuttles, increased shuttles, adaptive signal control systems on selective corridors, improvements to Marsh Road to make it more bicycle friendly which could reduce car trips and improve connectivity for the whole City; she said that would be partly mitigation and partly benefit. She said that Ravenswood School District was a bit short-changed and would not get any benefit from the project.

Commissioner Bressler said there was a dollar amount associated with the items. He said it should be known what items cost and what the overall benefit to the developer was and then look at how much of that should go to public benefit. He said the question was how much this up-zoning was worth. He said it was just a proposal not a project and he would like to see this information.

Chair Riggs asked if BAE could be asked to look at the value of up-zoning. Planner Rogers said that was not in their scope of work but it was something to note for the overall development agreement negotiation process into which the prioritized list would flow and would be informed by the ongoing feedback from the Council subcommittee and independent development consultant whose role was to understand the monetary value of the appraisals not so much for public forum but for the detailed negotiation process. Chair Riggs said it would be helpful for the Commission to have a ballpark figure for estimating the percentage.

Development Services Manager Murphy said the Commission was being asked to comment on several items or an upcoming City Council study session on November 3, which meeting schedule had been prescribed by the City Council in the spring. He said what was presented in the list before the Commission was collected input that came out of a series of community meetings wherein the public was given multiple opportunities to comment on ideas. He said in the spirit of brainstorming that any idea that was mentioned was captured on the list, and the list was meant to be inclusive. He said the Commission was being asked to do a first-pass prioritization of the list. He said that if the Commission wished to do it differently or did not think there was enough time, the list could move forward to the Council as is. He said as noted by Planner Rogers that the value of the project and value of public benefits would be part of the development agreement negotiation.

Chair Riggs said he thought they could complete the exercise, then after their break, comment on the rest of the items to be addressed. He said having done that they could then return to the public benefits issue.

Commissioner Ferrick said she appreciated knowing how the list was generated.

Chair Riggs said in concurrence with Commissioner Bressler's concerns that without knowing the value of what they were asking for that there could be 10 throwaway items or 10 items that when added up would be an impediment to the project.

Commissioner Pagee said she was not ready to vote on the list. She suggested adding to number 23 to consider a pedestrian/bike bridge to connect the east and west. She said the Marsh Road overpass was not suitable for bicycles. She said related to number 41 to benefit the Ravenswood School District her suggestion would be to bring this area into the Ravenswood School District by changing the boundaries. She said such realignment had happened before. Planner Rogers said that was something to bring forward and noted the meeting would end at 11:30 p.m. and asked whether there was time to address everything or what the options were. Chair Riggs asked if the item could come before the Commission again on October 19. Development Services Manager Murphy said that the agenda was full for October 19 and suggested that possibly a separate meeting could be held prior to the November 3 Council meeting that would give staff time to process comments for the Council.

Commissioner Keith asked if the October 19 meeting could be renoticed. Development Services Manager Murphy said that this item could be added to the meeting. Commissioner Keith asked if an item could be removed. Development Services Manager Murphy said that technically an item could be removed but the client would be unhappy.

Commissioner O'Malley said it was unreasonable to expect to finish the list in 10 minutes. He said the items were not quantifiable at all and it was not clear which were benefits or mitigations.

Chair Riggs said one thing that had not been accomplished in Menlo Park was a frequent and short loop transit system downtown as there were not yet enough customers. He said it was hard to get people to live downtown when there was no shuttle. He said the problem with a linear transit corridor was the last mile which a short loop shuttle system might address. Commissioner Ferrick asked about the Atherton Train Station. Chair Riggs said hopefully that people from there could be shuttled to downtown Menlo Park. Commissioner Ferrick said her intent was for the City to be a good neighbor as the project proposal would impact neighbors. Commissioner Pagee asked if Chair Riggs' suggestion was the same as number 15. Chair Riggs said that number 15 could be redefined. He said regarding number 1 related to purchasing carbon offsets that he hoped this would be the last thing the City requested as he would prefer lessening carbon footprint onsite.

Commissioner O'Malley said he had no additional comments.

Commissioner Keith said she had concerns about housing issues and school impacts. She said she was not ready to vote on the public benefits list. She said that Mr. Murphy (BAE) had mentioned to have the project property reassessed after it was rezoned. She said he also mentioned greater impact fees and revenue fees. She said she was surprised to find that this area was not in the Menlo Park School District, noting this District had had a major increase in enrollment. She said that Mr. Bernstein had been involved in rezoning for school districts and while difficult it could be done. She said a ladder truck for Menlo Park Fire District and additional staff was not a public benefit. She said it was unclear how much the salary and benefits would be and their impact on the City. She said green features were not public benefits. She said she appreciated the efforts to be green and to be LEED certified but thought that electric charging stations for electrical vehicles was something that should just be done and similarly LEED certification. She said water was a huge issue and what was listed related to water management was mitigation and not a public benefit. She said she had a problem with a 20-year development agreement; she said if ABAG numbers increased during that time then those would have to be addressed by the City. She said regarding emission issues that 70 percent of that was from cars and that had to be mitigated further.

Commissioner Bressler said it was premature for the City Council to consider this list. Chair Riggs asked if the City Council would do a study session. Planner Rogers said that November 3 would be a study session and November 19 the Council would hold a public hearing to provide direction on the development agreement.

Commissioner Bressler said this project would import high-paid workers and they might want to live in Menlo Park or not. He said it was more beneficial to the

neighborhood for the jobs generated by the project to go to people living in the neighborhood. He said he took issue with the idea that this was a project of the future; to him this was a project of the past with huge parking structures and lawyers' offices. He said the future should place more importance on local manufacturing and distribution and develop the technology around that. He said putting an old school project in this site could shoot the City in the foot. He said the process for this project was not a process for the City to determine what was wanted. He said the process was driven by the developer which he thought was a very narrowing process. He said he did not think this would benefit the neighborhood and for the City to determine what was needed in the M-2 zone. Chair Riggs said people in his neighborhood were in high tech management and might just work at this site.

Commissioner Pagee said since there was less than 15 minutes left of the meeting and many more items to cover that either the Commission should meet October 12 or continue the item to October 19.

Commissioner O'Malley said he did not agree that this was an old school project; he said manufacturing could also be considered old school. He said that no matter what was developed in the area it would create traffic. He said there had been a lot of thought put into the project by the developer. He said they should study the project more and proceed moving it ahead. He said the list of public benefits needed to be redone and made quantifiable. He said the quality of the project and the presentation of it indicated that there were many positives. He said the parking structures were huge and needed to be addressed.

Chair Riggs said based on comments he yet had to make that the Commission would need at least another hour and a half and that did not include ranking the public benefits. Development Services Manager Murphy said they could meet Brown Act noticing requirements and have a special meeting on October 12 or they could have an early start on October 19 to allow for the agendaized four items and this item. In response to Chair Riggs, he said there were one residential project, an appeal of Safeway outdoor seating and alcohol sales, and two M-2 projects on the October 19 agenda. Chair Riggs said those items might be accomplished in two and a half hours. Commissioner Pagee asked if this item could be first on the agenda. Chair Riggs said if the other items could be accomplished in a half hour each perhaps this item should be after those items. Commissioner Ferrick said it was hard for her to get to meetings at 6 p.m. Chair Riggs suggested that they meet at the regular start time and consider this study item after the already agendaized items. There was Commission consensus for this item to be continued to the October 19 meeting.

Chair Riggs said there were some major problems to be resolved but the project was highly attractive and he really appreciated the solar use and other green elements. He said the proposed project would be a world class project and he appreciated that that it would be a LEED project.

Mr. Bohannon said he wanted to express his team's appreciation for the Commission's thoughtful consideration of the project, and they looked forward to meeting with the Commission again on the 19th.

ADJOURNMENT

The meeting adjourned at 11:30 p.m.

Staff Liaison: Deanna Chow, Senior Planner

Recording Secretary: Brenda Bennett

Approved by Planning Commission on November 2, 2009