



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: October 20, 2009

Staff Report #: 09-144

Agenda Item #: E-1

PUBLIC HEARING: Consideration of Request for a Use Permit, Architectural Control, Tentative Map, Below Market Rate Housing Agreement and Environmental Review for Construction of a New Two-Story 10,148-Square-Foot Office Building for Medical/Dental Use and Related On -Site and Off-Site Improvements at 1706 El Camino Real in the C-4 (General Commercial Applicable to El Camino Real) Zoning District and Adoption of a Resolution Establishing a No Parking Zone along the Property Frontage on Buckthorn Way

RECOMMENDATION

Staff recommends that the City Council concur with the unanimous recommendation of the Planning Commission and approve the following for the proposed project at 1706 El Camino Real, subject to the findings and actions contained in Attachment A:

1. Use Permit for construction of a new 10,148-square-foot medical/dental office building;
2. Architectural Control for design review of the new building and related site improvements;
3. Tentative Map for the creation of six medical/office condominium units within the building;
4. Below Market Rate (BMR) Housing Agreement for the payment of in-lieu fees associated with the City's BMR Housing Program; and
5. Mitigated Negative Declaration (MND) to analyze the potential environmental impacts of the proposed project.

In addition, the proposed project requires adoption of a resolution to establish a no parking zone along the property frontage on Buckthorn Way.

PROPOSAL

The applicant is requesting a use permit and architectural control to demolish an existing one-story, 6,875 square-foot commercial building (formerly Gaylord's Restaurant) and construct a two-story, 10,148-square-foot medical/dental and professional office building located at 1706 El Camino Real in the C-4 (General Commercial District - Applicable to El Camino Real) zoning district. The proposal also includes a request for a tentative map to subdivide the building into six condominium units, which would allow for the sale and individual ownership of each of the office units.

The proposed building complies with all of the development regulations established for the C-4 (ECR) zoning district.

The proposed two-story building reflects a contemporary Santa Barbara architectural style with a cement plaster exterior finish, concrete barrel roof, decorative wrought iron railings, and decorative ceramic tile accents. The building is rectangular in shape with primary orientation towards El Camino Real. The first floor is divided by an arch-framed breezeway, which serves as a focal point for the building. All office suites would be accessed from within the breezeway, either on the first floor or the second floor. A portion of the first floor provides covered parking, with the remainder of the parking located in a surface lot behind the building. Vehicular access to the site would be provided by one central driveway on El Camino Real, which is also shared with the properties at 1702 and 1704 El Camino Real. Associated on-site and off-site improvements would include new curb, gutter, sidewalk and landscape strip on El Camino Real and Buckthorn Way, a new right turn lane on El Camino Real, and entry monuments into the residential neighborhood on Buckthorn Way. In addition, the applicant proposes no on-street parking adjacent to the property frontages on El Camino Real and Buckthorn Way. Attachment B provides the resolution needed to establish the no parking zone for a portion of Buckthorn Way. Due to jurisdictional boundaries, however, the no parking zone on El Camino Real would be processed through the Town of Atherton and Caltrans.

The project proposal presented for the City Council's consideration reflects a comprehensive redesign of a project that was originally submitted in March 2007 for a 10,934-square-foot medical/dental office designed in a modern architectural style, similar to a building under construction at 1906 El Camino Real. Following a Planning Commission study session in September 2007, the applicant conducted an extensive community outreach process to redesign the proposal to address concerns, including site layout, architectural design, and traffic, raised by several members of the public and Commissioners. This outreach process and Planning Commission's review is further discussed in the Background Section below.

BACKGROUND

Community Meetings

In an effort to enable the public to provide input on the redesign of the project, four neighborhood meetings were conducted following the September 10, 2007 Planning Commission study session. The neighborhood meetings were facilitated by a neutral agency to ensure that all comments were heard. The meetings were conducted between April 2008 and February 2009. Each meeting focused on different topics related to the project, including the pros and cons of an office proposal, the site design, the architectural style of the building, parking and circulation, and traffic. At the third neighborhood meeting in August 2008, the applicant presented a revised site plan with a newly designed building. Those attending the meeting were generally supportive of the proposed project modifications, including the architecture of the building, the elimination of access to and from Buckthorn Way and no on-street parking adjacent to

the property frontage on Buckthorn Way. These plans were presented to the Planning Commission at a study session on November 3, 2008. The Commission and members of the public who spoke at the meeting were appreciative of the outreach effort and were supportive of the general design and layout. The staff report and minutes from the study session are available on the project webpage and at the Community Development Department during business hours.

At the fourth community meeting in February 2009, the results of a Traffic Impact Analysis (TIA) were shared with the community along with the potential mitigation measures. Through group discussion, the neighbors unanimously expressed opposition to the feasible mitigation measures that would reduce the level of the traffic impact to less than significant. Therefore, the applicant requested a City Council determination on the TIA, which is more fully described in the City Council Review section below.

Agendas and meeting notes from all the neighborhood meetings are available on the project webpage or at the Community Development Department during business hours.

City Council Review – Determination of Traffic Impact Analysis (TIA)

Per a provision in the City's Transportation Analysis Guidelines, the applicant requested the City Council consider a request to determine that certain potential traffic impacts identified in the 1706 El Camino Real TIA are less than significant. The TIA prepared for the project indicated that the proposed project would result in a potentially significant traffic impact at two of the study intersections, including Buckthorn Way and El Camino Real and Spruce Avenue and El Camino Real. The TIA identified that left turn restrictions at both intersections would be feasible mitigation measures to reduce the level of impact, but these measures were generally opposed by the neighborhood as indicated at the fourth community meeting. The neighbors, however, were generally supportive of the proposed project and the preparation of a Mitigated Negative Declaration (MND). After considering the unique factors and features of the project, the City Council unanimously adopted Resolution No. 5851 on April 21, 2009, determining that the potential traffic impacts identified in the project's traffic analysis are less than significant and directed staff to prepare a MND.

Planning Commission Review

On September 21, 2009, the Planning Commission reviewed the proposed project, the draft BMR Housing Agreement, and MND, and made a recommendation to the City Council, which is the final decision-making body on the proposed project. Two members of the public spoke on the item during the public hearing. The owner of the Red Cottage Inn & Suites located at 1704 El Camino Real discussed three items: 1) the removal of on-street parking along the El Camino Real frontage of 1700 El Camino Real to eliminate a line of sight issue from the shared driveway entrance; 2) the relocation of the trash enclosure to be less visible from the driveway entrance into the hotel parking lot; and 3) the proposed removal of the hotel's monument sign, which is currently located in the median of the driveway. A second member of the public, a nearby resident on Buckthorn Way, commented on the size and location of the transformer and

raised concern about the potential for vehicles to exit the parking lot onto Buckthorn Way. The Commission's consideration of these issues is described in more detail in the Analysis section of the report.

The Commission generally indicated that the proposed design has been improved through the process with community input, the colors and materials proposed are pleasing, and the detailing, tile work, and metal work add to the overall architectural style. Much of the Commission's discussion focused on several specific items, including the location of the bicycle racks, Leadership in Energy and Environmental Design (LEED) certification for the building, the location of the trash enclosure and opportunities for landscape reserve parking. These topics are further discussed in the Analysis section.

The Commission unanimously recommended that the City Council approve the proposal with several modifications to the conditions. The modifications have been incorporated into Attachment A and shown in strikeout and underlined text. As a separate suggestion, the Planning Commission recommended that the applicant work with the staff to review the applicant's requested language changes to the conditions regarding timing of submittals for off-site improvements to the Town of Atherton and Caltrans.

The staff report prepared for the September 21, 2009 meeting and the draft excerpt minutes of the meeting are included as Attachments F and G, respectively.

Housing Commission Review

On October 7, 2009, the Housing Commission reviewed a Below Market Rate (BMR) Housing In-lieu Fee Agreement, included as Attachment E, for the proposed project. At the meeting, Commissioners asked a variety of questions, mostly pertaining to the community input process. Staff explained that the proposed project was redesigned based upon community input through a series of four neighborhood meetings, and that the outreach extended to neighbors beyond the typical 300-foot noticing radius. The use of the site, the architectural design and site layout, and traffic and associated mitigation measures were all previous concerns raised by neighbors and all topics discussed at subsequent community meetings.

One Commissioner was interested in the viability of an office project since vacancy rates are high. The applicant noted that when this project started several years ago, there was a demand given the loss of medical office space on Welch Road in Palo Alto.

Commissioners also were interested in elements related to transit and transportation, including on-site showers, proximity to the train station, and extending the shuttle service. The applicant explained that the proposed project includes the shell of the building, but not the tenant improvements. While the proposal does not include the installation of showers, an individual tenant may elect to do so in the future. Staff explained that there were several traffic mitigation measures, one being the payment of shuttle fees. The fee would be used to support the existing operations and not necessarily to extend the service to this site.

The Housing Commission recommended that the City Council adopt the BMR Housing In-Lieu Fee Agreement, 5-0, with two Commissioners absent. Although the Commission supported the agreement, one Commissioner noted that housing would have been appropriate for the site.

ANALYSIS

The focus of the Analysis section is to discuss issues raised at the September 21, 2009 Planning Commission meeting. The project plans are included as Attachment C. A more detailed description of the project, including a review of design and materials, street frontage improvements, and trees and landscaping, is provided in the September 21, 2009 Planning Commission staff report, which is included as Attachment F.

Parking and Access

The proposed project includes 61 parking spaces, which meets the C-4 (ECR) parking ratio of six spaces per 1,000 square feet of gross floor area. Parking is provided in a combination of covered parking in the garage and surface parking located behind the building. The garage would have an automatic gate at the entrance. To allow greater flexibility in parking and better vehicular flow in the parking lot, staff recommended a condition of approval requiring the gate to remain open during business hours. At the September 21 Planning Commission meeting, staff presented a modification to the condition (8n), requiring that the language also be reflected in the Covenants, Conditions and Restrictions (CC&Rs) of the condominium subdivision to help ensure that all future property owners are aware of the requirement. The Commission supported this change to the condition.

In addition, the Planning Commission added condition 8q, relating to landscape reserve parking. The Planning Commission expressed interest in opportunities for open space as an amenity for future employees of the building. Realizing that compliance with the zoning district's requirement for parking was an important outcome of the community outreach process, the Commission did not recommend installation of landscape reserve parking at this time. Alternatively, the Commission structured a condition which provides flexibility for the applicant to add landscape reserve parking in the future while maintaining neighborhood input during the process.

Responding to concerns raised by two public speakers, the Commission also discussed the removal of street parking in front of 1700 El Camino Real and the potential for vehicular access onto Buckthorn Way. With regard to the removal of on-street parking, the Commission was not inclined to discuss matters that could affect other properties without their owners present. For reference, staff noted that the removal of on-street parking could be pursued through a separate process, if the neighbor desired. To address concerns raised about vehicles exiting onto Buckthorn Way, the applicant clarified that a previous iteration of the site plan showed a potential emergency vehicle access driveway on Buckthorn Way, but it has since been eliminated. The current proposal shows a new sidewalk and a landscape strip, and no vehicular access to Buckthorn Way from the parking lot. While other physical deterrents could be installed,

the applicant believed that this would be more of an aesthetic issue. The Commission did not recommend conditions of approval regarding these issues.

The Commission raised concern about the location of the bicycle racks at the front of the building on El Camino Real from both an aesthetic and theft prevention perspective. The Commission was open to other sites such as at the back of the building near the parking lot or at the base of the stairway, but did not make a formal recommendation on a specific location.

On-Site Improvements

As part of the site improvements, the applicant is proposing to construct a new trash enclosure, which would be located at the southeast corner of the parking lot, behind the building and not easily visible from the public right-of-way. At the September 21 Planning Commission meeting, the adjacent property owner at 1704 El Camino Real (Red Cottage Inn & Suites) raised concerns about the location of the trash enclosure and its proximity to the shared driveway and entrance to the hotel parking lot. The applicant was amenable to relocating the trash enclosure towards the north away from the shared driveway, and the Planning Commission recommended the addition of condition 8p. The relocation of the trash enclosure would shift the layout of the parking spaces, subject to review and approval by the Planning and Transportation Divisions, but would not reduce the total number of spaces.

In the Planning Commission staff report, staff noted that the trash enclosure could have a potential impact on the adjacent oak tree and recommended a condition for a supplemental arborist report. Staff believes the relocation of the trash enclosure beyond the dripline of the oak tree would benefit the tree, but continues to recommend that a supplemental arborist report be prepared to evaluate the proposed grading and drainage plan for the parking lot with respect to preservation of the oak tree. This change is represented in condition 8i.

The Commission also asked the applicant to respond to issues about the transformer and signage raised by neighbors. While the applicant was amenable to the relocation of the trash enclosure, he stated that there was less flexibility in the placement of the transformer given the required accessibility and clearance around the unit. The applicant noted that the size of the transformer is determined by Pacific Gas & Electric when the load is determined, and a member of the Commission commented that the dimensions would likely be smaller than what is shown on the plans given the size of the building. The applicant also addressed concerns about the removal of signage. The applicant indicated that a comprehensive package, including signage for the Red Cottage Inn & Suites, would be prepared. The location of the monument sign is anticipated to be near the shared driveway, as represented on the site plan, but the details have yet to be finalized or reviewed by staff. Following the discussion on these items, the Commission did not recommend conditions to modify the transformer location or signage.

El Camino Real Frontage Improvements

As indicated in the project proposal, the applicant is proposing several features along El Camino Real as part of the improvement plans to the site. Such improvements, including a new detached five-foot wide sidewalk with curb and gutter, a 2.5-foot-wide landscape strip, and new right turn lane, would need to be ultimately reviewed and approved by the Town of Atherton and Caltrans. At the Planning Commission meeting, the applicant requested modifications to the conditions pertaining to the review and timing of the El Camino Real frontage improvements. The Commission did not make a formal recommendation, but suggested that staff work with the applicant to determine the appropriateness of the requested modifications. Following the meeting, staff and the applicant discussed the requested modifications. At this time, the applicant is no longer interested in pursuing the modifications to the conditions of approval.

Leadership in Energy and Environmental Design (LEED)

The Commission contemplated many factors regarding whether LEED certification should be required as a condition of approval. The applicant stated that the building is designed for silver LEED status, although certification will not be sought. Per the City's Green Buildings Guidelines, applicants for buildings of greater than 10,000 square feet are required to submit the LEED checklist. The LEED checklist for the proposed project is included as Attachment H. The City currently does not have a requirement that certification must be obtained.

Some Commissioners contended that LEED certification could be more achievable given their architect's experience while others mentioned that certification is difficult for smaller projects where the general contractor may not be as familiar with the process. The architect also noted that for small projects the cost for certification is high, considering added consultant and contractor cost for the process. A member of the Commission pointed out that the applicant redesigned the project through a lengthy process, and did not want to add another cost to the project. While Commissioners agreed with these points, it was noted that the building is located on the El Camino Real corridor, where this project could be an example for other redevelopment efforts. Although LEED certification was not formally recommended, the Commission encouraged the applicant to pursue the process.

Correspondence

Since the printing of the staff report for the September 21, 2009 Planning Commission meeting, staff has received one letter from the public, Brian and Jo Ann Blackford, which was distributed at the Planning Commission meeting and is included as Attachment I. The letter commented on the number of parking spaces for the proposed project, raised concerns about parking impacts on the neighborhood due to the loss of available parking for patrons of Curves and The Pilates Zone, stated that the only acceptable traffic mitigation measure is a signal light at the intersection of El Camino Real and Buckthorn Way, and recommended that the proposed 1706 El Camino Real project, Curves and The Pilates Zone contribute funds towards the installation of a gate

to the driveway of Deerfield Manor (six residences located at 133 through 143 Buckthorn Way) parking area to prevent spillover parking at this location.

Staff clarified at the meeting that the proposed number of parking spaces meets the parking ratio for the zoning district. The use permit process for the proposed project at 1706 El Camino Real reviews the merits of the proposal, not the performance of the adjacent uses. Both Curves and The Pilates Zone were reviewed under a separate use permit process in November 2008, and each permit has a term limit (July 31, 2010 for The Pilates Zone and November 1, 2012 for Curves). Both use permits contain additional conditions which limit the number of customers, employees, and hours of operations for each of these businesses to help provide predictability in parking needs. Should parking become an issue at 1800 El Camino Real, this can be further reviewed separately or during the use permit revision process if a time extension is requested.

In terms of traffic mitigation, a fourth community meeting was held in February 2009 and a City Council meeting was held in April 2009 to discuss the options. Following input from neighbors who attended the meeting(s), three measures were deemed appropriate to reduce the level of impact, and these were outlined in the MND. A traffic signal was not a feasible option because the volume of traffic at the intersection does not meet the requirements for a traffic signal, which would need to be approved by Caltrans.

IMPACT ON CITY RESOURCES

The applicant initially paid a deposit for the review of the application for a use permit, architectural control, tentative subdivision map, and environmental review. Additional staff time above the initial deposit is cost recoverable on an hourly basis. Fees associated with the consultant-prepared traffic study and facilitation services for the community meetings are also fully cost recoverable by the applicant.

The proposed redevelopment of the site would have a positive impact on property tax revenues for the City and have a minimal impact on sales tax revenues as medical office buildings typically do not produce such sales. Although other offices would be a permitted use of the building, which could generate business to business sales tax revenues, the amount would likely be minimal.

POLICY ISSUES

In reviewing the proposed project, it is worthwhile to consider it in the context of the current El Camino Real/Downtown planning process. Previously, the City Council acknowledged that projects along the El Camino Real corridor that do not require amendments to the General Plan could proceed concurrently with the City's broader planning efforts. The Specific Plan process is currently underway and is expected to be completed in late 2010. The emerging plan was presented at a community workshop on September 17, 2009 which depicts the general project area as mixed-use, accommodating office, retail and/or residential, but also specifically recognizes the proposed project. On October 13, 2009, the City Council directed staff to prepare the Draft Specific Plan, Draft Environmental Impact Report, and Draft Fiscal Impact

Analysis based on the emerging plan, with an emphasis on specific topics requiring further analysis and discussion.

No changes to the General Plan or Zoning Ordinance are required for the project. Each use permit, architectural control, and tentative subdivision map request is considered individually. The City Council should consider whether the required use permit, architectural control, and tentative subdivision map findings can be made for the proposal to construct a new building for medical/dental use, and subdivide the space into six commercial condominium units.

ENVIRONMENTAL REVIEW

An Initial Study and Mitigated Negative Declaration, collectively referred to as the MND, have been prepared and circulated for public review in compliance with the California Environmental Quality Act (CEQA). The MND is available for review at the Planning Division office and library reference desk during business hours, and via the project webpage.

The MND analyzes the potential environmental impacts of the project across a wide range of impact areas. The MND determined that the project would have no impact on agricultural resources, mineral resources, population and housing, and recreation. The project would have a less-than-significant impact without the need for mitigation measures on the following areas: aesthetics, air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, land use planning, noise, public services, and utilities and service systems. A potentially significant impact was identified for the area of transportation/traffic. However, with mitigation incorporated into the project, the impact would be reduced to a less than significant level. The MND identified mitigation measures TRANS-1, TRANS-2, and TRANS-3, which have been added as conditions of approval (conditions 8j-l)

The MND was released for public comment from August 21 to September 21, 2009. Staff received two comment letters, one from Pacific Gas & Electric (PG&E) and one from Department of Toxic Substances Control (DTSC) during the comment period, and two letters immediately following the review time from the State Department of Transportation (DOT). All of the letters have been included as Attachment J. The comment letters on the MND generally discussed the need for coordination and requirements from its respective agency prior to building permit issuance. DTSC requested further information regarding the site's historical uses to determine whether hazardous substances may have been released into the soil at the site. A Phase I Assessment has been completed for the subject site which indicates that there is no potential toxic or hazardous material present on site. A second letter from DTSC dated October 14, 2009 states that upon review of the Phase I Report, DTSC has no further comment on the proposed project. The DOT requires that a record search for historic significance be conducted prior to issuance of an encroachment permit for project work to commence in the State right-of-way, that project roadway improvements must be completed prior to issuance of the Certificate of Occupancy, and landscape improvements along El Camino Real is the responsibility of the lead agency (City of

Menlo Park). The applicant is aware of these conditions and will be prepared to address the items at the appropriate time during the process. A second letter from DOT requested plans with specific information, which have been forwarded. Staff believes the comments have been appropriately addressed, and recommends adoption of the MND.

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PUBLIC NOTICE

Public notification consisted of publishing a notice in the local newspaper and notification by mail of owners and occupants within a geographic area bounded by Walnut Avenue to the north, the railroad tracks to the east, Encinal Avenue to the south, and parcels fronting El Camino Real opposite this area to the west.

In addition, the 1706 El Camino Real project page, which is available at the following web address: http://www.menlopark.org/projects/comdev_1706ecr.htm., has been updated with the staff report. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated.

ATTACHMENTS

- A. [Draft Findings, Actions, and Conditions for Project Approval, October 20, 2009](#)
- B. [Resolution to Authorize the Installation of No Parking Zone on South Side of Buckthorn Way Between El Camino Real and Eastern Property Line of 1706 El Camino Real](#)
- C. [Project Plans](#)
- D. [Location Map](#)
- E. [Draft Below Market Rate Housing Agreement](#)
- F. [Staff Report for September 21, 2009 Planning Commission Meeting \(without attachments\)](#)
- G. [Draft Excerpt Minutes from the September 21, 2009 Planning Commission Meeting](#)
- H. [Leadership in Energy and Environmental Design \(LEED\) checklist](#)
- I. Correspondence

- [Brian and Jo Ann Blackford, 141 Buckthorn Way, e-mail dated September 20, 2009](#)
- J. Correspondence regarding Mitigated Negative Declaration
- [Department of Toxic Substances Control, State of California, dated October 14, 2009](#)
 - [Department of Transportation, State of California, dated September 30, 2009](#)
 - [Department of Transportation, State of California, dated September 22, 2009](#)
 - [Pacific Gas & Electric, dated September 21, 2009](#)
 - [Department of Toxic Substances Control, State of California, dated September 21, 2009](#)

Previous staff reports, minutes, and documents related to the Mitigated Negative Declaration are available for review at the Community Development Department and the project webpage.

EXHIBITS TO BE PROVIDED AT MEETING

Color and Materials Board

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