



CITY COUNCIL AND COMMUNITY DEVELOPMENT AGENCY MINUTES

Regular Meeting
Tuesday, August 20, 2002
7:30 p.m.
Menlo Park Council Chamber
801 Laurel Street, Menlo Park

6:00 p.m. CLOSED SESSIONS – Held in the Administration Conference Room located on the first floor at City Hall, 701 Laurel Street, Menlo Park.

1. Closed Session pursuant to Government Code Section §54954.5 to conference with Labor Negotiators, William McClure, City Attorney and Mayor Steve Schmidt, regarding compensation package for the City Manager David S. Boesch.
2. Closed Session pursuant to Government Code Section §54956.8 regarding property negotiations for: 525 Hamilton, (APN 055-341-120) and 543 Hamilton (APN 055-341-150).

Negotiating Parties: David Boesch, City Manager/Executive Director, Bill McClure, City Attorney, and Don de la Pena, Housing and Redevelopment Director.

ADJOURN TO CLOSED SESSION – 6:05 p.m.

RECONVENE IN OPEN SESSION – 7:25 p.m.

REPORT ON AFOREMENTIONED CLOSED SESSION – No reportable action.

7:30 p.m. REGULAR MEETING in the Council Chambers

ROLL CALL – Mayor Schmidt convened the meeting at 7:30 p.m. Councilmembers Collacchi, Borak and Jellins were present. Mayor Pro Tem Kinney was absent. Staff present included City Manager Boesch, Assistant City Manager Seymour, City Attorney McClure, City Clerk Ramos and other department heads.

A. PRESENTATIONS AND PROCLAMATIONS

1. Community Homeownership Program Proclamation.

Mayor Schmidt read the proclamation and presented it to staff to forward to the recipient.

B. APPOINTMENTS AND REPORTS

1. Arts Commission (two vacancies), Las Pulgas Committee (two vacancies), Library Commission (two vacancies), Housing Commission (one vacancy) and the Transportation Commission (one vacancy). The deadline for application is August 20, 2002 – Mayor Schmidt announced the current vacancies.

2. Designation of Voting Delegate for the League of California Cities Annual Conference in Sacramento.

Mayor Schmidt nominated Councilmember Jellins.

There was a consensus to appoint Councilmember Jellins.

3. Appointment of a Council Subcommittee to review applications and make recommendations for funding Community Programs for fiscal year 2002-03.

Mayor Schmidt nominated Mayor Pro Tem Kinney and Councilmember Collacchi to serve on the subcommittee.

There was a consensus to appoint Mayor Pro Tem Kinney and Councilmember Collacchi.

4. Councilmember Reports: Schmidt, Kinney, Borak, Collacchi, Jellins.

Councilmember Collacchi commented about the emails received regarding the proposed University Place project in East Palo Alto and its impact on the Willows neighborhood and suggested the City have staff attend the Council meeting on September 3, 2002, to present its comments on the impacts of the project.

City Manager Boesch replied that staff would be preparing a letter outlining its concerns about the proposed project and it will be placed on next week's agenda for Council information.

Councilmember Collacchi said that he has received calls from concerned residents about Allied Arts and asked for a status report.

City Manager Boesch replied that it would be scheduled with the Planning Commission in October.

Councilmember Borak asked for a status about the front façade of the Park Theater that was removed.

City Attorney McClure replied that a cease and desist letter was given to the property owner until the City can complete a historical assessment. He said that the property owner has replied that he would comply with the letter. He also commented that depending on the findings of the assessment, the property owner may be required to restore.

C. PUBLIC COMMENT #1

Ross Wilson, Menlo Park, thanked staff for the meeting held to discuss the Woodland Avenue traffic problem and commented about East Palo Alto's proposed project at University Place with a negative declaration. He felt that the traffic information and trips generated provided in East Palo Alto's reports are inaccurate.

Winter Dellenbach, Palo Alto, commented about the removal of the Park Theater marquee sign and asked that it be restored or replicated. She noted that the marquee had a historical significance.

AJ Gokcek, Palo Alto, commented about property owner's rights and said that the City does not have the right to control other people's lives without legal grounds and to leave the property owner alone.

Roxanne Borapaugh, Menlo Park, said that all other members in community have to obtain permits and go through a process for changes to their property and the Park Theater should not be exempted. She felt the property owner should be required to restore the sign.

Donalyn Julihn, Menlo Park, speaking as a resident not as an Arts Commissioner, commented that losing the Park Theater and not replace it would be an unfortunate loss to the city. She commented that Menlo Park ranks lower on the County's inventory list of arts facilities and organizations. She said that there are many arts supporters in the neighboring cities of Menlo Park and urged the Council to seriously look at saving the theater.

Norman Zippin Marineau, Menlo Park, commented about a website of classic movie theaters worldwide threatened with closure. He said that while some have closed, others have been restored and encouraged the City to follow those leads.

Patience Young, Menlo Park, commented that historical landmarks such as the Park Theater are communal properties, not personal. She submitted petitions with 282 signatures supporting the Park Theater.

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Pat White, Menlo Park, said that the City does not have a Council code of ethics. He commented about the defective and unsafe design of Santa Cruz Avenue, costs and the City's liability.

Sally Zornowich, San Jose, commented about the historic preservation of the Park Theater and expressed concern about the illegal demolition of the theater and the marquee since environmental clearance has not been filed. She noted that it is important that all concerned parties follow regulations and rules.

Bruce England, Mountain View, expressed concern about the closure of the Park Theater and many others in the area. He noted that there are many supporters of the Theater who live outside the City.

Josie Gomez, Menlo Park, thanked staff for the Transportation Commission meeting to discuss traffic on Woodland Avenue and speeding vehicles. She is hopeful that the comments raised at the meeting will result in safety measures and asked Council to take an active role in reviewing the University Place project to ensure that there will be no adverse impact to the neighborhood.

David Howard, Menlo Park, is outraged about the removal of the Park Theater marquee. He feels strongly about restoring the sign and the theater and suggested the City consider acquiring the property.

Harry Harrison, Menlo Park, commended the City's efforts in striping Santa Cruz Avenue. He reiterated the unsafe situation at the corner of Arbor and requested the removal of the median island. He commented about the Park Theater and asked the City Attorney for a timeline on the status of the theater.

Councilmember Borak said she is devastated about the removal of the marquee and would like to see the sign restored.

Staff provided a response about the project costs of the Santa Cruz Avenue project.

D. CONSENT CALENDAR

1. Approve audited bills for period 3, 4 and 5 ending July 19, 26 and August 2, 2002.
2. Approval of a subordinate lender California Housing Finance Agency (CHFA) subordinate financing and resale control agreement, which will enable Menlo Park to participate in the CHFA HiCAP Mortgage Program and authorize the Executive Director to execute the CHFA agreement.
3. Approval of Minutes for the City Council Meeting of June 25, 2002.

M/S Collacchi/Borak to approve consent items 1, 2 and 3 as presented. Motion passed 4-0, Mayor Pro Tem Kinney absent.

E. PUBLIC HEARING - None

F. REGULAR BUSINESS

1. Direction on proposed changes to the M-2 General Industrial Zoning District.

Arlinda Heineck, Chief Planner, presented the staff report using overhead slides.

Staff responded to questions regarding permitted uses in the Lorelei and Suburban Park areas, spot zoning, the M1 and M2 Districts and the definition of R&D.

Darryl Wong, Menlo Park, Exponent representative, read a letter from its president expressing opposition to the proposed rezoning because of its lack of analysis. He submitted the letter to the City Clerk for the records.

John Rossi, Menlo Park, ANB Property Corporation, Vice President, expressed concern about additional zoning restrictions for Willow Park and Menlo Business Park and provided suggestions as outlined in a letter he would provide to the City. The suggestions included retaining a 55% FAR and a 45% FAR for general office use, establishing two sub zones with sub zone 1 consisting of 40 acres towards the front of the site that would cap general offices as permitted uses at 45% FAR and sub zone 2 about 22 acres towards the rear of the property that would, in addition to the permitted uses and intensities, cap general office incidental to the main industrial use at 20% FAR. He also suggested restricting professional office to 22,000 feet or 2 percent of the land area. He urged the Council to direct staff to move forward with the suggested compromise.

Rick Ciardella, Menlo Park, representing the Menlo Park Chamber of Commerce, said that its Board unanimously opposed the proposed rezoning and noted it is a significant issue to the Chamber.

Spence Leslie, Tyco Electronics, expressed opposition because it takes away flexibility, which he said is vital to retaining businesses and leasing space.

Nancy Cash, Menlo Park, spoke on behalf of Mount Olive Church of God and Crime Prevention Narcotics Drugs and Educational Center, to ask the Council to slow down the process. She noted

that many of the residents in Belle Haven who will be impacted by the rezoning are not in town at this time. She recommended forming a focus group from various areas to review all of the information and provide input.

Nancy Baugh, Menlo Park, expressed concerns around noise, toxic chemical use, hauling, odor, and traffic issues and asked that the Council consider them.

Henry Riggs, Menlo Park, commented about the Lorelei Manor neighborhood concerns regarding the hours of operation of industrial uses and the noise resulting from their truck deliveries and pickups. He said that putting industrial uses in that area and reducing the FAR would not encourage non-industrial uses.

John Tarlton, Menlo Business Park, expressed support of staff's recommendations regarding Menlo Business Park.

Byron Brill, Menlo Park, expressed concern that the process is rushed. He commented that the fiscal impact model is new and untested at this point and the public outreach is inadequate. He recommended that the Council should not underestimate the magnitude of a major impact of a zoning change, and that it must ensure adequate public input and verify the accuracy of the economic model.

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Kamron Motamedi, Menlo Park, said that the proposed plan is a bad one because it will reduce property value. He felt that the proposal needs more study and analysis and urged the Council to oppose it and join with the developers in a cooperative spirit to come up with a win/win situation for all concerned.

Lucy Berman, Menlo Park, urged the Council to talk to people who have experience in operating industrial business before passing an ordinance that will not serve the community.

Charles Schreck, Menlo Park, said that rezoning is a multi dimensional, complex and tricky matter and it is important to establish a task force to address the issues including market analysis, development, and costs to redevelop projects with a lower FAR. He offered assistance in serving on such a task force.

Doug Finney, Menlo Park, commented about market trends and noted that about 80 percent of his real estate business consists of tenants in office space because other users have moved out of the area due to the high costs. He questioned the purpose for the rezoning and asked where the tenants will come from for the proposed industrial uses. He suggested letting the market dictate.

Kitty Craven, Menlo Park, expressed concern about the fast track process during a time when most of those impacted are not available to provide comments. She said that the proposal lacks supporting data for the future and surveys. She suggested the need for more flexibility. She said that the General Plan states that 83 percent of people in the Menlo Park are employed in managerial and administrative, which means they work in offices. She noted that office use is beneficial in the M2 zoning district.

Scott Bohannon, Bohannon Development Company, commented that the current M2 zoning serves Menlo Park well. He questioned the City's efforts to rezone the area. He noted that the use permit ordinance enacted a few years ago has severely impacted many of the property owners to re-lease their buildings. He said that the proposed rezoning will impact development and business growth in the area and urged the Council to reconsider.

David Bohannon, Bohannon Development Company, commented that his company has done business in the area for 70 years and has cooperated with City requirements. He strongly objected to the proposed rezoning to replace office use with industrial use. He noted that the fiscal impact model and land use are complex and many residents need time to understand it particularly since the public outreach has been inadequate. He said that the proposal is seriously flawed and urged the Council to reject it.

David White, Sedway Group, commented about a market analysis for the project, which was not included in the staff report. He reported that his findings included providing flexibility for property owners. He said that the proposal to limit office contradicts what the M2 District has become, including the high development activity in office use. He noted that the County has cited Menlo Park emerging as an attractive office location. The proposed changes will stifle growth and reduce the City's competitiveness and revenue.

Councilmember Borak expressed her concern about a report prepared by the Sedway Group as requested by the Bohannon Development Company, that included the City's logo on the cover, which is a misrepresentation of the City.

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Joanne Brion, Brion and Associates, expressed major concerns about the fiscal impact model as it applies to the proposed rezoning. She stated that the magnitude of revenues and costs and traffic is grossly overstated and gave examples. She said that in a more general sense the concept of zoning with complicated formulas of office to various other ratios is not current with business needs and current trends and a newer approach leans more towards flexibility. She believes that the proposed zoning will further restrict development and hurt the economic base of the City.

Phil Erickson, Land Use and Transportation consultant, noted that many of the concerns expressed were about wanting more time to understand the proposal. He noted that in some new reports from the County and Caltrans, there seems to be a drop in traffic congestion, which might alleviate the issues that might have driven the proposed change. He said that this slow economic time would be a good opportunity to go slow on this process and provide the community with a better education about land use and the proposed rezoning. He commented that staff's suggestion in the report about looking at performance zoning and specific plans is a good one for Council to consider.

Roger Fields, Atherton, commented that based on his experience, industrial uses are noisy, dirty and unsightly. He commented about the issue of jobs and questioned whether the community wants jobs in manufacturing or office jobs.

Howie Dallmar, Menlo Park, expressed concern about the proposed changes because they will not meet the demands in the marketplace since Menlo Park has been more a service-based market. He said that the proposed changes would hurt the users in the area and have a negative impact on

existing companies. He noted that Menlo Park is getting a reputation for being anti-business, which will not help its financial stability. He urged the Council to reconsider the proposed rezoning.

Newton Craven, Menlo Park, provided a history of growth in the area and said that after many years of proposals from Bohannon Development, the neighborhood agreed that the office use is the least offensive to the neighborhood. He said that the office buildings have beautified the area and are great assets to the City.

Memo Morantes, Menlo Park, was not present.

Chuck Bernstein, Menlo Park, commended staff's report and is surprised at the reaction from the business community. He thinks that the proposal basically codifies what is currently in place, noting the densities being proposed in the report. He said that office use causes more traffic and the infrastructure is not there to meet that need.

Tim Johnson, Menlo Park, as occupant of one of the office buildings at 1000 Marsh Road, said that the current traffic in that area comes from commuter traffic. He suggested that the process move slowly to allow for public education and to consider the concerns and interests of the community.

Councilmember Borak clarified that the office building on Marsh Road produces less revenue for the City than what other uses might generate.

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Terry Kent, Menlo Park, commented that the two office buildings on Marsh Road have enhanced aesthetics and conform to the current zoning. He questioned whether the City is a revenue-based city or whether it is oriented towards the community and its residents. He does not believe that the Marsh Road office-building project could have happened without community and neighborhood input, which is how government should work. He recommended establishing a focus group with a broad range of citizens for discussion.

John Morris, Menlo Park, stated concerns about the increased industrial development in the business park district and its proximity to the residential area. He said that the City promised the residents would be involved in the planning process for the M2 area, particularly the concern about noise. But instead he said that the community got a meeting and a short time to express concerns, a fast-tracked schedule and a plan that ignores the community's needs.

Tim Tosta, Steefel, Levitt & Weiss, San Francisco, representing Bohannon Development, noted that 27 people have spoken opposing the proposed rezoning. He commented that the regional traffic that the City is attempting to solve from the proposed rezoning is down and the traffic generated in the area is not the source of traffic problems that have been raised. He commented that a market analysis is important and should be considered. He said that the fiscal impact model that was used is not structured for the data that was provided. He said that a rezoning is serious and once in place would be difficult to rescind. He urged the Council to slow down the process and do it right.

Mayor Schmidt declared a recess at 10:15 p.m. and reconvened the meeting at 10:25 p.m.

Mayor Schmidt noted that there is an adjourned regular Council meeting tomorrow night to continue deliberations regarding the M2 study.

Discussion ensued about the agenda for tomorrow night.

Councilmember Jellins said that he does not think Council deliberations will change Council's position on the matter. He said that it is clear to him that the process seems more of a mandate than a planning process. He felt that because the rezoning would be a permanent change, the Council should do it right and not base decisions on certain opinions of the Council.

City Attorney McClure clarified that the special meeting is at 5:30 p.m. to discuss in a study session, the possible joint development of the Ivy/Willow site with the Mid Peninsula Media Center, and the adjourned regular meeting is at 7:00 p.m. regarding the M2 zoning district.

Discussion ensued about a scheduling conflict with the some Councilmembers.

There was consensus to start the special meeting of August 21, 2002 at 6:00 p.m. instead of 5:30.

2. Adoption of a Resolution updating the Transportation Impact Analysis Guidelines (TIA Guidelines).

Jamal Rahimi, Transportation Manager, presented the staff report with overhead slides and responded to questions about levels of service and delay calculations.

M/S Borak/Schmidt to adopt the Resolution as presented. Motion passed 4-0, Mayor Pro Tem Kinney absent.

3. Adoption of a Resolution adopting the 2002 Circulation System Assessment Document (CSA).

Jamal Rahimi, Transportation Manager, presented the staff report with overhead slides and responded to questions about origin and destination percentages and the studies used to obtain the data.

M/S Jellins/Schmidt to adopt the Resolution as presented. Motion passed 4-0, with Mayor Pro Tem Kinney absent.

Ric Ciardella, Menlo Park, asked for clarification about the baseline study.

4. Consideration of state and federal legislative items or items referred to in Written Communications or Information Items, including decisions to support or oppose any such legislative, written communication or information item - None

G. WRITTEN COMMUNICATIONS - None

H. INFORMATION ITEMS

1. Blight Removal Progress Report, Property Report and Loan Report for the Las Pulgas Community Development Project Area for the year ended June 30, 2001 – Noted and filed.

I. PUBLIC COMMENT #2 - None

J. ADJOURNMENT – 11:35 p.m.

Susan A. Ramos, CMC, City Clerk
Approved by City Council on September 24, 2002