



**CITY COUNCIL AND
COMMUNITY DEVELOPMENT AGENCY
MINUTES**

**Tuesday, October 23, 2007
701 Laurel Street, Menlo Park, CA 94025
Menlo Park City Council Chambers**

Study Session – 5:30 p.m.

ROLL CALL - Fergusson, Cohen, Boyle, Cline, Robinson

Staff present – City Manager Rojas, City Attorney McClue and City Clerk Vonderlinden. Other staff were present in the audience.

1. Consideration of and direction on a Mixed-Use Office, Research and Development (R&D), Hotel, and Health Club Project at 101 to 155 Constitution Drive and 100 to 190 Independence Drive and associated Environmental Impact Report (EIR) scope revisions and development agreement process. (Staff Report #97-177)

City staff suggested that the study session focus on an understanding of the project as currently proposed. Thomas Rogers, Associate Planner, and Justin Murphy, Development Services Manager, provided an overview of the project. Staff informed the Council that in 2004 Bohannon Development Company submitted an application for a General Plan amendment, a Zoning Ordinance amendment, Rezoning, a Development Agreement, and an Environmental Impact Report (EIR) associated with a proposal for a mixed-use office, R&D, hotel, and health club development on eight properties. Staff reported that work on the EIR commenced in 2005, but that prior to release of the EIR in 2006, the project was put on hold at the request of the applicant, in order to consider modifications to the proposal to accommodate a specific hotel operator. The applicant submitted a revised application in early 2007 incorporating the Marriott Renaissance ClubSport. Staff reported that the revisions included the addition of a parcel located at 155 Constitution Drive, and the specification that the potential General Plan land use designation and zoning district would only apply to these nine parcels at this time. The proposal was also revised to include a higher maximum floor area ration (FAR) and a higher building height.

David Bohannon, Bohannon Development Company, reviewed the history of the project, which consists of 15.9 acres on two sites. He informed the Council that the Constitution Drive site would contain two office and R&D buildings, two parking structures, and a small amount of retail and community facility space, while the Independence Drive site would contain a hotel and health club, one office and R&D building, and a shared parking structure.

Tom Gelman, DER Architects in Redwood City, reviewed the application, the studies associated with the planning process, and the details of the project. He stated the project includes the hotel, a health club, three office buildings, and approximately 15,000 square feet of retail space. He talked about the economic benefits of the project to the City in terms of revenues generated and creation of jobs.

Scott Pickert, Marriott International, provided an overview of how they analyze markets in looking at potential sites. Council Member Robinson asked about the connections between the two project sites, as well as the potential impact on migratory birds. Council Member Cline asked if there has been a discussion of the competitive marketplace in terms of the health club, in particular with regard to Fitness 101. Mr. Pickert responded that Marriott believes the area will support both clubs and that the clubs are different and serve different clientele.

Vice Mayor Cohen asked about Marriott's examples of the amount of surrounding office square footage needed for the hotel and health club. Council Member Boyle asked whether the vision for this project is that of a self-contained community. Mr. Pickert responded that the Marriott supports the amount of office space proposed and is expecting this project to stimulate additional development in the area.

Members of the public commented as follows:

Elias Blawie expressed his belief that: 1) the project is too high and too dense; 2) the development agreement is too open-ended; 3) there is no public benefit; 4) there will not be enough revenues generated; and 5) the project requires spot zoning.

Jack Morris suggested that a change as significant as creating a new M-3 zone should be studied and considered as a change in direction for the community.

Morris Brown said that if this project goes forward and M-3 zoning is approved, it will change the whole character of Menlo Park. He suggested that the project be placed on the ballot as an advisory measure.

Council Member Cline commented that the impact of the project on the office park as a whole is something that must be considered and there is a lot more to talk about in terms of the 15-year entitlement and the timing of the project.

Council Member Boyle stated that in the ideal world they would take the time and have the resources to do a visioning for the Bayfront corridor; but the question is whether the community is willing to lose projects like this in the meantime.

Vice Mayor Cohen questioned how much and what type of change the community wants.

Council Member Robinson expressed similar concerns. However, he stated that if there is going to be dense development, this is not a bad location for it.

Mayor Fergusson commented that the project must be evaluated with respects to the affect on the environment, typical EIR considerations, quality of life issues, and fiscal impact. She stated there needs to be consideration of land use implications in terms of setting precedent and the validity of the existing general plan.

Mayor Fergusson called the study session to a close.

Regular Meeting – 7:00 p.m.

ROLL CALL – Fergusson, Cohen, Boyle, Cline, Robinson

Staff present – City Manager Rojas, City Attorney McClure and City Clerk Vonderlinden. Other staff were present in the audience.

PLEDGE OF ALLEGIANCE

A. VACANCIES, APPOINTMENTS AND COMMISSION REPORTS

1. Swearing in of commissioners to the Environmental Quality Commission, Housing Commission, Library Commission, Parks and Recreation Commission and Transportation Commission.

Action: The City Clerk gave the oath of office to newly appointed commissioners.

2. Commission members and Chamber of Commerce reports - None

B. PRESENTATION AND PROCLAMATIONS

1. Proclamation declaring October 2007 as Community Planning Month.

Action: Mayor Fergusson presented the proclamation.

C. PUBLIC COMMENT #1

Chuck Kinney stated that the City's grant application to Samtrans for completing the tree planting plan for El Camino Real was not approved. He thanked the Council for their support; but questioned if the City officials need to be more politically active in getting appointed to regional boards and support those persons from other communities that will be supportive of the City. He also questioned whether the City should consider approving a staff position whose primary function would be to obtain federal, state and county grants and maintain relations with the agencies that are channeling funds important to the City.

Jim Tooley spoke against the Park Theater proposal and asked the Council to direct staff to stop work on this proposal.

Elias Blawie said that it was great to see progress being made on the sidewalk study. He stated that there is a continued need to work on commercial business development in the City and while he understands the merit of hiring a person in the area of business development, the funds for this position are competing for other projects and needs. He also asked the housing allocation proposal listed on the consent calendar be tabled and placed on a future agenda as a regular business item.

Matt Henry expressed his belief that approving a business development position is a waste of money and that he didn't see the need for two positions covering this area. He suggested that Mr. Johnson make regular reports as to what is taking place.

D. CONSENT CALENDAR

1. Approval of a resolution recognizing the participation of the City of Menlo Park in the San Mateo County Sub-Region for the Regional Housing Needs allocation process and acceptance of the assigned housing share for the City of Menlo Park. ([Staff Report #07-172](#))

Action: Removed from the Consent Calendar by Council Member Boyle for discussion.

Council Member Boyle asked if 1,000 units over the next seven years was a lot or a little relative to historic trends and what happens if the number is or is not approved. Director of Community Development Heineck explained that this is the final step in the housing needs allocation process related to updating the housing element. She stated that the Council did authorize the

City to join a sub-region formed by the jurisdictions in San Mateo County to work together to decide on a fair allocation. The Director reported that housing numbers are mandated in state law and that a couple of years ago the law was modified to allow sub-regions to form and decide how best to divide the numbers. She said that the Council had earlier accepted the methodology by which they arrived at the proposed allocation number, 993, which is the number the City would need to consider in updating its housing element for 2007 to 2014. The Director informed the Council that to date for 2007, there are 105 new units, which will count toward the total of 993; and that additional units, which have been approved and are pending approval, will help to achieve the final total. The Community Development Director reported that the housing element is on hold until the allocation numbers are finalized and that updated housing elements are due to the State Housing and Community Development Department by June 2009.

Richard Napier, Executive Director of the City/County Association of Governance, clarified that their methodology started with the exact formula that ABAG used, but that there have been opportunities for some swaps and exchanges as the formula does not recognize the uniqueness of cities.

Vice Mayor Cohen asked if there is a time requirement for the Council to act on this and suggested the matter be tabled and brought back at a subsequent meeting. Mr. Napier responded that they are in the middle of a 60-day period of going out to the cities, which expires the end of October.

In response to questions raised by Council Member Boyle, Community Development Director Heineck informed the Council that there are approximately 14,000 to 15,000 housing units in the City and the projection for feasible built out for the City, based on current zoning and land use plans, is approximately 20,000 units. She stated that adding approximately 1,000 units over the next seven years would be an increase of a little over one percent a year.

Council Member Boyle said he is convinced, based on comments by the Community Development Director, that the allocation number is a realistic number to make and that if the Council doesn't approve the allocation number, they will most likely be assigned a higher number. He stated that approval of this item is a commitment by the Council to make a good faith effort to meet the housing allocation numbers and to develop a Housing Element and land use plans that will support this incremental housing.

Council Member Robinson questioned whether or not the City could make the allocation number and whether or not other cities would be able to make their numbers. He expressed concern for looking at proposals from the top down, rather than the bottom up, just to make the numbers and stated he will continue to be committed to the bottom up process for approval of projects. However, Council Member Robinson commented that the reality is that this is a state law and 993 looks a lot better than 1,150.

Council Member Cline expressed concern for committing to 1,000 units of housing and the possibility of shoe-horning projects just to meet the numbers.

Mayor Fergusson pointed out that participating in the process has had advantages in that the number is lower and provides flexibility for the City to work with neighboring communities.

Action: Moved, seconded, failed (Cohen/Cline; Ayes – Cline, Cohen; Noes – Boyle, Fergusson, Robinson) a motion to table this matter.

Moved, seconded, carried (Robinson/Fergusson; Ayes – Boyle, Fergusson, Robinson; Noes – Cline, Cohen) a motion to adopt Resolution No. 5767 accepting the assigned housing allocation for the City.

2. Authorize the City Manager to enter into an agreement in the amount of \$59,944 with Dowling Associates, Inc. to develop a Sidewalk Master Plan for the City of Menlo Park.

[*\(Staff Report #07-173\)*](#)

Action: Removed from the Consent Calendar by Council Member Boyle for discussion.

Council Member Boyle asked when they would be getting cost estimates for each project and if the City would end up with a database for all sidewalk projects. He stated it wasn't clear to him what process will be used for the community to have input and he asked if staff would expect pertinent issues to be identified at the end of the first study.

Transportation Manager Taylor responded that staff will not have a cost estimate for every single project in the master plan. He did state that staff will have a preliminary top tier improvement list for next year, which would include cost estimates for two to five year's worth of projects. Mr. Taylor stated it is staff's intent to gather as much information as possible in the field with right-of-way, landscaping, and poles that might be in the way, although there will be other issues which may require additional study.

Action: Moved, seconded (Robinson/Boyle) and carried unanimously to authorize the City Manager to enter into an agreement to develop a sidewalk master plan.

3. Award of contract to Complete Concrete Service, Inc., in the amount of \$99,998 for the Fiscal Year 2006-07 Sidewalk Repair Project; and authorization of a total budget of \$129,998 for construction, contingencies, engineering, testing, and construction administration.

[*\(Staff Report #07-178\)*](#)

Action: Moved, seconded (Robinson/Boyle) and carried unanimously to approve awarding a contract for the sidewalk repair project and authorizing the budget.

4. Authorization for the City Manager to fill two budgeted positions funded in the 2007-08 Operating Budget. [*\(Staff Report #07-170\)*](#)

Action: Removed from the Consent Calendar by Council Member Cline for discussion.

Council Member Cline thought the economic development specialist position was being hired to focus on new business development, but pointed out that the staff report description talks more about business retention. Vice Mayor Cohen said he had previously supported this position until he thought back to a meeting at which there was much discussion about business development. He stated he is not convinced that a community engagement specialist is necessary and would like to see more thought go into this matter.

Action: Moved, seconded, carried (Cohen/Cline; Ayes – Cline, Cohen, Robinson; Noes – Boyle, Fergusson) a motion to table this matter.

5 Approval of the minutes for the City Council meeting of September 18, 2007.

[*\(attachment\)*](#)

Action: Moved, seconded (Robinson/Boyle) and carried unanimously to approve the minutes.

E. PUBLIC HEARING – None

F. REGULAR BUSINESS

1. Consideration of and direction on a Mixed-Use Office, Research and Development (R&D), Hotel, and Health Club Project at 101 to 155 Constitution Drive and 100 to 190 Independence Drive and associated Environmental Impact Report (EIR) scope revisions and development agreement process. (Staff Report #07-177)

Associate Planner Thomas Rogers reported that the Council held a study session earlier this evening on this item and that the focus of this discussion would be on the Environmental Impact Report (EIR) scope and the process for the development agreement. He stated that the recommendation for the EIR includes the addition of a housing needs assessment as well as clarification of five project alternatives that would be analyzed. Due to the complexity and technical content of a development agreement, Mr. Rogers said that staff is recommending that the Council authorize the City Manager to draft the development agreement in close consultation with the City Attorney and other relevant staff and that Council appoint a subcommittee to review its progress and provide feedback. He reported that the RFP for the fiscal impact analysis is scheduled toward the end of the year, with negotiations of the development agreement beginning at some point later in the process, though not later than release of the draft EIR and fiscal impact analysis.

Council Member Boyle expressed concern that if this project is approved, it will likely lead to other changes in that region and questioned if the EIR will address this. Mr. Rogers responded that from a staff perspective, it was not a foregone conclusion that the rest of the parcels would be developed, and as such, there is not a clear growth inducing impact that can be analyzed by the EIR in any detail. He stated that any future proposal for development on a scale similar to the project for another M-3 development would be subject to its own EIR and consideration by Council.

Council Member Boyle asked how much the EIR would explore the impact of the hotel and office buildings on existing businesses and whether the EIR process would include some kind of outreach to those businesses. Mr. Rogers responded that the EIR would look at things such as impact on traffic in the area and impact of aesthetics, but the EIR process itself would not be an outreach mechanism. The public meetings associated with the project would be, however, considered to be outreach mechanisms.

Mayor Fergusson commented on the fact that the perception in the community was that lab space was a reduced intensity use while providing attractive returns in some situations. She asked if it would be possible to include in Alternative 5 a substitution of R&D space for office space. Staff responded that this would require discussion with the applicant and feasibility in terms of what meets the overall aims of the project. The Mayor also suggested reversing the hotel and office and putting the hotel on the Bayfront Expressway side.

Council Member Robinson discussed the possibility of using a garage roof as space for playing fields. City Attorney McClure confirmed that this scenario would need to be part of the EIR. Mayor Fergusson commented that the project sites were located close to the bay, and could be affected by sea level rise. Mr. Rogers confirmed that the impact of the project on global warming would be part of the EIR, but that the potential impact of global warming on the project sites themselves would not be, per se.

Members of the public commented as follows:

Elias Blawie suggested that there be a separate EIR for each site.

Elizabeth Lasensky informed the Council that Friends of Bayfront Park believe this project can be a friend to the park, but they also feel there will be impacts to the park from more use of the park by people working at the offices or staying at the hotel. She stated there needs to be some sort of offset to fund additional maintenance. She said that the Friends also have some concern about what park goers would see when they turned around to look toward the mountains. Ms. Lasensky expressed her belief that the lab concept would result in additional cost and issues associated with a higher water use and toxic materials.

David Speer asked when and if the environmental process addresses the zoning and general plan amendment changes.

In response to Council questions, staff and the EIR consultant, John Steere of PBS&J, explained that two EIRs are not being proposed for the two parcels, because if the project is studied separately, it can be seen as a segmentation issue and may not be considered as one project. Staff stated that the project is made up of two parcels, which support each other, even though they are discontinuous parcels, and that the EIR will be looking at the total impact of the project if it is approved.

Mayor Fergusson said the way she saw it there would be three levels of analysis: 1) the EIR dealing with the environmental; 2) the fiscal impact analysis; and 3) the land use implications. City Attorney McClure discussed the proposed General Plan and Zoning Ordinance Amendment structure in contrast to that of the original Derry mixed-use project, which affected a larger area than just the individual development proposals..

Vice Mayor Cohen stated that he couldn't get out of his mind the numbers from the Marriott representative talking about the giant five-mile radius and the amount of development that would follow with the Renaissance ClubSport as the center of that circle.

Council Member Cline pointed out that a change in the zoning ordinance is the big issue, and he did not believe it to be unnatural for there to be amendments to the General Plan in any given year when there were development projects. He stated that in terms of the development agreement, it is his belief that public benefit should not be defined by the applicant and the City needs to figure out what the public benefit is.

Council Member Boyle requested that some outreach take place to the neighbors of the project, and that if it can not be part of the EIR, that the applicant do this.

Mayor Fergusson noted the concept of land use compatibility as being important in how the project relates to Haven Avenue and to Bayfront Park. Mayor Fergusson suggested that the applicant consider the potential benefits of flipping the land uses on the two project sites, such that the hotel and health club would be located on the Constitution Drive site.

In response to Council questions, staff responded that the EIR would most likely consider minimal impact in considering switching the location of the office space with the hotel and as such this could be considered with final approval of the project, and that could potentially be

included in Alternative 5, or as a supplemental analysis, which would be a revision to the traffic study that could be incorporated in the final EIR. The five alternatives as laid out could cover that possibility. Staff said that it would make more sense to put the flipping of the sites as a clause within the product description rather than as an alternative.

The applicant informed the Council that they have retained the services of a consultant who specializes in green and sustainable designs, and it is their intention to bring the project to LEED certification.

Council Member Robinson inquired about the possibility of providing playing fields on the site, possibly on top of the parking garages.

Moved, seconded, carried (Fergusson/Robinson; Ayes – Boyle, Cline, Robinson, Fergusson; Abstain – Cohen) to: 1) approve the EIR scope as recommended by staff and outlined in Attachments H, I and K of the staff report; 2) include in an alternative language related to flipping of the hotel to the Constitution site and some of the office space back to Independence with some description of what those impacts, if any, would be; 3) direct staff to expand outreach to the other businesses and property owners in the area and beyond with respect to the notice of availability of the draft EIR and public hearing notices and to report back to Council on this outreach; and 4) authorize Council Member Robinson to discuss in more detail with the applicant whether playing fields could be incorporated into the project, and if so to analyze this scenario in the EIR.

Moved, seconded (Boyle/Robinson) and carried unanimously to form a Council subcommittee, when needed, to be part of the process.

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

Mayor Fergusson informed the Council that she wrote a letter to the City's federal legislators urging them to consider amendments to the Farm Bill based on input from various constituents.

G. WRITTEN COMMUNICATION - None

H. INFORMATION ITEMS – None

I. COUNCIL MEMBERS REPORTS

Councilmember Boyle reported that the 2020 Peninsula Gateway Corridor Study Committee had a meeting. He stated there are eight major categorical alternatives that are being considered and the next step is to take each of them and begin a formal Phase 2 study, along with a project development study.

J. PUBLIC COMMENT #2

Peter Colby commented that individuals who are near Belle Haven and the park will be impacted and their needs have to be considered.

K. ADJOURNMENT – The meeting adjourned at 10:49 p.m.

Respectfully submitted,

Sherry M. Kelly, City Clerk

Approved at the Council meeting of February 12, 2008