



PLANNING COMMISSION MINUTES

July 13, 2009

7:00 p.m.

City Council Chambers

701 Laurel Street, Menlo Park, CA 94025

CALL TO ORDER – 7:02 p.m.

ROLL CALL – Bressler (7:03 p.m.), Ferrick, Kadvany, Keith, O'Malley (Vice chair), Pagee, Riggs (Chair)

INTRODUCTION OF STAFF – Deanna Chow, Senior Planner; Megan Fisher, Associate Planner, Thomas Rogers, Associate Planner (absent)

A. PUBLIC COMMENTS

There was none.

B. CONSENT

Chair Riggs called for a vote and minutes were approved. Planner Chow asked if the approval included the changes that Commissioner Kadvany had brought to the meeting. Chair Riggs rescinded the approval so the Commission might consider Commissioner Kadvany's changes. Commissioner O'Malley also suggested a change on page 39 to correct tense.

1. Approval of minutes from the June 29, 2009 Planning Commission meeting.

Commission Action: Unanimous consent to approve the minutes as modified.

- Page 8, last paragraph: Replace the words "said" with "confirmed."
- Page 8, 3rd paragraph, line 9: Insert "through oral discussion" between the words "developed" and "that."
- Page 21, last paragraph: Delete the word "flow" at the end of the first sentence.
- Page 39, letter n: Change the word "included" to "include."

Motion carried 7-0.

Chair Riggs noted that the item for 1015 Berkeley Avenue had been pulled at the request of the applicant.

C. PUBLIC HEARING

1. Use Permit and Variance/Jeremy and Susan Stieglitz/1066 Laurel Street:

Request for a use permit for interior modifications and first and second floor additions that would exceed 50 percent of the replacement value in a 12-month period and 50 percent of the existing square footage of the existing nonconforming single-story, single-family residence on a substandard lot in the R-3 (Apartment) district, and for a variance to construct a one-car garage where the distance between the main buildings on the subject property and adjacent left side property would be 17 feet, 9 inches where 20 feet is required. The proposed remodeling and expansion are considered to be equivalent to a new structure.

Staff Comment: Planner Chow said that staff had no additional comments.

Questions of Staff: Commissioner O'Malley asked if the separation distance between buildings was 17 feet 9 inches or 17 feet 7 inches. Chair Riggs said it was 17.7 feet, which was 17 feet 9 inches. Chair Riggs said the report indicated there were three existing non-heritage trees to be removed and seven heritage trees to be removed but which was referenced with an asterisk to shrubs. Planner Chow said that was an error; there were no heritage trees being removed.

Public Comment: Mr. Jeremy Stieglitz, Menlo Park, said he was the applicant. Mr. Stephen Leslie, San Bruno, said he was the architect. Mr. Stieglitz said that he and his wife had bought their home in early 2000, noting that their lot had many trees which they liked. He said their family had increased in size and the existing home had become small for them.

Commissioner Pagee asked if they had spoken with their neighbors about the project. Mr. Stieglitz said they had neighbors to their left and to the back on the left. He said they had a conversation with the neighbors in the front left about the project. He said they had contacted the left back neighbor but he travelled often, so they left a set of plans for him, but had received no comments from him. He said they had spoken with their neighbors on the right and right rear. Commissioner Pagee asked if they had discussed line of sight regarding the second story windows subject to the privacy of the neighbors. Mr. Stieglitz said they had addressed the window placement and noted that the numerous trees also provided screening. He said they had discussed the window placement with the neighbor who had expressed concern when the project had been before the Commission previously. He said the issue had been resolved.

Chair Riggs closed the public hearing.

Commission Comment: Commissioner Pagee moved to approve as recommended in the staff report. She said there was a hardship specific to the property and made the findings for the variance. Commissioner Ferrick seconded the motion.

Commission Action: M/S Pagee/Ferrick to approve the item as recommend in the staff report.

1. Make a finding that the project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Make the following findings as per Section 16.82.340 of the Zoning Ordinance pertaining to the granting of variances:
 - a. The hardship is based upon the placement of the building on the adjacent left lot, the locations of the existing residence and the existing heritage trees, and the narrowness of the subject lot, and is particular to the property and not created by any act of the owner.
 - b. The variance is necessary for the preservation and enjoyment of substantial property rights possessed by other conforming property in the vicinity, as compliance with the main building separation requirement would result in a loss of buildable width given the narrowness of the lot and potentially limit the ability to maintain the five existing heritage oak trees on the rear portion of the property. The proposed garage would meet the setback requirement for the R-3 zoning district and allow the existing flat roof to be redesigned to match the architectural style of the remainder of the house. The variance will not constitute a special privilege.
 - c. The new first floor and second-story additions, with the exception of the garage, will meet the 20-foot building separation with the adjacent lots and will comply with all other R-3 zoning district development regulations and as a result will not be materially detrimental to the public health, safety, or welfare, and will not impair an adequate supply of light and air to the adjacent properties.
 - d. Because the variance request is primarily based upon the specific and unique placement of the adjacent structure, the placement of the existing residence, the location of the existing heritage trees, and the narrow width of the subject parcel, it is not applicable, generally, to other property within the same zoning classification.
4. Approve the use permit and variance subject to the following **standard** conditions:

- a. Development of the project shall be substantially in conformance with the plans prepared by Steven S. Lesley, consisting of 11 plan sheets, dated received July 1, 2009, and approved by the Planning Commission on July 13, 2009, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
 - b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
 - c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
 - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval of the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
 - e. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
5. Approve the use permit and variance subject to the following ***project-specific*** conditions:
- a. Simultaneous with the submittal of a complete building permit, the applicant shall submit revised plans showing the second floor right side wall with a minimum 10-foot side setback, subject to the review and approval of the Planning Division.
 - b. Simultaneous with the submittal of a complete building permit, the applicant shall submit revised plans showing the door between the garage and the interior of the residence to swing towards the interior of the residence rather than to the garage to avoid adding a new landing that would encroach into the interior clear dimension of the garage. The revision is subject to the review and approval of the Planning and Building Divisions.

Motion carried 7-0.

- 2. Use Permit/Yvette Keller and Mark Bessey/1015 Berkeley Avenue:** Request for a use permit to construct single-story additions to an existing single-story, single-family, nonconforming residence that would exceed 75 percent of the replacement value of the existing structure in a 12-month period in the R-1-U (Single-Family Urban) zoning district.

Item continued to a future meeting at the request of the applicant.

- 3. Rezoning, Planned Development Permit, Lot Merger and Minor Subdivision, BMR Agreement, Heritage Tree Removal Permit, and Environmental Review/Sand Hill Property Company/1300 El Camino Real:** Requests for the following: 1) Rezoning the properties from C-4 General Commercial District (Applicable to El Camino Real) to Planned Development (P-D) District, 2) Planned Development Permit to establish development regulations including parking, building height, landscaping, and building setbacks, and conduct architectural review for the proposed development of 110,065 square feet of commercial space (51,365 square feet of retail/restaurant/service uses and 58,700 square feet of non-medical office uses), 3) Lot Merger and Minor Subdivision to merge the existing six lots and create up to four commercial condominium units, 4) Below Market Rate (BMR) Agreement for the payment of in-lieu fees associated with the City's BMR Housing Program, 5) Heritage Tree Removal Permits to remove two on-site and four off-site heritage trees, and 6) Environmental Review of the proposed project for potential environmental impacts. *This item will focus on the Parking Study and Fiscal Impact Analysis (FIA) prepared for the project, and updates on the architecture, site design and circulation related to the proposal. No action will be taken on the proposed project.*

Staff Comment: Planner Fisher summarized a piece of correspondence received from John and Dan Beltramo. They wrote that there was an oversupply of retail space in the City and more residential development was needed to support the existing retail. They said regarding the fiscal impact analysis that sales at this location would come from other retailers in Menlo Park and would provide little sales tax benefit for the City. They said that more retail space would make it extremely difficult for existing retailers to stay in business and noted problems with their own project in relationship to the City's BMR requirements. They said the proposed project at 1300 El Camino Real was close to Caltrans and was an excellent site for high density residential uses.

Planner Fisher recommended that the Commission focus on each item individually with questions, public comment and Commission comment.

Parking Study

Commissioner Kadvany said the shared parking was premised on certain types of uses and asked how robust were the assumption of the prospective uses related to the rezoning. Planner Fisher said because the project was requesting a rezoning to a Planned Development (P-D) District there would be a permit associated that would guide and govern what was permitted on this parcel not the Zoning Ordinance. She said the Commission would see a recommendation at the next meeting. Commissioner Kadvany asked how the parking requirements were determined. Planner Fisher said staff would present different scenarios as developed by the applicant, which would drive the requirements and restrictions.

Commissioner O'Malley said he had reviewed the Parking Study and found the data to be acceptable.

Chair Riggs said for three out of the four land use alternatives that the parking surveys indicated less of a parking requirement than the Urban Land Institute (ULI) shared parking numbers. He said the most dramatic difference was with the housing alternative which was a difference of 70 spaces. He asked why the City was not requiring the number of spaces indicated needed by the parking surveys. Planner Fisher said the Commission could make a recommendation on the parking for the scenarios; she said staff was looking at something that was reasonable but also conservative. She said the survey looked at two residential sites and the surveys confirmed the ULI numbers.

Mr. Jeff Warmoth, Sand Hill Property Company, said the project designs and the EIR alternative were developed prior to the parking surveys. He said if the EIR alternative was ultimately the project approved they would look to not over-park the project but to park to the numbers of the survey. He said with one variant they were potentially short a few spaces, and they would have to adjust the project. He said that creating more parking than what was needed would not benefit anyone. He said with additional critical mass of people that there would be more mass transportation and hopefully at some point even this level of parking would be excessive.

Commissioner Bressler asked what the tradeoff was for the City if less parking was required. Mr. Warmoth said that parking was important for any retail and if the EIR alternative was the approved project then they would not build the underground parking. Commissioner Bressler said the survey was to determine what parking was needed for certain levels of development. Mr. Warmoth said there was no valid reason to park a project more than was what needed. Commissioner Bressler said if the parking was parked less than the City's requirements then there should be a benefit to the City in return. Mr. Warmoth said they would park to the City's requirements of whichever project scenario was the choice.

Chair Riggs said there was an underlying Zoning requirement before the P-D permit was written and there was tradeoff for a P-D permit. He said that members of the community believe that P-D zoning was up-zoning. Mr. Warmoth said that a P-D permit was suggested by staff because of the height restrictions under the zoning ordinance; he said they were going to seek a variance but staff felt that a P-D zoning was better. He said the standard of the C-4 which had a six per 1,000 square feet parking requirement was a ratio unheard of elsewhere, thus they had asked staff to apply administrative guidelines similar to other projects. He said they were then requested to do a more sophisticated process which was the parking study. He said the public benefits of the P-D was a different discussion than the parking and that this P-D was different from most in that it related only to the height and to use administrative use

parking standards rather than the six per 1,000 square feet and that evolved into the parking study.

Commissioner Pagee asked how much surface parking would cost. Mr. Warmoth said there was not an analysis and there was structural debt and live loads that needed to be incorporated. He said it could be analyzed many different ways but the surface parking was hugely important for the retailers. He said there were sites where the parking was behind the buildings, which impacted business. Commissioner Pagee asked what the underground parking cost was. Mr. Warmoth said that it ranged in cost from \$35,000 to \$75,000 per stall dependent on how efficient the parking was. He said for a structure they were building in Los Altos that the cost of the deck and surface parking was about \$25,000 per space.

Commissioner Bressler asked about parking on the street. He said the Commission had received a letter that more housing was needed for an increased retail base. He said putting parking along El Camino Real was to tap into the people coming along El Camino Real and not necessarily Menlo Park residents. Mr. Warmoth said there were retail businesses that people would not use if the on-street parking was not available. He said he has sat through many downtown development meetings and he had never heard a desire for more residential use rather retail or office use. He said housing was a good goal and would bring some people downtown but successful redeveloped downtowns added places for people to work.

Commissioner Kadvany asked if the point about aboveground parking was that it was needed to provide a visual code and to support retail. Mr. Warmoth said an example was the new Safeway which had as much parking at grade as possible. He said when people want to make a retail stop there was a desire to park, get in, and leave.

Mr. Ken Rodrigues, project architect, said he had been downtown earlier and there were a few empty stalls along Santa Cruz Avenue and the parking area behind were practically empty. He said that he lived in Los Altos and people there would circle the block to get street parking although there was parking behind their destinations. He said retailers want their parking at the front door. He said with a mixed use project like this they were trying to balance use. He said they might take spaces to increase the plaza size but could not take much more. He said underground parking really benefited when there was an office use. He said the story was still out on underground parking for retail. He said he had done a Whole Foods in Los Altos with underground parking which had become accepted but there was no competition for them in the immediate area.

Commissioner Kadvany said that parking had driven many of the design decisions of the Commission and if the parking was needed for the retail proposed here then perhaps the retail should be scaled down to develop a space that would be more attractive. Chair Riggs said that most of the project was parked underground and the minority of the parking was surface. Mr. Rodrigues said the surface parking proposed

was the bare minimum and prospective retail tenants and brokers wanted more, but the developer said there would not be more. He said he thought this project would be groundbreaking as to what could occur along El Camino Real.

Mr. Tony Draeger, Draeger's Supermarkets, said regarding the P-D that it would not be a problem so much for Draeger's. He said they however with their store had been required to move an apartment building downtown to provide residential use. He said applicants should all be held to the same rules. He said the Visioning Plan being developed indicated that one of the main factors of the village character of the City was to have a range of services provided. He said this project was proposing another large market of 35,000 square feet. He said Draeger's was 22,000 square feet on the first floor. He said they had a study done when there was a Whole Foods proposed at 55,000 square feet as to the impact such a market would have on their business, and the finding was 22 percent of their sales would be lost. He said the Vision Plan had indicated that more residential was needed. He said a large retail project on El Camino Real would take sales dollars from downtown Menlo Park. He said he wanted El Camino Real developed but asked the City to consider the viability of existing businesses. He said the economy was giving their business difficulty and they were competing already with a large supermarket. He said a 35,000 square foot supermarket would create traffic and he was not looking forward to the existence of another large supermarket in the area.

Mr. Rodrigues noted that 76 percent of the parking was underground and 24 percent above ground.

Chair Riggs closed the public comment period.

Commission Comment: Chair Riggs said related to underground parking and retail availability that there had been underground parking under the Rite Aid next to the Safeway and he had never parked there. He said the Palo Alto Medical Group underground parking worked well with a loop around and drop off and clear entry to the parking. He said related to the comment about retail customers wanting to park, grab and leave that the goal in Menlo Park was to grow a downtown with interconnecting uses and the preference was for people to park and stay in the downtown. He said Commission had pressed for the residential alternative, which based on the parking survey would need notably less parking than other uses. He said mixing residential, office and retail uses seemed particularly compatible for parking and traffic.

Commissioner Bressler asked if there would be an opportunity to comment on the City's housing allotment impact. Chair Riggs said that seemed appropriate in the architectural update which was the third discussion.

Commissioner O'Malley said he agreed with Chair Riggs comments but had parked under the Rite Aid.

Fiscal Impact Analysis

Chair Riggs said his initial observation was that the fiscal analysis varied among the four potential projects and the net cost benefit realized by the City was more for a significant rather than smaller project.

Commissioner Kadvany asked because of the uncertainty in the projections of the study if there were strong differences over a 20 year period. Planner Fisher said it appeared with the number of scenarios looked at and over the long term that the project would be fiscally beneficial for the City. She said there was the potential for negative impacts on the school district, for instance if housing units were rented rather than sold. She said there was a cap on assessments on properties because of Prop 13 and assessments were changed when properties were sold.

Commissioner O'Malley said that the reason for the fiscal evaluation was to get an idea of the impacts and benefits of the proposed scenarios but he did not think it should be used as a decision maker for whatever scenario was chosen. Planner Fisher said the fiscal impact analysis could be factored into any decision but the numbers could not be used for budgeting purposes because of uncertainties. She said there would be similar results with all the scenarios. Commissioner O'Malley said he saw them as a wash and looking out to 2020; the results of all the scenarios would be same; he said after that the numbers would be meaningless.

Commissioner Pagee asked about Table 3 on page 8 related to grocery taxable sales and confirmed with staff that this applied to goods and not to food. Planner Fisher said that 35 percent of all sales at grocery were assumed taxable. Commissioner Pagee asked whether the Commission could require a condition that a health and fitness club sell products. Planner Fisher said the Commission could. Commissioner Pagee asked about construction dollars. Planner Fisher said those were estimates from the developers. Commissioner Pagee said she agreed with Commissioner O'Malley that there was not much variance between the alternatives.

Public Comment: Mr. Warmoth said fiscal impact analyses were not common documents; those he had seen were usually related to Mello Roos projects with public financing and were use to determine whether there would be sufficient property tax revenue and valuation to support bonds being issued. He said these were sophisticated documents, and although it was somewhat guesswork, the document had been prepared by an excellent financial impact analyst the City had used. He said they thought the results were conservative as an assumption was made that all of the retail sales would take sales from other businesses so there would be no new net retail tax dollars and also assumed that no new business would move here. He said it did not take into account the possibility that a business located in another town or area might want to relocate to Menlo Park nor a different type of business that might want to come into the City. He said the assumption was that there would not be new sales tax dollars and thus no net revenue increases. He said the numbers were on the low side. He

said that being along a state highway the site would attract people who were not Menlo Park residents and this potential was not reflected in the analysis either.

Chair Riggs closed the public comment period.

Commission Comment: Commissioner Kadvany said the role of the report was to be very narrow to identify negative impacts rather than to project the role of new retail in the community. Chair Riggs said it would be a shame to choose between the different alternatives based on the presumption of the net value to the City of those alternatives as the sole criteria. He said he appreciated that Mr. Warmoth talked about the assumptions made in the study.

Commissioner Kadvany asked if the 50,000 square foot building would be the anchor tenant. Mr. Warmoth said at this point they did not know if any of the future tenants would want such a large space. He said four years ago they had worked with a prospective retail tenant who had wanted the whole space. He said with the market today there was probably not a retail tenant who wanted 50,000 square feet. He said the office component was more logical as there were headquarter companies that in a normal market would love this location. He said having a downtown with restaurants and services for employees as well as mass transportation was very important to companies. He said the study did not factor in the value an office component would provide downtown retailers.

Commissioner O'Malley said the fiscal numbers were positive and he was glad they were conservative.

Commissioner Ferrick asked if the school district had weighed in on the project as a stakeholder particularly because of the potential for negative financial impact. Planner Fisher said it had not been distributed to the school district yet but it could be done. She said in the past that they had received comments from the school district that they were not particularly concerned about these types of projects. Chair Riggs asked if she was referring to the District Superintendent's comments that he was not concerned with increased student population as a potential result of the Derry project. Planner Fisher said that was correct.

Architectural Update

Mr. Rodrigues presented a visual presentation in response to comments and questions from the Commission at their April 6, 2009 meeting. Question: What was the depth of the Kepler's plaza? He said they surveyed it and it was 40 feet deep. Question: Could there be more plaza in front of the retail at grade? He said that by moving the driveway to the east they gained 1,860 square feet of additional plaza that could connect to the main plaza. He said six to eight parking spaces would be lost. Question: What was the pedestrian link between this project and the Derry project? He said the pedestrian link would run along the easterly portion of the smaller retail component. He said there was

a logical location to start at El Camino Real and then run down the easterly face of the retail component, which would line up with the Derry project. He said they had shared this input with the Derry developers and how the connection could run right through the Derry project. Question: Could another stair be added to the garage for better access? He said they could locate another stair that would exit on the courtyard feature; he said they would lose a few parking spaces. Question: If the residential project were built where would the storage for those units be located and how much would there be. He showed on a slide that there was over 3,000 square feet of residential area and where there would be storage. Comment: Rethink the proposed applied stone. He said originally they had proposed washed cobble type stone; he said they were proposing three different types of stone in varying patterns, and would be happy with all four options. Question: Will people sit in a plaza that is located along El Camino Real? He showed a project on Stevens Creek Boulevard with an outdoor plaza with about 40-50 people sitting out next to a six lane road. He said landscaping and screening helped to create sense of privacy. He said plazas oriented toward the sun got more use. He showed examples of plazas with outdoor seating. Questions: Can elevations be more traditional Spanish rather than modern Spanish? He said with the use of integral plaster, a clay tile roof and stone that this would be modern traditional blending of Spanish architecture. Comment: Break up the long roofline of the office building. He said they added add jogs, popouts, and gable roofs which broke up the rooflines in the north and south projections. Question: Why was the sound wall eight feet tall in locations and seven feet in others? He said the only eight foot section was along the railroad for sound attenuation and it would be stepped down with landscaping so as not to abruptly become seven feet. Question: Will there be a change to the left turn pocket on El Camino Real? He said there would be no change. Question: If residential alternative was chosen would that type project be built as quickly as a commercial project? He said it would not as the complexity of a residential project with options and the current market made it economically infeasible now and in the short term. He said an office and retail project was feasible. Question: What is the parking ratio for the Draeger's in San Mateo? He said it is 1.9 spaces per 1,000 square feet. Question: Would the project be LEED silver? He said the development team was willing to commit to LEED certification with a goal to go higher. Question: Could there be less parking if there was residential? He said this was discussed in the parking analysis and they would not be able to. Question: Could you add another level of parking and eliminate all surface parking. He said that was not feasible. He noted that only 24 percent of parking was on the surface and that it cost \$40-50,000 per space underground. Question: Could you add more specimen trees? He said they did that and would replace two to one for the dead redwood. Question: Could a third story element be added to increase density of the housing? He said they could not as it would exceed the 40-foot height limit for the project.

Public Comment: There was none.

Chair Riggs closed the public comment period.

Commission Comment: Commissioner Ferrick said there was an email message about the two redwood trees in the front. Mr. Reed Moulds, project manager for Sand Hill Property Company, said that one of trees was dead and needed to be removed; they had applied for a tree removal permit and it would be removed soon. He said they would replace that redwood with two redwood trees which would bookend the remaining redwood.

Commissioner O'Malley said that Mr. Rodrigues had indicated housing was not feasible; he could not understand that although he could understand unprofitability. Mr. Warmoth said that in the current economy he did not know of a lender that would fund a construction loan with housing element in it. He said there was a mixed use project in Los Altos and the lender was requiring that the housing be separately parcelized and the construction of that funded entirely in cash. He said he would visit with a large lender who had funded mixed use projects for them in the past but who had not done a construction loan since July 2008. He said that could change over time. He said they were asked by Council to bring in a project that conformed to the existing zoning and then asked to analyze the potential to replace some portion of that with housing. He said the project they wanted to build was the one that conformed to the existing zoning with office and retail. He said even with that project it might not be possible to get financing, but hopefully in the near future it would be possible. He said however project approval was needed.

Commissioner Bressler asked if they would build the project if they did not already have tenants, and whether financing would be easier if they had tenants; he asked when they might expect to build. Mr. Warmoth said they owned the property which was an advantage. He said previously they thought they would have an approved project and they had advanced with a tenant, but when it was not approved they lost the tenant. He said it was hard to attract tenants because there were too many uncertainties at this time.

Commissioner Kadvany said related to financing feasibilities whether it would be the same in Menlo Park as in Los Altos. Mr. Warmoth said in all other cities if housing was an element the projects were dead on arrival. He said of all of his contacts related that there had been no construction loans for housing. He said he had a eight unit townhome project across from a nine unit townhome project he had already built in Los Altos. He said this project was fully approved with a building permit and yet after three months of discussions with a regional and excellent lender that lender withdrew because the financial institution had too many townhomes in Sacramento, Elk Grove, and Oakland unsold. He said the lenders have the money but cannot loan it. Commissioner Kadvany said there was also a commercial real estate crisis and he could not see the difference between either type projects as both had similar issues. Mr. Warmoth said when the project was approved there would not be seven other projects approved in Menlo Park and they would have something attractive for office and retail tenants, and if they got the tenants they would get lending. He said that was why they had so many variants.

Commissioner Ferrick said in the staff report on page 3 there was a project description and three alternatives. She asked the applicant if they could happily develop any of the variants other than the housing, noting specifically variants 1 and 2. Mr. Warmoth said because of the extensive EIR analysis required for Menlo Park, they had had to prepare much more information and because of the level of the specificity they had to have different variants, three possible scenarios as to how they could see this project developed. Commissioner Ferrick said eventually the project approved would be one of the four variants, and asked about variants 1 and 2 being feasible. Mr. Warmoth said that they were looking for approval of all three variants and depending on the tenants they would get they would build to the tenants' need from one of those three variants.

Planner Fisher said while the Commission could recommend one of the variants to the Council there was the possibility to recommend to the Council to allow the applicant to pick any of the variants. Commissioner Ferrick asked if one could be excluded. Mr. Warmoth said the EIR alternative was not their project choice. He said they wanted the other three variants.

Commissioner Bressler said there was a concern by Mr. Draeger that there would be a 35,000 square foot grocery. He said the biggest space appeared to be 15,000 square feet. Mr. Warmoth said that they had looked at 51,000 square feet as potentially one grocery or retail store. He said a grocery would have much greater parking impact and would need 4.36 spaces per 1,000 square feet because of the mixed use. Mr. Rodrigues said this was the worst time to develop properties and the most recent speculative project built in this area was last year on Sand Hill. He said they had considered these variants to great detail and what could be brilliant and lucky for the City was for the City to approve all four variants giving the City, developer and community the most flexibility in the most uncertain times.

Commissioner O'Malley said the applicant had indicated the project would fit the visioning process occurring in Menlo Park. He said there was a strong feeling in the City that housing was needed along the railroad corridor. Mr. Rodrigues said that if all four projects were approved any one of them would fit the vision. He said but if housing could not be funded the project would sit empty. He said the project alternatives fit the vision in terms of architecture and goals for El Camino Real. Mr. Warmoth said he would do an analysis of vision goals for the next hearing. He said he talked to many people in the community and there was no conformity about building housing along the railroad corridor. He said four years ago they had proposed mixed use and housing. He said if they had that project today and Derry had their project too that when it was time to build it would be hard to get lending to fund two competitive projects. He said they were doing a condominium map as one of these alternatives but traditionally these were not for sale. He said with the previous project they had applied for they would have had the ability to do sales, but that project did not get approve and the current economic situation was entirely different.

Commissioner Kadvany said he thought having the options was a potent solution. He said the Derry Project was an uncertainty and if there was a commercial retail project here and Derry ended up the same that the flexibility did not help him with that potential. He said he had asked about pedestrian access to Derry and what would have been most preferable was to work with both parcels to have them fit together. He said the issue of whether there should be housing or office was also the uncertainty of what was going on with the Derry project. Mr. Rodrigues said they had wanted the developers for the Derry project to drive the access right through their project but they chose not to. He said they could not force them to do that and their approvals did not require that. He said he appreciated the Commission's input and he wanted to ask them to consider all the alternatives to allow the project to be built noting that the Derry project might never get built.

Planner Fisher said regarding the Derry project that there had been an approved project followed by a referendum and then a revised project that had not been approved. She said if the Derry project was to move forward it would come back through the Planning Commission.

Commissioner Ferrick said thought should be given to what the community needed in the long term and her concern was with the one large tenant alternative. She said she liked the housing alternative but was concerned with negative fiscal impact on the school district.

Commissioner Bressler said he did not see the fixation with putting houses next to the train tracks and that commercial projects were better in those locations. He said his concern was with ABAG housing allotments and what that really meant.

Chair Riggs asked if the Council had made a commitment regarding housing and participated in ABAG. Planner Fisher said an update on the housing element was begun but was now on hold. She said there were ABAG numbers that they were trying to build into that. Commissioner O'Malley said when the update on the housing element was done using those ABAG numbers that he did not know how those numbers would be met. He said there was room for a reasonable amount of housing along the rail corridor. Chair Riggs said he thought it was in March that the Council made a formal vote to make the ABAG recommendation part of Menlo Park policy. He said the state also passed legislation to put teeth into the requirements for housing per ABAG recommendations. Commissioner Kadvany said he recalled the Housing Commission had asked for housing in this project.

Chair Riggs said ABAG was created to get regional responses for regional problems. He said subordinate to the fact that Council had made a commitment there was a need and benefit to the community to have housing available that was below the \$1.3 million per unit. He said people were expected to work in jobs that could not reasonably provide the income needed for these homes. He said there were mid-managers who

almost could afford those homes who were still traveling in from the East Bay. He said as a planning body they needed to establish an opinion. He said that if there were to be housing in Menlo Park it was a case of deducting locations unsuitable for significant housing, and seeing what was left. He said that density was not acceptable in most communities and density needed transit. He said housing seemed to be aimed at the downtown corridor. He said however if the City successively approved all office buildings that there were empty offices when booms were over. He said they should not be guided only by the variation of the market but state what they wanted to see. He said although the specific plan was not complete or adopted that there were preferences and he hoped the Commission and Council could work within those preferences. He said perhaps housing could be profitable if there was additional height. He said related to the architectural presentation that he appreciated the responses they had received from the applicant. He said there was a goal for the El Camino Real to establish some continuity of street face and parking would break such continuity. He said there were some architectural tools that could be used which would not cause the loss of parking spaces.

Commissioner Bressler said one of the reasons there was a glut of housing in certain places was the interference in the market place, financial systems and mandates. He said for the applicant to get something done the City needed to give them some flexibility. He said for an outside agency to tell Menlo Park they needed to have a certain job/housing balance was absurd to him. He said they should have what was best for an area as defined as best by the market. He said they should not accept the idea that it was in the City's best interest to mandate projects that were not market viable. He said rather the City should have high standards for what was allowed. He said to require housing because of an outside entity requiring it was not right.

Commissioner Kadvany said ABAG had been around for decades and in his view they turned decisions into uncertainties. He said that markets do not solve all problems equally well as with health care, similarly planning is needed to prevent suburban sprawl. He said it was clear that Menlo Park probably will not have housing along the entire rail corridor. He said there was validity in arguments made by the applicant but those did not necessarily help the City's decisions. He said he believed in general concepts that were used for infill projects in other communities, for instance the use of height and the creation of vibrant communities that were pedestrian friendly. He said this site was an isolated project and it was too bad that they could not plan with the Derry project simultaneously. He said he was listening to the concerns about economic viability but also looking for the creation of a brand new vibrant development.

Chair Riggs said he would not support an arbitrary direction to a developer; he asked what the height limit was in the underlying C-3 zoning district. Planner Fisher said it was 30 feet. Chair Riggs said there could be a potential office building in the front at 30 feet and perhaps Council could support housing at 40 to 45 feet as acceptable if it were setback from view. He said that the consultant for the El Camino Real Downtown project had quoted from their report for the April 16 meeting that they were

commissioned to do market studies to establish elements that would lead to vibrancy and market demand for a wide variety of office use, retail services and housing renewal. He said at the June 18 meeting the consultant said their key findings showed a demand for a wider range of housing than currently existed in Menlo Park and the strong long term potential for multiple uses.

Commissioner Keith said it was interesting to look at all four of the options and the economic situation and not have banking dominate thinking, but she said she wanted to see something built on the El Camino Real. She said the applicant was both the owner and the developer and it was to their best interest to build the best scenario they would be able to lease. She said she was interested in what they would bring back as the changed plaza depth. She said that it was an appropriate site for both housing and office located next to mass transit and a downtown to visit and use services.

Commissioner Pagee said she appreciated the report from Mundy they had received and all of the work the developer had done. She appreciated the applicants answering the Commission's prior questions through a slide show.

Chair Riggs said he also appreciated that the applicants had brought a project with underground parking, had looked at connectivity, designed to a higher architectural level and were trying to meet the preferred direction of the City.

Commissioner Ferrick asked about the stone façade. Chair Riggs said he appreciated the options for the stone. Commissioner Keith said she liked the #2 and #3 stone options and appreciated that they broke up the mass on the roofline. Commissioner Ferrick asked if there was still the river rock behind the facade. Mr. Rodrigues said it was a sloped tile roof at the first and second level. Commissioner Ferrick said she liked the bigger rectangular rock. Commissioner Kadvany said that the overall impression on El Camino Real was the variation in the building face and the general scaling. He said he was not sure about the massive flat veneer and suggested richer articulation on the building itself. Commissioner Ferrick said that the stripe over the arched windows was the roof, which was articulated back. Commissioner Kadvany said it was a big distinctive element and thought more detailing on the building would help. Chair Riggs asked if the applicant had a 3-D model showing the project from El Camino Real. Mr. Rodrigues said there was a rendering in the packet drawing, but they could certainly bring that to the Commission. He said that they wanted they wanted the El Camino Real access to the parking garage to be very visible which was why they used a lot of glass.

D. STUDY MEETING - ITEM

- 1. Study Session/El Camino Real/Downtown Specific Plan:** Review of project status and opportunity for individual commissioner comments.

Item continued to the meeting of August 24, 2009.

E. REGULAR BUSINESS

There was none.

F. COMMISSION BUSINESS

Planner Chow said that the El Camino Real study session had been continued to August 24, 2009 and she asked the Commission's consideration of potentially hearing 1300 El Camino Real at the same meeting or converting the August 31 study meeting to a regular meeting for 1300 El Camino Real. Planner Chow said if both items were heard at the same meeting perhaps it could start at 6 p.m. for El Camino Real study session and then have a public hearing afterwards for 1300 El Camino Real, or they could have a 7 p.m. start for the 1300 El Camino Real public hearing and then have the study session afterwards.

Planner Fisher said her concern about the scheduling for these items was that the Derry project public hearing had gone to 11:30 p.m. and if there was not an early start time for study session then it might not start until 11:30 p.m. She said perhaps they could have the study early with a cap time or consider them at separate meetings. Chair Riggs said it was better to have two 7 p.m. start meetings. Commissioner O'Malley said he preferred separating the items. He said he would prefer the study session on the downtown plan prior to considering 1300 El Camino real. There was general consensus about the preference to hear the study session first. Commissioner Ferrick said she would also like to have a cap on the study session. Chair Riggs said that perhaps the 1015 Berkeley project could be also agendized for August 24.

Planner Chow said the study session would be August 24 with potentially a use permit application, and then the August 31 would be a regular meeting and public hearing for 1300 ECR.

1. Review of planning items on City Council agendas.

Chair Riggs asked about any Council issues. Planner Chow said the Council would consider pedestrian intersection improvements, a lighted crosswalk, at the intersection of Middlefield Road and Linfield Drive that was funded by the 321 Middlefield Road and 110 Linfield Drive Projects.

A. El Camino Real/Downtown Specific Plan (Phase II) Process

Planner Chow said she had passed out information on potential scheduled times for meetings with the consultants individually with Commissioners. She asked the Commissioners to circle their preferred time.

B. Burgess Gymnasium and Gymnastics Center

Planner Chow said the Council would consider the project at their July 31 meeting.

C. The August 31, 2009 tentative Study Meeting will be a Regular Meeting

Planner Chow indicated that information about Bohannon project community meetings had been distributed. Chair Riggs asked whether there was an independent consultant to review the project for the City considering the project was of a scale beyond what the City has ever considered. Planner Chow said there were not consultants to help Commissions understand the project but certainly staff would help as well as the EIR and traffic study consultants. Chair Riggs asked if staff could give context for the Planning Commission to consider on roughly similar projects in Redwood City and the potential impacts on adjacent businesses and properties because of traffic and large buildings. Planner Chow said she would check with the project manager and see if there was information available. Commissioner Bressler said he would like adjacent property owners to be available at the meeting as well as there was current zoning and there was a proposed zoning change for just this property. Planner Chow said the adjacent property owners would be targeted for a business community meeting.

Commissioner Ferrick said the card notice was well designed.

Commissioner Keith asked about the options of public benefits. Planner Chow said those would need to be discussed. Chair Riggs said Mr. Bohannon had been touting the public benefits. Commissioner Kadvany said he was thinking about open space. Commissioner Keith said she wanted the community to understand what they could ask for rather than having the developer telling the community what the public benefits were. Chair Riggs said he thought the community would expect the Commission to do the prompting. Commissioner Kadvany said the scale of the project was so much greater than what was usually seen by the Commission. Chair Riggs said he would expect the business, residential and other hotel communities to step forward. Commissioner Keith said this project was something that the Commission had never seen before which was why she would like more information as to what was possible in terms of public benefit for the community's edification. Chair Riggs asked if public benefits options could be put on the website. Planner Chow said she would see what came out of the community meeting and see about having that added to the project page. Commissioner Kadvany said public benefit was often tied to some shared feature such as bike paths but this was an isolated parcel and those models were useless. Commissioner Ferrick said there was the potential to require interconnecting with sidewalks and bike paths. She noted the Intersection the Marsh overpass and Highway 101 would be greatly impacted. Chair Riggs said there was also connectivity to Redwood City. Planner Chow said that this item had not been agendized for discussion. Chair Riggs said Commissioners could email Planner Chow for some background on this project or make requests for information. Planner Chow urged the Commissioners to attend the public outreach meeting.

G. REPORTS AND ANNOUNCEMENTS

There was none.

ADJOURNMENT

The meeting adjourned at 10:10 p.m.

Staff Liaison: Deanna Chow, Senior Planner

Recording Secretary: Brenda Bennett