



PLANNING COMMISSION MINUTES

**Regular Meeting
March 4, 2013 at 7:00 p.m.
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025**

CALL TO ORDER – 7:03 p.m.

ROLL CALL – Bressler, Eiref, Ferrick (Chair), Kadvany (Vice Chair), O'Malley, Onken, Riggs (arrived 7:13 p.m.)

INTRODUCTION OF STAFF – Momoko Ishijima, Planner; Kyle Perata, Assistant Planner; Thomas Rogers, Senior Planner

A. REPORTS AND ANNOUNCEMENTS

AI. Update on Pending Planning Items

a. Housing Element – City Council – March 5 and 12, 2013

Planner Rogers said that the Housing Element would be on the March 5, 2013 City Council agenda as an informational update for the public. He said the fiscal and environmental analyses associated with the Housing Element Update had been intended to be released at the end of February which did not occur. Staff would provide summaries of some of the likely conclusions of these analyses to inform the Council's upcoming actions on March 12 to provide direction on which sites to pursue for rezoning for higher density residential uses.

b. Facebook West Campus – City Council – March 26, 2013

Planner Rogers said that the City Council would be reviewing the Planning Commission's recommendations on the Facebook West Campus project at their March 26, 2013 meeting.

Chair Ferrick asked if a study session on the 500 El Camino Real project would be held soon by the City Council. Planner Rogers said the applicants for the Stanford project for 300 to 550 El Camino Real had started on substantive revisions to the plans. He said they did not intend to go forward for another study session immediately, but wanted to make revisions based on the comments made by the Planning Commission and public. He said the applicants also had extended an invitation to individual Commissioners for any suggestions that might not have been addressed during the study session.

Commissioner Bressler referred to item A.1.a. and confirmed with staff that the Council would not consider approving the Housing Element Update at either the March 5 or 12 meeting, and asked when that approval was expected. Planner Rogers said it appeared that would occur toward the end of April or beginning of May.

B. PUBLIC COMMENTS

There were none.

C. CONSENT

There were no items on the consent calendar.

D. PUBLIC HEARING

Commissioner Riggs joined the meeting.

D1. Use Permit/Theodore Stinson/746 Hermosa Way: Request for a use permit to demolish an existing two-story, single-family residence and construct a new two-story, single-family residence and a secondary dwelling unit on a substandard lot with regard to lot width in the R-E (Residential Estate) zoning district. The project also requires use permit approval for the location of the required parking space for the secondary dwelling unit within the required side yard, and also includes the removal of four heritage trees located in the rear of the property.

Staff Comment: Planner Ishijima said sheet A2.1 had been modified and provided to the Commission at the dais. She said Commissioner Riggs had suggested removing the images of two vehicles in the garage as it was represented in the original plan this made it misleading as the garage door was insufficient in width to accommodate two vehicles. She said the applicant had provided color renderings that were also distributed to the Commission. She said staff had received correspondence from the adjacent left side neighbor and another from a neighbor across the street in support of the project.

Public Comment: Mr. John Lum said he was the project architect. He said the existing home was dilapidated and undersized for the size of the lot. He said their design was very respectful of the four mature trees in the front of the property. He said the house was designed around the modern concept of a courtyard to maximize the amount of natural light and ventilation. He said all of the blocks would be clad in natural wood; they were using a green consultant and would try to make the house as environmentally sensitive as possible. He said the height of the home would be even lower than the existing home, and they had set it back further in front to have less impact on the neighborhood.

Mr. Larry Hatlett said he and his wife owned a home behind the subject property. He said currently the view from their home was of a forest and they were concerned that the removal of the heritage trees would impact their view.

Chair Ferrick closed the public hearing.

Commission Comment: Chair Ferrick asked the applicants to address the landscape plan.

Mr. Lum said they planned to replace the heritage trees with other trees. He said they intended to do a big screen wall of plantings to the rear. He said it would be helpful if they could visit the neighbor's site to see what the impact from the removal of the trees would be.

Mr. Stinson said he was happy to meet the neighbor noting that they had left notes for those neighbors but had not been contacted. He apologized they had not met but noted they had done extensive neighborhood outreach. He said the trees in the rear yard were nearly safety hazards noting they were very tall and very close together.

Chair Ferrick asked about the size and variety of trees they intended to plant in the rear yard.

Mr. Lum said they had not defined that yet but their intent was to have trees that would be nice to look at and provide screening.

Commissioner Kadvany noted the bathrooms and bedrooms above the garage and asked if there were any windows in the bathrooms. Mr. Lum said that they intended to use operable skylights in both bathrooms. Commissioner Kadvany asked about the glassed breezeway and privacy as it was in the front. Mr. Lum said there would be an interior screen using wood louvers probably.

Commissioner Riggs asked if there was any glazing in the second unit kitchen. Mr. Lum said they had not yet finalized the interior layout for the second kitchen. He said they were asking for approval of the footprint. He asked if the question was related to natural ventilation or skylights. Commissioner Riggs said it was also about quality of space. Mr. Lum said that there would be at least a skylight in that area but currently it was presented as a kitchen with no windows. Commissioner Riggs said that not everyone would be comfortable putting a second car in the garage as it was currently drawn. He suggested they consider that now so if they needed to make a modification they could go through Planning Division staff. Mr. Lum said if it was a concern they could make the access door part of the garage door and have a 20-foot wide garage door. Commissioner Riggs said that would cost more and asked if they had considered putting the door around the corner. Mr. Lum said not at the front of the house as they were trying to protect the aesthetic. He said their thinking was that drivers from both cars would exit from the left and there was considerable space for the car parked on the left side. Commissioner Riggs said that there was not enough space next to the second

unit to support a second parking space. Mr. Lum said that they wanted to have a generous light well for the basement area and although it could be shorter they did not think that was a good thing for the downstairs.

Chair Ferrick asked about trees #3, 5, and 7 which were to be removed and how that might impact the rear neighbor's privacy. She said #1 had a condition rating of 40, #5 a rating of 45, both of which were low, but #7 had a rating of 60 which was on the higher side. She said it appeared that most of the viable trees would be maintained. She confirmed that #7 was not impacted by the second unit and asked if it could be retained. Mr. Lum said the landscape architect thought it should be removed. He said the three trees in the rear were providing the sense of privacy but they were very malformed as they had never been pruned well. He said that #7 was not a heritage tree and was a pine with a 14-inch trunk and was not a particularly large tree. He said the #4 tree, which would remain, was the tallest tree and dominated the rear yard.

Commissioner Onken confirmed that the secondary dwelling unit would continue to be counted as such even if it were not occupied.

Commissioner O'Malley moved to approve the item as recommended in the staff report. Commissioner Riggs said he would second the motion but would like the applicant to provide a revision subject to the review and approval of the Planning Division for a natural light source in the second unit kitchen and specifically coordinate replacement tree planting on the north property line. He noted that was not just for the immediate neighbors but for the San Mateo Drive neighbors as well. Commissioner O'Malley noted his agreement with the amendment as the maker of the motion to approve.

Commission Action: M/S O'Malley/Riggs to approve the item with the following modifications.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current 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. Approve the use permit subject to the following **standard** conditions:
 - a. Development of the project shall be substantially in conformance with the plans prepared by John Lum Architecture Inc., consisting of 17 plan sheets, dated received February 15, 2013, and approved by the Planning Commission on March 4, 2013, except as modified by the conditions contained herein, subject to review and approval by 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 by 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. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
 - f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
 - g. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
4. Approve the use permit subject to the following ***project-specific*** conditions:
- a. Simultaneous with a submittal of a complete building permit application, the applicant shall revise the secondary dwelling unit wall height to be nine feet measured from the grade to the top of plate, ***and to provide a natural light source for the kitchen***, subject to the review and approval of the Planning Division.
 - b. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a revised site plan to include four new heritage replacement trees, ***with the overall objective of providing replacement screening between the subject parcel and the adjacent rear properties***, subject to revision and approval of the Planning Division.

Motion carried 7-0:

D2. Use Permit and Variance/Richard A. Hartman/712 Partridge Avenue: Request for a use permit to demolish two single-family dwelling units and an accessory building and to construct two two-story, single-family dwelling units and associated site improvements on a substandard lot with regard to lot width in the R-2 (Low

Density Apartment) zoning district. Request for a variance to build an accessory structure in the front half of the property, 87.5 feet from the front property line where 94 feet would be required.

Staff Comment: Planner Ishijima said the applicant had provided a materials and colors sample sheet that had been distributed. She said a neighbor had written raising concerns with the design of the house saying it would not reflect the character of the Allied Arts neighborhood and was concerned with the height.

Questions of Staff: Commissioner Kadvany said the staff report had indicated the applicant wanted to widen the driveway to 14-feet as in some situations the occupant of the rear unit might have to back the vehicle out, and asked the Transportation Division's position on that. Planner Ishijima said generally for two-unit proposals the Transportation Division has allowed backing out for second units. Commissioner Kadvany asked if there were any guidelines for changing the width of the driveway to support vehicular backing out. Planner Ishijima said the requirement was a 10-foot driveway and the City had not given specific information to the applicant to widen the driveway but that had been proposed by the applicant.

Public Comment: Mr. Rick Hartman, San Jose, said he was the project architect. He said they were proposing to replace two existing homes with two new homes with higher ceilings but lowered pitches. He said they intended to use stucco, stone and timber on the exterior and they were proposing large windows as the home was situated in a forested area. He said they tried to get the clearance for the accessory structure but had difficulty because of the depth of the lot and a significant redwood tree that they needed to give distance to. He said the garage had previously been situated farther away from the tree but they were asked to move the garage which put it closer to the tree noting that made him nervous. He said a project very similar to this one was approved about six months ago in which there was a tree and that applicant had to construct a one-car garage. He said a plum tree near the existing second unit would be removed and it had the worst health of any of the trees on the lot. He noted that a large Oak tree on an adjoining property had fallen. He noted that the area was forested and the proposed home would not stand out and would blend with the neighborhood. He said their goal was to keep as much of the mature landscaping as possible.

Commissioner Kadvany asked if the applicant had any comment to the correspondence received. Mr. Hartman said that was from the neighbors on the right side. He said the neighbors had attended their neighborhood meetings and based on their input, the windows on that side had been modified. He said windows on the side were smallish and those in the front and back were larger. He said stairwell windows would be obscure glass. He noted distance created by the two driveways between the subject property and the neighbor's property. He said the area was a mix of one-story and two-story and their proposal was two-feet below the height limit. He noted the rear window on the back unit would have the view of a tree. He said backyard patios were provided for both units.

Commissioner Eiref asked if they had considered anything other than stucco and stone veneer. Mr. Hartman said they had but these materials were low maintenance and popular with homebuyers. He said all the windows were clad so they had zero maintenance. He said the roof materials had a 40 to 50 year life. He said if they used wood they would use fake wood or Hardy wood. He said there was a mix of architectural styles and materials in the neighborhood.

Chair Ferrick asked if they had considered using the architectural style of the existing front house. Mr. Hartman said this was originally a one-story home with a tremendously steep roof and if he did a two-story behind it would be above the height limit.

Mr. Charles Irby, Menlo Park, said he and his wife lived next door to the property, and endorsed the written comments made their neighbor, although they were not too concerned about the height. He noted another similar project that had recently been approved in the neighborhood and suggested this project could use more stonework particularly on the front façade of the front structure and not just limit the stone to the entryway, which he thought would make it more interesting. He said he was not suggesting to copy the project approved at 746 Partridge Avenue but noted it had more stone, brick work above windows, and other details which might help make this project more architecturally interesting. He said the large front window of the master bedroom would look straight down into their house. He said he hoped they could come to some agreement about where a tree would be placed after the house was constructed along the fence side of the driveway so it would block the view into their home. He said there was some commentary about replacing the seven foot fence with a six foot fence but both he and his neighbors were opposed to lowering the fence height and questioned its replacement as it was in good shape and had lots of hedge plantings along it.

Chair Ferrick closed the public hearing.

Commission Comment: Chair Ferrick asked the applicant about a replacement tree between the driveways as requested by the neighbor. A comment was made that there was an existing tree. Mr. Irby said it was a Eucalyptus and provided no screening at window level. Mr. Hartman said there was a Bay laurel at the location. There was discussion that was evergreen but more of a hedge. Chair Ferrick suggested a tree closer to the neighbor's property might help address the privacy concern. She noted that there should be additional discussion between the applicant and the neighbor about an additional tree.

Commissioner Riggs said this was a difficult project to speak to because it was in the Allied Arts neighborhood. He said while there were many areas in the City where there were modern interpretations of classic homes Allied Arts, even on Partridge Avenue, while mixed with multi- and single family residences, was still holding onto some tradition. He said Partridge Avenue had some original charming homes and some good attempts at fitting in with those original homes. He said he hesitated to talk about style

and fits, noting the City did not have design guidelines, but this was the type of project that demonstrated guidelines were needed. He said pending guidelines that the Planning Commission was the last line of defense for the neighborhood. He said he did not think the architectural style of the proposal fit with Allied Arts. He agreed with the neighbors that the project did not fit as the massing was difficult and pulled materials from the popular choices but which choices did not add up. He said it was a good site plan and preserved trees but he found the roofing and the materials, particularly the applied cultured stone, an unfortunate choice.

Commissioner Kadvany said he concurred with Commissioner Riggs' comments. He said he did not think they could make simple suggestions such as add or remove windows that would resolve the concerns. He said the design was lacking context in the overall. He said the front façade looked like a big statement on the block forms behind it and there was a lot of empty space on it. He said there were good examples of new flag lots on Partridge Avenue that made good use of the long narrow lots. He said it was a privilege to build on this street and put two houses together on the small lots. He said it was incumbent upon a developer to maintain the integrity of what was done and part of that was to maintain the narrow driveway width and attractive curb appeal. He said regarding the variance request there might be a case but he did not think this was an issue. He said he had concerns about the redwood tree and building near it.

Commissioner Eiref suggested the project be continued noting he agreed with comments made. He said he would like to see the front façade widened and not just look like a sheer wall. He said he really did not like the materials proposed in the context of the Allied Arts neighborhood.

Commissioner O'Malley said he agreed with the comments made but he thought there was a strong argument for the need for a variance.

Chair Ferrick said she thought she could make the findings for the variance as saving the redwood tree was critical. She said the arborist's report as noted by Commissioner Kadvany earlier was fear inducing. She said regarding stone veneer that she regarded such materials from the concept of being green. She said most of the stone veneer was imported from China and it was not green to ship it here. Someone indicated the stone veneer was concrete. She said then it was not even real rock. She said the perspective on sheet A.3 gave a better feel for the second story setback noting that the sheer wall was on the driveway side. She said the front façade looked very flat. She suggested setback on the second story and noted there was some attempt on one side to use Spanish/Mediterranean style and the other side seemed Craftsman.

Commissioner Riggs said there were a number of homes in Menlo Park that have 10-foot driveways. He said the bay window with the Spanish brackets was a better relief in his opinion than recessing the entire second floor, which created the look of a small house on top of a large house.

Commissioner Riggs moved to continue the item with the direction provided by the Commission. Commissioner Onken seconded the motion.

Commission Action: M/S Riggs/Onken to continue the item with direction including the following regarding the design of the homes.

- Propose an architectural style complementary to the existing residences of Partridge Avenue and character of the Allied Arts neighborhood
- Revise the massing of the structures with consideration to stepping in of the second floors
- Provide more articulation on the bare walls on all elevations
- Explore alternative materials and roof forms that would add higher detail and integrity to the design

Motion carried 7-0.

Chair Ferrick said the Commission would consider both items D3 and D4 together.

D3. Use Permit, Architectural Control, Major Subdivision/Forrest Mozart/1273

Laurel Street: Request to demolish a single-story, single family home and to construct three detached, two-story dwelling units on the subject parcel in the R-3 (Apartment) zoning district. Use Permit and Architectural Control would be required for the construction of new residential units. The development would include a common driveway with the adjacent property (1281 Laurel Street) for access to each residence. A Tentative Map would be required to create six residential condominium units, including three units on the neighboring legal parcel (addressed 1281 Laurel Street). As part of the proposal the applicant is proposing to remove three heritage trees, including a coast live oak (42-inch diameter, poor condition) and two incense cedars (33-inch and 27 inch diameter, fair and poor condition). In addition, the applicant is requesting approval of a Below Market Rate (BMR) Agreement for the payment of an in-lieu fee for this project.

Staff Comment: Planner Perata said a materials board was being distributed to the Commission. He said after publication of the staff report, staff received two pieces of correspondence on the project previously forwarded to the Commission and made available to the public at the rear table. He said the first email was from Ms. Hildegard Traeger, the owner of 1272 Mills Street, regarding the oak tree at the rear of her property and her concern that it not be affected by the development. She also requested that the project not adversely impact the privacy of the tenants in her building. He said the other email was from Ms. Nancy Bergeson, 1319 Laurel Street, who was concerned with the absence of a BMR unit on site noting the City's housing shortage and particularly with BMR housing. Ms. Bergeson indicated that this was the perfect location for such housing with its proximity to transit, employment and shopping centers. He said her second concern was with the removal of heritage trees at the site

specifically trees #9 and #12 and that those trees should be looked at more closely and be designed around.

Public Comment: Mr. Forrest Mozart, applicant, said he was a Menlo Park resident and lived within a mile of the site. He said it was important to him to build something that looked good, would last and worked around the trees on the site. He said he was available for questions.

Mr. Tony Sarboraria, project architect, said they had been working on the project design for about a year. He outlined the factors leading to their design. He said the first factor was the trees and their desire to keep as many as possible and work around them. He said there was one oak tree located in the middle that the arborist described as in poor health. He said they had worked around a large oak tree in the front and would stay relatively clear of the two oak trees in the rear left corner and from others whose limbs hang over from the neighboring property. He said the second factor was zoning regulations noting there was a required 10-foot side setback but they needed to create 20-foot separation from buildings on either side which resulted in a 13-foot and 15-foot setback on either side as a minimum. He said they explored merging the two lots as opposed to leaving the property line down the middle. He said that tied into the issue of front and rear setbacks as those were based on a percentage of the width of the lot. He said working around the trees and the setbacks, they found they needed about 10 feet. He said since the driveway would be in the middle they would not be affected by the middle property line which created a building envelope that was very tight. He said the good effect of that was only one curb cut and efficient parking and circulation, no garage doors facing the street, guest parking and surface parking hidden from the street by the units. He said they preserved the feature of the big oak tree in the front by setting that unit almost an additional 20 feet back. He said they were not requesting any variances. He said that the colors on the materials board represented the muted, earthy Craftsman tones that would be used as opposed to the orange color in the printed material.

Commissioner Onken said there was only 28 feet from bedroom windows between houses across the driveway. He asked if they were looking at ways to mitigate. Mr. Sorbiaria said he thought 24 to 28 feet across was a relatively large distance. He said he was more concerned with the 20 feet along the sides. He said the way the plans were conceived he tried to place most of the windows on one side versus the other. He said with the 20-foot separation there would be three feet to a fence between homes and 17 feet on the other side noting the private yard wrapped on that side, which was where he placed the larger windows. Commissioner Onken said his concern was for the well being of the residents who would live in the units.

Commissioner Kadvany said in the staff report there were schematics of alternative concepts including one that had attached units by which more units could be accommodated on the lot. He asked why those were not chosen. Mr. Sorbiaria said in working with staff and exploring different options, different number of units against the Housing Element background and the BMR issue, they had looked at doing seven units on the two lots or a ninth unit with the combining of the lots. He said with that there

would be the density bonus for the units and corresponding bonus in the floor area but those would not guarantee smaller setbacks, coverage, and parking in front setbacks. He said those options were highlighted in red to indicate where variances would have been needed. Commissioner Kadvany said the zone was R-3 and there were a number of apartment buildings in the neighborhood. He said from the front of the street the sides of the building were visible. Mr. Sarboraria said it was not intended to look like the side was facing the street. He said they looked at moving the front doors to face that direction but it did not work functionally with the plan, so he thought having the porch face that way was the best solution.

Mr. Joe McLaughlin, Menlo Park, said he lived next door to the property. He said there would be more traffic but that would work out. He said he and his wife were not opposed to the project noting that anything would be better than two empty houses.

Mr. William Gridley, Menlo Park, said he was formerly on the Atherton Planning Commission, and had degrees in architecture and urban planning. He said his home was directly across the street in Atherton. He said the project was sensitively designed and would add to the community. He said his ideal preference would be one single family residence on the lots or a park but that was idealistic. He recommended the Commission support the project.

Chair Ferrick closed the public hearing.

Commission Comment: Commissioner Riggs said he concurred with renewal of empty lots and this was a good location for six new homes. He said he had some concerns with the project. He said the end house did not present a desirable façade for the street. He said he was also concerned that there were only two house designs for the project. He said that was one of the reasons Building One looked difficult as it was the same as Two and Three, except just moved forward. He said there were problems with massing. He said he found the massing of Building One very difficult particularly from the street. He said they would see three of those units from the side approach and three from the front looking down the rather wide driveway. He said the project would be nicer if the massing was resolved. He said he was not a strong proponent of symmetry but in this case it might be helpful. He said materials need further consideration. He said the applied stone was proposed only on the corners and under the windows. He said he thought they could do better with the design. He said he liked the colors on the presentation board. He said they had met the challenges in planning and would save three oaks, and the spacing of the buildings and interior site plans were good. He said his issue was with the external façade and architecture. He said he agreed with one letter writer that if the oak tree in the middle could add to the site then it could probably be saved. He said however it was not the most attractive tree on the lot and they were saving three oak trees.

Commissioner Kadvany said the planning requirements imposed in terms of the combined setbacks and driveway width were an abomination and another case in which these numbers force developers to make poor use of very expensive real estate. He

said there were two very large lots that could be combined in an apartment district but had been forced to create a suburban cul de sac. He said large hardscape was antithetical in a leafy neighborhood. He said he had called Pasadena Planning and asked about their driveway width requirements, which was a 10-foot driveway for 26 parking spaces or less (about 12 units). He said in Menlo Park they started with a 24-foot wide driveway and if lucky the Fire District will allow it to be reduced to 20 feet. He said he was going to start voting no on such projects if this was bad land use. He said there could be landscape area, additional FAR, or larger houses. He said it was not a safety issue. He said there were other concerns with this project which was why he was choosing to make a stand regarding the driveway.

Chair Ferrick asked if there was any flexibility with the driveway and whether landscape reserve could be used. Planner Rogers said he understood the concern but standards allowed for comprehensive and strategic thinking. He said to the extent there was a desire for a rethinking of those standards it would be arbitrary to act differently on individual projects. He said each project had to be considered under the regulations and guidelines in effect.

Chair Ferrick asked if this project met the minimum driveway width but did not exceed it. Planner Rogers said in this instance the driveway width was a combination of the City's Parking and Driveway Design Guidelines that established a minimum of 24-feet (the Transportation Division Manager has discretion to lower) and the Fire District's requirements. He said under those guidelines and combined regulations 20 feet was the minimum width required for this project driveway.

Chair Ferrick said she concurred with much of what Commissioner Riggs had said about the site plan. She said she also thought the left side Building Four, Five and Six related better to the street side. She asked if there was something they could do to improve the end house on the right side. She said there was a large open area between the street and that house, and asked if there was landscaping. She also asked if they could address how to make the 20-foot wide driveway look less like a slab of concrete.

Mr. Sarboraria said that permeable pavers would be used in about 50% of the driveway noting a requirement for runoff treatment, but that they could not be used in areas where cars backed up and turned around. He said permeable pavers would be used from the curb to the first garage and in between the houses. He said the new trees being added would include three on the right in the back and two on the left.

Chair Ferrick said she liked the footpath for Building One as she thought that would help alleviate the sense of viewing the house from the side. She asked if there were windows that might also help with that view. Mr. Sarboraria said he could enlarge or add more windows along that wall. He said he flipped the roof plan on Plan One to contrast with the unit directly across in Plan Two.

Commissioner Bressler said he liked the ideas of pervious pavers and agreed with Commissioner Kadvany that these driveways created a subdivision look. He said they should consider some type of planting between the pavers. He said the one unit looked like the side of the house because of how the gable was turned as it looked like a side roof line.

Commissioner Onken said he preferred the one driveway as to two narrower driveways and additional curb cut. He moved to approve the findings with direction to redress fenestration and roof lines on Building One. Chair Ferrick seconded the motion.

Commissioner Riggs said he did not think they could approve the project with that level of direction for change. He said Building One did not have an integral design from the top down, noting the roof had no harmony or center. He said the elevations for a building that was relatively simple had applied clutter. He said he was not thrilled with Plan Two but he did not have the same issues as with Plan One except for the northeast corner, which he thought was busy. He said his overriding concern was stone applied around certain small feature areas. He said these were wood buildings with stone applied in a couple of places. He said that changing the roof pitch and adding some windows to Plan One was not going to solve the design issue. He said there was 13 to 14 feet of stucco which was an odd proportion and a lot of stucco for the neighborhood. He said there were plantings under the oak trees that seemed to need irrigation and that was not healthy for the oaks. He asked that the motion be amended to continue the project to provide the architect an opportunity to do a holistic update.

Chair Ferrick asked the applicant if he would prefer approval with recommended changes or for the project to be continued for redesign.

Mr. Sarboraria indicated that approval with direction was their preference. He said they had considered a number of floor and roof plans for where Plan One was now but the minimum 20-foot separation distance became more than 20-feet if the roofs on either side faced each other. He said there could not be gables on the side as those had to be 24-feet apart. He said gables were only possible on the proposed homes facing Laurel Street.

Commissioner Riggs said he was concerned this was being presented as a choice for the applicant. He said there were solutions such as using less of the available FAR and turning the roof. He said it was not fair to make it staff's responsibility to review the roofline or the northwest façade, which was why he thought the project should be continued.

Recognized by the Chair, Planner Perata said the motion on the table was to recommend to Council to approve the project. He said there was no action on the Planning Commission's part except to make a recommendation to Council. He said if the motion failed it would not be a negative recommendation and the Commission could then make a second motion to continue the item or not approve. He said if they

recommended approval they could add language in the conditions so that the Council might see a modified front façade on Plan One.

Commissioner Riggs said he did not think the Commission should defer architectural control to the City Council.

Commissioner Bressler said this was a big project and he had no problem with continuing the project noting that with the concerns expressed it was not appropriate to recommend moving it forward. He said he wanted to see what the driveway would look like with redesign as he did not like it as proposed. He said he wanted to see what the project would look like from the street.

Commissioner Eiref said this was not a small project. He said it would refresh the area and bring energy. He said the applicant had done good things such as saving the large oak trees but he thought it would be better if they took the Commission's feedback and revised the design. He said he recalled a driveway discussion on a previous project in which the suggestion was made to have soft plantings to minimize the width at the curb but he could not recall the outcome of that discussion.

Planner Rogers said the Fire District had weight standards for driveways so the surface needed to bear weight. He said staff at the Fire District had suggested that developers put in the pervious pavers with plantings and then have the District bring one of its trucks to see if it cracked the pavers or not. He said no developer had taken that step.

Chair Ferrick said there was no project that she liked every aspect of and she liked at least 95% of this one. She said she did not like the side look of Building One. She said she did not mind continuing the project but she did not want to impede the applicants with further delay and expense as it was such a small portion of the whole that she would like to see changes.

Commissioner Kadvany said Building One should look like a house facing the street. He said over a year ago, Commissioner Riggs and he had spent an hour with staff discussing driveway width and they had been promised a meeting in the future, which never occurred. He said this was irrational planning on expensive real estate and had to stop.

Commissioner Bressler said the standard should be whether the pavers could bear the weight of the car. He said if there was a fire and the fire truck damaged the pavers, who would care. He said he would like the driveway standard on this project resolved when it came back to the Planning Commission so there could be a decent looking driveway.

Commissioner O'Malley said he supported the motion to recommend approval to the Council with direction to the applicant. He said if they attempted to have the developer resolve the driveway width concern with this project that it would take probably a year for any result. Chair Ferrick said she also did not want to hold the applicant hostage

because of rules the Fire District has imposed on the City for years. She said it was worthy of trying to fix but should not be the applicant's burden.

Commissioner Bressler said he was addressing his concern to staff not to the applicant. Commissioner O'Malley said whether it was staff or the developer charged to change the requirement, it would take considerable time for that to be accomplished. Commissioner Bressler said he thought it could be resolved quickly.

Commission Action: M/S Onken/Ferrick to recommend approval to the City Council with modifications to redress the roof line and the fenestration.

Motion failed 3 to 4 with Commissioners Ferrick, O'Malley and Onken voting in support.

Commissioner Kadvany moved to continue the item. Commissioner Riggs seconded the motion with direction to redesign Building One to address concerns of roof massing and use of applied material. He said also work with staff to reduce the driveway width.

Mr. Sarboraria said he heard to make changes to Building One with fenestration and roof line to make it orient to the street and turn the corner better. He asked if the concern with the applied stone was with how it was used or with the material itself. Mr. Mozart said this stone was being used on another of his projects in Palo Alto and that he was very satisfied with its use.

Commissioner Riggs said they should do either the whole building or the lower half of the building in stone. He said small swatches of stone was inappropriate architecture for Menlo Park. He said they had done some great planning and had some great units. He said the City was looking forward to having old housing replaced with quality housing. Prompted by a question from Commissioner O'Malley, Commissioner Riggs said the direction was for the applicant to work with staff to reduce the driveway width and use materials to improve the driveway design.

Commissioner Kadvany said that there could be on-street parking with a permit placard from the City. Mr. Sarboraria said they had not fully decided what the guest parking signage would be. Commissioner Kadvany suggested they might use those spaces for something else. Commissioner Riggs said the parking could be defined in the CC&Rs so that tenants could not use guest parking unless they applied for it through the homeowner's association.

Chair Ferrick said if there was no reduction in the driveway width when the project came back to the Commission that would not be a negative for her.

Commission Action: M/S Kadvany/Riggs to continue the item with direction regarding the design of the homes.

- Redesign Building One, Plan One to improve its orientation to the street and also deal with fenestration issues of the façade

- Improve the massing of the roof structure for Plan One
- Reconsider the use of applied materials, specifically the stone veneer, for the entire project
- Work with staff to reduce the driveway width and also utilize driveway materials to improve the design of the driveway

Motion carried 5-2 with Commissioners Ferrick and Onken opposing.

D4. Use Permit, Architectural Control, Major Subdivision/Forrest Mozart/1281

Laurel Street: Request to demolish a single-story, single family home and to construct three detached, two-story dwelling units on the subject parcel in the R-3 (Apartment) zoning district. Use Permit and Architectural Control would be required for the construction of new residential units. The development would include a common driveway with the adjacent property (1273 Laurel Street) for access to each residence. A Tentative Map would be required to create six residential condominium units, including three units on the neighboring legal parcel (addressed 1273 Laurel Street). As part of the proposal the applicant is proposing to remove two heritage size Mexican fan palms (22-inch and 17-inch diameter, good condition). In addition, the applicant is requesting approval of a Below Market Rate (BMR) Agreement for the payment of an in-lieu fee for this project.

Commission Action: M/S Kadvany/Riggs to continue the item with direction regarding the design of the homes.

- Redesign Building One, Plan One to improve its orientation to the street and also deal with fenestration issues of the façade
- Improve the massing of the roof structure for Plan One
- Reconsider the use of applied materials, specifically the stone veneer, for the entire project
- Work with staff to reduce the driveway width and also utilize driveway materials to improve the design of the driveway

Motion carried 5-2 with Commissioners Ferrick and Onken opposed.

(The excerpt minutes for E1 were previously approved by the Planning Commission at their March 18, 2013 meeting.)

E. REGULAR BUSINESS

E1 Architectural Control/Sand Hill Property Company/555 Glenwood Avenue:

Request for architectural control to modify an existing senior citizens retirement living center into a limited-service, business-oriented hotel in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. The architectural control action includes consideration of a Public Benefit Bonus for a Floor Area Ratio (FAR) of 1.16, where 1.10 is the Base level FAR maximum and 1.50 is the Public

Benefit Bonus level FAR maximum. The proposal includes the application of the Transportation Manager's discretion to approve a parking rate for a use type not listed in Specific Plan Table F2. The proposal also includes the provision of some required parking on the Garwood Way public right-of-way, to be considered by the City Council through a license agreement and encroachment permit. In addition, the proposal includes the removal of three heritage trees: two ash trees located in courtyards at the middle and right-rear corner of the parcel, and one palm tree located at the rear-left corner of the parcel.

Staff Comment: Planner Rogers said there were four pieces of correspondence sent directly to the Planning Commission, copies of which were available for the public at the table in the rear of the room.

Questions of Staff: Commissioner O'Malley said he was surprised to read the occupancy rate at the Glenwood Inn was only 13% at this time. He asked what the occupancy rate was a year prior. Planner Rogers said based on information provided by the applicant it was about 50% in the year prior. Commissioner O'Malley said that he was curious what that meant in terms of the demand for senior housing in the City.

Public Comment: Mr. Reed Moulds, Sand Hill Property Company, introduced the design team: Mr. Don Sadler, Stantec Architects; Mr. Jim Lauderbaugh, Landscape Architect; and Christopher Thnay, Transportation Engineer. He said that representatives from their hotel division and representatives of the current owners of 555 Glenwood Avenue were also present.

Mr. Moulds said the project proposal was to convert the existing senior living center to a Marriott Residence Inn. He said this type of hotel use competed in a particular category of hotels. He said different from other extended stay hotels, the Residence Inn model was to deliver a very upscale, high quality experience. He said Marriott was the biggest hotel company in the world with \$12 billion in revenue annually. He provided a visual of a Residence Inn in Los Altos that was built by Sand Hill Property Company and was still owned by them. He said they were doing a couple of other Residence Inns in the Silicon Valley. He provided images of the type of rooms in this type of hotel. He said Residence Inns target the marathon business travelers. He said extended stays were anything over five nights although not weeks at a time. He said an average stay was 15 days.

Mr. Moulds said they were proposing a great deal of aesthetic and cosmetic improvements but would keep the existing buildings. He said they would not add or delete from the footprint but reposition features. He said they would use new colors both in landscaping and architecture. He said new materials were being proposed as well as new signage. He provided a visual of the existing site plan and the proposed site plan. He said currently there were three parking areas: 19 spaces in the front, 55 spaces in the rear, and about 39 spaces on Garwood Way. He said there would be much interior change. He showed the landscape plan noting they were proposing to remove three Heritage trees. He said the Residence Inn's mantra was "space, pace

and renewal.” He said his company has a successful track record of operating this type of hotel.

Commissioner Eiref said other developers had indicated there was no financing for hotels, and asked if they had done any ground up hotels or only refurbished existing structures. Mr. Moulds said they do both and they would use financing for the Menlo Park project. He said however that it was very challenging to get hotels built and that there were not many full service hotels being built. He said one healthy area in the hospitality area was providing for the business traveler, and location was important. He said the strength of the Marriott brand made it financeable.

Commissioner Eiref asked if the network would bring clientele to this location noting that Palo Alto was a “star” attraction. Mr. Moulds said the location had venture capital companies, Facebook, and Stanford all of whom would be drivers for occupancy. He said the Marriott network was powerful noting their rewards program.

Mr. Mark Lynn said he was a partner with Mr. Peter Pau, the owner of Sand Hill Land Company, and helped him manage these assets. He said he was Chief Operating Operator of Sand Hill Hotel Management Company and also the President of HV Asset Management Company, a fairly large hotel consulting group located in San Francisco. He said they have about a billion dollars worth of hotels in northern America that they oversee and they work with Marriott, Hilton and Starwood products. He said they were a strong supporter of Marriott because of the type of customer and performance they deliver. He said they would be a franchisee of Marriott at this location as they were in Los Altos and would be in Cupertino. He said the operating company Sand Hill Hotel Management was an approved franchisee of Marriott, Hilton and Starwood. He said they found Marriott to be strongest in delivering customer service and product. He said it was extremely difficult to get full service hotel financing just about anywhere in North America currently. He said the Residence Inn models perform extremely well from a profitability standpoint noting their project in Los Altos was recently appraised a year prior at \$53 million for refinancing. He said they do a lot of work with Stanford and in the area, and felt very strongly that they would deliver a quality product to Menlo Park. He said they were actively involved with the community where their hotels were located.

Chair Ferrick asked about the average yearly occupancy rate for the Los Altos Residence Inn. Mr. Lynn said it was 83% last year with an average rate of \$193. Chair Ferrick asked how many rooms it has. Mr. Lynn said 156 rooms. He said they have a good mix of extended and short term stays. He said this proposal would have 138 rooms. Chair Ferrick asked how many guests rented cars. Mr. Lynn said that there was high corporate use and often there were several individuals sharing a rental car. He said hotels with meeting places and restaurants and bars needed more parking. Chair Ferrick asked what percentage of guests stayed longer than 30 days. Mr. Moulds said they looked at the revenue for the Los Altos site for 2011 and 77% of the revenue was subject to Transient Occupancy Tax (TOT). He said the data for 2012 was closer to 79% revenue for less than 30 days. He said Marriott has a different product that served the longer than 30 day stay need. Mr. Lynn said Marriott wanted them as a

brand operator to have 45% of their business as extended stay and had four categories: one to four nights, five to 11 nights, 12 to 29 nights, and 30, 31 plus nights. He said Marriott's expectation was to have 45% of the business be extended stay which was everything less than 30 nights.

Commissioner Kadvany asked about the number of employees. Mr. Moulds said there were 41. Commissioner Kadvany asked about the average number of employees parking during the day. Mr. Lynn said most of their employees take public transportation or carpool. He said they also have a bicycle program at their Los Altos facility. He said when most of their guests were in the hotel most of the employees were not as they typically worked from the morning until about 4:00 p.m., notably the housekeeping and maintenance staff. He said there were desk clerks that worked around the clock and a night-shift engineer. Commissioner Kadvany asked what the ratio for parking was at the Los Altos facility. Mr. Moulds said it was 1:1 and they did not use all of the available parking. Commissioner Kadvany asked if they have a Transportation Demand Management (TDM) Plan for the employees. Mr. Lynn said they encouraged the use of alternative transportation but he did not know precisely what incentives were used. Commissioner Kadvany said with the .88 parking at this facility that it was possible they would have full parking. Mr. Moulds said they might have occasional challenges. Commissioner Kadvany asked if they would turn guests' vehicles away or would they help them find parking as there was no overnight parking in Menlo Park. Mr. Moulds said at Los Altos they were at .67 or .68 spaces per room but after the study session recently with the Menlo Park City Council they would investigate potential locations of overflow sites noting he had a recent meeting with Caltrans regarding that.

Mr. Charlie Bourne, long term resident and Transportation Commission member, said he was speaking for himself only. He said it was a terrible idea to have public streets count as meeting the parking requirements for any development noting the impact of downtown projects in Palo Alto on parking in the surrounding residential areas. He urged the Commission to deny any variance of the off-street parking rate particularly that provided a developer with 24/7 exclusive use of 39 parking spaces on a public right-of-way, Garwood Way. He said until the City could provide parking structures every development project needed to provide sufficient parking space onsite with no exceptions.

Mr. Stefan Petry, Menlo Park, said it seemed like a good project that would provide benefit. He said regarding the Draft License Agreement and Encroachment Permit for Parking Spaces and seconding Mr. Bourne's comments, there was no provision in the document for some type of sunset provision whereby the City would have the ability after a period of time to revisit the agreement. He said it seemed to convey a permanent right. He urged that a provision be added to the agreement to provide a safeguard to consider changing the allowance in the future.

Ms. Adina Levin, Menlo Park, said she was a member of the Environmental Quality Commission, but was not representing that body. She said she would like to build on

the prior two speakers' comments in terms of not supporting the request for a perpetual grant of the 39 parking spaces to this developer. She said given the situation on the street it might be a convenient temporary solution for some underutilized spaces but properties at 1300 El Camino Real and the Derry property under the Specific Plan seemed likely for redevelopment with some more intense uses, and those properties would presumably need to have parking. She said the staff report gently suggested that this developer should be given these spaces without end but speak with the other developer and try to come to an accommodation. She suggested something much stronger such as having the 39 spaces on street be temporary and reviewed and not be forever. She said also the City has a long-term plan of connecting Garwood Way across Oak Grove Avenue through to Merrill Street as a low-traffic or pedestrian/bicycle only route which would be a southern bound route parallel to El Camino Real that was badly needed. She said giving this street in perpetuity to this project was giving away an important part of the City's infrastructure. She said a general pattern in the implementation of the Specific Plan so far was looking at projects piecemeal as to whether they would achieve structure goals such as creating the Garwood Way route and the bicycle/pedestrian undercrossing. She suggested that Garwood Way might be a benefit to the project as a route to Caltrain noting the developer had indicated some of the residents and employees would use the train. She said perhaps there should be a benefit district into which the developer would pay into for that medium term scenario. She said if many of the hotel guests were from Stanford or Facebook, which already have active shuttle programs to Caltrain, she suggested consideration of the project TDM program getting those organizations that have shuttle services to serve this hotel so hotel residents would not need to rent a car.

Chair Ferrick closed the public hearing.

Commission Comment: Chair Ferrick asked if there was a way to limit 30-plus stays based on a certain percentage of rooms to provide some assurance of a level of revenue from TOT for the City. Mr. Moulds said they were sensitive to the desire to maximize new tax revenue and that was one of the reasons they were excited to bring this project forward. He said this was a lucrative hotel if it was not tinkered with and they were projecting \$725,000 of year one TOT revenue based upon how their Los Altos facility was performing. He noted feedback from the City Council that they would like to see TOT maximized. He said the License Agreement not only allowed for the ongoing use of the parking spaces on Garwood Way for the benefit of the property but also structured performing standards for maximizing the TOT.

Chair Ferrick noted the Specific Plan and large infrastructure improvements needed. She said the train station proximity would greatly help with a TDM program. She said she favored Ms. Levin's idea that were a number of their guests there for Facebook and Stanford that those organizations could collaborate to have their shuttle services include the hotel on their routes. She asked how housing units played into this proposal. Planner Rogers said a section of the staff report discussed the Housing Element update process generally and whether this action requested would result in consequences later relative to the Housing Element update. He said staff made a finding that it would not

as this was not an income-restricted facility. Chair Ferrick asked if this represented a net loss of a certain amount of units. Planner Rogers said the available information was that state authorities who monitor housing allocations did not get into that level of detail. He said that the City would not get hit with a new 125-plus housing units need because of this project. He said there was some indication that if this was an income restricted project that there might be an impact on housing allocations. Chair Ferrick asked if there was any way to count units that had 30-plus day stays as housing units. Planner Rogers said during the Council study session information was shared that some guests at the Los Altos facility made that their residence. He said however these units would not have full kitchens and based on City's ordinances those would not be considered housing units. City Attorney McClure said that was the case currently with the site; they did not count as housing units because there were not full kitchens.

Commissioner Riggs asked if the applicant had a parking demand analysis for the Los Altos facility for the past year. Mr. Moulds said they audited the parking for six months in 2012. He said the peak was 0.88 spaces per room. He said the average was 0.67 to 0.70. He said they were open to developing backup plans for unseen demands. He said this facility would be more transit oriented than the Los Altos one.

Chair Ferrick said valet parking was a potential solution. Mr. Moulds said they could do that when there were special events but as this was not a full service hotel it would not be sustainable on a regular basis. Chair Ferrick asked how often they hit the 0.88 peak parking demand at Los Altos. Mr. Moulds indicated quite regularly. Chair Ferrick said she would like to see some consideration of using Garwood Way in the future as a bicycle / pedestrian pathway.

Commissioner Onken said that there were parking rates for a reason and this had been reduced to .8 per room. He said he felt like they had backed themselves in a corner by proposing they could sustain this project at this site by using Garwood Way for parking. He said perhaps they should throw the number of spaces on Garwood Way into the mix but not post designated parking signs there. He said right now very few other people would park there so for the most part it would still be the hotel's sole use. He said the land grab of Garwood Way concerned him.

Commissioner Bressler said he agreed with Commissioner Onken's sentiment. He asked why Menlo Park would give away land to make this project happen. He said it was wrong. He said he would like to see sufficient parking built into the project but he would really object to giving the project parking. He said at the very least they should maintain the parking control with Menlo Park and charge the applicant for the parking. He said they needed revenue to build a parking structure and it was logical to get that revenue from charging for parking on Garwood Way.

Commissioner Kadvany said because of the revenue stream from the hotel tax they were offering parking in perpetuity. He said the parking overflow seemed to be completely the hotel's problem noting no overnight parking in the City. He said the question was whether they knew the value of this land for future use to connect to

Merrill Street. He questioned how the applicant would respond if in five years time the City came to them to get the spaces back for a project. Mr. Mould said that they did not want to build hotels that would not work and they saw this proposal as one that would work. He said the License Agreement that was structured with staff would allow for the City to retain the option to use it for that potential extension even though there was licensing of those spaces for the hotel's use. He said they did not want to give up those spaces but to keep them as long as they were performing as structured in the License Agreement. He said this proposal gave the City a great deal of options and would monetize something that was relatively valueless today and provide vitality, TOT revenue, and flexibility for future development.

Commissioner Kadvany said he agreed. He said vibrancy was another value noting this project would get guests to the downtown. He asked about the option to get parking from 1300 El Camino Real. Mr. Moulds said they have had conversations with the developer at 1300 El Camino Real but that group did not have their plans as developed as theirs were so it had been difficult to have the two projects dovetail. He said they did not disagree with working with that developer but would prefer Garwood Way as it was contiguous to the hotel. He said that putting cars in a covered area of a future project at 1300 El Camino Real could be a viable solution as well. He said he both answers to Marriott and they had certain standards and to the lender who was rigorous on how they executed financing.

City Attorney McClure said at some point a project for 1300 El Camino Real would be coming forward, and the City could bring them to the table if they wanted the City to make some public benefits findings. He said that might be where the parking needed to move the parking off Garwood Way could occur.

Commissioner Riggs said condition 5 in the approvals provided four versions of what the City would do if the outcome of the hotel and TOT were not acceptable. He said Ms. Levin had outlined the issues with the project well. He said he agreed with others that it was not appropriate to have the spaces on Garwood Way permanently dedicated but he also saw that it had to be part of the project. He said he hoped it was possible to give a five or ten year approval to provide for a reassessment. He said creating a bike lane on Garwood Way would provide a link that was crucial to the success of the Plan and El Camino Real. He said he hoped Council and staff would look at a 10-year renewal period and the conditions appropriate to make that renewal. He said tying the public benefit to the parking issue seemed to have two parking benefits; one of which was to tie the bicycle improvements to greater connectivity and as mentioned by Commissioner Bressler a parking structure. He said the latter was a key to making the Specific Plan successful. He said he was pleased with the proposed project and the greater public use that would bring vibrancy.

Chair Ferrick said she liked the photos of how the project would look but she was concerned with the arch element, which she thought dated the design. She said she liked the site plan and the interior but would encourage updating the façade more.

Commissioner Eiref said he liked the idea of a reasonable amount of renewal time. He asked about the parking signage on Garwood Way. Planner Rogers said that was one of the questions that arose as to why the existing facility got the use of that area for parking and if there were any rights associated with that use. He said it was definitely a condition of approval when the Glenwood Inn was built and the development of those spaces was listed in the PD permit and EIR for the permit. He said however that did not enumerate or count those as required spaces nor did it enter into any license agreement or any permanent or binding mechanism. He said it probably was a handshake deal. He said in any event these spaces have been consistently used by that property for the entire time. Commissioner Eiref said having a 10 year renewal review provided the incentive to really pursue a parking solution with the development of 1300 El Camino Real.

Commissioner Bressler said he agreed with the idea of a limit and incentive. He said it bothered him that Menlo Park was put in the position of having to give something away, which made him feel that they had not negotiated very well. He said he would like the City to charge the applicant for what the parking was worth.

Commissioner Onken said if only 75% of the rooms were refurbished and the other 25% held in abatement until additional parking was found there would be no problem with the available parking onsite.

Chair Ferrick asked staff to address the negotiations and options discussed. City Attorney McClure said that the applicant has not yet closed escrow on the property so they have not yet paid anything for the land. He said they have options with what they do with the property as well such as a hotel or having a similar senior facility with a different operator. He said there was an existing building that they wanted to reuse which meant there was no room to build additional parking. He said not building all of the building or removing part of the building would change the economics of doing the project and raised the question of whether it would make sense to do it. He said the basis of going into negotiations with them was what they could afford to commit to. He said there have been discussions about flexibility and limited term but the issue becomes that means the project was not financeable for them. He said if they only have the use for five or 10 years a lender would not commit on a financial transaction that might not have a value in 10 years if they had no parking. He said the issue was whether this was a project the City wanted and what were the terms they could get for that project. He said as a policy matter they could demand that the applicant park all the parking onsite but in all likelihood that would not be a Marriott Residence Inn and there would not be TOT revenue. He said they negotiated the best deal. He said it might not necessarily be the final deal and the Council might ask for something else. The goal though was to keep the applicant from walking away and lose this type of project that would generate TOT.

Chair Ferrick said based on her calculations and projected occupancy it seemed like probably at least 20 of the 39 spaces on Garwood Way would be needed on a regular basis. She said she thought the benefit outweighed the loss of the spaces as those

were located against the railroad tracks. She asked if this was a lease or were they giving the plot of land to the applicant. City Attorney McClure said the City would not give the land away and it would remain as public right-of-way and a public street to allow for bicycle and pedestrian improvements with the assurance to the applicant that within Garwood Way as it extended to the train station the 39 parking spaces would be available for them assuming the applicant did not negotiate a deal to put the parking at 1300 El Camino Real. He said if the City thought this was an appropriate use of this location and wanted the TOT revenue this might be the only way to achieve that at least until 1300 El Camino Real was developed and offered potential parking.

Commissioner Riggs said the potentiality was that 1300 El Camino Real might ask the City for public benefit at which time the City could enact within the proposed agreement to have 555 Glenwood Avenue move the 39 spaces into the 1300 El Camino Real parking garage. Mr. McClure said that was the intent noting there might need to be wording clarification. Commissioner Riggs said for him that would resolve the concern he had about developing on some of the right of way of Garwood Way.

Commissioner O'Malley said he was glad to hear the possibility to impose upon the 1300 El Camino Real project to provide parking for the hotel. He said this gave the City a fine goal and some benefit including new revenue. He said even if 1300 El Camino Real was not able to provide the parking he still thought there was great value associated with the proposed project.

Commissioner Bressler said the City should charge for the parking and that would be a great incentive for this developer to work with the developer of 1300 El Camino Real to get the parking there. He said it did not make business sense the way this was structured.

Chair Ferrick said she was assured that the developer was not getting the land and the City would receive benefit from the project. She said as a property it would be wonderful to have a new vibrant hotel there, which would change the use of that area. She said that she did not think the deal should be broken based on 39 parking spaces. She said underground parking for 39 spaces was about \$2 million. City Attorney McClure said the idea was to create a shared parking arrangement.

Commissioner Eiref asked where there was language about negotiating with 1300 El Camino Real. City Attorney McClure said it was in one of the conditions of approval. Commissioner Eiref noted a condition for the applicant to negotiate in good faith, which he thought was not strong enough. He said there had to be some firmness built in otherwise the City was giving away land. He noted that this land was next to the railroad tracks and probably noisy. He said if the applicant used it in perpetuity for parking that might not be a bad thing, but they should pay for the use of it.

City Attorney McClure said the potential for revenue was there but now the City was not getting anything for the parking or from the senior facility now. He said whether it was used for parking or for something else the tradeoff at that location was the possibility of

getting a Marriott Residence Inn. He said the applicant needed the parking and sufficient commitment. He said that the owners of 1300 El Camino Real might offer 39 spaces but ask for \$500,000 a year.

Commissioner Eiref asked if there was a hook that if nothing else worked out for parking over five years they could retain the parking for some amount of revenue per day. City Attorney McClure said they could not negotiate a deal in a public forum but he heard what was being said. He said currently the deal was if the property exceeded \$700,000 in TOT annually the owners would not have to pay the City anything. He said if they were less than their 85% occupancy revenue then they would have to pay the City from their profits in an amount up to \$50,000 a year.

Chair Ferrick confirmed that TOT would increase concurrently with hotel rates. She said that the parking currently was not in high demand, and said she felt comfortable with the proposed arrangement.

Commissioner Kadvany said there was a discussion point about tying the TOT to Specific Plan projects. Planner Rogers said the public benefit bonus set up the potential for a public benefit fund for independent project contributions. He said, however, TOT has to be collected by state mandated processes and goes into the general fund.

Chair Ferrick asked if the Commission wanted to recommend to the Council that the TOT revenue be used for improvements under the Specific Plan such as the bike tunnel.

Commissioner Kadvany said he liked the color palette and rather liked the arch. He said there was a probability of peak parking and the City should request a more formalized TDM program. He said parking was something to be managed to the City's benefit and that was a context in which to consider this proposal. He said he would like TOT tied to the Specific Plan. Chair Ferrick said she would like it specifically tied to improvements and infrastructure.

Planner Rogers said there was a requirement in the EIR to implement a TDM plan as part of the project as shown in Attachment K. Commissioner Kadvany asked if that program would be looked at closely so that more than generic methods were used. Planner Rogers said they would look at that. Commissioner Kadvany suggested the City might want to institute a TDM association for applicants coming into the City.

Commissioner Riggs said he would like to make a motion but wanted to see if there was a consensus on some things. He said he was looking at tying the TOT to the City infrastructure or public elements and emphasizing the priority the City has for getting the future bike route from the Creek. Chair Ferrick said that it would remain as public street and public right of way.

Commissioner Riggs moved to recommend to the City Council that they make the findings, and approve the architectural control, the license agreement and the Heritage Tree Removable Permit. Chair Ferrick seconded the motion.

Commissioner Bressler said he thought it was more important to convey what they did not agree upon. Chair Ferrick suggested they could take the license agreement separately. Commissioner Bressler agreed with that. Commissioner Riggs said he was willing to take out the license agreement from the vote. Chair Ferrick agreed. Commissioner Kadvany asked if this included TOT. Commissioner Riggs said that they had consensus on the TOT being tied to the City infrastructure or public elements and that would be captured in the minutes. Planner Rogers said this item would be heard by the City Council on March 26 and the Commission would not have reviewed draft minutes for this meeting prior to that.

After discussion with staff, Commissioner Riggs said he would include the Commission's recommendation that TOT revenue be designated for Specific Plan elements. Chair Ferrick said she would second that amendment.

Commission Action: M/S Riggs/Ferrick to recommend approval to the City Council of the following actions:

1. Make a finding with regard to the California Environmental Quality Act (CEQA) that the proposal is within the scope of the project covered by the El Camino Real/Downtown Specific Plan Program EIR, which was certified on June 5, 2012. Specifically, make findings that:
 - a. A checklist has been prepared detailing that no new effects could occur and no new mitigation measures would be required (Attachment H, including Attachments I and J by reference).
 - b. Relevant mitigation measures have been incorporated into the project through the Mitigation Monitoring and Reporting Program (Attachment K), which is approved as part of this finding.
 - c. Upon completion of project improvements, the Specific Plan Maximum Allowable Development non-residential use total will be reduced by 71,921 square feet, accounting for the project's share of the Plan's overall projected development and associated impacts.
2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval:
 - a. The general appearance of the structure is in keeping with the character of the neighborhood.

- b. The development will not be detrimental to the harmonious and orderly growth of the City.
 - c. The development will not impair the desirability of investment or occupation in the neighborhood.
 - d. The development provides adequate parking as required in all applicable City Ordinances and has made adequate provisions for access to such parking.
 - e. The development is consistent with the El Camino Real/Downtown Specific Plan. In particular:
 - i. The relatively modest exterior changes would comply with relevant design standards and guidelines.
 - ii. The hotel use's Transient Occupancy Tax (TOT) revenue would justify the application of a Public Benefit Bonus for a Floor Area Ratio (FAR) of 1.16, which is above the 1.10 Base level FAR but well below the Public Benefit Bonus maximum level of 1.50 FAR. Minimum levels of TOT would be ensured by condition 5a.
3. Approve the architectural control request subject to the following **standard** conditions of approval:
- a. Development of the project shall be substantially in conformance with the plans prepared by Stantec, dated received February 25, 2013, consisting of eight plan sheets and approved by the City Council on _____, 2013, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
 - b. The applicant shall comply with all West Bay 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 applicant 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. Landscaping shall properly screen all utility equipment that is installed outside of a building and that cannot be placed underground. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay

boxes, and other equipment boxes.

- e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for the review and approval of the Engineering Division.
 - f. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
 - g. Prior to building permit issuance, the applicant shall submit proposed landscape and irrigation documentation as required by Chapter 12.44 (Water-Efficient Landscaping) of the City of Menlo Park Municipal Code. If required, the applicant shall submit all parts of the landscape project application as listed in section 12.44.040 of the City of Menlo Park Municipal Code. This plan shall be subject to review and approval by the Planning and Engineering Divisions. The landscaping shall be installed and inspected prior to final inspection of the building.
4. Approve the architectural control request subject to the following **project-specific, construction-related** conditions of approval:
- a. Concurrent with submittal of a complete building permit, the applicant shall submit a frontage improvement plan, showing the construction of a new accessible ramp, where one does not currently exist, at the intersection of Garwood Way and Glenwood Avenue (directly adjacent to the project site, for the direction crossing Garwood Way), subject to review and approval of the Engineering Division. Implementation of this improvement is required to be completed prior to building permit final inspection, subject to review and approval of the Engineering Division.
 - b. Concurrent with submittal of a complete building permit, the applicant shall submit a detailed report describing the full scope of upgrades to the structural and mechanical, electrical and/or plumbing systems, subject to review of the Building Official and Planning Division. If the City determines that the system upgrades are significant, the applicant shall be required to meet the LEED requirements of Specific Plan Standard E.8.03.
 - c. Concurrent with submittal of a complete building permit, the applicant shall submit a comprehensive arborist report, subject to review and approval of the City Arborist and Planning Division. Tree preservation measures shall be integrated into the project plans.
 - d. Concurrent with submittal of a complete building permit, the applicant shall submit a signage and striping plan for the Garwood Way parking spaces,

subject to review and approval of the Transportation and Planning Divisions. Implementation of the approved signage and striping is required to be completed prior to building permit final inspection, subject to review and approval of the Transportation and Planning Divisions.

5. Approve the architectural control request subject to the following **project-specific, ongoing** conditions of approval:
 - a. The use is subject to review and potential revocation if the hotel use does not provide TOT to the City in a minimum amount of 50 percent of total room occupancy operating revenue for two consecutive years. Specifically, the use would be subject to one of the following options, to be reviewed and determined through a procedure to be established by the Planning Division:
 - i. Payment to the City of an amount equal to the difference between actual TOT and the 50 percent level;
 - ii. Provision of an alternate Public Benefit Bonus, for consideration and action by the Planning Commission;
 - iii. Removal of a square footage amount equivalent to the increment between the 1.10 Base level FAR and the 1.16 actual FAR; or
 - iv. Reversion to the previous senior citizens retirement living center use.
 - b. The applicant shall make a good-faith effort to explore the potential of a joint parking arrangement, on commercially reasonable terms, with the owners of the adjacent development site known as 1300 El Camino Real.
6. ~~Approve the license agreement and encroachment permit (Attachment G).~~
7. Adopt a Resolution of the City of Menlo Park to approve the heritage tree removal permits (Attachment D).
8. The Planning Commission recommends that the City Council prioritize the use of the new Transient Occupancy Tax (TOT) revenue associated with the proposal to fund infrastructure projects, in particular circulation improvements, within the El Camino Real/Downtown Specific Plan area.

Motion carried 6-0 with Commissioner Onken abstaining.

Commissioner Bressler said after a period of five years that the parking should no longer be free but should be charged a market rate fee. Chair Ferrick said the applicant need the certainty of having the parking needed. Commissioner Bressler said the certainty was there but it did not have to be given for free. Chair Ferrick said she did not see it was being given away as the City retained ownership.

Commissioner Eiref said that 1300 El Camino Real would not give away 39 parking spaces. He said the parking should not be free for perpetuity. City Attorney McClure said that the Commission could make the recommendation. He said regarding the market rate that they might consider a mechanism for determining fair market rent. He said the recommendation was to allow the parking free for five years after which there was a mechanism by which to determine what would be a fair market rent for parking spaces.

Commissioner Bressler moved to recommend to the City Council that the parking on Garwood Way be made available for five years after which a fair market rate would be established to pay for those spaces through some mechanism of agreement between the parties including arbitration. Commissioner Riggs seconded the motion.

Commissioner Kadvany said he thought this was the right recommendation to make.

Commissioner O'Malley said he thought the compensation from the hotel revenue was the benefit. He said this was just a recommendation to the Council and he hoped this would not jeopardize the project proposal.

Commission Action: M/S Bressler/Ferrick to recommend that the City Council approve the license agreement and encroachment permit (Attachment G) with the following modification:

- The license agreement and encroachment permit should contain a mechanism that, after a period of five years, would require the payment of a fair market rent for the 39 parking spaces on Garwood Way.

Motion carried 6-0 with Commissioner Onken opposed.

ADJOURNMENT

The meeting adjourned at 10:25 p.m.

Staff Liaison: Planner Rogers, Senior Planner

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on April 22, 2013