



## REGULAR MEETING MINUTES

**Date:** 9/12/2016  
**Time:** 7:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

### A. Call to Order

Chair Katherine Strehl called the meeting to order at 7:01 p.m.

### B. Roll Call

Present: Andrew Barnes, Drew Combs (Vice Chair), Susan Goodhue, Larry Kahle, Henry Riggs, Katherine Strehl (Chair)

Absent: John Onken

Staff: Deanna Chow, Principal Planner; Yesenia Jimenez, Associate Planner; Kaitie Meador, Associate Planner; Thomas Rogers, Principal Planner; Corinna Sandmeier, Associate Planner; Tom Smith, Associate Planner

### C. Reports and Announcements

Principal Planner Rogers reported that September 1 and 7 public meetings on ConnectMenlo were well attended and included people who had not participated previously. He said the City Council at its September 13 meeting would consider for acceptance a proposed agreement term sheet for the 1300 Station project.

Replying to a question from Commissioner Combs, Principal Planner Rogers said the first EIR of those pending to be released would be for the Facebook Expansion project with an expected release date of September 15. He said the Planning Commission would consider that EIR at its September 26 meeting. He said the Final EIR for ConnectMenlo was expected for release mid-October with the Commission reviewing it in late October.

### D. Public Comment

- Tim Richardson, neighbor of 1045 Trinity Drive that was on the agenda and now shown as continued, said he had attended the meeting because that item was on the agenda and he had not been notified that the item would be continued to a future meeting.

Replying to Mr. Richardson's question as to why it was continued, Principal Planner Rogers said staff had found the application was not complete. He said prior notice would be provided to neighbors when the item was agendized again for the Commission's consideration.

## E. Consent Calendar

**ACTION:** Motion and second (Goodhue/Kahle) to approve consent calendar (Items E1, E2 and E3, as presented; passes 6-0 with Commissioner Onken absent.

E1. Approval of minutes from the August 15, 2016 Planning Commission meeting. ([Attachment](#))

E2. Architectural Control/Ted Wegner/35 Hallmark Circle:

Request for architectural control to make exterior modifications to the front, right side, and rear elevations and enclose an existing recessed area of an existing townhome located in the R-E-S(X) (Residential Estate Suburban, Conditional Development) zoning district zoning district. ([Staff Report #16-073-PC](#))

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. 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 property is not within any Specific Plan area, and as such no finding regarding consistency is required to be made.
3. Approve the architectural control subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the plans provided by Wegner Construction, consisting of eleven plan sheets, dated received August 25, 2016, and approved by the Planning Commission on September 12, 2016 except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
  - b. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, Recology, 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 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. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
4. Approve the architectural control request subject to the following **project-specific** condition of approval:
    - a. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a complete application for easement(s) for all proposed or existing balconies intruding into the common area, subject to review and approval of the Engineering Division. The easement(s) shall be approved and recorded prior to the issuance of the building permit

E3. Sign Review/DES Architects and Engineers/1020-1080 Marsh Road:

Request for sign review for two monument signs on one street frontage, and one monument sign for each building for a total of six monument signs, where only one monument sign per street frontage is allowed. The signage would be located on a lot with four buildings in the M-2 (General Industrial) zoning district. ([Staff Report #16-074-PC](#))

1. Make a finding that the project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current CEQA Guidelines.
2. Make a finding that the sign is appropriate and compatible with the businesses and signage in the general area, and is consistent with the Design Guidelines for Signs.
3. Approve the sign review request subject to the following **standard** conditions of approval:
  - a. Development of the project shall be substantially in conformance with the plans provided by the applicant, consisting of 22 plan sheets dated received August 23, 2016, and approved by the Planning Commission on September 12, 2016, 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

F. Public Hearing

F1. Use Permit/Clara Ting/1045 Trinity Drive:

Request for a use permit to demolish an existing two-story, single-family fire-damaged residence and construct a new two-story, single-family residence with a basement on a substandard lot with regard to lot width in the R-E-S (Residential Estate Suburban) zoning district. *Item continued to a future meeting.*

F2. Use Permit/Janaina Almen/828 Hamilton Avenue:

Request for a use permit to allow construction of a two-story residence on a substandard lot with regard to lot width and area, in the R-1-U (Single-Family Urban Residential) zoning district. The proposal, which includes retention of a small portion of the existing first floor, would exceed 50 percent of the existing floor area and is considered equivalent to a new structure. (Staff Report #16-075-PC)

Staff Comment: Principal Planner Rogers noted that the project architect was attending via telephone and that the property owners were present. Associate Planner Sandmeier said staff had no additions to the written report.

Applicant Presentation: Mabel Yeung, Yeung Architecture and Design, said one part of the existing roof would be used to house the garage and a workshop; the new garage would require a new curb cut; and the new two-story portion would have a split gable roof, and in between, a series of clerestory windows. She said developable space was limited on the site due to the substandard lot width, the corner lot setback, the flood plane elevation and daylight requirements. She said to reduce massing part of the second story would be enclosed within the roof volume with added ceiling height and daylight to the second story. She said they wanted to keep the curb cut on the Hamilton Avenue side for the use of picking up and dropping off the property owner's disabled mother. She said a second parking space would be in the rear yard opposite the garage. She said the finishes included a combination of horizontal wood siding with natural wood finish and stucco with a specialty paint system to resemble natural concrete. She said the windows were high quality composite Anderson windows and recessed to provide depth and interest.

Commissioner Riggs asked if a ramp would be provided for the disabled resident. Ms. Yeung said the property owners would use a stair climber when needed.

Chair Strehl asked about the mother's ability to access the second story. Ms. Yeung said currently the mother could do that with assistance.

Commissioner Kahle asked what the hatching near the front door referred to. Ms. Yeung said that indicated fascia for the roof or the band. Commissioner Kahle asked if it was a wood band that was painted. Ms. Yeung said either a wood band or form trim.

Chair Strehl opened the public hearing and closed it as there was no public comment.

Commission Comment: Commissioner Combs asked when a driveway was moved whether the applicant was required to remove the associated curb cut. Associate Planner Sandmeier said that was determined case by case. She said additionally that municipal code stated that only one car might park in a space not leading to a garage or carport. She said this property would have one

uncovered parking area in the back and that space did not lead to a garage or carport so parking in the front area would not be permitted.

Commissioner Kahle said the design kept the overall height down and within the daylight plane noting the flood plane requirement. He said he had trouble supporting the project as the existing garage looked like an addition to the house and there was a mixture of roof styles. He suggested as there were not many two-story homes in the area that this house on a prominent corner would set a good example if it had a better design.

Commissioner Riggs said due to neighbor concerns with parking for past Belle Haven project applications that he would need the curb cut on Hamilton Avenue removed and parking kept to the Carlton Avenue side for him to support the project.

Commissioner Kahle said he agreed with Commissioner Riggs regarding the curb cut.

Commissioner Riggs moved to approve as recommended in the staff report with the modification that the Hamilton Avenue curb cut be removed. Commissioner Combs seconded the motion.

Principal Planner Rogers asked if the motion included removal of some pavement and gravel on the existing Hamilton Avenue driveway to be replaced with landscaping and a walkway. Commissioners Riggs and Combs as the maker of the motion and second said that was correct.

**ACTION:** Motion and second (Riggs/Combs) to approve the item with the following modification; passes 5-1 with Commissioner Kahle opposing and Commissioner Onken absent.

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. 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 Yeung Architecture and Design, consisting of 13 plan sheets, dated received August 22, 2016, and approved by the Planning Commission on September 12, 2016, 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** condition:
- a. Simultaneous with the submittal of a complete building permit application, the applicant shall submit revised plans showing all fencing outside of the right-of-way and complying with Zoning Ordinance Section 16.64.020, subject to review and approval of the Planning Division
  - b. Simultaneous with the submittal of a complete building permit application, the applicant shall submit revised plans showing the removal of the existing curb cut along Hamilton Avenue and the replacement of the existing driveway and gravel area with landscaping and a walkway to the entry door, subject to review and approval of the Planning Division.**

F3. Use Permit/Phillip Mazzie/140 Royal Oak Court:  
Request for use permit for excavation to construct a new retaining wall within the required 20 foot rear setback in the R-1-S (Single Family Suburban Residential) zoning district. ([Staff Report #16-076-PC](#))

Staff Comment: Associate Planner Jimenez said there were no additions to the staff report.

Applicant Presentation: Richard Gallo, Bayscape Landscape Management, said the request was for grading of the rear yard to provide more usable space including a bocce ball court.

Chair Strehl noted this was a retroactive request.

Responding to Commissioner Combs, Mr. Gallo said his firm's experience with other cities was that a retaining wall under a certain height and within the 20-foot rear setback would not require a permit. He said in this case they did the work without getting a permit from the City.

Chair Strehl opened the public hearing and closed it as there were no speakers.



Commission Comment: Commissioner Riggs said a retaining wall under 30-inches under California building code did not require a building permit. He moved to approved as recommended in the staff report. Commissioner Goodhue seconded the motion.

**ACTION:** Motion and second (Riggs/Goodhue) to approve the use permit request as recommended in the staff report; passes 6-0 with Commissioner Onken absent.

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 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. 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 Bayscape Landscape Management, consisting of 5 plan sheets, dated August 9, 2016 and received on August 30, 2016, and approved by the Planning Commission on September 12, 2016, 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

F4. Use Permit/Off the Grid Services LLC/Menlo Park Civic Center:  
Request for a use permit for a recurring special event (weekly food truck market) on a portion of the Menlo Park Civic Center, at 701 Laurel Street in the P-F (Public Facilities) zoning district. The market would be located in the parking lot along Alma Street, between the Library and the Arrillaga Family Gymnasium. Additional alternate Civic Center locations could also be considered in the future. The event would occur on Wednesday evenings between 5:00 p.m. and 9:00 p.m., with setup starting at 3:00 p.m. and cleanup concluding at 10:30 p.m. The event would include amplified live music and generator use, which may exceed Noise Ordinance limits. The event would replace the existing weekly food truck market at the Caltrain station parking lot, which is being discontinued at that location. (Staff Report #16-077-PC)

Staff Comment: Principal Planner Rogers said that afternoon former Commissioner John Kadvanj emailed the Commission's email address with questions about the conflict with the event's current site and whether the event could remain there as it was a better location in particular because of parking. Principal Planner Rogers said the discovery of a Historic Preservation Covenant on the Caltrain site made the event untenable at that site. He said for the event to continue in Menlo Park the location had to be changed.

Replying to Chair Strehl, Principal Planner Rogers said the referenced covenant did not affect any City requirement and had been placed on the property by Caltrain. He said it was not discovered until experts on historical conservation inspected the property. Replying to Commissioner Combs, Principal Planner Rogers said the City was required to provide notice to all property owners and tenants within 300 feet of a use permit application. He said staff contacted the department heads of the library and community services to attempt to address larger issues. He said the six-month check-in proposed came out of those discussions. He said regarding event users there was no proposed noticing such as putting flyers under windshield wipers.

Replying to Commissioner Goodhue, Principal Planner Rogers said the applicant might have more information about what was in the historical covenant that made the event not allowable.

Replying to Chair Strehl, Principal Planner Rogers said if the Commission approved the request that the City's Housing and Economic Development Manager would develop a lease proposal with the applicant that would go to the City Council for approval. He said it was through the lease that City fees would be determined for the use. He said however that the City was looking at this as an opportunity for community gathering and enjoyment and not necessarily as a significant revenue stream. He said Off the Grid employees would be responsible for setup, take down and cleanup and not City employees.

Applicant Presentation: Ben Himlan, Off the Grid, said there was considerable opposition to their original proposal, when they returned in a year for a check in there was little opposition, and six months later they were granted a five-year permit. He said the Menlo Park campus had amazing facilities for the community and Off the Grid was a community event. He said over the last two years they had run a safe and enjoyable event that had good community response and support. He said they explored other sites downtown, but there were other issues as well as the parking issue.

Commissioner Barnes said the staff report referenced the ability to change the location within the



overall campus and asked about the other two potential sites. Mr. Himlan said the locations were either the Library location or the Fountain location. He said they were quite willing to return in six months for a check-in with the Commission. Commissioner Barnes asked if they had ruled out the Fountain location. Mr. Himlan said they had not.

Commissioner Barnes asked if staff had a sense of the parking use on Wednesdays for the Library lot starting at 3 p.m. Principal Planner Rogers said the City Transportation Division had not done detailed surveys. He said Planning, Transportation and Library staff had met on the subject and the feedback was that definitely there were days when there was plenty of excess parking and other days when recreation leagues were playing when it was highly utilized. He said that was similar to the current Caltrain parking situation. He said effects were that people used to parking in the lot on Wednesday afternoon through evening would have to park elsewhere and noted that the six-month check-in was needed to look at how well that worked. He said his understanding was that Library, Recreation Center and league events could happen as much on a Wednesday as any other day.

Commissioner Goodhue confirmed that the event shutdown and Library closure times on Wednesdays were both 9 p.m.

Commissioner Combs noted the six-month check-in and the five-year permit, and asked why the permit was not limited to six months. Principal Planner Rogers said the applicant needed more than six months to justify their investment and marketing costs for the new location. He said with the original application they had looked at one-year as the time period that was equitable for the City and the applicant for the permit. He said the proposed five-year term was based on the successful operations of the event at the Caltrain station. He said the time period was under the Commission's purview but emphasized that one-year was understood to be the minimum needed for the applicant in terms of their investment.

Replying to Commissioner Barnes, Mr. Himlan said they needed a minimum of a year for a lease and to look at the variables. He said they would have winter hours after October and summer hours would begin in April. He said in the last two and a half years they had established 40 other locations from San Jose to Sacramento. He said they were able to do that because of their reputation as good neighbors. He said their business proposals had never been opposed as much as the first time they came to Menlo Park for approval; yet in six months there was little opposition, and in a year they were granted a five-year permit.

#### Public Comment:

- Vincent Bressler said use of the fountain location for this proposal would be a major concern. He said the proposed location would be a problem during basketball season in the winter. He said parking for soccer season occurring now through November would be challenging. He said he would like the current location at Caltrain and the issue of the historic building revisited.
- Aldora Lee, Menlo Park, said she had been associated with the Library since a graduate student at Stanford. She said the Library's programs have expanded greatly with many more evening events including music and she was concerned with how the commercial proposal's noise and use would impact those events. She said the Library restrooms were right inside the front door and she thought they would be deluged by those attending the Off the Grid event. She said she opposed the use permit request.
- Steve Carver, Menlo Park, said he was a neighbor and applauded community events. He said

currently there were events at the Recreation Center that impacted the neighborhood negatively. He questioned allowing amplified music and he did not want noise or unruly behavior at the event but for the area to be quiet and peaceful in the evening.

Chair Strehl closed the public hearing.

Commission Comment: Replying to Commissioner Combs, Principal Planner Rogers said the Fountain lot was between the Administration Building and the Recreation Center. He said Off the Grid would use the bulb out off the main parking lot but could not right now as the City's Administration Building was being remodeled and there was large debris dumpster in that parking lot. He said if there was approval for the event and a future desire to move the event to that location, they would have to do considerable work to get a layout from the applicant that made sense and maintained traffic flow.

Commissioner Barnes said he really enjoyed the Off the Grid events and they were proven operators. He said music at the event in his experience had been one or two people playing guitar with amps, and sound was modest in volume. He said using the Library parking lot would provide a contiguous look to the trucks. He said running it along the train tracks would have low impact and create some displacement issue from the pedestrian and parking access perspective. He said a municipal parcel was a good location for the event but he struggled with the term of the use permit. He said probably the lease and use permit would be coterminous. He said he wondered whether Off the Grid paid other cities fees for the use of their facilities.

Mr. Himlan said they pay fees and it depended on the location and the municipality. He said they have a contract and relationship with San Francisco Parks and Recreation for their events and pay fees that weren't really viable. He said in Walnut Creek they use a redevelopment interim site with authorization to use that site for a very small fee. He said they were open to a revenue exchange noting they have high operating expenses and handle all waste management. He said with a five-year permit and one-year lease that if the lease was not extended, the use permit would become null if not used within a certain amount of time. He said he did not have much information on the covenant restrictions at the Caltrain station. He said their agreement with Caltrain started in 2013 in Burlingame. He said what they and Caltrain didn't know about the Menlo Park station was that in 1992 or 1994 in the operating contract there was language around it being a historical building. He said if they had known they would have tried to negotiate but it had been completely overlooked. He said continuity was important for their business model.

Commissioner Barnes said they needed to look at how the restrooms would be used and to consider some fee arrangement.

Commissioner Riggs said his concern was parking. He said the new Recreation Center was built and parking rearranged but parking was still impacted, and the Fountain lot was often full. He said Wednesday was a big sports night and parking would be impacted. He suggested that 1000 El Camino Real has excessive parking. Mr. Himlan said those property owners did not want to have that conversation. Commissioner Riggs asked if the trucks could be lined up on Alma Street and have an event. Mr. Himlan said they looked at Alma and potential street closure and that would impact access even more. He said they looked at Alma north of Ravenswood and that became

challenging with driveways and angled parking for Caltrain. He said lining the trucks along the curb was something they could do but the experience was lost as the sense of space was lost with the lighting and the centralized space. He said using the lot provided a sense of space.

Commissioner Riggs confirmed with staff that the referenced bulb out area was the drop off area for the Recreation Center. He said if that was used then in theory no parking would be lost. He asked the applicant if they could fit in that area. Mr. Himlan said they could make that work by closing the drive lane. He said he thought closing the loop would be more impactful to Recreation Center users and would not create the experience and viability needed to satisfy their vendors. He said closing the Library parking lot and having the food trucks situated there protected people. He said having the trucks along the curb would be less safe as people would meander and cars would be traveling through there. He said they surveyed the attendees in 2014 and over 40% of them were not driving and thus not parking.

Chair Strehl asked about the parking lot nearer to Burgess Park along Alma Street noting it was not as heavily used in the evenings. Mr. Himlan said they wanted a space that was used similar to their current location and noted that shuttle buses drop people off at the train station. He said the Library lot was about 600 feet from the existing site. Chair Strehl said she liked the idea of using the area along north Alma Street between Ravenswood Avenue and Oak Grove Avenue. Mr. Himlan said the event was borderline impossible there as there was full use during the day for Caltrain use and driveways to multiple businesses. Chair Strehl said she had problems with impacting the parking for the Library and recreation facilities. She said the restrooms should not be used by the event attendees.

Commissioner Kahle said he supported Off the Grid. He said there was a lack of visibility in the Library parking lot but noted their Fort Mason event site was tucked away and was a great success. He said parking was an issue but he could see the argument being made for the use of this site. He said he supported the application.

Commissioner Combs said the event was a great success, they had been good neighbors and brought vibrancy to that area. He said that the people using those lots had not been properly notified about this upcoming change. He said his concern was the length of the use permit. He said he thought they would know whether this worked or not before six months transpired. He said because those spaces were for the Gym and library that he could not support this use permit request. He said parking was something residents paid for on an ongoing basis.

Commissioner Barnes asked if people would have somewhere to park and walk to the Library and Gymnasium. Principal Planner Rogers said Transportation Division had found that only very rarely was all parking on the campus used. He said the event would displace a number of parking spaces and some users could park in other lots and walk; or go to the Library at a different time, or create carpooling for sports league participants. He said additional parking would open up at Caltrain when the event relocated. He said anecdotally for the existing event at Caltrain that visitors have been noticed parking at the Civic Center to walk from there to the food truck market at the train station.

Commissioner Barnes asked for a sense of other parking in the Civic Center that would be available for parking that this event would displace. Principal Planner Rogers said nearly always the Alma/Burgess parking lot has available parking. He said also that some Caltrain users parked their cars all day in the Library parking lot and the City wanted to end that use. He said there were some four hour maximums that needed to be applied to that lot that would benefit everyone. Commissioner Barnes asked about providing directional information to users to help them adjust to this change. Principal Planner Rogers said it was within the Commission's purview to require additional signage. He said the applicant did that with the existing site through agreement with Kepler's and Café Borrone and put out signage to direct people to appropriate parking. He said the application as presented allowed for signage directing people to not park in the Library parking lot during certain hours on Wednesdays.

Commissioner Kahle said he was willing to make a motion but suggested Commissioner Barnes might make the motion with some conditions and that he (Commissioner Kahle) would be willing to second that. Commissioner Barnes said he would be happy to do that. He said a solution for the restrooms was needed as availability of restrooms was critical to the approval of the use permit request; signage was needed for alternative parking and for the applicant to provide people particularly at the outset to direct drivers to potential parking locations. Chair Strehl mentioned the use permit term. Commissioner Barnes said because this was City property he thought a two-year term was sufficient.

Chair Strehl asked if in six months when this was reviewed if people had concerns with displacement whether the lease would have to be continued for two years. Principal Planner Rogers said the City through the use permit process has a revocation option so that if actual impacts create observable, objective impacts that were documented, the City at any time, even before the six-month review, could start the process of revoking the use permit. He said if the use permit was approved, the City Council would consider a lease agreement at a future time and the City Attorney would recommend having some procedure stated in the lease for terminating the lease. Commissioner Barnes said he would pull any reference to the term of the use permit as the lease would define that.

Commissioner Kahle said he would second the motion but he was not sure if the motion was clear. Chair Strehl indicated he would need to make a motion. Commissioner Kahle said he did not have the same concerns as Commissioner Barnes. He moved to approve the use permit with modifications to require signage regarding parking. Commissioner Barnes said as the second he would like the applicant to provide individuals to direct drivers to alternative parking.

Chair Strehl said the applicant should provide porta-potties for the event.

Commissioner Riggs said regarding the use of the restrooms that he was not sure that was a problem. He said like Commissioner Barnes he wanted signage and parking guides at least for the first two to four events. He said he would like to limit the use permit to two-years with a six-month check-in as a friendly amendment. Commissioner Kahle said he accepted the friendly amendment.

Principal Planner Rogers confirmed with Chair Strehl that Commissioner Kahle was the maker of the motion and Commissioner Barnes seconded. He said the modifications to the use permit

conditions included submittal of a signage plan and deployment of that with people to assist in directing parking. He asked if that was ongoing or limited to the first two to four events as staffing was a significant cost for the applicant. Commissioner Kahle said for the first two to four events only. Commissioner Barnes said he thought a month was too short. He asked if the applicant could address the staffing.

Mr. Himlan said he understood the Commission's concerns about the duration and having an exit clause. He said regarding the parking concerns that the first time they came to the Commission for a use permit there was a line of restaurant owners out the door who said this event would put them out of business. He said there was no one this evening expressing concern. He said perhaps these concerns might not be issues. He said they would like to try allowing use of the bathrooms and if that was an issue they would bring in porta-potties. He said they would do parking signage and would use indefinitely. He said they would use two staff members initially toward parking.

Commissioner Riggs said he supported Off the Grid in 2013. He said he was also present at hearings regarding parking for the new Recreation Center for which detailed analysis was done. He said there would be pressure on parking so to relieve it, particularly on impacted nights, there should be at least two or three guides to direct people to empty parking spaces in other lots. He said if the makers of the motion and second agreed he would like the applicant required to check in with the Recreation Center about sports activities scheduled on Wednesday nights.

Commissioner Barnes said a review by Planning after eight weeks of some level of traffic guides was a requirement he wanted. Commissioner Riggs asked about requiring the applicant to check in with the Recreation Center and Library about activities planned for Wednesday nights. Commissioner Barnes asked if the latter was to extend beyond the initial period of eight weeks. Commissioner Riggs agreed. Commissioner Barnes said he preferred the eight week period of traffic guides and then a review by Planning staff. Commissioner Kahle asked if Commissioner Riggs wanted the applicant to talk to staff at the Library and Gymnasium. Commissioner Riggs said currently the Gym could handle three separate league events at one time and he thought that was about 150 to 300 cars. He said on an average night you could find 60 people in the Library and that lot was the only one convenient to the Library. He suggested checking in with the two facilities and determining the need for parking guides based upon the activity levels.

Commissioner Kahle said he wanted to amend his motion to have the applicant speak with staff at the Recreation Center and Library about activities at the Gym and Library but to require additional parking monitors for only four weeks. Principal Planner Rogers summarized the motion to that point which included implementation of the parking signage without a sunset, applicant's staff to assist with parking alternative directions for four weeks, for the applicant to check in with Library and Gym representatives regarding events at those facilities on Wednesday evenings, and to amend the term from five to two years. He said in his motion notes he did not have anything about the restroom use. He said the recommended standard condition would give staff the flexibility to require portable restrooms to be brought back if there were documented issues.

Chair Strehl asked if the Library Commission was aware of this request. Principal Planner Rogers said not the Library Commission but the Library Director was.

**ACTION:** Motion and second (Kahle/Barnes) to approve the use permit request as recommended in the staff report with the following modifications; passes 4-2 with Commissioners Barnes, Goodhue, Kahle and Riggs supporting; Commissioners Combs and Strehl opposing; and Commissioner Onken absent.



1. Make a finding that the project is categorically exempt under Class 4 (Section 15304, “Minor Alterations of Land”) 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 project description letter provided by the applicant, dated August 29, 2016, and approved by the Planning Commission on September 12, 2016, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
4. Approve the use permit subject to the following project-specific conditions:
  - a. The market operations shall be limited to Wednesday between 5:00 P.M. and 9:00 P.M. Setup may start at 3:00 P.M., and cleanup shall be concluded by 10:30 P.M.
  - b. Alcohol sales and/or consumption are prohibited.
  - c. The applicant and all vendors shall comply with all applicable permitting requirements, including but not limited to: City Business License, Board of Equalization Seller’s Permit, San Mateo County Mobile Food Facility Permit, liability insurance, and vehicle insurance.
  - d. City Council action on the lease agreement must be executed prior to the first event at the Civic Center.
  - e. The use permit shall expire ~~five~~ **two** years from the first date that the market is held at the Civic Center, unless the applicant obtains approval of an extension of the use permit. The use permit is subject to initial review by the Planning Commission six months after the first event is held.
  - f. The location may be changed within the Civic Center, subject to review and approval of the Planning Division. Notice of this approval shall be provided to the Planning Commission via email, and any Planning Commissioner may request that the item be placed on the next Planning Commission meeting for discussion and potential action. If no Planning Commissioner makes such a request, the location change shall be deemed approved.
  - g. The applicant shall regularly monitor trash while the market is operating, and shall fully clean the market and immediately surrounding areas at the conclusion of each event. If City staff observes recurring trash-related issues, the Public Works Department and Planning Division shall have the authority to add new requirements relating to this topic. For example, staff could require the applicant to empty certain Civic Center refuse containers at the conclusion of each event, provide fair-share contributions toward additional garbage collection service, or similar requirements. If such problems remain unresolved, the use permit may be subject to revocation.



- h. Amplified live music is permitted between 6:00 P.M. and 8:00 P.M., and shall typically consist of one to two musicians playing predominantly acoustic instruments.
- i. The Public Works Department and Planning Division shall have the authority to review potential issues relating to use of Civic Center building restrooms, and to add new requirements relating to this topic. For example, the Public Works Department and Planning Division could possibly require the applicant to inspect the restrooms during/after the events and assist with cleaning, or to require the delivery/removal of a portable restroom, similar to the previous Caltrain station market operations. If such problems remain unresolved, the use permit may be subject to revocation.
- j. ***At least one week prior to the market's commencement, the applicant shall submit a parking signage plan, which shall have the objective of limiting parking-related issues/confusion. The parking signage plan shall be reviewed and approved by the Planning and Transportation Divisions prior to the market commencing operation. Signs shall be placed on-site per the plan in advance of each market's opening, and removed after the conclusion of the event.***
- k. ***For the first four weeks of the market's operation, the applicant shall provide staff to assist motorists with direction to other Civic Center parking lots and to provide related guidance. The applicant shall check in with Library and Recreation staff regarding other events during this period.***

F5. Use Permit and Architectural Control/DES Architects + Engineers/1525 O'Brien Drive: Request for a use permit and architectural control to modify an existing office, research and development (R&D), and cafe building by removing an existing storage mezzanine, balcony, and office space, and constructing a new lobby on a property in the M-2 (General Industrial) zoning district. The applicant is also requesting a use permit to allow the storage and use of hazardous materials (diesel fuel) associated with an emergency generator to be placed on the site. In addition, the applicant is requesting a parking reduction based on the uses within the building and the proposed tenants' operations. 239 parking spaces would be provided (including 10 spaces on the adjacent property, usable through a parking easement), after the removal of three existing spaces to accommodate the proposed generator, where 246 parking spaces are required by the M-2 square-footage-based parking requirements. *Continued from the meeting of August 29, 2016.* (Staff Report #16-078-PC)

Staff Comment: Associate Planner Smith said in the design and materials section of the staff report it mentioned a metal break between the first and second stories and was shown on sheets 15b and 15c of the plan set. He said it was discovered after the publication of the staff report that the material was actually stucco to match the existing building between the two levels of windows. He said revised sheets 15B and 15C were provided this evening.

Questions of Staff: Commissioner Kahle asked about sheets EX1 and EX2 regarding impervious surfaces included at the end of the packet. Associate Planner Smith said he thought it was just provided information; it was not a Planning requirement and as a requirement of the building permit.

Applicant Presentation: John Tarlton said he was representing the property ownership. He introduced Susan Eschweiler, DES Architects + Engineers.

Commissioner Kahle said in the color rendering it showed a parapet that stopped. Mr. Tarlton said that was accidental and the parapet would continue.

Chair Strehl opened the public hearing and closed it as there was no public comment.

Commission Comment: Commissioner Riggs moved to approve as recommended in the staff report. Commissioner Goodhue seconded the motion.

**ACTION:** Motion and second (Riggs/Goodhue) to approve the item as recommended in the staff report; passes 6-0 with Commissioner Onken absent.

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. 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 property is not within any Specific Plan area, and as such no finding regarding consistency is required to be made.
4. Approve the use permit and architectural control subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the project plans provided by DES Architects + Engineers, consisting of 24 plan sheets, dated received August 31, 2016, the project description and request for parking reduction letters, dated received May 11, 2016, as well as the Hazardous Materials Information Form (HMIF), dated received July 11, 2016, all approved by the Planning Commission on September 12, 2016 except as modified by the conditions contained herein, subject to review and approval of the Planning Division.

- b. Prior to building permit issuance, the applicant 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 applicant shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. If there is an increase in the quantity of hazardous materials on the project site, a change in the location of the storage of the hazardous materials, or the use of additional hazardous materials after this use permit is granted, the applicant shall apply for a revision to the use permit.
  - e. Any citation or notification of violation by the Menlo Park Fire Protection District, San Mateo County Environmental Health Department, West Bay Sanitary District, Menlo Park Building Division or other agency having responsibility to assure public health and safety for the use of hazardous materials will be grounds for considering revocation of the use permit.
  - f. If the business discontinues operations at the premises, the use permit for hazardous materials shall expire unless a new business submits a new hazardous materials business plan to the Planning Division for review by the applicable agencies to determine whether the new hazardous materials business plan is in substantial compliance with the use permit.
  - g. 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.
  - h. 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.
5. Approve the use permit and architectural control subject to the following ***project-specific*** condition:
- a. Generator testing shall be limited to the hours between 8:00 a.m. and 6:00 p.m. Monday through Friday, consistent with the construction activities noise exception set forth in Section 8.06.040(a)(1) of the Municipal Code.
- F6. Architectural Control and Use Permit/1275 LLC/1275 El Camino Real:  
Request for architectural control to construct a new mixed-use development consisting of retail or café space on the first floor, office space on the second floor and three residential units on the third floor in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. The proposal includes a use permit for outdoor seating associated with the potential café use. The proposal also includes a request to create three residential condominium units and one commercial condominium unit on one parcel. As part of the proposed project, a heritage coast live oak tree located near the middle of the rear property line is proposed for removal. (Staff Report #16-079-PC)

Staff Comment: Associate Planner Sandmeier said staff had no additions to the written report.

Applicant Presentation: Ken Hayes, Hayes Group Architects, said the members of the applicant team were present as well as Gary Lehman with The Guzzardo Partnership, landscape architects. Mr. Hayes provided the Commission with a PowerPoint presentation on the project.

Commissioner Kahle said there had been a concern about access and parking and asked about the parking along the easement. Mr. Hayes said that was a shared easement with the car repair business to the north and that was the logical place for ingress/egress as it reduced the number of curb cuts on El Camino Real.

Commissioner Kahle said between the first and second floor, the space was one and a half feet but between the office and residences on the third story, the floor was about three feet thick. He referred to A3.3. Mr. Hayes said it was a concrete structure and the thin part was just the concrete slab in the parking garage that would not have a finished ceiling. He said on the office level that additional thickness comprised both the concrete slab and the interstitial space.

Commissioner Kahle said he had some questions for the property owner. Mr. Eric Corrigan introduced himself. Commissioner Kahle confirmed with Mr. Corrigan that this project was not requesting bonus Floor Area Ratio (FAR). Commissioner Kahle asked if they had considered going for bonus FAR. Mr. Corrigan said they initially discussed it and considered what would qualify for bonus FAR but concluded it was not worth it.

Commissioner Kahle said he liked that the project had three uses. He said the retail space on the first floor was 589 square feet and questioned if that was enough space for potential tenants. Mr. Corrigan said they wanted to keep the continuity of the retail businesses along El Camino Real for pedestrian continuity. He said the retail element has a higher parking requirement and generated a much lower rent. He said this was suitable for a boutique use.

Chair Strehl asked if the condominium units were for sale or rental. Mr. Hayes said that they most likely would not be sold. Chair Strehl asked if they needed a Traffic Demand Management plan (TDM) for the office use. Mr. Hayes said they have a transportation report indicating the traffic impacts were negligible. He said 42 spaces were required per code and they have 44 spaces so they had not considered a TDM. Chair Strehl said that the auto repair business parked a lot of cars along the shared access easement. Mr. Hayes said that those would have to be moved as they were on the project property.

#### Public Comment:

- Dan Ziony said his home was on Hoover Street directly behind this project site. He said the notice for this meeting was the first time he was made aware of this project. He said overall the project looked very attractive and compelling. He said he had concerns about its integration with residences on Hoover Street related to privacy screening and noise. He said the terraces and windows for example would have a view into his home. He said he had concerns with the open garage and screening and noise from HVAC. He said if those concerns could be addressed he thought this would be a great project for the neighborhood.

Chair Strehl closed the public hearing.

Commission Comment: Commissioner Riggs asked about landscaping at the rear of the lot.

Gary Lehman, The Guzzardo Partnership, landscape architects, introduced himself. Commissioner Riggs said it appeared that three trees would be planted in the rear and there were two existing trees, with one proposed for removal because it was leaning. He asked the species of the new trees. Mr. Lehman said the trees proposed were Catalina ironwood, a medium height evergreen, and would be 24-inch box trees, about seven to eight feet tall and about four feet wide. He said the trees would grow to 25 to 30 feet in about 10 years.

Commissioner Riggs asked about the siding. Mr. Hayes provided a photograph of a building they had completed on El Camino Real. He said the siding they were proposing for this building would have the same depth as that of the photographed building but in a different color, dark gray. He said they had used this siding on a number of buildings, noting it was durable, created deep shadow, and its coating was guaranteed for 20 years. Commissioner Riggs asked about the material for the roof screening. Mr. Hayes said it was plaster to minimize sound. He said the mechanical system was a VRV, a very quiet, high efficiency system with very little noise impacts.

Commissioner Riggs said the space for the potential café was small. Mr. Corrigan said they had not determined what would go into the retail space but wanted to keep it open as a café and hopefully the opportunity to have outdoor seating in front. Commissioner Riggs said his concern was the space might stay empty for a long time. Mr. Corrigan said his family owned other buildings in Los Altos, Mountain View and Palo Alto. He said one building in Los Altos was all retail and had been completely 100% occupied for 35 years. He said they approached retail with a different responsibility and outlook than for office tenants. He said office tenants come and go. He said you want continuity with retail tenants so you have a much lower rental rate and look for a person with a good business plan to be viable at that price range. He said their goal was to maintain the retail continuity along El Camino Real and they would do that.

Commissioner Barnes asked if there was any other allowable use for the retail space. Associate Planner Sandmeier said personal services use would be permitted. She said the applicant had not expressed interest in that.

Commissioner Combs asked if the applicant had another retail space similar to this that was occupied. Mr. Corrigan said their Los Altos retail space was 600 square feet, a dress shop, Cambric Limited, and had been there for 20 years. Commissioner Combs asked about the integration of the project with the residential area to the rear. Mr. Hayes referred to drawing A1.2 that showed the proximity of other buildings to the rear. He said a 20-foot setback was required to the building façade and an in-ground 10-foot landscape area with trees. He said Mr. Ziony's residence was at the lower left hand corner and two existing heritage trees were being maintained there and would provide screening. He said an outdoor terrace at the rear of the office and the glass wrapped the two ends of the terrace. He said one window would look into the rear. He said the third story residential was located 30 feet from the property line. Commissioner Riggs said that was to the building wall not the balcony.

Commissioner Kahle asked if the applicant was willing to raise the third story terrace wall. Mr. Hayes said that was currently three feet tall with a six inch metal railing on top. He said if it would help they could increase the solid wall up to where the metal rail was. Commissioner Kahle said he would prefer taller along the back. He said on sheet plan A2.3 there seemed to be two different materials for the screen noting a lighter green with hatching and a darker green. Mr. Hayes said for the purpose of this presentation he asked staff to put green over anything that was uncovered or sky lit. He said it was differentiating where darker with the hatch underneath a different paving

material, a wood deck material versus a concrete pattern. He said there was landscaping potential there as well as the terrace which was nine feet.

Chair Strehl said she thought it was a great project. She said she had concerns about the retail space size.

Commissioner Barnes said he liked the project and would like the height of the rear wall addressed. He suggested that Commissioner Kahle establish a height for the wall on the third floor. Commissioner Kahle deferred to Mr. Hayes. Mr. Hayes asked if they could work with staff on that as they would not want the wall to be raised all the way around the building. Commissioner Kahle asked if there was the potential for increasing the retail space noting a van parking space or the stair tower. Mr. Hayes said they went round and round on the retail space. He said they wanted something that would be usable from the front versus the inside. He said possibly they could acquire a few feet. He said as proposed this would be a very interesting, unique space and 20-feet tall.

Commissioner Barnes asked if the space was not used as a café whether the use permit for the outdoor seating would go away. Associate Planner Sandmeier said if the use permit was approved there was a 12-month period in which the building permit should be issued to keep that use permit approval active. Commissioner Barnes asked if the space was used for a nail salon whether they would be allowed outdoor seating. Associate Planner Sandmeier said the outdoor seating would have to be associated with a café use.

Commissioner Riggs said he shared Mr. Hayes' reservations about raising the terrace wall. He suggested that either obscure glass or panels be used to imply privacy.

Commissioner Combs moved that the request for architectural control be accepted and the use permit approved as recommended in the staff report. Chair Strehl seconded the motion requesting a modification to have the applicant work with staff on screening of the rear third floor. Commissioner Combs said he accepted that modification.

**ACTION:** Motion and second (Combs/Strehl) to approve the item as recommended in the staff report with the following modification; passes 6-0 with Commissioner Onken absent.

1. Make findings 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 J).
  - 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 will be adjusted by 3 residential units and 9,923 square feet of non-residential uses, accounting for the project's net 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, as verified in detail in the Standards and Guidelines Compliance Worksheet (Attachment F).
3. 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.
4. Approve the architectural control and use permit subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Hayes Group Architects, consisting of 42 plan sheets, dated received on September 6, 2016, and approved by the Planning Commission on September 12, 2016, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
  - b. 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.
  - c. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
  - d. All public right-of-way improvements, including frontage improvements and the dedication of easements and public right-of-way, shall be completed to the satisfaction of the Engineering Division.
  - e. Prior to commencing any work within the right-of-way or public easements, the applicant shall obtain an encroachment permit from the appropriate reviewing jurisdiction.
  - f. Prior to building permit issuance, applicant shall coordinate with California Water Company to confirm the existing water mains and service laterals meet the domestic and fire flow requirements of the project. If the existing water main and service laterals are not sufficient as determined by California Water Company, applicant may, as part of the project, be

required to construct and install new water mains and service laterals sufficient to meet such requirements to the satisfaction of California Water Company.

- g. Prior to building permit issuance, applicant shall coordinate with West Bay Sanitary District to confirm the existing sanitary sewer mains and service laterals have sufficient capacity for the project. If the existing sanitary sewer mains and service laterals are not sufficient as determined by West Bay Sanitary District, applicant may, as part of the project, be required to construct and install new sanitary sewer mains and service laterals sufficient to meet such requirements to the satisfaction of West Bay Sanitary District.
- h. 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.
- i. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a plan for: 1) construction safety fences around the periphery of the construction area, 2) dust control, 3) air pollution control, 4) erosion and sedimentation control, 5) tree protection fencing, and 6) construction vehicle parking. The plans shall be subject to review and approval by the Building, Engineering, and Planning Divisions prior to issuance of a building permit. The fences and erosion and sedimentation control measures shall be installed according to the approved plan prior to commencing construction.
- j. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a draft "Stormwater Treatment Measures Operations and Maintenance (O&M) Agreement" with the City subject to review and approval by the Engineering Division. With the executed agreement, the property owner is responsible for the operation and maintenance of stormwater treatment measures for the project. The agreement shall run with the land and the agreement shall be recorded with the San Mateo County Recorder's Office prior to building permit final inspection.
- k. 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 issuance of a building permit.
- l. Simultaneous with the submittal of a complete building permit application, the applicant shall submit an Off-Site Improvements Plan for review and approval of the Engineering Division. The Off-Site Improvements Plan shall include all improvements within public right-of-way including utility improvements and removal and replacement of any damaged and significantly worn sections of frontage improvements. The Off-Site Improvements Plan shall be approved prior to issuance of a building permit.
- m. Simultaneous with the submittal of a complete building permit application, the applicant shall provide documentation indicating the amount of irrigated landscaping. If the project proposes more than 500 square feet of irrigated landscaping, it is subject to the City's Water Efficient Landscaping Ordinance (Municipal Code Chapter 12.44). Submittal of a detailed landscape plan would be required concurrently with the submittal of a complete building permit application.

- n. 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.
  - o. If construction is not complete by the start of the wet season (October 1 through April 30), the applicant shall implement a winterization program to minimize the potential for erosion and sedimentation. As appropriate to the site and status of construction, winterization requirements shall include inspecting/maintaining/cleaning all soil erosion and sedimentation controls prior to, during, and immediately after each storm event; stabilizing disturbed soils through temporary or permanent seeding, mulching, matting, tarping or other physical means; rocking unpaved vehicle access to limit dispersion of much onto public right-of-way; and covering/tarping stored construction materials, fuels, and other chemicals. Plans to include proposed measures to prevent erosion and polluted runoff from all site conditions shall be submitted for review and approval of the Engineering Division prior to beginning construction.
  - p. The applicant shall retain a civil engineer to prepare "as-built" or "record" drawings of public improvements, and the drawings shall be submitted in AutoCAD and Adobe PDF formats to the Engineering Division.
  - q. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the recommendations of the arborist report prepared by Arbor Resources, dated August 17, 2016.
  - r. Prior to building permit issuance, all Public Works fees are due. Refer to City of Menlo Park Master Fee Schedule.
  - s. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a lighting plan, providing the location, architectural details and specifications for all exterior lighting subject to review and approval by the Planning Division.
  - t. Simultaneous with the submittal of a complete building permit application, a design-level geotechnical investigation report shall be submitted to the Building Division for review and confirmation that the proposed development fully complies with the California Building Code. The report shall determine the project site's surface geotechnical conditions and address potential seismic hazards. The report shall identify building techniques appropriate to minimize seismic damage.
  - u. A complete building permit application will be required for any remediation work that requires a building permit. No remediation work that requires approval of a building permit shall be initiated until the applicant has received building permit approvals for that work. All building permit applications are subject to the review and approval of the Building Division.
5. Approve the architectural control and use permit subject to the following ***project-specific*** conditions:

- a. The applicant shall address all Mitigation Monitoring and Reporting Program (MMRP) requirements as specified in the MMRP (Attachment K). Failure to meet these requirements may result in delays to the building permit issuance, stop work orders during construction, and/or fines.
- b. Simultaneous with the submittal of a complete building permit application, the applicant shall submit an updated LEED Checklist, subject to review and approval of the Planning Division. The Checklist shall be prepared by a LEED Accredited Professional (LEED AP). The LEED AP should submit a cover letter stating their qualifications, and confirm that they have prepared the Checklist and that the information presented is accurate. Confirmation that the project conceptually achieves LEED Silver certification shall be required before issuance of the building permit. Prior to final inspection of the building permit or as early as the project can be certified by the United States Green Building Council, the project shall submit verification that the development has achieved final LEED Silver certification.
- c. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a full shoring plan subject to review and approval of the Planning and Building Divisions.
- d. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a draft Public Access Easement (PAE) along the property frontage to accommodate the full 12-foot wide sidewalk (as measured from back of curb) along the frontage of 1275 El Camino Real. Said PAE dedication shall be subject to review and approval of the Engineering and Transportation Divisions, and shall be accepted by the City Council and recorded with the San Mateo County Recorder's Office prior to building permit final inspection.
- e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a utility plan that shows undergrounding of overhead utilities, subject to the approval of the Engineering Division.
- f. The applicant shall be required to secure adequate parking for any and all construction trades outside of Downtown Menlo Park and outside any residential streets, unless or until the parking podium is available on the project site at which time any and all parking associated with construction trades shall be contained on the project site.
- g. Prior to issuance of each building permit the Applicant shall pay the applicable Building Construction Street Impact Fee in effect at the time of payment to the satisfaction of the Public Works Director. The current fee is calculated by multiplying the valuation of the construction by 0.0058.
- h. Any nonstandard improvements within public right-of-way shall be maintained in perpetuity by the owner. Owner shall execute an Agreement to maintain non-standard sidewalks and planting strips if any. Agreement shall be recorded prior to final occupancy.
- i. Irrigation, if any, shall comply with City Standard Details LS-1 through LS-19. Owner shall execute and record a maintenance agreement for irrigation facilities in City right-of-way.

- j. If this project is creating more than 5,000 square feet of irrigated landscaping, per the City's Water Efficient Landscape Ordinance (Municipal Code 12.44) the irrigation system is required to have a separate water service.
- k. A landscape audit report shall be submitted to the engineering division prior to final inspection.
- l. Prior to building permit issuance, the applicant shall submit all necessary improvement plans and documents required by Caltrans associated with work under Caltrans' jurisdiction. The plans shall be subject to review and approval of the Public Works Department prior to submittal to Caltrans.
- m. Prior to issuance of building permit, the applicant shall submit the El Camino Real/Downtown Specific Plan Preparation Fee, which is established at \$1.13/square foot for all net new development. For the subject proposal, the fee is estimated at \$20,591.99 (\$1.13 x 18,223 net new square feet).
- n. Prior to issuance of building permit, the applicant shall submit all relevant transportation impact fees (TIF), subject to review and approval of the Transportation Division. Such fees include:
  - i. The TIF is estimated to be \$51,724.49. This was calculated as follows: (\$4.63/s.f. x 9,334 s.f. office) + (\$4.63/s.f. x 589 s.f. retail) + (\$1,927/unit x 3 multi-family units). Please note this fee is updated annually on July 1st based on the Engineering News Record Bay Area Construction Cost Index. Fees are due before a building permit is issued.
  - ii. The City has adopted a Supplemental Transportation Impact Fee for the infrastructure required as part of the Downtown Specific Plan. The fee is calculated at \$379.40 per PM peak hour vehicle trip. The proposed project is estimated to generate 22 PM peak hour trips, so the supplemental TIF is estimated to be \$8,346.80. Payment is due before a building permit is issued and the supplemental TIF will be updated annually on July 1st along with the TIF.
- o. Simultaneous with the submittal of a complete building permit application, the applicant shall submit an updated Transportation Demand Management Plan that incorporates the updated project including the potential café use.
- p. Simultaneous with the submittal of a complete building permit application, the applicant shall submit updated plans showing the 8-foot clear walking zone without intrusions on all plan sheets, subject to review and approval of the Planning Division.
- q. ***Simultaneous with the submittal of a complete building permit application, the applicant shall submit revised plans showing additional screening above the third floor balcony wall along the west elevation to increase the total height of the wall and screening to between four to five feet, subject to review and approval of the Planning Division. The screening shall have the objective of providing additional privacy to the residential parcels fronting on Hoover Street.***

If the applicant elects not to pursue subdivision and confirms so in writing, the following conditions do not apply:

- r. Applicant shall adhere to the Subdivision Map Act and Chapter 15 of the City's Municipal Code.
- s. Within two years from the date of approval of the vesting tentative map, the applicant shall submit a Parcel Map for City approval.
- t. Prior to recordation of the Parcel Map, the applicant shall install new on-site improvements as shown on the approved plan set.
- u. Prior to recordation of the Parcel Map, the applicant shall pay any applicable recreation fees (in lieu of dedication) per the direction of the City Engineer in compliance with Section 15.16.020 of the Subdivision Ordinance. The estimated recreation in-lieu fee is \$235,200 (based on \$9.8 million value of acreage)
- v. Simultaneous with the application for a Parcel Map, the applicant shall submit covenants, conditions and restrictions (CC&Rs) for the approval of the City Engineer and the City Attorney. The CC&Rs shall include the following provisions:
  - i. Refuse bins shall not be left on the property frontage or in other visible areas overnight;
  - ii. The CC&Rs shall provide for funding and provision of maintenance of all common facilities, such as streets and utilities, not accepted for maintenance by a public agency. The CC&Rs shall stipulate that the HOA is responsible for maintaining landscaping consistent with the Landscape Maintenance Agreement. The CC&Rs shall be recorded as deed restrictions with the Final Map.
  - iii. The CC&Rs shall describe how the storm water BMPs associated with privately owned improvements and landscaping shall be funded and maintained by the HOA.
- w. The public improvements shall be constructed in-place or bonded prior to approval of the Parcel Map.
- x. The applicant is required to show on the Parcel Map all existing and proposed easements that are directly applicable to the project.

## **G. Regular Business**

- G1. Architectural Control/Maximus Real Estate Partners/350 Sharon Park Drive:  
Request for architectural control review of exterior modifications of eighteen existing apartment buildings, one existing clubhouse and three accessory buildings in the R-3-A-X (Garden Apartment, Conditional Development) zoning district. The proposed exterior modifications would include replacing balcony railings, siding, patio screens, modifying the exterior color scheme, new landscaping and improvements to the site amenities. In conjunction with the proposed improvements, 39 heritage trees located throughout the site are proposed for removal due to poor health, structure, location, or limited long-term value. ([Staff Report #16-080-PC](#))

Staff Comment: Associate Planner Meador said after publication of the staff report staff received two comment letters. She said one supported the project and the downsized scope of the work



proposed since the 2013 proposal and the other expressed concerns that the improvements would increase rents and potentially cause displacement of tenants during the construction process. She said the City Arborist was available to answer questions on the trees.

Applicant Presentation: Bruce Wright, SB Architects, said he was the principal architect on the project. He said also present was David Ruth, Maximus Real Estate, who was representing the client. He said 350 Sharon Park Drive was known as Sharon Green, a 15 ½ acre site, 296 apartment units, generally configured into 18 buildings with 13 two-story buildings, five three-story buildings, an amenity building and three accessory buildings used as housekeeping or laundry. He said the project was built in the late '60s and '70s. He said their client who purchased the site would like to renovate, replace, and bring a level of design consistency to the complex, and modernize the site. He said they would replace all windows and glass to high efficiency. He said they would bring more light to the buildings. He said they would update the center area to be a community gathering place for the tenants. He said washers and dryers would be installed in each unit and the existing laundry room would become an amenity for parties and tenants.

Mr. Ruth said when they took ownership of the property in late 2015 they used Arborwell to do a comprehensive survey of the property, measure every tree, evaluate health and structure, and make recommendations regarding maintenance. He said their report recommended 61 trees for removal of which 39 were heritage trees. He said a majority of the trees were original to the project and some even older. He said when a project was constructed there was a tendency to overplant and you ended up with the wrong type of tree in the wrong location. He said the report took four years. He said they worked with Arborwell to see if any of the trees slated for removal could be saved and they have a list of 52 trees from that removal list for heavy mitigation including pruning, cabling, root trimming, and whatever they could do to save them. He said the Environmental Quality Commission (EQC) suggested phasing the removals to reduce the shock of canopy reduction. He said they could do that but would have to remove the trees that posed imminent danger from structural failure or were posing some other safety issue for residents. He said they were proposing a one to one heritage tree replacement. He said the main challenge was finding the right location for the replacement trees. He said in lieu of the 15-gallon heritage replacement trees they could put in 24-inch box trees. He said as part of the construction renovation program they have an infill landscaping plan.

Public Comment:

- Siegfried Schoen, Sharon Heights, said his home was close to the property and he had also been a resident of Sharon Green previously for almost five years. He said previous project approval had been for basically window dressing and the City Council had denied the project. He said the site and company were sold, and the new buyer realized it was not a good investment, and got rid of it quickly. He said the owners should concentrate on improving the interiors of the units and the building structural elements and not just tear down trees. He suggested including recommendations of the EQC as they were very reasonable and rational regarding replacement ratios.
- Aruni Nawayakkara said her home was across from the Sharon Green Apartments. She said she had also been a resident in Sharon Green and her friends there were concerned they would have to move out due to rent increases. She said the rent for a three-bedroom over the last three years increased from \$3,000 to \$5,000. She said families would need to move out if the rent increased to \$7,000. She said the EQC recommendations to have a greater than one to one replacement tree ratio were not supported by staff. She said some of the 32 of the non-

heritage trees were approaching heritage size. She suggested they consider keeping more trees.

- Anda Hall, Sharon Heights, said she agreed with previous speakers. She opposed the plan to remove 61 trees. She said she hoped there had been an independent arborist review to determine whether all the trees needed to be removed. She said if they needed to be removed they should sufficiently be replaced and the canopy loss mitigated by staggering the removal so that future generations of Menlo Park might enjoy the same quality of environment.
- Athena Lerokomos said she was one of many Stanford graduate students who live in Sharon Green. She said she agreed with what was said about the heritage tree removal. She said she wanted to emphasize how difficult it was for a Stanford graduate student to live off campus noting the campus housing crunch. She said Sharon Green was one of the few apartments within safe biking distance to Stanford. She said she and her roommates moved in a year ago and were facing rent rises that were more than four working adults living in at two-bedroom apartment could sustain.

Chair Strehl closed the public hearing.

Commission Comment: Responding to Commissioner Barnes about the tree removals, Christian Bonner, City Arborist, said of the approval of removal of 39 heritage trees that it was the City's contract arborist under staff supervision who inspected the trees. Mr. Bonner said he evaluated the contract arborist's report. He said the City's contract arborist's recommendation was to approve the removal of the heritage trees as stated in the staff report, primarily based on the condition of the trees and the long term value of the trees. He said the majority of the trees were eucalyptus, acacia and Monterey pine, all of which have various pest and disease issues tending to make them short-lived and susceptible to structural damage. He said he supported the removal based on the City's contract arborist report and recommendations. He said regarding the total number of trees to be removed that consideration was given to the heritage tree removal permit with a one to one replacement requirement on residential property.

Commissioner Barnes asked about the impact on the canopy with the removal of 61 trees and if the remaining canopy was sufficient. Mr. Bonner said his understanding was the removal work was prioritized and part of the tree management plan. He said the removal seemed a clear necessity due to the conditions of the trees, including their value and structure. He said the owner had done a responsible job in looking at the overall canopy to determine what could be maintained and had a removal / replacement plan for trees not suitable for retention.

Replying to Commissioner Riggs about the maintenance and pruning, Mr. Ruth said they needed to remove the trees in imminent danger of failing, plot out the rest of the removals and do the pruning adjacent with that. He said they would look at those immediately that seemed to need radical maintenance and they would want their arborist to prioritize the work. He said otherwise they would phase the pruning. He agreed with Commissioner Riggs that about one-third of the trees needed maintenance. Replying to Commissioner Riggs' question about the phasing of the building renovation, Mr. Ruth said the intent was to do start one building a month and sequentially move through the campus with each building taking three to four months to complete.

Commissioner Riggs asked about the timing of evictions. Mr. Ruth said they did not have any evictions lined up and that they had worked with tenants to determine when their leases would terminate in that building and to offer month by month extensions. Commissioner Riggs asked if it was expected current tenants would move into the refurbished buildings. Mr. Ruth said it wasn't

clear. He said some people did not want to live at a site where there was any construction occurring. He said others wanted to live through the construction to move into the refurbished apartments. Commissioner Riggs asked if they could do more than one to one replacement of heritage trees. Mr. Ruth said not for heritage trees. He said working with their arborist and landscape architect they tried to do two to one replacement and they could not find the right locations and open space to accommodate. He said one of the public comments from the EQC hearing was to look at the non-heritage trees slated for removal that might be close to heritage size and try to save those. He said they identified 52 trees originally to be removed they would aggressively mitigate for as well as an additional forty non-heritage trees that were approaching heritage size. He said they believed by the time construction was completed that they would have essentially offset the heritage tree removal. Commissioner Riggs asked about increasing plantings around the perimeter noting Monte Rosa and Sharon Park Drives. Mr. Ruth said that was part of their landscape infill program.

Replying to Commissioner Kahle, Associate Planner Meador said staff worked with the City Arborist on the responses to the EQC's recommendations. She said many of their conclusions were based upon the consulting arborist report and the issues with current crowding of trees on the site.

Replying to Chair Strehl, Mr. Ruth said each unit would have a washer and dryer, fire sprinklers would be installed in the units and buildings, the fire alarm system would be upgraded, new low flow plumbing fixtures would be installed, lighting replaced with LED, and interior finishes would be modernize.

Replying to Commissioner Combs, Mr. Ruth said the monthly vacancy rate was about five to fifteen units.

Replying to Commissioner Goodhue, Mr. Ruth said their preference was to keep all of their residents and relocate them on the property once construction started on their current building, and then as buildings were fully renovated in five months to give residents the option of moving into a renovated unit.

Replying to Commissioner Strehl, Mr. Ruth said the renovated units would be rented at market value. He said existing tenants would be given priority on which units they wanted.

Chair Strehl noted that fewer trees were being removed than previously proposed and when the project was completed there would be 440 trees on the site.

Commissioner Combs acknowledged the public speaker's comments about the rent increases. He said there was no mechanism by which the City might have any authority over that impact. He said he thought the solutions to that were more regional.

Commissioner Riggs moved to approve as recommended in the staff report. Commissioner Goodhue seconded the motion.

**ACTION:** Motion and second (Riggs/Goodhue) to approve the item as recommended in the staff report; passes 6-0 with Commissioner Onken absent.

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. 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 property is not within any Specific Plan area, and as such no finding regarding consistency is required to be made.
3. Approve the architectural control subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the plans provided by SB Architects, consisting of 107 plan sheets, dated received August 30, 2016, and approved by the Planning Commission on September 12, 2016, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
  - b. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, Recology, 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 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.

Chair Strehl said that for the next item Commissioners Combs and Goodhue were recused. She said typically the Commission tries to conclude the meeting by 11 p.m. and confirmed that the remaining Commissioners could stay past 11 p.m. if needed to hear the final agenda item.

- G2. General Plan and M-2 Area Zoning Update/City of Menlo Park: Review and comment on the Draft Fiscal Impact Analysis (FIA) prepared for the General Plan and M-2 Area Zoning Update (ConnectMenlo). No action on the FIA or project will occur at the meeting. The objective of an FIA is the projection of changes in public revenues and costs associated with development of a project, and is an informational tool. ([Staff Report #16-081-PC](#))

Staff Comment: Principal Planner Chow said a Fiscal Impact Analysis (FIA) was prepared as part of the process for the General Plan and M-2 Area Zoning Update. She said part of the purpose of the FIA was to identify the potential changes in revenue and expenditures and fiscal impacts to the City and other special districts as a result of potential development that could occur from the proposed project. She said the FIA was an informational tool for the policy makers and the public. She said Stephanie Hagar with BAE Urban Economics (BAE) who prepared the FIA would make a presentation. She said the Commission would have the opportunity to ask clarifying questions, receive public comment and make comments on the FIA. She said no action on the project or FIA would be taken.

Stephanie Hagar, BAE, said the purpose of an FIA was to project the potential impact on local government budgets from the project, in this case ConnectMenlo. She said they looked at the fiscal impacts to the City of Menlo Park, five school districts and other special districts that serve the City. She said the methodology used was to estimate revenues the project would generate and the costs associated with serving new development to determine net fiscal impact for each of the jurisdictions. She said in general they relied on conservative assumptions to estimate revenues to avoid overstating revenue generation by the project and also conservatively to avoid understating potential costs connected with serving new development. She said the project alternatives included in the analysis were the same shown in the Draft Environmental Impact Report (EIR). She said the project included the remaining potential development under the existing General Plan which included development both in the M-2 area and the remainder of the City and also new development that would be allowed under ConnectMenlo and that was all focused in the M-2 area.

Ms. Hagar said the reduced non-residential intensity alternative had the same amount of residential as the project but half of the increment of non-residential development that would be allowed with ConnectMenlo. She said the reduced intensity alternative also included the remaining development potential under the existing General Plan and included three-quarters of the new development potential from ConnectMenlo. She said the net fiscal impact of the project was estimated at \$8.8 million per year. She said the reduced non-residential intensity alternative and reduced intensity alternative would generate a smaller net fiscal impact. She said under all three scenarios the City would receive one-time facility and development impact fees and for the project would total \$187 million.

Ms. Hagar said they looked at the net fiscal impact of the project on the five school districts serving the City. She said the Ravenswood City and Redwood City school districts were revenue limited and not expected to experience any fiscal impact due to the project. She said Las Lomas, Menlo Park City and Sequoia Union were basic aid school districts. She said that meant if they received



additional property tax revenue they kept it but that property tax revenue was also responsible for providing all ongoing operating revenue. She said if the number of new students increased that was the revenue source relied upon to provide education to the new students. She said they projected student generation through 2040 for all five school districts noting that the numbers in the FIA mirrored those in the EIR. She said the combined impacts of ConnectMenlo along with other trends such as existing housing turnover, student generation rates that might be associated with demographic trends in housing over time, and birth rates would lead to different levels of student enrollment in the five school districts. She said factors unrelated to ConnectMenlo were not addressed in this report. She reviewed the net fiscal impact associated with the growth and enrollment for the three basic aid school districts. She said Las Lomitas would experience a net negative fiscal impact of \$794,000 per year; Menlo Park City would experience a net negative fiscal impact of \$4.5 million per year; and Sequoia Union would experience a net negative fiscal impact of \$5.5 million per year. She said all five districts would receive impact fee revenue the use of which was restricted to capital costs and improvements.

Ms. Hagar said the Menlo Park Fire Protection District would experience a net positive fiscal impact of \$2.8 million per year and that San Mateo Community College District, Mid-Peninsula Regional Open Space District, and Sequoia Health Care District would experience a positive net fiscal impact although the amounts were more minor over the time of the project build out.

Chair Strehl noted the 4500 residential units intended in the M-2. She said she did not think those would be Below Market Rate units, and questioned the deficit in revenue for the school districts. She asked if the rent determined property tax or the value of the development. Ms. Hagar said that the rents would drive the value of the development. She said looking at the Menlo Park City school district, their average student expenditure rate was approximately \$14,000 per pupil. She said the student generation rate for a multi-family development was .44. She said each unit would need to generate \$6200 per year to the school district to cover the costs of the students in that unit. She said applying the property tax that goes to the school district and the assumptions you would use to turn that into a rental rate that would be \$12,000 per month or a unit that would be valued at \$3.5 million. She said the numbers would be slightly different for Sequoia Union school district. She said she had not applied the exercise she just shared to all the school districts but thought it illustrated that if you looked at each rental unit as having a value that would help it to pay for itself, from the school district perspective that equated to some very expensive sale and rental rates.

Commissioner Kahle said he was having difficulties understanding why the school districts were projected as having a net negative fiscal impact. He asked if these were significant negatives or incremental. Ms. Hagar showed a visual that indicated the percent of these negatives on each of the school district's 2015-16 budget; 3% on Las Lomitas, 11% on Menlo Park City, and 4% on Sequoia Union. She said this would occur over a 24 year period and was not something that would happen all at once. She noted there would be other changes that school districts would consider in planning for future enrollment growth.

Commissioner Barnes said the FIA called out specifically in the Menlo Park City school district that the incremental cost was not associated with the M-2 development but was specific to the areas of Menlo Park outside the M-2. Ms. Hagar said that was correct and also applied to the Las Lomitas school district. Commissioner Barnes said the FIA toggled between blended and non-blended costs. He asked why the Menlo Park City school district was included as a deficit if it was not specific to the M-2 development. Ms. Hagar said part of the project being analyzed was the existing development potential under the City's current General Plan. She said both inside and outside of the M-2 there was some existing development potential allowed under the City's current



General Plan that would not be related to the increment being considered as part of ConnectMenlo. She said any new development that would occur outside of the M-2 was part of the existing General Plan and that was where the Menlo Park City and Las Lomitas were. Commissioner Barnes said it was an important distinction to be able to delineate between what the impacts of the ConnectMenlo development were and what was happening in Menlo Park irrespective of that.

Commissioner Barnes noted a reference to the development program at full build out on page 9. He said for the M-2, 3375 was called out for rental units and 1125 for condominiums. He said the Commission has not seen many condominiums in projects coming to them. He said Facebook was largely corporate housing and rental and Sobrato was indicated as rental. Ms. Hagar said they wanted to recognize that the rental market in Menlo Park was stronger than the condominium market, and that the majority of development in the multi-family units was likely to be rental. She said throughout the Bay Area however the rental market recovery from the recession has proceeded strongly and there was interest in condominium development emerging from that recovery. She said they wanted to not assume all would be rental but to include some condominium development. She said the 1125 figure was a pro forma 25%.

Commissioner Barnes referred to page 10 and population increase and employment generation. He said it refers to 14,150 net new Menlo Park residents and the citywide population growing from 32,900 to 50,000 by 2040. Ms. Hagar said they pulled these numbers from the EIR but those needed to be looked at further as it might be a misprint. Commissioner Barnes said that also applied to employment generation as well. Ms. Hagar said they would look at that too.

Chair Strehl noted there were two people in the audience and inquired of them if they would comment. They did not.

Principal Planner Chow said she had not mentioned two pieces of correspondence on the project sent directly to the Planning Commission earlier in the day. She said she had copies if any of the Commissioners wanted copies.

Commissioner Barnes referred to pages 23 and 25. He asked how to define what the net value of the up-zoning was associated with the M-2. He noted metrics applied to square footage based on use, which were called out as assessed values. He asked if this described the value of the up-zoning or how that information was available. Ms. Hagar said that chart was meant to answer what the value of new development was in the increment allowed under ConnectMenlo. She said it was not meant to capture sales of existing properties and the potential value increment that ConnectMenlo might have with resales of existing properties.

Commissioner Barnes said as an example if he had a concrete tilt-up at .55 FAR and was increasing FAR due to factors such as different tenant mix to 1.5 or .85 and doing different things to the facility, what was the value of that up-zoning resulting in the M-2. Ms. Hagar said the value of that up-zoning would not be captured in the FIA. She said to assign value in that way would be highly speculative, and they had been tasked to look at the increment of new growth rather than other changes not part of the new increment.

Commissioner Barnes referred to page 38 and impact fees and where those fees went and what they were used on. Principal Planner Chow said the BMR fees would go towards funding affordable housing, transportation impact fees would go towards transportation improvements. Commissioner Barnes asked if the transportation impact fees would be spent only on the area from which they were generated or on overall systems. Principal Planner Chow referred to page 38,

table 24, and said the \$27 million transportation impact fee would be considered new and used towards specific items. She said they would be looking at updating their nexus study. She said projects would be identified through that study and those dollars would go to specific improvements. Commissioner Barnes asked if that was the cost of the basic infrastructure to accomplish the M-2 development or if it was for projects above and beyond basic and in other parts of the City as well. Principal Planner Chow said they could be citywide projects and might not happen in the M-2 area. She said whether it was above or beyond or just to maintain existing infrastructure that was something that would need to be asked of the Transportation Manager. Commissioner Barnes asked about the recreation in-lieu fee. Principal Planner Chow said that was to help existing parks and acquire needed parks. She said it was applied throughout the City.

Commissioner Riggs asked how the Menlo Park City school district was burdened with students but did not receive meaningful property tax. He asked for a map of the rezoning of M-2 that would show what portion of that was directly related to the Menlo Park City school district. Ms. Hagar said none of the development in the M-2 was within the Menlo Park City school district boundaries. Commissioner Riggs asked if any of the people living within the M-2 would go to Menlo Park City schools. Ms. Hagar said they would not as the district boundaries define both the attendance boundaries and the property tax revenue. She said this analysis was the impact to the Menlo Park City school district from potential development under the existing General Plan within the school district boundaries. Commissioner Riggs said the FIA would be more useful if that was clarified. Ms. Hagar said they could do that.

Commissioner Riggs said they looked at the peak of the cycle of rental and in evaluating rental properties reduced current rents. Ms. Hagar said it was a 10% reduction. Commissioner Riggs said there were cycles with the economy and he would not argue with that. He said he wanted to know the connection they were drawing between rents and property tax. Ms. Hagar said they used rents to calculate the net operating income for a typical rental unit. She said they applied a cap rate assumption to the net operating income based on the current cap rate although when researching capitalization rates, results were spread out. She said they erred on the side of something that would lead to a lower value estimate than what they would do if they were to be really aggressive. She said a cap rate was the net operating income from the unit divided by the price an investor would pay for that unit.

Commissioner Riggs said cap rates were not a prediction for performance 20 years out but were used for valuation today. He said he couldn't draw the connection with applying a cap rate reduction to an economic cycle to 2040. He said land value in the presence of new construction was determined by the underlying land plus the cost reported for the building permit. He said that was the new value and what the county tax assessor used. He said this would determine the income to the school districts and not the rents. Ms. Hagar said they were looking at what the purchase price for these properties would be. Commissioner Riggs said that did not apply to the economic cycle as they were talking about new construction. He said for example that there were virtually no homes in the M-2. He said in Redwood City and parts of Menlo Park rents and values for a majority of Menlo Park went down in 2012 but the assessor did not revise their values. He said the assumption was made that nonprofits would drive down the tax for new residential units but the largest block of proposed rental units were Facebook's. Chair Strehl noted Sobrato. Commissioner Riggs said looking at the Sequoia Union school district and the comparison between expected revenues and the burden on that school district that the expectation was \$6.8 million of new value. He said regardless of rental rates and nonprofit status that all of the new value was taxable. He said he doubted the schools were being underfunded. He acknowledged the study by Charles Bernstein, which he had not reviewed completely. He said there seemed to be

misrepresentation of trouble to the school districts and misapplying blame to the M-2. He said the FIA was challenged on multiple levels which created an uncomfortable foundation for decision making for the City Council. He said his inclination was to recommend that the FIA was not what they needed to move forward on the General Plan.

Chair Strehl said she agreed on comments made tonight and those in the letters from Patti Fry and Charles Bernstein. She said Mr. Bernstein indicated that the bottom line to the Fire District was it would lose \$2.8 million under the project scenario. Ms. Hagar said they were looking at a 24 year time period under the General Plan. She said during that period, sale and purchase of properties was expected. She said looking at the development from the perspective of the sale price it could achieve was anticipating that properties would change hands over the course of the General Plan build out prior to development or over the 24 years. She said they were focusing on the net new increment of growth and were not looking at redevelopment of existing properties potentially at higher density levels. She said that would be speculative to consider the rate at which properties would be redeveloped versus new projects from the ground up. She said the numbers they were providing were fairly conservative in that they were making assumptions based on the top of the market and really just focusing on the net new.

Commissioner Barnes said a lot of development was “scrape and rebuild” in the marketplace, but even small increments represented a tremendous amount of increase in assessed value. He said for him this was a very difficult analysis to define what was specific or not specific, existing conditions or new. He said it made it impossible to do equal comparison for impacts. He said the whole purpose of ConnectMenlo was not to re-litigate other parts of development in the City but to consider circulation and land use specifically in the M-2 district.

Principal Planner Chow said she heard confusion between what potentially existing issues under the current General Plan were and what the net difference would be with the potential change in the M-2. She said early on that was part of the discussion in defining the project. She said the EIR landed on looking at the existing remaining development potential with ConnectMenlo on top of that. She said the EIR did not just build onto what the net new was but readopted everything that could be built under today’s General Plan and reviewing the potential impacts of that, which was the project description. She said they replicated the project description with the FIA and looked at the cumulative effect of what was developable under the existing General Plan and the potential in the M-2 area. She said perhaps they could go back into the FIA and look at what were the potential impacts under today’s General Plan and remaining development potential and layering on top separately what would be the impact as the result of ConnectMenlo. She said that would show that impacts to school districts in M-2 did not feed into Menlo Park City and Las Lomitas school districts and might not be a net negative impact as they were existing conditions. She said the question was what the differences were. She said if they were able to separate out the two that might help clarify some of the questions that had been posed. She referred back to Commissioner Riggs’ comment that he would not recommend the FIA to the City Council. Commissioner Riggs said it was not a good foundation for decision making as it presented the data leading to mistaken readings of conclusions for instance that the M-2 project would be a detriment to the Menlo Park City school district. Principal Planner Chow asked if they were able to separate out the two and still present both pieces of information as that was the total project the Planning Commission and City Council would be evaluating, whether that would address his concerns. Commissioner Riggs said the FIA was drawing more hard questions than it was providing answers. He said it needed to respond to these multiple questions of what it presents.

Commissioner Barnes asked when the FIA called out net population increase and net job increase

if that was specific to the activity within the M-2 or included potentially a Station 1300 project. Principal Planner Chow said it was remaining development potential so not a pending project like Station 1300. Commissioner Barnes said in the bullet of 9900 additional jobs to be created in Menlo Park by 2040 would 1300 Station figure into that. He said on page 10 for instance the population increase and employment generation was only for M-2. Ms. Hagar said it included the existing remaining development potential under the General Plan and the increment from ConnectMenlo. She said they were analyzing the entire project. Commissioner Barnes asked if a project on El Camino Real was included in the number. Principal Planner Chow said they would need to look at the EIR, the companion piece. She said in the EIR there was a table that described the proposed project which was the current General Plan and proposed bay front area and that was outside the projects that were currently on file. She said 1300 and 500 El Camino Real were pending projects and would be in the cumulative projects list but were not part of the remaining development potential. Commissioner Barnes asked if projects outside of the M-2 fed into the numbers talking about population increase and employment generation. Principal Planner Chow said that was correct.

Commissioner Barnes said it was not just about the school district numbers but reading the numbers it seemed these were all based on the M-2, when in fact it was potential development citywide. He said this false assumption permeated the entire report and it had to be better clarified. He said he had studied the report for hours and it was confusing. He referred to multiple references on page 9 to what was specifically called out as single-family units developed as second units where single-family units currently exist. He confirmed that was a term for an in-law unit and asked how many were being referenced. Ms. Hagar said she recalled it was 55.

Commissioner Barnes referred to the expenditures on page 48 and asked why the money was disproportionately weighted toward police with 1.1 officer per 1,000 people. Chair Strehl said she suspected it had to do with benefits. Commissioner Barnes asked if there was a comparison of that with other jurisdictions. Ms. Hagar said she would need to look at several sources to make a comparison. She said police budgets were typically a significant part of city budgets.

Chair Strehl referred to Mr. Bernstein's letter and his observation that the method used in this FIA was different from other FIAs done for the City. He said other FIAs had used the value of construction costs which was what the County Assessor would also use. Chair Strehl asked why that method had not been used and whether it could be used moving the analysis forward to the City Council. Ms. Hagar said if they were to use a construction value approach instead it would be more conservative than the analysis being presented. She said the reason they chose to go with the income method of assessing value was because they were looking at a conceptual development program spanning a 24 year period. She said they had incorporated a number of assumptions related to assessed value that were conservative.

Chair Strehl said that there could be quite a discrepancy between these findings and those from a more conservative construction value approach. Ms. Hagar said it could be. She said if they talked about total development costs rather than just for instance hard construction costs, those were not entirely unrelated to the rents a person would expect to get from a project. She said there was a relationship between the rental rates the developer would anticipate and the construction costs associated with the new project. She said more extensive construction would lead to higher rental rates. She said by looking at total development costs rather than the assessed value they were presenting based on income that was essentially deducting the developer's profit off of the assessed value being assumed. She said to the extent there was a large profit to be made off developments, which she knew there was in some cases, it would lead to a large difference. She

said 12% return on cost might be an acceptable profit and given that they had already reduced rental rates by 10% to drive the analysis of what the assessed value would be and focused on the net increment rather than the redevelopment of an entire site. Commissioner Riggs said this explanation made sense to him as this was an evaluation over a 24-year period.

## **H. Informational Items**

- H1. Future Planning Commission Meeting Schedule
- Regular Meeting: September 26, 2016
  - Special Meeting: October 19, 2016 (Wednesday)
  - Regular Meeting: October 24, 2016
  - Regular Meeting: November 7, 2016

## **I. Adjournment**

The meeting adjourned at 11:31 p.m.

Staff Liaison: Thomas Rogers, Principal Planner

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on October 19, 2016