



REGULAR MEETING MINUTES

Date: 8/28/2017
Time: 7:00 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

Chair Drew Combs called the meeting to order at 7:00 p.m.

B. Roll Call

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

Staff: Corinna Sandmeier, Associate Planner; Thomas Rogers, Principal Planner; William McClure, City Attorney

C. Reports and Announcements

Principal Planner Thomas Rogers said the City Council at its August 22, 2017 meeting further considered the main Menlo Park Library philanthropic offer and directed some follow up that was occurring. He said the 2131 Sand Hill Road annexation project, which the Planning Commission reviewed and made recommendations to the City Council previously, was continued from the Council's August 22 meeting to its August 29, 2017 meeting. He said the Council at its August 22, 2017 meeting received an information item on development growth activity in the City and continued pressures in the Planning and Building, Engineering, and Public Works divisions. He said the Council at its August 29 meeting would consider the information item about secondary dwelling units, garage and carport conversion and how state law required certain action with replacement parking.

D. Public Comment

There was none.

E. Consent Calendar

E1. Approval of minutes from the July 31, 2017, Planning Commission meeting. ([Attachment](#))

Commissioner John Onken said on page 4 of the referenced minutes, center paragraph, that the first sentence should be edited from one to two sentences as follows: Commissioner John Onken said he thought the windows on the second story were set back significantly and enough. He was not concerned about the question of true divided lights considering the style of the rest of the house.

ACTION: Motion and second (Larry Kahle/Susan Goodhue) to approve the minutes with the following modification; passes 6-0-1 with Commissioner Combs abstaining.

- Page 4, center paragraph, 1st line; create two sentences removing the word “so” between to read: “Commissioner John Onken said he thought the windows on the second story were set back significantly and enough. He was not concerned about the question of true divided lights considering the style of the rest of the house.”

Chair Combs noted the recusal of Commissioner Onken for item F1. Commissioner Onken left the dais.

F. Public Hearing

F1. Final Environmental Impact Report (EIR), Architectural Control, Heritage Tree Removal Permits, Below Market Rate (BMR) Housing Agreement, Development Agreement/Stanford University/ Middle Plaza at 500 El Camino Real Project (300-550 El Camino Real). ([Staff Report #17-056-PC](#))

1. Final Environmental Impact Report (EIR) to analyze the potential environmental impacts of the proposed project, along with an associated Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program (Attachment B);
2. Architectural Control for compliance with Specific Plan standards and guidelines for a mixed-use development consisting of office, retail, and residential uses on an 8.4-acre site, with a total of approximately 10,286 square feet of retail/restaurant, 142,840 square feet of non-medical office, and 215 residential units;
3. Heritage Tree Removal Permits to permit the removal of 18 heritage trees and the transplantation of one heritage tree associated with the proposed project;
4. Below Market Rate (BMR) Housing Agreement for compliance with the City’s Below Market Rate Housing Program; and,
5. Development Agreement for the project sponsor to secure vested rights, and for the City to secure public benefits, including up to \$5 million towards a grade separated pedestrian/bicycle crossing at the Caltrain tracks, additional affordable housing units, a financial contribution to the Menlo Park Atherton Education Foundation and a publicly accessible plaza. (The Planning Commission may recommend the City Council Subcommittee’s terms, the applicant’s terms or other terms, as described in this staff report.)

Staff Comment: Associate Planner Corinna Sandmeier highlighted one correction in the conclusion of the staff report and confirmed that the number of Below Market Rate (BMR) units under the BMR agreement was 10.

Associate Planner Sandmeier said the original submittal for the project was made in November 2012 and the Planning Commission held a study session on the project in January 2013. She said the City Council held a study session on the project in April 2013, after which a project Council subcommittee was created. She said the Planning Commission on March 27, 2017 conducted a hearing to receive testimony on the draft Infill EIR, which had been released February 28, 2017, and a study session to receive overall comment on the proposed project. She said the Commission at that time provided direction to the applicant to provide more spatial definition for the plaza, to revise the street facades of buildings A and B to decrease the repetition in the building’s design, and for additional green space to define the project along El Camino Real. She said since that

study session the plaza layout had been updated with additional landscaping elements and those were mainly shown on sheet L2.1. She said the street facades of residential buildings A and B were revised to decrease the repetition, which was shown on sheet A24.1. She said the overall landscaping for the project had been increased and that sheet L1.10 showed the landscaping proposed in March 2017 and what was proposed now. She said the term sheet for the draft Development Agreement would be considered by the City Council at its August 29 meeting and the terms included Stanford providing 50% of the costs of a bicycle/pedestrian crossing at the Caltrain tracks up to \$5,000,000, 10 onsite BMR units including two BMR units for the 2131 Sand Hill Road Stanford project, and \$100,000 annually to the Menlo Park Atherton Education Foundation for 10 years. She said the Council's subcommittee had recommended annual contributions to the Education Foundation for 15 years, which would be \$1.5 million. She said the Middle Avenue Plaza would be subject to a public use agreement. She said through the terms of the development agreement, the project would not be subject to City impact fees for the term of the agreement, which was 10 years and could be extended for up to five years.

Associate Planner Sandmeier said the Final Infill EIR was released on August 11, 2017. She said ICS, the CEQA consultant used for this project, would make a presentation with additional information on the environmental review. She said the applicant would make a presentation with additional information on the project. She noted that additional correspondence had been received since the publication of the staff report, including 26 cards in support of the project and a number of emails also in support. She said they also received emails expressing concerns with the project that mainly related to green building standards. She said there was an expressed interest in the project meeting LEED gold standards rather than LEED silver. She said traffic concerns were also raised. She said the project would next go to the City Council, the decision making body.

Questions of Staff: Replying to Commissioner Katherine Strehl, Associate Planner Sandmeier said the item was expected to go to the Council in late September 2017.

Commissioner Henry Riggs asked what the daily traffic trip impact was expected from this project. Mark Spencer, Principal Traffic Engineer, W-Trans said his company was responsible for preparing the EIR transportation analysis for the project. He said the net number of new daily trips was estimated at 2,658 per day.

Environmental Review Presentation: Jessica Viramontes, ICF, introduced Erin Efner with ICF and Mark Spencer with W-Trans. She made a presentation on the EIR process noting that the City of Menlo Park was the lead agency and ICF was the lead consultant. She said the project was within the area of the City's Specific Plan, which environmental analysis had been done through a Program EIR. She said that this project under the California Environmental Quality Act (CEQA) was allowed to use an Infill EIR for its required environmental review and provided reasons why. She showed a slide of the actions and documents prepared through the Infill EIR process. She said as shown in the Final EIR no new significant environmental impacts, no new mitigation measures, and no substantial increase in severity of an earlier identified impact that resulted from responding to the comments. She said if the City approved the project that it would file a Notice of Determination.

Applicant Presentation: John Donahoe, Associate Director of Planning and Entitlement for Stanford Real Estate, provided a PowerPoint presentation. He described the project area noting it was located equidistant between the Menlo Park and Palo Alto Caltrain stations. He said since November 2014 after Measure M had failed they reconstructed the project to significantly change

the residential and office architecture, significantly increase the plaza size, increase the number of residential units and decrease the office square footage, and eliminated the medical office space entirely. He said in doing that they decreased the number of daily a.m. and p.m. peak trips. He said the project area ended roughly at Middle Avenue on one end and at Cambridge Avenue at the other end. He said those would both be four-legged signalized intersections with enhanced pedestrian and bicycle crossings.

Mr. Donahoe said the project was below the base level Floor Area Ratio (FAR) as the total square footage was below the allowable maximum. He said the amount of office space was significantly below the allowable maximum. He said residential units numbered 215 noting the original 2012 proposal was for 170 residential units. He said open space was at 38.8% exceeding the minimum 30% required by the Specific Plan.

Mr. Donahoe said Stanford intended to give Stanford faculty priority to lease the rental residential units. He said roughly half of the units were one-bedroom and the other half two-bedroom. He said since the study session in March 2017 that they worked to enhance and upgrade the residential architecture noting numerous comments regarding repetition. He showed a slide demonstrating the changes in hardscape, materials, and color differentiation. He showed plan sheets with the changes in roof line and in color, trim and siding to create differences between the two buildings.

Mr. Donahoe said that there had not been as many changes for the office buildings 2 and 3 as there were with the residential. He said they were continuing to make enhancements in the courtyard and bring in additional landscaping along the frontage. He said one of the challenges with building 3 was to maintain the entrance into the Stanford Park Hotel. He said they were proposing transplanting a palm tree from there to another location. He said the first level of the building was parking and occupancy was on the second and third floors. He said they believed they had accomplished good screening of the parking level. He said regarding office building 1 that the first level was for retail which met the Specific Plan obligation to have 10,000 square feet of retail and that was centered on the plaza to activate the plaza. He said the second and third floors would be office space. He said they were continuing to make detail changes to the building facades.

Mr. Donahoe said they were trying to clearly define the public plaza and had changed the paving material for the public route to the future grade separated crossing, which added texture and changed the elevation. He said they were proposing a number of vertical elements to define that corridor. He said they decreased the size of the fountain and moved it back, changed the paving pattern, and added green space in the back. He said that a variety of activities were possible on the plaza.

Mr. Donahoe said at the last project study session the question of a Transportation Demand Management (TDM) program had been raised. He said they had submitted a draft plan to the City that met C-CAG standards. He noted that this project was walkable from both the Palo Alto and the Menlo Park train stations. He said the majority of office space was put on the south side so it was closer to the Palo Alto train station, which has the baby bullet train. He said the residential was located nearer the Menlo Park train station. He said Stanford's existing Marguerite shuttle had a stop in front of the project site and then circled back to campus with a stop in front of the Safeway across El Camino Real. He said they would provide a transportation coordinator for both the office and residential projects. He said carpools and zip cars would have preferred parking. He said they would participate in any bike share programs the City supported and would provide do-it-yourself

bike repair stations, vanpool and carpool programs, rideshare apps, car share on site, and showers and lockers in the office buildings. He said the preference for Stanford faculty for the residential rental units included the benefit that these residents were already pre-trained in Stanford's TDM mechanisms in that faculty already participate in a parking fee program for employees to purchase a permit to park on campus. He said they have a variety of bicycle programs they offer and provide discounts on bicycles and helmets. He said they have flexible work schedules and an online tool and human assistance to get support in planning commutes.

Mr. Donahoe said the next slide listed all the mitigation efforts to address traffic concerns, noting those were also listed in the staff report. He said they would pay the citywide traffic improvement fee (TIF) and the supplemental TIF for the Specific Plan area. He said they would enhance and upgrade the bicycle/pedestrian crossings of El Camino Real at Middle and Cambridge Avenues, help the City implement either a Class 2 or 3 bicycle lane on Middle Avenue from University Avenue to El Camino Real, make a fair share contribution for improvements at Middlefield and Marsh Roads, Middlefield Road and Glenwood Avenue and Linden Avenue, and Middlefield Road and Ravenswood Avenue, and provide a new left turn pocket on Middle Avenue turning into the project. He said this project would contribute up to half the cost of the grade separation crossing up to \$5,000,000. He said they had done studies that showed this was an appropriate amount. He said they would also upgrade 1,500 feet of linear frontage along El Camino Real, which was significant. He said that they would work to prevent intrusion of parking from their project on neighboring streets. He said another condition of approval was after six months of the under-crossing's completion that Stanford would conduct a parking duration study to determine if there were parking issues on the neighboring area across the tracks resulting from that construction.

Mr. Donahoe said the project would meet the same sustainability standards as Stanford's main campus and noted that the Stanford campus did not meet LEED gold standard. He said the City's Specific Plan required meeting LEED silver standards and the project was meeting that and with their total points was going into the LEED gold category. He said this project was walkable between two train stations and there was no other project in Menlo Park that could make that statement. He said they also have an existing shuttle and this project was the only one in the Specific Plan area making a contribution to the grade crossing.

Chair Combs opened the public hearing.

Public Comment:

- Tim Straight, Menlo Park, indicated support of the project. He asked when an expected construction date might be and about potential lane consolidation on El Camino Real.

Requested to respond by the Chair, Associate Planner Sandmeier said that there were no planned lane changes on El Camino Real related and the applicant had indicated the anticipated project start date was spring or summer of 2018.

Mr. Straight asked how a daily trip was defined, noting the 2,658 new daily trips.

Recognized by the Chair, Mr. Spencer, W-Trans, said that trip count essentially estimated around 1,300 cars entering the site and 1,300 cars leaving the site during the course of a day over a 24-hour period.

- Erik Burmeister, Superintendent, Menlo Park City School District, said he was representing the school district. He said the District board and staff were not in the practice of supporting or opposing development, and were not in support of or opposed to the Middle Plaza project. He said the District had submitted three letters expressing concerns with impacts to the District from the proposed project. He said he thought their concerns would be noted in the staff report but were not. He said residents of the Menlo Park City School District voted recently to increase their parcel taxes to provide school funding. He said as a community funded school district that the expected 39 additional students from this project without the requisite property tax funding posed a significant financial burden for the District. He said the expected revenue from the project's commercial portion of \$250,000 would help to offset what was an anticipated \$660,000 impact to the District from increased enrollment due to the project. He said Stanford was also offering \$100,000 per year for 10 years to the Menlo Park Atherton Education Foundation. He said that was appreciated and would offset expected costs by about half. He said the District had presented ideas to Stanford and the City's development agreement committee as to how these impacts might be addressed. He said one option was for Stanford to increase its contribution to \$1.5 million and over 15 years. He said Stanford had indicated it had no interest in a long-term commitment or relationship with the District to mitigate costs. He said at some point in the future, barring a much lower number of students generated by the project, or a significant decrease in enrollment in Menlo Park that was not likely, or a change in the funding model that was even more unlikely, tax payers in Menlo Park would once again be asked to support the increase in enrollment without the requisite funding streams. He said there had been discussion about reserving five of the 10 BMR units for Menlo Park City School District teachers, who would otherwise qualify, which the District thought was a great idea.
- Diane Bailey, Director, Menlo Spark, said her group was a local non-profit group in Menlo Park aimed at a more sustainable and more carbon-free city. She said they supported the essence of this project as the City would benefit from transit-oriented, mixed use development. She said they had serious environmental and equity concerns with the project and had sent very detailed correspondence to the City about that. She said they wanted Stanford to meet the same environmental standards that it applied on its campus including smart mobility and green standards for building. She said that Commissioner Kahle had asked if the project could include some rooftop solar. She said Commissioner Barnes had asked about the TDM and suggested the project have paid parking essential to reducing daily trips and for tenants to offer employees transit passes, which appeared to be missing or optional with this proposal. She said Commissioner Strehl had noted that Greenheart's 1300 Station project was charging for commercial and residential parking. She said her organization continued to have these sustainability concerns about the project and were concerned also that it created an equity issue. She said developers in the M-2 or an affordable housing developer such as Mid-pen would have to meet superior green building standards in the Belle Haven area that were not being met with this project, and there was not enough justification for the disparity. She said recently adopted zoning standards for the M2 required LEED gold buildings as well as 100% renewable energy. She said that would be easy to do with this project, and that no one knew better than Stanford how to do that. She said paid parking and greatly subsidized transit passes were needed in the proposed TDM program.
- Katie Behroozi, Menlo Park, said she was on the Complete Streets Commission and part of Parents for Safe Routes, but noted she was speaking as a private citizen. She said as a Stanford alum and Stanford Graduate School of Business employee that she was familiar with campus transportation and thought it was brilliant. She said that Middle Avenue should at least

be Class 2 bicycle lane, which would be a clear and designated bicycle route to and from the buildings, and that bicycle path on the rear of the project property should be reconsidered. She said when she biked to her workplace that under her office building there was a designated bicycle path right to where the bike cages were, and knew such clear bike routing was possible.

- John Onken, Menlo Park Planning Commissioner, said he was speaking as a resident. He said the project had been through numerous iterations through the process in response to comments as the community and city looked at establishing what was most desirable along the El Camino Real corridor. He said through that process the project now opened up the street corridors looking down through Allied Arts so there were no buildings blocking those views, and the project now had a variety of building types, a lower scale and more residential units. He said he thought the project was almost there. He asked if this was the version of the downtown Specific Plan development they wanted or not. He suggested that the TDM program not be a sticking point noting that the project was already a model of high density and car free living even if only for Stanford faculty and Menlo Park residents. He said it was hard to think of a residential project that had more transit going for it relating to biking and walking. He suggested keeping the design bar high and expressed appreciation for how much the project had evolved.
- Adam Stern, Executive Director of Acterra, an environmental education and action organization, said he was speaking as a resident of Allied Arts. He said the project had improved greatly over the last few years to make it more sustainable. He said the project appeared to be falling short in some areas with some of the exceptional projects on the Stanford campus. He said many of their campus buildings met LEED gold standards and he there was no reason why this project could not do the same. He said as someone who drives from Menlo Park to Palo Alto every day that it was hard to imagine any additional car trips onto El Camino Real that would not lead to extreme frustration and traffic jams. He urged the project planners to look at every initiative that could be taken including paid parking, transit passes, and other things to provide financial incentive to insure that the actual impact was as low as possible in terms of additional trips.
- Skip Hilton, Menlo Park, said he was a Suburban Park resident and a Stanford alum. He said he was affiliated with a number of resident groups that would like to see more live-work-play development in Menlo Park as that would bring more people to the downtown corridor but noted that he was speaking this evening as an individual. He said this project would realize many of the goals of the Specific Plan. He said in developing that Plan that it had not be exactly clear what they would get from it in project development but with projects now such as 1300 Station that they had a better sense of what was possible. He said it needed to be acknowledged that this project proposal was what they had asked for in the Specific Plan and more. He said where it was located it allowed access to two transit hubs in Menlo Park and Palo Alto. He said support of a tunnel and grade crossing addressed east-west connectivity, another important goal of the Specific Plan, and bicycle safety and safe routes to schools for neighborhoods on either side of El Camino Real. He said he agreed with the applicant that this was a great, not just a good, plan, and he supported it in general, but he would like it to be a fantastic plan. He said they needed to make sure there was no negative impact from it on the Menlo Park City School District, and that be mitigated whether that was BMR housing for teachers or increased contributions to make sure new student increases were covered. He said he did not see Caltrain passes for the workers in the draft TMD plan, which when used significantly reduced the number of office workers driving to work. He said like his 18-year old son who just graduated from Menlo Atherton High School and loved living in the "Tree City" that

they would love to see as much greenery and trees as possible for this project.

- Roy Sardina, Menlo Park resident and West Bay Sanitary District Board member, said he was speaking only as a resident. He said the 1300 Station and Middle Plaza projects were providing the City the ability to fix a multi-decade blight on the major corridor through Menlo Park. He said that section of El Camino Real was one of the worst drives but it could be fixed. He said everything proposed in this project would help accomplish that. He said Menlo Park had long grown past a “village.” He said Stanford had been an outstanding partner to the surrounding communities. He said he thought this proposal was easily the 10th one that Stanford had provided. He said Stanford had been great in listening to the residents and their project included transportation, a plaza and other improvements essential to making Menlo Park more livable. He said this project also would help in a minor way in meeting the regional housing needs allocations defined by ABAG for Menlo Park. He said the proposal was for beautiful buildings that would replace what was currently one of the ugliest drives in the peninsula.
- Fran Dehn, Chamber of Commerce, said she spoke to the Commission about this project in March to say that the Chamber endorsed it. She said the Chamber continued to endorse the project and requested that the Planning Commission, through its deliberation and review, provide a recommendation to Council to approve the project. She said this project echoed the voice of the community, which was the Specific Plan. She said it emulated the principles and guidelines of the Specific Plan, and created a cohesive project with architectural continuity. She said it was a comprehensive plan that allowed for single design review and approval, and it blended all of the components of housing, office, retail, and open space into an integrated, mixed use development. She said as noted in the staff report that the project development had been evolutionary since its initial plan introduced to the City in 2012. She said recommendations of the Council subcommittee in August 2013 had been met along with additional revisions to reflect the Planning Commission’s recommendations from the March 27, 2017 hearing including providing more spatial definition of the plaza, revising the street facades, decreasing repetitions, and allowing additional open space and landscaping along El Camino Real. She said BMR requirements were met with recommended approval by the Housing Commission earlier in the month. She said the voluntary development agreement supported by the Council subcommittee addressed key components and concerns raised outside the boundary of the Specific Plan. She noted tax-exempt organization contributions to the Menlo Park City School District and an additional \$5,000,000 contribution to the proposed Caltrain pedestrian / bicycle crossing. She said the contribution was generous and reflected a long-standing request of the community to solve or augment east-west connectivity. She said the Specific Plan was the community’s plan and the Middle Plaza proposal was a product of it and met its criteria.
- Erica Miner, Menlo Park, said green building standards were important and that Stanford should meet greater environmental standards as the current project would lock the City into a high-carbon, car-friendly development in Menlo Park for decades, noting the addition of over 2,600 car trips daily. She said the City in the heart of Silicon Valley had as much capability and intelligence as anywhere else in the world to become a model of what an environmentally neutral and friendly city could look like. She said the current administration did not believe in global warming and that now more than ever it was important to take every action to lead others as an example and take global warming seriously.

Chair Combs closed the public hearing.

Commission Questions/Comments: Commissioner Strehl asked regarding the TDM program why the office portion of the development was not requiring paid parking of the employees.

Mr. Donahoe said this related to concerns raised by the community. He said whether they tried to lower the amount of parking being provided or the decision whether to do paid parking or not had to be balanced with the concerns of the neighbors. He said one of the negatives of paid parking was anyone who drove along the Stanford campus frontage would see cars parked at the start of the work day until the end of the work day. He said those cars were employees who chose not to buy a parking permit to park on the main campus. He said College Terrace had to implement some type of parking permit program to monitor parking intrusion into the neighborhood. He said one of the conditions of approval was that they would have to, even though they were not building the undercrossing, fund the study six months after the crossing was constructed to monitor whether the undercrossing was causing parking problems in the surrounding neighborhoods. He said the required parking for the project was 1,003 spaces and they were now at 930 spaces. He said as part of the TDM each residential unit had one parking space and if a resident wanted a second parking space they would need to pay for it. He said for the office portion they would not have paid parking as they did not want to impact neighborhood parking.

Commissioner Strehl asked about transit passes. Mr. Donahoe said they would not offer GO passes as a Stanford faculty member living there most likely would not take the train to the campus. He said the offices would be required to subsidize transit passes but they had not yet defined that as GO passes. Commissioner Strehl asked if there was a reason as she expected office employees would not all live in Menlo Park.

Steve Elliott, Managing Director of Development at Stanford, said they would encourage tenants to do transit passes but they did not know who their tenants would be yet. He said their TDM would include a list of elements they would ask the office tenants to consider. He said GO passes did not work for everybody and were extremely expensive in some cases for smaller tenants. He said they did not think it wise to commit to GO passes at this time. He said one of the most sustainable aspects of a project was to have housing near a work place and that they had not gotten any sustainability credit for that either in the EIR or from some public members who spoke this evening. He said that they met with one of the groups that spoke this evening and had explained to them that Stanford was not doing anything more on its campus in terms of sustainability than what they were proposing with this project. Replying to Commissioner Strehl, Mr. Elliott said they did not have trip caps for the project.

Commissioner Andrew Barnes asked staff if a trip cap could be required for this project under the Downtown Specific Plan. City Attorney Bill McClure said a trip cap was not part of the Specific Plan. He said it was very difficult to apply a trip cap to a multi-tenant building, and especially one with combined commercial and residential uses. He said he had never seen trip caps applied to those kind of mixed use projects and he was not aware of trip caps applied to multi-tenanted buildings. He said the only trip caps the City had applied were on the Facebook project. He said a type of trip cap had been applied to the Bohannon Menlo Gateway project but was a different kind. He said trip cap compliance and enforcement mechanisms were much easier for a single tenant/occupant as they could force their employees to comply. Commissioner Barnes asked whether the M2 and life science properties had trip caps applied. Mr. McClure said they did not have any trip caps applied there.

Commissioner Goodhue asked how the figure of \$5,000,000 for the underpass crossing was determined and what the City would provide in funding. Mr. McClure said the City's long-term goal was not to fund any of the costs for that crossing. He said there was a wide range of costs identified for such a crossing and would depend upon the final design, construction method used, and requirements of the Caltrain Joint Powers Board. He said the range of costs as he recalled was \$8,000,000 to \$14,000,000. He said they arrived at the \$5,000,000 through negotiation with the negotiating subcommittee pushing for the largest contribution the City could get and Stanford pushing back with what it was willing to contribute. He said it was considered 50% to encourage Menlo Park to apply for state and federal funding through C-CAG to obtain the bulk of the funding through those sources.

Commissioner Goodhue asked about the question of requiring Class 2 or Class 3 bicycle lanes. Kristiann Choi, Senior Transportation Engineer, City of Menlo Park, said the Downtown Specific Plan recommended either a minimum Class 3 bike route or a Class 2 bike lane for Middle Avenue. She said a Class 2 bike lane on Middle Avenue would require removal of parking spaces and that would need a public outreach process for approval. Mr. McClure said that Stanford would fund whichever was selected as the preferred option and the City would go through the process of determining the preferred option through the public outreach process.

Commissioner Goodhue said the negotiating subcommittee recommended that five of the 10 BMR units be given to qualifying Menlo Park City School District teachers, and asked where that stood. Mr. McClure said that it was not Stanford's purview to determine how the City allocated BMR units but was the City Council's purview if it wanted to offer certain preference or priority in the allocation of the BMR units. He said if the City Council moved to approve that recommendation, it would be included in the BMR agreement with Stanford. He said Stanford would run the process for those BMR units but would need to comply with the BMR agreement, which would be based on Council direction.

Commissioner Henry Riggs asked Mr. Donahoe about Stanford's interest in a Traffic Management Association (TMA). Mr. Donahoe said that anybody that was a subset of a community wanting to strengthen the community's ability to address such concerns would support a TMA. He said from a residential side a TMA would be very helpful for residents on the weekends.

Commissioner Riggs asked if Stanford would be interested in having an extended contribution period for the Menlo Park City School District but one that was based on the actual new population resulting from the residential project.

Jean McCown, Associate Vice President, Stanford Government and Community Relations Office, said she had been meeting on behalf of Stanford with Mr. Burmeister, some Menlo Park City School District Board members and others to discuss how Stanford could make an appropriate supportive contribution to the schools. She said they did not agree it should be tied to some predicted, speculative or unknown number of students. She said the initial proposal from the district to Stanford was that they should be making some kind of direct funding as though they were not a tax-exempt non-profit institution. She said that was not a kind of agreement they could reach. She said they were making a major investment in this property and community, in a new way that had not been the case for awhile, and they recognized that there might well be children living in the units. She said Stanford wanted to support the schools, which was how they arrived at what they considered was a generous contribution to the Menlo Park Atherton Education Foundation. Ms. McCown said this was a long-term commitment they were willing to make to the

Education Foundation, noting it was an institution seeking support from many parts of the community, from both business and residents. She said being part of that effort to support the schools was an appropriate way to proceed.

Commissioner Kahle asked if the contribution was to the Menlo Park City School District only or also to the Sequoia Unified School District. Ms. McCown said the proposal was a voluntary contribution over a 10-year term to the Menlo Park-Atherton Education Foundation in support of the elementary and middle schools in that district.

Commissioner Strehl asked if they had any discussions with the Menlo Atherton High School or Sequoia Unified School District. Ms. McCown said they had not and had literally just heard something from that entity today. She said within the entirety of Stanford properties within Menlo Park that many of those were property tax paying entities noting all the Sand Hill properties and Rosewood Hotel paid into the high school district. She said the elementary through middle school was a separate district with a specific circumstance where this project was located.

Commissioner Kahle said he saw an email from the Menlo Park Fire Protection District indicating they were in negotiations with Stanford regarding some contribution to that District of around \$200,000. Mr. Elliott said they had met with the Fire District, which was pursuing an impact fee based on a nexus study they had performed. He said they had not reached formal agreement but Stanford understood the nexus study and were willing to move forward on that.

Commissioner Kahle noted a strong desire expressed by speakers for LEED gold and asked how close they were to that. Mr. Elliott said that they were in LEED gold in many areas. He said he had to clarify the statement being repeated by Menlo Spark as it was incorrect. He said Stanford had their head of sustainability meet with Menlo Spark' people and explained that there was not a LEED gold certification standard at the Stanford campus. He said what they were proposing for this project was exactly what they did on campus, which was to look at the best and most relevant sustainable measures and apply those. He said on campus they might have a donor or a research or programmatic reason to get LEED platinum but they did not have a requirement for their buildings to be LEED gold certified.

Chair Combs said one of the letters received suggested there should be additional use of economic analysis separate from what was done under the Specific Plan as it had not considered a residential component for Stanford property specifically. He asked if the City had made a response. Mr. McClure said there was no requirement in the Specific Plan to update or perform a new economic analysis. He said the City Manager's Office Finance Department had looked at the issue of the financial impacts if the residential portion of the project were tax exempt. He said what they discovered was that Stanford University currently leased about 180 residential units in the City of Menlo Park, all of which were tax-exempt. He said that the tax-exempt status was applied for every year and sometimes residential units were not leased by faculty and were leased to general public creating tax revenue.

Ms. McCown said each year as of January 1 there had to be determination as to whether there was an entitlement to file for an exemption. She said if so a filing was made for that year. She said it fluctuated.

Commissioner Strehl asked if the Marguerite shuttle would be available to office workers who were not Stanford employees. Mr. Donahoe said it was available to anyone and was free.

Commissioner Strehl said on page B16 of the staff report it talked about mitigation of the Middlefield and Willow Roads intersection. She asked why Stanford was not paying toward that. Senior Transportation Engineer Choi said those mitigations were included within the TIF. Commissioner Strehl asked overall how much Stanford was paying toward transportation impacts. Mr. McClure said that the intersection changes would be paid for by Stanford. Ms. Choi said in addition to TIFs there were some fair share contributions that were cost estimates, which Stanford would provide to the City for approval before those actual amounts were determined.

Commissioner Barnes asked about the transportation and infrastructure fees and whether they knew what amount of fees would be assessed for the project. Ms. Choi said the TIF was about \$829,000 and the supplemental impact fee under the Specific Plan was \$128,000. She confirmed for Commissioner Barnes that those were one-time fees.

Commissioner Barnes asked what would happen if the undercrossing was not built and the monies from Stanford associated with that. Mr. McClure said that Stanford would not have to pay. He said the City had proposed in that instance that Stanford pay those monies to the City for use for other transportation improvements but Stanford rejected that and said those funds were only for the bicycle / pedestrian crossing. Commissioner Barnes said he did not have information regarding the \$100,000 going to the Education Foundation as to whether that was an appropriate amount or not. Mr. McClure said Stanford originally proposed a lump sum payment up front. He said members of the Foundation indicated it might adversely affect annual fund raising as one lump sum and thought it would be better over an extended period of time both to receive and have the funds for use for a longer period of time. He said the City subcommittee found that the \$100,000 suggested by Stanford to be contributed over 10 years was appropriate except it preferred a longer period to 15 years and \$1.5 million contribution.

Commissioner Barnes asked how much it would cost to maintain the Middle plaza from 6 a.m. to midnight, 365 days a year. Mr. Donahoe said that having retail and a coffee shop would work for the 6 a.m. time period. He said if a sit down restaurant occupied the retail in the evening that would cover more of the evening. He said they were considering the cost of maintenance to be normal. He said they thought the plaza design was maintainable, accessible and visible enough so that people who did not need to be there would be seen and dealt with appropriately. Replying further to Commissioner Barnes, Mr. Donahoe said that the public use agreement would allow for methods of dealing with problems as they arose and that closing the plaza to the public would be a very last resort action to be considered.

Commissioner Barnes said the staff report posed two questions regarding landscaping on page 9, one of which was whether to add more landscaping in the courtyard of the residential buildings. Mr. Donahoe said he thought so as they wanted to maintain the areas and take as great advantage of the interior spaces as well. Commissioner Barnes said the staff report also referred to enhancing the vegetation and landscaping getting to the plaza. He said Mr. Donahoe in his presentation pointed out the delineation of the plaza itself and asked about landscaping cues to the plaza and to the undercrossing. Mr. Donahoe said he had not seen that comment before today but if it was a good idea they would consider it. He said they had spent a lot of time and effort on how to delineating the way to the crossing but as that was not defined yet, they needed some flexibility with that. Commissioner Barnes noted the Hetch Hetchy water line along the frontage and asked if that created a problem to plant more trees in that area for screening. Mr. Donahoe said that the Hetch Hetchy water line was built in the late 1930s and was a 36-inch diameter steel pipe located

quite shallow from the surface within the City's right of way. He said subject to the approval of the SFPUC they were willing to plant more trees. He said as part of their project they needed to remove a couple of trees for the entry to their property. He said staff recommended replacing the trees. He said that if the SFPUC agreed they would do so. He said staff also noted curb cuts for what had been an auto dealership and asked if they no longer needed those that they enhance them with additional trees. He said again if the SFPUC agreed and approved that they would.

Commissioner Barnes said that solar was not cited for the office space. Mr. Donahoe said their plans indicated that all buildings would be solar ready which was required by state law. He said Stanford in the past for office has seen that as a tenant decision. He said on the residential side they had not proposed putting solar panels but they were installing thermal water heaters on the roofs of the residential units. He said that was more beneficial to them in terms of CalGreen requirements and that they had reached the LEED points they have in the gold range without proposing solar panels on the roof. Commissioner Barnes noted the 100% renewable energy requirement in the M2. He asked if they would consider onsite generation or buying through PCE to have a 100% renewable requirement for the office buildings realizing that would be based upon the tenant. Mr. Donahoe said Stanford would consider that and any other decision regarding sustainability. He said it was frustrating that at this point when they had met every existing requirement that they were now found substandard because they were not meeting something that was not even applicable to their project. He said if buying clean energy helped them meet their sustainable goals they would make a decision regarding that but they would not arbitrarily agree to the M2 standards.

Commissioner Strehl said letters from Allied Arts residents noted a study on cut through traffic and asked about those. Mr. Donahoe said Stanford paid for the traffic studies in the packets but those were conducted by W-Trans. He said he thought those were done in 2015 and more recent analysis was done for the Infill EIR. Commissioner Strehl asked if any of W-Trans mitigations were adopted to address cut through traffic through Allied Arts by the City subcommittee.

Mr. Spencer said the Specific Plan traffic analysis considered certain key intersections and roadways but the first exercise for this project found there was a potential for this project to have an impact at additional intersections and roadways requiring additional traffic analysis. He said they had looked at a very extensive analysis of cut through traffic through Allied Arts, block by block, street by street, trying to predict what the potential for traffic moving in and out of the Middle Plaza project would be. He said they made recommendations regarding lane and traffic control on El Camino Real and Middle Avenue, and some other recommendations on University Avenue, Harvard or Cambridge and some of the interior streets. He said that was worked into the project description and project analysis.

Chair Combs said the Commission would now provide comment.

Commissioner Kahle said he thought the project was great. He said he would like the contribution to the Education Foundation to be for 15 years and \$1.5 million. He said he would like five of the BMR units offered to Menlo Park teachers. He said there had been little to no discussion on the architecture. He said it was very well designed. He said the staff report asked about window grids at Building C. He said he did not see the need to require variation for those but would leave that to the design team to make those changes as they saw fit. He said he appreciated the design changes to the residential buildings as those had made a great difference. He said he also appreciated the plaza design and was looking forward to it and the future connection from Burgess

to the west side of Menlo Park. He said many were interested in using that crossing as a route to school which he thought made Class 2 bike lanes almost mandatory. He said he would like to see more roof solar panels than what was being proposed. He said he supported the project.

Commissioner Goodhue said Commissioner Kahle made many of her points. She said she agreed with the subcommittee's recommendations to have a 15-year term for the Education Foundation contributions and designate five BMR units for Menlo Park teachers. She said as a Stanford alum that she felt Stanford had an obligation to be a leader in many fields, which it was. She said for this project and through the discussion this evening that she was heartened on a number of issues. She said for instance regarding the staff recommendation for more trees along the frontage of El Camino Real that she had not realized the Hetch Hetchy water line was located there. She said she was heartened that Stanford would plant trees there if the SFPUC allowed. She said she was also heartened with the City Attorney's clarification about the Class 2 bike lane versus the Class 3 bike route. She said that such an arterial road needed a Class 2 bike lane. She said she agreed with Stanford's position on the funding of the under crossing. She said she hoped it was a very successful project once it was built.

Commissioner Barnes said the BMR housing agreement was in compliance and he supported that recommended action. He said he supported the recommended action for the heritage tree removal. He said regarding architectural control that the project was well designed and that the efforts to decrease the repetition on the façade had been done well. He said he attended a Stanford event at the Chamber and learned that the hardscape on the rear of the property had to do with access for the Menlo Park Fire District. He said the overall landscaping proposed was well done. He said he was disappointed that the parking for office building 3 was not underground, but he said it was not visible with the increased landscaping. He said regarding environmental review that he was disappointed with the ambiguity to manage trips and people coming in and out of the site. He said he would look to the City to push a good TDM plan noting that the draft TDM plan needed to be strengthened. He said he could not support the development agreement as he did not have enough information as to whether the \$100,000 for the Education Foundation was sufficient or not.

Chair Combs said the project was laudable and had definitely evolved well. He said he was supportive of the project noting the time and effort put into it to make it right. He said he did share some of the concerns expressed such as the appropriate contribution to the Education Foundation.

Commissioner Riggs said regarding public concerns that some of those had been addressed such as the clarification on Stanford's green targets, how the undercrossing commitment came about, and that there was a TDM plan format proposed if not as firm as they would like. He said the biggest concern from the public was about traffic. He said that local traffic changed notably once schools opened. He said that traffic generated by Laurel School would be in the 500 to 700 cars per day. He said Menlo Atherton High School generated 5,722 car trips per day. He said he was sharing this information for perspective with no conclusions. He said referring to Fran Phillips' letter regarding a desired third lane on El Camino Real that option was not supported as some community members, some Council members and most of staff wanted to see bicycle lanes on El Camino Real. He said they had heard from the Fire Chief repeatedly that bicycle lanes on El Camino Real were not a good idea. He said that if Allied Arts neighbors wanted to see better traffic on El Camino Real they would have to speak up and ask for it. He said that he thought they had worked through a number of points regarding the fairness of the development agreement. He said regarding the effect of Stanford's tax-exempt status on the school district that he was finding it difficult to ask for a subsidy that other projects did not have to pay. He said there was a comment

that the overall economic system of the Downtown Specific Plan did not work unless there was a hotel on the Stanford property. He said the City already had three hotel applications in the Plan area, none of which were on Stanford lands, and that half of those rooms had already been built. He said he did not think that this project was an economic disaster. He said the last issue raised by the public was about the remaining eligible FAR in the Specific Plan and whether a large project such as this was taking an undue share. He said he thought this project was about 28% of what was planned in the Specific Plan to be built. Associate Planner Sandmeier said the FAR estimate was found on page 22 of the staff report. She said they might need to double check the existing square footage but it looked like this project was approximately 28% of the commercial square footage and 31.6% of the dwelling units.

Commissioner Riggs said this was a very attractive project and they had gotten great response from the applicant. He said the forms for the housing and office buildings were quite good. He said the detailing particularly for the office building was beyond what was done by for-profit developers. He said he appreciated car shares and bicycle accommodations noting that the last mile issue for transit was a huge one and this project solved a lot of that. He said this project was what the Specific Plan intended. He said their goals were quality building, infill that reflected town planning issues such as the through view from the Allied Arts neighborhood, the generation of vitality from the mixed use and the plaza. He said the development agreement was not required but the applicant was willing to enter into one. He said he was very supportive of the project as presented.

Commissioner Strehl said she tended to agree with Commissioner Kahle regarding the term sheet noting the designation of five BMR units for Menlo Park teachers, which would need to be a Council decision. She said she concurred with the need for additional funding for the Menlo Park City School District. She said she really appreciated the work done by the applicant in response to the Commission, the Council, and the community. She said she also wanted to commend the hard work of staff on the Specific Plan and this Final Infill EIR. She said with a future project like this she hoped Commissioners would receive their package before 9 p.m. on Friday night.

Commissioner Barnes said that receiving the packets on Friday night hampered the Commission and public's review and comprehension of a complex and large project. He said in the future he would like to have for projects such as this a reference in the staff report on sustainable and green building standards and what the project offered related to that. He said he thought five BMR units were desirable for Menlo Park teachers and he would also recommend that childcare teachers get priority for the other five BMR units.

Commissioner Riggs moved to recommend to the City Council that it take the actions to certify the Final Environmental Impact Report (EIR) and the associated Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program (Attachment B); approve the Architectural Control for compliance with Specific Plan standards and guidelines for a mixed-use development consisting of office, retail, and residential uses on an 8.4-acre site, with a total of approximately 10,286 square feet of retail/restaurant, 142,840 square feet of non-medical office, and 215 residential units; approve the Heritage Tree Removal Permits to permit the removal of 18 heritage trees and the transplantation of one heritage tree associated with the proposed project; approve the Below Market Rate (BMR) Housing Agreement for compliance with the City's Below Market Rate Housing Program; and the Development Agreement for the project sponsor to secure vested rights, and for the City to secure public benefits, including up to \$5 million towards a grade separated pedestrian/bicycle crossing at the Caltrain tracks, additional affordable housing units, a financial contribution to the Menlo Park Atherton Education Foundation and a publicly accessible

plaza. He added that the Commission recommend the City look at widening the BMR availability to Menlo Park teachers and childcare teachers, and consider additional discussion about the contribution to the Menlo Park City School District.

Mr. McClure said in clarification that it appeared Commissioner Riggs was moving to make all the recommendations as shown on Attachment A with two caveats: one being to recommend the City broaden who qualified for BMR units to include Menlo Park teachers and childcare teachers, and the other to continue discussions and considerations of greater contributions by the applicant to the Menlo Park Atherton Education Foundation.

Commissioner Barnes said he would like to vote separately on the items as he did not have enough information to support the development agreement item.

Commissioner Riggs said he would separate out the fifth item regarding the development agreement from his motion. Chair Combs noted that the motion was for the first four items as shown on Attachment A including a recommendation that the City broaden who qualified for BMR units to include Menlo Park teachers and childcare teachers. Commissioner Strehl seconded the motion.

ACTION: Motion and second (Riggs/Strehl) to make the following recommendations to the City Council with an additional recommendation regarding the BMR program criteria; passes 6-0-1, with Commissioner Onken recused.

Middle Plaza at 500 El Camino Real Project (300-550 El Camino Real)

Environmental Review

1. Adopt a Resolution of the City Council of the City of Menlo Park Adopting Findings Required by the California Environmental Quality Act, Including a Statement of Overriding Considerations, Approving a Mitigation Monitoring and Reporting Program, and Certifying the Final Infill Environmental Impact Report for the Middle Plaza at 500 El Camino Real Project, Located at 300-550 El Camino Real (Attachment B)

Architectural Control

2. Adopt a Resolution of the City Council of the City of Menlo Park Approving Findings and Conditions for the Architectural Control for the Middle Plaza at 500 El Camino Real Project located at 300-550 El Camino Real (Attachment C)

Heritage Tree Removal Permits

3. Adopt a Resolution of the City Council of the City of Menlo Park Approving the Heritage Tree Removal Permits for the Middle Plaza at 500 El Camino Real Project, located at 300-550 El Camino Real (Attachment D)

Below Market Rate (BMR) Housing Agreement

4. Adopt a Resolution Approving a Below Market Rate Housing Agreement with Stanford University for the Middle Plaza at 500 El Camino Real Project, located at 300-550 El Camino Real (Attachment E)
 - a. That the City Council give Menlo Park teachers priority for five of the 10 BMR units and Menlo Park childcare teachers priority for five of the 10 BMR units.

Commissioner Strehl moved to recommend to the City Council to approve the proposed development agreement and to continue discussions regarding an increased contribution to the Menlo Park Atherton Education Fund. Commissioner Goodhue seconded the motion.

ACTION: Motion and second (Strehl/Goodhue) to make the following recommendation to the City Council on the development agreement with an additional recommendation regarding the contribution to the Menlo Park Atherton Education Foundation; passes 5-0-2, with Commissioner Barnes opposing and Commissioner Onken recused.

Development Agreement

5. Introduce an Ordinance of the City Council of the City of Menlo Park Approving the Development Agreement with Stanford University for the Middle Plaza at 500 El Camino Real Project, located at 300-550 Camino Real (Attachment F)
 - a. Continue discussions as to the appropriate contribution to the Menlo Park Atherton Education Foundation.

G. Informational Items

G1. Future Planning Commission Meeting Schedule

Principal Planner Rogers noted that Commissioner Strehl would be absent from both September meetings. He said there were a couple of residential items on the September 11 agenda as well as a presentation from the Transportation Division regarding options for the Ravenswood Avenue Railroad Crossing project.

- Regular Meeting: September 11, 2017
- Regular Meeting: September 25, 2017
- Regular Meeting: October 16, 2017

Principal Planner Rogers noted some personnel changes. He said Principal Planner Deanna Chow would be the staff liaison to the Commission for three months while he was doing a job exchange with the County of San Mateo's County Manager's Office through a Management Talent Exchange Program. He said he would start that position the following week and be there through December 10, 2017.

H. Adjournment

Chair Combs adjourned the meeting at 10:00 p.m.

Staff Liaison: Thomas Rogers, Principal Planner

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on September 25, 2017