



# PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION  
MEETING OF AUGUST 22, 2011  
AGENDA ITEM D1

**PROJECT:**                    **EI Camino Real/Downtown Specific Plan  
Review of Draft Specific Plan  
Meeting 5 – Review/Wrap-Up**

## **BACKGROUND**

Menlo Park is developing a long-term plan for the EI Camino Real and Downtown areas. The completed visioning process (Phase I: 2007-2008) has led into the preparation of a Specific Plan and associated Environmental Impact Report (EIR) and Fiscal Impact Analysis (FIA) (Phase II: 2009-2011). The culmination of the first phase of work was the City's Council's unanimous acceptance of the Vision Plan, which serves as the foundation for the Specific Plan. The completed Specific Plan will be a comprehensive, action-oriented set of rules, containing elements such as plans for open space and other public improvements, detailed land use regulations, design guidelines, and implementation measures.

The Specific Plan process is currently in Task 4 (*Draft Specific Plan, Fiscal Impact Analysis, and Draft EIR*), having completed the *Project Initiation, Existing Conditions Analysis; Vision Refinement, and Development of Framework, Concept Plans, Programs and Guidelines* tasks. Key milestones of the current phase of work were the release of the Draft Specific Plan on April 7, 2010, and the release of the Draft EIR on April 29, 2011, both to strong community interest. The Draft EIR comment period ran through June 20, 2011, and comments were received both in written correspondence and verbal remarks at a June 6, 2011 Planning Commission public hearing. Draft EIR comments that address the adequacy of the EIR or the City's compliance with the California Environmental Quality Act (CEQA) will be responded to in the Final EIR and can potentially result in changes to the Draft EIR text/analysis (non-environmental comments will be noted). The response to comments in the Final EIR will be reviewed at a future Planning Commission meeting.

With the conclusion of the Draft EIR review period, the project focus is the Planning Commission and City Council's review of, and recommendations/direction on, the Draft Specific Plan itself. The Planning Commission was originally scheduled to hold one meeting to provide direction on the Draft Specific Plan, but the Commission subsequently expressed an interest and willingness to hold additional meetings in order

to more fully explore and address comments, questions, and concerns, both from the Commission and the public, with the aim of providing clear and specific direction on potential improvements and refinements to the plan. The Planning Commission's recommendations will form the basis for the City Council's subsequent discussion and direction on the Draft Specific Plan.

The Planning Commission's review of the Draft Specific Plan commenced on July 11, 2011, with an overview/background meeting. The Planning Commission subsequently reviewed the Station Area on July 21, Downtown on July 28, and El Camino Real on August 4. Each of the geographic area meetings concluded with tentative recommendations, which are comprehensively listed in Attachment A and which are a key focus of this final meeting of August 22. This meeting will also include review of the plan's Fiscal Impact Analysis (FIA).

A summary of public comment from the immediately preceding meeting (August 4) is included as Attachment B. Staff reports, presentations, public comment summaries, and video for all preceding meetings are available as part of the project web page.

## **ANALYSIS**

The primary objective of the August 22 meeting is for the Planning Commission to review and finalize the preliminary recommendations included as Attachment A. The Commission should consider the recommendations comprehensively and ensure that the text accurately addresses the Commission's intent, and also that there is not any contradictory or redundant guidance. The Commission should also consider the FIA, as well as additional topics that were previously discussed by the Commission but which did not result in specific recommendations at previous meetings (discussed in more detail below). The Planning Commission may also wish to consider whether the individual recommendations should be prefaced by an overall statement on the Draft Specific Plan.

### Fiscal Impact Analysis (FIA)

As noted in the July 11, 2011 Planning Commission staff report, the project's full FIA was intended to be published in advance of the start of the Planning Commission's review of the Draft Specific Plan, in order to more fully inform the Commission's discussion. However, the initial administrative drafts required more work than anticipated. In particular, staff added an analysis of the impact on non-City special districts (fire and school districts, specifically), which was not originally scoped but which has been a topic of interest on related FIAs. Key elements of both FIAs are highlighted below. The FIAs are intended to inform both the Planning Commission's August 22 meeting and the City Council's subsequent review.

#### *FIA Basics*

FIAs are not required or structured in the same way that Environmental Impact Reports (EIRs) and other environmental analyses are in California. However, an FIA may be

considered similar to an EIR in that it is primarily an informational document meant to disclose likely impacts to the public and decision makers. Like an EIR, an FIA does not necessarily dictate a particular outcome, as communities can take into account other factors along with projected fiscal effects.

As noted in the staff report for the July 21, 2011 Planning Commission meeting, an FIA examines the potential impact of a project or plan on a city or special district's ongoing revenues (such as property and sales taxes) and costs (such as maintenance and personnel). FIAs do not undertake independent market studies, conduct 'pro forma' analyses of the profitability of potential individual development proposals, or analyze the potential capital costs and financing options for various public improvements. However, the third Specific Plan Community Workshop featured a financial feasibility analysis for prototype developments (excerpted as part of the July 21 staff report and available on the project web page), and the Specific Plan itself includes a market overview (Chapter B: Plan Context - pages B23-B30) and discusses financing methods and phasing options (Chapter G: Implementation - pages G17-G27).

The FIAs acknowledge that the overall planning process has taken place during a severe global economic downturn, but state that the analysis assumes the economy will recover over time, and that performance of revenues and expenses will be generally in keeping with longer-term economic patterns.

#### *City General Fund FIA*

The core fiscal analysis is made up of the City General Fund FIA (Attachment C), prepared by Strategic Economics, the primary economic subconsultant for the Specific Plan process. This analysis looks at impacts to the City's General Fund expenses and revenues from the build-out of the plan's conceptual development program over time. As described in the Plan, the development program is one potential development concept, and actual build-out will likely vary from this projection. However, the conceptual development program provides a strong basis for considering the likely fiscal and environmental impacts of the Plan.

As noted earlier, a high-level analysis of the Specific Plan's precursor (the "emerging plan") was conducted during the community workshop process in late 2009, and this analysis forms the core of the FIA. Although the FIA retains the earlier analysis' presentation of data in 2009 dollars, it has been comprehensively reviewed and updated in 2011.

Key findings from the City General Fund FIA include:

- Upon full buildout, the Specific Plan development program is projected to generate \$2.17 million of new General Fund net revenue (\$3.9 total revenues minus \$1.7 total expenses).
- The majority of revenues (60%) would come from transient occupancy (hotel) tax.

- Operations and maintenance expenses for the proposed parking garages would be significant increases over current surface parking plaza expenses. Additional user fees and/or highly efficient designs could reduce these expenses, but they were not assumed for a conservative analysis.
- Timing of the hotel and garage elements would affect overall performance for the plan area. Most scenarios would be positive, although a scenario where no hotels were developed and both garages were built (with no changes to parking fees) would generate a deficit.

### *Special Districts FIA*

The City General Fund FIA is supplemented by an analysis of other affected districts and agencies (Attachment D), prepared by BAE Urban Economics. This analysis looks at independent entities that can expect revenues and expenses associated with implementation of the Specific Plan. The Special Districts FIA uses assumptions consistent with the City General Fund FIA and the Draft EIR, unless otherwise noted.

Key findings from the Special Districts FIA include:

- The Menlo Park Fire Protection District projects a number of costs associated with the Specific Plan, although these cannot be quantified in detail at this time. However, the Fire District has stated that they believe these costs can be covered by a combination of property tax increases and a pending Fire Services development impact fee, making for no net fiscal impact.
- The elementary and secondary school district analysis uses the Draft EIR assumptions, which were based in part on enrollment projections conducted by the elementary school district running through 2019 (longer-term projections aren't available, as they are based on existing enrollments and birth data). The Draft EIR analysis found that new Specific Plan student growth would happen concurrently with partly reduced student generation from existing housing stock. In fiscal terms, these trends would result in annual surpluses to both school districts, although it should be noted that the shorter-term nature of enrollment projections means that the school impacts cannot be accurately projected over the full Specific Plan timeframe, although additional future analysis could be considered.
- All other districts see surpluses of varying degrees, with the exception of the San Mateo County Office of Education, which would see an annual fiscal deficit of approximately \$13,800.
- Certain one-time impact fees and capital facility charges are described. These fees have been established to offset impacts of new development, and are thus different than potential ongoing operational surpluses.

## Additional Topics Discussed Previously

A number of other topics have been discussed in some detail during the Planning Commission's review process, but have not resulted in specific direction. The Commission may wish to revisit these topics, which include:

- Public benefit;
- ECR SE development standards; and
- Residential parking rates (in particular, whether the proposed change in the Station Area should apply elsewhere in the Plan area)

With regard to the public benefit topic, the term "public benefit" as used in the Plan refers specifically to a tier of enhanced development regulations (specifically, density and intensity bonuses), for which developers can propose specific benefits through a negotiated process. However, it is important to note that the Plan itself has been structured to provide numerous inherent benefits, for example the revitalization of underutilized parcels and increases in activity and vibrancy. In addition, the FIA projections of significant City General Fund surpluses can be considered an intrinsic benefit of implementation of the Specific Plan.

At the individual project level, it should be noted that the Plan would introduce many new requirements that would represent additional costs to developers. For example, the Plan would require LEED Silver (green building) certification for many types of projects, as well as dedication of private land on El Camino Real for public sidewalk use. These and other requirements can also be considered benefits that address community goals and values. The payment of standard impact fees (e.g., transportation and recreation in-lieu fees), while not an extra benefit, should be acknowledged as addressing impacts associated with individual projects and representing developer cost. The "Base" density and intensity standards have been tailored to both achieve the community's goals and ensure that developments can be financially feasible.

As has been the case throughout the Planning Commission review process, the Vision Statement and Goals (Attachment E) and Specific Plan Guiding Principles (Attachment F) are included here as reminders of the overall project objectives.

## Public Comment and Correspondence

As noted in the Background section, public comments made at the August 4 meeting are included as Attachment B. Summaries of public comments made at earlier meetings are summarized (along with written correspondence) in earlier staff reports and are available on the project web page.

Additional written correspondence received after the printing of the August 4 staff report is included here as Attachment G and briefly summarized below.

- Martha Lancestremere is in favor of extended parking downtown and improvements to the existing parking plazas, but opposes parking garages and the Chestnut paseo.
- Keith Wollenberg states that the Plan is deeply flawed, threatens the Farmer's Market, and should be abandoned.
- Daniel Kocher encourages renovation and reinvigoration of the Plan area, and recommends moving forward.
- Patti Fry states that the El Camino Real portions of the Plan would result in a very urbanized feel, and recommends larger setbacks, more façade modulation, limits on height, FAR, and housing density, and improvements to east-west connectivity.
- Pat White (in two letters) opposes the Plan and the Grand Boulevard concept and states that the city should not be changed.
- Michael Tevis supports the Plan and states that downtown retail would thrive if supportive dense residential and office uses are allowed nearby, and recommends enhancements to certain development standards.
- Margie Roginski thanks the Planning Commission for tentative recommendations made at the August 4 meeting to increase modulation on facades adjacent to residential or mixed residential zones, better east-west connectivity, encouragement of senior housing, and more.
- Michele Calos recommends improving bicycle and pedestrian connections from the Willows to downtown, in particular crossings of the Caltrain tracks at Willow Road and/or Middle Avenue, and also recommends development of a park at Middlefield Road near San Francisquito Creek.
- Stanford University has submitted a letter supporting the Plan goals, but listing certain areas of concern for the regulations that would apply to the ECR SE zone, where Stanford owns a number of vacant/underutilized properties. In particular, Stanford supports the intent of the building breaks standards, but states that, as currently proposed, they would limit design flexibility, and recommends certain changes. Stanford also recommends removing the rear setback requirement, limiting the open space requirement to be consistent with most of the Plan area, and addresses a few other topics.

### Next Steps

The City Council will review the Planning Commission's recommendations on the Draft Specific Plan and additional public comment, and will provide clear and specific direction to staff and the consultant about changes and improvements to the Plan. The Council's review will commence on Tuesday, August 30 and is projected to continue through one or two additional meetings.

---

Thomas Rogers  
Associate Planner  
Report Author

---

Arlinda Heineck  
Community Development Director

## **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition, the City has prepared a project page for the proposal, which is available at the following address:

<http://www.menlopark.org/specificplan>. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated and meetings are scheduled. The project list currently has 971 subscribers.

## **ATTACHMENTS**

- A. Planning Commission Preliminary Recommendations
- B. Planning Commission Meeting of August 4, 2011 - Public Comment Summary
- C. Fiscal Impact Analysis (FIA): City General Fund – Prepared by Strategic Economics
- D. Fiscal Impact Analysis (FIA): Special Districts – Prepared by BAE Urban Economics
- E. Vision Plan Excerpt – Vision Statement and Goals
- F. Draft Specific Plan Excerpt – Guiding Principles
- G. Correspondence
  - Martha Lancestremere, received August 3, 2011
  - Keith Wollenberg, received August 3, 2011
  - Daniel Kocher, received August 4, 2011
  - Patti Fry, received August 5, 2011
  - Pat White, received August 8 and 17, 2011
  - Michael Tevis, received August 8, 2011
  - Margie Roginski, received August 9, 2011
  - Michele Calos, received August 9, 2011
  - Stanford University, received August 17, 2011

## **EXHIBITS TO BE PROVIDED AT MEETING**

Presentation

## **AVAILABLE FOR REVIEW AT CITY OFFICES AND ON THE PROJECT WEB PAGE**

- Draft El Camino Real/Downtown Specific Plan
- Draft Environmental Impact Report (EIR) prepared by ESA, dated April 2011
- Draft EIR Comments
- El Camino Real/Downtown Vision Plan

V:\STAFFRPT\PC\2011\082211 - ECR-D Specific Plan - wrap-up.doc