



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: September 20, 2011
Staff Report #: 11-160

Agenda Item #: F-1

REGULAR BUSINESS: Review of Planning Commission Recommendations on the Draft El Camino Real/Downtown Specific Plan (Meeting 3 of 3)

RECOMMENDATION

Staff recommends that the City Council continue its review of the Planning Commission's recommendations on the Draft El Camino Real/Downtown Specific Plan with the following:

- Provide direction on areas of El Camino Real (other than El Camino Real South-East (ECR SE) zoning district);
- Review and discuss non-geographic topics, such as: public benefit, Fiscal Impact Analysis (FIA), and bicycle/pedestrian improvements; and
- Review and finalize overall direction on the Draft Specific Plan.

The Planning Commission's recommendations are included as Attachment A. The Planning Commission recommends moving forward with the Specific Plan subject to specific revisions/questions. The City Council's preliminary direction from the meetings of August 30 (focusing on the Station Area and the ECR SE zoning district) and September 13 (focusing on Downtown) is included as Attachment B.

BACKGROUND

Menlo Park is developing a long-term plan for the El 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. Both the Vision and Specific Plan processes have benefited from extensive community outreach and participation.

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 future Planning Commission and City Council meetings.

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 form the foundation of the City Council's subsequent discussion and direction on the Draft Specific Plan. The expanded Planning Commission review process has been strongly supported by the Council's Specific Plan Subcommittee (currently Council Members Cline/Keith; previously Boyle/Cline), as it would enable the Commission to conduct an in-depth discussion, and thus allow the Council itself to have as efficient a review process as possible.

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 were reviewed comprehensively and finalized/augmented at the final meeting of August 22. The Planning Commission's comprehensive recommendations are included as Attachment A. The August 22 Planning Commission meeting also included review of the plan's Fiscal Impact Analysis (FIA), which will be the subject of more detailed City Council review at the meeting of September 20. Staff reports, presentations, public comment summaries, and video for the preceding Planning Commission meetings are available as part of the project web page.

Concurrent with the Planning Commission's review, the Housing and Transportation Commissions conducted sessions on the Draft Specific Plan and have recommended moving forward with the El Camino Real/Downtown Specific Plan process, subject to specific recommendations. The Housing and Transportation Commissions' actions are included as Attachments C and D, respectively. The Bicycle Commission conducted a session on the Draft Specific Plan on September 12 and did not make any recommendations, although this Commission is planning another special meeting within the next week to discuss the topic again. Recommendations from this meeting (if any) will not be available in time for the publishing of this staff report, but will be distributed separately to the City Council in advance of the September 20 meeting.

City Council Draft Specific Plan Review Process

The City Council was originally scoped to conduct its review of the Draft Specific Plan in one meeting. In discussions with staff, the Council Subcommittee recommended that the City Council review process be enhanced, in order to allow for more discussion and deliberation. At the August 30 meeting, the City Council approved the staff recommendation to expand the Council review process to three meetings, with the following focuses:

- August 30, 2011
 - Introduction/overview
 - Review and approval of the Draft Specific Plan review process
 - Geographic area review
 - Station Area and ECR SE zoning districts
- September 13, 2011
 - Geographic area review
 - Downtown
 - El Camino Real (other than ECR SE zoning district) [*deferred to September 20*]
- September 20, 2011
 - Non-geographic topics, including but not limited to:
 - Bicycle/pedestrian improvements
 - Fiscal Impact Analysis (FIA)
 - Public benefit
 - Review/wrap-up

The breakdown of the discussion by geographic area reflects the Planning Commission experience, which found this a generally useful way to structure the discussion. The geographic area splits should also benefit the Council's review, since the following Council Members with conflicts-of-interest can more easily recuse themselves from specific discussions:

- Council Member Fergusson: ECR SE and ECR SW (El Camino Real South-west) zoning districts and southern portions of the *El Camino Real Mixed Use* and *Mixed Use/Residential* land use designations
- Council Member Ohtaki: ECR SW zoning district and southern portion of the *El Camino Real Mixed Use* land use designation

As noted previously, the City Council's preliminary direction from August 30 and September 13 is included as Attachment B.

ANALYSIS

Discussion Framework/Meeting Structure

As noted in the Draft Specific Plan, the various geographic areas are distinct, but they are also connected, and as such some zoning districts may be considered to be part of multiple areas, and issues may overlap. The City Council is encouraged to keep in mind

interrelationships between plan elements as its detail-type discussion proceeds. As the Council considers potential changes to a particular plan element, the potential changes to other aspects of the plan should also be considered. In addition, the Council may consider the Draft EIR analysis throughout the review process.

The City Council should consider the Plan elements within the context of the established Council-accepted Vision Plan's Vision Statement and Goals (Attachment E) and the Draft Specific Plan's Guiding Principles (Attachment F). The Council may wish to structure its recommendations on potential modifications to the draft plan to reference specific Goals or Guiding Principles that would be enhanced by a proposed change.

EI Camino Real (Other Than ECR SE Zoning District) Review

The City Council September 13 meeting was anticipated to include review of the Downtown and areas of EI Camino Real (other than ECR SE zoning district), although the latter discussion was deferred to September 20 due to time constraints. Key elements of these areas are discussed below, with Draft Plan page numbers noted where applicable. Council Members and the public are encouraged to have hard copies of the Draft Plan available during all meetings, in order to reference topics in more detail. Where the Planning Commission and/or City Council has recommended that a plan element change, that is noted in *italics*.

Urban Design Framework

Chapter C (Plan Principles, Framework + Program) discusses the Guiding Principles in more detail, and correlates them to an Urban Design Framework for each of the three geographic sub-areas. For the EI Camino Real corridor, the framework (pages C10-C13) recognizes the street's role as both a local-serving and a regional-serving arterial roadway. The concept for EI Camino Real enhances overall street character, east-west connection opportunities and pedestrian safety and comfort. It recognizes and addresses the character of various areas along the corridor. Specific elements of this framework are discussed in more detail below.

As noted in the draft plan, graphics of various improvements are conceptual, meant to relay overall intent, not final designs. Both public and private space improvements will undergo public review and approval processes for discrete projects.

Public Improvements

EI Camino Real

EI Camino Real would see significantly improved north-south walkability (pages D38-D41 and F6-F10). Along the east side of the street, sidewalks would be required to be at least 15 feet wide, with a minimum of 10 feet used for the pedestrian through zone. On the west side, sidewalks would need to be at least 12 feet wide along the majority of the corridor (12-15 feet wide within the Downtown area), inclusive of an eight-foot wide pedestrian through zone. Because of the constraints posed by the existing street

dimensions and its arterial service role, most of the sidewalk improvements would take place as adjacent redevelopment occurs, with sidewalks located in part on private property setback areas dedicated for public access. Within the downtown core (between Oak Grove Avenue and Menlo/Ravenswood Avenues), sidewalks would be widened to the maximum extent possible by adjusting roadway and lane widths (no changes to the overall number or configuration of El Camino Real automobile through-lanes or parking are proposed).

East-west connectivity (pages D42-D44 and F6-F10) would also be enhanced at key locations. Links between Downtown and the Caltrain station would be improved through the enhancement of pedestrian crosswalks on El Camino Real at Oak Grove Avenue, Santa Cruz Avenue, and Ravenswood/Menlo Avenues. These crossings would be improved with “special” crossing treatments, including high-visibility crosswalks with enhanced pavement, accessible pedestrian signals, countdown pedestrian signals, sidewalk extensions (“bulb-outs”), and median islands/pedestrian refuges. Intersections at Encinal Avenue, Glenwood/Valparaiso Avenues, Roble Avenue, Middle Avenue, and Cambridge Avenue would see “basic” treatment improvements, including marked crosswalks, accessible pedestrian signals, and sidewalk extensions. East-west connectivity would also be improved with grade-separated pedestrian/bicycle crossings of the railroad tracks at the Caltrain station and in the vicinity of Middle Avenue. The latter improvement would be coupled with a plaza that provides an additional open space amenity. *The Planning Commission has recommended that the option for sidewalk extensions (also known as “bulb-outs”) be removed from the Plan, so that north-south vehicle flow could be improved and thus potentially increase the frequency of east-west pedestrian/bike crossings. The City Council has enhanced/clarified this direction by preliminarily recommending that the plan be revised to remove any elements (such as curb extensions) that would preclude the ability of the City to modify the central portion of El Camino Real to either provide three lanes of auto travel and/or Class II bike lanes (potentially limited to peak hours).*

Bicycle improvements (pages F11-F14) in the vicinity of the El Camino Real corridor would include a Class III bicycle route (shared auto/bike use) along the majority of El Camino Real, with the section north of Encinal Avenue proposed as a Class II bicycle lane. Additional Class II and III lanes and routes along Alma Street and Garwood Way would provide alternate paths for north-south travel along streets with less automobile traffic than El Camino Real. *The Planning Commission has recommended exploring the possibility of improving/upgrading bicycle improvements on El Camino Real and Middle Avenue to Class II bicycle lanes (the latter when the proposed pedestrian/bicycle crossing of the railroad tracks is implemented).*

Private Improvements

The land uses for the areas of El Camino Real closest to Downtown and the Station Area would be governed through the El Camino Real Mixed Use/Residential land use designation, while the segments of El Camino Real at the northern and southern edges of the corridor would be governed through the El Camino Real Mixed Use designation. Both land use designations would permit a wide range of uses, including retail, personal services, office (limited size per parcel), residential units, and hotels. In contrast to the

various Downtown and Station Area designations, personal services would not be limited in size or location, and more automotive-oriented uses (for example: auto sales, gas stations, and take-out restaurants) would be permitted or conditionally permitted.

The private development building regulations for El Camino Real are described in six different zoning districts: ECR NW (El Camino Real North-West), ECR NE-L (El Camino Real North-East – Low-Density), ECR NE (El Camino Real North-East), ECR NE-R (El Camino Real North-East – Residential Emphasis), ECR SW (El Camino Real South-West), and ECR SE (El Camino Real South-East) (*the last district was the subject of the August 30 City Council meeting but is noted here for comprehensiveness*). The number of zoning districts is due to the variety of El Camino Real, with different development regulations proposed to address unique conditions.

The primary development regulations are summarized as follows:

AREA	FAR	DU/ACRE	FAÇADE HEIGHT	MAXIMUM HEIGHT	SETBACKS (FRONT AND CORNER SIDE)
ECR NW	1.10 (1.50)	25.0 (40.0)	n/a	38'	5'
ECR NE-L	0.75 (1.10)	20.0 (30.0)	30'	38'	10'-20' (15' sidewalk)
ECR NE	1.10 (1.50)	25.0 (40.0)	n/a	38'	10'-20' (15' sidewalk)
ECR NE-R	1.10 (1.50)	32.0 (50.0)	n/a	38'	10'-20' (15' sidewalk) on El Camino Real; 7'-12' (11' sidewalk) on Oak Grove and Garwood
ECR SW	1.10 (1.50)	25.0 (40.0)	30' (rear)	38'	7'-12' (12' sidewalk) south of Live Oak Ave; 5' north of Live Oak Ave

Details are available in the full zoning district regulations (pages E53-E97). The differing FAR (Floor Area Ratio) and DU/acre (dwelling units per acre) standards represent the proposed Base and Public Benefit Bonus levels. The Base standards are intended to achieve inherent public benefits, such as the redevelopment of underutilized properties and creation of more vitality and activity. The Public Benefit Bonus standards would be applied when an applicant proposes to provide additional benefits to the city through a negotiated process. The Public Benefit Bonus process is discussed in more detail in a later section of this report.

As with the entire plan area, medical and dental office would be limited to one-third of the applicable FAR, with total office limited to one-half of the applicable FAR. The office limits are intended to reflect existing City policy restricting those uses, to increase the diversity of overall uses (a developer of an office project would have to also include retail, personal services, residential, or other uses in order to benefit from the overall FAR maximum), and to address particular concerns about potential traffic from medical and dental uses. For most of the El Camino Real districts, the current FAR effective maximum is 0.75 and the current DU/acre maximum is 18.5. A table showing the proposed density and intensity standards for all Plan districts, in comparison with existing standards, is available as Attachment G.

The existing maximum height in most of the El Camino Real districts is 30 feet, although certain properties can currently apply for Planned Development (P-D) or Conditional Development Permits (CDP) to exceed 30 feet (for example, the building at 800 El Camino Real is 56 feet to the main roof deck). Under the Specific Plan, façade height would be a new standard in certain districts, intended to limit the perceived mass of any building. Above the façade height limit, upper floors need to step back at a 45-degree angle (10-foot minimum), similar to the Daylight Plane regulation that is used in many residential districts. Within the ECR (non-SE) zoning districts, maximum building height would be limited to 38 feet, which would be close to the existing 30- to 35-foot height limits in and around these areas. *The Planning Commission has recommended that, in the ECR NE and NE-R zoning districts, a new Public Benefit Bonus standard for height be established, equivalent to one additional story.*

Buildings would be required to provide façade modulation over long stretches to provide visual interest and could also continue to inset entrances and provide other variation. *The Planning Commission has recommended that regulations in the ECR NE-L and SW zoning districts call for compatible modulation of form on facades adjacent to residential or residential-mixed-use zones, and also that the Massing and Modulation regulations for all ECR zoning districts be modified to state that major portions (as opposed to “all”) of a building facing a street should be parallel to the street.* All developments in the ECR districts would be required to provide open space, which for residential development could take the form of private open space.

Parking standards would be set by use, as shown in Table F1 (page F21), with the potential to propose shared parking reductions by a standard ULI (Urban Land Institute) methodology. All developments in the ECR zoning districts would be required to provide all parking on-site.

Plan-wide design guidelines, such as requirements for active ground-floor uses, building entries, retail frontage, and parking/service access, would all be applied in these areas. In addition, sustainability regulations and guidelines, in particular LEED Silver certification requirements for common project types, would be also required.

The Planning Commission has recommended revisions to private development regulations to encourage senior housing, such as through increased density, lower parking ratios, or other incentives. This recommendation was relayed during the Commission’s El Camino Real meeting, although staff is interpreting it as applying generally to the entire Plan area, unless directed otherwise by the City Council.

Non-Geographic Topics

Public Benefit

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. *The Planning Commission has also recommended that the public benefit concept be applied to height in the ECR NE and NE-R zoning districts.* The Plan’s recommendations for the Public

Benefit Bonus process and additional options for Council consideration are discussed below. However, it is important to consider several general points in advance:

Inherent Overall Benefits

The overall planning process, including the Vision Plan process, has consistently been structured to ask first and foremost, “What does the community want the Plan area to be?” As such, the Plan itself has been structured to provide numerous inherent benefits, for example: the revitalization of underutilized parcels; increases in activity and vibrancy; and improvements to public space, such as widened sidewalks. The Vision Statement and Goals (Attachment E) and Specific Plan Guiding Principles (Attachment F) are included here as reminders of the overall project objectives.

General Development Feasibility

The “Base” density and intensity standards have been tailored to both achieve the community’s goals and ensure that developments can be financially feasible. Because a key objective of the Vision Plan was to revitalize vacant and underutilized parcels, the Specific Plan process examined how height limits (and by extension, density/intensity standards) and parking requirements can affect development feasibility. At Community Workshop #3 (September 17, 2009), information was presented on generic residential and office developments, showing that more restrictive height limits and parking requirements could result in costs exceeding revenues, which would likely not stimulate positive redevelopment. By contrast, increased height limits and reduced parking requirements could increase the likelihood of revitalization, as well as generate more impact fees and opportunities for below market rate (BMR) housing. These analyses are excerpted as Attachment H. As noted above, they are for generic developments that account for typical land and other costs, although any individual development proposal may have unique attributes that would result in a different cost basis.

New Requirements/Costs

At the individual project level, it should be noted that the Draft Plan would introduce many new requirements that would represent additional costs to developers. For example, the Draft Plan would require LEED Silver (green building) certification for many types of projects, enhanced modulation/articulation requirements, as well as dedication of private land (in particular on El Camino Real) for public sidewalk use. These and other requirements can also be considered intrinsic 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 potentially significant costs to developers.

Public Benefit Bonus Process

The Draft Plan discusses options for public benefit bonus processes on page E23. As noted therein, there are options for prescriptive approaches that give a specific amount of extra FAR or density in exchange for a particular on-site benefit. However, due to

uncertainties such as market conditions, construction costs, land costs, lot size and configuration, and other variables, the Draft Plan recommends a more flexible approach for project-specific negotiations. Although it is not specified in the Draft Plan, this process most likely would take the form of a Development Agreement process.

Based on a review of past research on the subject of public benefit approaches and further consideration by staff and the contract attorney for the Specific Plan, staff is recommending a structure whereby the base and public benefit intensity and density levels proposed in the Specific Plan be retained and that a Development Agreement be specified for the negotiation of public benefit. Additionally, the Council may wish to consider supplementing the City's current Development Agreement process by adding goals and/or findings into the ordinance that establishes the Development Agreement process for the City. This is an action that can be taken separate from the review of the Specific Plan.

Development Agreement negotiations, while needing a certain flexibility, still benefit from some clarity on what types of benefits are likely to be regarded positively. The Draft Plan recommends several options for what might be considered a public benefit during a future negotiation process:

- Senior Housing
- Additional Residential Units, including affordable units, and/or lower affordability levels, particularly in areas nearest the station area/downtown (see Figures C3 and C5)
- Hotel Facility, which generates higher tax revenue for the City while also enhancing downtown vibrancy
- Platinum LEED Certified Buildings, which exceeds the policy recommendations for sustainable practices found in Section E.3.8 "Sustainable Practices"
- Preservation and reuse of historic resources.

As noted in the Plan, the City can refine this approach over time. The Council can also consider at this point revising the above options and/or adding new items for public benefit consideration. Some additional ideas that have been discussed publicly that may be considered by the Council include:

- Electric vehicle charging stations and/or car sharing service spaces
- Day care services
- Shuttle services
- Additional pedestrian and bicycle network improvements

Fiscal Impact Analysis (FIA)

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.

FIA's examine 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). FIA's 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 (discussed previously and available as Attachment H), 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 FIA's 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 I), 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.

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 \$2.15 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.

The City General Fund FIA was originally released August 16, 2011 and was discussed as part of the August 22 Planning Commission meeting. Aspects of the FIA were subsequently challenged in correspondence from a resident, Chuck Bernstein. Since this meeting, staff and the fiscal consultant have conducted a detailed review of the comments and determined the following:

- The most significant discrepancies originally identified by Mr. Bernstein are due to his not discounting long-range projections (which account for inflation) to 2009 dollars. FIAs commonly present results in constant dollar equivalents, so that inflation does not unnecessarily skew a modern-day reader's perception of the numbers. The presentation of results in 2009 dollars was already noted clearly throughout the text and table titles, but an additional clarifying statement has been added.
- The sales tax projections did not originally account for a 10% retail vacancy rate, and Mr. Bernstein was correct that they should. This reduces the sales tax revenues by approximately \$15,000, which lead to an approximately 0.37% decrease in revenue in year 30. None of the overall FIA conclusions are significantly affected.
- In additional correspondence, Mr. Bernstein questioned specifically the decision to not increase sales tax revenues over the projected timeframe, to account for inflation, in contrast to some other costs/revenues. The fiscal consultant has responded that it is common in financial analysis to inflate some figures in a model at one rate and discount them at another to account for the variation in economic/market trends (labor costs versus housing costs versus food costs versus transportation costs, etc). Because per-square-foot sales tax revenue has not increased in line with inflation over approximately the last decade, the FIA deliberately takes a conservative approach to projecting potential sales tax revenues. However, it is important to note that inflating the sales tax revenues, while improving the revenue picture, would not substantively change the overall conclusions.
- Mr. Bernstein correctly identified several text errors. None affect the analysis, but they have been corrected.

The City General Fund FIA has been comprehensively reviewed and updated to reflect these inquiries and discussions. Staff has also since met with Mr. Bernstein and another resident, Patti Fry, to discuss these and related issues in more detail. Staff will continue to evaluate these issues and will ensure that any aspects of the FIA that potentially have a substantive impact on the finances of the Plan will be reported to the City Council.

Special Districts FIA

The City General Fund FIA is supplemented by an analysis of other affected districts and agencies (Attachment J), 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 are not possible, as such projections 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.

The City General Fund FIA and Special Districts FIA were also the subject of a special meeting of the Finance and Audit Committee. The Finance and Audit Committee concurred that there are probably many acceptable methods of estimating the cumulative impact of future development over time. The Committee further noted that projecting the new costs incurred by the City and other governmental agencies and comparing those costs to the new tax revenues that may arise from the future development requires a number of assumptions which should be articulated in the analysis. Although the Committee found that the methods and assumptions used in the FIAs appear to be reasonable, the Committee is recommending a set of considerations for Council's deliberation. The Committee's list of items to be considered is included as Attachment K.

Bicycle/Pedestrian Improvements

The Draft Plan includes a number of improvements to the city's bicycle and pedestrian circulation network, which cross over between geographic areas (pages F6-F15). The City Council may consider whether changes or enhancements to these networks should be considered. As with other plan elements, the concept of interrelationships is important. In particular, bicycle improvements that upgrade

Class III routes (shared auto/bike use) to Class II bicycle lanes can potentially require the removal or reconfiguration of on-street parking, which may have its own impacts. *As noted previously, the Planning Commission has recommended exploring the possibility of improving/upgrading bicycle improvements on El Camino Real and Middle Avenue to Class II bicycle lanes (the latter when the proposed pedestrian/bicycle crossing of the railroad tracks is implemented). In addition, the Bicycle Commission is intending to hold a special meeting and may have comments for the Council's consideration at the September 20 meeting.*

Other Topics

The City Council may consider additional non-geographic topics that have been previously discussed, such as land uses or implementation.

Correspondence

All public correspondence submitted since the start of the City Council review process is available as part of the City Council Email Log (<http://ccin.menlopark.org:81/>).

IMPACT ON CITY RESOURCES

The Specific Plan requires both staff resources dedicated to the project, as well as appropriations of \$839,080 from the General Fund Reserve for consultant services, \$78,400 for transportation and traffic analysis contingency, \$27,010 for a Water Supply Assessment (WSA), and \$25,000 for related City costs, for a total appropriation of \$969,490. The City Council has made General Fund Reserve appropriations over the preceding years for these expenses. In addition, due to a conflict of interest with the City Attorney (who leases property within the Plan area), the City has contracted with a Contract City Attorney to provide legal services for the project. The Contract City Attorney's review of the Draft EIR was conducted through a contract under the City Manager's discretion. Depending on the scope of the City Council's direction on the Draft Specific Plan, as well as on the scope of the Draft EIR comments (detailed review in progress), the project could require adjustments in order to adequately address work not covered by the existing contract.

The City Council prioritized planning work on the El Camino Real/Downtown areas during the project priorities process. Planning fee changes approved by the City Council on November 25, 2008 include overhead allocations for General Plan and Zoning Ordinance Amendments, which could be applied to this project. In addition, costs for the Specific Plan preparation could be applied directly to future development in the project area through fees, although this would require future analysis to allocate the costs appropriately, as required by law.

The Vision Plan (Phase I) required both staff resources dedicated to the project as well as a General Fund reserve appropriation of \$176,500 for consultant services and \$50,000 related City costs (initial outreach, speaker series, printing and mailing of the project newsletters, meeting documents and refreshments, and contingencies).

POLICY ISSUES

The El Camino Real/Downtown Specific Plan will result in policy clarifications or changes related to land use and transportation issues.

ENVIRONMENTAL REVIEW

The Vision Plan (Phase I) was a planning study and as such was not a project requiring environmental review under the California Environmental Quality Act (CEQA). The Specific Plan (Phase II) includes the preparation of a program-level Environmental Impact Report (EIR). The comment period for the Draft EIR closed on June 20, 2011, and responses to the comments will represent the Final EIR, which will be reviewed publicly at future Planning Commission and City Council 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 Recommendations on the Draft Plan](#)
- B. [City Council Preliminary Recommendations on the Draft Plan](#)
- C. [Housing Commission Recommendations on the Draft Plan](#)
- D. [Transportation Commission Recommendations on the Draft Plan](#)
- E. [Vision Plan Excerpt - Vision Statement and Goals](#)
- F. [Draft Specific Plan Excerpt - Guiding Principles](#)
- G. [Density and Intensity Comparison Table](#)
- H. [Development Feasibility Analysis - Excerpt from Community Workshop #3 \(September 17, 2009\)](#)
- I. [Fiscal Impact Analysis \(FIA\): City General Fund - Prepared by Strategic Economics, dated July 28, 2011; amended August 31, 2011](#)
- J. [Fiscal Impact Analysis \(FIA\): Special Districts - Prepared by BAE Urban Economics, dated August 16, 2011](#)
- K. [Recommended Considerations for the City Council's Review of the Fiscal Impact Analysis from the Finance and Audit Committee](#)

Note: Attached are reduced versions of maps and diagrams submitted by the applicants. The accuracy of the information in these drawings is the responsibility of the applicants, and verification of the accuracy by City Staff is not always possible. The original full-scale maps and drawings are available for public viewing at the Community Development Department.