



STAFF REPORT

City Council

Meeting Date: 5/3/2016
Staff Report Number: 16-073-CC

Informational Item: Overview of the updated public meeting and Development Agreement negotiation process for the Facebook Campus Expansion Project located at 301-309 Constitution Drive

Recommendation

This is an informational item and no action is required.

Policy Issues

The proposed Development Agreement process for Facebook will ultimately require the City Council to consider certain land use entitlements. Staff will be identifying policy issues during the Council's review of the project and public benefit related to the Development Agreement.

Background

On March 31, 2015, Hibiscus Properties LLC, on behalf of Facebook, Inc. submitted an application for the proposed redevelopment of the former TE Connectivity Campus. The campus is located at 301-309 Constitution Drive, along Bayfront Expressway, between Chilco Street and the recently completed Building 20 (formerly identified as the Facebook West Campus).

The proposed Facebook Campus Expansion Project includes the demolition of the existing buildings at 301-306 Constitution Drive and the construction of two new office buildings (Buildings 21 and 22), encompassing approximately 962,400 square feet (a net increase of approximately 126,600 square feet of offices). The buildings would be constructed over surface parking that would contain approximately 3,533 parking spaces. The buildings would generally have a similar architectural style, height, and massing as Building 20. The project also includes a potential 200-room limited service hotel of approximately 174,800 square feet. The hotel is anticipated to be located near the corner of Chilco Street and Bayfront Expressway. The project would include publicly accessible open space and a new pedestrian/bicycle bridge over Bayfront Expressway, providing a more direct connection from the campus and the Belle Haven neighborhood to the Bay Trail. The project would be constructed in phases, based on when the existing tenants (Pentair and TE Connectivity) vacate the property, with Building 21 being constructed first.

The proposed project is consistent with the current General Plan Land Use designation of Limited Industry. However, the proposed hotel would require a Zoning Ordinance text amendment to conditionally permit hotels in the M-2 Zoning District. In addition, the height of the proposed buildings would exceed the 35-foot height limit and the project site (inclusive of Building 20) would exceed the 50 percent building coverage maximum, and as such a rezone of the entire site from M-2 (General Industrial) to M-2-X (General Industrial, Conditional Development) plus approval of a Conditional Development Permit (CDP) would be

required to allow the increase in height, building coverage, and to identify other applicable development standards and requirements for the site.

The entitlement process for the Facebook Campus Expansion Project includes the following review and permit approvals:

- **Rezone from M-2 (General Industrial District) to M-2-X (General Industrial District, Conditional Development) and Conditional Development Permit:** to permit the proposal to diverge from standard M-2 zoning district requirements, specifically related to building height and building coverage. In addition, in the M-2 zone, the construction of a new structure requires use permit approval. In this case, the CDP takes the place of the required use permit;
- **Zoning Ordinance Text Amendment:** to include hotels as conditional uses within the M-2 zoning district. The text amendment would be consistent with the Limited Industry Land Use Designation of the existing General Plan;
- **Development Agreement:** which results in the provision of overall benefits to the City and adequate development controls in exchange for vested rights for the Facebook Campus Expansion Project approvals;
- **Heritage Tree Removal Permits:** to permit the removal of heritage trees associated with the proposed project;
- **Below Market Rate Housing Agreement:** per the requirements of the City's Municipal Code, a Below Market Rate (BMR) Housing Agreement is required, which would help increase the affordable housing supply by requiring the applicant to provide monies for the BMR fund or by procuring off-site BMR units;
- **Lot Reconfiguration:** to modify the location of two legal lots or merge the legal lots that comprise the project site and the adjacent lot for Building 20;
- **Environmental Review:** an Environmental Impact Report (EIR) is being prepared given the increase of approximately 301,400 square feet of gross floor area; and
- **Fiscal Impact Analysis (FIA):** to analyze the project's revenue and cost effects on the City and applicable outside agencies.

Analysis

Staff developed a draft schedule for the public outreach and development agreement negotiation process, which was reviewed by the City Council at its meeting on November 17, 2015. Since then, the anticipated release date of the Draft EIR has been postponed from March 31, 2016 to May 26, 2016. The postponement is due to refinements to the project and an increase in time needed for technical analyses, such as the vehicle miles traveled (VMT) analysis. The VMT analysis is a critical component to other technical sections of the Draft EIR. The updated schedule remains aggressive, targeting completion of land use entitlements for the Facebook Campus Expansion Project by the end of September 2016, where the end of July was previously anticipated. This Project, as proposed, does not include a general plan amendment and therefore, can be processed concurrently with the ConnectMenlo General Plan update. However, the transportation study and water analyses for the proposed project and the General Plan update are being highly coordinated to ensure consistency and address both near-term and long-term needs and impacts of both projects.

It is now anticipated that the Draft EIR and Draft FIA would be released on May 26, 2016, and that the Final EIR, Final FIA, land use entitlements, and development agreement would be reviewed by the Council initially on September 13. The change in the DEIR release date doesn't impact the number of outreach, commission, and council meetings.

The proposed revised schedule includes a series of eight meetings during the 45-day review period on the

Draft EIR. As with the previous schedule, the meetings would include a public outreach meeting to introduce members of the public and Commissioners to the Draft EIR followed by Commission meetings on the Draft EIR, which is expected to take approximately seven weeks. The revised schedule would require the City Council to provide feedback on the project to guide the development agreement negotiations at the June 21 meeting, during the Draft EIR comment period, where the Council was previously scheduled to provide direction after the close of the Draft EIR. Subsequently, the Council would review the business terms of the development agreement at its July 19 meeting. The timing of the release of the Final EIR and the subsequent Planning Commission and City Council meetings depend on extent of comments received and development agreement negotiations.

If the Council would like to discuss the updated draft process in more detail to consider major changes, then the Council could agendaize this topic as a regular business item at a future meeting.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. Updated public outreach and Development Agreement negotiation process schedule

Report prepared by:
Kyle Perata, Senior Planner

Report prepared by:
Arlinda Heineck, Community Development Director

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Preliminary DRAFT

**Public Outreach and Development Agreement Negotiation Process
Facebook Campus Expansion Project (301-309 Constitution Drive)**

No.	Meeting/Milestone Description	Notes	Proposed Dates
1.	Milestone: Application submittal	Facebook submitted preliminary application to commence environmental review	March 31, 2015
2.	City Council Meeting: Information item	Provide information on Draft Public Outreach and Development Agreement Negotiation Process	May 19, 2015
3.	City Council Meeting: Authorization for City Manager to enter into consultant contract for environmental review and fiscal impact analysis for phase two (consent calendar)	Phase one of the environmental review authorized by City Manager based on purchase cost below \$56,000 threshold	June 16, 2015
4.	Milestone: Release Notice of Preparation (NOP)	Begin 30-day Scoping Period	June 18, 2015
5.	Planning Commission Meeting: EIR scoping session and study session	During NOP comment period	July 13, 2015
6.	City Council Meeting: Information Item	Provide information on draft project schedule	November 10, 2015
7.	City Council Meeting: Appointment of a Council subcommittee	Approximately three months prior to release of Draft EIR and Draft FIA	December 15, 2015
8.	City Council Meeting: Adopt water supply assessment (WSA)	Approximately two months prior to release of Draft EIR and Draft FIA	January 12, 2016
9.	Milestone: Release Draft EIR and Draft FIA	Begin 45-day review period	May 26, 2016

Preliminary DRAFT

**Public Outreach and Development Agreement Negotiation Process
Facebook Campus Expansion Project (301-309 Constitution Drive)**

No.	Meeting/Milestone Description	Notes	Proposed Dates
10.	<p>Public Outreach Meeting: Inform the community about the proposed project and the documents available for review</p> <p><i>(Note: Meeting is open to the public and may be attended by any or all Council Members or Commissioners)</i></p>	<p>Prior to individual commissions' reviews and one week after release of DEIR. (Meeting is not intended to receive comments, but to let people know how they can submit comments)</p>	<p>June 1, 2016</p>
11.	<p>Combined Bicycle and Transportation Commission Meeting: Overview of the project and introduction to the Draft EIR. Comments to be provided at individual Commission meetings</p> <p><i>(Note: Meeting will be televised/recorded to encourage viewing/attendance by other Commissioners)</i></p>	<p>Special combined meeting</p>	<p>June 6, 2016 (5:30 P.M. Special Start Time)</p>
12.	<p>Transportation Commission Meeting: Review the Draft EIR summary and the Transportation chapter</p>		<p>June 8, 2016</p>
13.	<p>Bicycle Commission Meeting: Review the Draft EIR summary and the Transportation chapter</p>	<p>Special meeting</p>	<p>June 13, 2016</p>
14.	<p>Planning Commission Meeting: Public hearing regarding the Draft EIR and study session item to discuss Draft FIA and the project</p>		<p>June 20, 2016</p>
15.	<p>City Council Meeting: Intended to learn more about the project and identify any other information needed to ultimately make a decision on the project and consider feedback from the Commissions, discuss environmental impacts and mitigations, public benefit, fiscal impacts, development program, and provide direction or parameters to guide development agreement negotiations</p>		<p>June 21, 2016</p>

Preliminary DRAFT

**Public Outreach and Development Agreement Negotiation Process
Facebook Campus Expansion Project (301-309 Constitution Drive)**

No.	Meeting/Milestone Description	Notes	Proposed Dates
16.	Environmental Quality Commission Meeting: Review the Draft EIR summary, Greenhouse Gas Emissions chapter, and the requested heritage tree removals		June 22, 2016
17.	Housing Commission Meeting: Review and provide a recommendation on the Below Market Rate (BMR) Housing Agreement		June 29, 2016 (Special Meeting)
18.	Milestone: Prepare Final EIR, Final FIA, and negotiate draft development agreement	Timing depends on extent of comments received and development agreement negotiations	July/August 2016
19.	City Council Meeting: Regular item to review business terms of development agreement		July 19, 2016
20.	Milestone: Publish Final EIR and Final FIA	Begin public review period	August 12, 2016
21.	Planning Commission Meeting: Public hearing for recommendation on Final EIR, Final FIA, and requested land use entitlements and associated agreements	Approximately three to four weeks after Council review of the business terms of the Development Agreement.	August 22, 2016 (Special Meeting)
22.	City Council Meeting: Public hearing for review of and initial action on Final EIR, Final FIA, and requested land use entitlements and agreements	Approximately three (3) weeks after Planning Commission recommendation	September 13, 2016
23.	City Council Meeting: Second reading of the ordinance for the Development Agreement, Rezoning, and Zoning Ordinance Amendment (consent item)	Next available Council meeting after first reading	September 27, 2016

Note: all dates tentative and subject to revision.

Note: all Commissioners and members of the public may submit individual written comments to the City throughout the project review.

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