COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: October 30, 2012
Staff Report #: 12-161

Agenda Item #: F-1

REGULAR BUSINESS: Direction on the Parameters for Negotiating the Development Agreement for the Facebook West Campus Project Located at the Intersection of Bayfront Expressway and Willow Road

RECOMMENDATION

Staff recommends that the City Council provide direction for negotiating the Development Agreement for the Facebook West Campus Project located at the intersection of Bayfront Expressway and Willow Road based on the following parameters:

1. Provide a source of on-going revenue.

2. Provide one-time items in the form of funding, public improvements, studies or services that would benefit the surrounding area or greater community.

3. Consider inclusion of some of the requirements contained within the Facebook East Campus Development Agreement in the event that the East Campus Development Agreement is terminated.

4. Pursue a trip cap penalty amount that is comparable to the East Campus trip cap penalty.

BACKGROUND

The City is currently processing land use entitlements associated with the Facebook West Campus proposal, which is the second phase of the Facebook Campus Project. The approximately 22-acre West Campus is located at the intersection of Willow Road and Bayfront Expressway. The site is currently addressed 312 and 313 Constitution Drive, with the anticipation that the address will be updated in the near future to better reflect the location of the project site. The project site currently includes two legal parcels. The existing development on the western portion of the site includes two vacant office buildings totaling 127,246 square feet, a surface parking lot, landscape features, a basketball court and a guard house. The eastern portion of the site includes no improvements and minimal vegetation.
This second phase of the Project proposes demolition of the existing two buildings and associated site improvements. Subsequently, the applicant seeks to construct an approximately 433,555-square-foot building on top of surface parking that would include approximately 1,540 parking spaces. The entitlement process for the West Campus 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 zone requirements. In addition, in the M-2 zone, the construction of a new structure to house a permitted use requires use permit approval. In this case, the CDP takes the place of the required use permit;

- **Heritage Tree Removal Permits:** to permit the removal of heritage trees that are located within the development envelope of 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;

- **Lot Merger:** to combine the two legal lots that make up the project site;

- **Development Agreement:** which results in the provision of overall benefits to the City and adequate development controls in exchange for vested rights in West Campus Project approvals;

- **Environmental Review:** an Environmental Impact Report (EIR) was prepared and certified by the City Council on May 29, 2012 that analyzed the potential environmental impacts associated with both the East Campus and West Campus components of the project. Given that there have been refinements to the project design since the environmental review was completed, additional environmental review will be conducted to confirm that the proposed project does not result in environmental impacts that were not already identified in the EIR. Staff anticipates that an addendum to the previously certified EIR will be required as part of the project review process; and

- **Adopt a the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program:** which includes specific findings that the West Campus Project includes substantial benefits that outweigh its significant, and adverse environmental impacts, and establishes responsibility and timing for implementation of all required mitigation measures.

What follows is an overview of the project proposal and the associated land use entitlements.

**Design and Site Layout**

The project plans reflect the design of the architectural firm of Gehry Partners, LLP, which is the architect of record for the project. The proposed project would include development of a single building above at-grade parking. The parking level would be
open around the perimeter and the majority of parking spaces would be covered by the proposed structure. The height of the parking level would measure approximately 14 feet. The Zoning Ordinance requires one space per 300 square feet of gross floor area, which equates to a requirement for a total of 1,446 sparking space for the proposed project. The project plans identify the provision of 1,540 parking spaces, inclusive of 26 accessible spaces and 125 parking spaces for energy efficient vehicles. None of the parking spaces would be located in landscape reserve.

The proposed single-story office building would be located above the parking level and would include approximately 433,555 square feet of gross floor area, some of which would be utilized for circulation elements in the garage and roof levels, as well as security control stations. The roof deck would be located at approximately 46 feet above grade. The building would have a linear design and spans approximately 1,565 feet along the Bayfront Expressway frontage and approximately 303 feet along the Willow Road frontage. The proposed structure, inclusive of all rooftop mechanical screening, would measure approximately 73 feet in height. Though the project plans do include site cross sections and photo simulations, they do not include elevation drawings. Elevations will be included when the City Council reviews the project again in 2013.

Select plan sheets from the August 27, 2012 submittal are included as Attachment A.

The interior of the office is designed to house approximately 2,800 employees and includes open office space, as well as numerous amenity and support spaces. These distinct spaces include conference rooms, employee lounges, a large cafeteria, café spaces, laundry service, and general offices services. The interior is designed to provide natural daylighting from large window openings at the building’s perimeter and skylight roof openings. Two public lobbies would be located along the north side of the building (proximate to Bayfront Expressway) and a third employee-only entry lobby would be provided near the center of the building. The lobby spaces would serve as security check points at ground level and reception lounge spaces at the office level.

The office level would be moderately screened by trees and partially covered terraces that are directly accessible from inside the building and via a pedestrian ramp from the ground. The roof is designed as an active and usable space, and would have extensive landscaped garden spaces with trees, paved gathering area and outdoor dining spaces, as well as an approximately one-half mile walking path. The roof top would also include mechanical enclosures to house the heating, ventilation and air conditioning (HVAC) equipment and emergency generators. The building design intends to create opportunities for flexible indoor/outdoor working environments, while maintaining a strong visual connection to the surrounding landscape and the Don Edwards San Francisco Bay National Wildlife Refuge.

The main vehicular access point to the project site would be along Bayfront Expressway. This entrance would be signalized under the proposed project and the existing curb cut would be moved approximately 250 feet to the west. Secondary and emergency access points are proposed at the northwest corner of the project site along Bayfront Expressway and at the southeast corner of the project site along Willow Road.
Both of the secondary access driveways would allow right-turns only for private vehicles. The secondary access point on Willow Road is also designed to provide a left-turn in option for emergency response vehicles traveling northbound on Willow Road. In addition, the connection between the East Campus and West Campus would be further enhanced via additional improvements to an existing undercrossing of Bayfront Expressway that links the campuses. As part of the East Campus component of the project, Facebook is upgrading the existing undercrossing by making improvements to allow Facebook employees and members of the public to utilize the undercrossing via bicycle or foot to bypass the at-grade crossing of Bayfront Expressway. As part of the West Campus component of the project, the undercrossing would be further improved to allow for use by the Facebook people-mover system, in addition to bicycle and pedestrian use. To ensure bicyclists and pedestrian safety in the undercrossing, traffic control devices would be installed on both sides of the undercrossing for controlling ingress/egress of the people-mover system into the undercrossing.

**Trees and Landscaping**

The applicant submitted an arborist report for the project site as part of the environmental review process for the Facebook Campus Project. The arborist report details the species, size, and conditions of all trees on site. The arborist report identified a total of 624 trees (the project plans currently indicate that there are 623 trees on site), 233 of which are identified as heritage trees. As is described in the arborist report and shown on the Tree Disposition Plan (sheet WL.1 of the plan set), the majority of the heritage trees on site are in poor health. As part of the current project proposal, the applicant seeks to remove a total of 141 heritage trees, 34 of which are in good health and the remaining 107 of which are in poor health. The applicant is required to apply for heritage tree removal permits for all 141 trees, which will be reviewed by the City Arborist or a consulting arborist who will provide a recommendation regarding the removal of the requested trees. As the design of the project is refined, the number of the heritage trees requested for removal may be adjusted.

As illustrated on the project plans, the site will be heavily landscaped with trees and water-efficient ground level plantings. Additional terrace level and rooftop gardens would help create a landscaped hillside appearance that would blend the building into the surrounding landscape. The seasonal wetland proposed at the east end of the site would combine seasonal variety and would also help the site comply with stormwater management requirements. The proposed plant palette includes a diversity of plants that would provide improved site aesthetics and ecological value. The applicant is working with local environmental stakeholders, as well as ecological consulting firm H.T. Harvey and Associates to ensure that the plant palette is suitable for the project site.

**Below Market Rate (BMR) Housing Agreement**

The applicant is proposing to pay the in lieu fee to comply with the City’s Below Market Rate (BMR) housing requirements. Based on the current fee schedule and calculating a credit for the existing buildings, the fee is estimated to be $4,505,805. The BMR
Agreement regarding the payment of fees would need to be reviewed by the Housing Commission and Planning Commission, with the City Council being the final decision making authority.

**Development Agreement**

The application submitted by the project sponsor includes a request for a legally binding Development Agreement in conjunction with the requested land use entitlements. The requested Development Agreement for the West Campus proposal is distinct from the Development Agreement executed for the East Campus, and was a specified project component in the certified EIR for the Facebook Campus Project. The Development Agreement would define the long-term land use intentions, specific terms and conditions for the development, and public benefits that would apply, should the West Campus component of the Project be approved.

The City Council adopted Resolution No. 4159 in January 1990, establishing the procedures and requirements for the consideration of Development Agreements. The City has previously entered into three Development Agreements, most recently with Facebook for the East Campus component of the Facebook Campus Project, and prior to that with the Bohannon Development Company for the Menlo Gateway Project, and with Sun Microsystems for what is now the Facebook East Campus site. Resolution No. 4159, The Facebook East Campus Development Agreement, the Bohannon Development Company Development Agreement, and the Sun Microsystems Development Agreement are available for review on the City’s web site, and upon request at City offices.

A Development Agreement is not something that the City can require an applicant to apply for, but is something that an applicant may choose to apply for if they are seeking vested rights in approvals, approval of a project that might have significant unmitigated environmental impacts and/or a project element that is non-standard or diverges from Zoning Ordinance or General Plan requirements. For the Menlo Gateway project, the applicant sought an increase to the maximum allowed office Floor Area Ratio (FAR) from 45 percent to 100 percent office with a total FAR of 137.5 percent. For the Facebook East Campus project, the applicant sought the removal of the employee cap of a maximum of 3600 employees applicable to the property (essentially calculated on the basis of one employee per every 300 square feet of gross floor area) and replacement of the employee cap with daily and peak period trip caps. Staff and the applicant agreed that a Development Agreement is the best tool for documenting how the potential benefits outweigh the significant and unavoidable impacts in this particular situation.

On October 18, 2011, the Council appointed a Development Agreement subcommittee for the Facebook East Campus project, comprised of Council Members Keith and Cline, to provide assistance and general guidance to the negotiating team. At its meeting on September 11, 2012, the Council confirmed that this same subcommittee would be utilized to assist and guide the development of the Facebook West Campus
Development Agreement. The core City negotiating team for the Facebook West Campus Development Agreement includes the City Manager, City Attorney, Development Services Manager and Public Works Director. The two-member Council Subcommittee will meet with the City Manager and City Attorney on an as needed basis throughout the negotiation process.

At the conclusion of negotiation, the negotiating team will present a term sheet for consideration by the full Council. The term sheet prepared for the East Campus Development Agreement is included as Attachment B. It is important to take into consideration the benefits derived from the East Campus Development Agreement when considering potential benefits from a Development Agreement for the West Campus. In addition to the commitments memorialized in the East Campus Development Agreement, it also should be noted that the applicant entered into distinct agreements with the Menlo Park Fire Protection District, the City of East Palo Alto, and the Town of Atherton. These commitments illustrate the applicant’s commitment to the greater community.

The remainder of this staff report focuses on Council direction to staff on negotiating the Development Agreement for the West Campus.

ANALYSIS

Planning Commission and Community Input

On September 24, 2012, the Planning Commission held a study session to discuss the Facebook West Campus proposal and requested land use entitlements. As part of the study session, the Planning Commission provided input on public benefits opportunities, which are summarized below:

- Consider requiring an on-going revenue stream requirement;
- Consider potential impacts to the educational system and the possible benefits Facebook could provide to the School Districts;
- Consider ways the applicant could contribute to the development of workforce housing;
- Consider utilization of the East Campus term sheet as a template for negotiation of the West Campus term sheet; and
- Consider ways the applicant could address transportation challenges within the City.

In addition to the Planning Commission meeting, staff hosted a public outreach meeting at the Menlo Park Senior Center on October 18, 2012 to provide an overview of the project proposal and to provide an additional opportunity for public input on the project, including public benefit recommendations. Public benefit suggestions provided by the community at this meeting are summarized below:
Consider ways the applicant could address the high fees associated with the provision of sanitary sewer services to residential customers;
Consider requiring the applicant to fund enhancements to the Hamilton Henderson Pump Station, inclusive of changes to reduce odors and improve the aesthetics of the pump station;
Consider requiring the applicant to work with the Menlo Park Fire Protection District to facilitate improved response time to the Belle Haven neighborhood; and
Consider ways that the applicant could assist the Belle Haven community in improving the disaster preparedness plan.

Parameters

Staff considered the following parameters that guided the negotiation of the East Campus Development Agreement negotiation:

1. Provide a source of on-going revenue for as long as the land use entitlement to exceed 3,600 employees is in place.
2. Provide one-time items in the form of public improvements or studies that would benefit the surrounding area.
3. Provide a mechanism for funding programs and services that meet on-going community needs.
4. Pursue a commitment to fund housing opportunities in the City and surrounding region.
5. Pursue a trip cap penalty amount that is severe enough to ensure compliance with the project description.

Given that the applicant for the East Campus and West Campus Development Agreements is the same, it is beneficial to consider the previous commitments associated with the East Campus Development Agreement when establishing the negotiating parameters for the West Campus Development Agreement. That being said, it is also critical to remember that there is the potential that the East Campus Development Agreement may become null and void in the future if the applicant decides to vacate that site.

Based on all of the input to date, staff is recommending a similar, but slightly modified set of parameters to guide the negotiation of the West Campus Development Agreement. The recommended parameters outlined below reflect the previously established commitments contained within the East Campus Development Agreement and differences in the project proposals. In general, the negotiating team would focus on the public benefit ideas in which there is the greatest overlap between the City’s need and the project sponsor’s interest in a particular topic.
1. **On-Going Revenue:** Provide a source of on-going revenue.

Based upon City Council, Planning Commission and public direction, there appears to be a consensus that a high priority parameter is the provision of a source of on-going revenue. The revenue could be in the form of an in lieu of sales tax comparable to the annual payment associated with the East Campus Development Agreement or some other mechanism such as the provision of monies to support police services in the Belle Haven neighborhood. An example of how the latter mechanism might be realized would be a requirement for the applicant to annually provide monies to fund two existing full time police officers.

2. **One-Time Items:** Provide one-time items in the form of funding, public improvements, studies or services that would benefit the surrounding area or greater community.

There appears to be an interest in pursuing one-time improvements or studies that would benefit the surrounding area or greater community. A number of topic areas have been suggested, including, but not limited to sanitary sewer upgrades, an improved citywide transportation network, funding a City-operated pilot program maximizing the use of the Facebook social media tool citywide, and an updated Emergency Operations Plan. Other ideas include new or enhanced City facilities near the project site and/or streetscape improvements. The City’s 5-Year Capital Improvement Plan, including unfunded and General Fund items, can serve as a basis for some ideas.

3. **East Campus Development Agreement Requirements:** Consider inclusion of some of the requirements contained within the Facebook East Campus Development Agreement in the event that the East Campus Development agreement is terminated.

If Facebook vacates the East Campus, the requirements of the East Campus Development Agreement would be null and void. Therefore, consideration should be given to inclusion of some of the requirements of the East Campus Development Agreement in the West Campus Development Agreement, in the event that the East Campus Development Agreement is no longer in force at some future date. Examples include, but are not limited to, the summer intern program, the annual local community organization fair, and the Facebucks program to support local businesses.

4. **Trip Cap Penalty:** Pursue a trip cap penalty amount that is comparable to the East Campus trip cap penalty.

The trip cap penalty should be comparable to the East Campus trip cap penalty to ensure compliance with the mitigation measure contained within the certified EIR. It is important to keep in mind that the penalty is not intended to be a
revenue generator, rather to ensure compliance with the defined project and associated condition of approval and mitigation measures.

The Council has the option of supporting this guiding framework of parameters, modifying the framework, or proposing an alternative framework. Regardless of which option the Council chooses, it should provide direction to the negotiating team in order for the negotiations to begin.

**Negotiation Process**

The negotiation process will commence immediately upon the Council’s direction. Through the negotiation process, the applicant would likely request certain items from the City, such as land use vesting rights, City-imposed fees reflective of the date of land use entitlement project approval, project modifications, and transferability. At the conclusion of negotiation, the negotiating team will present a term sheet for consideration by the full Council. After Council acceptance of the term sheet, staff will prepare the complete Development Agreement for public review by the Planning Commission and the City Council at respective public hearings, anticipated to occur in February and March, 2012. The updated West Campus Draft Permitting Schedule, which reflects these meetings and associated project milestones, is included as Attachment C.

**Correspondence**

Since the Planning Commission’s study session to review the project proposal on September 24, 2012, City staff has received four emails regarding the West Campus project proposal, which are included as Attachment D. The emails generally express support for the project proposal and one email expresses concerns related to the operations of the Hamilton Henderson Pump Station, which is a sanitary sewer facility managed by West Bay Sanitary District. Staff is further exploring the concerns raised in the email and will follow-up with the commenter and West Bay Sanitary District, as appropriate.

**IMPACT ON CITY RESOURCES**

As part of the review of the Facebook Campus Project, a Fiscal Impact Analysis was prepared, which projected the potential changes in fiscal revenues and service costs directly associated with development of the proposed Project, inclusive of both the East Campus and West Campus. The FIA also explores a number of related topics, including indirect revenues/costs from potential induced housing demand, as well as one-time/non-recurring revenues (such as impact fees), and potential additional opportunities for fiscal benefits.

The applicant is required to pay planning permit fees, based on the City’s Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to bear the cost of the associated environmental review. For
the environmental review, the applicant deposits money with the City and the City pays the consultants. In addition, public benefits negotiated as part of the Development Agreement would serve to help offset any potential impacts of the Project.

POLICY ISSUES

The proposed project will ultimately require the Council to consider certain land use entitlements. Staff will be identifying policy issues during the Council’s review of the project such as public benefit related to the Development Agreement. The negotiation of the Development Agreement will commence after the Council provides direction on the Development Agreement parameters.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) was prepared and certified by the City Council on May 29, 2012 that analyzed the potential environmental impacts associated with both the East Campus and West Campus components of the project. Given that there have been refinements to the project design since the environmental review was completed, additional environmental review will be conducted to determine whether the proposed project results in environmental impacts that were not already identified in the EIR. At this point, staff anticipates that an addendum to the previously certified EIR will be required as part of the project review process.

The previously certified EIR analyzed the potential impacts of the Project across a wide range of impact areas. The EIR evaluated 16 topic areas as required by the California Environmental Quality Act (CEQA), as well as one additional topic area specific to the project site (Wind). The 16 required topic areas include: Aesthetics, Agricultural Resources, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use, Mineral Resources, Noise, Population and Housing, Public Services, Transportation, and Utilities. Given the phased nature of the Project, these topic areas were analyzed separately for both the East and West Campuses, and then collectively for the entire Project proposal. The EIR concluded that there were no impacts associated with Agricultural and Mineral Recourse and impacts related to Geology and Soils, Greenhouse Gas Emissions, Land Use, Population and Housing, Public Services, and Wind were less than significant and required no mitigation measures. Impacts associated with Aesthetics, Biological Resources, Cultural Resources, Hazards and Hazardous Materials, Hydrology and Water Quality, and Utilities were less than significant with the incorporation of mitigation measures. Finally, the EIR determined that the project would result in significant and unavoidable impacts related to Air Quality, Noise, and Transportation.

Although the certified EIR analyzed development on both campuses, and staff believes the proposed project would not result in environmental impacts that were not already identified, the current review of a detailed development proposal will require Planning Commission and City Council consideration of a Statement of Overriding
Considerations and a Mitigation Monitoring and Reporting Program. The Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program adopted by the City Council in May of 2012 were only applicable to the East Campus, as applications for required land use entitlements for the West Campus component of the project had not yet been submitted.

Signature on file
Rachel Grossman
Associate Planner

Signature on file
Justin Murphy
Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed. In addition, the agenda publication was supplemented by a postcard mailing that was sent to all owners and occupants within a quarter-mile (1,320 feet) radius of the project site and all owners and occupants of the Belle Haven neighborhood, which provided information about the Project proposal and associated documents, as well as information about the public outreach meeting in October and the City Council meeting in October. Finally, the City sent an email update to subscribers of the Project page for the proposal, which is available at the following address: http://www.menlopark.org/s/comdev_fb.htm

ATTACHMENTS

A. Select Plan Sheets, August 27, 2012 Submittal
B. Facebook 1601 Willow Road (East Campus) Term Sheet
C. Facebook West Campus Draft Permitting Schedule
D. Correspondence
   a. Email from Opha Wray, received September 25, 2012
   b. Email from Crime Prevention Narcotics Drug Educational Center, received September 25, 2012
   c. Email from Opha Wray, received October 19, 2012
   d. Email from John Preyer, received October 20, 2012

BACKGROUND MATERIAL AVAILABLE AT CITY OFFICES

Draft and Final Environmental Impact Report
Draft and Final Fiscal Impact Analysis
1601 Willow Road (East Campus) Development Agreement
City's 5-Year Capital Improvement Plan
City of Menlo Park Emergency Operations Plan
NOTE:
The rooftop terrace is intended as an informal social space for outdoor dining and gathering. Roof spaces include paved areas and landscaped green roof areas. Furniture for seating and dining will be provided. See sheet WA.2.0 proposed site plan for minimum lighting standards.

facebook west campus
312 & 313 CONSTITUTION DR.
MENLO PARK, CALIFORNIA

WA.3.4: CONCEPTUAL ROOF PLAN
SCALE: 1"=60'
11"X17" SCALE IS 1"=120'
AUGUST 27 2012
DEVELOPMENT STANDARDS | PROPOSED PROJECT | M-2 ZONING ORDINANCE

LOT AREA | 965,684 SF | 20,000 SF MIN.
AVERAGE LOT WIDTH | 50.75 FT | 100 FT MIN.
AVERAGE LOT DEPTH | 184.64 FT | 100 FT MIN.

SECTIONS
- FRONT: 219 FT, 20 FT
- REAR: 60 FT, 0 FT
- SIDE (LEFT): 60 FT, 10 FT
- SIDE (RIGHT): 60 FT, 10 FT

BUILDING COVERAGE
- COVERAGE: (EXCLUDES BUILDING ENCLOSURE, EXTERIOR TERRACES, SECURITY STATIONS) 48,904 SF, 48,742 SF
- 49.00 %, 50%

FAR (FLOOR AREA RATIO)
- 433,555 SF / 963,684 SF, 433,657 SF / 963,684 SF
- 44.99 %, 45%

SQUARE FOOTAGE BY FLOOR
- GROUND FLOOR: 14,218 SF
- FIRST FLOOR: 413,690 SF
- ROOF LEVEL: 3,197 SF
- ACCESSORY BUILDING (SECURITY STATIONS): 450 SF
- TOTAL SQUARE FOOTAGE: 433,555 SF, 433,657 SF

BUILDING HEIGHT ABOVE AVG. NATURAL GRADE: 73 FT, 35 FT

PARKING
- PARKING PROVIDED ON-SITE: 1,540 SPACES
- CALCULATED BASIS: 1 SPACE / 300 SF: 1,446 SPACES

PERVIOUS / IMPERVIOUS SURFACES
- GROUND FLOOR
  - PERVEROUS LANDSCAPE (OUTSIDE BUILDING FOOTPRINT): 241,126 SF
  - PERVEROUS EMERGENCY VEHICLE ACCESS LANE: 129,468 SF
  - IMPERVIOUS PAVING (OUTSIDE BUILDING FOOTPRINT): 133,800 SF
  - ACCESSORY BUILDING ROOFS (IMPERVIOUS AREA): 46 SF

- FIRST FLOOR
  - IMPERVIOUS TERRACE: 63,573 SF

- ROOF LEVEL
  - PERVEROUS GREEN ROOF LANDSCAPE: 236,591 SF
  - PERVEROUS GREEN ROOF PATH: 52,934 SF
  - IMPERVIOUS ROOF: 126,212 SF

- TOTAL PERVEROUS SURFACE WITH GREEN ROOF: 659,638 SF
- TOTAL IMPERVIOUS SURFACE WITH GREEN ROOF: 304,049 SF

- TOTAL PERVEROUS SURFACE EXCLUDING GREEN ROOF: 370,179 SF
- TOTAL IMPERVIOUS SURFACE EXCLUDING GREEN ROOF: 580,511 SF

*POTENTIAL GREEN ROOF AREA REPORTED IS SUBJECT TO REFINEMENT

TREES
- NUMBER OF EXISTING HERITAGE TREES: 73
- NUMBER OF EXISTING HERITAGE TREES TO REMAIN: 39
- NUMBER OF EXISTING HERITAGE TREES REMOVED: 34

- NUMBER OF EXISTING HERITAGE TREES IN POOR HEALTH: 160
- NUMBER OF EXISTING HERITAGE TREES IN POOR HEALTH TO REMAIN: 53
- NUMBER OF EXISTING HERITAGE TREES IN POOR HEALTH REMOVED: 107

- NUMBER OF EXISTING NON-HERITAGE TREES: 392
- NUMBER OF EXISTING NON-HERITAGE TREES TO REMAIN: 25
- NUMBER OF EXISTING NON-HERITAGE TREES REMOVED: 367

- NUMBER OF NEW TREES
  - GROUND LEVEL SITE TREES: 254
  - TERRACE TREES (POTENTIAL): 24
  - ROOF GARDEN LEVEL TREES (POTENTIAL): 148

- TOTAL NUMBER OF SITE TREES (NEW SITE TREES PLUS EXISTING TREES TO REMAIN): 371

*TREE DISPOSITION REPORTED ABOVE IS BASED ON AVAILABLE LOCATION DATA AND IS SUBJECT TO REVISION BASED ON ACTUAL TREE SITE LOCATION RELATIVE TO PROPOSED PROJECT DEVELOPMENT.
April 10, 2012

The Honorable Kirsten Keith  
Mayor of the City of Menlo Park  
And Members of the City Council  
701 Laurel Street  
Menlo Park, CA 94025

RE: Facebook Project – Development Agreement Term Sheet

On behalf of Facebook, we are privileged to present you the Facebook Term Sheet for the Facebook East Campus, which sets forth the terms negotiated between Facebook and the City of Menlo Park Negotiating Team (City) for the East Campus Development Agreement (DA).

We are pleased to bring you the terms outlined in this agreement that are the result of a careful, constructive and comprehensive process; a process which included hundreds of hours of collaborative, creative negotiations between the City and Facebook.

These terms represent Facebook’s significant investment in the City, in addition to the public benefits that inherently flow from its recent occupancy of the former Sun Microsystems campus.

According to an independent economic analysis commissioned by Facebook, even at the currently permitted 3,600 employees, Facebook’s occupancy of the East Campus is expected to generate some $50 million annually in new economic activity in the City, and about $179,000 in new retail and lodging tax dollars. When the East Campus is fully occupied pursuant to the DA, annual economic activity escalates to $69 million. Facebook’s occupancy of the East Campus in accordance with the DA is expected to generate some $236,000 in net fiscal benefit, before considering the DA’s annual payment commitment.

The DA term sheet reflects a multi-million dollar package that includes payments to the City of in lieu taxes, as well as an additional one-time payment to the City for capital improvements. The DA also provides:

- Public benefits for the City and East Palo Alto that will include a Local Community Fund, as well as job-training and internship programs.
- Environmental investments and safeguards for the nearby San Francisco Bay wildlife and habitat.
- Economic incentives for Facebook employees to shop in the City, which will build on the "Facebucks" pilot program.
• A hard cap on the number of car trips permitted on and off Facebook's campus, which will carry a financial penalty for excess trips.

• Investments in traffic mitigations and infrastructure improvements as outlined in the Environmental Impact Report.

While Facebook's obligations under the DA will be considerable, they build upon the most significant aspect of Facebook's move — its commitment to building a stronger community and being a good neighbor. As many in your community can attest, Facebook has already invested significant resources to support local programs and create long term relationships. This is not part of the DA, because it arises organically from the nature of the Facebook culture. Facebook values its connection and engagement with the community and considers it a long term priority.

We thank you for your consideration of this matter. We look forward to the upcoming Council meeting on April 17, 2012.

Sincerely,

[Signature]

John Tenanes
Director Global Real Estate
FACEBOOK TERM SHEET

City Benefits

1. Annual Payment - Facebook will make an annual payment to the City while it increases the use intensity of the East Campus (as compared to that allowed by the existing entitlements). Facebook will commit to making an annual payment for at least 10 years. The annual payment amount will be $800,000 in each of the first 5 years, $900,000 in years 6-10 and $1,000,000 in years 11-15. Following year 15, the annual payment amount will adjust annually based on changes to the CPI as compared to the preceding year (i.e. beginning in year 16, the annual payment amount will be adjusted based on changes to the CPI as compared to year 15). These annual payments are in-lieu of sales tax or other revenues that might otherwise accrue to the City. Facebook will be entitled to a credit for sales taxes attributable to retail operations performed at the East Campus and any future taxes on Facebook’s services.

2. One-Time Payment - Facebook will make a one-time payment to the City of $1.1 million for the City’s unrestricted use toward capital improvement projects.

3. Facebook agrees that if the City secures other funds to pay for mitigations Facebook is obligated to perform under the EIR, then Facebook will make an equivalent in lieu payment to the City.

4. Following expiration of the minimum annual payment period (i.e. 10 years) and on each 5-year anniversary thereof, Facebook will have the option to temporarily suspend or decrease the intensity of use increase permitted by the entitlements; or, if the intensity increase is then suspended or decreased, to un-suspend or increase the intensity not to exceed the intensity originally permitted by the entitlements. Facebook may only elect to increase or decrease the intensity in increments of 1,000 daily vehicle trips. The amount of the annual payment will be adjusted in case of an increase or decrease to the intensity of use.

5. In addition, if there is a “Triggering Event,” Facebook will have the option to suspend or decrease the intensity increase by giving the City notice of its exercise of its option. A “Triggering Event” means the vacation of 4 or more of Buildings 10, 12, 14, 15, 16, 17 and 18, or the performance of building improvements that cause the average employee density of the Buildings 10, 12, 14, 15, 16, 17 and 18 to be less dense than the occupancy permitted by the existing entitlements. The amount of the annual payment will be adjusted in case of a decrease to the intensity of use.

Community Benefits

6. Facebook will create a Local Community Fund in partnership with a non-profit partner to manage and administer the fund and contribute $500,000 to it. The purpose of the Local Community Fund will be to provide support for local community needs. It will be managed by a 5-member Board of Directors consisting of 3 persons appointed by Facebook (1 of whom will be a Facebook representative who will serve on a continuing basis), 1 person appointed by the City’s City Manager and 1 person appointed by East
Palo Alto’s City Manager. If the Local Community Fund is a success and Facebook concludes that the Local Community Fund is operating smoothly and making a positive impact on the community, then when its assets are exhausted Facebook will consider making an additional contribution to it.

7. Facebook will create a Facebook summer intern program for qualified high school students who are residents of the Ravenswood Elementary District. The internship program will be launched in partnership with an academic non-profit organization to source students, and will include at least 10 students per session. Facebook may elect to expand the program to include an after-school session during the school year in addition to an annual summer program.

8. Facebook will (a) work with a local training program (such as Jobtrain) to expand training services for residents of the City and East Palo Alto, (b) create an ongoing quarterly series of career development workshops, and (c) host a session on how to become a Facebook employee. To encourage the hiring of residents of the City and East Palo Alto, Facebook will require future vendors to use reasonable efforts to notify residents of the City and East Palo Alto when they are hiring new people to work at the Facebook East Campus in the facilities, culinary and construction trades. Facebook will also encourage campus vendors to host sessions on how to become an employee of their organization.

9. Facebook will explore opportunities to invest in low income tax credits for affordable housing projects in the City and East Palo Alto. Facebook will also work with a local real estate developer(s) to explore ways to support a housing project in the City, including through investing capital in the project, committing to leasing units or offering marketing opportunities to Facebook employees.

10. Facebook agrees to cooperate with the City in its efforts to underground existing electric transmission lines located in the vicinity of the East Campus.

11. Facebook will work with the Bay Trail stakeholders and the business community to close the Bay Trail Gap and will also evaluate making a future financial contribution to the effort.

12. Facebook will adopt a roadway segment in the vicinity of the East Campus pursuant to Caltrans’ Adopt-A-Highway Program for a period of 5 years.

13. Facebook has created the Facebucks program with local businesses and agrees to continue its Facebucks program for at least 3 years. When purchasing goods and engaging vendors to provide on-site services to employees (e.g., chiropractic services) that can be sourced locally, Facebook will endeavor to purchase from or engage vendors located in the City. If the Menlo Gateway project is developed, Facebook will consider adding the hotel built as part of that project to its list of preferred hotels for East Campus visitors.
14. Facebook will actively promote local volunteer opportunities to all its employees. Facebook will also host a "Local Community Organization Fair" on the Facebook campus. This event will launch in Summer 2012 and take place annually.

15. Facebook will perform improvements to the undercrossing above and beyond those described in the project description. Conceptually, these improvements include landscape embellishments, seating areas and a self-service bicycle station.

16. Facebook will investigate the possibility of creating a business improvement district in the Willow Road corridor between U.S. 101 and Bayfront Expressway that includes the East Campus. If the business improvement district is feasible and the adjacent property owners are likewise interested in creating the business improvement district, Facebook will initiate the process for creating the business improvement district; provided, however, that Facebook will not be obligated to spend more than $50,000 on this effort.

17. Facebook will perform improvements to publicly accessible walking path trails and levees in the immediate vicinity of the East Campus, subject to approval by the San Francisco Bay Conservation and Development Commission (BCDC), to make the area surrounding the East Campus more pedestrian friendly and enable the community, visitors and Facebook employees to learn about and enjoy the surrounding bay-lands in an ecologically sensitive manner. Facebook will work with an environmental consultant to ensure that human interactions with the ecosystem are appropriate.

Environmental Commitments

18. When performing work that might impact the bay-lands, Facebook will hire an environmental consultant knowledgeable about the S.F. Bay and associated marsh habitats to ensure that endangered species, particularly the Salt Marsh Harvest Mouse and Clapper Rail, are not harmed. When performing future landscape improvements to those portions of the property that abut the San Francisco Bay, Facebook will consult with a qualified environmental consultant familiar with California native plant communities and select suitable natives for landscaping.

19. Facebook will cooperate with the Don Edwards San Francisco Bay National Wildlife Refuge team and related nonprofit groups on habitat restoration adjacent to the East Campus. Facebook will educate employees and visitors about the unique species next to the East Campus and their habitat requirements. Facebook will engage in "wildlife-friendly behavior," such as ensuring that dogs are leashed, feral cats are trapped and beneficial species are encouraged (through, for example, the installation of bat houses). If Facebook installs new windows facing the parking lot or new window treatments on windows facing the parking lot, it will select windows and window treatments that minimize impacts of glare, window exposure and night lighting on migratory birds. If Facebook installs new lighting in the parking lot, it will use then available best practices to design and shield that new lighting so as to confine direct rays to the property and not out into the wildlife refuge. Except for the existing basketball court, Facebook will not create any lighted playing fields on the perimeter of the site that abut the San Francisco Bay. If Facebook installs new building roofs, window ledges and parking lot light poles,
Facebook will use then available best practices to ensure that the new building roofs, window ledges and parking lot light poles do not create sites for predatory bird species to roost or nest.

20. Facebook agrees to periodically maintain and improve the levees in order to ensure that the condition of the levees remains adequate. Facebook will also cooperate with Federal efforts to address repair/reconstruction of adjacent levees. When performing future landscape improvements, Facebook will minimize potential stormwater runoff through the use of appropriate techniques, such as grassy swales, rain gardens, and other Low Impact Development (LID) measures.

21. Facebook will adhere to a vehicle trip cap which limits am/pm peak period trips to 2,600 and daily trips to 15,000. To ensure compliance, the trip cap will include monitoring with periodic reporting. Facebook agrees to share its Transportation Demand Management (TDM) best practices with other interested Silicon Valley companies to help mitigate regional traffic.

22. Facebook will pursue Leadership in Energy and Environmental Design (LEED) Commercial Interiors 2009 Gold certification for all nine buildings at the East Campus.

Pedestrian and Bicycle Circulation Enhancements

23. Facebook will perform or contribute funds towards Bicycle/Pedestrian Improvements in the City and East Palo Alto subject to the consent of the applicable regulatory agencies (e.g. the City, East Palo Alto and Caltrans). These improvements will include restriping within the existing rights-of-way.

24. Facebook will also investigate making crosswalk improvements to the pedestrian crossings at the U.S. 101 and Willow Road interchange, and, subject to the consent of the applicable regulatory agencies, spend up to $100,000 on such improvements.

Mutual Commitments

25. The City will use its best efforts to expeditiously process permits and approvals required for development, use and occupancy of the project.

26. Facebook will have the vested right to occupy the East Campus consistent with the various project approvals and subject to the terms and conditions of the Development Agreement. Generally, the City laws applicable to the project will be those in force and effect on the effective date of the Development Agreement.

27. Generally, there will be a fixed cap at current rates on the effective date of the Development Agreement for city fees and exactions, except for fees scheduled to rise by way of indexing and/or the imposition of new City-wide or area-wide (e.g. the M-2 district) fees/taxes.

28. Project modifications that are substantially consistent with the initial project approvals may be approved by the City Manager or his/her designee.
29. Facebook has entered into a separate agreement with the Menlo Park Fire Protection District.

30. Facebook's obligations under the Development Agreement will be conditioned on the absence or resolution (as applicable) of all legal and referenda challenges to the EIR, the Development Agreement and the project.

31. In making this offer, Facebook has assumed it will reach an amicable resolution with East Palo Alto. If Facebook and East Palo Alto do not reach an amicable resolution, then certain of the commitments benefitting the City and East Palo Alto will be reduced or changed. The annual payment to the City and the one-time payment to the City will not, however, be affected.
<table>
<thead>
<tr>
<th>Number</th>
<th>Task</th>
<th>Time Required</th>
<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Submittal</td>
<td></td>
<td>August 27, 2012</td>
</tr>
<tr>
<td>2</td>
<td>Council Meeting - Info item on proposed process</td>
<td></td>
<td>September 11, 2012</td>
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<tr>
<td>3</td>
<td>Planning Commission - Study Session</td>
<td></td>
<td>September 24, 2012</td>
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<tr>
<td>4</td>
<td>Public Outreach Meeting in Belle Haven</td>
<td></td>
<td>October 18, 2012</td>
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<tr>
<td>5</td>
<td>City Council Meeting - Regular Business Item DA Parameters</td>
<td></td>
<td>October 30, 2012</td>
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<tr>
<td>6</td>
<td>Negotiations</td>
<td>75 days**</td>
<td>January 14, 2013</td>
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<tr>
<td>7</td>
<td>City Council Meeting - Regular Business Item for Term Sheet Review</td>
<td></td>
<td>February 5, 2013</td>
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<tr>
<td>8</td>
<td>Housing Commission - BMR Agreement</td>
<td></td>
<td>February 13, 2013</td>
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<tr>
<td>9</td>
<td>Prepare and complete Addendum - will be released as part of February PC hearing</td>
<td>72 days***</td>
<td>February 13, 2013</td>
</tr>
<tr>
<td>10</td>
<td>Planning Commission - Public Hearing on Project Proposal, including review of addendum, rezoning, CDP, lot merger, heritage tree removal permits, BMR Agreement, Development Agreement, SOC, and MMRP</td>
<td></td>
<td>February 25, 2013</td>
</tr>
<tr>
<td>11</td>
<td>City Council - Public Hearing on Project Proposal, including review of addendum, rezoning, CDP, lot merger, heritage tree removal permits, BMR Agreement, Development Agreement, SOC, and MMRP</td>
<td></td>
<td>March 19, 2013</td>
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<tr>
<td>12</td>
<td>City Council - second reading of rezoning and DA ordinances</td>
<td></td>
<td>March 26, 2013</td>
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</tbody>
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Total Weeks 31

* To maintain these timelines, the applicant shall provide project resubmittals, inclusive of required plan sets and reports in a timely fashion. All 2013 dates are estimates, as the Council and Planning Commission schedules have not been adopted. Demolition of the remaining two buildings and grading for new construction is part of this submittal, therefore, these actions cannot occur until after completion of the environmental review process. The West Campus Remediation Project, under the purview of the Department of Toxic Substance Control (DTSC), is a distinct project.

**Negotiations period begins on Council meeting date to discuss the DA Parameters and Process, which is scheduled for October 30, 2012

*** Preparation period begins on anticipated plan set resubmittal date of December 3, 2012
Dear Members of the Menlo Park Planning Commission:

On behalf of the Bishop Teman L. Bostic and the Mt. Olive A. O. H. Church of God located at 605 Hamilton Avenue, in Menlo Park.

We attended the special Planning session last night to show our support for Facebook’s proposal.

Unfortunately time did not permit us to make a verbal comment. However, we are sending this email message to record our approval of the West campus proposal project.

We are in favor of the proposal and strongly urge the planning commission to approve all of the required permits for the west campus development project.

The project will be value additive for the entire community.

Thanks for your consideration

Opha Wray

for Bishop Teman Bostic and the Mt. Olive Church
From Crime Prevention Narcotics Drugs Educational Center (CPNDEC)

To the Menlo Park Planning Commissioners:

Hello Rachel,

Per our conversation today, member of the CPNDEC organization located at 605 Hamilton Avenue in Menlo Park, attended the special Planning session last night to show our support for Facebook’s proposal. Unfortunately time did not permit for us to make a verbal comment. I am sending this email message to record our approval of the project.

The CPNDEC organization strongly support Facebook’s development plans for the west campus and request the planning commission to approve all of the required permits for the west campus development project.
The project will be value addition for the entire community.

Thanks
Opha Wray
Rachel,

During the Facebook (West Campus) meeting last night at the Onetta Harris Senior Center (October 18th) The sanitation discussions brought to light many of the concerns Mt. Olive and CPNDEC have for the existing pumping station on the corner of Henderson and Hamilton Avenue located adjacent to our church property at 605 Hamilton Avenue, Menlo Park, CA. We need the city to revisit our initial concerns raised regarding this site.

The current development plans of new homes and Facebook West Campus provides a perfect opportunity for the City of Menlo Park to remove the existing pumping station to a more appropriate location (i.e. on either side of the railroad tracts). Any plan other than removal will have a negative impact for our property.

Please let us know what the City of Menlo Park plans are for removing the existing pump station.

Thanks

Opha Wray

Mt. Olive A.O. H. Church of God

And CPNDEC
Your presentation at the community center was excellent. If the finished products are good as the renderings that will be a SUPERB campus. Thanks for sharing your intentions with the community.

John Preyer