



STAFF REPORT

City Council Meeting Date: 2/9/2016
Staff Report Number: 16-033-CC

Informational Item: Overview of the Water Supply Assessment for the Facebook Campus Expansion Project and the Water Supply Evaluation for the ConnectMenlo General Plan Update and M-2 Area Zoning Update

Recommendation

This is an informational item only. No City Council action is required at this time. The information provided in the Water Supply Assessment (WSA) for the Facebook Campus Expansion Project (Facebook Project) and the Water Supply Evaluation (WSE) for the ConnectMenlo General Plan Update will help inform the environmental impact reports (EIRs) for each of the projects. Each of the EIRs will be reviewed at future City Council meetings.

Policy Issues

There are no policy issues associated with this staff report.

Background

The primary purpose of a WSA/WSE is to evaluate whether sufficient water supply is available to meet future demands associated with a proposed project, in addition to existing and planned future uses within a water supplier's service area. This evaluation is conducted for normal and dry hydrologic year scenarios over a 20-year time horizon. Water service for both the Facebook Project and the M-2 Area, which is the primary geographic focus of land use changes associated with ConnectMenlo, would primarily be provided by the Menlo Park Municipal Water District (MPMWD) - a small portion of the M-2 Area along Marsh Road between Bay Road and Highway 101 is supplied by the California Water Service Company. The portion of the M-2 Area supplied by the California Water Service Company is not expected to see increased development beyond what is allowed under current regulations; therefore, no additional analysis was conducted for this area as part of the WSE.

Per California State Water Code Section 10912 (Senate Bill 610), a WSA is typically required for larger residential, office, industrial, hotel and/or mixed use developments. One of the triggers for a WSA is a project that includes a commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space; therefore, a WSA is required for the Facebook Project, and will be incorporated into the Facebook EIR. While the General Plan Update would allow for a net increase in allowable new development in the M-2 Area, the project does not strictly meet the project definitions included in Water Code Section 10912. However, the City has voluntarily prepared a WSE that is modeled after, and in conformance with, all WSA requirements. The WSE will be used to evaluate potential impacts in the EIR for the ConnectMenlo project.

In the past, the City Council, as the governing body of the MPMWD, typically acted to approve the WSA for a project located within the MPMWD service area prior to its inclusion in a project's EIR. However,



subsequent to the review of the Commonwealth Corporate Center project WSA in 2013, staff learned of a court case (Citizens for Responsible Equitable Environmental Development v. City of San Diego (2011)) that concluded that when the water supplier and lead agency for CEQA are the same entity and the WSA is incorporated into the CEQA document, the WSA and the EIR can be approved at the same time. A City's certification of the environmental document, which includes the WSA, is equivalent to approval of the WSA. Therefore, the City has determined that a separate approval for the Facebook Project WSA and the ConnetMenlo WSE is not required, and this information is being provided for informational purposes only.

Analysis

This staff report provides an overview of the WSA prepared for the Facebook Project and the WSE prepared for the ConnectMenlo General Plan and M-2 Area Zoning Update. These documents are electronically linked as Attachments A and B, respectively. The WSA and WSE analyze the projected combined demand of the proposed projects, along with the remaining potential and planned development and future demands within the MPMWD water service area to assess potential impacts on water supply.

Facebook Campus Expansion Project

The applicant, Hibiscus Properties, LLC on behalf of Facebook, is proposing to redevelop an existing approximately 58-acre industrial site, known as the TE Connectivity (TE) Campus, with two new office buildings and a hotel. The TE site is located at 300-309 Constitution Drive, along Bayfront Expressway, between Chilco Street and the recently completed Building 20 (formerly identified as the Facebook West Campus). The TE site includes the building at 300 Constitution Drive (Building 23); however, since that building received its entitlements for the conversion of a warehouse to office uses in December 2014, it is not considered part of the Facebook Project. The Facebook Project would result in approximately 962,400 square feet of new office uses in two new buildings connected by enclosed bridges, along with a potential 200 room hotel of approximately 174,800 square feet, which would result in a net increase of approximately 121,300 square feet of gross floor area at the site. The total gross floor area of office uses at the site would be approximately 1.143 million square feet and the total proposed gross floor area would be approximately 1.318 million square feet. The Facebook Project would expand the existing Facebook Campus, which currently consists of Buildings 10–19, located north of Bayfront Expressway/State Route (SR) 84 (formerly known as the East Campus), and Building 20.

The WSA evaluates the Facebook Project's demand for water at buildout and MPMWD's available water supplies over a 20 year period, in five year increments, extending from 2020 through 2040. According to the WSA, the Facebook Project will require an additional 30 million gallons (MG) per year (or 0.08 MG per day) of water beyond what has historically been used at the property. This additional demand includes a credit for the amount of water the property is already using, less the estimated future annual usage for Building 23 (since Building 23 previously received its entitlements). As part of the WSA, the estimated future usage for Building 23 was developed utilizing the same methodology as the estimated future use for the Facebook Project.

ConnectMenlo

The City has embarked on a General Plan Update and M-2 Area Zoning Update, collectively known as ConnectMenlo. The primary area of land use changes are focused in the M-2 Area, which is the current zoning designation of the industrial and business parks, generally located between US Highway 101 and Bayfront Expressway. The proposed mix of land uses being studied reflect the idea of a "live/work/play" environment, and include a maximum potential development increase of approximately 2.3 million square feet of non-residential building, including office, life science, and other commercial uses; 400 hotel rooms; and 4,500 multi-family residential units. Project buildout is planned over a 25-year horizon through 2040.

Water demands associated with ConnectMenlo are anticipated to increase in increments between 2020 and 2040, with an estimated full buildout water demand of 343 MG per year. The WSE presents water demands for ConnectMenlo at buildout and at intermediate phases of development. It is reasonable to expect that some or all of the existing demand within the M-2 Area will be subsumed as part of redevelopment of the area, as actual buildout of ConnectMenlo will likely replace some existing land uses. However, without knowing the exact nature and location of future development, the WSE conservatively assumed that all demands associated with the land use changes anticipated as part of ConnectMenlo are additive to the existing MPMWD demands.

Impact on Water Supplies

The MPMWD purchases all of its potable water from the San Francisco Public Utilities Commission (SFPUC), and has a perpetual contractual entitlement of 1,630 MG per year from the SFPUC water system. Both the Facebook Project WSA and the ConnectMenlo WSE concluded that the MPMWD would have sufficient water to meet all of its planned future demands during normal years (non-drought conditions) through 2040 (Table 1). These findings are based on the City’s 2010 Urban Water Management Plan (UWMP) and the draft 2015 UWMP. During drought years, however, the MPMWD is expected to experience water supply shortfalls due to reductions in the SFPUC supply. As shown in Table 2, based on current assumptions regarding demand growth and water supply reliability, shortfalls are projected during single and multiple dry year conditions beginning in 2020 and extending through 2040. Table 2 identifies the supply and demand during multiple dry years in 2020 and 2040, which bracket the evaluation period. The incremental five-year data for the multiple dry years are shown in Table 13 for each study.

Table 1: Projected Water Supply and Demand During Normal Years

	2020	2025	2030	2035	2040
SFPUC Supply (MG/Yr)	1,630	1,630	1,630	1,630	1,630
<i>MPMWD Service Area Demand (Mg/yr)</i>					
Facebook Project Demand (MG/Yr)	30	30	30	30	30
ConnectMenlo Demand (MG/Yr)	0	86	172	257	343
Existing and Planned Projects Demand (MG/Yr)	1,311	1,287	1,266	1,252	1,241
Total Potable Water Demand (MG/Yr)	1,341	1,403	1,468	1,539	1,614
Supply Shortfall (MG/Yr)	0	0	0	0	0

Table 2: Projected Water Supply and Demand During Y During Single and Multiple Drought ears						
	2020			2040		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
<i>MPMWD Service Area Demand (Mg/yr)</i>						
SFPUC Supply (MG/Yr)	1,281	1,108	1,108	1,281	1,108	1,108
<i>MPMWD Service Area Demand (Mg/yr)</i>						
Facebook Project Demand (MG/Yr)	30	30	30	30	30	30
ConnectMenlo Demand (MG/Yr)	0	0	0	343	343	343
Existing and Planned Projects Demand (MG/Yr)	1,311	1,311	1,311	1,241	1,241	1,241
Total Potable Water Demand (MG/Yr)	1,341	1,341	1,341	1,614	1,614	1,614
Supply Shortfall (MG/Yr)	60	233	233	333	506	506
Supply Shortfall (% of Demand)	4.5%	17%	17%	21%	31%	31%

During multiple dry years in 2020 through 2040, the MPMWD could experience shortfalls of up to 17% and 31%, respectively. In the worst-case drought scenario (31%), the WSE concludes that the additional demand associated with ConnectMenlo creates an incremental shortfall of up to 18% and the WSA estimates that the Facebook Project will create an incremental shortfall of 1%.

In anticipation of the future dry year shortfalls, the MPMWD has developed a Water Shortage Contingency Plan that systematically identifies ways in which the MPMWD can reduce water demands during dry years, up to a 50% shortfall in supply. Even without the proposed projects, the MPMWD would experience shortfalls and the City would rely on implementation of its Water Shortage Contingency Plan (e.g., as occurred during the recent historic drought).

Because the Facebook Project represents an incremental shortfall of up to 2%, the increased demand is not expected to affect the MPMWD’s operations during the drought years, as these would be addressed through the Water Shortage Contingency Plan. It is also important to note that the methodology used in the Facebook Project WSA to estimate the water demand was based on a conservative analysis. The methodology accounts for only some gains in fixture water efficiency and incorporates additional consumption related to potential water losses. Because it is planning a very water-efficient design, the actual water consumption from the Facebook Project would likely be lower than analyzed, which would minimize associated incremental shortfalls.

While the incremental shortfalls associated with ConnectMenlo are greater, the methodology used in the WSE to estimate water demand is consistent with the method used in the Facebook Project WSA and is conservative in nature (i.e., the actual development may be more water-efficient than has been estimated as part of the WSE, and may include less irrigated landscape area than has currently been assumed due to new requirements set in the State’s Model Water Landscape Ordinance. In addition, the future demand for ConnectMenlo that was estimated in the WSE was assumed to be wholly additive to exiting demand and no



credit was given for the area's current water consumption. To the extent that the development of ConnectMenlo actually replaces existing demands (e.g., as is occurring in the Facebook Project), the incremental demands associated with ConnectMenlo, and therefore, the impact to dry year shortfalls, will be significantly less.

In addition to updating its Water Shortage Contingency Plan as part of the 2015 UWMP update, the MPMWD is in the process of evaluating the feasibility of developing a recycled water program as part of the Water System Master Plan (WSMP), which is expected to be completed in 2017. The WSMP will identify potential areas that can be served with recycled water and will evaluate the cost and feasibility of acquiring recycled water from the cities of Redwood City and Palo Alto. In addition, the WSMP will evaluate on-site water recycling systems and the development of groundwater reuse in the M-2 Area. The MPMWD is also continuing to assess the option for delivering recycled water to the Sharon Heights Golf and Country Club in collaboration with the West Bay Sanitary District. Once completed, the WSMP will provide a comprehensive evaluation for the development of a recycled water program, further addressing the potential future potable water supply shortfalls.

Impact on City Resources

The General Plan Update scope of services and budget was approved by the City Council on June 17, 2014. For the Facebook Project, 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 and fiscal analysis. For the environmental review and fiscal analysis, the applicant deposits money with the City and the City pays the consultants. In addition, a fiscal impact analysis is being prepared for each of the projects and will be part of the Planning Commission's and City Council's consideration of each project.

Environmental Review

The preparation of the WSA and WSE does not require environmental review under CEQA. The WSA and WSE will be used to inform the EIRs that are being prepared for the Facebook Project and ConnectMenlo. The two projects will be individually evaluated for their potential environmental impacts per CEQA in their respective EIRs. The EIRs are currently being prepared and will be considered by the Planning Commission and City Council as the projects proceed through the public hearing process.

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. Link to: Water Supply Assessment – Facebook Campus Expansion Project
(<http://menlopark.org/DocumentCenter/View/9587>)
- B. Link to: Water Supply Evaluation Study – ConnectMenlo – General Plan and M-2 Area Zoning Update
(<http://menlopark.org/DocumentCenter/View/9584>)

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