



## PLANNING COMMISSION AGENDA

Regular Meeting  
December 8, 2014 at 7:00 p.m.  
City Council Chambers  
701 Laurel Street, Menlo Park, CA 94025

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**CALL TO ORDER** – 7:00 p.m.

**ROLL CALL** – Bressler, Combs, Eiref (Chair), Ferrick, Kadvany, Onken (Vice Chair), Strehl

**INTRODUCTION OF STAFF** – Jim Cogan, Economic Development Manager; Jean Lin, Associate Planner; Thomas Rogers, Senior Planner; Corinna Sandmeier, Associate Planner

### **A. REPORTS AND ANNOUNCEMENTS**

Under “Reports and Announcements,” staff and Commission members may communicate general information of interest regarding matters within the jurisdiction of the Commission. No Commission discussion or action can occur on any of the presented items.

#### **A1. Update on Pending Planning Items**

- a. ConnectMenlo (General Plan Update)
  - i. City Council Presentation (November 18, 2014)
  - ii. GPAC Meeting #3 (December 4, 2014)
  - iii. City Council/Planning Commission Study Session (December 9, 2014)
  - iv. Workshop #2 (December 18, 2014)

### **B. PUBLIC COMMENTS #1 (Limited to 30 minutes)**

Under “Public Comments #1,” the public may address the Commission on any subject not listed on the agenda within the jurisdiction of the Commission and items listed under Consent. When you do so, please state your name and city or political jurisdiction in which you live for the record. The Commission cannot respond to non-agendized items other than to receive testimony and/or provide general information.

### **C. CONSENT**

Items on the consent calendar are considered routine in nature, require no further discussion by the Planning Commission, and may be acted on in one motion unless a member of the Planning Commission or staff requests a separate discussion on an item.

- C1.** Approval of minutes from the November 3, 2014 Planning Commission meeting ([Attachment](#))

### **D. PUBLIC HEARING**

- D1. Use Permit and Architectural Control/Yasmin Mustafa & Adam Aisha/1199 Willow Road:** Request for a use permit to allow a restaurant use (Senor Pomodoro) in the C-2-B zoning district to operate during the hours of 10:30 a.m. to 10:00 p.m. Monday through Thursday, 10:30 a.m. to midnight Friday through Saturday, and 10:30 a.m. to 8:00 p.m. on Sunday, on a property that is substandard with regard to parking. This application also includes a request to allow outdoor seating in front of the restaurant and architectural control to allow exterior modifications to the existing building. ([Attachment](#))

## **E. REGULAR BUSINESS**

- E1. Architectural Control/City of Menlo Park/701 Laurel Street:** Request for architectural control to allow a new structure for covered parking located in an existing surface parking area at the Civic Center campus, which is in the P-F (Public Facilities) zoning district. The new structure would be located in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center and would not affect the number of parking spaces. As part of the proposed project, an 18-inch diameter heritage camphor tree in good condition is proposed for removal. The project is associated with a proposal to install new solar energy facilities on City sites, although the overall solar project is not subject to architectural control review. ([Attachment](#))

## **F. COMMISSION BUSINESS – None**

## **G. STUDY SESSION – None**

## **H. PRESENTATIONS**

- H1. Economic Development Plan Update Presentation/City of Menlo Park/701 Laurel Street:** The City is undertaking an update to the Economic Development Plan, in order to make Menlo Park more competitive in the regional and global economy. Staff will provide the Planning Commission with an informational presentation, with the opportunity for comments from the public and the Commission. ([Attachment](#))

## **ADJOURNMENT**

### **Future Planning Commission Meeting Schedule**

Regular Meeting	December 15, 2014
Regular Meeting	January 12, 2015
Regular Meeting	January 26, 2015
Regular Meeting	February 9, 2015
Regular Meeting	February 23, 2015
Regular Meeting	March 9, 2015
Regular Meeting	March 23, 2015

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At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission's consideration of the item.

At every Special Meeting of the Commission, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during consideration of the item.

Any writing that is distributed to a majority of the commission by any person in connection with an agenda item is a disclosable public record (subject to any exemption under the Public Records Act) and is available for inspection at The Community Development Department, Menlo Park City Hall, 701 Laurel Street, Menlo Park, CA 94025 during regular business hours.

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# PLANNING COMMISSION

## Agenda and Meeting Information

**The Planning Commission welcomes your attendance at and participation in this meeting. The City supports the rights of the public to be informed about meetings and to participate in the business of the City.**

**ASSISTANCE FOR PERSONS WITH DISABILITIES:** Person with disabilities who require auxiliary aids or services in attending or participating in Planning Commission meetings, may call the Planning Division office at (650) 330-6702 prior to the meeting.

**COMMISSION MEETING AGENDA AND REPORTS:** Copies of the agenda and the staff reports with their respective plans are available prior to the meeting at the Planning Division counter in the Administration Building, and on the table at the rear of the meeting room during the Commission meeting. Members of the public can view or subscribe to receive future weekly agendas and staff reports in advance by e-mail by accessing the City website at <http://www.menlopark.org>.

**MEETING TIME & LOCATION:** Unless otherwise posted, the starting time of regular and study meetings is 7:00 p.m. in the City Council Chambers. Meetings will end no later than 11:30 p.m. unless extended at 10:30 p.m. by a three-fourths vote of the Commission.

**PUBLIC TESTIMONY:** Members of the public may directly address the Planning Commission on items of interest to the public that are within the subject matter jurisdiction of the Planning Commission. The City prefers that such matters be presented in writing at the earliest possible opportunity or by fax at (650) 327-1653, e-mail at [planning.commission@menlopark.org](mailto:planning.commission@menlopark.org), or hand delivery by 4:00 p.m. on the day of the meeting.

**Speaker Request Cards:** All members of the public, including project applicants, who wish to speak before the Planning Commission must complete a Speaker Request Card. The cards shall be completed and submitted to the Staff Liaison prior to the completion of the applicant's presentation on the particular agenda item. The cards can be found on the table at the rear of the meeting room.

**Time Limit:** Members of the public will have **three** minutes and applicants will have **five** minutes to address an item. Please present your comments clearly and concisely. Exceptions to the time limits shall be at the discretion of the Chair.

**Use of Microphone:** When you are recognized by the Chair, please move to the closest microphone, state your name and address, whom you represent, if not yourself, and the subject of your remarks.

**DISORDERLY CONDUCT:** Any person using profane, vulgar, loud or boisterous language at any meeting, or otherwise interrupting the proceedings, and who refuses to be seated or keep quiet when ordered to do so by the Chair or the Vice Chair is guilty of a misdemeanor. It shall be the duty of the Chief of Police or his/her designee, upon order of the presiding officer, to eject any person from the meeting room.

**RESTROOMS:** The entrance to the men's restroom is located outside the northeast corner of the Chamber. The women's restroom is located at the southeast corner of the Chamber.

*If you have further questions about the Planning Commission meetings, please contact the Planning Division Office (650-330-6702) located in the Administration Building.*



## PLANNING COMMISSION DRAFT MINUTES

Regular Meeting  
November 3, 2014 at 7:00 p.m.  
City Council Chambers  
701 Laurel Street, Menlo Park, CA 94025

**CALL TO ORDER** – 7:00 p.m.

**ROLL CALL** – Bressler, Combs, Eiref (Chair), Ferrick (Absent), Kadvany, Onken (Vice Chair), Strehl

**INTRODUCTION OF STAFF** – Deanna Chow, Senior Planner; David Hogan, Contract Planner; Michele Morris, Assistant Planner; Justin Murphy, Development Services Manager; Corinna Sandmeier, Associate Planner; Tom Smith, Associate Planner

### A. REPORTS AND ANNOUNCEMENTS

#### A1. Update on Pending Planning Items

- a. General Plan – Symposium #2 (October 8, 2014); Mobile Tour #2 (October 14, 2014); Focus Group #2 (October 16, 2014); GPAC Meeting #2 (November 10, 2014)

Senior Planner Chow reported on the educational activities that had transpired and would transpire on the General Plan Update or ConnectMenlo. She said staff has compiled the results from the survey which was done for presentation to the GPAC at their November 10 meeting. (She indicated the date might change to November 12, 2014.) She said the GPAC would provide recommendation to a joint City Council and Planning Commission meeting on November 18, 2014. She said an Open House for the Belle Haven neighborhood on the General Plan Update and ConnectMenlo would be held on November 5, 2014.

- b. El Camino Real/Downtown Specific Plan 2014 Amendments – City Council – October 29, 2014

Senior Planner Chow said the City Council at a special meeting on October 29, 2014 unanimously approved amendments to the El Camino Real/Downtown Specific Plan based on the recommendations of the Planning Commission. She said those changes were effective immediately.

- c. State of the City – November 13, 2014

Senior Planner Chow said all of the Commissioners should have received invitations to hear the Mayor's State of the City address on November 13, 2014.

### B. PUBLIC COMMENTS #1

There was none.

### C. CONSENT

Commission Action: M/S Onken/Strehl to approve the consent calendar.



**C1.** Approval of minutes from the September 22, 2014 Planning Commission meeting  
(Attachment)

**C2.** Approval of minutes from the October 6, 2014 Planning Commission meeting (Attachment)

Motion carried 6-0 with Commissioner Ferrick absent.

#### **D. PUBLIC HEARING**

**D1. Use Permit/Larry Kahle/15 Greenwood Place:** Request for a use permit to demolish an existing single-story, single family residence and construct a new two-story, single-family residence on a substandard lot with regard to lot width and lot area in the R-1-U (Single-Family Urban) zoning district. The project also includes a request for excavation (removal of more than 12 inches of dirt) within the required left and right side setbacks associated with the creation of basement light wells. (Attachment)

Staff Comment: Planner Smith said since the staff report was printed that staff had received a letter from a neighbor expressing concern with the project related to the upper story windows on the west and south facing sides of the project. He said the neighbors were requesting two conditions to have frosted glass in the three master bathroom windows. He said their other concern was the landscape screening between their home and the project which they feared would be damaged during construction. He said they were seeking assurances that the landscape screening would be replaced upon construction of the project.

Public Comment: Mr. Larry Kahle, project architect, said they were meeting with the neighbors outside of the Chambers to discuss the window treatment. He said they would definitely frost the window on the master bathroom on the west side.

Mr. Matt Heinz, co-owner of 15 Greenwood Place, said they had met with the neighbors to discuss the master bathroom window and the hedge between the properties. He said the letter staff received today mentioned two other windows and they needed to look at the line of sight for those. He said they had mutually agreed they wanted the hedges between the properties. He said those were now about 15-feet tall and screened where the windows would be with the new project. He said they received the neighbor's letter indicating concern with an additional two windows about an hour and a half earlier this evening.

Chair Eiref closed the public hearing.

Commission Comment: Chair Eiref said he visited the area and there a mixture of one and two-story homes. He said the area was not particularly dense.

Commissioner Onken said the small windows on the other bathroom were fairly inconspicuous and would not need frosted glass. He suggested the master bath window could be etched on the bottom half and the upper half left clear. He noted the design broke up the mass of the double garage door.

Commissioner Strehl asked if replacing the hedge screening between the properties was agreeable to the applicant. Mr. Himes said that there currently was a 15-foot hedge between

the properties. He said they had not gotten to a formal landscape plan yet but their intent was to maintain privacy between the properties. He said they intended to keep the hedge in place during construction but noted the hedge was dying on his side. He said they definitely would plant something that would provide privacy and height like the existing hedge.

Commissioner Onken noted that the primary protection for privacy was window treatment.

Commission Kadvany said it would be helpful to see sight lines from the window views to the neighboring property. He said the second story was set back. He said that frosted glass was not the answer and it impacted the property owner's natural light.

Commissioner Combs noted he had visited the project neighborhood over the weekend and that this project seemed to fit with the neighborhood.

Commissioner Onken moved to make the findings for 15 Greenwood Place subject to a modification to require the west facing master bathroom window be obscured. Commissioner Combs seconded the motion.

Commissioner Kadvany said Commissioner Onken had previously talked about a window that was half-obscured. He asked if he could make a friendly amendment for the west-facing window to be partially or fully obscured to the satisfaction of the property owner and facing neighbor. Commissioners Onken and Combs the makers of the motion and second respectively accepted Commissioner Kadvany's friendly amendment.

Chair Eiref said he typically did not like to require such window treatment but in this case he would support.

Commission Action: M/S Onken/Combs to approve the use permit request as recommended in the staff report with one modification.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current CEQA guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following standard conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Metropolis Architecture, consisting of seven plan sheets, dated received on October 20, 2014, and approved by the Planning Commission on November 3, 2014, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.

- b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
  - c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
  - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
  - f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
  - g. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
4. Approve the use permit subject to the following project-specific conditions:
- a. Simultaneous with the submittal of a complete building permit application, the applicant shall reduce the length of the landing place/stair shown on Sheet A3, located at the side yard entrance to the mud room, so that it is no less than four feet from the left side lot line, or remove the door and landing/stair entirely, as required by Section 16.60.010 of the Municipal Code. The revised plans shall be subject to review and approval of the Planning Division.
  - b. Simultaneous with the submittal of a complete building permit application, the applicant shall partially or completely obscure the glass of the west-facing master bathroom window to provide greater privacy to the property at 14 Greenwood Place. The revised plans shall be subject to review and approval of the Planning Division.

Motion carried 6-0 with Commissioner Ferrick absent.

**D2. Use Permit/Arzang Development L.P./50 Cornell Road:** Request for a use permit to demolish an existing single-story, single-family residence and construct a new two-story, single-family residence on a substandard lot with regard to lot width and area in the R-1-U (Single-Family Urban) zoning district. (*Attachment*)

Staff Comment: Planner Sandmeier said staff had no changes to the staff report.

Public Comment: Mr. Phillip Kamangar, applicant, said they intended to demolish an older one-story home and construct a new two-story home. He said the architect looked at the neighborhood and tried to keep the design of the home within the Allied Arts neighborhood look. He said he hand delivered notices to all of the neighbors. He said a few contacted him and he met with them at the house to review the plans.

Chair Eiref closed the public hearing.

Commission Comment: Commissioner Onken said the proposed design was well within the daylight plane on both sides, and thought it was easily approved. He said the double garage was less than half the width of the house which was a rule of thumb.

Commissioner Bressler said he thought it was a very attractive house and he supported the proposal.

Commissioner Combs said he liked the existing home but thought the proposal was approvable.

Commission Action: M/S Combs/Bressler to make the findings and approve the project as recommended in the staff report.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current CEQA Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following standard conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Atelier Designs, consisting of 10 plan sheets, dated received October 22, 2014, and approved by the Planning Commission on November 3, 2014, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
  - b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.

- c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
- d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
- e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
- f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
- g. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.

Motion carried 6-0 with Commissioner Ferrick absent.

**D3. Use Permit Revision/Victor Buathier/1900 Santa Cruz Avenue:** Request for a use permit revision to enlarge a basement light well with stairs and add a new attached trellis, both at the rear of the residence, to a previously approved two-story structure on a substandard lot with regard to lot width in the R-1-U (Single Family Urban) zoning district. The initial use permit for a two-story structure was approved by the Planning Commission on October 7, 2013, and the project received a use permit revision to add the basement on March 10, 2014. (*Attachment*)

Staff Comment: Planner Morris said a neighbor on the southwest side of the project site wrote since publication of the staff report suggesting the trellis be smaller than proposed.

Public Comment: Mr. Victor Buathier, applicant, said the trellis was to the rear of the home but the neighbor was on the side of the home. He said she was worried about impact to light. He said their home was situated front to back east to west so the trellis would not impact sunlight to the neighbor.

Chair Eiref closed the public hearing.

Commission Comment: Chair Eiref said the trellis was one-story and he did not see how it would impact the sunlight.

Commissioner Bressler asked why this change was coming to the Commission.

Senior Planner Chow said it was a combination of the trellis which impacted lot coverage and the light well for the basement was changing from a ladder type light well to a stairway light well.

Commission Action: M/S Onken/Kadvany moved to approve as recommended in the staff report.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current CEQA guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following standard conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Tektive Design, consisting of 17 plan sheets, dated received October 21, 2014, and approved by the Planning Commission on November 3, 2014 except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
  - b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
  - c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
  - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
  - f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of

the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.

- g. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.

Motion carried 6-0 with Commissioner Ferrick absent.

**D4. Use Permit/AT&T Wireless - Mark W. Jones/321 Middlefield Road:** Request for a use permit for a new wireless telecommunications facility and an associated equipment enclosure at an existing two-story medical office building located in the C-1 (Administrative and Professional, Restrictive) zoning district. The use proposal includes the following: 1) the temporary installation of six panel antennas behind a screen on the existing building rooftop and associated outdoor equipment on a concrete pad within a screened area, 2) temporary parking reduction of two spaces to allow installation of the temporary equipment pad, and 3) a permanent installation of 12 panel antennas and associated equipment cabinets located behind a screen on top of the building. After the permanent wireless telecommunications facility and equipment enclosure are mounted on the rooftop, the temporary telecommunications facility and equipment will be removed and the parking spaces returned to active use. (*Attachment*)

Staff Comment: Planner Morris said there were no changes to the staff report.

Public Comment: Mr. Mark Jones said he was representing AT&T Wireless. He said they were applying for a replacement site for their equipment currently located at 304 Middlefield Road, Menlo Park Fire District. He said about two years prior the District placed them on a month by month tenancy. He said the Fire Chief wanted the ladder tower back for exercises and AT&T and two other carriers' equipment were on that tower and would have to be removed.

Replying to questions from Chair Eiref, Mr. Jones said the new installation would have the latest technology. He said the new location with their installation would be completely screened and would be available for co-location by another carrier.

Commissioner Kadvany confirmed with the applicant that the antennas would be occluded behind a screen wall.

Commissioner Onken asked about the screening materials. Mr. Jones said the mechanical screening on the rooftop was a gray corrugated metal that their equipment would match in color. Mr. Jones had revised screening plans on his laptop he was able to share with the Commission and staff. Planner Chow said staff joined AT&T for the story pole simulation and the screening plans were revised based on that. She noted the photo-simulation in Attachment D should have had the screening as what was being shown to them this evening.

Mr. Gregory Youngblood, Menlo Park, said this cell tower would be located about 100 yards from his home noting he has three young children. He said he appreciated aesthetics but asked about safety and wireless installations. He said the research conclusions were controversial but asked the Commission to err on the side of caution. He noted that there were other locations in the area not so near residential areas. He asked that they push the applicant to locate the tower as far away from residential areas as possible.



Chair Eiref closed the public hearing.

Commission Comment: Chair Eiref asked if staff could address the topic of wireless and proximity to wireless.

Planner Morris said the applicant had completed an RF report that directly addressed FCC standards and was shown on page F4 of the staff report. She said this location for a cell tower and antenna was compatible with the FCC standards. She said the screening for the antennas would be compatible with the existing screening. She said regarding health and safety concerns and findings for condition number 2 in the recommended approval that the FCC preempted over local laws in terms of health. She said in this case that concern was addressed in the RF report.

Mr. Jones said although FCC pre-empted local law and cities cannot weigh in on health concerns if a project is compliant with FCC standards that they were willing to do a post-report on measurements when the facility was running to show real time compliance with FCC standards. He said regarding FCC standards that concerned citizens would need to appeal directly to the FCC with their concerns.

Recognized by the Chair, Mr. Youngblood said that AT&T was a successful company and his request was to have them submit two other proposed sites that would be located less near residential homes.

Commissioner Onken said this would remove the fairly ugly tower from the top of the Fire District building but this project would add a story in height onto this other building. He said the existing screen hid the mechanical equipment but this additional screening would be 10-feet in height and that was taller than any typical mechanical equipment screening. He said because of that he would want the project, if approved, to specify that the additional screening would be in the same material as well as the color of the existing screening material.

Commissioner Kadvany suggested persons having concerns with health and safety because of such installations might look at page F5 of the staff report for more information. He said the National Council on Radiation Safety and Measurements, a group sponsored by the National Academy of Sciences in the U.S., would have a website with downloadable information. He said that human exposure to radio magnetic fields had been studied for decades and the standards of these wireless installations were from those studies. He said he agreed with Commissioner Onken about the visual impact of this proposed project and that the screening wall would create a big box.

Commissioner Bressler asked the applicant if the public exposure levels applied to the people working in the building as well. Mr. Jones said that was correct. He said there were occupational exposure levels and public exposure levels. He said they shared the report with the building owners and they in turn had sent it to a third party for review for both the public and people working in the building and area. He said the major subtenant of the building was Stanford Medical Center. He said AT&T has five wireless sites on the Stanford Campus. He said they have no concerns. Commissioner Bressler asked if Mr. Jones knew what a person's exposure speaking on a cell phone was. Mr. Jones said that as an example baby monitors put out more energy than cell tower antennas do. He said anything that received or put out a

frequency had an FCC sticker on it indicating compliance with FCC standards. He said regarding the height on the building roof that this was not being asked arbitrarily in that moving from the Fire District building to this site they were losing height. He said also antennas and metal did not mix as the signal reflects off the metal. He said one of the challenges on this roof was that it was metal and slanted. He said the height needed to be added to get above where the antennas would reflect off that metal roof. He said it was proposed at the minimum height it could be set and the screen wall would use fiberglass material that would match the existing screening wall.

Commissioner Combs asked if there were municipal restrictions regarding cell towers in other municipalities. Mr. Jones said that their installation was currently compatible with the City of Menlo Park's code for antennas on a structure. He said some jurisdictions were more restrictive and some less restrictive. He said in San Francisco the antennas can be right next to residential use if it's a mixed use. He said in Pleasanton that the code was much more restrictive and this created dead zones noting it impacted reception at high schools and stores such as Safeway. He said a greater number of people were getting rid of their landlines and just using cell phones for everyday use. Commissioner Combs asked where the nearest existing AT&T cell tower other than the one at the Fire District was. Mr. Jones said they have a small site on top of El Rancho Market. He said that AT&T in this application process had worked with staff to identify the best site and had considered whether they could do a flag pole or fake tree installation. He said in this instance they were making it appear like the existing HVAC screening.

Chair Eiref said he was concerned with aesthetics and this was the largest structure for a cell site they had seen. Mr. Jones said their lease area was 127 square feet and would have 12 proposed antennas divided into three sectors. He said each antenna was about two-feet wide and there was separation between each and all of the antennas. He said the radio equipment would be screened completely and was also for any future carrier co-locator. Chair Eiref asked about the other options he had mentioned. Mr. Jones said when they found out they would have to move from the current location they first explored the use of a mono-pine, a fake tree about 45 feet in height at 300 Middlefield Road. He said the alternative site analysis was on page C1 of the staff report. He said they could not reach concurrence with the Fire District on an appropriate site at 300 Middlefield. He said they then looked at the USGS tower but USGS would not allow another carrier there or anywhere on their campus. He said they looked at St. Patrick's Seminary, a large parcel, for building a mono-pine or some sort of tower there, but the property owner had no interest. He said they then contacted Pollack Financial, the owner of 321 Middlefield Road, and were able to reach agreement with them.

Commissioner Strehl asked if they had looked at 545 Middlefield Road. Mr. Jones said they looked at the other tall buildings in the vicinity and those were either getting too far away from this coverage gap area. He said in the instance of 545 Middlefield Road that the surrounding trees' height blocked the line of sight technology. Commissioner Strehl asked if the screening could be modified so it did not create a big box on top of the roof. Mr. Jones said a 10-foot wall needed to be braced for seismic and wind-loading impacts. He said this design would have buttresses coming down from the straight wall. He said if the wall were slanted or rounded that would mean more space would be needed for the bracing and that might interfere with the HVAC equipment.

Commissioner Kadvany said the project would create an industrial wall in appearance, on the top of the building. Mr. Jones said he understood Commissioner Kadvany's concern but the storyboard showed how well the screening would match the existing screen wall. He said it would not be that visible or out of character from what one might see if there was larger HVAC installation on the roof.

Chair Eiref said he was pleased that other alternatives were looked at and asked staff if they were comfortable that all options had been considered. He said no antenna site was aesthetically pleasing noting an installation in Sharon Heights that basically looked like a fat flagpole. Senior Planner Chow said the installation mentioned was on the Quadrus Campus and there had been concern by the Planning Commission when they considered it as the element did not taper at the top like a flagpole. She said in that instance the Commission found the installation was acceptable as it would be tucked away behind buildings and from Sand Hill Road. She said this applicant looked at a flagpole type installation but could not find a site where such an object would appear logical or fit within the environment. She said the buildings along Middlefield Road because of development height restriction were all about the same height as the site being proposed for the cell tower installation.

Chair Eiref asked about the co-carrier' relocation and how that would proceed. Mr. Jones said the Fire District had also given those carriers notice about the lease termination. He said the City's code pushed carriers to co-locate. He said when those carriers came to staff to apply for a relocation site, they would be told about AT&T's location which could accommodate another carrier. Chair Eiref asked who the other carriers were at the current site. Mr. Jones said Sprint and T-Mobile. Chair Eiref asked if there would be enough room at this proposed site for other carriers. Senior Planner Chow said staff did not know what the space needs were for the other carriers. She said if the Commission was more comfortable in limiting the space to AT&T needs then should other carriers apply with the intent of co-locating at this site their application would potentially look at expanding the screening. Chair Eiref said that it would not be unreasonable for staff to contact the other carriers about their needed move. He said this proposal was not aesthetically pleasing but perhaps that faded if the site could also be used by the other carriers needing to relocate.

Commissioner Strehl asked whether the structure as proposed could accommodate other carriers. Mr. Jones said the site could probably accommodate two co-locators. Chair Eiref suggested that if the Commission approved the project they should require the City to reach out to the other carriers. Commissioner Strehl said she did not think that was staff's responsibility. She said the Fire District had given the other carriers notice. Mr. Jones said the property owner of this site was reaching out to the other carriers as there was a revenue generation opportunity.

Commissioner Strehl moved to approve as recommended in the staff report. She said she recognized that it was not visually as attractive as desired but she suspected that over time it would not be noticed by drivers going by it. Commissioner Bressler seconded the motion.

Chair Eiref said he hoped they would not see two more similar applications on two other buildings in the vicinity by the other two carriers being displaced. Commissioner Bressler said the onus would be on the Planning Commission should that occur. He noted the subject property owner had essentially cornered the market on this type of use. Chair Eiref said the Commission was charged with architectural control and aesthetic standards for the City.

Commissioner Kadvany agreed noting that there were site standards for parapets and roofs in the City code, which he thought this proposal was steam rolling. He said he expressed a concern previously about clutter along Bayfront Expressway. He said the screening was large and he was not sure about the materials. He said that another similar proposal would not be acceptable to him.

Commissioner Bressler suggested amending the motion to require a three-year review of the use permit. Commissioner Strehl, the maker of the motion to approve, said this was a substantial investment for AT&T and she thought a term limit would be an unnecessary encumbrance, noting the property owner would set the lease term. Commissioner Bressler said this was an emergency solution for AT&T and they were telling the Commission that they could not do any better than this proposal which he did not know was true or not.

Chair Eiref suggested AT&T do a mock up of what was being proposed for people to see. Mr. Jones said the storyboard they did included a section of wall to accurately portray the exact height of what was being proposed. He said the person who created the photo-simulation used a modeling software tool. He said the constraints were that nothing could be in front of an antenna that was not RF transparent so the antennas had to be set above the existing wall as it was metal and would reflect the signal. He said the antenna themselves were four and a half feet tall and needed another foot under them for the cabling. He noted this installation would cost about \$700,000. He noted the project site building was not as tall as the Fire District building and lowering the antennas would impact propagation. He said often jurisdictions put in the motion that the site must substantially look like the photo-simulation, must comply with the drawings as submitted, and once the site was completed if staff determines that it was not what had been proposed, there had been instances where the installation has had to be replaced. He said their lease would be for 25 years. He said it took them from the time two years ago they were told they would need to relocate until now to find a suitable site. He said if they were approved this evening, conditionally or otherwise, they would apply for the building permit to start building in December so they were moved from the Fire District building by February with no gap in coverage.

Commissioner Strehl asked when the other carriers needed to move from the Fire District building. Mr. Jones said he did not know the exact termination dates but he believed they had signed leases about six months later than AT&T.

Commissioner Combs said the applicant seemed to be saying that there could be qualifiers in the approval to require the installation to look like what was shown in the drawings, but his impression was that Commissioners Bressler and Kadvany do not like what the drawings showed architecturally. Commissioner Kadvany said that was accurate. He said the building would be getting extra square footage and provided a significant revenue source for the building owner, and that would create a negative externality for the public. He noted that having cell towers was a benefit however.

Commissioner Eiref asked about Menlo-Atherton High School's suitability. Mr. Jones said it was much too far away. He said this installation would cover the residential and commercial area down to just past the light at the high school (noted propagation maps) and down a little bit past Willow Road. He said this would serve the constituents that the installation on the Fire District building was currently serving. He said each subsequent co-locator has to relocate based on its own project merits. He said they were building this so it was co-locatable but it was up to the

other carriers to apply. He said they reached out to other building owners and constituents. He said 345 Middlefield Road has a completely pitched roof that would be a nightmare to try to use. He said they thought their application was the most aesthetically pleasing of the available choices. He said they done photo-simulations of flagpoles and mono-pines but those had looked out of character for the area.

Commissioner Combs asked if the other carriers might choose to leave the area. Mr. Jones said typically when a lease approaches five years from the termination date that carriers start looking for a site. He said the Fire Chief had worked with them to extend their tenancy as long as they could. He said he was sure the other carriers were looking for suitable relocation sites. He said he had to assume that if they were to leave the area, they would have a coverage gap, noting that he was not privy to their propagation maps. He said many of the cell tower sites in Menlo Park have multiple carriers located there. He noted the new Facebook building would have five carriers co-located there.

Commissioner Onken asked if the maker of the motion supported the amendment to revisit the project in three years. He said if so he could support the motion. Commissioner Strehl said she would accept the friendly amendment to revisit the project in three years.

Mr. Jones said his concern was whether the current City standards would still apply in three years time.

Senior Planner Chow said that if the use permit was reviewed in three years and there were changes to the code that the new code would apply.

Mr. Jones suggested a condition to require that AT&T provide staff a health and safety compliance report annually and to have a revisit to determine if it complies with the conditions of approval.

Commissioner Bressler asked if they could make the project look better. Mr. Jones said they could work with staff and building on making color changes. Chair Eiref said lowering the tower a couple of feet would make a great difference.

Mr. Jones went to discuss this idea with his radio consultant. When he returned, he said they could possibly lower the antennas one foot or two foot. He said however that the reflection reports showed the antennas propagation capability just passed at the proposed height. Chair Eiref said he would like the determination made as to exactly how high the antennas needed to be to work well. Mr. Jones said when they installed they could have an independent company assess the needed height for usability. If the antennas could be lower than what was proposed they would make the wall shorter.

Commissioner Onken said it was not up to staff or the Commission to determine what worked for RF. He said he would make a motion for the screen wall to be limited so that the building height was limited to 41-foot six-inches. Commissioner Strehl noted she had made a motion and she was willing to accept the friendly amendment to limit the overall building height at 41-foot six inches but drop the requirement for a review in three years. Commissioner Onken seconded the motion.

Commission Action: M/S Strehl/Onken moved to approve as recommended in the staff report with the following modification.

1. Make a finding that the project is categorically exempt Class 1 (Section 15301, "Existing Facilities") of the current CEQA Guidelines.
2. Make necessary findings, pursuant to section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of the proposed use, and will not be detrimental to property and improvements in the neighborhood or general welfare of the City. (Due to the Federal Communications Commission (FCC) preemption over local law regarding concerns over health where the proposed facility meets FCC requirements, staff has eliminated the standard finding for "health" with respect to the subject use permit.)
3. Approve the use permit subject to the following standard conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Jeffrey Rome Associates, dated received October 2, 2014, and approved by the Planning Commission on November 3, 2014, consisting of 19 plan sheets except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
    - a. Prior to building permit issuance, the applicant shall comply with all County State, and Federal regulations that are directly applicable to the project.
    - b. Prior to building permit issuance, the applicant shall comply with all requirements of the Building Division that are directly applicable to the new construction.
4. Approve the use permit subject to the following non-standard conditions:
  - a. Within thirty (30) days of the installation of the permanent antenna facility, the applicant shall remove the temporary antennas and associated equipment and restore the number of available parking spaces in the parking lot from 232 to 234 parking spaces, subject to review and approval of the Planning Division.
  - b. Simultaneous with the submittal of a complete building permit application, the applicant shall reduce the height of the screen wall to not exceed 41 feet, 6 inches in height. All antenna and associated equipment shall not be visible above the screen wall. The revised plans shall be subject to review and approval of the Planning Division

Motion carried 5-0 with Commissioner Kadvany opposed and Commissioner Ferrick absent.

Senior Planner Chow said staff's understanding of the motion was that the proposal would entirely screen the antenna at 41-foot six-inches building height.

Comments were made as to the potential impact on coverage for AT&T users in the vicinity.

**D5. Development Agreement Annual Review/Facebook/1 Hacker Way and 1 Facebook Way:** Annual review of the property owner's good faith compliance with the terms of the Development Agreements for the East and West Campus Projects. (*Attachment*)

Staff Comment: Contract Planner Hogan said staff had no additional comments.

Public Comment: Mr. Justin Gurvitz, Facebook, and Lauren Swezey, Facebook, said they were available for questions. Replying to a question from Chair Eiref, Mr. Justin Gurvitz said that the software for the trip generation would not ping the City should the trip cap be exceeded but would generate daily reports to City staff which they could review and tally for compliance. He said at no time yet have they been even close to triggering the trip cap and they were at parking capacity. Contract Planner Hogan noted that they were at 60% of the trip cap. Mr. Justin Gurvitz said they were still trying to get the software to do everything they hoped it would. He said when the agreement was developed there was no existing software to provide what the City was requesting so what they have was a made to order software.

Ms. Lauren Swezey said her last conversation with their Transportation Department was that they were receiving automatic notices on the trip cap and they would be happy to work with the City to set that up. She said she thought it was working and there just needed to be training to produce the needed information.

Contract Planner Hogan said the annual review period ended in September so they were past things previously report. He said for instance the report indicated that projects were acquiring encroachment permits but now those projects would actually start construction in a month.

Ms. Swezey said the staff report indicated an initial distribution of the Local Community Fund was made this review year but it was a second distribution as the initial distribution would have been the one they made the first review year.

Commissioner Combs said the agreements stipulated Facebook would encourage local jobs and job fairs were mentioned as the action. He asked if there was any data on Menlo Park residents being hired by Facebook. Ms. Swezey said the agreements require they hold Job Fairs and they had just conducted one October 27 but there were no statistics on who was being hired. Commissioner Combs asked how they engage local purchasing. Ms. Swezey said it was an effort of their Facilities and Culinary teams to go to local businesses and directly purchase products. She said they have also reached out to local restaurants to invite them to do catering on campus. She said she monitors outreach and use of local businesses as well as other monitoring of the development agreements.

Commissioner Onken said this evening he did not have to recuse himself as it had been over a year since he had been employed by Facebook as one of the local businesses. He said everything was indicated as having been completed. He asked about ongoing efforts for local purchasing noting his particular interest was their relationship with the Belle Haven neighborhood. Ms. Swezey said they saw local purchasing as an ongoing relationship and not



a completed relationship. She said they continue to reach out to the neighborhoods including Belle Haven, noting she does the community outreach.

Commissioner Kadvany said regarding Transportation Demand Management (TDM) that the Commission has heard comments that TDM was easier for a one company site as opposed to a multiple tenant site. He asked how they promoted their TDM program. Ms. Swezey said the traffic conditions experienced on Hwy. 101 motivates their employees to get out of their cars and seek out alternative transportation. She said new employees were told on their first day of work about alternative transportation options. She said they have not had to promote as employees seek them out for alternative transportation options and see the TDM program as a benefit. She said their alternative commute use was at 40 percent. Commissioner Kadvany asked about the trip count. Ms. Swezey said that the numbers produced by the sensors and software have also been corroborated separately periodically with manual counts. Commissioner Kadvany asked about the Bay Trail gap closure goal of 2026. Ms. Swezey said their transportation team has a consultant working to keep all of the stakeholders involved and move the project along but currently it was very challenging.

Commissioner Strehl said she had worked on the Bay Trail years prior when she worked for Lockheed and it moved slowly. She asked what percentage of their employees use public transit. Ms. Swezey said it varied but ranged between 40 and 47% of their employees, depending on the time of year noting that more employees ride bicycles on warmer days. She said that percentage includes their Facebook buses. Commissioner Strehl asked if they have a ride-matching service they utilize. Ms. Swezey said they worked with ZIM ride and helped get it started but found carpooling was more the result of interrelationships among employees and not platforms. She said they do have vanpools coming from all over the Bay area and areas where they do not have buses running.

Chair Eiref closed the public hearing.

Commission Comment: Commissioner Strehl moved to find the property owner's good faith compliance with the terms of the Development Agreements for the Facebook East and West Campus Projects. Commission Bressler seconded the motion.

Commissioner Bressler said the intersection of Middlefield and Willow Roads was completed but noted the traffic was still particularly bad during rush hour going into and out of Palo Alto. He said that was not Facebook's impact but asked what could be done to alleviate the problem.

Development Services Manager Murphy said Facebook had been responsible for mitigation improvements but the traffic was not necessarily related to Facebook. He said recent improvements include installing a "no right turn on red light" from Middlefield Road onto Willow Road. He said that would be fully implemented soon with signage and tree trimming, and would be monitored by the City.

Commission Action: M/S Strehl/Bressler to make the finding and determine upon the basis of substantial evidence that Facebook has for the Development Agreements review year of October 2013 and September 2014 complied in good faith with the terms and conditions of both Development Agreements.

Motion carried 6-0 with Commissioner Ferrick absent.

## **E. REGULAR BUSINESS**

### **E1. Review of Draft 2015 Planning Commission Meeting Dates**

Staff Comment: Development Services Manager Murphy said the memo explained staff's thinking regarding the selection of meeting dates for 2015 and were looking for the Commission's approval or feedback. He said if there were no changes they would publish the 2015 meeting calendar.

Commissioner Strehl noted that July 6 was a less than an ideal day to meet as it was part of a holiday weekend.

Development Services Manager Murphy said one option was to keep the date understanding there might be a potential to cancel the meeting or to pick another date. He said typically they tried to not do back to back meetings. He suggested they could schedule July 13 and July 20.

Commissioner Onken confirmed with staff that the Fridays when City Hall was closed would not create a problem rescheduling the one meeting date. He said they could either meet June 29 or July 13 rather than July 6. Chair Eiref said he would prefer July 13. Development Services Manager Murphy confirmed with the Commission there was general consensus to publish the calendar as proposed except for the one meeting date change from July 6 to July 13.

## **F. COMMISSION BUSINESS**

There was no Commission Business.

## **G. STUDY SESSION**

There was no Study Session.

## **ADJOURNMENT**

Chair Eiref adjourned the meeting at 9:25 p.m.

Staff Liaison: Senior Planner Chow

Recording Secretary: Brenda Bennett



# PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION  
MEETING OF DECEMBER 8, 2014  
AGENDA ITEM D1

<b>LOCATION:</b>	<b>1199 Willow Road</b>	<b>APPLICANTS:</b>	<b>Yasmin Mustafa/Adam Aisha</b>
<b>EXISTING USES:</b>	<b>Multi-Tenant Commercial Building</b>	<b>OWNER:</b>	<b>Mohammed Karwash</b>
<b>PROPOSED USES:</b>	<b>Multi-Tenant Commercial Building</b>	<b>APPLICATION:</b>	<b>Use Permit and Architectural Control</b>
<b>ZONING:</b>	<b>C-2-B (Neighborhood Commercial District, Restrictive)</b>		

## PROPOSAL

The applicants are requesting a use permit to allow a restaurant use in the C-2-B zoning district to operate during the hours of 10:30 a.m. to 10 p.m. Monday through Thursday, 10:30 a.m. to midnight Friday through Saturday and 10:30 a.m. to 8 p.m. on Sunday, on a property that is substandard with regard to parking. This application also includes a request to allow outdoor seating in front of the restaurant and architectural control to allow exterior modifications to the existing building.

## BACKGROUND

The multi-tenant commercial building at 1189-1199 Willow Road and 824-830 Newbridge Street is nonconforming with regard to parking, which requires Planning Commission use permit review of all changes of use. On May 5, 1997, the Planning Commission approved a blanket use permit allowing all permitted uses in the C-2-B zoning district, except for restaurants and medical and dental offices, to locate on the subject property without obtaining individual use permits. Due to the higher parking demands associated with restaurants and medical offices, these uses were excluded from the blanket use permit in order to allow any such proposal to be considered on a case-by-case basis through the use permit process. In this case, the proposed restaurant also requires use permit approval to extend the hours of operation past 8 p.m. A reciprocal parking agreement linking the property and the parking lot across the

alley was recorded as a condition of approval for the blanket use permit. The parking lot, which has frontages on Newbridge Street and Carlton Avenue, provides 22 spaces.

## **ANALYSIS**

### **Site Location**

The subject property is located at 1189-1199 Willow Road and 824-830 Newbridge Street, in the C-2-B (Neighborhood Commercial, Restrictive) zoning district. Using Willow Road in the north to south orientation, the subject property is located at the southwest intersection of Willow Road and Newbridge Street. The parcel to the north of the subject site, across Newbridge Street, is also in the C-2-B zone and is developed with the Mi Tierra Linda market. The parcel to the south is zoned R-3 (Apartment), and like the majority of the parcels along the west side of Willow Road, is developed with multiple residential units. The parcel to the west, across an unnamed alley, is zoned P (Parking), serves as the parking lot for the subject parcel and is adjacent to single-family residences. The parcels to the east, across Willow Road, are located in the City of East Palo Alto and are developed with commercial and single-family residential uses.

### **Project Description**

The applicants are requesting use permit approval for a restaurant to operate during the hours of 10:30 a.m. to 10 p.m. Monday through Thursday, 10:30 a.m. to midnight Friday through Saturday and 10:30 a.m. to 8 p.m. on Sunday. Staff believes the extended hours of operation would be consistent with this type of restaurant use. Additionally, the proposed restaurant's location on a corner site limits the potential for impacts, such as noise, on neighboring residences. The application also includes architectural control to allow exterior modifications to the existing building.

The proposed pizzeria (Senor Pomodoro) would occupy an approximately 912 square foot tenant space at the corner of Willow Road and Newbridge Street. This tenant space was previously occupied by the Menlo Park Police Department, which has since moved these services to a new facility at Willow Road and Hamilton Avenue. The proposal includes sharing garbage, recycling and composting bins with Back-A-Yard Grill, another restaurant located on the subject property. The shared bins would be located in the rear of the parcel, adjacent to a loading area accessed from the alley. The proposal also includes delivery service to the nearby area. The applicants are not proposing to serve alcoholic beverages and a condition of approval has been added limiting service to non-alcoholic beverages and food items (Condition 4b). Like the other businesses at this site, the pizzeria would have a generally neighborhood-serving focus, drawing most patrons from the immediate area.

The floor plan indicates a total of three booths and three tables inside the restaurant. If each table or booth seats four people, the indoor seating capacity would be approximately 24 people. The applicants are also proposing outdoor seating on private property outside of the restaurant. Although four outdoor tables are shown on the plans,

compliance with disabled access requirements will likely limit the outdoor seating to two or three outdoor tables or a maximum of 12 outdoor seats. A recommended condition of approval has been added requiring that the applicants demonstrate compliance with disabled access requirements at the building permit stage (Condition 4c). Due to the limited availability of parking, a recommended condition of approval was also added limiting the total seating to a maximum of 36 seats, including outdoor seating (Condition 4d). The applicants have submitted a project description letter, which discusses the proposal in more detail (Attachment C).

### Parking

The C-2-B zoning district requires six off-street parking spaces per 1,000 square feet of gross floor area. The submitted site plan indicates a gross floor area of 6,866 square feet, meaning that the building has an off-street parking requirement of 41.2 spaces. Previous applications have listed a slightly smaller gross square footage for the existing building; however, even with the lower figure, at least 41 parking spaces would be required. The subject property does not provide any parking on site, although vehicles can temporarily park in a loading area off the rear alley. The parking lot for the subject parcel is located to the rear of the parcel, across the alley. The parking lot, which has frontages on Newbridge Street and Carlton Avenue, provides 22 parking spaces, approximately 19 spaces below the minimum required by the Zoning Ordinance. Because the proposed pizzeria would utilize this parking lot, a recommended condition of approval has been added requiring the completion of parking lot improvements relative to signage, striping and wheel stops (Condition 4e). On-street parking is not allowed along Newbridge Street, but there are on-street spaces along the Willow Road frontage. Although the on-street parking spaces do not count as required parking, they may be used in considering the granting of the use permit.

The applicants have indicated that the subject building has seven tenant spaces, ranging in size from approximately 580 square feet to approximately 2,054 square feet, developed with the following uses: a restaurant (Back-A-Yard), a laundromat, office space, two hair salons and a Metro PCS retail store.

The subject property is surrounded mainly by residential uses and tends to support smaller businesses that generate a small volume of traffic, and therefore, less parking demand. The variety of uses in the building, as well as the Mi Tierra Linda market across Newbridge Street, allows for shared trips that do not increase the overall parking demand (i.e., a hair salon patron may subsequently stop by for pizza). In addition, the applicants are proposing delivery service to the nearby area which may reduce traffic to the site.

Staff is not aware of any significant or recurring parking issues at this location. The staff recommendation is to approve the use permit request subject to the recommended conditions of approval, although the Planning Commission has the discretion to consider other options, such as:

- Providing a mechanism by which parking-related complaints could be relayed to

staff, who would have the discretion to bring documented issues back to the Planning Commission for reconsideration;

- Requiring regular reporting of observed parking usage and/or customer/employee parking surveys for the subject property; or
- Additionally limiting the intensity of the proposed use (such as reducing the maximum number of restaurant seats).

### Design and Materials

The applicants are proposing to replace a door along the Willow Road frontage with new stucco and a new veneer brick wall below it to match the existing stucco and veneer brick on the building. A door and window along the Newbridge Street frontage would also be removed and replaced with new stucco and a new veneer brick wall below it. The applicants are also proposing a five-foot high parapet extension to screen the new roof equipment required for the restaurant. The parapet extension would be approximately 22 feet in length along Willow Road and approximately 40 feet, 10 inches in length along Newbridge Street.

### Correspondence

Staff has not received any correspondence regarding the proposal. The applicants indicate that they have reached out to residents and business owners in the Belle Haven community and have received positive feedback on their proposal.

### Conclusion

The subject property is surrounded mainly by residential uses and tends to support smaller businesses that generate a small volume of traffic, and therefore, less parking demand. The variety of uses in the building, as well as the Mi Tierra Linda market across Newbridge Street, allows for shared trips that do not increase the overall parking demand. Although the on-street parking spaces along the Willow Road frontage do not count as required parking, they may be used in considering the granting of the use permit. Staff believes the extended hours of operation are consistent with this type of restaurant use. Additionally, the proposed restaurant's location on a corner site limits the potential for impacts, such as noise, on neighboring residences. The proposed outdoor seating at the restaurant would be located on private property. Staff recommends that the Planning Commission approve the proposed use permit and architectural control application.

## **ENVIRONMENTAL REVIEW**

The project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.

## RECOMMENDATION

1. Make a finding that the project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current CEQA Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following **standard** condition:
  - a. Development of the project shall be substantially in conformance with the plans prepared by RCUSA Corporation, consisting of three plan sheets, dated received November 10, 2014, and approved by the Planning Commission on December 8, 2014, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
4. Approve the use permit subject to the following **project-specific** conditions:
  - a. The hours of operation shall be limited to 10:30 a.m. to 10 p.m. Monday through Thursday, 10:30 a.m. to midnight Friday through Saturday and 10:30 a.m. to 8 p.m. on Sunday.
  - b. Service shall be limited to non-alcoholic beverages and food items.
  - c. Seating shall be limited to a maximum of 36 seats for customers, including outdoor seats.
  - d. Simultaneous with the submittal of a complete building permit application, the applicant shall submit revised plans that demonstrate compliance with the disabled access requirements of the California Building Code, including the location of disabled access seating in the outdoor seating area.
  - e. Prior to issuance of a building permit, the property owner shall submit a plan for the parking lot located at the corner of Newbridge Street and Carlton Avenue. The parking plan shall include the following: new signage to replace the two existing "authorized parking only" in the parking lot, installation of wheel stops for each of the parking spaces located adjacent to the sidewalk on Newbridge Street, and repainting of the striping of all of the parking spaces. The new signage shall indicate that the parking lot is for use of the customers and tenants of the commercial building located at 1183-1199 Willow Road and 824-830 Newbridge Street. The parking lot improvements shall be completed prior to occupancy of the tenant improvements.



Report prepared by:  
*Corinna Sandmeier*  
*Associate Planner*

Report reviewed by:  
*Thomas Rogers*  
*Senior Planner*

## **PUBLIC NOTICE & APPEAL PERIOD**

Public notification consisted of publishing a legal notice in the local newspaper and notification by mail of owners and occupants within a 300-foot radius of the subject property. Planning Commission action will be effective after 15 days calendar days unless the action is appealed to the City Council, in which case the outcome of the application shall be determined by the City Council.

## **ATTACHMENTS**

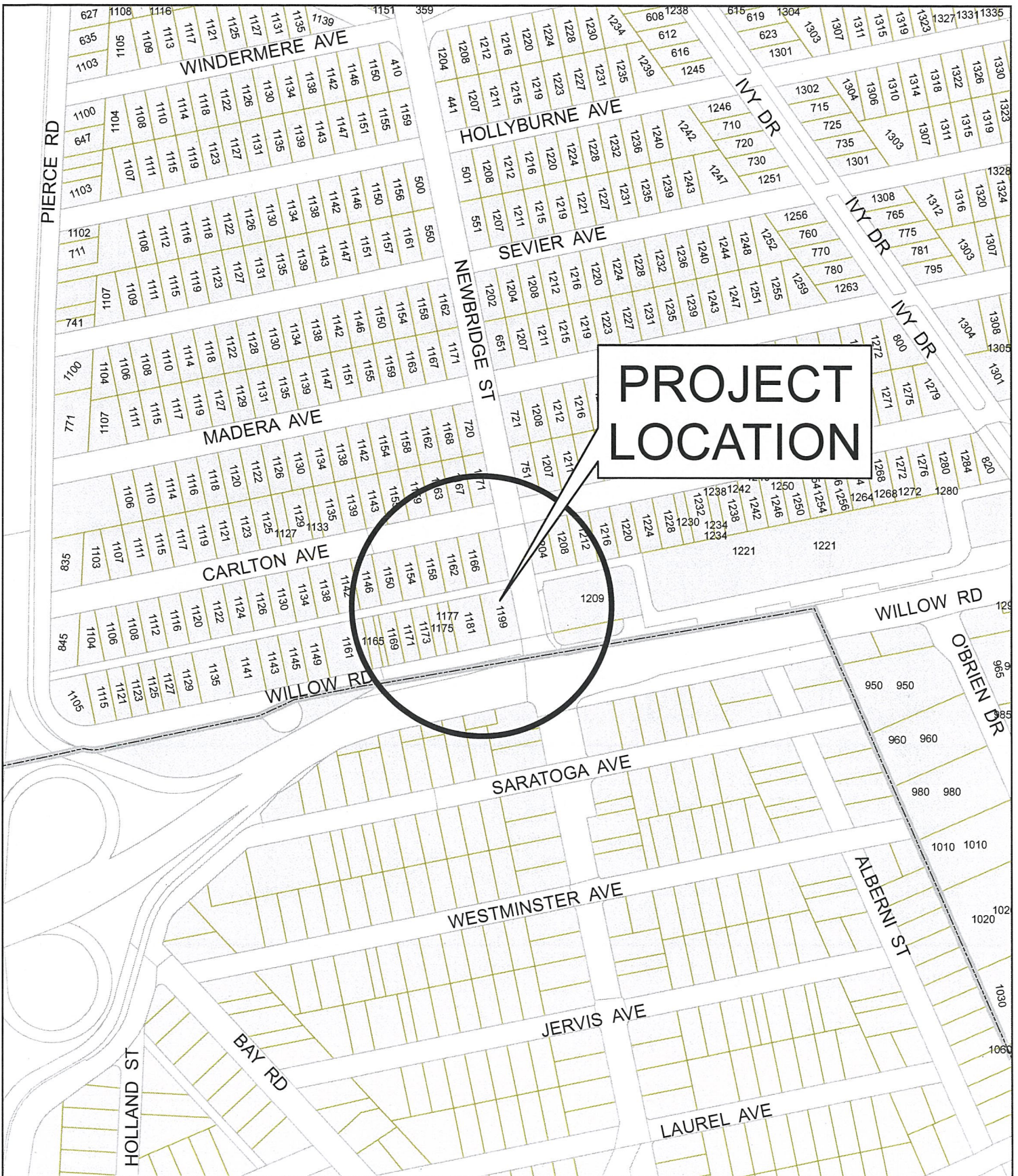
- A. Location Map
- B. Project Plans
- C. Project Description Letter

**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, drawings and exhibits are available for public viewing at the Community Development Department.

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

None

V:\STAFFRPT\PC\2014\120814-1199 Willow Road.doc

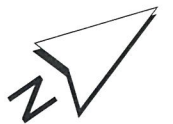
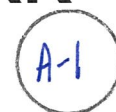


# CITY OF MENLO PARK

## LOCATION MAP

### 1199 WILLOW ROAD

DRAWN: KTP CHECKED: KTP DATE: 12/08/14 SCALE: 1" = 300' SHEET: 1









**RCUSA**  
(RONG CHANG USA)  
CORPORATION

2050 CONCORD DRIVE, #20  
SAN JOSE, CA 95131-1502  
TEL (408) 321-9988  
FAX (408) 321-9987

STANDARD PLAN C-21024  
1199 WILLOW RD, MENLO PARK, CA 94025



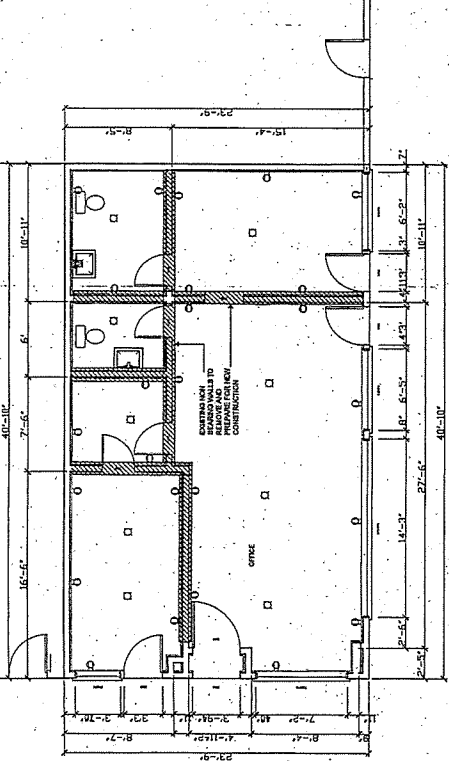
**SENIOR POMODORO**  
**TENANT IMPROVEMENT**

**SITE, DEMO,**  
**FLOOR PLAN**

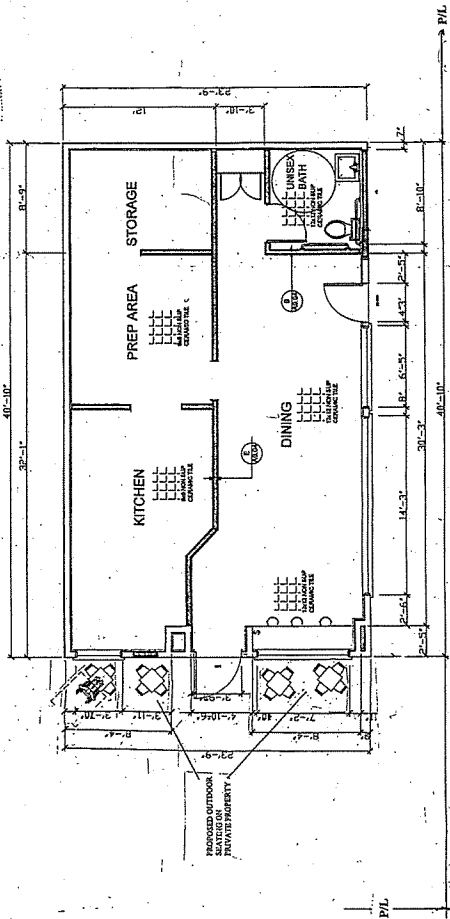
DATE	09/18/14
JOB NO.	FCSK-1189
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1	09/27/14 CITY SUBMITTAL
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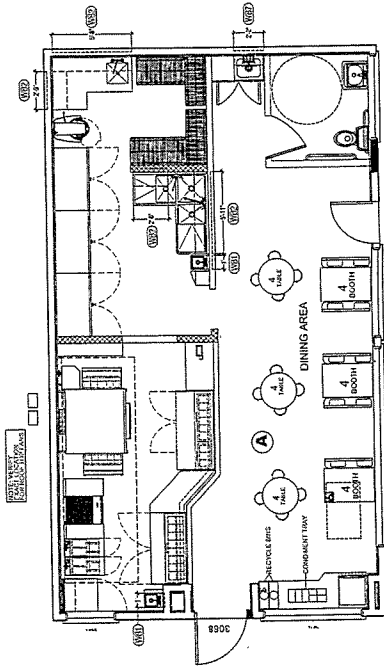
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NOT APART



**EXISTING FLOOR PLAN**  
SCALE: 1/4" = 1'

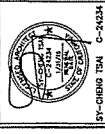


**PROPOSED IMPROVEMENT FLOOR PLAN**  
SCALE: 1/4" = 1'



**SEATING & EQUIP. LAYOUT**  
SCALE: 1/4" = 1'-0"

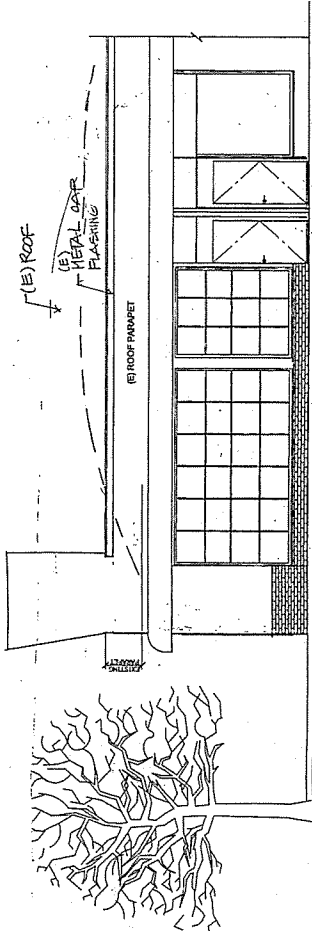
B-2



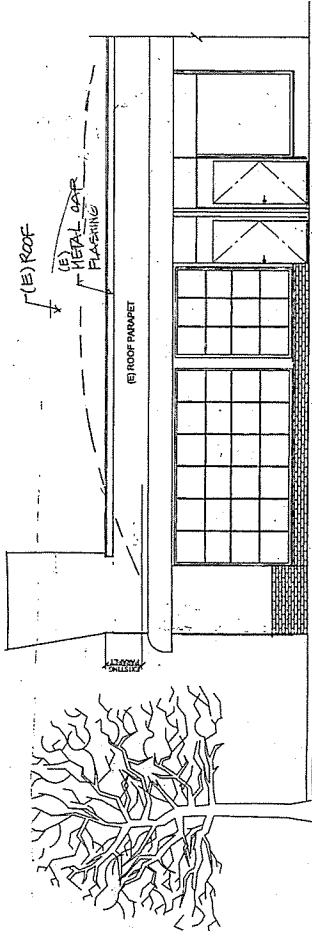
**SENOR POMODORO**  
**TENANT IMPROVEMENT**  
1199 WILLOW RD, MENLO PARK, CA 94025

ELEVATION	
DATE	09/18/14
DRAWN BY	FCSC-1189
ISSUE & REVISION	
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SHEET NO.  
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DRAWN BY: VC

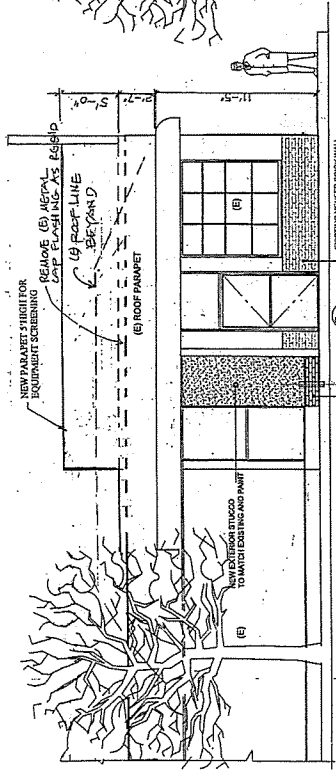


EXISTING EXTERIOR ELEVATION VIEW  
(WILLOW RD)  
SCALE: 1/8" = 1'-0"

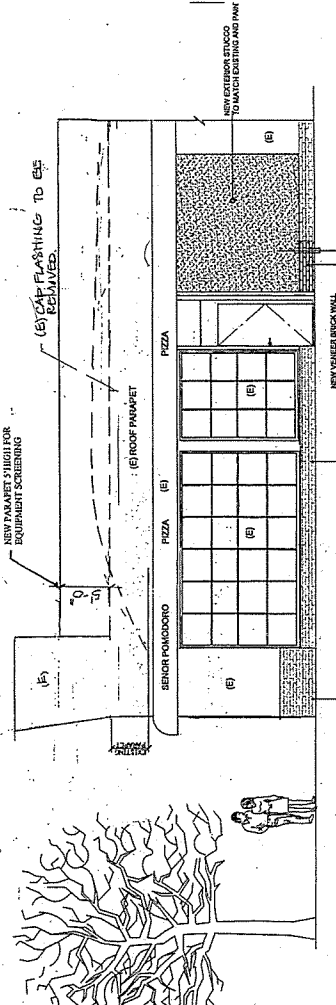


EXISTING EXTERIOR ELEVATION VIEW  
(NEWBRIDGE STREET)  
SCALE: 1/8" = 1'-0"

NOTE:  
SIGNAGE UNDER A SEPARATE PERMIT

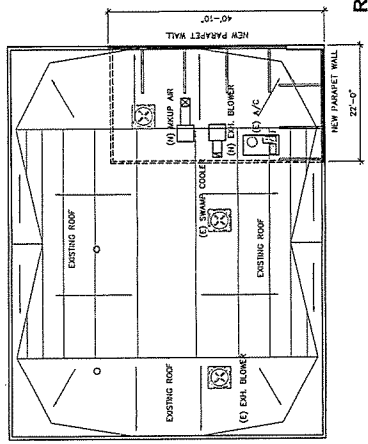


REMODEL EXTERIOR ELEVATION VIEW  
(WILLOW ROAD)  
SCALE: 1/8" = 1'-0"



REMODEL EXTERIOR ELEVATION VIEW  
(NEWBRIDGE STREET)  
SCALE: 1/8" = 1'-0"

IMPROVEMENT VIEWS



ROOF PLAN  
SCALE: 3/16" = 1'-0"



63

RECEIVED

NOV 03 2014

By PLANNING



1199 Willow Road, Menlo Park Ca 94025

Hours of Operation: Monday-Thursday 10:30am-10:00pm, Friday-Saturday 10:30am-12am, Sunday  
10:30-8pm

Designated parking spaces: Parking lot located in rear of building

Bathroom handicap accessible

Delivery: Will be provided within a 10 mile radius

Senor Pomodoro will provide the Belle Haven Menlo Park community with quality pizza that will satisfy everyone's taste buds. Recognizing the history of Menlo Park, Senor Pomodoro would like to showcase it's surrounding community in the overall theme of the pizzeria. We hope to accomplish this by using photos and items from surrounding schools and businesses with hope to bring our community closer together.

### Our Goal:

Senor Pomodoro will create a friendly and pleasant atmosphere for customers in a well-designed, and productive environment in which people will work happily. We are sensitive to the look and taste of good pizza as well as to high-quality ingredients. Senor Pomodoro will have outdoor seating when weather permitting. Our focus will be a family and kid friendly atmosphere there for we have made the decision not to serve beer or wine at Senor Pomodoro. We will look to provide the best possible value to our customers who desire great tasting pizza and to provide customers with the satisfaction of receiving a great value, both tangibly and intangibly. A great advantage Senor Pomodoro has is that our customers are our neighbors as we are also residents of our market area.

Senor Pomodoro plans to be as green as we can possibly be when it comes to flatware. Senor Pomodoro will be using disposable flatware that can easily be recycled. Recycling bins will be along with the trash bins located inside Senor Pomodoro (refer to plans for location of trash bins) on wheeled bins which will allow employees to move trash bins easily when dispensing the recycle and garbage into the larger dumpsters located in the rear of the building which will be shared with Back-a-Yard.

We will also create and maintain a healthy, creative, respectful, and fun working environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek fair and responsible profit, enough to keep the company financially healthy for the long term.

The keys to success in this business are:

- Delivering the customer value proposition.
- Marketing: promoting a new company, product, and delivery channels to a rural community.
- Product quality and consistency.
- Pricing effectively with respect to the project quality and customer value proposition.
- Family-oriented atmosphere
- Management: products delivered on time, costs controlled, marketing budgets managed.

### Hours of Operation:

Senor Pomodoro is expecting to have a high demand for delivery, especially during the evening hours, Due to this we are requesting to have extended hours for the evening deliveries in order to provide our services to our community, The requested hours are; Monday through Thursday from 10:30am to 10pm, Friday and Saturday from 10:30am to 12am, and Sunday from 10:30am to 8pm.

### Parking:

Though Senor Pomodoro expect most of our customers to request delivery service. Our customers will have access to two off street parking spaces located at the entrance of the building as well as our parking located in the rear of the building with a total of 22 parking spaces intended for the tenants at 1199 Willow road, which our customers will have access to during business hours.

The building contains seven tenants with the square footage ranging in size from 583 square feet to 2,230 square feet. The recent use for tenant spaces are; Caribbean grill, laundry mat, office space, two hair salons, and a Metro PCS retail store.



Garbage, Recycling, and Compost:

Located directly behind Back-A-Yard Grill will be shared waste bins. One for garbage, one for recycling, and one for composting. All three bins will be shared by both Back-A-Yard and Senor Pomodoro, as agreed with the owner of the building. Attached is a signed document

Feedback From Our Community:

As mentioned above, we are residents of the Belle Haven community, because of this we have had the chance to reach out to other residents, business owners, and serving officers of the Belle Haven community, all giving us positive feed back and have further secured our plans and goals for Senor Pomodoro. Providing a place with a family environment will only bring a positive out come as mentioned by a Menlo Park Officer. We have also spoken to Facebook employees and they also have given us positive feedback as they will now have another option for lunch, wether it be dining in or a delivery order.



# PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION  
MEETING OF DECEMBER 8, 2014  
AGENDA ITEM E1

<b>LOCATION:</b>	<b>701 Laurel Street</b>	<b>APPLICANT AND OWNER:</b>	<b>City of Menlo Park</b>
<b>EXISTING USE:</b>	<b>Civic Center</b>		
<b>PROPOSED USE:</b>	<b>Civic Center</b>	<b>APPLICATION:</b>	<b>Architectural Control</b>
<b>ZONING:</b>	<b>P-F (Public Facilities)</b>		

## PROPOSAL

The City of Menlo Park is requesting architectural control approval to construct a new structure for covered parking located in an existing surface parking area at the Civic Center campus, which is in the P-F (Public Facilities) zoning district. The new structure would be located in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center, and would not affect the number of parking spaces. As part of the proposed project, an 18-inch diameter heritage camphor tree in good condition is proposed for removal. The project is associated with a proposal to install new solar energy facilities on City sites, although the overall solar project is not subject to architectural control review.

## BACKGROUND

On November 27, 2012 the City Council signed a Memorandum of Understanding (MOU) with Alameda County to participate in the Regional Renewable Energy Procurement (R-REP) project, which is an initiative led by Alameda County to collaboratively purchase renewable energy systems with 19 public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. The R-REP project includes 186 sites, totaling over 31 megawatts of renewable energy. Working collaboratively instead of individually has led to a significant reduction in renewable energy system costs, transaction costs, administrative time, and has enhanced leverage for public agencies in negotiations for renewable energy. The City has already saved significantly by joining this effort through reduced staffing costs as Alameda County prepared and coordinated additional financial analysis, bid documents, vendor selection, and reviews on behalf of Menlo Park. As part of the R-REP project, the City included the following City facilities in the bulk purchase of renewable power: the Arrillaga Gymnasium, Arrillaga Gymnastic Center, Onetta Harris Community Center,

City Corporation Yard, and the Belle Haven Childcare Center.

On April 29, 2014, the City Council held a study session to review potential Photovoltaic (PV) installation sites, financing options, installation of solar covered parking structures (also referred to as “carports”), and Planning Commission involvement in the project’s review process. Council then provided direction and general feedback to staff that the proposed City sites seemed feasible, to proceed with a Power Purchase Agreement (PPA) for financing since it does not require cash up-front and reduces staff time for maintenance and operation of the system, agreed that solar carports are a good option to pursue pending Council’s review and approval, and that they would like the Planning Commission to review any potential solar carports for architectural control before they are reviewed by Council.

On October 7, 2014, staff provided City Council with an update on the status of the City’s R-REP project, informing them that the selected solar vendor for the project was Cupertino Electric, that the Belle Haven Childcare Center was no longer being pursued due to not being financially feasible, that all remaining sites will include roof-mounted solar, and that a carport was only being proposed at the Civic Center/Arrillaga Family Gymnastics Center site. During the public hearing, City Council did not receive any public comments on the project and voted unanimously to:

1. Approve a Resolution Making Findings Necessary to Authorize an Energy Service Contract for PPA’s at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Community Center, and City Corporation Yard;
2. Authorize the City Attorney to Finalize the Agreement;
3. Authorize the City Manager to Execute the Agreement;
4. Amend the existing consulting contract with Optony, Inc. to include Construction Management Services of which the 3.5 percent listed under schedule 9 of the PPA’s contract to be applied.

The installation of renewable power at the four proposed sites through the R-REP project will assist in offsetting 80 percent of current energy use at each site and is estimated to save the City over \$461,000 in energy costs during the course of the 20-year PPAs when compared to PG&E rates. Through the PPAs, Cupertino Electric would own, operate, and maintain the PV systems, and the City would pay for the renewable power. In addition, installing renewable power on City facilities is consistent with the City’s Climate Action Plan and 27 percent greenhouse gas (GHG) reduction target. It is estimated that this project could potentially reduce 419 tons of GHG emissions from government operations per year which is a community-wide savings of 0.1 percent annually. Lastly, the project is consistent with sustainable budget practices by reducing operating costs.

During the October 22, 2014 Environmental Quality Commission (EQC) meeting, staff provided the EQC with an informational update on the R-REP project and Council’s approval of the energy contracts. Staff also informed the EQC that they would be reviewing the project again for a Heritage Tree recommendation at their upcoming December 17, 2014 meeting, after the Planning Commission’s review of the

architectural control request on December 8, 2014. Staff expects to bring the R-REP item to Council in February 2015 to present the Planning Commission's and EQC's recommendations.

## **ANALYSIS**

### Site Location

The subject site is located at the City of Menlo Park's Civic Center complex, which is bounded by Ravenswood Avenue, Laurel Street, Burgess Drive, and Alma Street. The Civic Center complex is approximately 27 acres in size, and includes the Administration Building, City Council Chambers, Child Care Center, Arrillaga Family Recreation Center, Library, Arrillaga Family Gymnastics Center, Arrillaga Family Gymnasium, and Burgess Park. Using Laurel Street in a north-south orientation, the proposed solar carport would be installed at 701 Laurel Street, on the west side of Laurel Street between Ravenswood Avenue and Burgess Drive, in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. The subject site is surrounded by a mix of uses, including multi-family residential and commercial uses to the north, a research and development campus (SRI International) and single-family residences to the east, office buildings to the south, and the Caltrain railroad tracks to the west.

### Project Description

The City of Menlo Park is proposing to construct a carport with solar collector panels in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. The site is in the P-F (Public Facilities) zoning district, which allows public facilities used and operated for government purposes by the City as a permitted use. The electricity generated from the solar collector panels would help offset electricity usage at the Administration Building and Arrillaga Family Gymnastics Center. The proposed solar carport requires architectural control review for the proposed carport design. The proposed roof-mounted solar collector panels at the Arrillaga Family Gymnastics Center are shown for reference only, and do not require architectural control review (as specified by State law). The proposed project includes the removal of an 18-inch diameter heritage camphor tree and a 13.5-inch non-heritage Chinese pistache, both of which are located within the footprint of the proposed carport. A project description letter, included as Attachment C, describes the project in more detail.

This application will be reviewed by the City Council since it is a City-sponsored project. The Planning Commission will act as a recommending body on the architectural control request.

## Design and Materials

The proposed carport structure would be approximately 131 feet, six inches in length and 38 feet, nine inches in width, with an overall height of 16 feet, three inches. The carport would straddle an existing metal fence that separates the police vehicle parking area from the public parking area, and would provide shade for vehicles parked along both sides of the fence. The carport's support structure would be comprised of five steel columns on a concrete base, which would support a sloped steel canopy. Two existing light fixtures along the fence would be removed as they are in direct conflict with the carport. Anti-glare solar collector panels would be installed over the carport's entire roof surface. The canopy and support columns would be painted dark brown, which is the same color that is currently used on signal poles and utility boxes throughout the City, and the inverter will remain white in color since it cannot be painted due to having air intake vents and heat sinks that dissipate heat and help keep the inverter cool. The proposed colors would be complementary to the color scheme of existing structures in the Civic Center complex. The design and scale of the proposed carport would be compatible with the Civic Center complex and surrounding structures.

Installation of the proposed carport would not impact the existing parking configuration or on-site circulation. The carport's columns would be installed within an existing landscape planter area, and would not encroach into the existing parking stalls or vehicular circulation aisles. The existing metal fence separating the police vehicle parking area from the public parking area and the majority of the existing landscaping in the planter would remain.

## Trees and Landscaping

The City Arborist has prepared tree evaluation reports on two trees that would be impacted by the proposed project. The tree evaluation reports detail the species, size, and conditions of the existing trees in the vicinity of the proposed installation. The tree evaluation reports determine the present condition of the trees and generally note that there are multiple planting locations in the existing lot in which to plant replacement trees. The proposed project includes the removal of an 18-inch diameter heritage camphor tree and one non-heritage Chinese pistache, both of which are in good condition and in direct conflict with the location of the proposed carport. Given the limited extent of the proposed construction, it is not anticipated that additional trees would be impacted by the installation of the carport.

The City Arborist has tentatively approved the removal of the 18-inch diameter camphor tree due to the direct construction conflict. The proposed removal of the heritage camphor tree would require the planting of two replacement trees, with potential planting locations to be determined by the City Arborist and Environmental Quality Commission. No discretionary review or replacement is required for the removal of the 13.5-inch non-heritage Chinese pistache.

## Correspondence

Staff has not received any correspondence regarding the proposed project.

### Conclusion

Staff believes that the proposed solar carport is well designed, compatible with the Civic Center complex and surrounding land uses, and appropriate in scale with surrounding structures. Two new trees would be planted in Burgess Park to replace the heritage tree proposed for removal. Benefits of the proposed project include providing shade for vehicles parked under the structure, generating renewable energy to offset an estimated 80 percent of the current energy consumption at the Administration Building and Arrillaga Family Gymnastics Center, and greenhouse gas emissions reductions from municipal operations.

Staff recommends that the Planning Commission recommend approval for the architectural control request. The City Council public meeting for this project is anticipated in February 2015. The City Council would be acting on the architectural control for the solar carport and heritage tree removal at that time.

### **ENVIRONMENTAL REVIEW**

The project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.

### **RECOMMENDATION**

Staff is recommending that the Planning Commission recommend the following action to the City Council:

1. Adopt a finding that the project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval:
  - a. The general appearance of the structure is in keeping with the character of the neighborhood.
  - b. The development will not be detrimental to the harmonious and orderly growth of the City.
  - c. The development will not impair the desirability of investment or occupation in the neighborhood.
  - d. The development provides adequate parking as required in all applicable City Ordinances and has made adequate provisions for access to such parking.

- e. The property is not within any Specific Plan area, and as such no finding regarding consistency is required to be made.
3. Approve the architectural control request subject to the following **standard** conditions of approval:
- a. Development of the project shall be substantially in conformance with the plans prepared by Cupertino Electric, consisting of five plan sheets, dated received by the Planning Division on December 3, 2014, and recommended by the Planning Commission on December 8, 2014, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
  - b. Prior to building permit issuance, the applicant shall comply with all Sanitary District, Menlo Park Fire Protection District, San Mateo County Health Department, and utility company's regulations that are directly applicable to the project.
  - c. Prior to building permit issuance, the applicant shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval of the Planning, Engineering and Building Divisions. Landscaping shall properly screen all utility equipment that is installed outside of a building and cannot be placed underground. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
  - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
  - f. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.

Report prepared by:

*Jean Lin*

*Associate Planner*

*Vanessa Marcadejas*

*Environmental Programs Specialist*

Report reviewed by:

*Thomas Rogers*

*Senior Planner*

## **PUBLIC NOTICE & APPEAL PERIOD**

Public notification consisted of publishing a legal notice in the local newspaper and notification by mail of owners and occupants within a 300-foot radius of the subject property. Planning Commission action will be effective after 15 days unless the action is appealed to the City Council, in which case the outcome of the application shall be determined by the City Council.

## **ATTACHMENTS**

- A. Location Map
- B. Project Plans
- C. Project Description Letter
- D. City Arborist Evaluation Forms dated November 4, 2014, and November 19, 2014

**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, drawings and exhibits are available for public viewing at the Community Development Department.

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

Color chips

V:\STAFFRPT\PC\2014\120814 - 701 Laurel Street (solar carport).doc







1	EXISTING HERITAGE 16-INCH CAMPHOR TREE TO BE REMOVED BY CONTRACTOR.
2	NEW HERITAGE 11.5-INCH CHINESE PISTACHE TO BE REMOVED BY CONTRACTOR.

PROJECT TITLE	MENLO PARK PV
PROJECT SITE	CITY OF MENLO PARK ADMINISTRATION BUILDING 701 LAUREL ST. MENLO PARK, CA 94025 * ARRILLAGA GYMNASIACS CENTER MENLO PARK, CA 94025

[illegible]

<p>PROPOSED AREA PLAN</p>	<p>PS 1.0.0</p>
<p>SHEET TITLE</p>	<p>SHEET NUMBER</p>

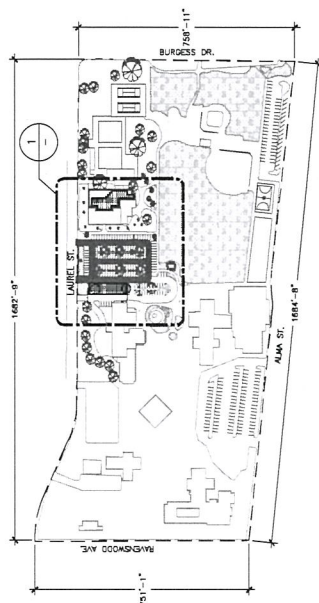
**SHEET NOTES:**

- |   |  |
|---|--|
| 1 | EXISTING HERITAGE 18-INCH CAMPHOR TREE TO BE REMOVED BY CONTRACTOR.  |
| 2 | NON-HERITAGE 13.5-INCH CHINESE PISTACHE TO BE REMOVED BY CONTRACTOR. |

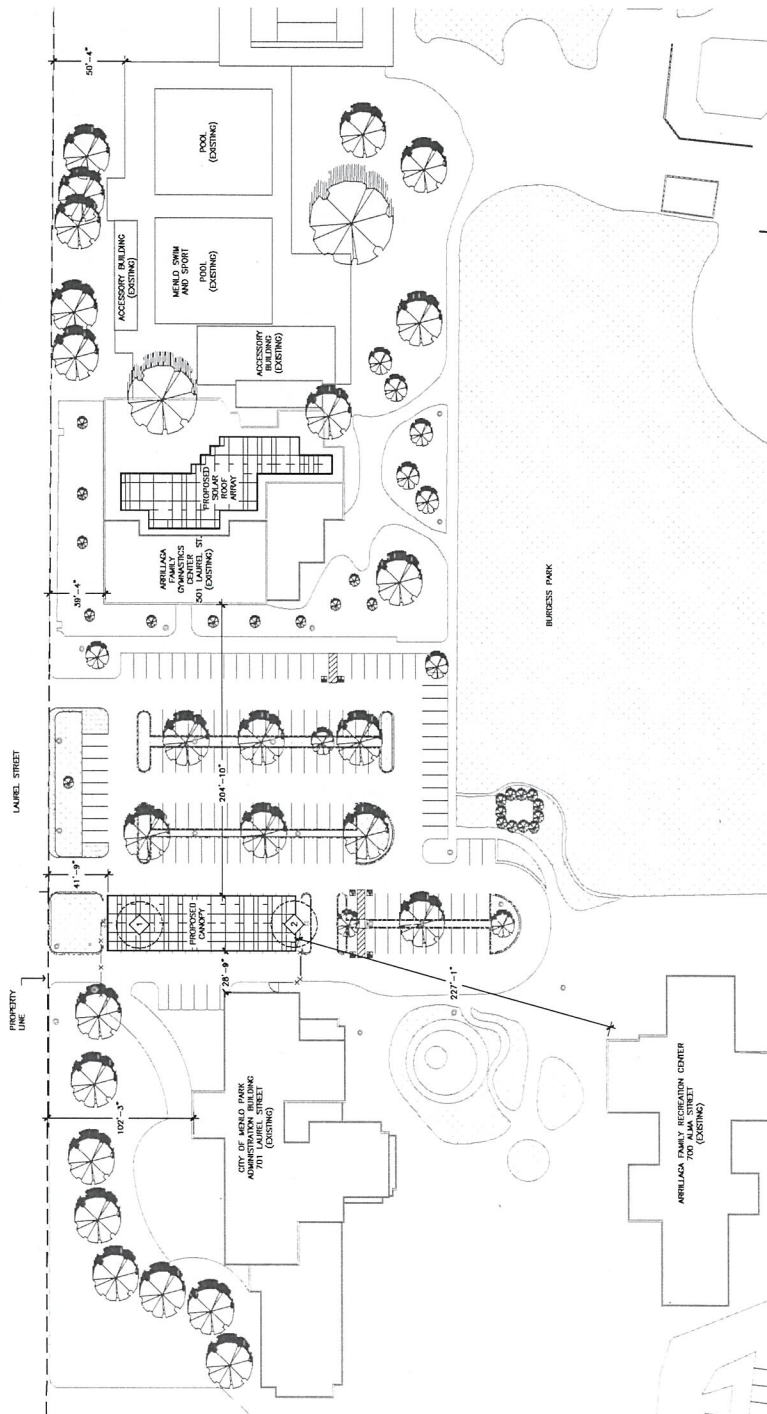
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## By PLANNING





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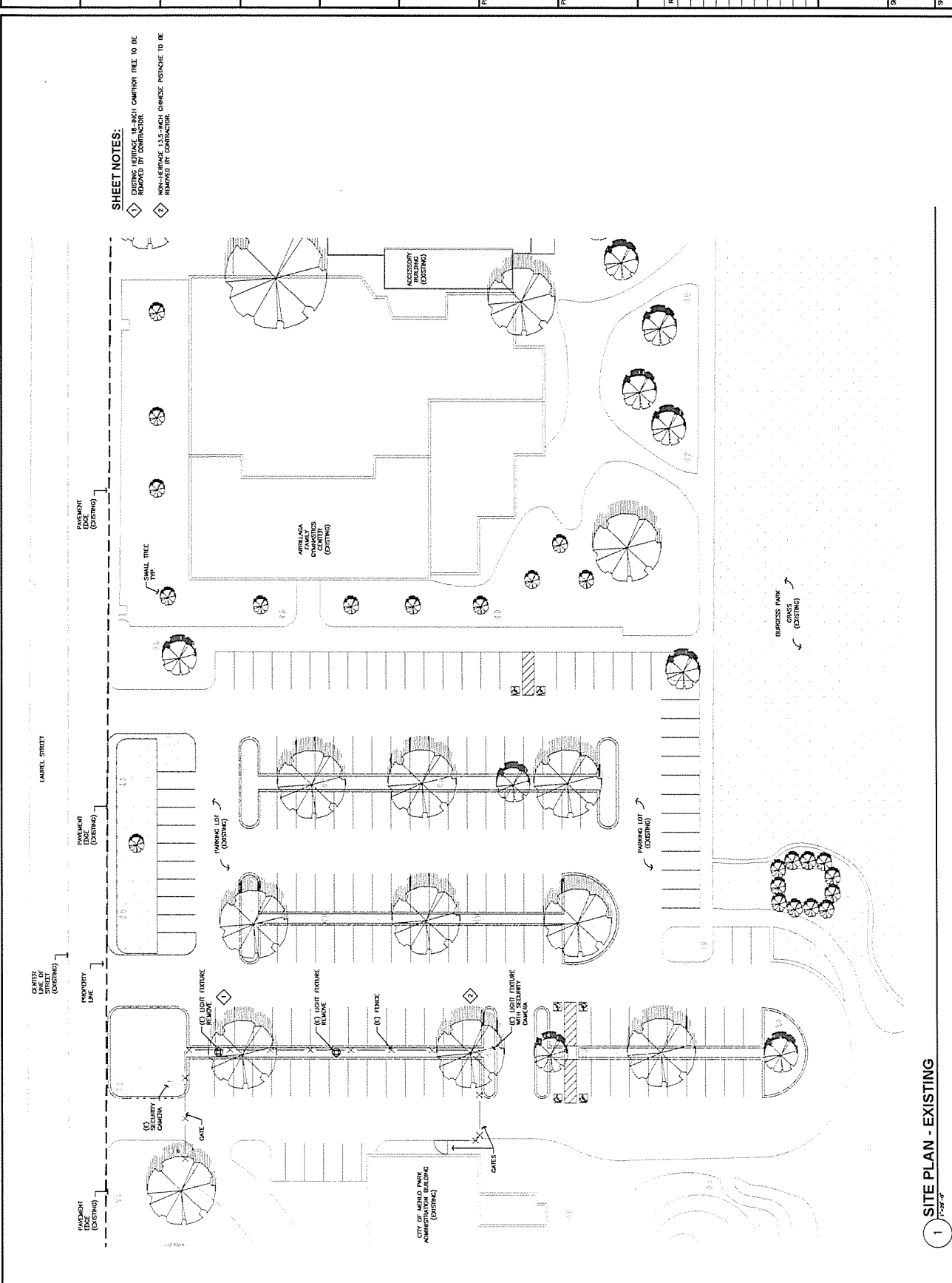


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AREA PLAN

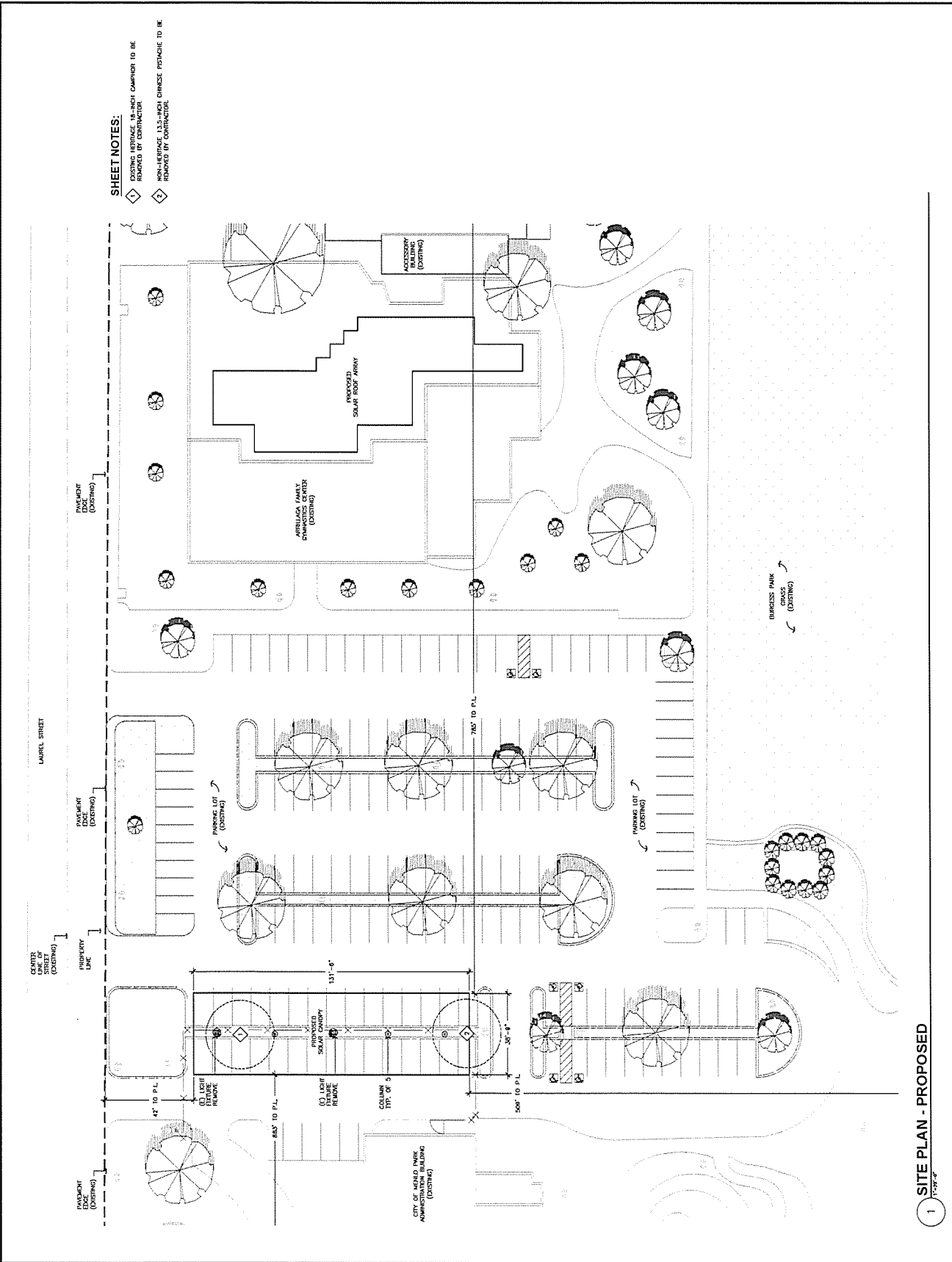
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PROJECT TITLE		MENLO PARK PV	
PROJECT SITE		CITY OF MENLO PARK ADMINISTRATION BUILDING 701 MARPO, ST. MENLO PARK, CA 94025	
PROJECT SITE		ARRILLACA CYANATICS CENTER 501 MARPO, ST. MENLO PARK, CA 94025	
REVIEW	DATE	DESCRIPTION	DATE
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SHEET TITLE		EXISTING SITE PLAN	
SHEET NUMBER		P5110	



[illegible]

SHEET TITLE	PROPOSED SITE PLAN
SHEET NUMBER	PS 12.0





**CUPERTINO ELECTRIC**  
 132 NORTH 7th STREET  
 CUPERTINO, CA 95006  
 C-10 LIC# 174657

PROJECT TITLE

MENLO PARK PV

PROJECT SITE

CITY OF MENLO PARK  
 ADMINISTRATION BUILDING  
 MENLO PARK, CA 94025  
 A  
 ABRILLOA GYMNASIUMS CENTER  
 MENLO PARK, CA 94025

REV.	DESCRIPTION	DATE
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 CHECKED BY: JC

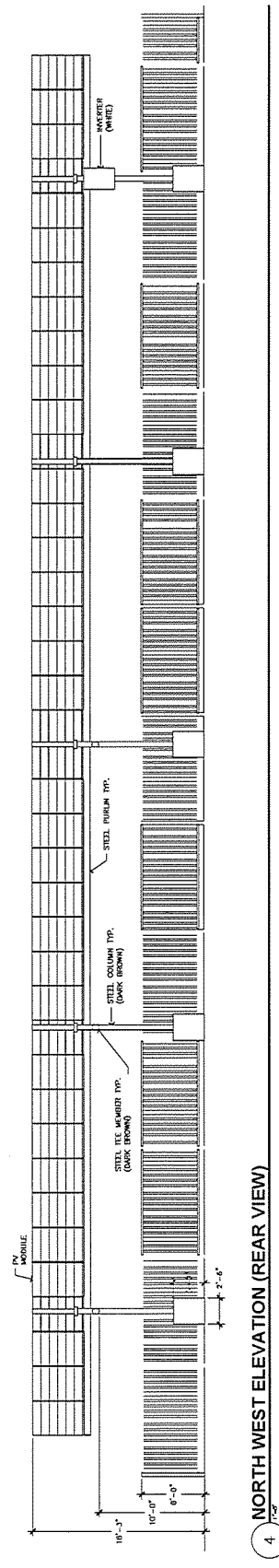
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SHEET TITLE

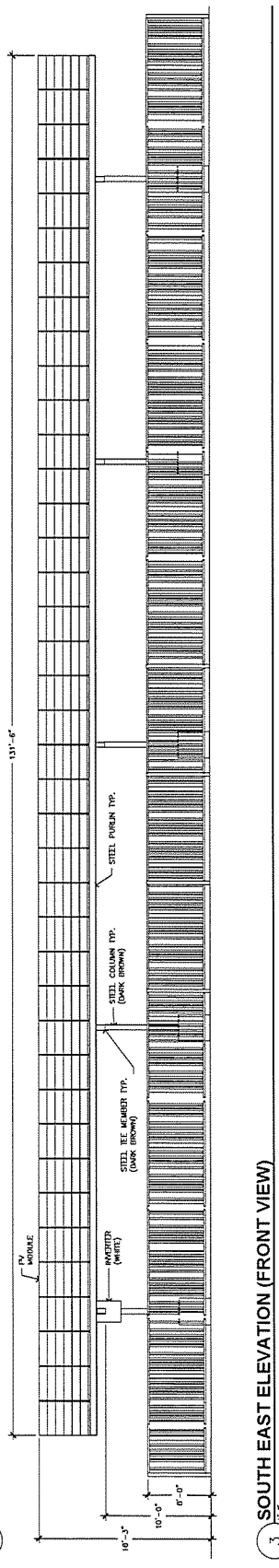
PROPOSED ELEVATIONS

SHEET NUMBER

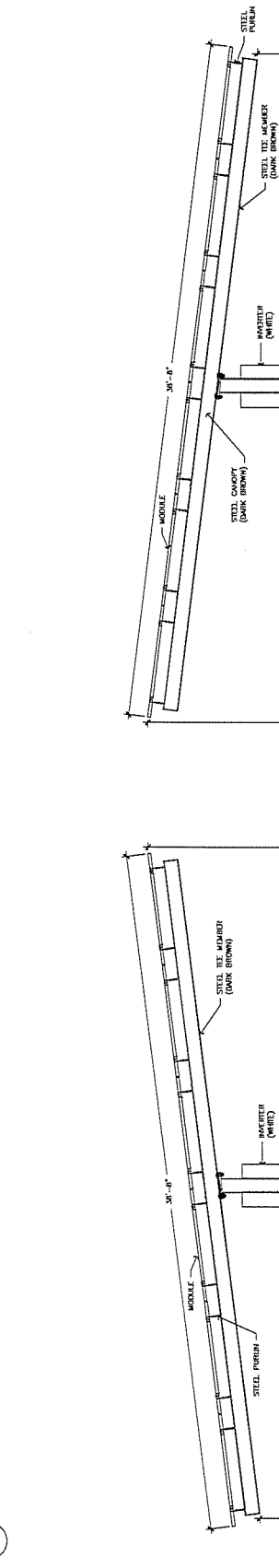
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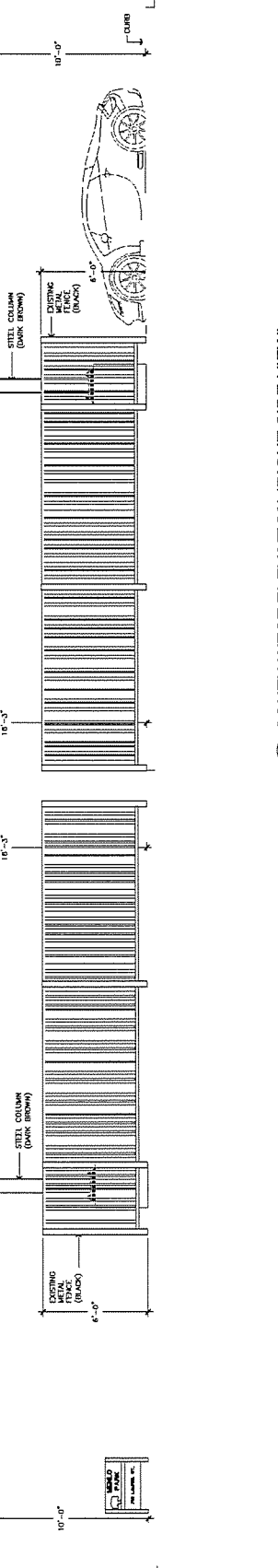
4 NORTH WEST ELEVATION (REAR VIEW)



3 SOUTH EAST ELEVATION (FRONT VIEW)



2 NORTH EAST ELEVATION (LEFT SIDE VIEW)



1 SOUTH WEST ELEVATION (RIGHT SIDE VIEW)

THESE DRAWINGS AND SPECIFICATIONS HAVE BEEN PREPARED BY CUPERTINO ELECTRIC, INC. FOR THEIR EXCLUSIVE USE IN ACCORD WITH SEC. 9737.3 OF THE 2010 PROFESSIONAL ENGINEERS ACT OF THE STATE OF CALIFORNIA.





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## *Public Works Department*

November 21, 2014

Planning Staff  
Architectural Control for City of Menlo Park Solar Carport

Subject: Civic Center – 701 Laurel Street, Menlo Park, CA – Solar Carport Project Description

### Purpose

The purpose of the installation of the solar carport is to assist the City in generating renewable energy at select municipal City facilities as part of the largest multiple-agency solar energy procurement in California, known as the Regional Renewable Energy Procurement (R-REP) project. Selected sites include the Arrillaga Gymnastics Center/Civic Center, Arrillaga Gymnasium, City Corporation Yard, and Onetta Harris Community Center. Through the R-REP project, the City can offset an estimated 80% of current energy use at each site and save over \$461,000 in energy costs over the course of 20-year power purchase agreements (PPA), when compared to annually increasing PG&E rates. In addition, installing renewable power on City facilities is consistent with the City's Climate Action Plan and 27% greenhouse gas (GHG) reduction target. Once the renewable energy systems are installed they have the potential to reduce an estimates 419 tons of GHG emissions from government operations per year which is a community-wide savings of 0.1% annually.

### Background

On November 27, 2012 the City Council signed a Memorandum of Understanding (MOU) with Alameda County to participate in the R-REP project which is an initiative led by Alameda County to collaboratively purchase renewable energy systems with 19 public agencies throughout Alameda, Contra Costa, San Mateo, and Santa Clara Counties. The R-REP project includes 186 sites, totaling over 31 megawatts of renewable energy. Working collaboratively instead of individually has led to a significant reduction in renewable energy system costs, transaction costs, administrative time, and has enhanced leverage for public agencies in negotiations for renewable energy. The City has already saved significantly by joining this effort through reduced staffing costs as Alameda County prepared and coordinated additional financial analysis, bid documents, vendor selection, and reviews on behalf of Menlo Park. As part of the R-REP project the City included the following City facilities in the bulk purchase of renewable power: the Arrillaga Gymnasium, Arrillaga Gymnastic Center, Onetta Harris Community Center, City Corporation Yard, and the Belle Haven Childcare Center.

On April 29, 2014, the City Council held a study session to review potential Photovoltaic (PV) installation sites, financing options, installation of solar carports, and Planning Commission involvement in the project's review process. Council then provided direction and general feedback to staff that the proposed City sites seemed feasible, to proceed with a PPA for financing since it does not require cash up-front and reduces staff time for maintenance and operation of the system, agreed that solar carports are a good option to pursue pending Council's review and approval, and that they would like the Planning Commission to review any potential solar carports for Architectural Review before they are reviewed by Council.

On October 7<sup>th</sup>, 2014, staff provided City Council with an update on the status of the City's R-REP project informing them that the selected solar vendor for the project was Cupertino Electric, that the Belle Haven Childcare Center was no longer being pursued due to not being financially feasible, that all remaining sites will include roof-mounted solar, and that a carport was only being proposed at the Civic Center/Arrillaga Family Gymnastics Center site. During the public hearing, City Council did not receive any public comments on the project and voted unanimously to:

1. Approve a Resolution Making Findings Necessary to Authorize an Energy Service Contract for PPA's at the Arrillaga Gymnasium, Arrillaga Gymnastics Center, Onetta Harris Community Center, and City Corporation Yard;
2. Authorize the City Attorney to Finalize the Agreement;
3. Authorize the City Manager to Execute the Agreement;
4. Amend the existing consulting contract with Optony, Inc. to include Construction Management Services of which the 3.5% listed under schedule 9 of the PPA's contract to be applied.

During the October 22<sup>nd</sup> Environmental Quality Commission (EQC) meeting staff provided the EQC with an informational update on the R-REP project and Council's approval of the energy contracts. Staff also informed the EQC that they would be reviewing the project again for a Heritage Tree recommendation during their upcoming December 17<sup>th</sup> meeting after the Planning Commission's review of the architectural control request on December 8<sup>th</sup>. Staff expects to bring the R-REP item to Council in February 2015 to present the Planning Commission's and EQC's recommendations.

#### Project Description

The proposed solar carport will be located in the parking lot between the Administration Building and Arrillaga Family Gymnastics Center. This location was chosen by City staff, solar consultants, Optony, Inc., and Cupertino Electric as the most feasible due to its sun exposure and potential to generate enough energy for an 80% energy offset. The site also lies in close proximity to existing electrical lines and a PG&E control box, which would save on energy connection costs and also assist in easy access for operation and maintenance. The location would also have the least amount of aesthetic impact when compared to other areas of the parking lot since the carport columns would be



hidden from public view behind the fence separating the police parking and public parking area. The electricity generated from the proposed solar carport would help offset electricity usage at the Administration Building and Arrillaga Family Gymnastics Center. Since both buildings share one energy meter, a meter split is planned once construction begins. The solar carport requires architectural control review for its design and will require the removal of an 18-inch diameter heritage camphor tree, 13.5-inch non-heritage Chinese pistache, and two existing light fixtures, all of which are located within the footprint of the proposed carport.

In terms of design and materials, the carport would be approximately 131 feet, six inches in length and 38 feet, nine inches in width, with an overall height of 16 feet, three inches. The carport would straddle an existing metal fence that separates the police vehicle parking area from the public parking area, and would provide shade for vehicles parked along both sides of the fence. The carport's support structure would comprise of five steel columns on a concrete base, which would support a sloped steel canopy. The columns would be installed within the existing planter areas and would not encroach into the existing parking stalls or vehicular circulation aisles. Anti-glare solar collector panels would be installed over the carport's entire roof surface. The canopy, and support columns will be painted a shade of dark brown that is currently used on signal poles and utility boxes throughout the City. The inverter will remain white in color since it cannot be painted due to having air intake vents and heat sinks that dissipate heat and help keep the inverter cool.

As previously mentioned, two trees would be impacted by the installation of the solar carport, an 18-inch heritage camphor and 13.5-inch non-heritage Chinese pistache. The City Arborist has prepared tree evaluation reports on these two trees and found them to be in good condition, but in direct conflict of the carport's location. The City Arborist has tentatively approved the removal of the 18-inch camphor, which is contingent upon replacing it at a two-to-one ratio with potential planting locations to be determined by the City Arborist and Environmental Quality Commission. It is not anticipated that additional trees would be impacted by the proposed project.

#### Public Outreach

Public notices on the Planning and Environmental Commission review of the proposed solar carport were sent out on November 25, 2014. To date, no public comment has been received on the proposed project.

#### Project Timeline

The following is a tentative timeline of next steps for both the proposed project and overall R-REP project:

- December 8<sup>th</sup>-Planning Commission Architectural Review of Solar Carport at Civic Center/Arrillaga Gymnastics Center Parking Lot
- December 17<sup>th</sup>-Environmental Quality Commission Recommendation on Heritage Tree Removal

- February 2015-Commission Recommendations Presented to Council
- February/March Solar Vendor Submits Plans for all solar sites
- Construction may occur in late spring pending building permit approval

Should you need additional information or have any further questions I can be reached at (650) 330-6768 or by email at [vamarcadejas@menlopark.org](mailto:vamarcadejas@menlopark.org).

Regards,  
Vanessa

Vanessa A. Marcadejas  
Environmental Specialist  
Public Works Department  
650-330-6768

## City Arborist Evaluation Form

Address: 701 LAUREL ST Permit # \_\_\_\_\_

Type of tree: CAMPOR (TREE #1)

Private property Yes ☐ No ☐ Residential ☐ Commercial ☐

Structure GOOD Approximate Height 13'

Health GOOD Diameter (at 4 feet) 18"

Overall GOOD

### Observations:

Mainstem (s) MAINSTEM APPEARS STRUCTURALLY SOUND.

Other branches WELL-BALANCED CANOPY. PROPERLY MAINTAINED.

Roots LIMITED SOIL VOLUME FOR ROOT EXPANSION.

Cavities NO VISIBLE CAVITIES.

Decay NO VISIBLE DECAY.

Growth TYPICAL GROWTH HABIT FOR SPECIES.

Conditions around tree IN PROPOSED FOOTPRINT OF SOLAR PANELS.

Other heritage trees nearby ELM, REDWOODS

Other comments LOCATED INSIDE FENCE OF POLICE DEPARTMENT PARKING LOT.

### Category (check one):

- ☐ Structural problem
- ☐ Possibly hazardous
- ☐ Diseased
- ☐ Dead (or nearly dead)

- ☐ Property Damage
- ☒ Construction related
- ☐ Emergency
- ☐ Other

MULTIPLE PLANTING LOCATIONS IN PARKING LOT FOR REPLACEMENTS

### Conclusions:

- ☒ Permit Approved
- ☐ No Permit decision at this time. Further evaluation by the City is recommended.

Signed [Signature] City Arborist. Date 11.4.14

# City Arborist Evaluation Form

Address: 701 LAUREL ST. Permit # \_\_\_\_\_

Type of tree: PISTACHIA CHINENSIS

Private property Yes ☐ No ☒ Residential ☐ Commercial ☐

Structure GOOD Approximate Height 25'

Health GOOD Diameter (at 4 feet) 13.5" - NOT A

Overall GOOD HERITAGE TREE

## Observations:

Mainstem (s) 1 MAIN CENTRAL LEADER TO ~ 12' HT.

Other branches SMALL PRUNING CUTS @ TERMINAL ENDS OF LATERAL BRANCHES ON PARKING LOT SIDE (SOUTH EAST) OF CANOPY

Roots NO VISIBLE SIGNS OF DAMAGE

Cavities NONE VISIBLE

Decay NONE VISIBLE

Growth HIGH VIGOR - GOOD WOUND CLOSURE

Conditions around tree PARKING LOT, CITY WALL. LOCATED ~ 12' NORTHWEST OF WRAUGHT IRON FENCE

Other heritage trees nearby \_\_\_\_\_

Other comments HEALTHY YOUNG TREE. EVENTUAL LONG TERM CONFLICT WITH LOCATION & FENCE

Category (check one):

- |  |   |
|--|---|
| <input type="checkbox"/> Structural problem    | <input type="checkbox"/> Property Damage      |
| <input type="checkbox"/> Possibly hazardous    | <input type="checkbox"/> Construction related |
| <input type="checkbox"/> Diseased              | <input type="checkbox"/> Emergency            |
| <input type="checkbox"/> Dead (or nearly dead) | <input type="checkbox"/> Other                |

## Conclusions:

- ☐ Permit Approved  
☒ No Permit decision at this time. Further evaluation by the City is recommended.

Signed Christy R. B. City Arborist. Date 11/19/14



## MEMORANDUM

**DATE:** December 8, 2014

**TO:** Planning Commission

**FROM:** Jim Cogan, Economic Development Manager

**RE:** **Agenda Item H1: Economic Development Plan Update Presentation**

The Office of Economic Development is providing the Planning Commission with an overview of the Economic Development Plan Update. This item is informational in nature and does not require Planning Commission action.

While the economy has shifted from being driven by the manufacturing sector to being driven by the innovation sector, Menlo Park's land use, transportation and economic strategies have not kept pace. As a result, Menlo Park is losing ground compared to neighboring cities and not fully realizing the benefits of the innovation economy. To address this, City Council directed staff to update the Economic Development Plan to make Menlo Park more competitive in the regional and global economy.

The Economic Development Plan Update follows a three phase process:

1. Existing Conditions: Because the economy has changed drastically since the last Business Development Plan was adopted in March of 2010, BAE Urban Economics conducted an Economic Trends Report to better understand the existing economic conditions.
2. Economic Development Plan: Upon completion, the Economic Development Plan will consist of a (1) Comparative Economic Advantage Study (CEAS) and (2) economic development goals.

UP Urban Inc., the consultant selected to assist with the Economic Development Plan, expanded on the Economic Trends Report in the Comparative Economic Advantage Study (CEAS) (Attachment A). The CEAS analyzes Menlo Park's existing economic conditions in comparison to other Bay Area cities, characterizes the role Menlo Park plays in the regional

economy, identifies areas where Menlo Park could improve in order to become more competitive, and examines case studies of other cities to determine how they are maximizing the value of development in their communities.

On November 19, 2014 the Economic Development Plan Stakeholder Group met to discuss the findings of the CEAS and to brainstorm Plan goals. The results of this brainstorming session will be used by UP in their drafting of an Economic Development Plan that will be presented to the Stakeholder group on December 9, 2014 at 5:30pm in the City Council Chambers. This meeting is open to the public.

The Economic Development Plan will be presented to the City Council for action on December 16, 2014.

3. Implementation Strategies: Following the City Council's adoption of the Plan, staff intends to work with UP to development strategies and specific policy recommendations. The Stakeholder group will participate in guiding UP's work on developing these strategies and recommendations.

## **ATTACHMENTS**

- A. Comparative Economic Advantage Study

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**MENLO PARK**  
***COMPARATIVE ECONOMIC  
ADVANTAGE STUDY***  
**NOVEMBER 2014**





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01

# EXECUTIVE SUMMARY



# 01 EXECUTIVE SUMMARY

## What is the purpose of this study?

This comparative study is the foundation for the next phase of UP's work for Menlo Park, the preparation of a draft Economic Development Plan. Accordingly, this study does not propose goals, objectives and policies, but instead identifies Menlo Park's comparative economic advantages, opportunities and constraints. Once the Economic Development Plan Stakeholder Group has reviewed and commented on this draft study, UP will finalize it and begin work on the Economic Development Plan (the Plan). It is important to emphasize that UP's work on the Plan must be guided by the Advisory Group's direction on the City's values and goals. While UP is capable of drafting a smart strategy to pursue value-based goals, the City first needs to clarify its values and goals in light of the economic opportunities highlighted in this report. We believe that this two-step process—and informed conversation—will result in the best possible Economic Development Plan.

## Key conclusions from the study:

- With one of the most educated populations in the Bay Area, highest average household incomes, and largest share of local workforce employed in the innovation sector, Menlo Park is an extraordinary beneficiary of the regional innovation economy.
- With some of the lowest office vacancy rates and highest monthly rents in the region, Menlo Park is well positioned to capture greater public benefit by leveraging its unique regional real estate advantage.
- However, the good luck of being situated at the center of one of the world's most

dynamic innovation clusters can also lead to complacency in regard to planning for future economic success.

- Menlo Park is failing to capture many of the economic multipliers that innovation sector jobs can bring to local economic development.
- More specifically, Menlo Park is missing out on retail businesses, jobs and their associated sales tax revenue and public amenity value. It has one of the lowest retail per office job ratios in our peer review group, very low retail vacancy rates and very low per capita sales tax revenue.
- A growing share of innovation jobs, tech employers and venture capital are moving to walkable, compact and transit-oriented urban centers like San Francisco. The now-aging millennial generation has a strong preference for these same walkable urban places.
- Menlo Park has one of the lowest Walk Scores of its peer group, reflecting its relatively low density, automobile orientation, and poor walking access and proximity to resident and employee-serving amenities like retail and professional services.
- For Menlo Park to remain economically competitive and resilient over the next 25 years, it needs support land use and development plans that encourage denser, walkable mixed-use neighborhoods in transit-rich locations.
- Menlo Park could also capture a larger portion of retail and service businesses and jobs if it pursues progressive land use and urban design policies that encourage such growth.

- Policies that support walkable urbanism are also great economic development strategy. Such policies simultaneously enhance livability and public health for families while generating higher sales tax revenue and long-term economic competitiveness and resiliency.
- Many Bay Area cities have adopted land use plans that encourage walkable urbanism around fixed transit with the express intention of capturing innovation sector jobs.
- Menlo Park needs to view better connections to regional transit as a vital tool for the City's long-term economic development.

# 02

## FINDINGS

PART I ..... 11

PART II ..... 16





## 02 FINDINGS

*Part I compares Menlo Park to a broad list of cities in the Bay Area based on their basic demographics and how well these cities are currently capturing the benefits of the regional innovation economy.*

*Part II explores whether Menlo Park is well positioned to capture the future benefits of the regional innovation economy by comparing it to smaller peer group in regards to tax revenue, land use, office space capacity, and transit services.*

*All tables and maps cited in the findings are located in the Appendix. A set of case studies summarizing successful upzoning and placemaking efforts has also been included to demonstrate the array of strategies being employed by various cities across the region.*

**Part I Comparison Group:** Part I of the study looked at a list of cities 22 in the Bay Area that are likely to create innovation sector jobs in the medium term. Innovation sector jobs are important to Menlo Park because they generate significant economic multiplier effects on the local economy. The comparison cities were chosen based on three criteria:

- (1) they already have clusters of innovation-economy jobs;
- (2) many residents are in their twenties and thirties; and
- (3) they are walkable<sup>1</sup>.

### Comparison Group Cities:

Alameda	Palo Alto
Berkeley	Redwood City
Brisbane	Richmond
Burlingame	San Bruno
Cupertino	San Carlos
Daly City	San Francisco
Emeryville	San Jose
Foster City	San Mateo
Fremont	Santa Clara
Mountain View	South San Francisco
Oakland	Sunnyvale

<sup>1</sup> The cities chosen have significant clusters of jobs in NAICS sectors 51 and 54; have a 12% or greater share of population between 20 and 34; and have a Walk Score from walkscore.com of at least 40.

### Part I Findings

**High Degree of Regional Integration:** Menlo Park's economy is tightly integrated into the larger Bay Area economy. Like many cities in the region, the majority of workers in Menlo Park commute from outside the city, and the majority of Menlo Park residents travel to other Bay Area cities to work. These commuters follow the transportation network. They come south from San Francisco and other points on the Peninsula; north from San Jose and Sunnyvale; and across the bridges from Hayward and Fremont. Menlo Park residents travel to the same cities to work (Maps 1 & 2).

### Low Population, but Average Demographics:

When considering the importance of innovation sector jobs, it is important to look at local demographics because many start-ups rely on the talent of young people (and their willingness to take risks) to fuel early growth. Compared to its peers, Menlo Park has fewer people aged 20-35 than most of the other cities (Table 1). That difference shrinks when we measure resident between 20 and 35 as a share of total population, but Menlo Park still has a lower share of young workers than many other cities. When we look at other age groups, Menlo Park is not an outlier – the share of residents under 20, between 35 and 55, and over 55 are average for the peer group (Tables 2-5).

**High Average Household Income:** At \$109,209, Menlo Park enjoys one of the highest average household incomes among the comparison group (Table 6).

**High Educational Attainment:** Menlo Park has a higher share of residents with a bachelor's degree or higher than nearly all the other cities in the comparison group (Table 7), and also has a higher share of residents with graduate or professional degrees (Table 8). A hallmark of the innovation-economy is a well-educated workforce.

**A large share of Menlo Park's employment is in the innovation sector, but these jobs are only a small share of the all Bay Area innovation jobs:** Menlo Park's cluster of innovation sector jobs is not among the biggest in the Bay Area, but it's not small either (See Table 9). It's in a "third tier" behind giants like San Francisco and San Jose, and behind medium-large clusters like Palo Alto, Mountain View and Sunnyvale. At the same time, Menlo Park is very conveniently located to access to many neighboring clusters of innovation-economy jobs, like Palo Alto, Mountain View, and Sunnyvale.

Although Silicon Valley remains the world leader in fostering tech startups and innovation sector jobs, a significant portion of the innovation economy is shifting to large cities nearby. San Francisco now attracts more venture capital investment than Silicon Valley, and it holds the headquarters of Twitter, Yelp, Pinterest, Uber, Lyft, Dropbox, Salesforce, Instagram, BitTorrent, Zynga and BitTorrent. Technology companies are engaged in fierce competition for the most skilled workers, and these workers are increasingly interested in living in cities.

This trend does not pose an immediate threat to Menlo Park, as tech employment in the City is currently strong (See Table 10). Menlo Park has a higher percentage of jobs in the innovation sector than most other cities. However, the City should be considering its place in a future where technology

companies increasingly seek downtown locations with an energetic and walkable urban environment.

**Menlo Park is failing to capture its retail and service sector potential:** Menlo Park lacks retail services in many neighborhoods, which inconveniences City residents. It also leads many highly-paid workers in the City to spend their money in Palo Alto, Redwood City, or San Francisco instead of spending it in Menlo Park. This reduces sales tax revenues. Menlo Park now hosts a considerable number of innovation-economy employees, but many of these employees likely spend their money in Redwood City, San Francisco, and Berkeley because of the lack of retail. One solution would be to densify employment centers in Menlo Park. Research has shown that as employment density increases employees have more opportunities to shop near their workplace, if land use regulations allow it.<sup>2</sup>

At the same time, the May 2014 *Economic Trends Report* found that little vacant retail space remains in the City.<sup>3</sup> This suggests that increasing retail services will require crafting land use policies to permit more retail. It will also require an effort to generate a more lively and walkable urban atmosphere in the City center. More people walking and biking on downtown streets – and more people living downtown – will support a more lively retail district. Consider the most successful shopping districts in the region – places like Palo Alto, Redwood City, and San Francisco. They don't just have stores – they have a busy, exciting atmosphere that comes from having more people on the street. In each of these locations, medium-density and high-density housing in central locations has played a key role in establishing thriving retail centers (See Case Studies for examples of successful retail districts in the region). Of course, it would be

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<sup>2</sup> Chatman, D. G. (2002). The Influence of Workplace Land Use and Commute Mode Choice on Mileage Traveled for Personal Commercial Purposes. Presented at the TRB 2003 Annual Meeting, Transportation Research Board.

<sup>3</sup> BAE Urban Economics. (2014). Menlo Park Economic Development Strategic Plan Phase 1: Economic Trends Report.

One reason that the innovation sector is important for the local economy is that it has a higher multiplier effect. This is because local economies are interconnected through a complex web of transactions. Each new worker helps support local jobs by going to restaurants, shopping at the grocery store, getting car repairs, visiting the dentist, and so on. The company that hires a new worker also pushes more money into the local economy in various ways, from buying office supplies to engaging the services of outside professionals like lawyers and consultants, or even yoga instructors.

These are called **multiplier effects** – and innovation-economy jobs have higher multiplier effects than most jobs. Berkeley economist Enrico Moretti has estimated that each new high-tech job in a metropolitan area leads to the creation of five more jobs outside of the high tech sector. A multiplier is a number showing how changes (jobs, earnings, or sales) in one sector will propagate to other sector in a regional economy. For example, a jobs multiplier of 3 means that a change of 100 jobs in that sector would lead to a total change of 300 jobs ( $3 \times 100 = 300$ ) in the larger regional economy. This 300 includes the original 100 jobs, meaning the additional change is 200. As Moretti emphasizes in his book *The New Geography of Jobs*,

*With only a fraction of the jobs, the innovation sector generates a disproportionate number of additional local jobs and therefore profoundly shapes the local economy. A healthy traded sector<sup>1</sup> benefits the local economy directly, as it generates well-paid jobs, and indirectly as it creates additional jobs in the non-traded sector.*

*What is truly remarkable is that this indirect effect to the local economy is much larger than the direct effect... for each new high-tech job in a*

*metropolitan area, five additional local jobs are created outside of high tech in the long run.*

*[And] it gets even more interesting. These five jobs benefit a diverse set of workers. Two of the jobs created by the multiplier effect are professional jobs — doctors and lawyers — while the other three benefit workers in nonprofessional occupations — waiters and store clerks. Take Apple, for example. It employs 12,000 workers in Cupertino. Through the multiplier effect, however, the company generates more than 60,000 additional service jobs in the entire metropolitan area, of which 36,000 are unskilled and 24,000 are skilled. Incredibly, this means that the main effect of Apple on the region's employment is on jobs outside of high tech.*

However, these multiplier benefits are not necessarily captured in Menlo Park. They are regional: they are likely to cluster nearby, but nearby could be in the next town or ten miles away. Partly, this depends on where the new innovation sector workers end up spending their high wages – and this depends on what shopping or service offerings are available in each city. A new tech workers' money is likely to be spent wherever they find the largest, most vibrant most convenient and, perhaps, most walkable concentrations of shops and services.

These regional shopping destinations are likely to be downtown neighborhoods that are mixed-use and medium-density to high-density, with access to transportation services. It is no accident that these high-amenity urban neighborhoods are increasingly attracting Millennials and tech startups.

<sup>1</sup>A traded sector is one that sells to outsiders, bringing in outside money into the region, while a non-traded sector is one that serves the residents of the region.

misguided for Menlo Park to try to become any of these communities. However, the City can use the experience of these local examples to develop its own template for success.

**A Low Retail to Office Jobs Ratio:** So how is Menlo Park doing when it comes to capturing the local economic benefits from tech economy growth? There is no simple way to measure this, but one way is to count how many retail jobs there are for every office job.

Menlo Park has fewer retail jobs per office job than most of the cities in the comparison group (See Table 11). Measured in this way, it seems like Menlo Park may be leaving some benefits of the tech economy on the table for neighboring cities to capture. It's important to note, however, that two cities that have similar ratios of retail jobs to office jobs are not necessarily similar in other ways. A city could have a high ratio because it has a lot of retail jobs – or it could have a high ratio because, while it has a moderate number of retail jobs, it doesn't have many office jobs.

**It might be time to turn Facebook inside out:** In Silicon Valley, many tech companies try to make their workplaces more comfortable and inviting by offering goods and services that their employees can take advantage of without leaving the office. Facebook has installed a 9-restaurant food court, a candy shop, a bicycle repair shop, a video arcade, and a barbershop.

It is important to keep in mind how this affects the local economy. On an average street in Menlo Park, a collection of shops like this would feel a lot like a real “main street,” which would likely attract nearby residents and non-Facebook employees, driving greater sales and creating employment opportunities—extending the multipliers outward. In sum, turning the campus “inside out” would likely generate greater positive externalities<sup>4</sup> than

<sup>4</sup> A positive externality exists when an individual or firm making a decision does not receive the full benefit of the decision. The benefit to the individual or firm is less than the

closing the doors and recycling existing wages in a closed system. Instead these services are currently “internalized” on a closed campus, which in turn reduces the need of employees to seek services in the surrounding neighborhood.

### **Walkability, Accessibility, and Livability Reinforce Economic Competitiveness and**

**Resiliency in the Innovation Economy:** Measuring a neighborhood's relative level of “walkable urbanism” is difficult. In this study we assess walkable urbanism by using Walk Scores. This is a score between 0 and 100 developed by Walk Score, a company that promotes alternative transportation modes. A Walk Score is a good predictor of things like retail store concentration and density of transportation options – things that contribute to the overall convenience and appeal of a given neighborhood.

Menlo Park's Walk Score is lower than the comparison group average (see Table 12). Why is this important? One benefit of walkable neighborhoods is that they have higher property values and more economic activity. A 2012 study of neighborhoods in Washington, D.C. found that walkable neighborhoods have higher home sales prices, higher rents, and higher retail sales.<sup>5</sup>

Walkable neighborhoods also promote health. A 2014 survey conducted in six major U.S. cities found that people who moved to a neighborhood with a higher Walk Score walked more and reduced their body mass index.<sup>6</sup>

Researchers and market analysts believe that homes in dense urban areas with access to good

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benefit to society. Thus when a positive externality exists in an unregulated market, the marginal benefit curve (the demand curve) of the individual making the decision is less than the marginal benefit curve to society. With positive externalities, less is produced and consumed than the socially optimal level. This dilemma may, among other factors, be the reason that Facebook hasn't expanded its retail and service offerings outward into Menlo Park.

<sup>5</sup> Leinberger, C. B., & Alfonzo, M. (2012, May). Walk this Way: The Economic Promise of Walkable Places in Metropolitan Washington, D.C. Retrieved November 13, 2014, from <http://www.brookings.edu/research/papers/2012/05/25-walkable-places-leinberger>

<sup>6</sup> Hirsch, J. A., Diez Roux, A. V., Moore, K. A., Evenson, K. R., & Rodriguez, D.A. (2014). Change in walking and body mass index following residential relocation: the multi-ethnic study of atherosclerosis. *American Journal of Public Health*, 104(3), e49–56.

transportation and shops command higher prices, and that demand for them is rising. Homes in urban areas command a price premium of 15%.<sup>7</sup> An analysis of home prices during the turbulent period from 2007 to 2012 found that homes in urban neighborhoods maintained their value better than suburban homes.<sup>8</sup> Surveys have found an unmet demand for homes in urban neighborhoods: many people living in the suburbs, particularly young people, would prefer to move to more central locations with better transportation.<sup>9</sup> (Of course, this just confirms what apartment prices tell us: housing is expensive in these neighborhoods because demand for it is high.)

Due to the business advantages of locating in walkable urban neighborhoods, commercial real estate there commands higher prices.<sup>10</sup> Companies are drawn to urban locations to better know their customers and to attract well-educated employees, who prefer to live in cities. Even the technology industries that were born in Silicon Valley have begun shifting to San Francisco, which now holds the headquarters of Uber, Lyft, Salesforce, Twitter, Instagram, Pinterest, BitTorrent, Zynga, Reddit and Yelp. San Francisco now attracts more venture capital investment than Silicon Valley.<sup>11</sup>

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<sup>7</sup> Song, Y., & Knaap, G.-J. (2003). New urbanism and housing values: a disaggregate assessment. *Journal of Urban Economics*, 54(2), 218–238.

<sup>8</sup> Gillen, K. (2012). The Correlates of Housing Price Changes with Geography, Density, Design and Use: Evidence from Philadelphia. Congress for the New Urbanism. Retrieved from <http://www.ssti.us/2012/11/the-correlates-of-housing-price-changes-with-geography-density-design-and-use-evidence-from-philadelphia-congress-for-the-new-urbanism-2012/>

<sup>9</sup> RSG. (2014). Who's on Board 2014: Mobility Attitudes Survey. Transit Center. National Association of Realtors. (2013). NAR 2013 Community Preference Survey.

<sup>10</sup> Pivo, G., & Fisher, J. D. (2011). The Walkability Premium in Commercial Real Estate Investments. *Real Estate Economics*, 39(2), 185–219.

<sup>11</sup> Florida, R. (2014). *Startup City: The Urban Shift in Venture Capital and High Technology*. Toronto: Martin Prosperity Institute.

## HOW IS THE WALK SCORE CALCULATED?

The most important element is **proximity to amenities** – the places people travel to reach. Examples include shops, schools, offices, and parks. Neighborhoods with shorter walks to nearby amenities have a higher Walk Score.

Another element is **population density**. Some trips simply go from one home to another. Where homes are closer together, it is easier to walk between them. Higher population density is also associated with other qualities that make walking easier, like good transit services.

Another element is the **design of streets and blocks**. It is more difficult to walk where blocks are longer and streets have curves and dead ends, because pedestrians are often forced to take longer indirect routes. Neighborhoods with shorter blocks and more frequent intersections allow pedestrians to choose more direct routes. These neighborhoods have higher Walk Scores.

Researchers have investigated whether Walk Scores are actually a good assessment of a neighborhood's walkability. They found that people in neighborhoods with higher Walk Scores are more likely to walk to destinations, and spend more time each week walking<sup>1</sup>.

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<sup>1</sup> Hirsch, J. A., Moore, K. A., Evenson, K. R., Rodriguez, D. A., & Diez Roux, A. V. (2013). Walk Score® and Transit Score® and walking in the multi-ethnic study of atherosclerosis. *American Journal of Preventive Medicine*, 45(2), 158–166.



## Part II Overview

**The Comparison Group:** Here we narrow our focus, and compare Menlo Park to a shorter list of ten Bay Area cities. These cities are not necessarily similar to Menlo Park, except in the sense that they are all attractive places for innovation sector businesses to locate. These communities compete with Menlo Park to capture local multiplier jobs and economic activity. By analyzing tax revenue, land use, office space capacity, and transit services we get a sense of Menlo Park's current climate and overall fitness to capture future economic benefit in comparison to these peer cities. They are:

Burlingame	Pleasanton
Emeryville	Redwood City
Foster City	San Francisco
Mountain View	San Mateo
Palo Alto	Walnut Creek

## Part II Findings

**Menlo Park needs more compact, walkable mixed-use urbanism:** As we've discussed, the positive "spillovers" from new jobs and economic growth are likely to be captured in cities with vibrant mixed-use retail centers. This raises the issue of land use policies – the zoning rules that determine where retail uses, as well as offices and homes, are allowed to locate. The positive spillovers are likely to be captured in areas where land use regulations permit mixed uses at medium- to high-density. Good data about municipal land use is hard to get. One way that land use can be evaluated is by comparing the amount of commercial and industrial building space that is available in each city, and in this case we used information published by the real estate company Colliers International (Table 13) which shows a good mix of office and industrial/Research & Development available in Menlo Park.

Another way to compare how cities use land is to measure their capacity for further housing

development. In California, cities are required to estimate future housing development capacity in the housing element of their general plan (Table 14). Menlo Park has fulfilled 40% of its housing capacity, which is more than many other cities in the peer group, but still suggests room for growth.

Taken together, these two indicators suggest Menlo Park is primed for considerable compact mixed-use development at greater densities than its historic norm. Menlo Park is missing out on positive "spillovers" from new jobs and economic growth. Around the Bay Area, cities are making plans to capture coming growth. Cities from Walnut Creek to Redwood City to San Jose are making ambitious changes to land use policy, building walkable neighborhoods with excellent transportation, and hoping to attract well-educated young people and innovative entrepreneurs. (See Case Studies for examples of cities increasing density and focusing on urban design to capture the benefits of the innovation economy).

Menlo Park has succeeded in the past because it offered exactly the sort of places that innovative companies wanted to be. It needs to consider its place in a future where more companies are looking for walkable, vibrant and urban neighborhoods.

**Menlo Park is missing out on tax revenue:** Most city governments take in much of their revenue from three major taxes: property tax, sales and use tax, and hotel tax (also called transient occupancy tax). Looking at these revenues is a quick way to get a sense of the local economy.

Sales tax revenues in Menlo Park are among the lowest in the peer group, due to Menlo Park's relatively low concentration of retail business. On a per capita basis, Menlo Park sinks even further, receiving only \$18,601 per residents in sales (Table 15). This reinforces the reality that while Menlo Park is positioned in a tightly integrated regional economy, it's missing out on its share of the benefit because of

a low concentration of retail business. The *right* kind of office (medium density, mixed-use) would create new retail needs which would in turn capture more tax revenue.

Menlo Park has lower property tax revenues than many of the cities in the peer group. This may seem strange, since homes in Menlo Park are fairly expensive.

However, they are primarily single-family residences; property values are significantly higher in cities with densely developed office and residential buildings.

Hotel tax revenues in Menlo Park are near the middle of the peer group. These revenues are higher in cities with large or numerous hotels. (Tables 16 & 17)

**Menlo Park has highly valuable office space and extraordinary demand for more:** Menlo Park has a little more than 5 million square feet of office space (See Table 18). To put that in perspective, San Francisco – which hosts the largest concentration of office space in the region – has about 89 million square feet. Palo Alto has about 10 million square feet of office space, and Mountain View has about 4 million square feet.

Menlo Park's office space generates more money per square foot than anywhere else in the Bay Area. Monthly office rents are \$6.77 per square foot (Table 19). And only 5.7% of office space is vacant – nearly the lowest vacancy rate in the Bay Area (Table 20 & 21).

Taken together, these indicators suggest that Menlo Park enjoys a highly valuable office market with room to grow to increase its share of benefit in the innovation economy.

**Menlo Park ranks low on access to regional transit:** With the exception of Foster City, all cities in the peer group have some level of fixed-route transit service – commuter trains or light rail (Map 3). Based on this data, we can estimate the distance to the nearest fixed-route transit station from the centroid (geographic center) of each census block group in the

peer group cities. By weighting these distances by each block group's population, we can estimate the average distance to a fixed-route transit station among all residents in each city (Map 4). By this measure, Menlo Park falls low on the list for transit proximity.

This highlights the importance of location and transportation. When a business looks for a location, good transportation options – and the variety of goods and services that come with it – are a selling point. It is no coincidence that the cities with thriving innovation sectors nearly all have access to high-quality public transportation.

The San Francisco Peninsula has traditionally dominated the Silicon Valley innovation economy. However, recently more tech companies have begun to locate in San Francisco. This may indicate that the growing importance of urban amenities, including high-quality transit service.

If that is the case, then East Bay and South Bay communities with BART service, like Oakland, Fremont, and (in the near future) San Jose, may have significant potential for innovation-sector growth, while cities like Menlo Park must depend on CalTrain to connect them to the regional economy. Transit systems don't evolve overnight, however in order to be a competitive player in the regional economy, Menlo Park must view better connections to regional transit as a vital tool for the City's long-term economic development.





# 03

## APPENDIX

CASE STUDIES . . . . . 21

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# CASE STUDIES

## Warm Springs Station, Fremont

The Warm Springs/South Fremont Community Plan, approved in July 2014, charts a development path for nearly 900 acres of land with 10 different planning areas, each with distinct land use plans that mix various uses. For each of these zones, the plan establishes a minimum building intensity (FAR) by use, with the goal of providing flexibility for development over time while maintaining a diversity of uses (See Table). In addition to minimum FAR, Jobs Factor and Minimum and Maximum Site Area to help reach regional goals for housing and employment.

**TAKE AWAY:** This ambitious plan allows for a mix of residential, office, industrial and retail uses in the area, previously been zoned for heavy industrial use. Rather than focusing on maximum FAR, Warm Springs sets a minimum building intensity paired with rigorous form-based guidelines, to ensure new development is filling in at an intensity and form that matches their vision for the area: an innovation district offering a unique opportunity for inventive, flexible development of new and expanding businesses interwoven with areas for living, learning and commerce.

Total Site Area	
900 acres	
Intensity/FAR	
Use:	Min. FAR
Industrial	0.35
Research & Development	0.5
Office & Convention	1.5
Hotel	1.5
Retail & Entertainment	2000 SF/acre
Project Targets	
Min. Gross Floor Area	11,521,526 SF
Min. Dwelling Units	2,700
Total Jobs	20,000
Public Open Spce	4 acres

## Bay Meadows, San Mateo

The first Bay Meadows Specific Plan (Phase I), adopted in 1997, contemplated two specific parcels near the 101/Hillsdale Blvd. exit for redevelopment. Along with other design guidelines, the plan set an FAR for .5 and 1.34 FAR for each parcel with the goal of creating a mixed-use, walkable and bikeable “gateway identity” to the City of San Mateo. The Phase II Specific Plan Amendment, adopted in 2005, took even greater advantage of the existing and expanding CalTrain commuter rail line linking San Francisco to San Jose and Gilroy. The proximity to the new express train station provided a unique opportunity for Phase II to advance the mixed- use principles initiated in Phase I. Along with other extensive design guidelines, a maximum FAR of 2.0 and 50 du/acre was approved for mixed-use parcels and residential parcels respectively, with the combined goal of creating a compact, walkable, transit-oriented community.

**TAKE AWAY:** After nearly two-decades of planning, Bay Meadows is currently coming to life. It’s an excellent example of a city successfully master planning a walkable, mixed use district near transit. Once fully developed, the 83 acre Bay Meadows will boast 1,250 residential units, over 750,000 square feet of office space, 150,000 square feet of retail, and nearly 15 acres of public space.

Total Site Area	
83 acres	
Intensity/FAR	
Phase	Max. FAR
Phase I	.5-1.34
Phase II	2 and 50 DU/acre
Project Targets	
Residential	1,250 DU
Office	750000 SF
Retail	150,000 SF
Public Space	15 acres

## Downtown Redwood City

Redwood City's Downtown Precise Plan (DTPP), adopted in 2011 (amended in 2013), established height limits in 6 zones and a Maximum Allowable Development (MAD) guidelines for the DTPP Area as a whole (183 acres). The MAD restricts residential development to 2,500 net new dwelling units, office development to 500,000 net new square feet of gross floor area, retail development to 100,000 net new square feet of gross floor area, and lodging development to 200 net new guest rooms. The DTPP places no limit on dwelling units per acre (du/ac) and floor area ratio (FAR) on a site-by-site basis. Instead, intensity of development is guided by the form-based codes that establish design guidelines, the MAD, and height limits by zone, ranging from 3-12 stories.

**TAKE AWAY:** With this comprehensive plan, Redwood City has approached downtown revitalization from the perspective of establishing an overall “mold” for future development and released a limited amount of developable square footage at this time to fill it. The plan has brought a flood of new development to Redwood City, so much so that the MAD limit for office has already been reached. Redwood City is now in the position to release additional square footage to fill their “mold” at the rate that they wish.

Total Site Area	
183 acres	
Intensity/FAR	
6 height zones 3-12 stories	
Project Targets	
MAD	Amount
Residential	2,500 DU
Office	500,000 SF
Retail	100,000 SF
Lodging	200 DU

## North San Jose

The North San José Urban Design Guidelines set ambitious goals for transforming the neighborhood into a more walkable and urban setting. The guidelines call for higher-density residential and commercial development; a more active public realm that encourages walking and biking; and a diverse mix of uses that provide places for living, working, shopping, recreation, and education. These goals required major changes to density and height requirements. Buildings in the neighborhood core were given a height minimum of 4 stories (1.2 effective FAR), although this was subsequently reduced to 3 stories (.8 effective FAR) based on feedback from developers. Height maximums were set at 120 to 250 feet. The plan allows for 26.7M SF office/industrial, new 32,000 homes and 1.7M SF of commercial.

**TAKE AWAY:** San José is actively seeking to capture more employment and economic activity in North San Jose to balance the City's high concentration of housing. Effective FAR was recently reduced at the urging of developers, suggesting the city's appetite for change may be outpacing developers' ability to build profitable projects.

Total Site Area	
4,795 acres	
Intensity/FAR	
Core Area FAR was recently reduced from 1.2 to .8, height maximums are 120-250 ft.	
Project Targets	
Office/Industrial	26.7M SF
Commercial	1.7M SF
Residential	32,000 homes

## **Walnut Creek: Locust Street / Mt. Diablo Boulevard Specific Plan**

For many years, Walnut Creek has focused planning efforts on restoring its historic downtown and creating a walkable urban core with strong connections to the BART station. To City leaders, a dense and walkable downtown was seen as an economic development strategy – a way to weather the decline of auto dealerships and the hollowing out of downtown retail.

**TAKE AWAY:** The strategy has produced dramatic results. An area once dominated by parking lots, wide streets and auto dealerships has been redeveloped with dense housing, offices, parking structures, and pedestrian-oriented retail. Rapid commercial and residential development continues, putting Walnut Creek well along the transition to a vibrant and walkable center.

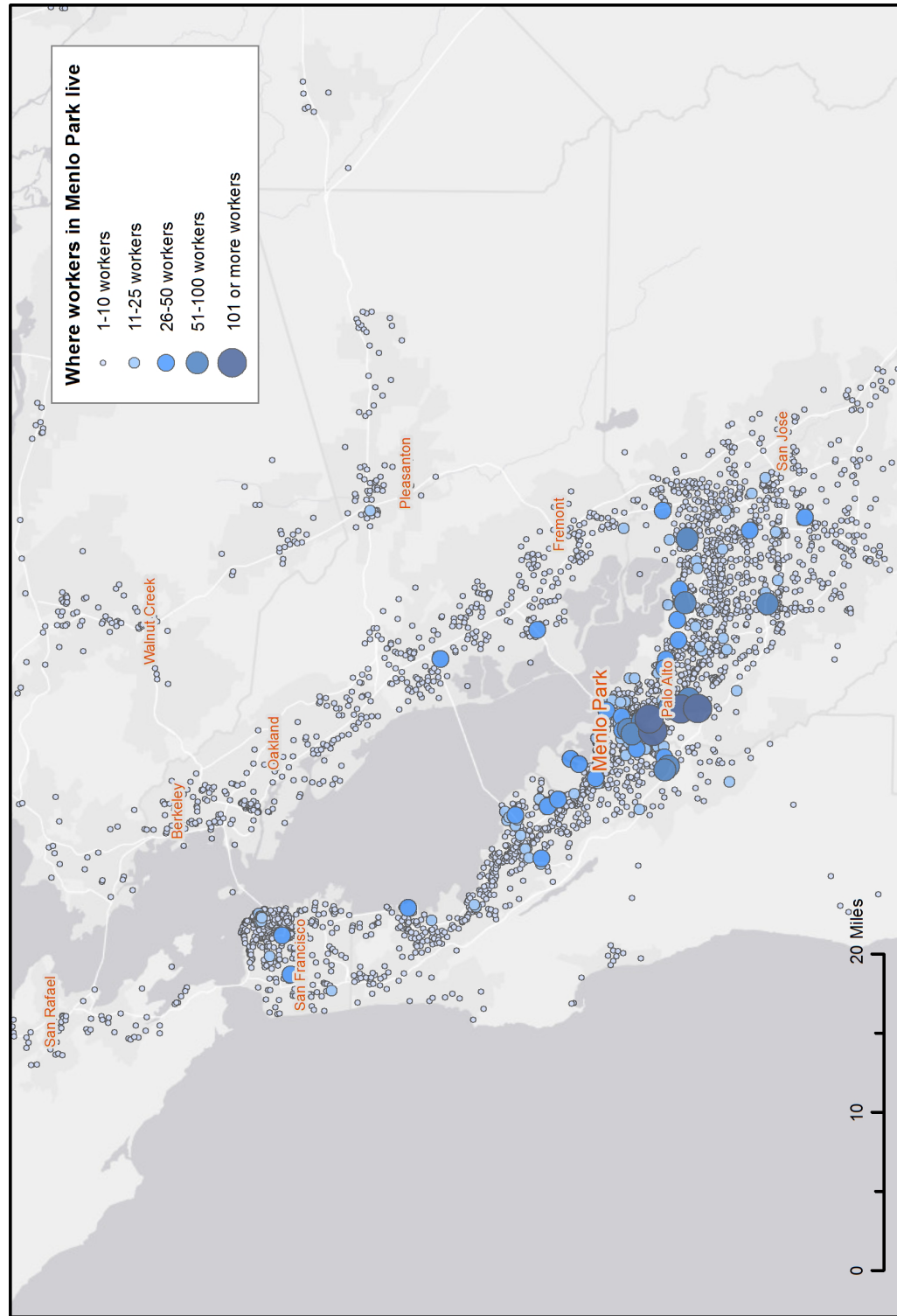
## **Fourth Street, Berkeley**

In the 1960s, a local redevelopment agency was established to create an industrial park in Berkeley's Fourth Street neighborhood. Homes were demolished and moved, but industrial businesses did not come. After letting the land lie fallow for more than 15 years, the City abandoned its plans and allowed Abrams/Millikan & Kent, a small design-build firm, to build the Building Design Center, a small retail center selling home improvement supplies. The Fourth Street Grill came shortly after, and from this nucleus a shopping neighborhood began to grow.

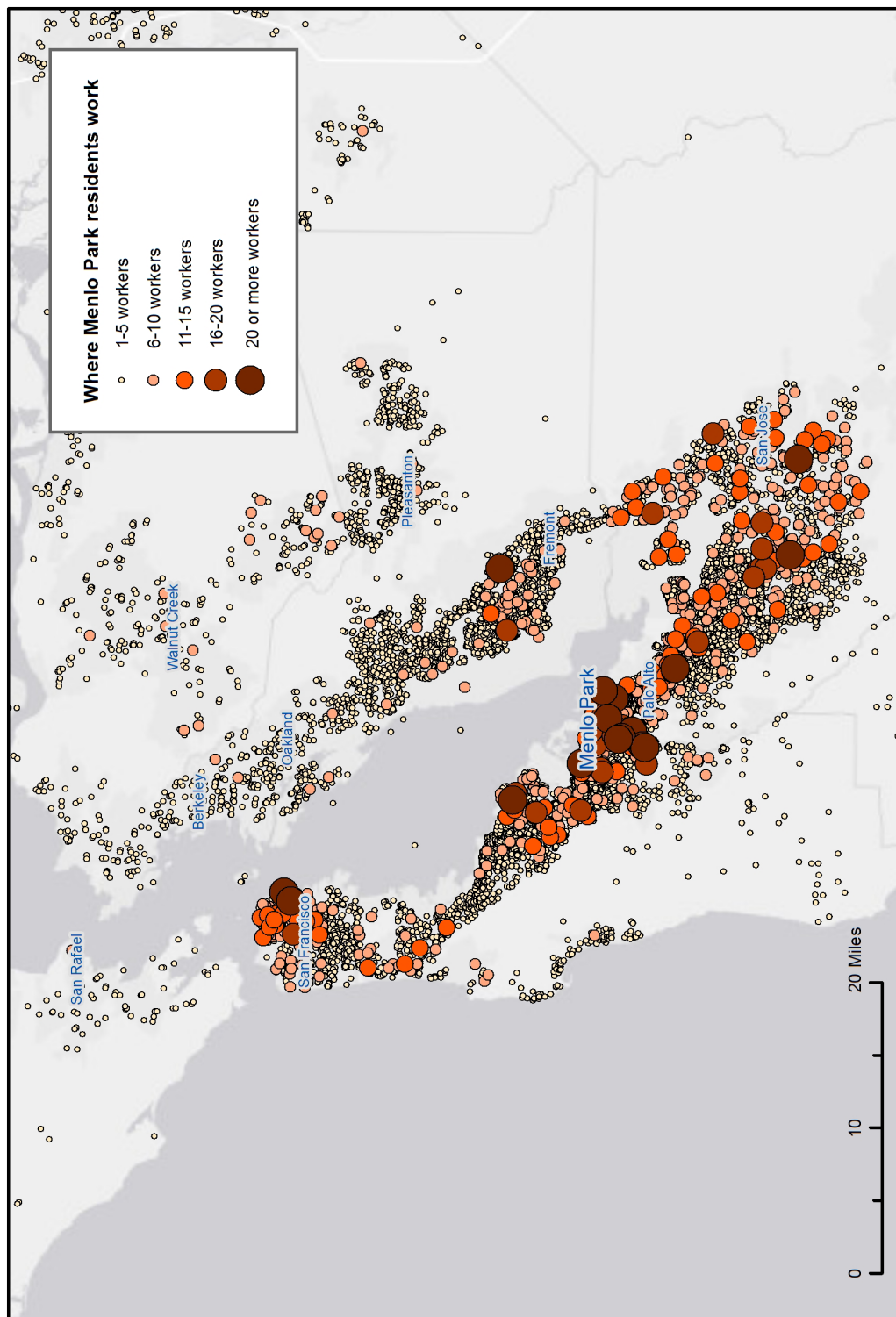
**TAKE AWAY:** Today Fourth Street is a vibrant shopping district that attracts visitors from throughout the Bay Area. The history of the neighborhood holds an interesting lesson for local government: not all good neighborhoods are planned. Sometimes all you need to do is get out of the way.

# MAPS

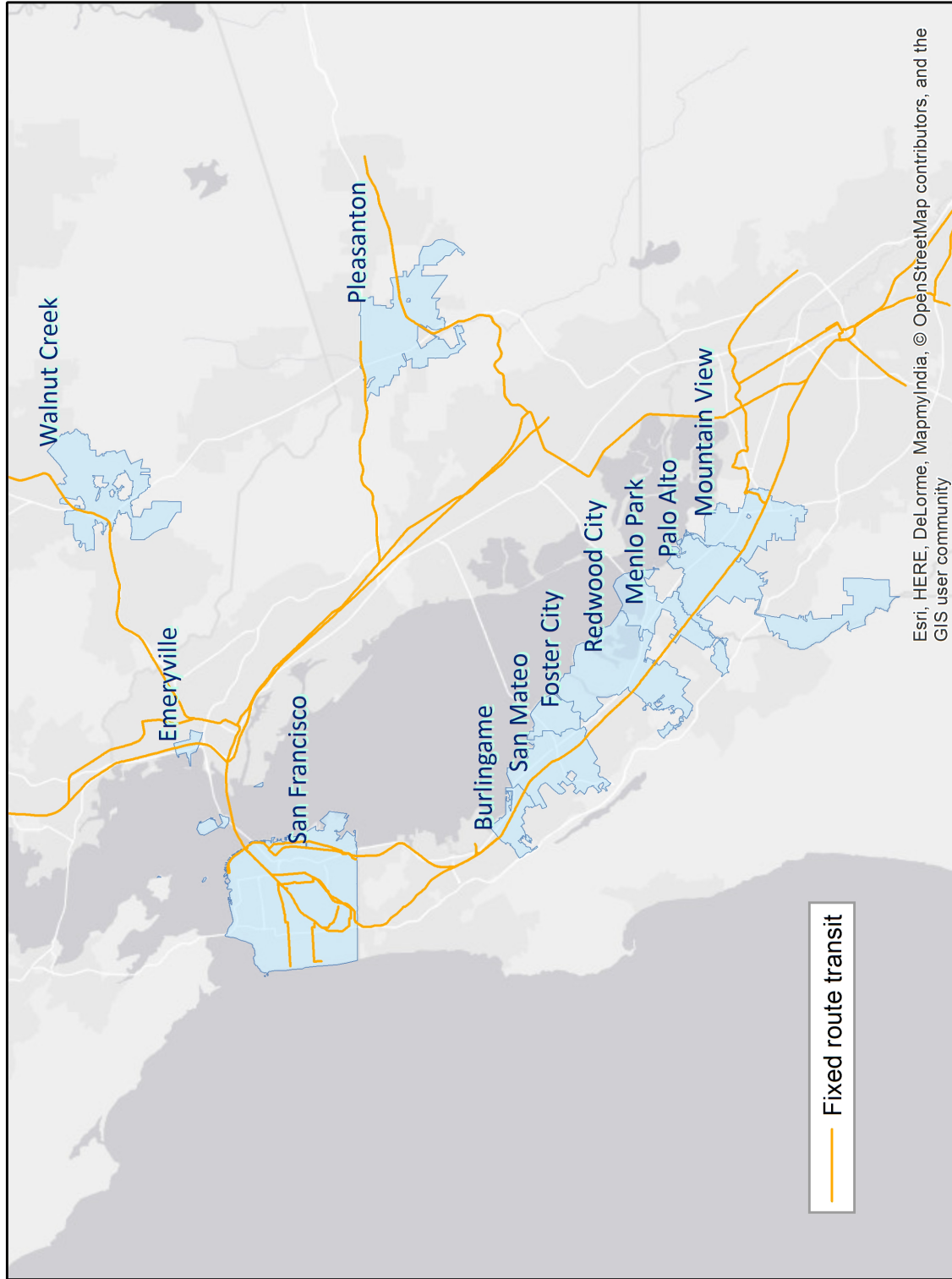
Map 1. Where workers in Menlo Park live



Map 2. Where Menlo Park residents work

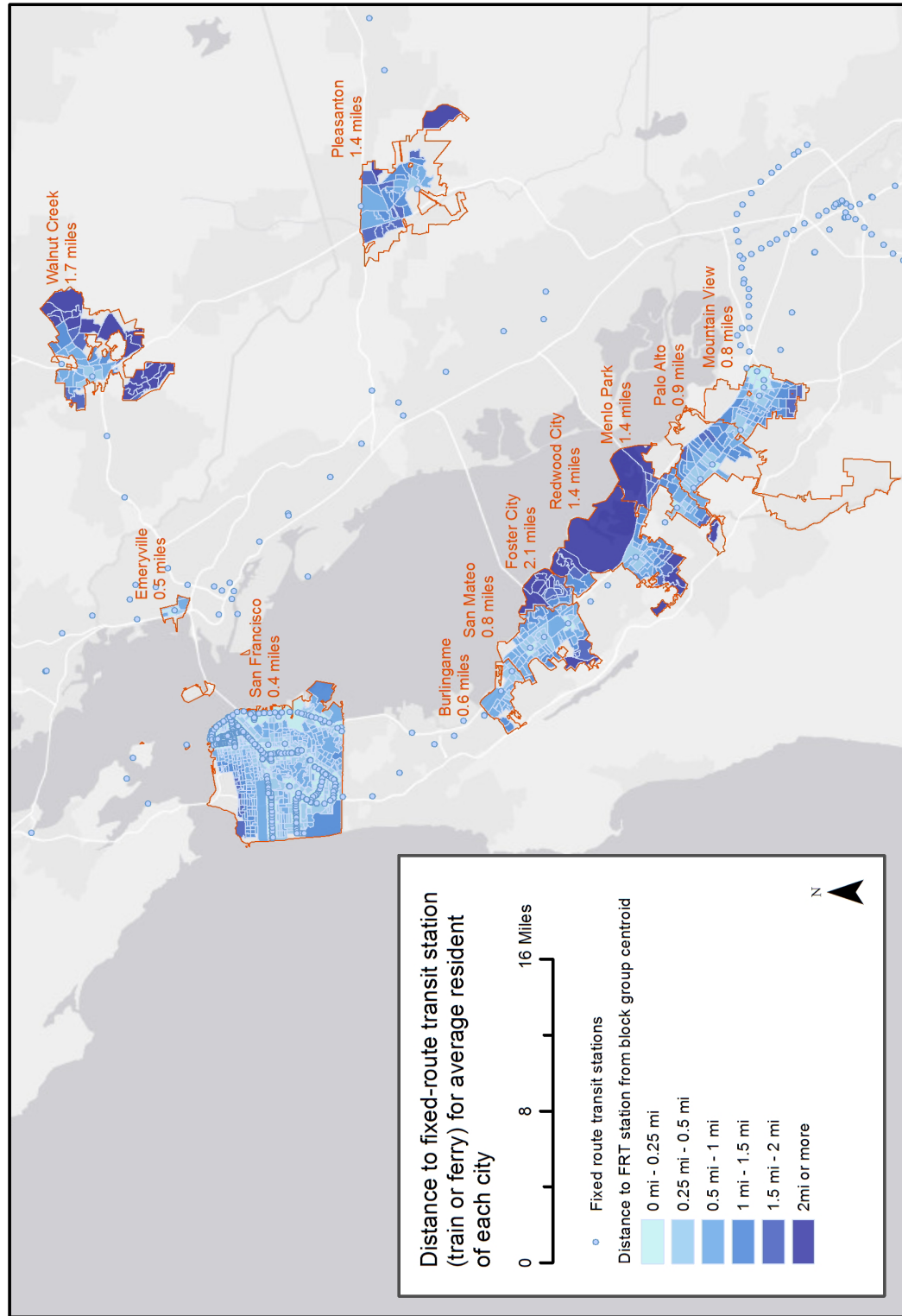


Map 3. Fixed Route Transit



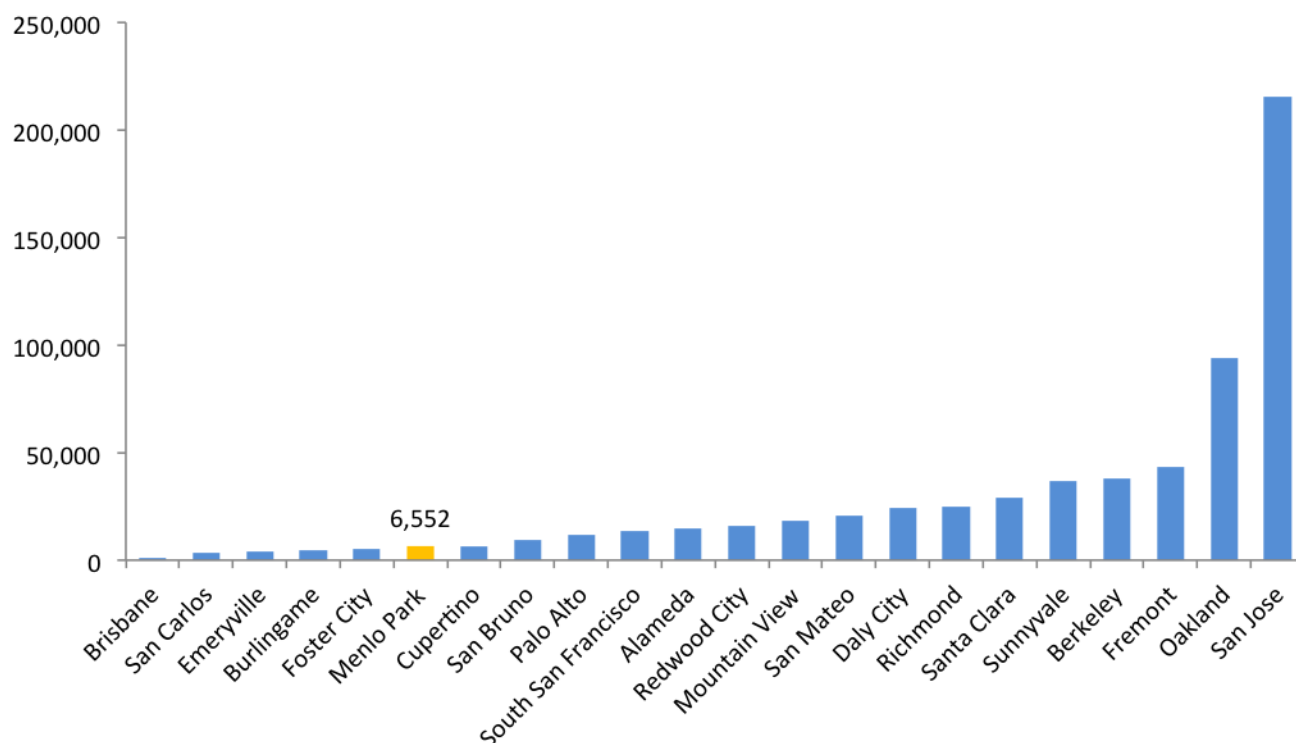


**Map 4. Average Distance to Fixed Route Transit**

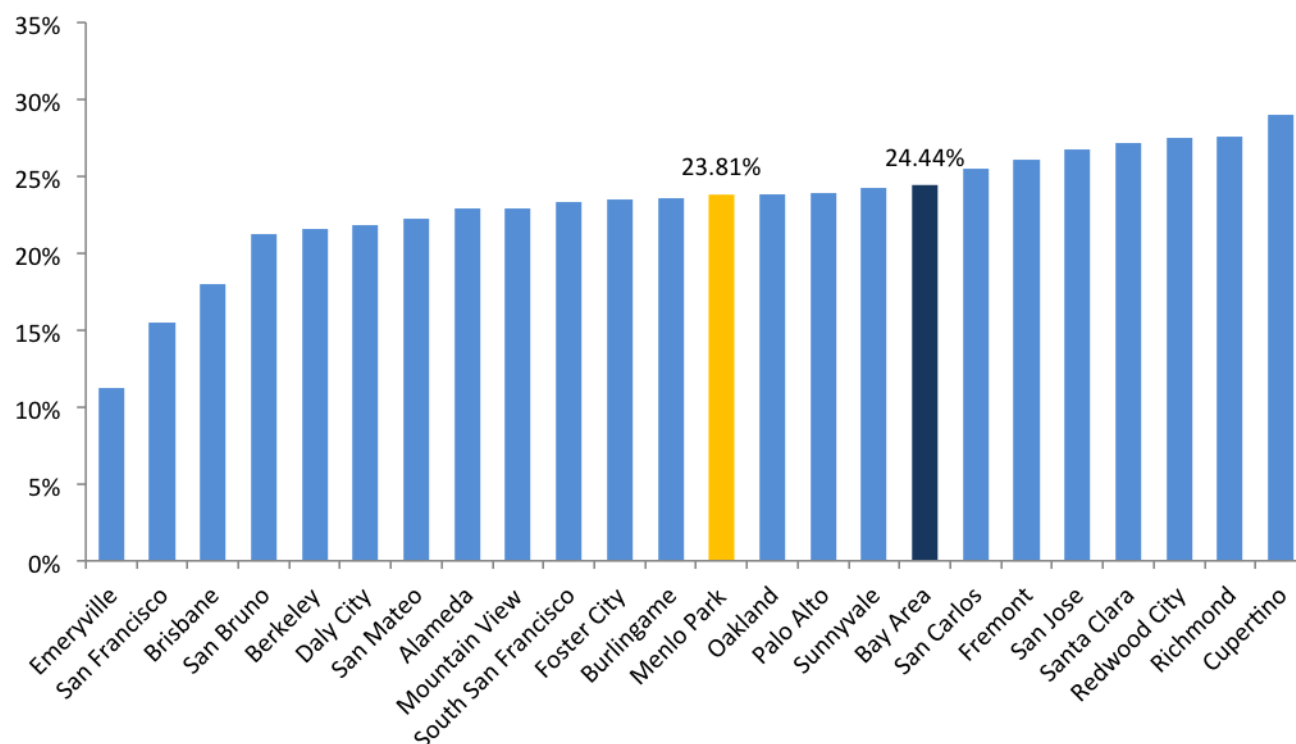


# TABLES

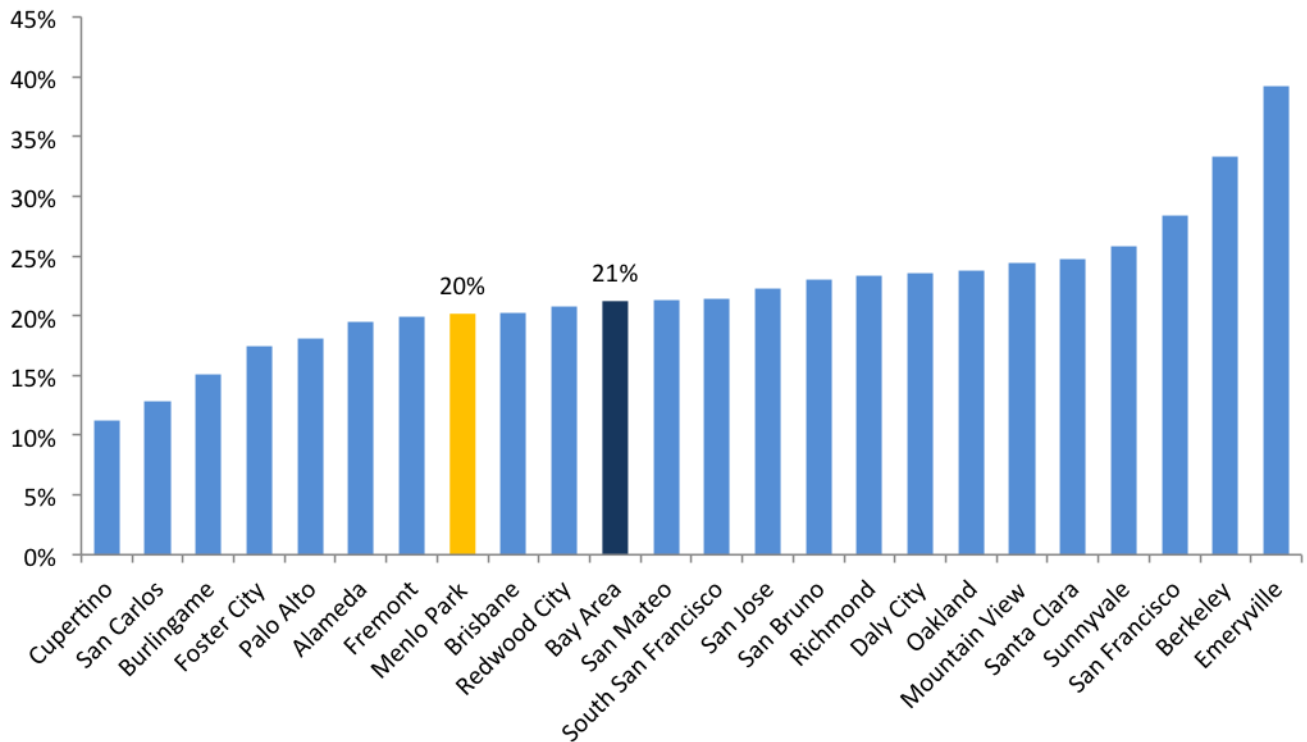
**Table 1. Residents 20-35**



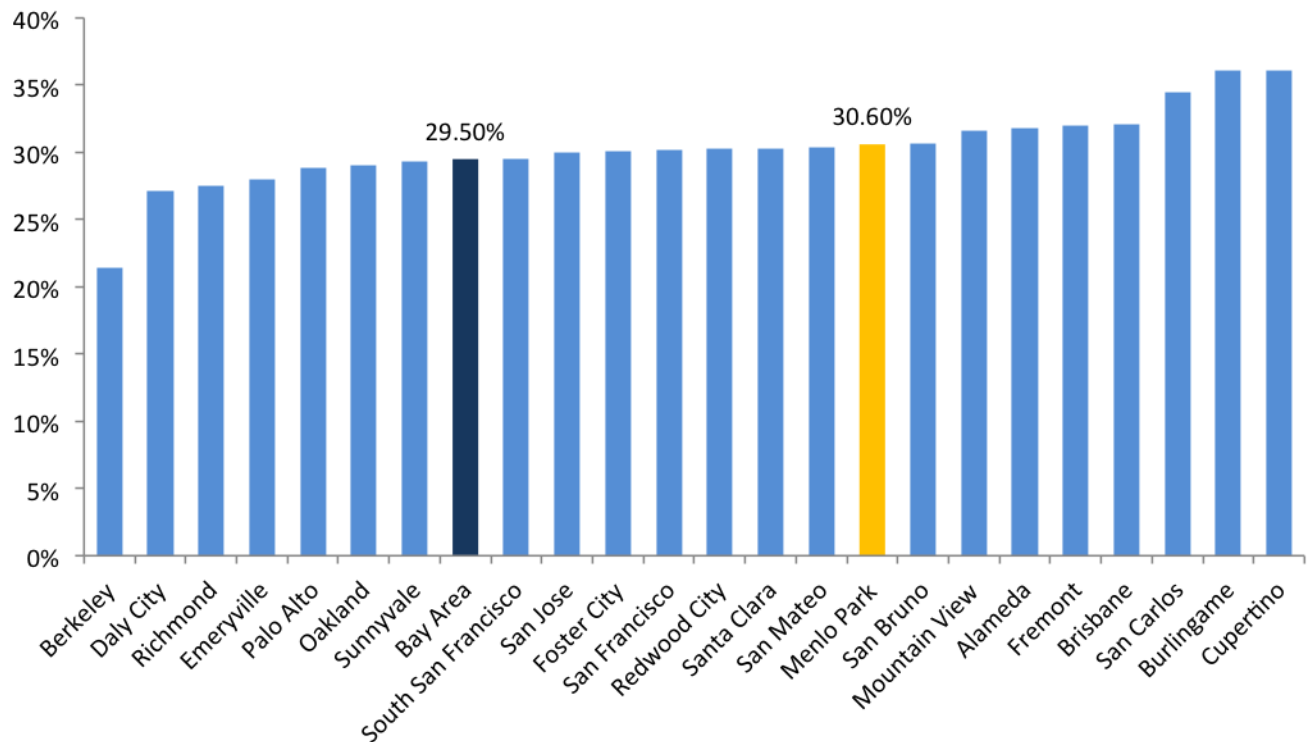
**Table 2. % residents under 20**



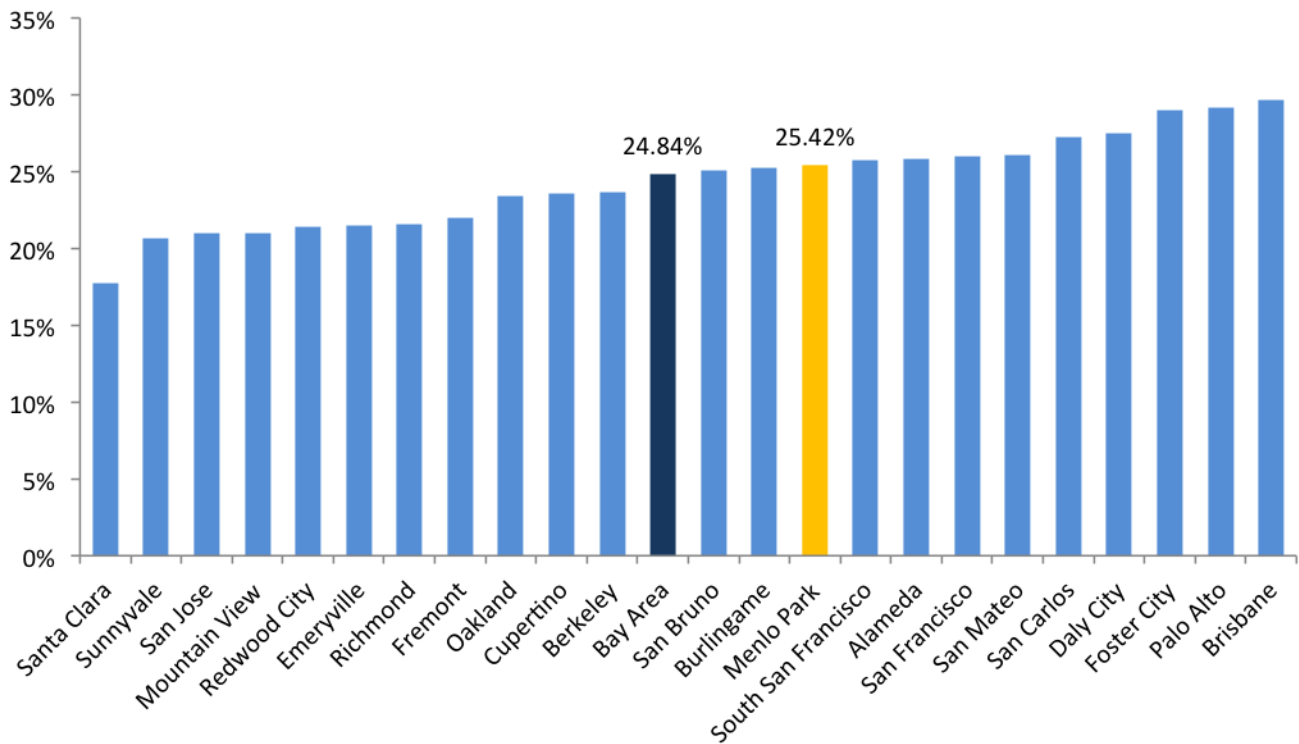
**Table 3. % residents 20-35**



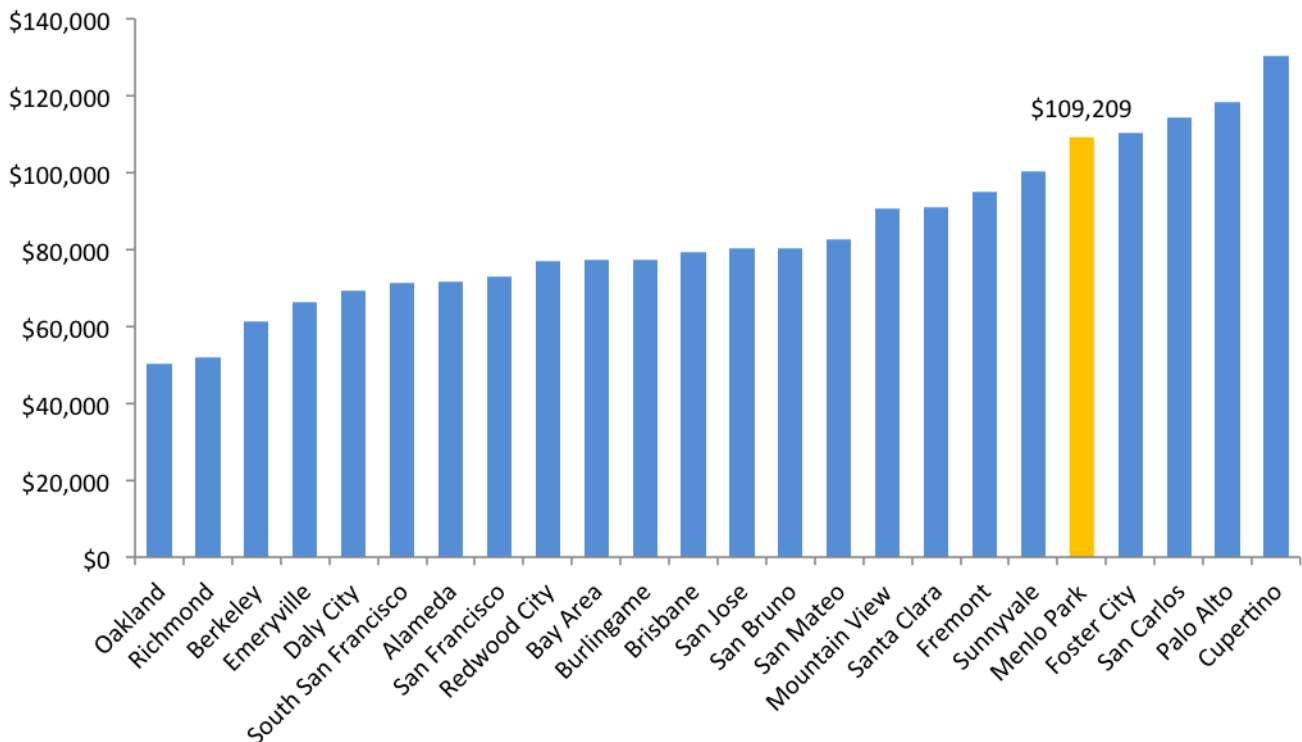
**Table 4. % residents 35-55**



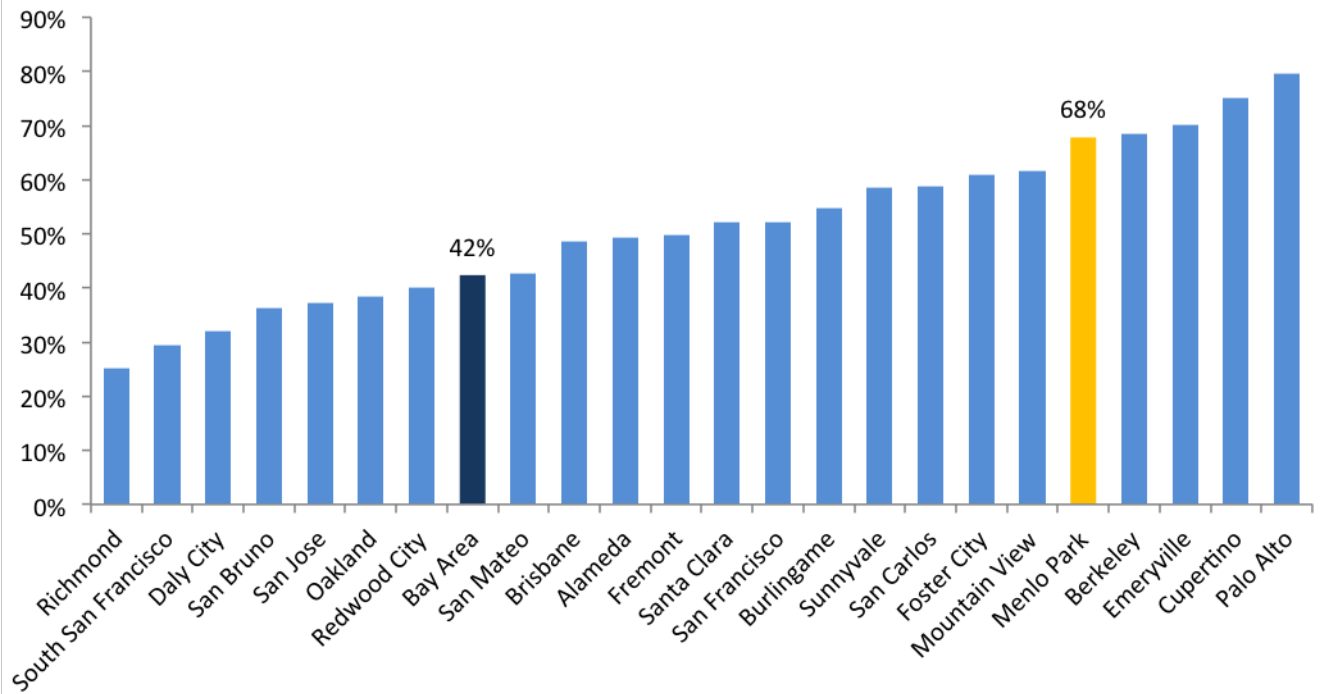
**Table 5. % residents 55 and over**



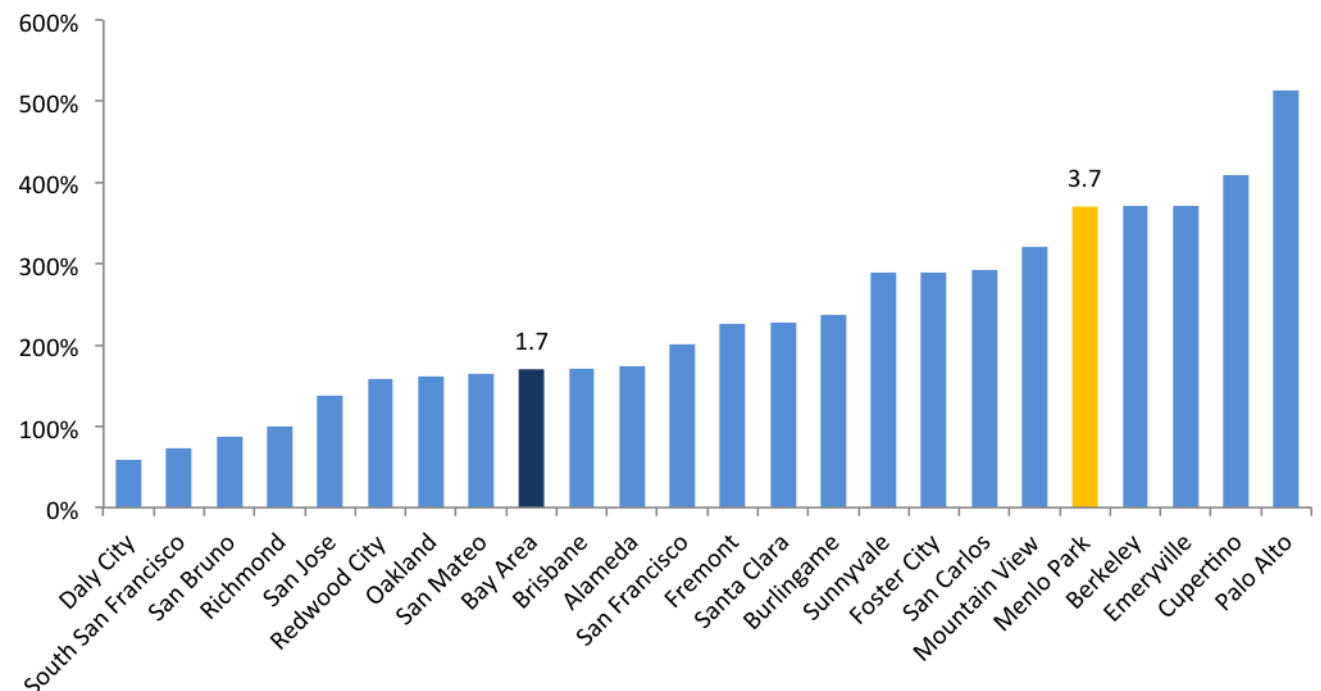
**Table 6. Median household income**



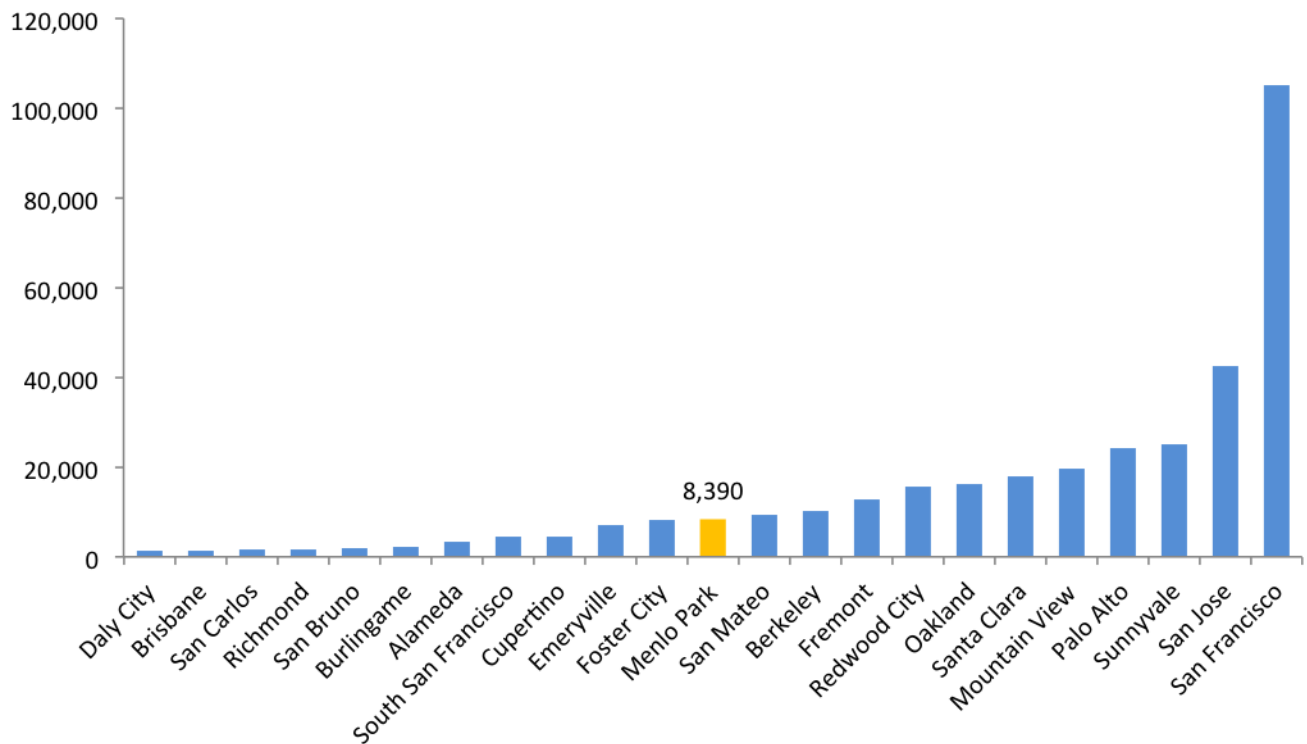
**Table 7.**  
**Percent of residents that have a bachelor's degree or higher**



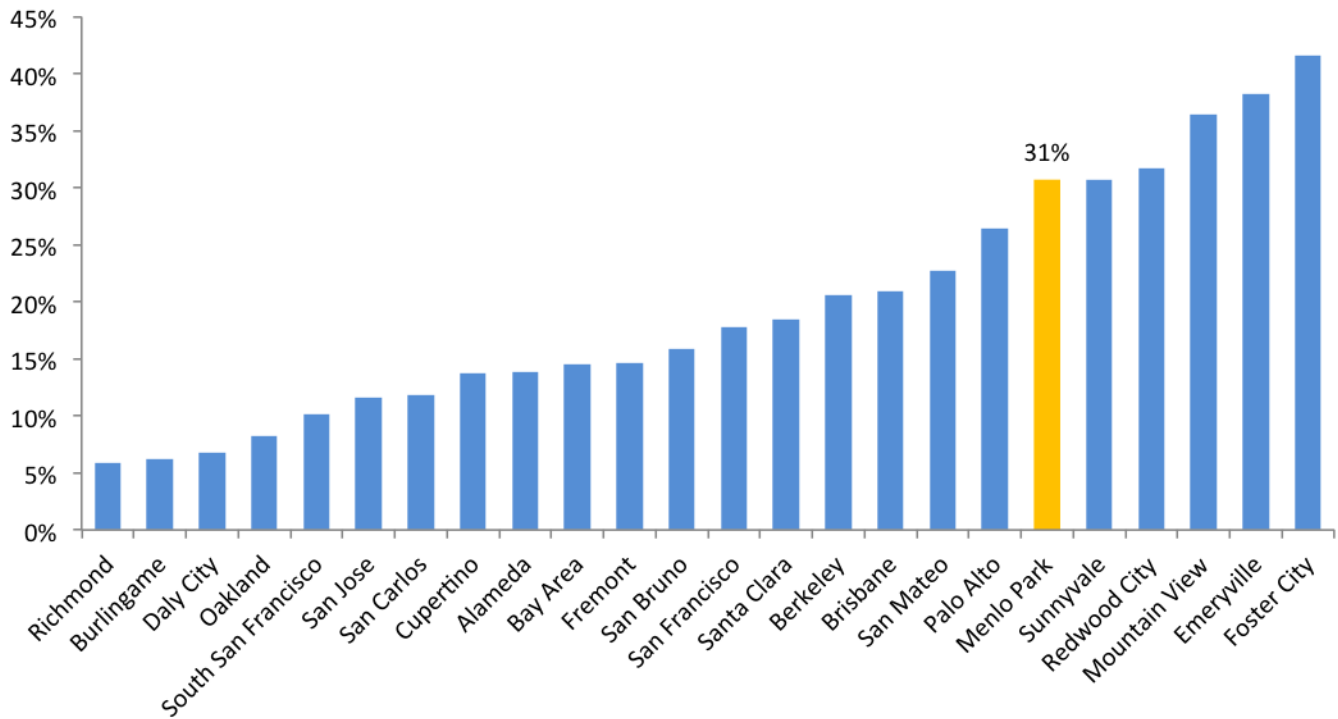
**Table 8.**  
**Graduate or professional degrees per 1,000 residents**



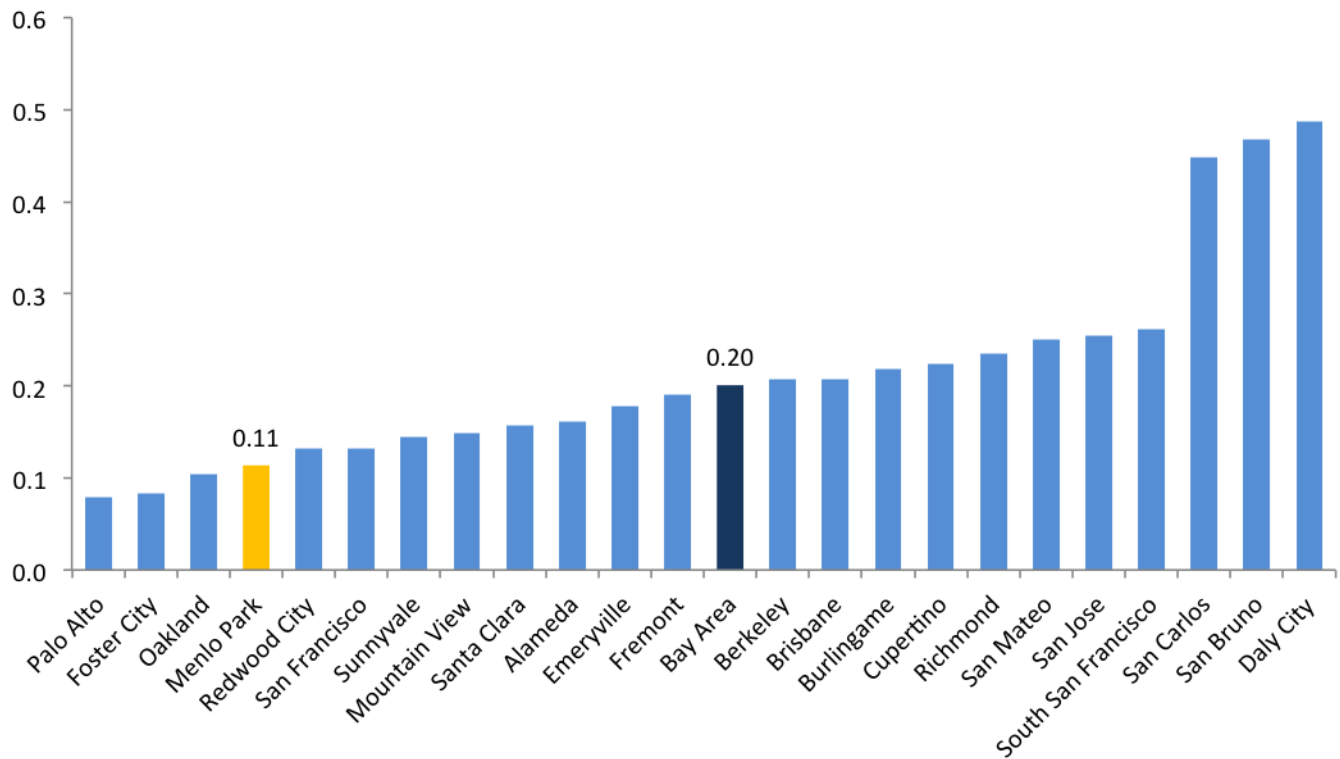
**Table 9. Innovation-economy jobs**



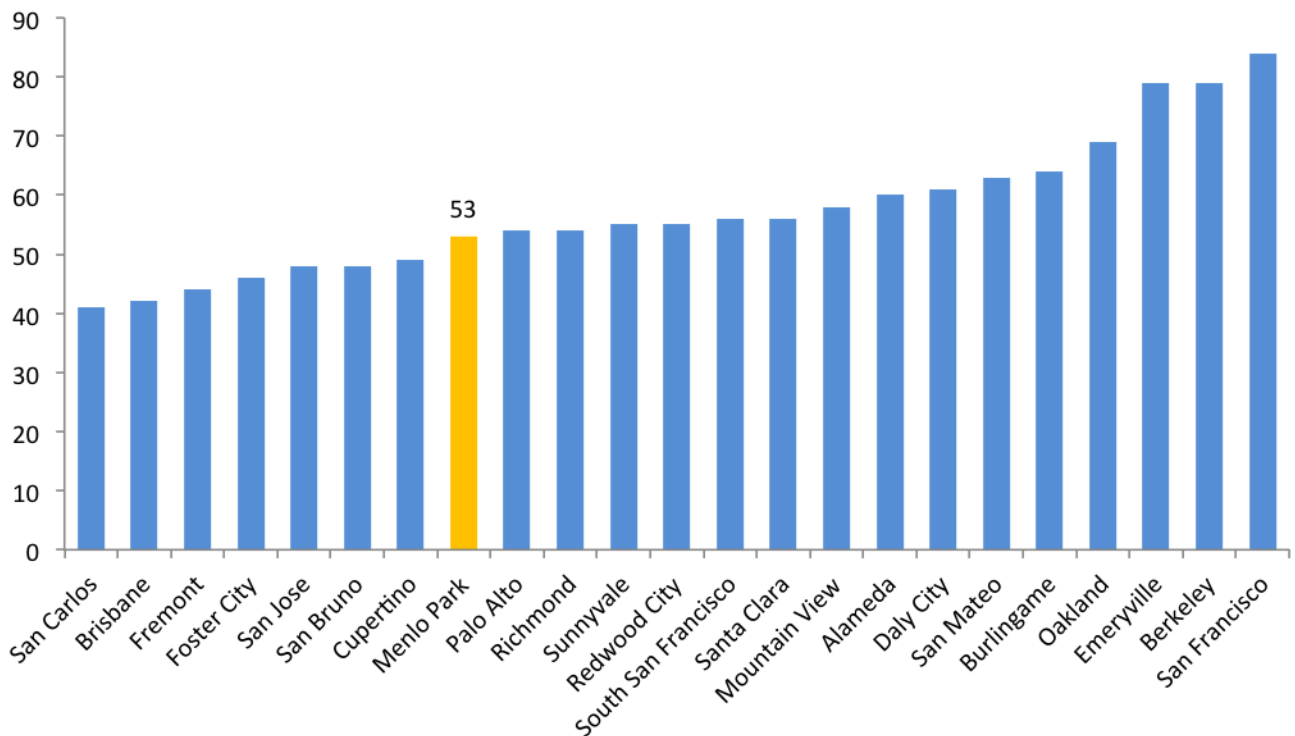
**Table 10.**  
**Share of employment in innovation-economy jobs**



**Table 11. Retail jobs per office job**



**Table 12. Walk score**



**Table 13. Non-residential land uses in sqft.**

	Office	Industrial + R&D	Total
San Francisco	89,213,545	*	89,213,545
Palo Alto	9,774,654	13,260,030	23,034,684
Mountain View	4,218,743	15,265,681	19,484,424
Redwood City	9,391,589	6,561,280	15,952,869
Pleasanton	12,724,161	2,738,660	15,462,821
<b>Menlo Park</b>	<b>5,048,584</b>	<b>6,570,314</b>	<b>11,618,898</b>
San Mateo	7,257,627	**	7,257,627
Walnut Creek	6,441,160	304,664	6,745,824
Burlingame	1,812,627	4,744,432	6,557,059
Emeryville	4,351,436	*	4,351,436
Foster City	3,267,375	**	3,267,375

\* Data not provided. \*\* Data provided only in aggregate with other cities.

Source: Colliers International.



## Table 14. Projected housing capacity

	Estimated capacity	Development pipeline
San Francisco	73,728	50,200
Palo Alto	3,468	1,837
Mountain View	2,271	892
Redwood City	3,243	1,302
Pleasanton	1,752	826
<b>Menlo Park</b>	<b>3,333</b>	<b>1,347</b>
San Mateo	1,486	201
Walnut Creek	1,427	472
Burlingame	1,402	472
Emeryville	4,491	378
Foster City	1,854	834

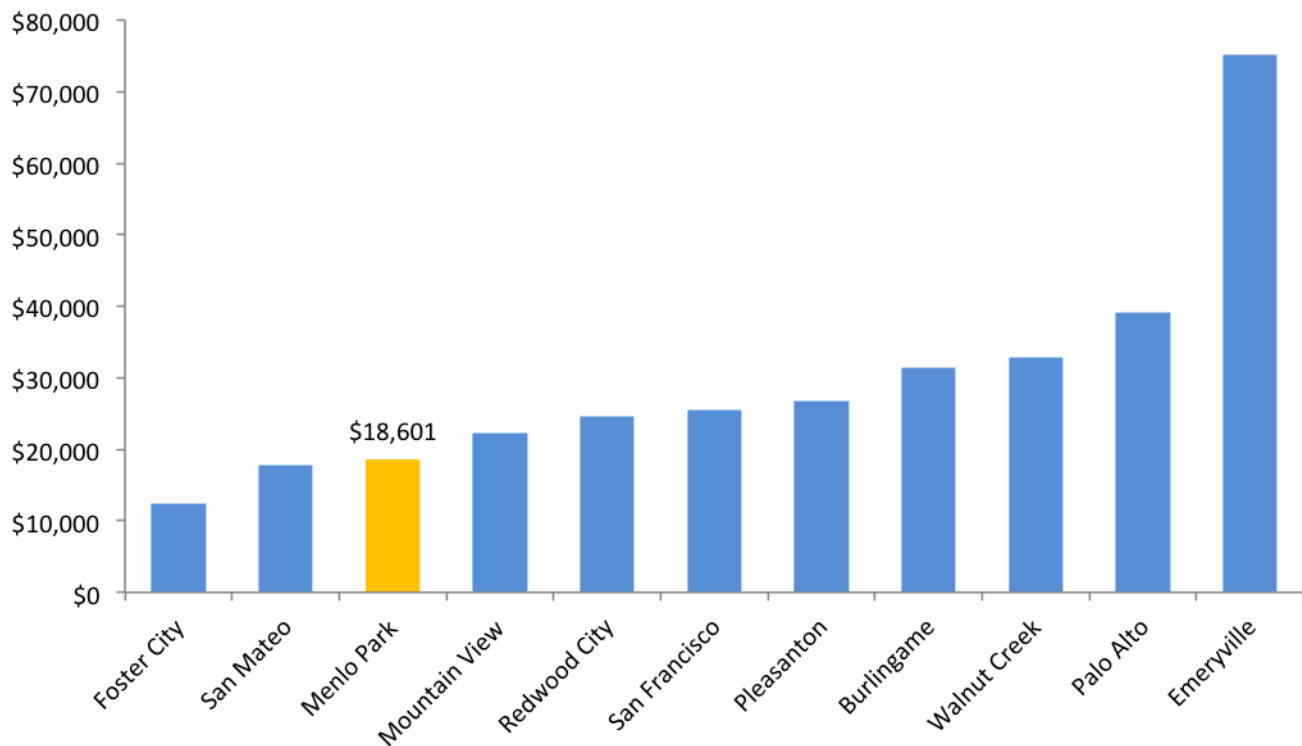
Estimated capacity is based on current zoning and identified<sup>1</sup> opportunity sites.

Development pipeline includes homes that have been approved for<sup>2</sup> development and those already under construction.

### Sources:

City of San Francisco, 2011. *Housing Element Part I: Data and Needs Analysis*  
City of Emeryville, 2014. *Housing Element 2015-2023 [draft]*  
City of Mountain View, 2006. *Housing Element 2007-2014*  
City of Pleasanton, 2014. *Housing Element: September 2014 Draft*  
City of Foster City, 2014. *Housing Element: 2015-2023 Planning Period*  
City of Redwood City, 2014. *2015-2023 Housing Element Public Hearing Draft*  
City of Burlingame, 2014. *2015-2023 Housing Element Public Review Draft*  
City of Menlo Park, 2014. *2015-2023 Housing Element*  
City of Palo Alto, 2014. *2015-2023 Housing Element Administrative Draft*  
City of San Mateo, 2009. *2009 Housing Element*  
City of Walnut Creek, 2009. *2009-2014 Housing Element*

## 15. Sales per capita



**Table 16. Revenues per capita**

	Property tax	Sales tax	Hotel tax	Transfer tax	Total in these categories
San Francisco	\$1,736	\$255	\$293	\$341	\$2,625
Emeryville	\$863	\$752	\$492	*	\$2,107
Mountain View	\$776	\$222	\$62	*	\$1,060
Pleasanton	\$685	\$268	*	*	\$953
Foster City	\$626	\$123	\$65	\$10	\$824
Redwood City	\$494	\$247	\$58	\$8	\$806
Burlingame	\$492	\$314	\$623	\$2	\$1,431
<b>Menlo Park</b>	<b>\$484</b>	<b>\$186</b>	<b>\$107</b>	<b>*</b>	<b>\$777</b>
Palo Alto	\$438	\$391	\$165	\$104	\$1,098
San Mateo	\$318	\$222	\$54	\$64	\$657
Walnut Creek	\$242	\$329	\$26	*	\$597

\* Data not provided.

Sources: Comprehensive Annual Financial Reports (CAFRs) from each listed city.

## Table 17. Tax rates and revenues

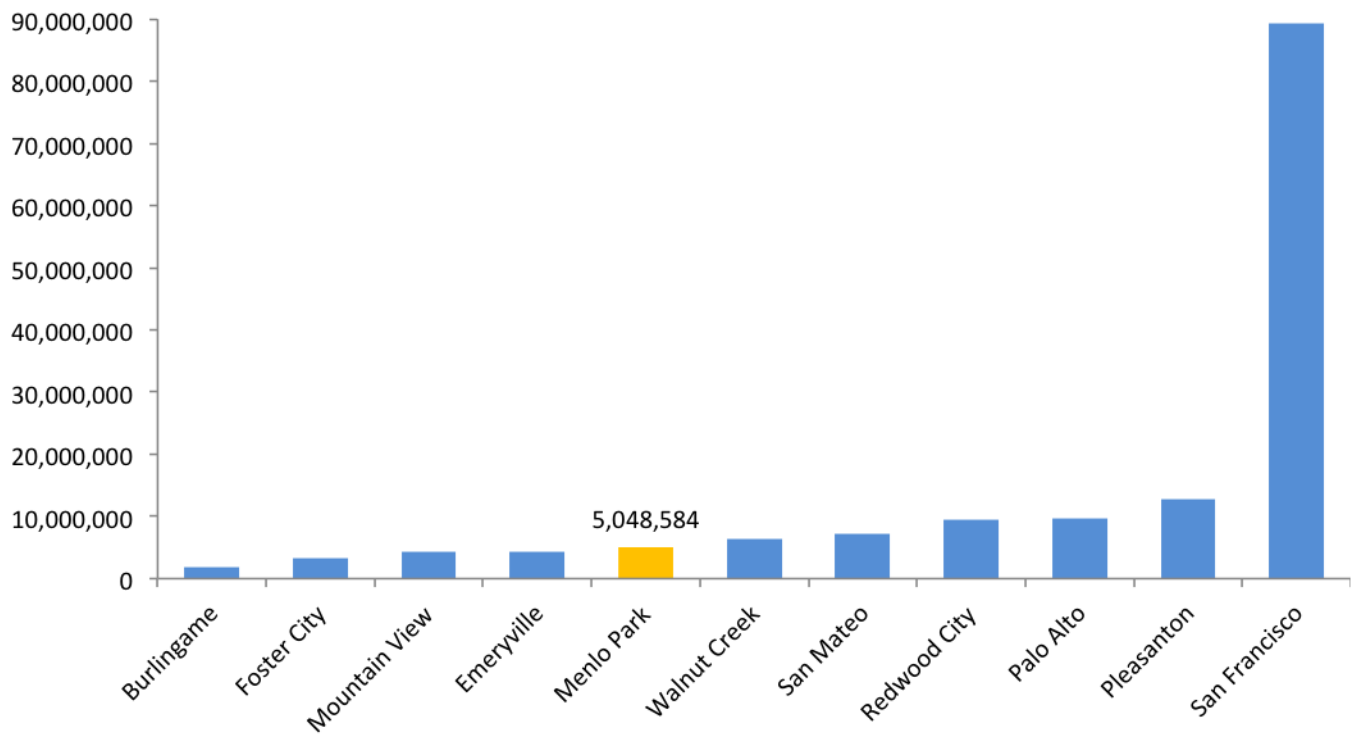
	Property tax		Sales tax		Hotel tax		Transfer tax	
	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate**	Revenue
San Francisco	*	\$1,415,068,000	8.75%	\$208,025,000	14.00%	\$238,782,000	\$5.00 - \$25.00	\$278,163,000
Emeryville	*	\$8,600,000	9.00%	\$7,500,000	12.00%	\$4,900,000	\$12.00	
Mountain View	*	\$58,515,000	8.75%	\$16,744,000	10.00%	\$4,668,000	\$4.40	
Pleasanton	*	\$48,900,000	9.00%	\$19,100,000	8.00%		\$1.10	
Foster City	*	\$19,566,168	9.00%	\$3,848,768	9.50%	\$2,015,909	\$1.10	\$315,962
Redwood City	*	\$38,484,044	9.00%	\$19,240,290	12.00%	\$4,526,424	\$1.10	\$599,316
Burlingame	*	\$14,390,000	9.00%	\$9,200,000	12.00%	\$18,240,000	\$1.10	\$49,724
<b>Menlo Park</b>	*	<b>\$15,731,889</b>	<b>9.00%</b>	<b>\$6,043,870</b>	<b>12.00%</b>	<b>\$3,468,256</b>	<b>\$1.10</b>	
Palo Alto	*	\$28,700,000	8.75%	\$25,600,000	14.00%	\$10,800,000	\$4.40	\$6,800,000
San Mateo	*	\$31,287,521	9.25%	\$21,821,391	10.00%	\$5,326,759	\$6.10	\$6,307,133
Walnut Creek	*	\$15,700,000	8.50%	\$21,400,000	8.50%	\$1,700,000	\$1.10	

\* Property tax rates vary in different neighborhoods within each city; however, property tax is broadly set at 1%, plus any voter-approved tax increases in local jurisdictions.

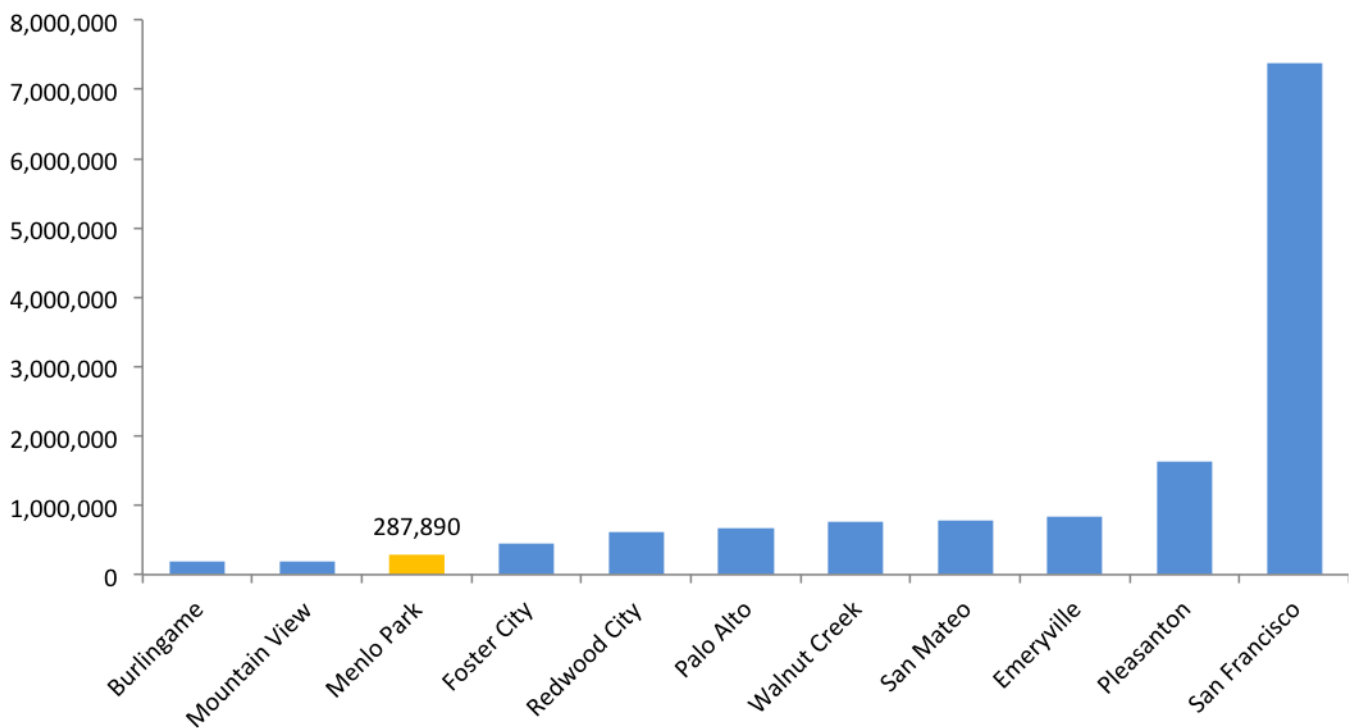
\*\* Transfer tax rates are per \$1,000 assessed value. Transfer tax revenues are shared with counties.

Sources: City and County of San Francisco Office of the Controller, City of Emeryville, City of Mountain View, City of Pleasanton, City of Redwood City, Ballotpedia (Foster City, Menlo Park, Palo Alto), City of San Mateo, CA State Board of Equalization (sales tax rates), californiacityfinance.com (transfer tax rates).

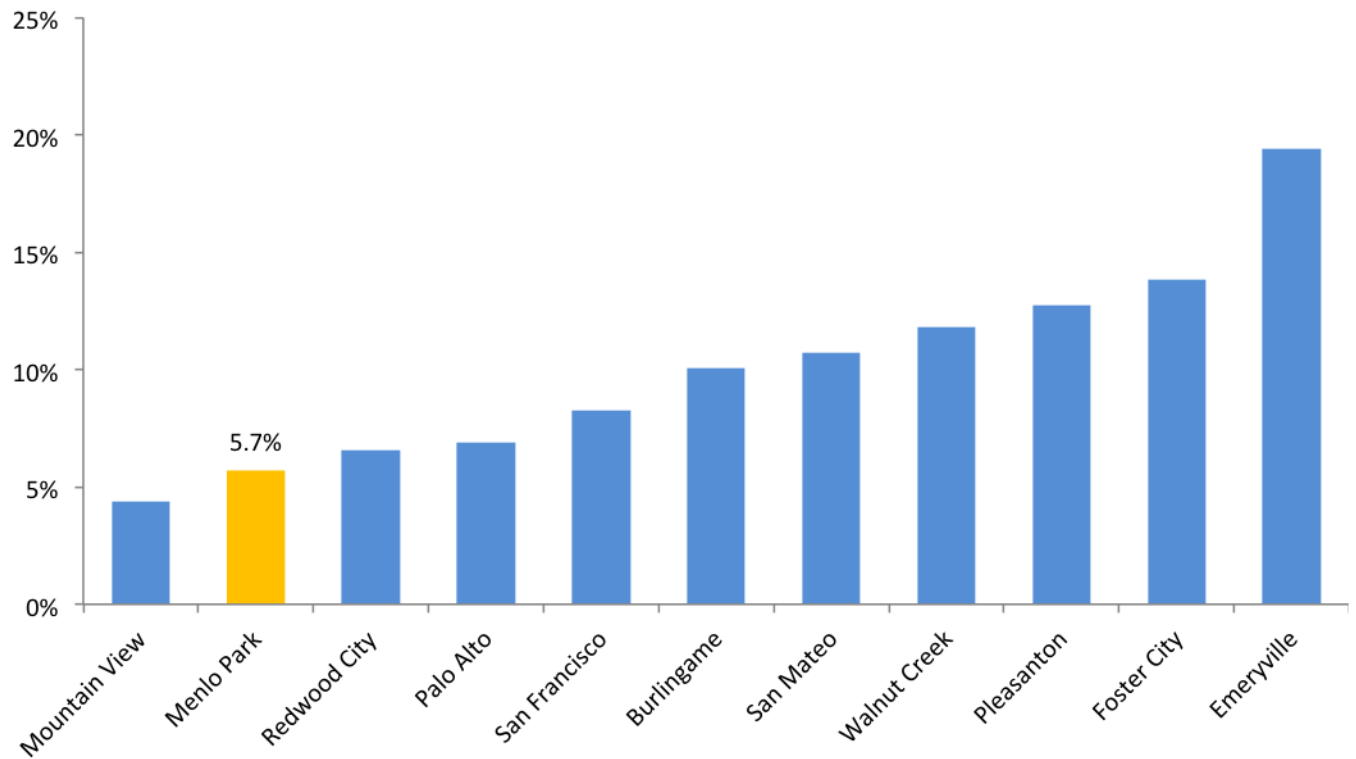
**Table 18. Net office space (square feet)**



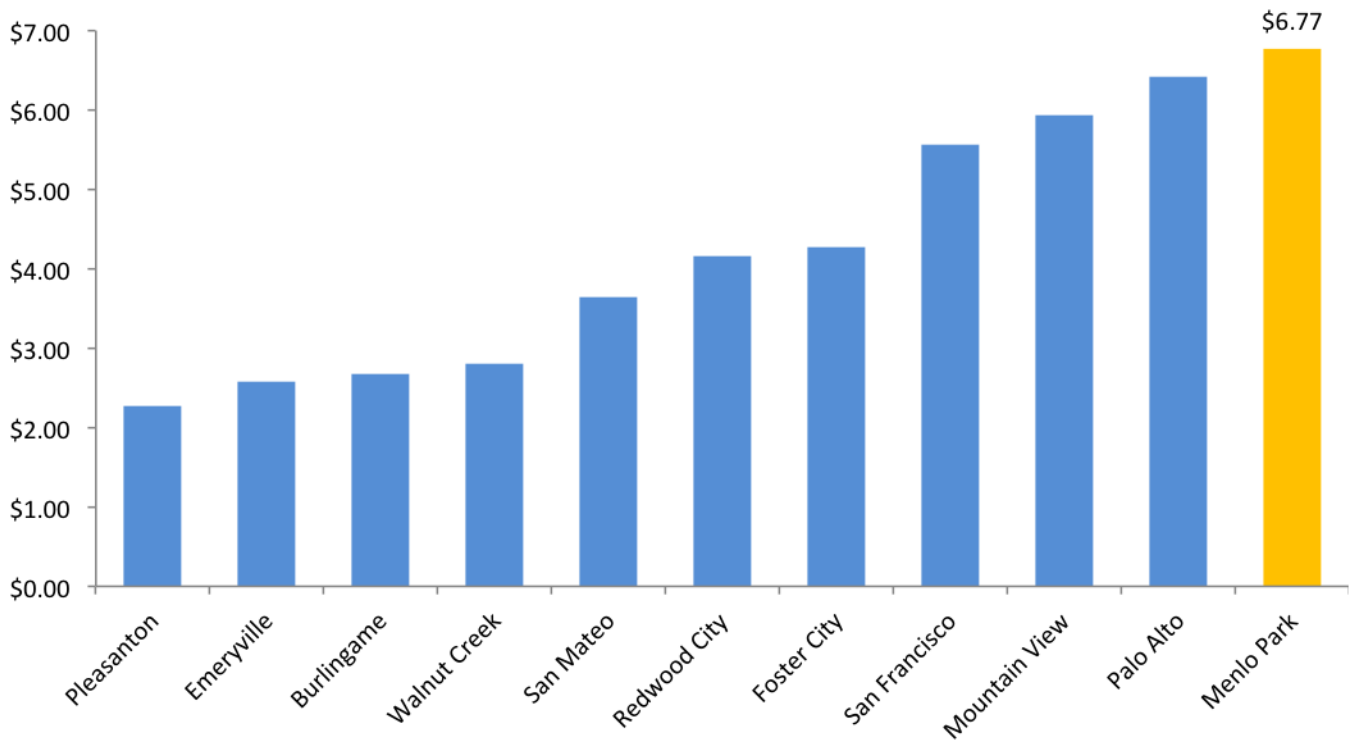
**Table 19. Vacant office space (square feet)**



**Table 20. Office vacancy rate**



**Table 21. Average monthly office rent per sqft.**



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City and County of San Francisco

City of Emeryville

City of Mountain View

City of Pleasanton

City of Foster City

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City of Menlo Park

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*Prepared by:*



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## MEMORANDUM

**DATE:** December 8, 2014

**TO:** Planning Commission

**FROM:** Jim Cogan, Economic Development Manager

**RE:** **Agenda Item H1: Economic Development Plan Update Presentation**

The Office of Economic Development is providing the Planning Commission with an overview of the Economic Development Plan Update. This item is informational in nature and does not require Planning Commission action.

While the economy has shifted from being driven by the manufacturing sector to being driven by the innovation sector, Menlo Park's land use, transportation and economic strategies have not kept pace. As a result, Menlo Park is losing ground compared to neighboring cities and not fully realizing the benefits of the innovation economy. To address this, City Council directed staff to update the Economic Development Plan to make Menlo Park more competitive in the regional and global economy.

The Economic Development Plan Update follows a three phase process:

1. Existing Conditions: Because the economy has changed drastically since the last Business Development Plan was adopted in March of 2010, BAE Urban Economics conducted an Economic Trends Report to better understand the existing economic conditions.
2. Economic Development Plan: Upon completion, the Economic Development Plan will consist of a (1) Comparative Economic Advantage Study (CEAS) and (2) economic development goals.

UP Urban Inc., the consultant selected to assist with the Economic Development Plan, expanded on the Economic Trends Report in the Comparative Economic Advantage Study (CEAS) (Attachment A). The CEAS analyzes Menlo Park's existing economic conditions in comparison to other Bay Area cities, characterizes the role Menlo Park plays in the regional

economy, identifies areas where Menlo Park could improve in order to become more competitive, and examines case studies of other cities to determine how they are maximizing the value of development in their communities.

On November 19, 2014 the Economic Development Plan Stakeholder Group met to discuss the findings of the CEAS and to brainstorm Plan goals. The results of this brainstorming session will be used by UP in their drafting of an Economic Development Plan that will be presented to the Stakeholder group on December 9, 2014 at 5:30pm in the City Council Chambers. This meeting is open to the public.

The Economic Development Plan will be presented to the City Council for action on December 16, 2014.

3. Implementation Strategies: Following the City Council's adoption of the Plan, staff intends to work with UP to development strategies and specific policy recommendations. The Stakeholder group will participate in guiding UP's work on developing these strategies and recommendations.

## **ATTACHMENTS**

- A. Comparative Economic Advantage Study

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**MENLO PARK**  
***COMPARATIVE ECONOMIC  
ADVANTAGE STUDY***  
**NOVEMBER 2014**



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01

# EXECUTIVE SUMMARY





# 01 EXECUTIVE SUMMARY

## What is the purpose of this study?

This comparative study is the foundation for the next phase of UP's work for Menlo Park, the preparation of a draft Economic Development Plan. Accordingly, this study does not propose goals, objectives and policies, but instead identifies Menlo Park's comparative economic advantages, opportunities and constraints. Once the Economic Development Plan Stakeholder Group has reviewed and commented on this draft study, UP will finalize it and begin work on the Economic Development Plan (the Plan). It is important to emphasize that UP's work on the Plan must be guided by the Advisory Group's direction on the City's values and goals. While UP is capable of drafting a smart strategy to pursue value-based goals, the City first needs to clarify its values and goals in light of the economic opportunities highlighted in this report. We believe that this two-step process—and informed conversation—will result in the best possible Economic Development Plan.

## Key conclusions from the study:

- With one of the most educated populations in the Bay Area, highest average household incomes, and largest share of local workforce employed in the innovation sector, Menlo Park is an extraordinary beneficiary of the regional innovation economy.
- With some of the lowest office vacancy rates and highest monthly rents in the region, Menlo Park is well positioned to capture greater public benefit by leveraging its unique regional real estate advantage.
- However, the good luck of being situated at the center of one of the world's most

dynamic innovation clusters can also lead to complacency in regard to planning for future economic success.

- Menlo Park is failing to capture many of the economic multipliers that innovation sector jobs can bring to local economic development.
- More specifically, Menlo Park is missing out on retail businesses, jobs and their associated sales tax revenue and public amenity value. It has one of the lowest retail per office job ratios in our peer review group, very low retail vacancy rates and very low per capita sales tax revenue.
- A growing share of innovation jobs, tech employers and venture capital are moving to walkable, compact and transit-oriented urban centers like San Francisco. The now-aging millennial generation has a strong preference for these same walkable urban places.
- Menlo Park has one of the lowest Walk Scores of its peer group, reflecting its relatively low density, automobile orientation, and poor walking access and proximity to resident and employee-serving amenities like retail and professional services.
- For Menlo Park to remain economically competitive and resilient over the next 25 years, it needs support land use and development plans that encourage denser, walkable mixed-use neighborhoods in transit-rich locations.
- Menlo Park could also capture a larger portion of retail and service businesses and jobs if it pursues progressive land use and urban design policies that encourage such growth.

- Policies that support walkable urbanism are also great economic development strategy. Such policies simultaneously enhance livability and public health for families while generating higher sales tax revenue and long-term economic competitiveness and resiliency.
- Many Bay Area cities have adopted land use plans that encourage walkable urbanism around fixed transit with the express intention of capturing innovation sector jobs.
- Menlo Park needs to view better connections to regional transit as a vital tool for the City's long-term economic development.

# 02

## FINDINGS

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## 02 FINDINGS

*Part I compares Menlo Park to a broad list of cities in the Bay Area based on their basic demographics and how well these cities are currently capturing the benefits of the regional innovation economy.*

*Part II explores whether Menlo Park is well positioned to capture the future benefits of the regional innovation economy by comparing it to smaller peer group in regards to tax revenue, land use, office space capacity, and transit services.*

*All tables and maps cited in the findings are located in the Appendix. A set of case studies summarizing successful upzoning and placemaking efforts has also been included to demonstrate the array of strategies being employed by various cities across the region.*

**Part I Comparison Group:** Part I of the study looked at a list of cities 22 in the Bay Area that are likely to create innovation sector jobs in the medium term. Innovation sector jobs are important to Menlo Park because they generate significant economic multiplier effects on the local economy. The comparison cities were chosen based on three criteria:

- (1) they already have clusters of innovation-economy jobs;
- (2) many residents are in their twenties and thirties; and
- (3) they are walkable<sup>1</sup>.

### Comparison Group Cities:

Alameda	Palo Alto
Berkeley	Redwood City
Brisbane	Richmond
Burlingame	San Bruno
Cupertino	San Carlos
Daly City	San Francisco
Emeryville	San Jose
Foster City	San Mateo
Fremont	Santa Clara
Mountain View	South San Francisco
Oakland	Sunnyvale

<sup>1</sup> The cities chosen have significant clusters of jobs in NAICS sectors 51 and 54; have a 12% or greater share of population between 20 and 34; and have a Walk Score from walkscore.com of at least 40.

### Part I Findings

**High Degree of Regional Integration:** Menlo Park's economy is tightly integrated into the larger Bay Area economy. Like many cities in the region, the majority of workers in Menlo Park commute from outside the city, and the majority of Menlo Park residents travel to other Bay Area cities to work. These commuters follow the transportation network. They come south from San Francisco and other points on the Peninsula; north from San Jose and Sunnyvale; and across the bridges from Hayward and Fremont. Menlo Park residents travel to the same cities to work (Maps 1 & 2).

### Low Population, but Average Demographics:

When considering the importance of innovation sector jobs, it is important to look at local demographics because many start-ups rely on the talent of young people (and their willingness to take risks) to fuel early growth. Compared to its peers, Menlo Park has fewer people aged 20-35 than most of the other cities (Table 1). That difference shrinks when we measure resident between 20 and 35 as a share of total population, but Menlo Park still has a lower share of young workers than many other cities. When we look at other age groups, Menlo Park is not an outlier – the share of residents under 20, between 35 and 55, and over 55 are average for the peer group (Tables 2-5).

**High Average Household Income:** At \$109,209, Menlo Park enjoys one of the highest average household incomes among the comparison group (Table 6).

**High Educational Attainment:** Menlo Park has a higher share of residents with a bachelor's degree or higher than nearly all the other cities in the comparison group (Table 7), and also has a higher share of residents with graduate or professional degrees (Table 8). A hallmark of the innovation-economy is a well-educated workforce.

**A large share of Menlo Park's employment is in the innovation sector, but these jobs are only a small share of the all Bay Area innovation jobs:** Menlo Park's cluster of innovation sector jobs is not among the biggest in the Bay Area, but it's not small either (See Table 9). It's in a "third tier" behind giants like San Francisco and San Jose, and behind medium-large clusters like Palo Alto, Mountain View and Sunnyvale. At the same time, Menlo Park is very conveniently located to access to many neighboring clusters of innovation-economy jobs, like Palo Alto, Mountain View, and Sunnyvale.

Although Silicon Valley remains the world leader in fostering tech startups and innovation sector jobs, a significant portion of the innovation economy is shifting to large cities nearby. San Francisco now attracts more venture capital investment than Silicon Valley, and it holds the headquarters of Twitter, Yelp, Pinterest, Uber, Lyft, Dropbox, Salesforce, Instagram, BitTorrent, Zynga and BitTorrent. Technology companies are engaged in fierce competition for the most skilled workers, and these workers are increasingly interested in living in cities.

This trend does not pose an immediate threat to Menlo Park, as tech employment in the City is currently strong (See Table 10). Menlo Park has a higher percentage of jobs in the innovation sector than most other cities. However, the City should be considering its place in a future where technology

companies increasingly seek downtown locations with an energetic and walkable urban environment.

**Menlo Park is failing to capture its retail and service sector potential:** Menlo Park lacks retail services in many neighborhoods, which inconveniences City residents. It also leads many highly-paid workers in the City to spend their money in Palo Alto, Redwood City, or San Francisco instead of spending it in Menlo Park. This reduces sales tax revenues. Menlo Park now hosts a considerable number of innovation-economy employees, but many of these employees likely spend their money in Redwood City, San Francisco, and Berkeley because of the lack of retail. One solution would be to densify employment centers in Menlo Park. Research has shown that as employment density increases employees have more opportunities to shop near their workplace, if land use regulations allow it.<sup>2</sup>

At the same time, the May 2014 *Economic Trends Report* found that little vacant retail space remains in the City.<sup>3</sup> This suggests that increasing retail services will require crafting land use policies to permit more retail. It will also require an effort to generate a more lively and walkable urban atmosphere in the City center. More people walking and biking on downtown streets – and more people living downtown – will support a more lively retail district. Consider the most successful shopping districts in the region – places like Palo Alto, Redwood City, and San Francisco. They don't just have stores – they have a busy, exciting atmosphere that comes from having more people on the street. In each of these locations, medium-density and high-density housing in central locations has played a key role in establishing thriving retail centers (See Case Studies for examples of successful retail districts in the region). Of course, it would be

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<sup>2</sup> Chatman, D. G. (2002). The Influence of Workplace Land Use and Commute Mode Choice on Mileage Traveled for Personal Commercial Purposes. Presented at the TRB 2003 Annual Meeting, Transportation Research Board.

<sup>3</sup> BAE Urban Economics. (2014). Menlo Park Economic Development Strategic Plan Phase 1: Economic Trends Report.

One reason that the innovation sector is important for the local economy is that it has a higher multiplier effect. This is because local economies are interconnected through a complex web of transactions. Each new worker helps support local jobs by going to restaurants, shopping at the grocery store, getting car repairs, visiting the dentist, and so on. The company that hires a new worker also pushes more money into the local economy in various ways, from buying office supplies to engaging the services of outside professionals like lawyers and consultants, or even yoga instructors.

These are called **multiplier effects** – and innovation-economy jobs have higher multiplier effects than most jobs. Berkeley economist Enrico Moretti has estimated that each new high-tech job in a metropolitan area leads to the creation of five more jobs outside of the high tech sector. A multiplier is a number showing how changes (jobs, earnings, or sales) in one sector will propagate to other sector in a regional economy. For example, a jobs multiplier of 3 means that a change of 100 jobs in that sector would lead to a total change of 300 jobs ( $3 \times 100 = 300$ ) in the larger regional economy. This 300 includes the original 100 jobs, meaning the additional change is 200. As Moretti emphasizes in his book *The New Geography of Jobs*,

*With only a fraction of the jobs, the innovation sector generates a disproportionate number of additional local jobs and therefore profoundly shapes the local economy. A healthy traded sector<sup>1</sup> benefits the local economy directly, as it generates well-paid jobs, and indirectly as it creates additional jobs in the non-traded sector.*

*What is truly remarkable is that this indirect effect to the local economy is much larger than the direct effect... for each new high-tech job in a*

*metropolitan area, five additional local jobs are created outside of high tech in the long run.*

*[And] it gets even more interesting. These five jobs benefit a diverse set of workers. Two of the jobs created by the multiplier effect are professional jobs — doctors and lawyers — while the other three benefit workers in nonprofessional occupations — waiters and store clerks. Take Apple, for example. It employs 12,000 workers in Cupertino. Through the multiplier effect, however, the company generates more than 60,000 additional service jobs in the entire metropolitan area, of which 36,000 are unskilled and 24,000 are skilled. Incredibly, this means that the main effect of Apple on the region's employment is on jobs outside of high tech.*

However, these multiplier benefits are not necessarily captured in Menlo Park. They are regional: they are likely to cluster nearby, but nearby could be in the next town or ten miles away. Partly, this depends on where the new innovation sector workers end up spending their high wages – and this depends on what shopping or service offerings are available in each city. A new tech workers' money is likely to be spent wherever they find the largest, most vibrant most convenient and, perhaps, most walkable concentrations of shops and services.

These regional shopping destinations are likely to be downtown neighborhoods that are mixed-use and medium-density to high-density, with access to transportation services. It is no accident that these high-amenity urban neighborhoods are increasingly attracting Millennials and tech startups.

<sup>1</sup>A traded sector is one that sells to outsiders, bringing in outside money into the region, while a non-traded sector is one that serves the residents of the region.

misguided for Menlo Park to try to become any of these communities. However, the City can use the experience of these local examples to develop its own template for success.

**A Low Retail to Office Jobs Ratio:** So how is Menlo Park doing when it comes to capturing the local economic benefits from tech economy growth? There is no simple way to measure this, but one way is to count how many retail jobs there are for every office job.

Menlo Park has fewer retail jobs per office job than most of the cities in the comparison group (See Table 11). Measured in this way, it seems like Menlo Park may be leaving some benefits of the tech economy on the table for neighboring cities to capture. It's important to note, however, that two cities that have similar ratios of retail jobs to office jobs are not necessarily similar in other ways. A city could have a high ratio because it has a lot of retail jobs – or it could have a high ratio because, while it has a moderate number of retail jobs, it doesn't have many office jobs.

**It might be time to turn Facebook inside out:** In Silicon Valley, many tech companies try to make their workplaces more comfortable and inviting by offering goods and services that their employees can take advantage of without leaving the office. Facebook has installed a 9-restaurant food court, a candy shop, a bicycle repair shop, a video arcade, and a barbershop.

It is important to keep in mind how this affects the local economy. On an average street in Menlo Park, a collection of shops like this would feel a lot like a real “main street,” which would likely attract nearby residents and non-Facebook employees, driving greater sales and creating employment opportunities—extending the multipliers outward. In sum, turning the campus “inside out” would likely generate greater positive externalities<sup>4</sup> than

<sup>4</sup> A positive externality exists when an individual or firm making a decision does not receive the full benefit of the decision. The benefit to the individual or firm is less than the

closing the doors and recycling existing wages in a closed system. Instead these services are currently “internalized” on a closed campus, which in turn reduces the need of employees to seek services in the surrounding neighborhood.

### **Walkability, Accessibility, and Livability Reinforce Economic Competitiveness and**

**Resiliency in the Innovation Economy:** Measuring a neighborhood's relative level of “walkable urbanism” is difficult. In this study we assess walkable urbanism by using Walk Scores. This is a score between 0 and 100 developed by Walk Score, a company that promotes alternative transportation modes. A Walk Score is a good predictor of things like retail store concentration and density of transportation options – things that contribute to the overall convenience and appeal of a given neighborhood.

Menlo Park's Walk Score is lower than the comparison group average (see Table 12). Why is this important? One benefit of walkable neighborhoods is that they have higher property values and more economic activity. A 2012 study of neighborhoods in Washington, D.C. found that walkable neighborhoods have higher home sales prices, higher rents, and higher retail sales.<sup>5</sup>

Walkable neighborhoods also promote health. A 2014 survey conducted in six major U.S. cities found that people who moved to a neighborhood with a higher Walk Score walked more and reduced their body mass index.<sup>6</sup>

Researchers and market analysts believe that homes in dense urban areas with access to good

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benefit to society. Thus when a positive externality exists in an unregulated market, the marginal benefit curve (the demand curve) of the individual making the decision is less than the marginal benefit curve to society. With positive externalities, less is produced and consumed than the socially optimal level. This dilemma may, among other factors, be the reason that Facebook hasn't expanded its retail and service offerings outward into Menlo Park.

<sup>5</sup> Leinberger, C. B., & Alfonzo, M. (2012, May). Walk this Way: The Economic Promise of Walkable Places in Metropolitan Washington, D.C. Retrieved November 13, 2014, from <http://www.brookings.edu/research/papers/2012/05/25-walkable-places-leinberger>

<sup>6</sup> Hirsch, J. A., Diez Roux, A. V., Moore, K. A., Evenson, K. R., & Rodriguez, D.A. (2014). Change in walking and body mass index following residential relocation: the multi-ethnic study of atherosclerosis. *American Journal of Public Health*, 104(3), e49–56.



transportation and shops command higher prices, and that demand for them is rising. Homes in urban areas command a price premium of 15%.<sup>7</sup> An analysis of home prices during the turbulent period from 2007 to 2012 found that homes in urban neighborhoods maintained their value better than suburban homes.<sup>8</sup> Surveys have found an unmet demand for homes in urban neighborhoods: many people living in the suburbs, particularly young people, would prefer to move to more central locations with better transportation.<sup>9</sup> (Of course, this just confirms what apartment prices tell us: housing is expensive in these neighborhoods because demand for it is high.)

Due to the business advantages of locating in walkable urban neighborhoods, commercial real estate there commands higher prices.<sup>10</sup> Companies are drawn to urban locations to better know their customers and to attract well-educated employees, who prefer to live in cities. Even the technology industries that were born in Silicon Valley have begun shifting to San Francisco, which now holds the headquarters of Uber, Lyft, Salesforce, Twitter, Instagram, Pinterest, BitTorrent, Zynga, Reddit and Yelp. San Francisco now attracts more venture capital investment than Silicon Valley.<sup>11</sup>

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<sup>7</sup> Song, Y., & Knaap, G.-J. (2003). New urbanism and housing values: a disaggregate assessment. *Journal of Urban Economics*, 54(2), 218–238.

<sup>8</sup> Gillen, K. (2012). The Correlates of Housing Price Changes with Geography, Density, Design and Use: Evidence from Philadelphia. Congress for the New Urbanism. Retrieved from <http://www.ssti.us/2012/11/the-correlates-of-housing-price-changes-with-geography-density-design-and-use-evidence-from-philadelphia-congress-for-the-new-urbanism-2012/>

<sup>9</sup> RSG. (2014). Who's on Board 2014: Mobility Attitudes Survey. Transit Center. National Association of Realtors. (2013). NAR 2013 Community Preference Survey.

<sup>10</sup> Pivo, G., & Fisher, J. D. (2011). The Walkability Premium in Commercial Real Estate Investments. *Real Estate Economics*, 39(2), 185–219.

<sup>11</sup> Florida, R. (2014). *Startup City: The Urban Shift in Venture Capital and High Technology*. Toronto: Martin Prosperity Institute.

## HOW IS THE WALK SCORE CALCULATED?

The most important element is **proximity to amenities** – the places people travel to reach. Examples include shops, schools, offices, and parks. Neighborhoods with shorter walks to nearby amenities have a higher Walk Score.

Another element is **population density**. Some trips simply go from one home to another. Where homes are closer together, it is easier to walk between them. Higher population density is also associated with other qualities that make walking easier, like good transit services.

Another element is the **design of streets and blocks**. It is more difficult to walk where blocks are longer and streets have curves and dead ends, because pedestrians are often forced to take longer indirect routes. Neighborhoods with shorter blocks and more frequent intersections allow pedestrians to choose more direct routes. These neighborhoods have higher Walk Scores.

Researchers have investigated whether Walk Scores are actually a good assessment of a neighborhood's walkability. They found that people in neighborhoods with higher Walk Scores are more likely to walk to destinations, and spend more time each week walking<sup>1</sup>.

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<sup>1</sup> Hirsch, J. A., Moore, K. A., Evenson, K. R., Rodriguez, D. A., & Diez Roux, A. V. (2013). Walk Score® and Transit Score® and walking in the multi-ethnic study of atherosclerosis. *American Journal of Preventive Medicine*, 45(2), 158–166.

## Part II Overview

**The Comparison Group:** Here we narrow our focus, and compare Menlo Park to a shorter list of ten Bay Area cities. These cities are not necessarily similar to Menlo Park, except in the sense that they are all attractive places for innovation sector businesses to locate. These communities compete with Menlo Park to capture local multiplier jobs and economic activity. By analyzing tax revenue, land use, office space capacity, and transit services we get a sense of Menlo Park's current climate and overall fitness to capture future economic benefit in comparison to these peer cities. They are:

Burlingame	Pleasanton
Emeryville	Redwood City
Foster City	San Francisco
Mountain View	San Mateo
Palo Alto	Walnut Creek

## Part II Findings

**Menlo Park needs more compact, walkable mixed-use urbanism:** As we've discussed, the positive "spillovers" from new jobs and economic growth are likely to be captured in cities with vibrant mixed-use retail centers. This raises the issue of land use policies – the zoning rules that determine where retail uses, as well as offices and homes, are allowed to locate. The positive spillovers are likely to be captured in areas where land use regulations permit mixed uses at medium- to high-density. Good data about municipal land use is hard to get. One way that land use can be evaluated is by comparing the amount of commercial and industrial building space that is available in each city, and in this case we used information published by the real estate company Colliers International (Table 13) which shows a good mix of office and industrial/Research & Development available in Menlo Park.

Another way to compare how cities use land is to measure their capacity for further housing

development. In California, cities are required to estimate future housing development capacity in the housing element of their general plan (Table 14). Menlo Park has fulfilled 40% of its housing capacity, which is more than many other cities in the peer group, but still suggests room for growth.

Taken together, these two indicators suggest Menlo Park is primed for considerable compact mixed-use development at greater densities than its historic norm. Menlo Park is missing out on positive "spillovers" from new jobs and economic growth. Around the Bay Area, cities are making plans to capture coming growth. Cities from Walnut Creek to Redwood City to San Jose are making ambitious changes to land use policy, building walkable neighborhoods with excellent transportation, and hoping to attract well-educated young people and innovative entrepreneurs. (See Case Studies for examples of cities increasing density and focusing on urban design to capture the benefits of the innovation economy).

Menlo Park has succeeded in the past because it offered exactly the sort of places that innovative companies wanted to be. It needs to consider its place in a future where more companies are looking for walkable, vibrant and urban neighborhoods.

**Menlo Park is missing out on tax revenue:** Most city governments take in much of their revenue from three major taxes: property tax, sales and use tax, and hotel tax (also called transient occupancy tax). Looking at these revenues is a quick way to get a sense of the local economy.

Sales tax revenues in Menlo Park are among the lowest in the peer group, due to Menlo Park's relatively low concentration of retail business. On a per capita basis, Menlo Park sinks even further, receiving only \$18,601 per residents in sales (Table 15). This reinforces the reality that while Menlo Park is positioned in a tightly integrated regional economy, it's missing out on its share of the benefit because of

a low concentration of retail business. The *right* kind of office (medium density, mixed-use) would create new retail needs which would in turn capture more tax revenue.

Menlo Park has lower property tax revenues than many of the cities in the peer group. This may seem strange, since homes in Menlo Park are fairly expensive.

However, they are primarily single-family residences; property values are significantly higher in cities with densely developed office and residential buildings.

Hotel tax revenues in Menlo Park are near the middle of the peer group. These revenues are higher in cities with large or numerous hotels. (Tables 16 & 17)

**Menlo Park has highly valuable office space and extraordinary demand for more:** Menlo Park has a little more than 5 million square feet of office space (See Table 18). To put that in perspective, San Francisco – which hosts the largest concentration of office space in the region – has about 89 million square feet. Palo Alto has about 10 million square feet of office space, and Mountain View has about 4 million square feet.

Menlo Park's office space generates more money per square foot than anywhere else in the Bay Area. Monthly office rents are \$6.77 per square foot (Table 19). And only 5.7% of office space is vacant – nearly the lowest vacancy rate in the Bay Area (Table 20 & 21).

Taken together, these indicators suggest that Menlo Park enjoys a highly valuable office market with room to grow to increase its share of benefit in the innovation economy.

**Menlo Park ranks low on access to regional transit:** With the exception of Foster City, all cities in the peer group have some level of fixed-route transit service – commuter trains or light rail (Map 3). Based on this data, we can estimate the distance to the nearest fixed-route transit station from the centroid (geographic center) of each census block group in the

peer group cities. By weighting these distances by each block group's population, we can estimate the average distance to a fixed-route transit station among all residents in each city (Map 4). By this measure, Menlo Park falls low on the list for transit proximity.

This highlights the importance of location and transportation. When a business looks for a location, good transportation options – and the variety of goods and services that come with it – are a selling point. It is no coincidence that the cities with thriving innovation sectors nearly all have access to high-quality public transportation.

The San Francisco Peninsula has traditionally dominated the Silicon Valley innovation economy. However, recently more tech companies have begun to locate in San Francisco. This may indicate that the growing importance of urban amenities, including high-quality transit service.

If that is the case, then East Bay and South Bay communities with BART service, like Oakland, Fremont, and (in the near future) San Jose, may have significant potential for innovation-sector growth, while cities like Menlo Park must depend on CalTrain to connect them to the regional economy. Transit systems don't evolve overnight, however in order to be a competitive player in the regional economy, Menlo Park must view better connections to regional transit as a vital tool for the City's long-term economic development.



# 03

## APPENDIX

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# CASE STUDIES

## Warm Springs Station, Fremont

The Warm Springs/South Fremont Community Plan, approved in July 2014, charts a development path for nearly 900 acres of land with 10 different planning areas, each with distinct land use plans that mix various uses. For each of these zones, the plan establishes a minimum building intensity (FAR) by use, with the goal of providing flexibility for development over time while maintaining a diversity of uses (See Table). In addition to minimum FAR, Jobs Factor and Minimum and Maximum Site Area to help reach regional goals for housing and employment.

**TAKE AWAY:** This ambitious plan allows for a mix of residential, office, industrial and retail uses in the area, previously been zoned for heavy industrial use. Rather than focusing on maximum FAR, Warm Springs sets a minimum building intensity paired with rigorous form-based guidelines, to ensure new development is filling in at an intensity and form that matches their vision for the area: an innovation district offering a unique opportunity for inventive, flexible development of new and expanding businesses interwoven with areas for living, learning and commerce.

Total Site Area	
900 acres	
Intensity/FAR	
Use:	Min. FAR
Industrial	0.35
Research & Development	0.5
Office & Convention	1.5
Hotel	1.5
Retail & Entertainment	2000 SF/acre
Project Targets	
Min. Gross Floor Area	11,521,526 SF
Min. Dwelling Units	2,700
Total Jobs	20,000
Public Open Spce	4 acres

## Bay Meadows, San Mateo

The first Bay Meadows Specific Plan (Phase I), adopted in 1997, contemplated two specific parcels near the 101/Hillsdale Blvd. exit for redevelopment. Along with other design guidelines, the plan set an FAR for .5 and 1.34 FAR for each parcel with the goal of creating a mixed-use, walkable and bikeable “gateway identity” to the City of San Mateo. The Phase II Specific Plan Amendment, adopted in 2005, took even greater advantage of the existing and expanding CalTrain commuter rail line linking San Francisco to San Jose and Gilroy. The proximity to the new express train station provided a unique opportunity for Phase II to advance the mixed- use principles initiated in Phase I. Along with other extensive design guidelines, a maximum FAR of 2.0 and 50 du/acre was approved for mixed-use parcels and residential parcels respectively, with the combined goal of creating a compact, walkable, transit-oriented community.

**TAKE AWAY:** After nearly two-decades of planning, Bay Meadows is currently coming to life. It’s an excellent example of a city successfully master planning a walkable, mixed use district near transit. Once fully developed, the 83 acre Bay Meadows will boast 1,250 residential units, over 750,000 square feet of office space, 150,000 square feet of retail, and nearly 15 acres of public space.

Total Site Area	
83 acres	
Intensity/FAR	
Phase	Max. FAR
Phase I	.5-1.34
Phase II	2 and 50 DU/acre
Project Targets	
Residential	1,250 DU
Office	750000 SF
Retail	150,000 SF
Public Space	15 acres

## Downtown Redwood City

Redwood City's Downtown Precise Plan (DTPP), adopted in 2011 (amended in 2013), established height limits in 6 zones and a Maximum Allowable Development (MAD) guidelines for the DTPP Area as a whole (183 acres). The MAD restricts residential development to 2,500 net new dwelling units, office development to 500,000 net new square feet of gross floor area, retail development to 100,000 net new square feet of gross floor area, and lodging development to 200 net new guest rooms. The DTPP places no limit on dwelling units per acre (du/ac) and floor area ratio (FAR) on a site-by-site basis. Instead, intensity of development is guided by the form-based codes that establish design guidelines, the MAD, and height limits by zone, ranging from 3-12 stories.

**TAKE AWAY:** With this comprehensive plan, Redwood City has approached downtown revitalization from the perspective of establishing an overall “mold” for future development and released a limited amount of developable square footage at this time to fill it. The plan has brought a flood of new development to Redwood City, so much so that the MAD limit for office has already been reached. Redwood City is now in the position to release additional square footage to fill their “mold” at the rate that they wish.

Total Site Area	
183 acres	
Intensity/FAR	
6 height zones 3-12 stories	
Project Targets	
MAD	Amount
Residential	2,500 DU
Office	500,000 SF
Retail	100,000 SF
Lodging	200 DU

## North San Jose

The North San José Urban Design Guidelines set ambitious goals for transforming the neighborhood into a more walkable and urban setting. The guidelines call for higher-density residential and commercial development; a more active public realm that encourages walking and biking; and a diverse mix of uses that provide places for living, working, shopping, recreation, and education. These goals required major changes to density and height requirements. Buildings in the neighborhood core were given a height minimum of 4 stories (1.2 effective FAR), although this was subsequently reduced to 3 stories (.8 effective FAR) based on feedback from developers. Height maximums were set at 120 to 250 feet. The plan allows for 26.7M SF office/industrial, new 32,000 homes and 1.7M SF of commercial.

**TAKE AWAY:** San José is actively seeking to capture more employment and economic activity in North San Jose to balance the City's high concentration of housing. Effective FAR was recently reduced at the urging of developers, suggesting the city's appetite for change may be outpacing developers' ability to build profitable projects.

Total Site Area	
4,795 acres	
Intensity/FAR	
Core Area FAR was recently reduced from 1.2 to .8, height maximums are 120-250 ft.	
Project Targets	
Office/Industrial	26.7M SF
Commercial	1.7M SF
Residential	32,000 homes



## **Walnut Creek: Locust Street / Mt. Diablo Boulevard Specific Plan**

For many years, Walnut Creek has focused planning efforts on restoring its historic downtown and creating a walkable urban core with strong connections to the BART station. To City leaders, a dense and walkable downtown was seen as an economic development strategy – a way to weather the decline of auto dealerships and the hollowing out of downtown retail.

**TAKE AWAY:** The strategy has produced dramatic results. An area once dominated by parking lots, wide streets and auto dealerships has been redeveloped with dense housing, offices, parking structures, and pedestrian-oriented retail. Rapid commercial and residential development continues, putting Walnut Creek well along the transition to a vibrant and walkable center.

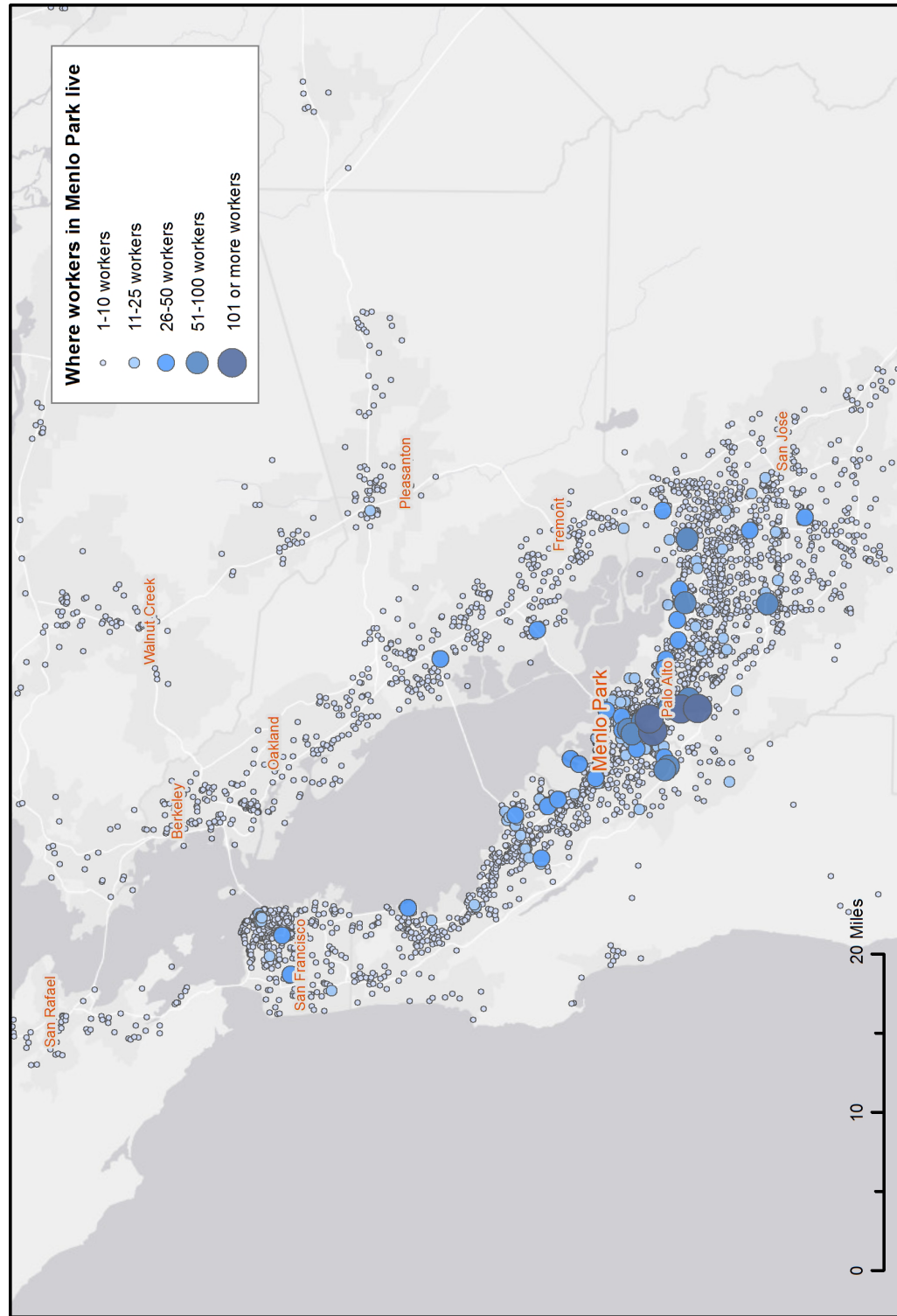
## **Fourth Street, Berkeley**

In the 1960s, a local redevelopment agency was established to create an industrial park in Berkeley's Fourth Street neighborhood. Homes were demolished and moved, but industrial businesses did not come. After letting the land lie fallow for more than 15 years, the City abandoned its plans and allowed Abrams/Millikan & Kent, a small design-build firm, to build the Building Design Center, a small retail center selling home improvement supplies. The Fourth Street Grill came shortly after, and from this nucleus a shopping neighborhood began to grow.

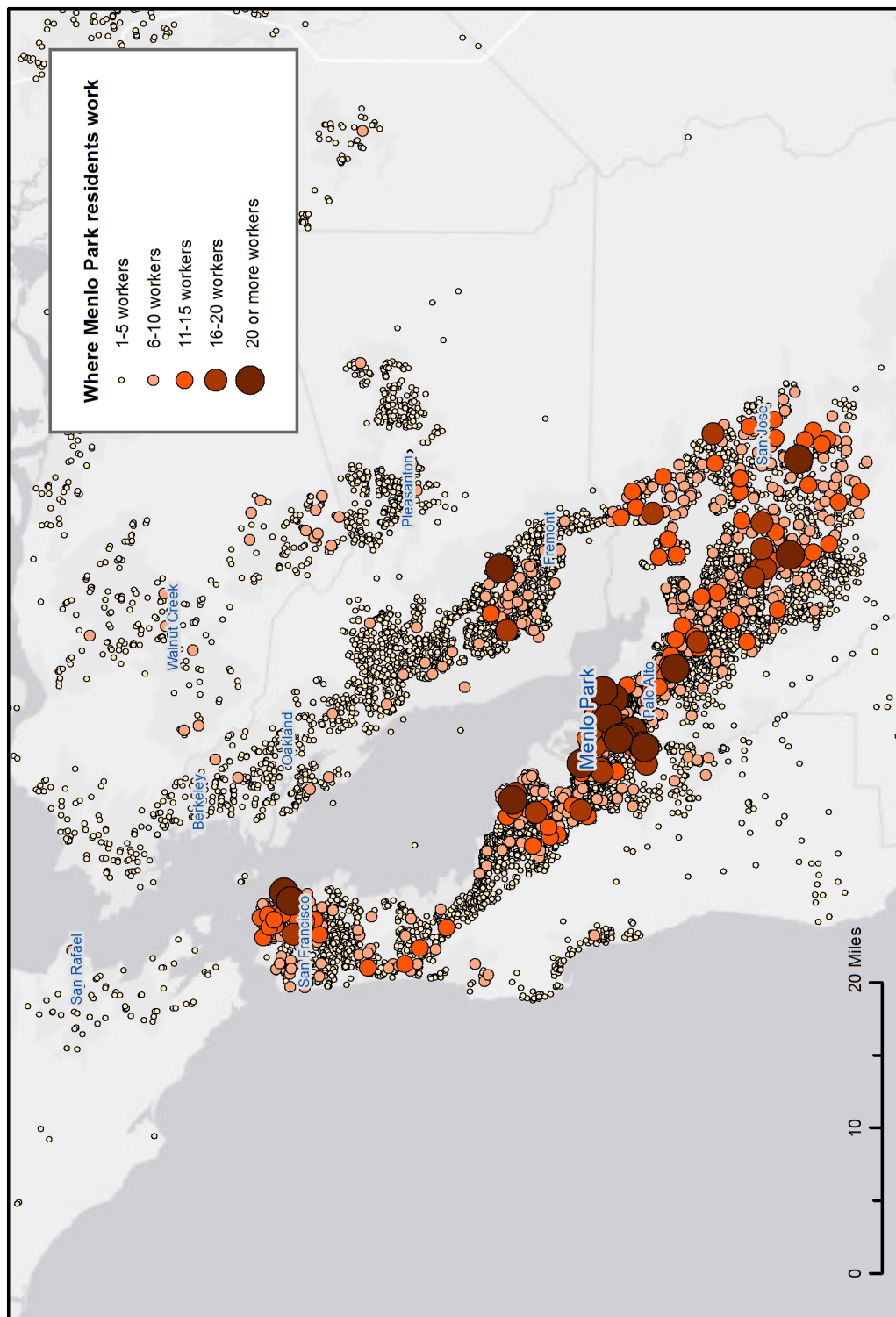
**TAKE AWAY:** Today Fourth Street is a vibrant shopping district that attracts visitors from throughout the Bay Area. The history of the neighborhood holds an interesting lesson for local government: not all good neighborhoods are planned. Sometimes all you need to do is get out of the way.

# MAPS

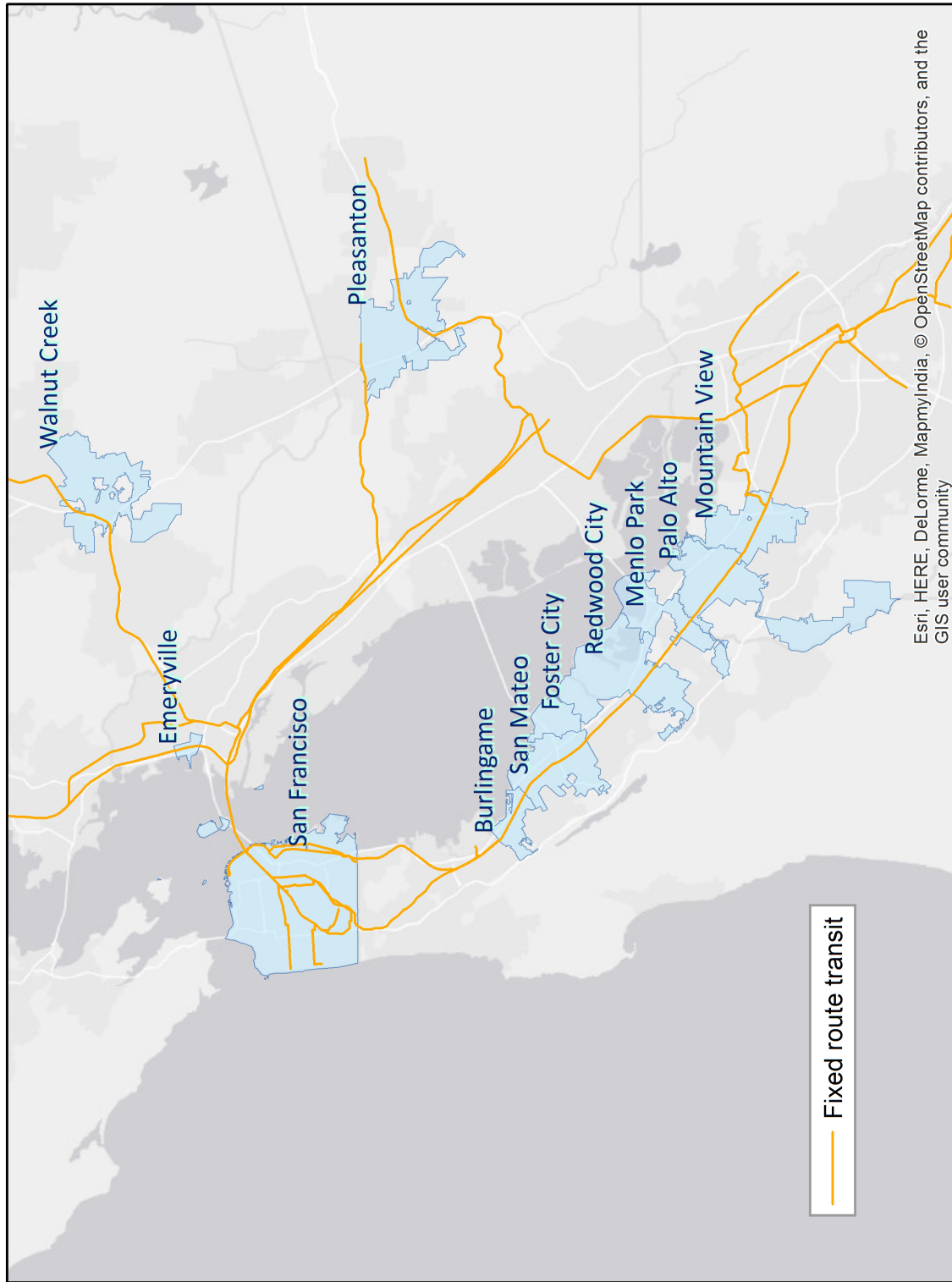
Map 1. Where workers in Menlo Park live



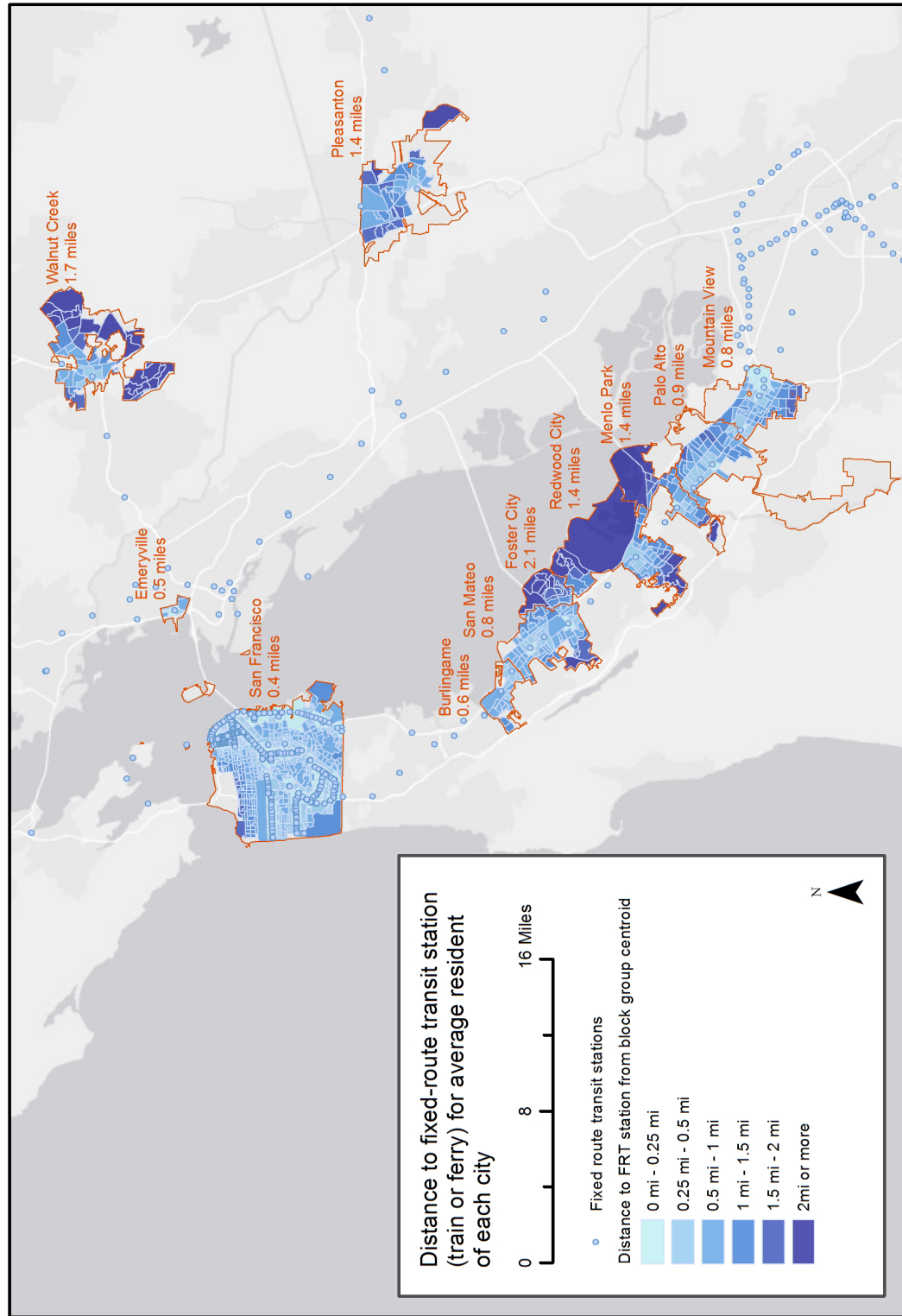
Map 2. Where Menlo Park residents work



Map 3. Fixed Route Transit

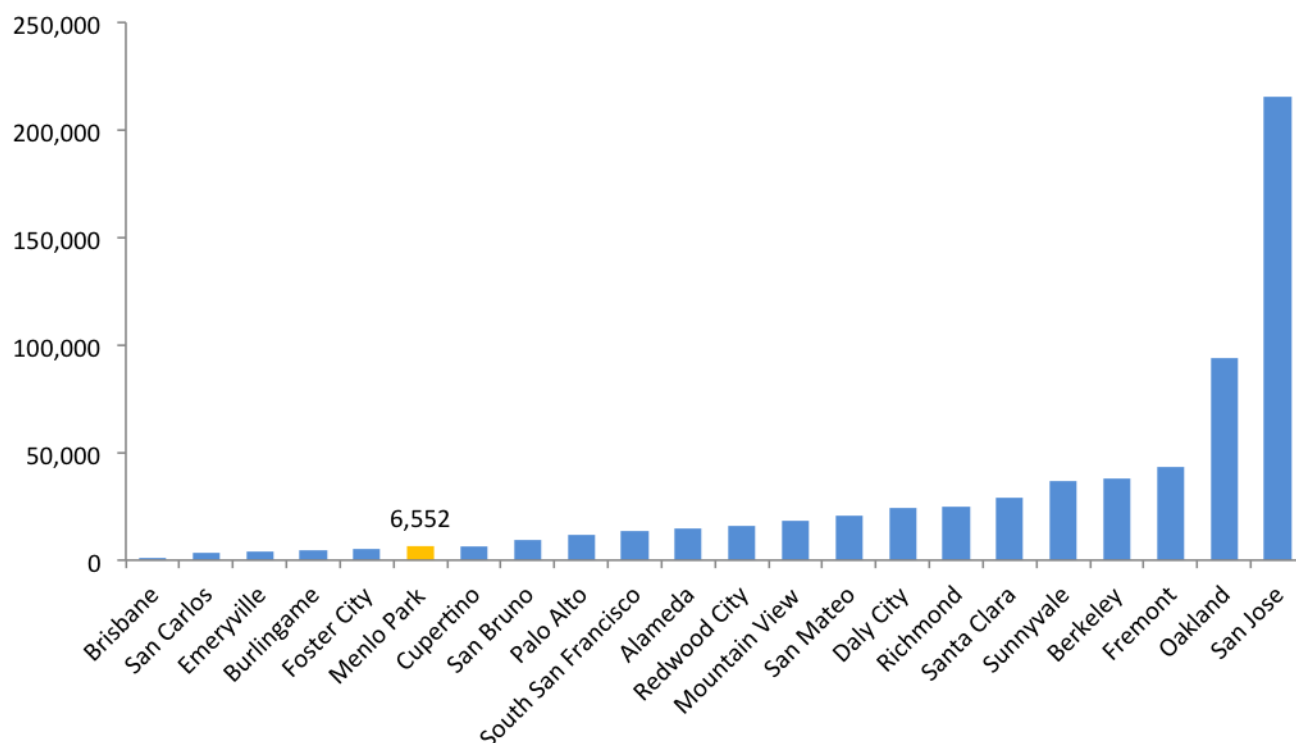


**Map 4. Average Distance to Fixed Route Transit**

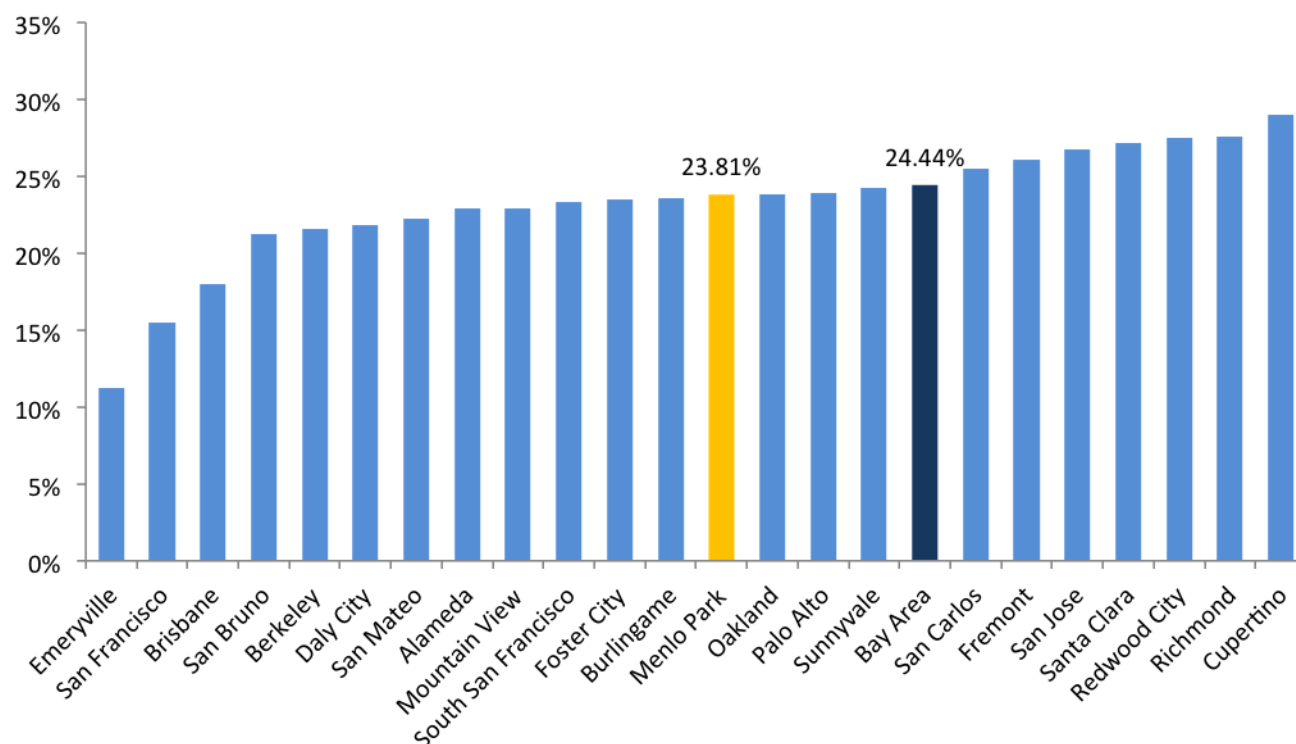


# TABLES

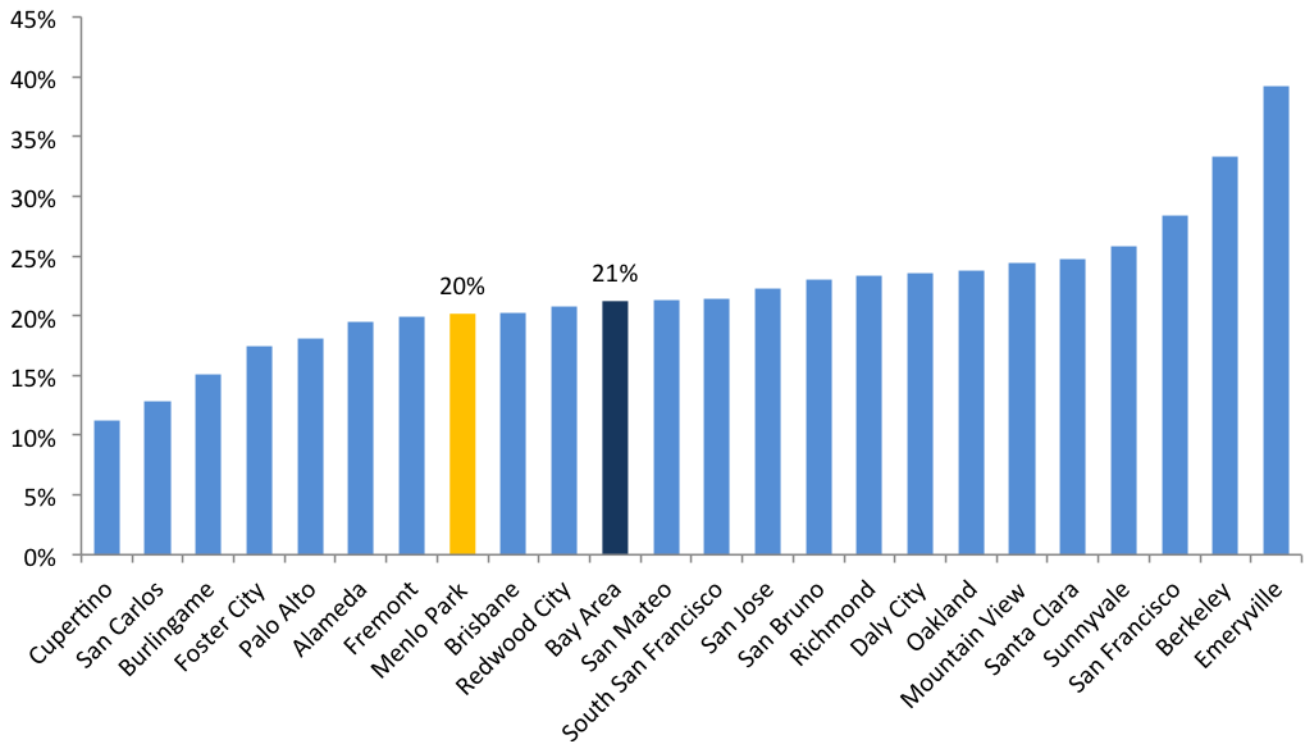
**Table 1. Residents 20-35**



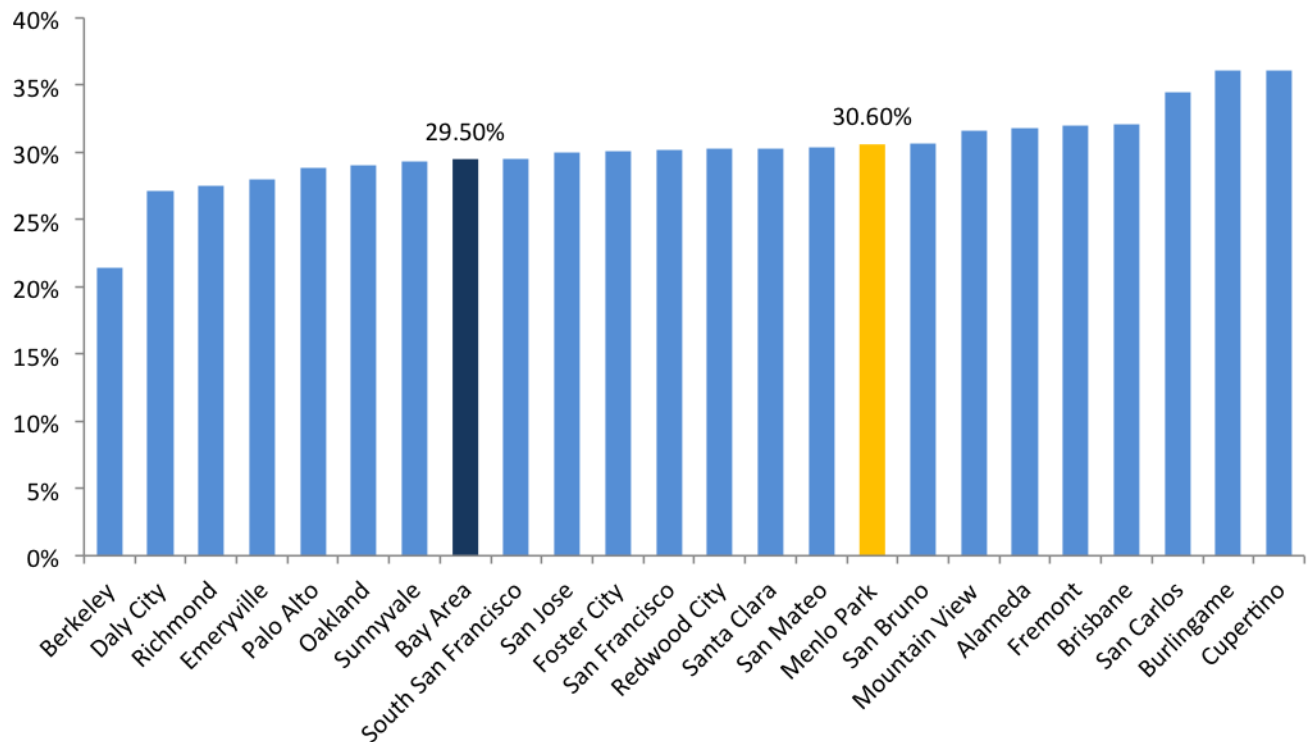
**Table 2. % residents under 20**



**Table 3. % residents 20-35**

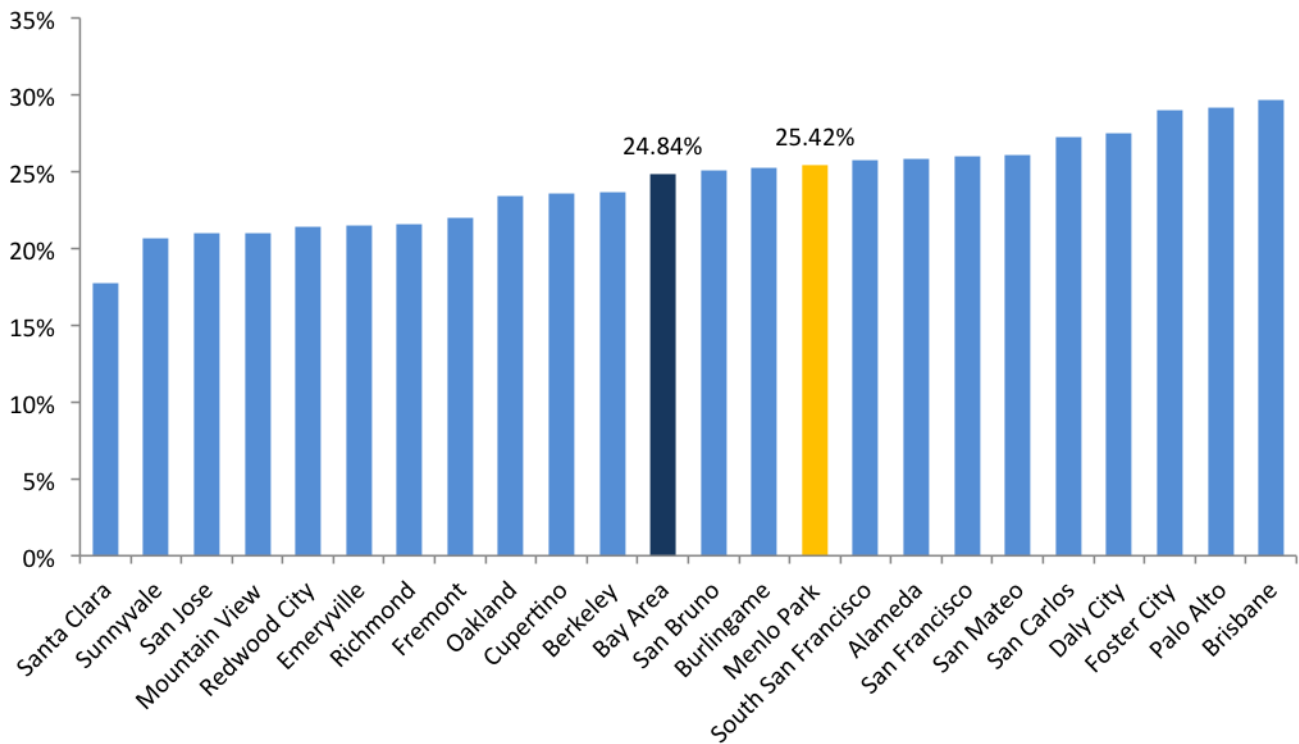


**Table 4. % residents 35-55**

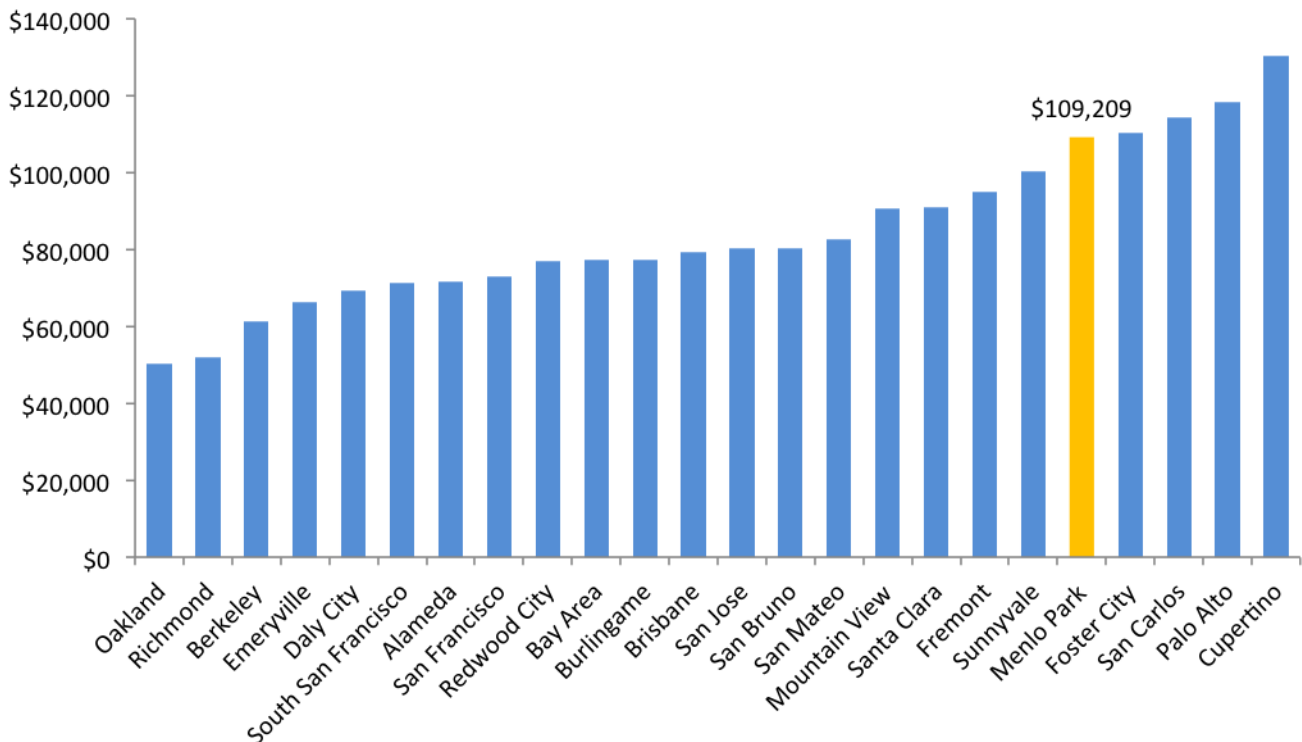




**Table 5. % residents 55 and over**

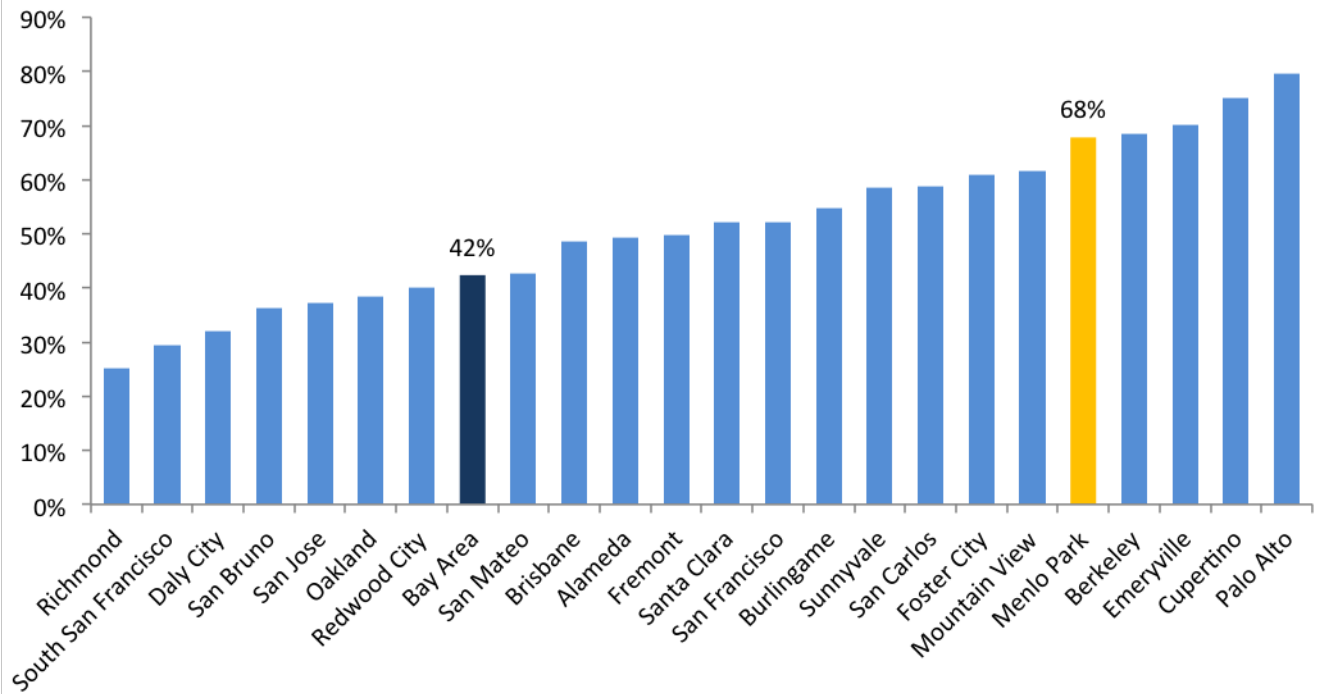


**Table 6. Median household income**

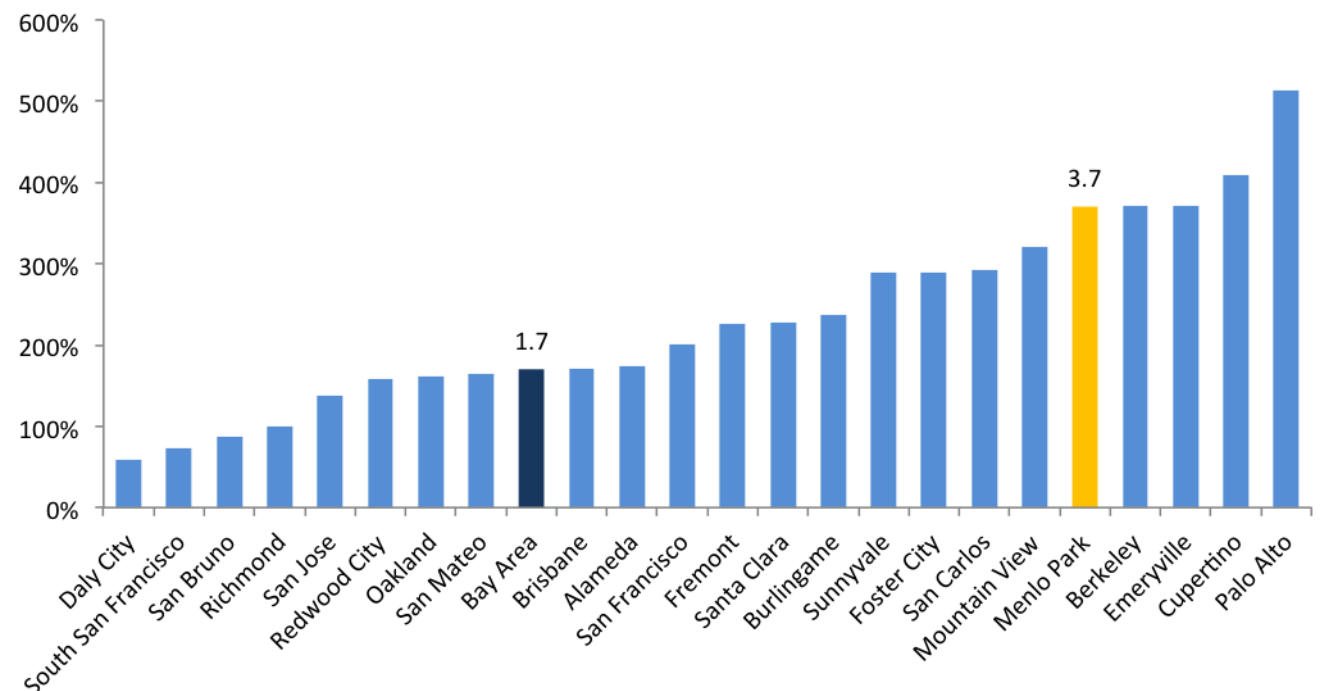




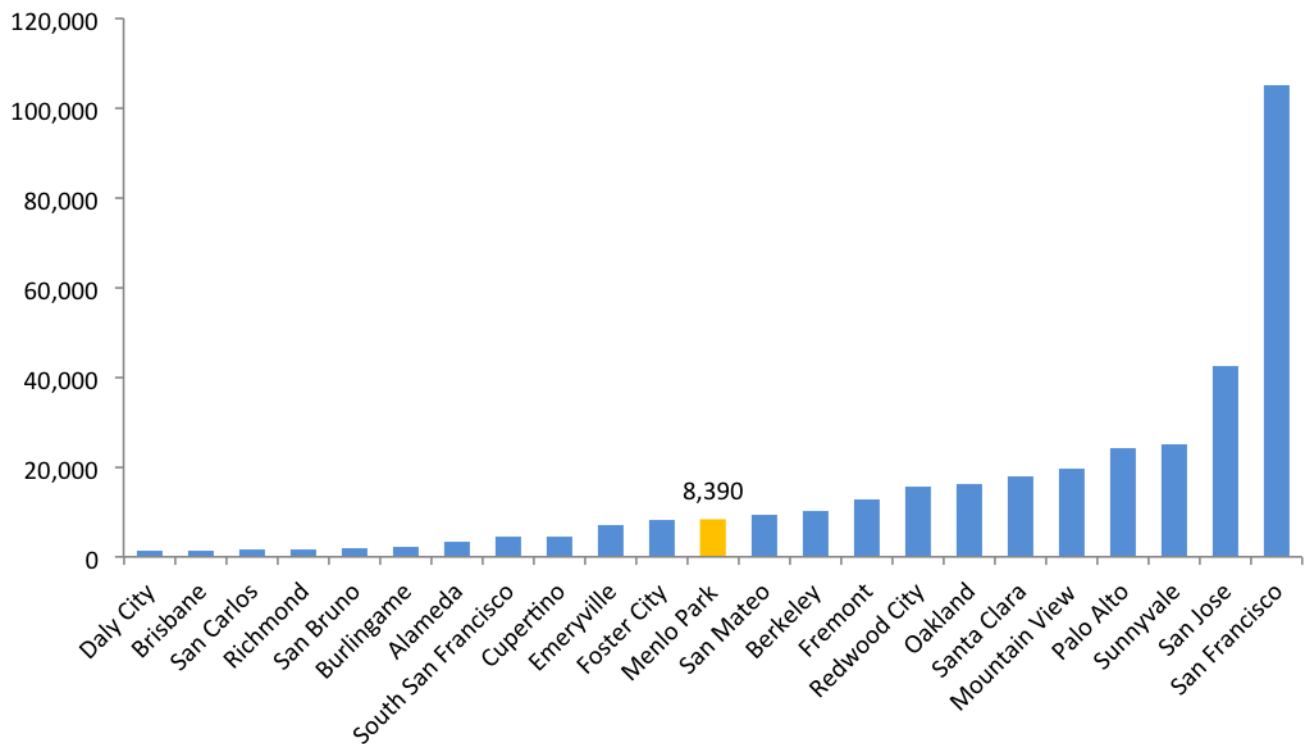
**Table 7.**  
**Percent of residents that have a bachelor's degree or higher**



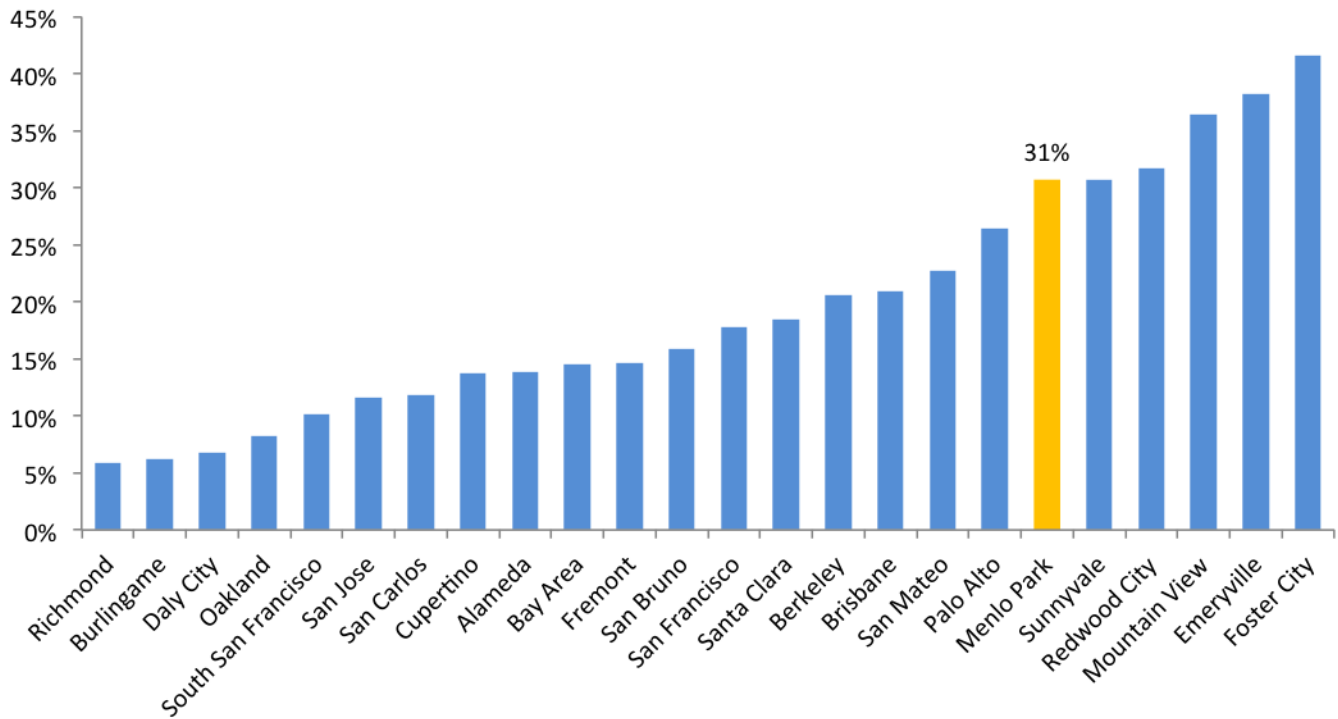
**Table 8.**  
**Graduate or professional degrees per 1,000 residents**



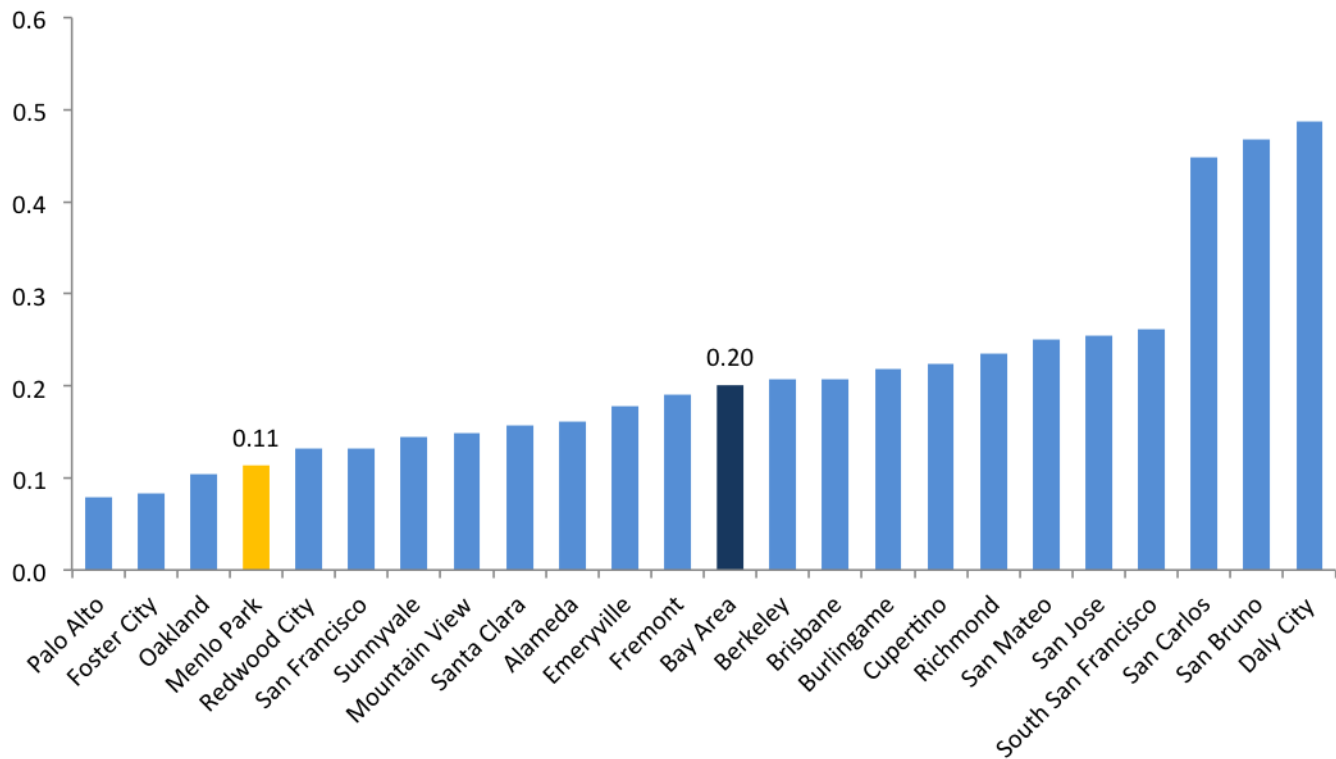
**Table 9. Innovation-economy jobs**



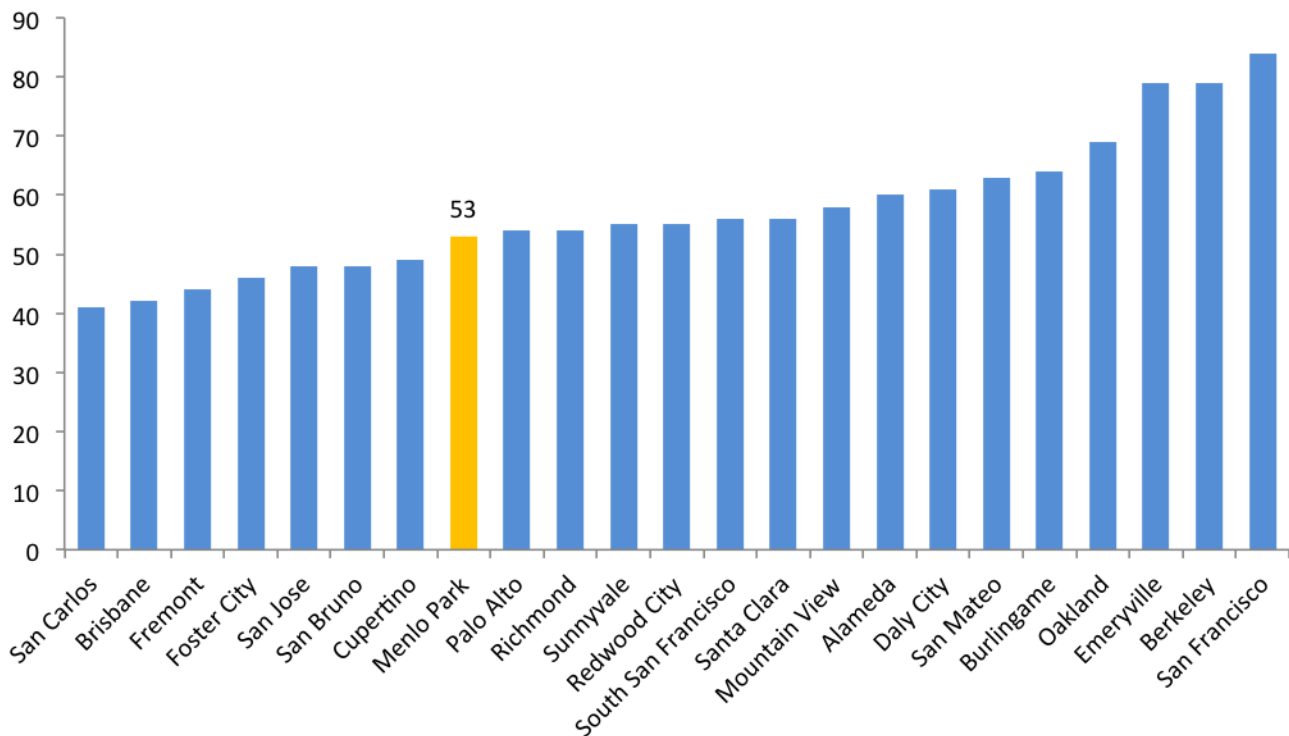
**Table 10.**  
**Share of employment in innovation-economy jobs**



**Table 11. Retail jobs per office job**



**Table 12. Walk score**



**Table 13. Non-residential land uses in sqft.**

	Office	Industrial + R&D	Total
San Francisco	89,213,545	*	89,213,545
Palo Alto	9,774,654	13,260,030	23,034,684
Mountain View	4,218,743	15,265,681	19,484,424
Redwood City	9,391,589	6,561,280	15,952,869
Pleasanton	12,724,161	2,738,660	15,462,821
<b>Menlo Park</b>	<b>5,048,584</b>	<b>6,570,314</b>	<b>11,618,898</b>
San Mateo	7,257,627	**	7,257,627
Walnut Creek	6,441,160	304,664	6,745,824
Burlingame	1,812,627	4,744,432	6,557,059
Emeryville	4,351,436	*	4,351,436
Foster City	3,267,375	**	3,267,375

\* Data not provided. \*\* Data provided only in aggregate with other cities.

Source: Colliers International.

## Table 14. Projected housing capacity

	Estimated capacity	Development pipeline
San Francisco	73,728	50,200
Palo Alto	3,468	1,837
Mountain View	2,271	892
Redwood City	3,243	1,302
Pleasanton	1,752	826
<b>Menlo Park</b>	<b>3,333</b>	<b>1,347</b>
San Mateo	1,486	201
Walnut Creek	1,427	472
Burlingame	1,402	472
Emeryville	4,491	378
Foster City	1,854	834

Estimated capacity is based on current zoning and identified<sup>1</sup> opportunity sites.

Development pipeline includes homes that have been approved for<sup>2</sup> development and those already under construction.

### Sources:

City of San Francisco, 2011. *Housing Element Part I: Data and Needs Analysis*

City of Emeryville, 2014. *Housing Element 2015-2023 [draft]*

City of Mountain View, 2006. *Housing Element 2007-2014*

City of Pleasanton, 2014. *Housing Element: September 2014 Draft*

City of Foster City, 2014. *Housing Element: 2015-2023 Planning Period*

City of Redwood City, 2014. *2015-2023 Housing Element Public Hearing Draft*

City of Burlingame, 2014. *2015-2023 Housing Element Public Review Draft*

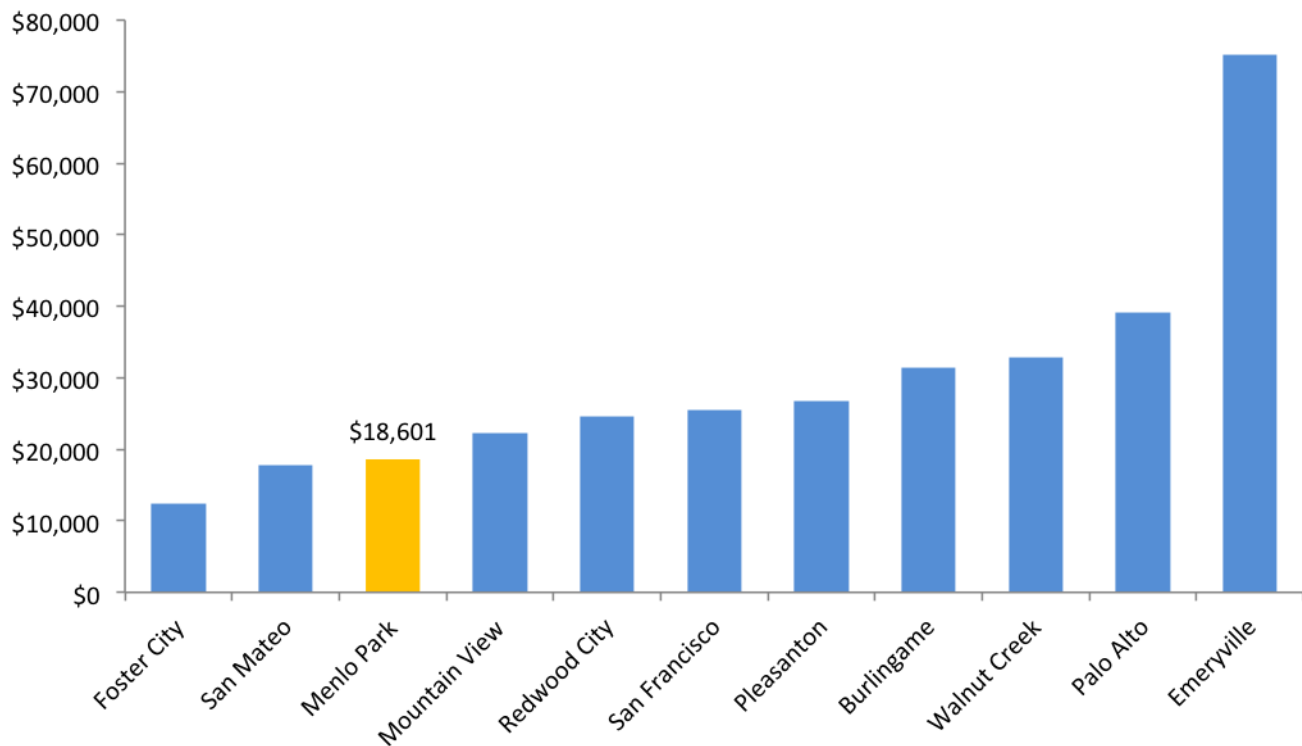
City of Menlo Park, 2014. *2015-2023 Housing Element*

City of Palo Alto, 2014. *2015-2023 Housing Element Administrative Draft*

City of San Mateo, 2009. *2009 Housing Element*

City of Walnut Creek, 2009. *2009-2014 Housing Element*

## 15. Sales per capita



**Table 16. Revenues per capita**

	Property tax	Sales tax	Hotel tax	Transfer tax	Total in these categories
San Francisco	\$1,736	\$255	\$293	\$341	\$2,625
Emeryville	\$863	\$752	\$492	*	\$2,107
Mountain View	\$776	\$222	\$62	*	\$1,060
Pleasanton	\$685	\$268	*	*	\$953
Foster City	\$626	\$123	\$65	\$10	\$824
Redwood City	\$494	\$247	\$58	\$8	\$806
Burlingame	\$492	\$314	\$623	\$2	\$1,431
<b>Menlo Park</b>	<b>\$484</b>	<b>\$186</b>	<b>\$107</b>	<b>*</b>	<b>\$777</b>
Palo Alto	\$438	\$391	\$165	\$104	\$1,098
San Mateo	\$318	\$222	\$54	\$64	\$657
Walnut Creek	\$242	\$329	\$26	*	\$597

\* Data not provided.

Sources: Comprehensive Annual Financial Reports (CAFRs) from each listed city.

## Table 17. Tax rates and revenues

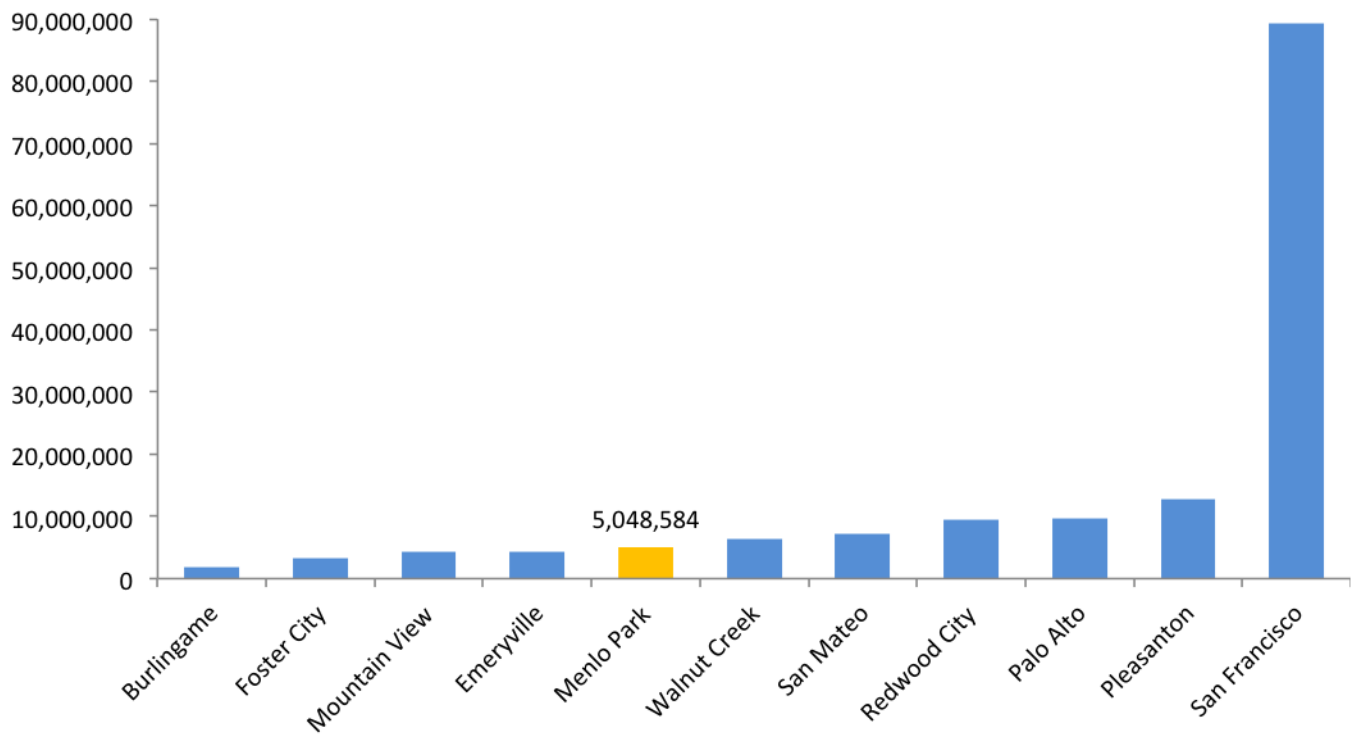
	Property tax		Sales tax		Hotel tax		Transfer tax	
	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate**	Revenue
San Francisco	*	\$1,415,068,000	8.75%	\$208,025,000	14.00%	\$238,782,000	\$5.00 - \$25.00	\$278,163,000
Emeryville	*	\$8,600,000	9.00%	\$7,500,000	12.00%	\$4,900,000	\$12.00	
Mountain View	*	\$58,515,000	8.75%	\$16,744,000	10.00%	\$4,668,000	\$4.40	
Pleasanton	*	\$48,900,000	9.00%	\$19,100,000	8.00%		\$1.10	
Foster City	*	\$19,566,168	9.00%	\$3,848,768	9.50%	\$2,015,909	\$1.10	\$315,962
Redwood City	*	\$38,484,044	9.00%	\$19,240,290	12.00%	\$4,526,424	\$1.10	\$599,316
Burlingame	*	\$14,390,000	9.00%	\$9,200,000	12.00%	\$18,240,000	\$1.10	\$49,724
<b>Menlo Park</b>	*	<b>\$15,731,889</b>	<b>9.00%</b>	<b>\$6,043,870</b>	<b>12.00%</b>	<b>\$3,468,256</b>	<b>\$1.10</b>	
Palo Alto	*	\$28,700,000	8.75%	\$25,600,000	14.00%	\$10,800,000	\$4.40	\$6,800,000
San Mateo	*	\$31,287,521	9.25%	\$21,821,391	10.00%	\$5,326,759	\$6.10	\$6,307,133
Walnut Creek	*	\$15,700,000	8.50%	\$21,400,000	8.50%	\$1,700,000	\$1.10	

\* Property tax rates vary in different neighborhoods within each city; however, property tax is broadly set at 1%, plus any voter-approved tax increases in local jurisdictions.

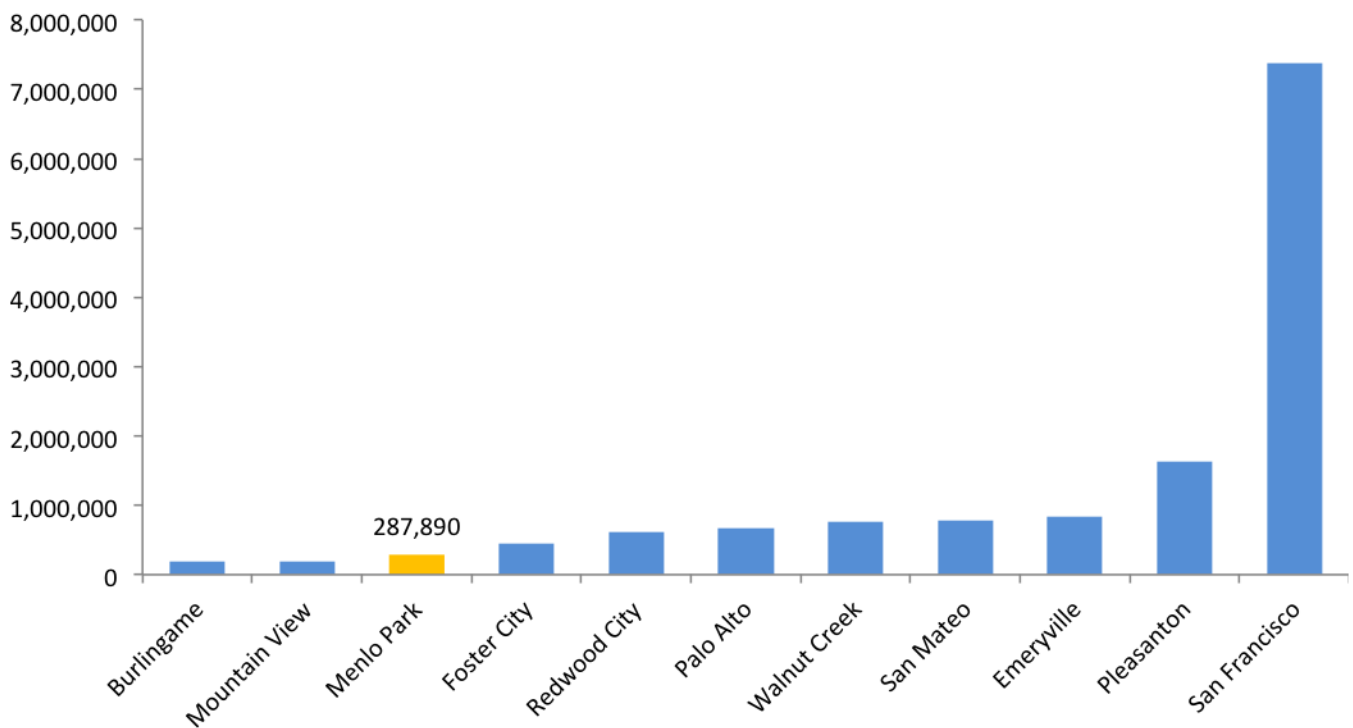
\*\* Transfer tax rates are per \$1,000 assessed value. Transfer tax revenues are shared with counties.

Sources: City and County of San Francisco Office of the Controller, City of Emeryville, City of Mountain View, City of Pleasanton, City of Redwood City, Ballotpedia (Foster City, Menlo Park, Palo Alto), City of San Mateo, CA State Board of Equalization (sales tax rates), californiacityfinance.com (transfer tax rates).

**Table 18. Net office space (square feet)**

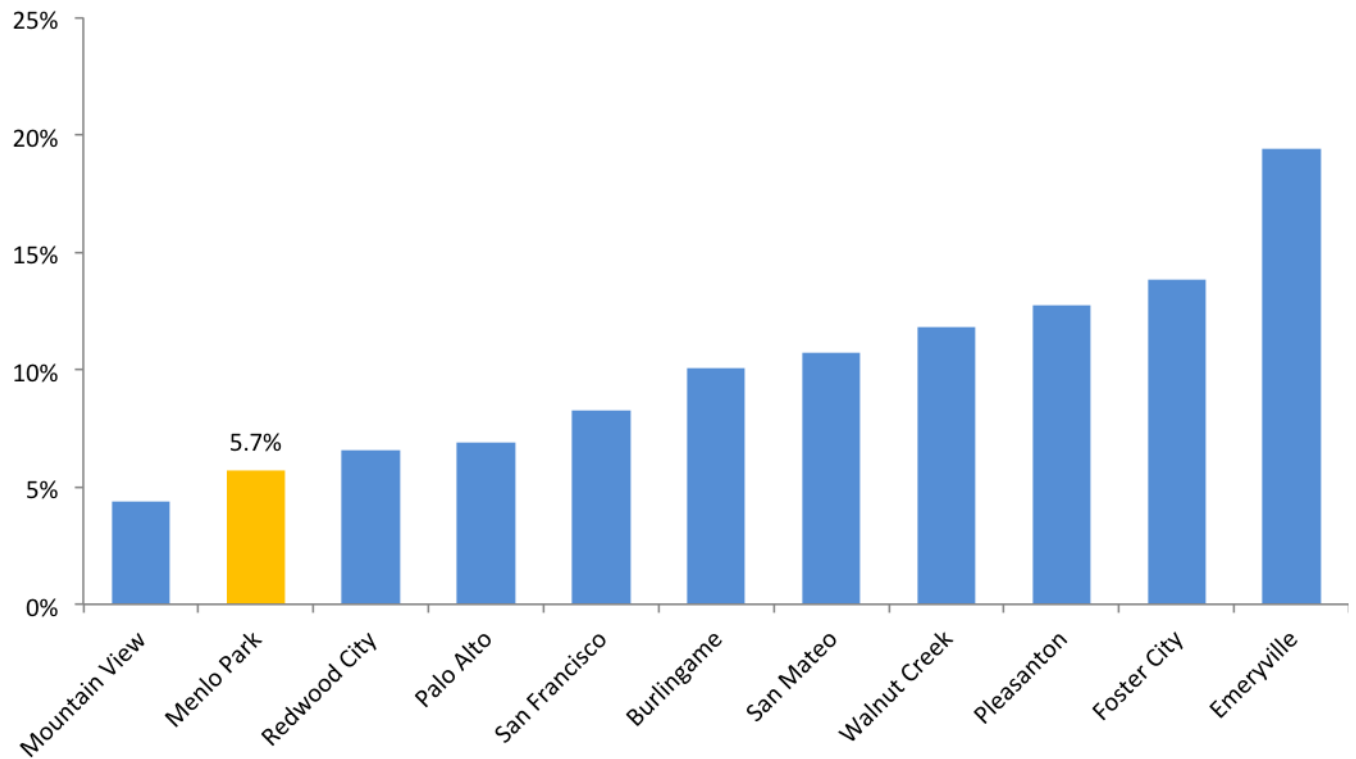


**Table 19. Vacant office space (square feet)**

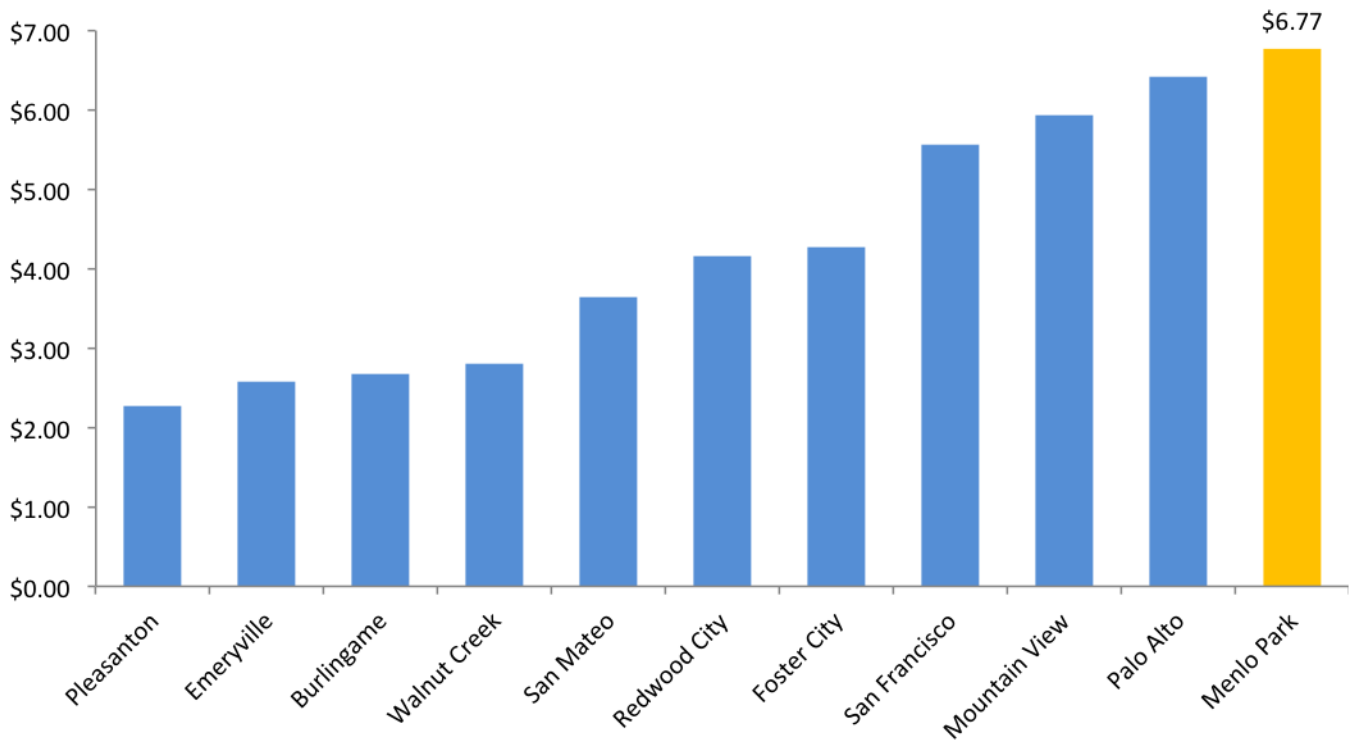




**Table 20. Office vacancy rate**



**Table 21. Average monthly office rent per sqft.**



# SOURCES

City and County of San Francisco

City of Emeryville

City of Mountain View

City of Pleasanton

City of Foster City

City of Redwood City

City of Burlingame

City of Menlo Park

City of Palo Alto

City of San Mateo

City of Walnut Creek

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*Prepared by:*



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