



REGULAR MEETING MINUTES

Date: 9/26/2016
Time: 7:00 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

Chair Strehl called the meeting to order at 7:01 p.m.

B. Roll Call

Present: Andrew Barnes, Drew Combs (Vice Chair)(left meeting before Item G.1), Susan Goodhue (left before Item G.1), Larry Kahle, John Onken, Henry Riggs, Katherine Strehl (Chair)

Staff: Deanna Chow, Principal Planner; Jean Lin, Senior Planner; Kyle Perata, Senior Planner; Nikki Nagaya, Transportation Manager; Leigh Prince, Assistant City Attorney

C. Reports and Announcements

None.

D. Public Comment

- Samuel Vasquez said that Facebook's support the Peninsula College Fund provided him with one to one mentoring, three days of training every year to help him find a job after college, and assistance in finding summer internships. He was appreciative of the opportunity to publicly thank Facebook and the Peninsula College Fund for their support.
- Louis Jones, student at JobTrain, said training supported by Facebook at JobTrain, gives them tools to be successful at work.
- Juan Nava-Sandival, JobTrain student, said with a Facebook scholarship he was able to take the Project Build program to learn the math needed for construction as well as to receive training on handling hazardous materials safely.
- Cali Nguyen, JobTrain graduate, said she was a recent graduate of the Web Developer Boot Camp program funded by Facebook. In addition to taking computer science classes at Canada College and College of San Mateo, she works for a company that develops applicant tracking software. She credited the Web Developer Boot Camp training funded by Facebook that she was able to get her job.
- Nassinet Kahsai said her life was such that higher education seemed impossible but with a financial award that was funded by Facebook she was able to pursue college and receive a B.A.
- Melvin Faulks said he is a senior at CalState-East Bay and like the previous speaker he

received the Crime Prevention Narcotics and Drugs Prevention scholarship that was funded by Facebook. He said the scholarship helped him pay for his school supplies and tuition expenses including study abroad with his sociology class.

- Epeli Pahulu, sixth grade student, said Facebook has worked hard to help his school be safe and provide equipment and tools for innovative education.

Chair Strehl closed the public comment period.

E. Consent Calendar

- E1. Approval of minutes from the August 29, 2016 Planning Commission meeting. ([Attachment](#))

ACTION: Motion and second (Riggs/Goodhue) to approve the minutes as submitted with the following modification: passes 7-0.

- Page 10, Under “Adjournment”: Replace the adjourned time from “7:23 p.m.” to:”8:23 p.m.”

F. Regular Business

- F1. Review of Determination of Substantial Conformance/Janice Yuen/1010-1026 Alma Street: Review of the Determination of Substantial Conformance for exterior modifications to an approved architectural control application for a new three-story, non-medical office building with two underground parking levels at the Public Benefit Bonus level in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. ([Attachment](#))

Staff Comment: Jean Lin, Senior Planner, explained the process for determining substantial conformance. She said if the majority of the Commission found the proposed changes did not substantially conform to the architectural control for the approved project, the applicant could then revise the proposal to bring into conformance with the architectural control approval. She said another option would be for the applicant to apply for a formal revision to the approved architectural control.

Applicant Presentation: Mr. Ben Schaefer, BAR Architects, said the Alma Station project was presented to the Commission nine months earlier and was owned and driven by a developer as an office “spec” building. He said post-entitlements they have worked with a philanthropic nonprofit organization to make the project site their home. He said the fence along the public/private boundary had been approved as a perforated metal fence, eight feet tall with plantings in front of it. He said they were now proposing a similar fence that would have a 12-foot section stone wall. He said water was an important theme with the philanthropic organization. He said the stone wall on the private side would house a water feature; he said the sound of the fountain would be audible on the public side. He said the company staff numbered about 90 people and the outdoor space on the private side would be used by them for lunches as well as other events. He said the wall would create privacy for both private and public users and would be a really nice design element.

Replying to Commissioner Onken, Mr. Schaefer said the roofline had not changed. He said they slightly adjusted the fence location in two areas about 14-inches, changed a 12-foot section of fence to stone; changed the shape and added better quality materials for the commercial pavilion; created more open indoor/outdoor connection on the west elevation or private side; replaced the plug and play plants with more natural looking vines to provide a two-story green wall effect; and

used substantial wood doors for front and rear, noting the front entrance would have a solid clad residential look.

Replying to Commissioner Goodhue, Mr. Schaefer said they studied a number of locations for the fountain; he said the selected site created a direct outdoor relationship to the indoor space. Commissioner Goodhue asked they had considered placing it so it was visible from the exterior side or public space as well. Mr. Schaefer said they thought it was better housed on the private side due to maintenance and security concerns. He said it would be visible through the gate. Commissioner Goodhue said the gate between the private/public spaces had also changed form a sliding door to something more like a pivot door. Mr. Schaefer said this type door/gate was more cost-effective. He said the door/gate was not intended as a “passage” but was there for the incidental after-hours events that might occur on both the private and public spaces.

Commissioner Kahle confirmed the solar shading had been removed on the north side where it was not needed, but said the elevation was less attractive without it. He asked if they had considered any aesthetic offset to address. Mr. Schaefer said as the solar shading on the north side was not effective, they decided to take the funds intended for that to use for the coffee kiosk space. He said that would be more expensive to design and build and would use higher quality materials.

Commissioner Combs asked if the tenant had indicated the frequency of events in the external space, and if so, what time those might be held. Mr. Schaefer said in the expansion of the lounge and kitchen, the outdoor space would be used when the weather was good for daily lunch and then the occasional event.

In reply to a question from Commissioner Combs about how the company currently holds its events, Brid Arthur, Hillspire, said the firm currently has three different offices spread between Menlo Park and Palo Alto. She said they go offsite for the use of outdoor space for what was typically less than quarterly events. She said the events were mainly for employees’ team building and celebrations for their accomplishments.

Replying to Commissioner Riggs concern that the limestone color would be homogenous, Mr. Schaefer said the entire project was clad in limestone with standard limestone being the body tile and travertine as an accent tile. He said they were working with the quarry to get a variation of patterning color in the limestone. He then corrected and clarified that the body stone, the smooth stone, was the travertine, and the accent stone was the limestone. He said the proposed wall would be split rock.

Replying to Commissioner Goodhue’s concern that the public space was smaller, Mr. Schaefer said they had to resituate the wall so they would still provide the same square footage entitlement for the public courtyard plaza. He said the calculation for the courtyard included the footprint of the kiosk. He said the kiosk was basically re-shaped. He said previously it was roughly a square and divided the public space into a front end and back end that was continuous. He said it was now rectilinear and elongated. He said the size of it related to the space and protecting the heritage oak tree. Commissioner Goodhue noted that the wall change would require hand digging into the tree’s roots.

Chair Strehl opened the public comment period and closed it as there were no speakers.

Commission Comment: Commissioner Onken said he was satisfied with all of the building changes except for the kiosk. He said as the kiosk was the public benefit of the project it deserved additional scrutiny. He said previously they had a lively open structure although there was a dark space behind it. He said he could find the other changes were within substantial conformance with the previously approved project, but he wanted the kiosk to come back with a redesign.

Commissioner Kahle said the majority of the proposed changes were good but the kiosk needed additional scrutiny. He said he was not enthusiastic about the 10-foot wall where an 8-foot fence had been previously as the benefit of that and the fountain was for the applicant not the public.

Commissioner Goodhue said she agreed with Commissioners Onken and Kahle about the kiosk. She said even with the upgrade in materials and appreciating the intent that the kiosk needed attention. She said her primary concern was the fence change. She said previously the applicant had arrived at a great concept with the metal screen between the private and public spaces so there was not such a demarcation between the two, noting that had been one of the things that had sold her on the project as it provided more of a public benefit. She said the original plan had the oak tree however only in the private space and the plan evolved to bring the fence forward and create a really nice space with the metal screen. She said tonight's renderings showed a 10-foot heavy wall coming into the public space that created an unneeded emphasis on the demarcation between private and public space. She said in the prior plan there had been a nice balance of the public and private. She said the water feature caused the private space to become cramped and the heavy wall increased the sense of demarcation between public and private space.

Commissioner Combs said the height of the proposed wall was concerning and created a more emphatic demarcation between the private and public space that did not favor the public space. He said he did not share the concern about the changes in the kiosk or its sizing as his understanding was the public benefit was the operation of the kiosk as a coffee shop. He said the wall materials were okay.

Chair Strehl asked if the bathroom in the kiosk was for public use. Mr. Schaefer said it was for employees only. Chair Strehl confirmed with Mr. Schaefer that it needed to be handicap accessible.

Commissioner Onken moved to make a determination of substantial conformance for the proposed changes with the exception of the plaza and kiosk, and for the applicant to bring that back with redesign for review. Commissioner Kahle asked if the plaza referred to the wall. Commissioner Onken said everything on the public side of the design. Commissioner Kahle seconded the motion.

Commissioner Goodhue asked for clarification. Chair Strehl confirmed with the makers of the motion and second that all of the building changes on the private side were found to be in substantial conformance but the public space, the plaza, kiosk and wall needed to be redesigned and brought back to the Commission for approval.

At the request of Chair Strehl, Senior Planner Lin said to clarify that all changes with the building were considered to be in substantial conformance and all the changes in the public plaza including the kiosk and the stone wall needed to come back to the Planning Commission for review and approval.

Commissioner Combs asked where the project was in the application and building permit process. Senior Planner Lin said the existing structure and parcel have been cleared in preparation for the

proposed project. She said the applicant had submitted plans that were being reviewed by the building permit plan check process. She said the project would have two phases: 1) excavation and construction of the underground garage, and 2) the remainder of the building. She said it was currently in the first phase and the exterior and plaza changes would not impact that work from moving forward in the process. She said the requested changes would impact more the building permit plan check process for the second phase of construction. She said the building permit was currently under review and had not yet been granted.

ACTION: Motion and second (Onken/Kahle) to determine that the proposed exterior modifications to the project building were found to be in substantial conformance but the public space changes including the wall and kiosk were to be redesigned for review and approval by the Planning Commission; passes 7-0.

Chair Strehl noted that Commissioners Combs and Goodhue were recused due to potential conflict of interest for the Facebook agenda item G1.

G. Public Hearing

G1. Zoning Ordinance Text Amendment, Rezoning, Conditional Development Permit, Development Agreement, Lot Reconfiguration, Heritage Tree Removal Permits, Below Market Rate Housing Agreement, and Environmental Review/Hibiscus Properties, LLC on behalf of Facebook, Inc./300-309 Constitution Drive and 1 Facebook Way:

- **Zoning Ordinance Text Amendment** to include hotels as conditional uses within the M-2 zoning district. The text amendment would be consistent with the Limited Industry Land Use Designation of the existing General Plan;
- **Rezone** entire site from M-2 (General Industrial) and M-2(X) (General Industrial, Conditional Development) to M-2(X) (General Industrial, Conditional Development) to allow for a Conditional Development Permit to establish the development regulations;
- **Amended and Restated Conditional Development Permit (CDP)** to redevelop an approximate 58-acre site (300-309 Constitution Drive) with approximately 962,400 square feet of office use, including ancillary employee amenities, and a 200-room hotel of approximately 174,800 square feet. With Building 23 (formerly 300 Constitution Drive), the maximum gross floor area would be approximately 1.318 million square feet. The CDP would permit maximum building heights of up to 75 feet, allow building coverage to potentially exceed 50 percent of the site, identify the expanded construction hours, establish the permitted uses at the site, establish the maximum allowed signage area, permit the use and storage of hazardous materials associated with general office uses, set the parking ratio for the site, as well as to define all other development standards and regulations;
- **Development Agreement** for the provision of overall benefits to the City and adequate regulations in exchange for vested rights for the Facebook Campus Expansion Project;
- **Heritage Tree Removal Permits** to permit the removal of approximately 274 heritage trees and establish a heritage tree replacement ratio associated with the proposed project;
- **Below Market Rate (BMR) Housing Agreement**, per the requirements of the City's Municipal Code, which would help increase the affordable housing supply by requiring the applicant to provide monies for the BMR fund or by procuring off-site BMR units;
- **Lot Reconfiguration** to modify the location of two legal lots or merge the legal lots that comprise the project site and the adjacent lot for Building 20; and

- **Environmental Impact Report, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program** that analyze the potential environmental impacts of the proposed project and include specific findings that the project includes substantial benefits that outweigh its significant, and adverse environmental impacts, and establishes responsibility and timing for implementation of all required mitigation measures.
([Staff Report #16-082-PC](#))

Senior Planner Perata said correspondence received after publication of the staff report included five pieces that relayed comments regarding the EIR with reiterating comments previously provided as well as comments on the trip cap and agreement. He said there were also two items of support for the project and one item provided by Facebook, the applicant, regarding housing issued in response to additional housing comments.

Senior Planner Perata said the staff report on page 13, in the table outlining parameters of the conditional development permit (CDP), had a typo where it stated standard parking of 4,797 spaces for Building 20. He said that number was the total parking for the entire site. He said for Building 20 it should read 1,466 spaces going to 1,499 spaces.

Senior Planner Perata reviewed the topics on which the Commission was being asked to make recommendations to the City Council.

EIR Consultant Presentation: Kirsten Chapman, project manager, ICF, environmental consulting firm, introduced Erin Efner, the project director, and the transportation sub-consultant Colin Burgett, TJKM, and David Doezeema, KMA. Ms. Chapman said the project would result in a net increase of floor area in the amount of 121,000 gross square feet. She said Building 21 would include 513,000 square feet of office space and event uses, and would be constructed during the first phase of development. She said Building 22 would be constructed in the second phase of development and would include approximately 450,000 square feet of office uses. She said the third building that would be constructed during the second phase would include a 200-room limited service hotel. She said approximately 3500 parking spaces were provided in the surface parking lot and under the building podiums for the proposed buildings. She said maximum building heights would be approximately 75 feet, and the project would be organized around a publicly accessible open space and a multi-use pedestrian and bicycle corridor that would run north to south through the middle of the project site. She said the project would also include a multi-use bicycle/pedestrian bridge over Bayfront Expressway to allow public access to the Bay Trail.

Ms. Chapman reviewed the steps in the EIR preparation leading to issuance of a Notice of Determination. She said the significant and unavoidable impacts of the project were:

- Peak hour motor vehicle traffic at studied intersections during both the project and cumulative conditions
- Peak hour motor vehicle traffic on routes of regional significance during the project and cumulative conditions
- Daily motor vehicle traffic on roadway segments of the project and cumulative conditions
- Increased delay in transit vehicles under project conditions and conflicts with applicable plans and policies adopted for the purpose of reducing emissions of greenhouse gases

Ms. Chapman said during the public review period comments were received. She said in preparing the Response to Written and Oral Comments on the DEIR, released September 15,

they made some revisions to correct or amplify the DEIR but in responding to the comments they found no additional significant impacts, new mitigation measures and no substantial increase resulted in the severity of an earlier identified impact. She said the DEIR and the Response to Comments document constituted the Final EIR. She reviewed key comments that multiple persons had made and the master responses to those comments.

Commissioner Onken asked if the comment period on the EIR for the Facebook expansion project was extended. Senior Planner Perata said the comment period for the Facebook expansion project was not extended and ended on July 11. He said the comment period for the ConnectMenlo DEIR had been extended.

Commissioner Riggs asked about the response to a comment that the square footage per worker being used was too large for estimating the worker population, noting he believed the EIR indicated 350 square foot per person.

Erin Efner, ICF, said some additional substantiation on the worker per household number was provided in Master Response #4 under population and housing.

David Dozema, KMA, said there was a response regarding the nonresidential square footage per worker and they were searching for the page number. He said the basic response was that the other development contemplated under ConnectMenlo was not exclusively of a high tech nature and was to include other general office uses. He said it would not be appropriate to apply tech density ratio to all of the office uses so they used lower employee density and provision of higher number of square footage per employee.

Applicant Presentation: Mr. Fergus O'Shea, Director of Campus Facilities, Facebook, introduced the development team.

Mr. Craig Webb, Gehry Partners, showed drawings of the existing campus and the proposed build outs of the master plan. He said this project would replace an industrial site that had considerable contamination. He said the buildings would have parking underneath to create more landscaping opportunities. He showed images of the connectivity features of the project. He said public initiatives Facebook was contributing to included Chilco Street improvements, Bay Trail improvements along the edge of the Facebook campus and Bay restoration efforts. He said there were a number of initiatives on the Dumbarton Rail Corridor. He said he expected the Rail Trail would be implemented first. He said they were also participating in a mass transit study on the south side of the right of way.

Mr. Webb said Building 20 was designed to create engineering space for Facebook and was intended as anonymous architecture immersed into the landscape. He said this was a large campus and their goal was a diversity of architecture. He said in Building 21 they were trying to create a highly articulated façade facing toward the Belle Haven community. He said they also paid attention to what direction the front of the building was. He said Building 20 faced the expressway but with the development of the Rail Corridor the buildings would now face south. He said on the north side they would have much larger scale architecture relating to the broad expanse of the Bay and facing the expressway. He said Building 21 would be clad in industrial cladding system into which they would introduce accent colors. He noted caterpillar truck yellow for the multi-use bridge across the Expressway, and John Deere tractor green on building façade. He said Building 20 has a completely landscaped roof with mature trees and pathways. He said they learned with that the area was windy. He said they would create architectural features on top

of Building 21 to create windbreaks and conference rooms and a café would be located there. He said they would bring some of the landscaping to the first floor using mature trees.

Mr. Webb said Facebook was committed to working toward net zero sustainability on their buildings and each building was a step toward that goal. He said for Building 21 they would have a large array of photovoltaic panels and would bring natural daylight into the building. He said they would create a water recycling system that would treat sewage from Buildings 1 and 2 for reuse in irrigation. He said the shuttle program was a major reduction of their carbon footprint on the campus while reducing traffic on the street.

Mr. O'Shea said since the study session with the Planning Commission in June they had received positive feedback on the building designs. He said concerns raised were impacts to housing and congestion. He said comments received at different public meetings helped them to identify the terms for a development agreement. He said on July 19 they presented a draft term sheet that was reviewed and approved by the City Council. He said what they were requesting was within the current General Plan and was a floor area ratio (FAR) of 0.45, and they were not requesting any up zoning. He said the project included site remediation, a hotel, a public bridge providing access to the Bay, a publicly accessible plaza, LEED Gold buildings minimum, bird safe glass, Chilco Street improvements, and the creation of thousands of temporary and regular construction jobs.

Mr. O'Shea said the development agreement focused on five key areas: 1) revenue for the City with public benefit payments of \$6 million over 20 years; a sales tax capture provision; guarantee of a transient occupancy tax (TOT) of \$1.25 million over 39 years; TOT would be 1 point higher than the current base rate; property tax guarantee on all of the property; 2) Housing – the project includes \$6.5 million of BMR; they will be conducting an inventory supply study and explore from there setting up a housing innovation fund of \$1.5 million; proposal to create a housing preservation fund; creation of 22 units of workforce housing over the next five years; and agreed to plan for at least 1500 units on the Prologis campus to include a 15% affordable component; 3) Transportation – he said the transportation corridor study was ongoing which Facebook funded \$1 million towards and would commit another \$1 million toward recommendations from that report expected to be complete in April 2017; setting up a transportation management association in M-2; committing to further investments in the Rail Trail project; setting up a regional transportation forum; and commitment to complete the Chilco Street road improvements – these are in addition to mitigations identified for traffic as part of the EIR; 4) environmental commitment – build to LEED Gold; creation of a recycled water system which they hoped would save 20 million gallons of water per year; funding a feasibility study for a Bay Area wide recycling plant; and 5) establish local community fund to dedicate \$500,000 over five years; scholarships of \$1 million over 10 years; \$300,000 toward maintenance of Belle Haven school; and \$1 million for maintenance of Belle Haven Bayfront Park.

Commissioner Onken said the staff report noted the EIR found the project was in conflict with the standard for greenhouse gas emissions. Senior Planner Perata said the significant and unavoidable impact was with state adopted plans and executive orders that deal with greenhouse gas emissions reductions below 1990s levels. He said those executive orders require action beyond a singular project and no one project could not be expected to comply with or meet.

Commissioner Barnes asked if anything had changed with the project design since the June study session noting the text amendment for rezoning. Planner Perata said the items themselves had not changed; he said language for the CDP had been refined; he said recommended actions were the same that the Commission considered at its June study session.

Commissioner Riggs noted page 15 of the staff report under heading “Revenues” indicated the draft development agreement included a number of guarantees such as \$300,000 yearly to the City; and an additional guaranteed \$336,000 payment upon the occupancy of Building 21. He asked if the payment would be \$636,000 after occupancy. Planner Perata said there were two different payments. He said the \$300,000 payment was indexed ever five years for 20 years. He said regarding the \$336,000 payment up to 41 years, that was the amount the first two years and after that it would convert to a \$1.25 million TOT guarantee. He said if Facebook builds a hotel they would get credit toward that \$1.25 million payment. He said after two years when TE leaves the site the fee would increase annually. Commissioner Riggs asked if the numbers were separated because one was in-lieu of sales taxes and the other was a flat fee. Planner Perata said the \$336,000 was essentially a sales tax in-lieu fee and was folded into the TOT guarantee. He said the other fee was a flat fee over five years.

Chair Strehl opened the public hearing.

Public Comment:

- Edward Mason, San Francisco resident, said he was too late to comment on the DEIR, especially for the transportation and demand management that includes privately operated commuter buses from employee residential centers. He said the benign statement it makes that the shuttles remove local work site congestion didn't capture the impact these private buses made at employee residential centers, like San Francisco, and other cities. He said in San Francisco, private buses occupy transit red zones in violation of state law and four hour white zones restricted for residential parking permit holders. He said large buses delay traffic on narrow streets and their left and right turns create intersection stalemates. He said buses double park and idle on residential streets while waiting at points of departure such as Castrol and 25th Street, 26th Street and Noe Valley. He said that only constant reporting and monitoring gets 3-ton buses off weight-restricted city streets. He said some operators do not have California licenses on the vehicles. He said engine and air conditioning noise from the buses traveling steep hills after 10 p.m. was particularly bothersome. He said a private bus might remove 120 autos from the road but actually removed 120 working class families through displacement. He said the project's transportation demand management was hidden out of sight from regional consideration and implication while Menlo Park would reap tax benefits.
- Annel Aquayo, Development Director for Rebuilding Together-Peninsula, said they have worked with low income families to preserve communities for over 27 years. She said currently there were over 5,000 owner occupied homes in substandard condition in San Mateo County. She said Facebook has partnered with them since the beginning of the year to help in the preservation of the Belle Haven community. She said most recently on September 11 Facebook hosted a block build partnership with them in honor of the 9-11 national day of service and remembrance in Menlo Park through which three residences were improved.
- Rose Bickerstaff said displacement, affordable housing, and cut through traffic were not new problems in the Belle Haven community. She commented that Facebook had been a thoughtful developer and noted that the issues of concern were due to development and not just Facebook's. She said it was somewhat ridiculous that the City tried to please all of the surrounding cities. She said she did not think the cause of displacement had been truly identified but she did not think all of the ongoing problems should be burdened on one developer.

- Cindy Clark, Sustainable Silicon Valley, said their goal was to create a net positive Bay Area by 2050 for carbon, energy and water, and they enthusiastically supported the Facebook expansion because of its sustainability and water reuse. She said cumulatively Facebook was taking a leadership role in water and they thought that would encourage other organizations and individuals to create water resiliency for the Bay Area.
- Lily Gray, MidPen Housing, said they were a nonprofit developer, owner, and manager of affordable housing, and were supportive of the proposed housing benefits program which would make a meaningful impact by accelerating development, advancing innovative solutions, and providing housing for a range and mix of incomes in the community. She said they were impressed by Facebook's efforts to engage in housing issues and work proactively on finding real solutions. She said in addition to the innovation fund, preservation fund, and workforce housing program that Facebook proposes direct investment of their BMR fees into affordable housing. She said this direct investment would expedite delivery of actual units and allow funds to be leveraged more.
- Allan Bedwell, Menlo Park, said he was representing Friends of Bedwell Bayfront Park, an organization focused on preservation of the park. He said the Friends and he as an individual support the expansion project both on environmental and community benefit grounds. He said neighbors also benefit from the security company Facebook employs.
- William Nack, Menlo Park, said he supported the Facebook expansion project. He said in the proposed development agreement, Facebook once again recognized Menlo Park as its home and wanted to contribute to the community with a financial commitment of millions for the general fund, to build houses for their teachers and public employees, maintain the pool in Belle Haven, study and improve transportation along the Bayfront Expressway, develop 1500 housing units to help alleviate the housing / jobs imbalance in San Mateo County, develop a water recycling system on the project, build to LEED Gold equivalency, establish a privately maintained publicly accessible open space, and built a publicly accessible multi-use bridge over Bayfront Expressway.
- Shani Kleinhaus, Santa Clara Valley Audubon Society, said they have worked to conserve, protect, promote and educate people about birds in Santa Clara County. She said it takes great attention to develop along the Bay and Facebook from the start looked at the whole ecological system where they were. She said her organization has been working with Facebook since 2012 on the bird safety issues - how to bring birds into the area and protect them. She said they have been monitoring the birds on the roof and found it attracted different species that seem to be doing well.
- Paul Veal, Menlo Park, said he was a journeyman sheet metal worker, and supported the Facebook expansion project. He said the construction hours generated from this project benefited community members like him. He said additionally Facebook was a community partner who had addressed, and was continuing to work with the City, to solve traffic and housing issues.
- Diane Bailey, Director of Menlo Sparks, a local independent nonprofit, said they work with businesses, residents and leaders toward a healthy, sustainable and carbon-neutral future for Menlo Park. She said last month with the help of Facebook they completed the 10th free solar

installation for low income homeowners in Belle Haven. She said this reduced energy bills 75%, countered gentrification, and created clean energy. She said that so far 32 KW of clean solar power have been installed. She shared comments from one resident who noted that when you have a limited budget on a low income, having this reduction in energy bills would make a big difference. She said Facebook was a leader in sustainability and they appreciated their efforts with Menlo Park to address housing issues.

- Laurie Gross, teacher, Ravenswood School District, said Facebook funded a technology afterschool program as well as now a maker's faire. She said Facebook was demonstrably a community supporter in how they have treated the local schools.
- Kitty Craven said the removal of 274 heritage trees seemed excessive and she hoped each tree would be looked at separately to insure that removal was really necessary. She said she was not in favor of expanding the hours of construction. She said she did not understand the need for a 200-room hotel when a 100-room hotel was already being built nearby. She said she also was concerned as to where the water for the project would come from. She said whatever mitigations were done for traffic it would not be enough for this huge expansion. She said Marsh Road, Bay Road, and Bayfront Expressway was where she lived and it was bumper to bumper traffic most of the day.
- Eileen McLaughlin, Citizens to Complete the Refuge, said their experience with Facebook has been good with ongoing communications and consulting on various projects. She said Facebook has had an exceptional response to ecological issues. She said there was a biological impact related to the multi-use bridge over Bayfront Expressway that was not included in the EIR. She said Facebook has applied to the US Fish and Wildlife for a Section 7 application under the endangered species act and that was related to the bridge. She said the bridge intrudes into a refuge noting the endangered snowy plovers. She said the response was not accurate to comments brought to the consultants doing the EIR as they said there was no impact on the refuge when in fact there was. She said as it was not included there was no opportunity to mitigate and monitor.
- Clem Moloney, Menlo Park, said he had reviewed the project and documents, and been participant with ConnectMenlo meetings. He said as a neighbor of Facebook he has noticed that the project was designed very thoughtfully and was responsive to various concerns. He said the new traffic impacts were huge but being mitigated well. He said the land use changes, the BMR agreement, the public benefit proposal, and fiscal analysis all seemed to be appropriate. He said the addition of transit to the campus was part of ConnectMenlo and would prove to strongly reduce auto trips. He said the trip caps and the very robust and multiple TDM programs would do a lot to mitigate the traffic impact. He said he supported the project.
- James Ruigomez said he was representing the San Mateo County Building and Construction Trade Council, which was comprised of 22 local unions representing about 16,000 highly skilled men and women. He asked representative members to stand noting that some dozen more had to leave as work started at 6 a.m. the next day. He said this diverse workforce of San Mateo County, many of whom live in Menlo Park, understands the critical need to move forward with the Facebook project.
- Ellison Folk, Shute, Mihaly & Weinberger, said she was appearing on behalf of the City of East Palo Alto. She said the issue of displacement was important to the City as it was not addressed at all in the EIR. She said the consultant indicated the belief that displacement was

not an environmental issue but a socio-economic issue. She said when people were displaced there was a direct effect on those people and creates the need to build new housing further exacerbating the jobs housing imbalance so people need to work further from their work. She said this needed to be shown in the EIR and addressed. She said the EIR found that only a few Facebook employees live in East Palo Alto so the impact of the expansion would be minimal on East Palo Alto. She said however that CEQA also required agencies to look at the indirect effects of projects. She said the real impact was the pressure that projects like these create on the housing market by increasing housing costs and forcing people out who cannot pay those increased costs. She said they were seeing this happen in the Bay Area and there was evidence in the records that landlords in the region were evicting tenants or holding properties off the market to raise rents and to convert properties to something more appealing to employees from Facebook. She said that if Facebook was not the only contributor to the problem, the cumulative effect had to be addressed. She said there was an unavoidable impact to an intersection in East Palo Alto and they asked the City of Menlo Park to address that and mitigate it.

Chair Strehl closed the public hearing. She recessed the meeting for a short break.

Chair Strehl reopened the meeting.

Commission Comment: Replying to a question from Commissioner Barnes, Senior Planner Perata said that the development agreement (DA) applied to 301-309 Constitution Drive, and when acted upon favorably by the Council was an ordinance that would be effective 30 days later. He said regarding Building 22 that the applicant would need to come back to the Commission for a formal architectural control review for the style of the building. Commissioner Barnes asked if the entitlements to the City in the DA would commence upon approval whether or not Building 22 was built. Ms. Prince said that once approved the entitlements in the DA would become effective whether or not any of the project was built. Replying to Commissioner Combs, Senior Planner Perata said the plans for the hotel and Building 22 would need to be approved by the Commission at a later date.

Commissioner Barnes asked about the various housing elements proposed including the housing inventory local supply study, housing innovation fund, and housing perseverance fund.

Mr. Knight, said regarding the preservation fund that they have an MOU with MidPen to look at preserving units and affordability in perpetuity. He said one way would be to help support through rental assistance or purchasing properties and placing some type of covenants for affordable housing in perpetuity. He said they saw the housing supply study and the innovation fund as linked. He said in speaking broadly with the community there were a number of housing issues and there was not enough information to establish a baseline of understanding as it was changing so rapidly now as to how that baseline would work. He said they received really important advice from several community leaders to have a baseline study and that was the \$350,000 commitment to the housing inventory local supply study. He said they recognized there might be other low cost ways of innovating around housing and keeping people in their homes.

Replying to Commissioner Barnes, Mr. O'Shea said when they considered housing for the DA they thought about different areas in which they could help. He said the first was projects and they thought about that with the BMR fund and working with MidPen on affordable housing. He said the second was around policy and how they might help influence policy around affordable housing; and setting up a fund to work with nonprofits on opportunities for housing preservation.

Commissioner Barnes said regarding BMR that they could direct or provide the units and something between the two. Mr. O'Shea said there were 20 units and \$6.5 million for BMR and they had a certain time period to find a project or to pay fees directly into the City's fund. He said on Building 20 they worked with St. Anton and some of those units would come online this year. He said for Building 23 they were working on some units. He said they would prefer to provide units over paying an in-lieu fee.

Commissioner Barnes noted under transportation in the DA that \$1 million was for the Regional Transportation Forum and asked what that was. Mr. Knight, Facebook, said in 2000 there was a lot of traction around Dumbarton Rail and that was lost. He said internationally there was a fairly simple way of doing an industry forum to get rail operators, construction and financing entities, and broader planning agencies to get together and plan an "industry forum." He said they thought as an outcome of the Dumbarton Rail Corridor Study that they could not afford for the Study to be shelved again. He said they need to excite action around transformation of the transportation system. He said the forum was a way of speeding up of the Dumbarton Rail.

Commissioner Barnes asked about the \$1 million for Bedwell Bayfront Park. Mr. O'Shea said the fund would go toward the maintenance of the park; they saw it as improving an already great community amenity. Commissioner Barnes said there was \$1.25 million associated with the guarantee for the TOT and other hotel fees, from \$600,000 to \$13 million. He asked if that was over and above the guaranteed amount. Mr. O'Shea said that was structured by looking at what the existing sales tax revenue coming from the project was. He said Facebook would pay four times that for several years after TE left until the hotel was built. He said in time those payments would end and it would transition to a TOT guarantee.

Chair Strehl asked Mr. Knight if the Regional Transportation Forum was to look for expressions of interest from the industry, and public / private partnerships. Mr. Knight said yes and was an action item forum. He said there was a private operator offering to put on the line. He said they understood that high speed rail would go through a similar exercise around Gilroy to San Francisco next year. He said they were hoping to dovetail off some of those other activities and act fast.

Commissioner Onken asked if the City staff or at the City Council were discussing rent control. Principal Planner Chow said the Council had identified that as an issue and Jim Cogan, Housing and Business Development Manager, would develop a study session to look at the larger issues of rent control and other policies and programs that might help stabilize housing in the City. She said there was no date set at this time.

Commissioner Onken asked regarding traffic cut through in Belle Haven whether the interest was in keeping daytime cars off the streets. Nikki Nagaya, the City's Transportation Manager, said the biggest concern about cut through traffic was not so much parking overflow but commuters traveling through the streets to access, in particular, Hwy. 101 during evening commute hours. She said there were conditions in the trip count policy requiring that any sort of overflow parking be addressed and forced back onto campus.

Commissioner Riggs noted on page 5 the CDP signage regulations and asked about electronic signage. Senior Planner Perata said electronic signs were not permissible in Menlo Park. Commissioner Riggs said in the DA there was a commitment to 1500 housing units on the Prologis site. He said this was dependent on the General Plan moving forward so there was no actual commitment to provide any housing. Ms. Prince, said it would not be appropriate for the City to

pre-approve a project, and it was only appropriate in the DA to ask them to design. Commissioner Riggs said they could not require the bridge over Bayfront Express or the new signalization as those require Caltrans approval but a good faith effort was required. He asked if that would be an appropriate way to phrase the 1500 units. Ms. Prince, said she saw the commitment to design the 1500 units as a good faith effort to achieve those. She said it was a CEQA case law issue that you cannot pre-approve a project without environmental review and the examples Commissioner Riggs used were part of the environmental review as opposed to pre-approving a project that has not yet undergone environmental review.

Commissioner Riggs said Facebook had not yet decided if it would build Building 22 or the hotel. He said the economics the City was looking forward to regarding this project almost entirely hinged on the hotel project. He said the Belle Haven side of Building 21 was much closer to residences than Building 20. He asked what landscaping was planned.

Mr. O'Shea said as part of the DA that Facebook was required to pay the minimum payments for the hotel so it was in their best interest to get that built as quickly as possible.

Chris Guillard, CMG Landscape Architecture, said the planting along the back end of the building (21) was in two rows of trees similar to the natural California landscapes found along the front of Building 20. He said they were creating buffer strips between the Dumbarton Corridor and the building. He said they could not plant in the Corridor due to various rail restrictions and transportation considerations of that Corridor. Replying to Commissioner Riggs, Mr. Guillard said it would be a mixture of California oaks, some arbutus species, Toyon, and areas of storm water management that would include alders and some poplars. He said understory planting was a kind of California coastal scrub.

Commissioner Riggs asked about the pathway down the Dumbarton Corridor and asked how continuous it would be. Mr. O'Shea said it was dependent on the outcome of the Dumbarton Corridor Study. He said part of the design was to look at cross sections and intersections. He said it would be continuous from East Palo Alto to approximately Marsh Road and the feasibility study was looking at how to move people there, whether with crosswalks or bridge. He said they would have to figure out what to do at Willow Road as well. Commissioner Riggs said in less comfortable economic times the railroad right of way was used as an access point to jump over the fences of residences to burglarize homes and escape quickly.

Commissioner Riggs said the construction hours were 7 a.m. to 10 p.m. during work days which was helpful for large projects in the industrial area. He asked if the extended hours were part of the negotiations. Senior Planner Perata said the City's Noise Ordinance did not limit construction hours but identified the hours when construction activities were exempt from it, which was 8 a.m. to 6 p.m., Monday through Friday. He said the applicant, as part of their request, presented the hours they would typically work so that was built into the environmental review. He said the CDP sets hours of work and states that work outside the hours of 8 a.m. to 6 p.m. would not be exempt from the Noise Ordinance and would have to comply with the daytime limits of the Noise Ordinance.

Commissioner Riggs said a public speaker mentioned that the bridge landing would intrude into the refuge and that was not in the EIR. He asked if the bridge was a separate project from the project and the EIR. Ms. Nagaya said the bridge was part of the project. Ms. Chapman said the EIR evaluated a cantilever area over the refuge but did not include analysis of a touchdown. She said their understanding was that the bridge design did not include a touchdown into the refuge. She

said it would intrude into the Caltrans right of way but it would not touch down into the Refuge property and the EIR disclosed that.

Commissioner Kahle said communication from the Atherton Traffic Commission said to would be easy to address two intersections at Bayfront Expressway both at Willow Road and University Avenue. He asked if the applicant had any input on that and whether they had discussion with East Palo Alto regarding the University Avenue intersection. Mr. O'Shea said he would defer to staff.

Ms. Nagaya said comments recommended roundabouts for sections of University and Bayfront and Willow and Bayfront. She said both intersections were within the City of Menlo Park and under Caltrans jurisdiction. She said the recommendations that came out of the EIR analysis were to look at grade separations at both intersections as opposed to roundabouts because of the volume of traffic. She said a roundabout to handle that volume of traffic would have to be a multiple lane roundabout which would have a large circle to configure, which they did not think would fit well.

Commissioner Kahle asked if the auditorium building had John Deere green on all sides. Mr. Webb said only on the south side. He said the majority of the building was gray standing sheet metal panels. Commissioner Kahle asked if they had looked at treating the rather monolithic wall that would face Bayfront Expressway. Mr. Webb said they had and at one point were considering a large scale work of art. He said Facebook however wanted anonymity of the buildings and to not make a big statement on the Expressway. He said they decided to keep that side monochromatic and have landscaping

Commissioner Kahle asked what the landscaping would look like after the next stage was completed. Mr. Guillard said the depth between Bayfront and Building 21 was deeper than that between Bayfront and Building 20. He said the amount of landscaping between Bayfront and Building 21 would be denser and richer, but similar in character. He said the landscaping was intended to unify the campus and create an environment that weaved together the natural ecosystem of the Bay. He said the main corridor between the two buildings would be thickly planted with trees. He said along the Dumbarton Corridor there would be thicker planting along the building and a larger park area creating a green space between the Chilco Street improvements and the future Building 22. He said on the Building 22 corridor there was about a 50-foot landscape buffer between the Bayfront and the building. Commissioner Kahle asked if the rooftop garden would be apparent once the landscaping was grown in. Mr. Guillard said several locations along the roof landscape of Building 21 would open down to the Bay creating views. He said there were locations where the roof garden would be visible but it would be more enclosed than Building 20's in response to wind issues they found with the latter's roof garden.

Commissioner Onken asked about FAR with the up zoning of the M-2. Senior Planner Perata said the maximum office FAR in M-2 was 45%. He said other uses could go up to 55%. Commissioner Onken asked if office would still be at 45% FAR under ConnectMenlo. Principal Planner Chow said the proposal for the new planning districts for O and LS would potentially replace the M-2. She said the amount of office FAR would remain at base level 45% and the allowance for additional office or life science R&D would be 55% FAR. She said FAR for bonus level development would exceed those base level numbers.

Commissioner Onken said correspondences from East Palo Alto contained intimations of a lawsuit. Ms. Prince said the City has prepared the legally required documents for the project.

Commissioner Barnes said the intent was to integrate the look of landscaping along the Bayfront but the canopy for Building 21 looked about 50% of that for Building 20. Mr. Guillard said the model showed one to five year trees. He said the density and the size of the trees proposed for the project expansion were as dense as those for Building 20, and in many cases were plantings larger than what was planted along the frontage of Building 20. He said along the Bayfront edge and the south edge 420 trees would be planted at the site level alone. He said at Building 20 they had 370 trees at the site level. He said the number of trees and sizes were commensurate throughout the project.

Commissioner Barnes noted the proposal for 750-foot height for Building 21 and asked what the total height would be with the mechanical screening, and the experience of that for the Belle Haven side. Mr. Webb said they understood that the mechanical had to fit within the 75 foot height. Senior Planner Perata said the zoning allowed for additional height for mechanical screening and the CDP throughout indicated a 75-foot maximum permitted height and to use additional screening for mechanical as well as for elevators and stairwells.

Commissioner Barnes asked if the water recycling that was expected to save 20 million gallons of water annually was for both Buildings 20 and 21. Mr. Webb said the system would take black water from Buildings 21 and 22 as the input, treat it, and then generate the water for the landscaping for all four buildings. He said the purple pipe for recycled water was installed in Building 23. He said the hotel would be standalone.

Commissioner Barnes noted the speaker from San Francisco who indicated Facebook's buses were causing challenges and an inverse increase to trip caps.

Mr. O'Shea said they were nearly at 50% TDM participation. He said their shuttles have routes to Santa Cruz, East Bay, Oakland, and Walnut Creek. He said they looked at where people lived and getting them out of their cars. He said they started direct routes such as to the Mission or Van Ness. He said they have a direct shuttle cycle from Building 20 to Van Ness and that was cutting down the number of stops needed as well.

Chair Strehl asked if they were working with the San Francisco Mayor's Office, Muni and their Board of Supervisors. Mr. O'Shea said the City's Board extended the pilot program and likely would extend it next year again. Chair Strehl said with 6500 new employees in Buildings 20, 21, and the hotel and net new parking of 2570 spaces, the TDM was crucial. She said hopefully the trip cap would never be met. Mr. O'Shea said they were managing within the trips allotted. Chair Strehl noted the speaker who indicated they had gotten a permit from US Fish and Wildlife and confirmed there was not affect to endangered species with the EIR consultant. Chair Strehl asked what the special events were. Mr. O'Shea said such things as friends, family's days and inviting others to the campus.

Commissioner Riggs referred to the speaker's concerns with bus impacts in San Francisco. He said although it was not an issue for the Commission, he would hate for Menlo Park to be the curse of six neighborhoods because of Facebook shuttles. Mr. O'Shea said there were a set number of pickup zones in San Francisco that were regulated by SFMTA. He said Facebook pays for every stop a shuttle makes at one of those regulated zones and there were very strict criteria of how zones were used. He said the fee they pay goes toward enforcement. He said one of the requirements was that smaller buses had to be used on smaller streets.

Commissioner Riggs referred to Ms. Folks' comment about the intersection in East Palo Alto and the significant and unavoidable impact and asked if this was outside Menlo Park's jurisdiction. Ms. Nagaya said the Bayfront and University intersection was within the City of Menlo Park and a project study report was looking at potential grade separation. She said that she believed the speaker was referring to the intersection of University Avenue and Bay Road next to East Palo Alto's City Hall and the University Avenue and Donahoe intersection at the Hwy. 101 ramps. She said they looked at potential mitigations including widening and adding turn lanes. She said widening required additional right of way which made the impact significant and unavoidable. She said staff would continue to coordinate with the City of East Palo Alto on mitigations where feasible.

Commissioner Onken said regarding item 2 of the recommendations that the zoning ordinance text amendment was fine as the days of manufacturing in Menlo Park were long gone and not coming back; regarding rezoning and the CDP that what was zoned for was done in what he thought the best way to develop this site; regarding the concern about heritage trees that many of those were the scraggly kind built around industrial sites and additionally he planting plan and care given to landscape was assuring; he liked the choices under BMR housing agreement; and in the EIR he found the comments on displacement interesting. He said that of all the uses or clients to be on this site, this proposal was the best possible development strategy. He noted the healthy TDM and a population committed to not adding to the traffic. He said he generally supported the use permit and accepted the EIR as an accurate enough assessment of what's happening in Menlo Park and to this property.

Commissioner Kahle said the EIR and mitigations were appropriate for the project.

Commissioner Barnes said the EIR was comprehensive and illustrative of the facts. He said the DA was comprehensive and tried to look at different topics; the economics were good for the City; the BMR was fine; and the interest in the best and highest use in the area. He said that it took a very attractive owner / user entity to develop this project noting the extensive remediation needed.

Commissioner Riggs said it was important to evaluate if the project had earned the Statement of Overriding Considerations compared with its impacts. He said a comment letter to Commissioners today stated that a statement of overriding considerations could not rely on just one item. He said however there were a good half dozen reasons why this was a good project for MP. He said most of Building 21 had the same bulk as Building 20 except for mechanical space which was an extra five feet tall and segments of the building were higher. He said however the massing was attractive and the building was no in an impactful location. He gave Facebook a lot of credit for their internal circulation and management of its TDM commitment to a trip cap. He said in the DA, the subsidized rent units were indicated for employees, public safety profession and nonprofits. He said he would caution how nonprofit organizations were enabled referring to high administrative overheads. He said the mitigations on the project were outstanding, and he had no problem approving a major project in an area where transportation was a serious problem. He said however that the infrastructure needed to be improved to handle increased development.

Chair Strehl said she agreed with Commissioner Riggs about lacking infrastructure and the need for City and County, Regional Transportation entities to commit to improving.

Commissioner Onken made a noted of the potential for neighborhood cats to get to the refuge using the bridge.

ACTION: Motion and second (Barnes/Riggs) to make all the recommendations to the City Council

as presented in Attachment A to the staff report; passes 5-0 with both Commissioners Combs and Goodhue recused.

**Attachment A
RECOMMENDED ACTIONS FOR PLANNING COMMISISON
Facebook Campus Expansion Project
(301-309 Constitution Drive)**

Environmental Review

1. Recommend that the City Council Adopt a Resolution Certifying the Environmental Impact Report and adopting the findings required by the California Environmental Quality Act, Certifying the Environmental Impact Report, Adopting the Statement of Overriding Considerations, and Adopting the Mitigation Monitoring and Reporting Program for the Facebook Campus Expansion Project, located at 300-309 Constitution Drive (Attachments T and U).

Zoning Ordinance Text Amendment

2. Recommend that the City Council Introduce an Ordinance amending the text of the M-2 (General Industrial) zoning district to add hotels, including ancillary facilities, to conditional uses. (Attachment N)

Rezoning

3. Recommend that the City Council Introduce an Ordinance Rezoning the property at 300-309 Constitution Drive from M-2 (General Industrial) and M-2(X) (General Industrial, Conditional Development) to M-2(X) (General Industrial, Conditional Development) (Attachment M).

Conditional Development Permit

4. Recommend that the City Council Adopt a Resolution Approving an Amended and Restated Conditional Development Permit for the property located at 300-309 Constitution Drive and 1 Facebook Way (Building 20) (Attachment E and F).

Development Agreement

5. Recommend that the City Council Introduce an Ordinance Approving the Development Agreement for 301-309 Constitution Drive (Facebook Campus Expansion Project). (Attachments Q and R)

Lot Line Adjustment

6. Recommend that the City Council Adopt a Resolution Approving the Lot Line Adjustment between parcels 055-260-250 (300-309 Constitution Drive) and 055-260-290 (1 Facebook Way, Building 20) (Attachments O and P).

Heritage Tree Removal Permits

7. Recommend that the City Council Adopt a Resolution Approving the Heritage Tree Removal Permits for the Facebook Campus Expansion Project (Attachments H, I, and J).

Below Market Rate Housing Agreement

8. Recommend that the City Council Adopt a Resolution Approving a Below Market Rate Housing Agreement with Hibiscus Properties, LLC for the Facebook Campus Expansion Project (Attachments K and L).

H. Informational Items

- H1. Future Planning Commission Meeting Schedule
- Special Meeting: October 19, 2016 (Wednesday)
 - Regular Meeting: October 24, 2016
 - Regular Meeting: November 7, 2016
 - Regular Meeting: November 14, 2016

I. Adjournment

The meeting adjourned at 10:56 p.m.

Staff Liaison: Deanna Chow, Principal Planner

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on November 7, 2016