



DATE: July 1, 2014

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **405 San Antonio Road – Phase II**

RECOMMENDATION

1. Adopt a Resolution Certifying The Village at San Antonio Center Phase II Project Final Environmental Impact Report and Adopting CEQA Findings, Including a Statement of Overriding Considerations, Mitigation Measures, and a Mitigation Monitoring and Reporting Program, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Introduce an Ordinance Amending the Zoning Map for the Properties Located at 405-425 San Antonio Road, 377 San Antonio Road, 391 San Antonio Road, and 455 San Antonio Road (North Parcel Only) from the San Antonio Center Precise Plan (P(9)) Zoning District to P Zoning District, to be read in title only, further reading waived, and set for second reading for July 8, 2014 (Attachment 2 to the Council report).
3. Adopt a Resolution Amending the San Antonio Center Precise Plan District Reference Map and Associated Language, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Conditionally Approving a Planned Community Permit for a Total of 1,080,867 Square Feet; 107,835 Square Feet of Commercial, Retail, and Restaurant; a 49,751 Square Foot Cinema with 1,410 Seats; 360,909 Square Feet of Office; a 393,914 Square Foot Parking Garage with 1,386 Parking Stalls; a 128,642 Square Foot, 167-Room Hotel and Restaurant; Approximately 39,816 Square Feet of Retail Building Services and Circulation Area; and a Heritage Tree Removal Permit for the Removal of Seven Heritage Trees, to be read in title only, further reading waived (Attachment 4 to the Council report).

5. Adopt a Resolution Amending the Existing Planned Community Permit for the Phase I Project at 455 San Antonio Road, to be read in title only, further reading waived (Attachment 5 to the Council report).

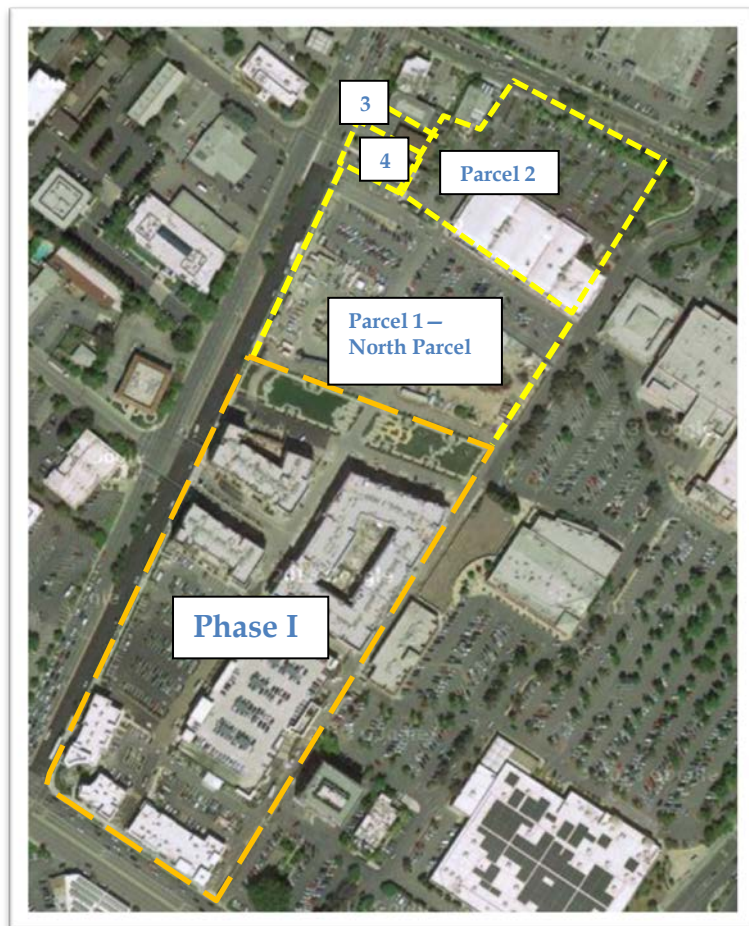
BACKGROUND

Project Site Location and Characteristics

The City Council approved a Phase I development in June 2011, consisting of 311,000 square feet of retail area, up to 350 residential units, and a 1-acre open space. Merlone Geier Partners (MGP) has completed the southern component of the Phase I project, which includes the Safeway building, satellite buildings on El Camino Real and San Antonio Road, the apartment buildings with ground-level retail, and the Village Green on the Hetch Hetchy. A total of 330 apartment units were constructed.

The Phase II project site is located in the northwest corner of the San Antonio Shopping Center with frontage on San Antonio Road, California Street, and Pacchetti Way. The project site is referred to as “405 San Antonio Road” and consists of four parcels totaling 9.9 acres.

- Parcel 1 was previously entitled in July 2011 for a 175,000 square foot podium retail building with structured parking as part of the MGP Phase I project.
- Parcel 2 is currently developed with a Ross department store, BevMo store, and parking lots.



- Parcel 3 is developed with a one-story commercial building that is currently vacant, but was previously occupied by Barron Park Supply.
- Parcel 4 is developed with a one-story commercial building that is currently vacant, but was previously occupied by the International Market.

Project Description

The applicant (Merlone Geier Partners or MGP) requests a Precise Plan Amendment to remove the Phase II project site from the San Antonio Precise Plan; rezoning the project site from the San Antonio Center Precise Plan (P(9)) to the P (Planned Community) District; and the construction of a mixed-use development with six buildings and associated site amenities, including:

- 360,909 square feet of office with four levels of underground parking (1,174 parking spaces);
- 107,835 square feet of commercial/retail/restaurant;
- 49,751 square feet of cinema/theatre;
- 128,642 square foot, 167-room hotel with conference facilities;
- 393,914 square feet parking structure with 1,386 spaces;
- 39,816 square feet of retail building services and circulation area; and
- 25,000 square foot Central Plaza (expands to 50,000 square feet when the Promenade is closed to vehicles).

The proposed project is within the San Antonio Center Precise Plan (SAC PP), which covers the entire shopping center. The Center is a subset of the greater San Antonio Change Area which was identified in the 2030 General Plan. A new Precise Plan for the entire change area is under way.

The San Antonio Center is well served by transit and the site is within walking distance to Caltrain and the Valley Transportation Authority's (VTA) San Antonio Transit Center (Routes 22, 32, 34, 35, 40, 522, and Stanford's Marguerite Shuttle). Future transit enhancements could include a Bus Rapid Transit (BRT) stop on El Camino Real. Several gathering spaces are located throughout the San Antonio Center with a main emphasis on the Village Green, which was constructed as part of the Phase I project, and a central

public plaza in the center of the Phase II/project site. Buildings are placed with ground-floor retail/restaurants facing the Village Green and Promenade, the public plaza, San Antonio Road, and California Street.

Previous Meetings

The following section is a summary of previous City Council, Environmental Planning Commission (EPC), Development Review Committee (DRC), and Bicycle/Pedestrian Advisory Committee (B/PAC) meetings:

1. **Gatekeeper:** On December 13, 2011, the City Council authorized a Gatekeeper application for a Phase II mixed-use development at the San Antonio Center. Council direction was to allow revenue-generating uses such as entertainment, retail, hotel, and office. The original Gatekeeper application proposed a mixed-use development consisting of 700,000 square feet of office, 70,000 square feet of retail, a 150- to 200-room hotel, above-grade structured parking, two levels of underground parking, 6- to 11-story building heights, and no residential units.
2. **Study Sessions for the Project:** On May 16, 2012 and June 12, 2012, prior to the adoption of the 2030 General Plan, the EPC and City Council held Study Sessions on the project. The EPC and Council directed MGP to reduce the project size. Council indicated up to a 3.0 floor area ratio (FAR) could be considered on the site with significant public benefits, but that building heights had to comply with the eight-story height limit being studied in the 2030 General Plan.
3. **San Antonio Change Area Study Sessions:** Following the Council Study Session in June 2012, Council adopted the 2030 General Plan on July 10, 2012, and directed staff to start a visioning process for the San Antonio Change Area before the Phase II project could proceed. Two public workshops were held on October 27, 2012 and December 1, 2012, with a total of 140 attendees. The Council accepted the visioning document in January 2013. Before authorizing Phase II to proceed, Council requested a Study Session on public benefits and off-site infrastructure priorities for the San Antonio Change Area. On March 19, 2013, Council held a Study Session and directed staff to focus on mobility-related public benefits for the San Antonio Change Area.
4. **Study Sessions for the Project:** On April 3, 2013 and April 16, 2013, the EPC and Council respectively held Study Sessions on the project. Council supported the mix of uses and directed the applicant to provide increased setbacks on California Street and San Antonio Road, reduce the massing of the office buildings, provide

greater articulation on the upper floors, and design the project so it is unique and feels like Mountain View.

5. **San Antonio Precise Plan Study Session:** A Council Study Session was held on October 8, 2013 for the new San Antonio Precise Plan to provide a status report and receive Council feedback on key Precise Plan topics, objectives, and issues for the new Precise Plan. Council provided three fundamental points:
 - Bicycle and pedestrian connectivity and circulation are the highest priority for on- and off-site improvements;
 - Urban design and place-making are critical to create an environment where people will go to shop, be happy to get out of their cars, and stay in the area; and
 - Vehicle trip reduction and management is very important, and as such, vehicle convenience is not the highest priority.
6. **EPC Study Session:** An EPC Study Session was held on October 2, 2013. The EPC was generally supportive of the mix of uses but raised concerns with the intensity, building heights and setbacks, pedestrian and bicycle circulation, and traffic.
7. **City Council Study Session:** On October 29, 2013, Council reviewed the proposed Phase II project and was generally supportive of the mix of uses but raised concerns with the design of public spaces and green spaces, pedestrian and bicycle circulation, setbacks between buildings, and public benefits. Council recommended that the applicant work with Project for Public Spaces (PPS) or a similar place-making organization to make the public spaces more attractive and to create places where people would gather.
8. **City Council Study Session:** On March 4, 2014, another City Council Study Session was held to provide Council with a presentation by PPS on place-making, view Merlone Geier's proposed plans as a result of PPS' suggestions, and receive Council feedback on the place-making recommendations as well as building separation and setback issues. Council generally agreed with PPS' recommendations but requested that PPS, the DRC, and the B/PAC analyze the development proposal for bicycle and pedestrian connectivity. Also, Councilmembers agreed that while it was important to have significant building separation between buildings and sidewalks on both sides of the street, Council felt that certain "pinch points" could be allowed. Council directed staff to work

with the applicant to find a common ground (see Attachment 6—March 4, 2014 Study Session Memo).

9. **Development Review Committee (DRC) Meetings:** Since the March 4, 2014 City Council hearing, the DRC held two meetings (April 2, 2014 and May 21, 2014). The DRC recommended approval of the project with project conditions requiring the applicant to continue to refine the detailing for the parking garage facade treatment, California Street building facade, portions of the office design, and the jewel building concept. As directed by Council, staff requested DRC input on the proposed bicycle and pedestrian network. The DRC unanimously agreed that the improvements made to the site plan helped foster a cohesive pedestrian- and bicycle-friendly atmosphere. One concern that was raised was whether super sharrows should be added behind the existing Phase I buildings since those areas were loading areas.
10. **Bicycle/Pedestrian Advisory Committee (B/PAC):** On May 28, 2014, the B/PAC reviewed the project and a memo provided by Mark Plotz, the Director of the National Center for Bicycling & Walking and Vice President of PPS, and determined that the proposed bicycle and pedestrian circulation proposed within and adjacent to the project area and the proposed bicycle parking facilities were adequate. Staff specifically asked the B/PAC whether bike lanes should be designed within the development along the Hetch Hetchy and Pacchetti Way. The B/PAC supported the applicant's philosophy of using super sharrows rather than the construction of separate bicycle paths and also agreed with use of signage and raised speed tables throughout the development to help calm traffic and have vehicles and bicyclists share the road. The B/PAC also commented on how the proposed development was designed to make the surface for the pedestrians and not for vehicles. The B/PAC was supportive of the proposed bike-lane widths along San Antonio Road and California Street and asked that the City's Traffic Engineer work with the applicant on the specific details for the bike lanes.

The B/PAC added four main recommendations: the applicant will review and provide analysis of the use of bicycle facilities in the development every four years and make adjustments to the demand; secondly, B/PAC agreed with PPS' recommendation and the applicant's original design for the construction of a buffered bike lane with a raised planter along California Street. Public Works staff is recommending a buffered bike lane, but without a raised median. Staff is concerned that such a small, relatively short segment of raised median would be an obstacle that bicyclists may hit. In addition to its size and relatively short length, as designed, bicyclists must maneuver around the end of the median to remain in the bike lane. Staff has experience with both cars and bicycles hitting

such small raised elements in the roadway and are concerned that the design as shown could create such a circumstance. A bicyclist could cross over the end of the recommended painted buffer without incident. Staff agrees that a physical buffer, such as a raised median, provides better separation for bicyclists in some instances, but does not recommend such a buffer in this case.

The B/PAC also recommended that the applicant provide vibrant paving to differentiate pedestrian walkways from vehicular driveways. Finally, the B/PAC recommended that the applicant create a bike boulevard on Pacchetti Way at The Crossings to prevent cut-through traffic from the Center into the neighborhood. The proposed bike boulevard improvements on Pacchetti Way north of California Street, which involves closing the street to through-traffic, has many implications. Staff does not recommend assigning funds to the project without a public process and further analysis. The project can be analyzed with the Bike Plan and may become a community benefit for future developments in the area (see Attachment 7 – May 28, 2014 B/PAC Staff Report).

11. **EPC Public Hearing:** The EPC held a public hearing on the project on June 18, 2014. Approximately twenty-seven (27) members of the public commented. Public comments were mostly regarding the lack of housing in the project, impacts to the Milk Pail Market, waiting until the San Antonio Precise Plan was adopted before approving the plans, and concerns about traffic (see Attachment 8 – June 18, 2014 Staff EPC Report; and Attachment 9 – EPC Summary Minutes).

The EPC unanimously recommended the City Council not approve the project at this time and included specific recommendations to the City Council as follows:

- a. To wait for consideration of the project until after the adoption of the San Antonio Center Precise Plan;
- b. To consider the jobs/housing imbalance in terms of the proposed uses in the project;
- c. To take all available and legally appropriate steps to resolve issues surrounding the 11 required parking spaces needed for the Milk Pail Market; and
- d. To amend Section 3.2.2 (D)(5)(a) of the San Antonio Center Precise Plan related to parking spaces and accessibility of parking spaces (see Attachment 12 – EPC-Endorsed San Antonio Center Precise Plan Amendments).

12. **San Antonio Precise Plan Study Session:** At the June 24 City Council Study Session, Council was asked to provide final direction on the draft principles and standards for the San Antonio Precise Plan. Twenty-six (26) people spoke with the majority of the speakers requesting that the San Antonio Precise Plan include more residential opportunities with an emphasis on a diverse housing stock to deal with the jobs/housing imbalance. Council continued the Study Session to July 8, 2014 to provide direction on the items outlined by staff as well as to discuss possibilities of providing more housing options and less office uses.

ANALYSIS

General Plan

General Plan Consistency: San Antonio Change Area

The 2008 General Plan visioning process set the foundation for the General Plan update process. Over 80 public General Plan meetings, workshops, and events were held through 2012. Over 1,500 participants attended the meetings. Two rounds of meetings pertaining to the Change Areas were organized in June and September 2009.

The San Antonio Change Area encourages a mixture of commercial and residential uses with improved bicycle and pedestrian connections to the surrounding neighborhoods and to Caltrain and Valley Transportation Authority (VTA) transit stations. A revitalized San Antonio Center will serve as a key destination at the core of the Change Area. Larger regional commercial uses that attract visitors while also serving the community are encouraged. Walkable blocks, pedestrian-oriented streets, public plazas, and development of the Hetch Hetchy right-of-way are also encouraged.

The applicant proposes to redevelop an underutilized 9.9-acre site that currently houses 59,655 square feet of commercial and retail building area. The remaining businesses on the properties employ fewer than 50 people per day. The proposed project includes a more intense mixed-use development type, which will result in new business opportunities, a stronger commercial center, substantial employment growth, and continued growth anticipated for the San Antonio Change Area. In addition to office and entertainment uses, the proposal includes a hotel, which is a use that is currently underrepresented in this area.

The project is complex and Council's review should be at several levels, including, first and foremost, General Plan consistency.

Staff has highlighted several relevant General Plan policies and how the project relates to each:

- *LUD 21.1: A mix of land uses. Support a mix of commercial land uses serving the neighborhood and the region.* The applicant is proposing a mix of land uses, including shopping, dining, entertainment, lodging, and employment, which will create destination locations for shopping, working, and recreation. Further, the proposed development will complement and enhance the existing San Antonio Shopping Center by continuing to develop a broad pedestrian and bicycle network and increased connectivity in the area.
- *LUD 21.3: Improved connectivity. Promote improved connectivity to adjacent neighborhoods, destinations, and Downtown; and LUD 21.4: Improved pedestrian and bicycle circulation. Support improved pedestrian and bicycle circulation and connectivity throughout the area.* The applicant is proposing to realign the median on San Antonio Road and install bike lanes on both sides of the street from El Camino Real to California Street connecting to existing bicycle lanes on San Antonio Road. The applicant also proposes to improve the existing bike lane along California Street. Further, the applicant will dedicate land to the City to expand the public right-of-way for generous public sidewalks. Said improvements are proposed at the California Street and San Antonio Road intersection to assist in vehicular, pedestrian, and bicycle connectivity and improve pedestrian safety.
- *LUD 22.1: San Antonio Center transformation.* The proposal supports the transformation of San Antonio Center into a regional mixed-use and commercial destination. The proposed Phase II development will complement the Phase I development and enhance the success of the entire San Antonio Shopping Center by increasing the number of employees in the area, adding a new movie theater complex that will serve the local community and draw a regional audience, and by including a new hotel to the Center to support the commercial and office uses in the area.
- *LUD 22.3: Gathering spaces. Encourage new plazas, open space, and other gathering spaces in the San Antonio Center.* During the project review process, the applicant hired Project for Public Spaces (PPS) to assist with the design of the new public open spaces and plazas within the project area. This resulted in a substantial rethinking of the public space within the project. This work was presented to Council in March 2014 and direction from Council and staff was incorporated into the plans. As a result, the proposed market/restaurant at California Street and Pacchetti Way provides an opportunity for neighborhood-serving use(s) with a large, attractive outdoor eating area, which provides a transition to the adjacent

neighborhood from the higher-density development. The applicant is also providing a large Central Plaza measuring 25,000 square feet with amenities such as a water feature, outdoor seating, artwork, and landscaping. To ensure that the main plaza area is active and accessible, staff has drafted a condition of approval to require the applicant to provide events throughout the year to activate the Central Plaza.

- *LUD 22.4: Pedestrian-oriented design elements. Ensure that development include pedestrian-oriented design elements such as accessible building entrances, visible storefronts, and landscaping.* Staff learned a great deal from the Phase I development and has focused on the design and scale of the proposed project. Staff, the architects on the DRC, and the EPC have all emphasized the pedestrian experience when reviewing the proposed project. As a result, the plans have evolved to include a thoughtful pedestrian-oriented network and building scale. To that end, the ground-floor commercial and retail storefronts are required to be fully articulated and to continue around to the San Antonio Road and California Street frontages.
- *LUD 22.5: Finer street grid. Promote a finer street grid and improved connectivity within San Antonio Center; LUD 22.6: Improved mobility. Support improved mobility within San Antonio Center for vehicles, transit, bicyclists, and pedestrians; and LUD 22.7: Improved bicycle and pedestrian connections.* The site plan includes a grid-circulation system with connections to the remainder of the shopping center, to the adjacent neighborhoods, and transit stations, with the majority of street frontages consisting of retail, restaurant, or commercial storefronts. In addition to input from Council and the EPC, the DRC and the B/PAC reviewed the proposed circulation pattern for the proposed development and agreed that the sidewalks, roadways, and bicycle facilities were adequate.

San Antonio Precise Plan Area – Projected Growth

The following chart illustrates the projected growth for the San Antonio Precise Plan area and the percentage of growth the Phase II project would consume.

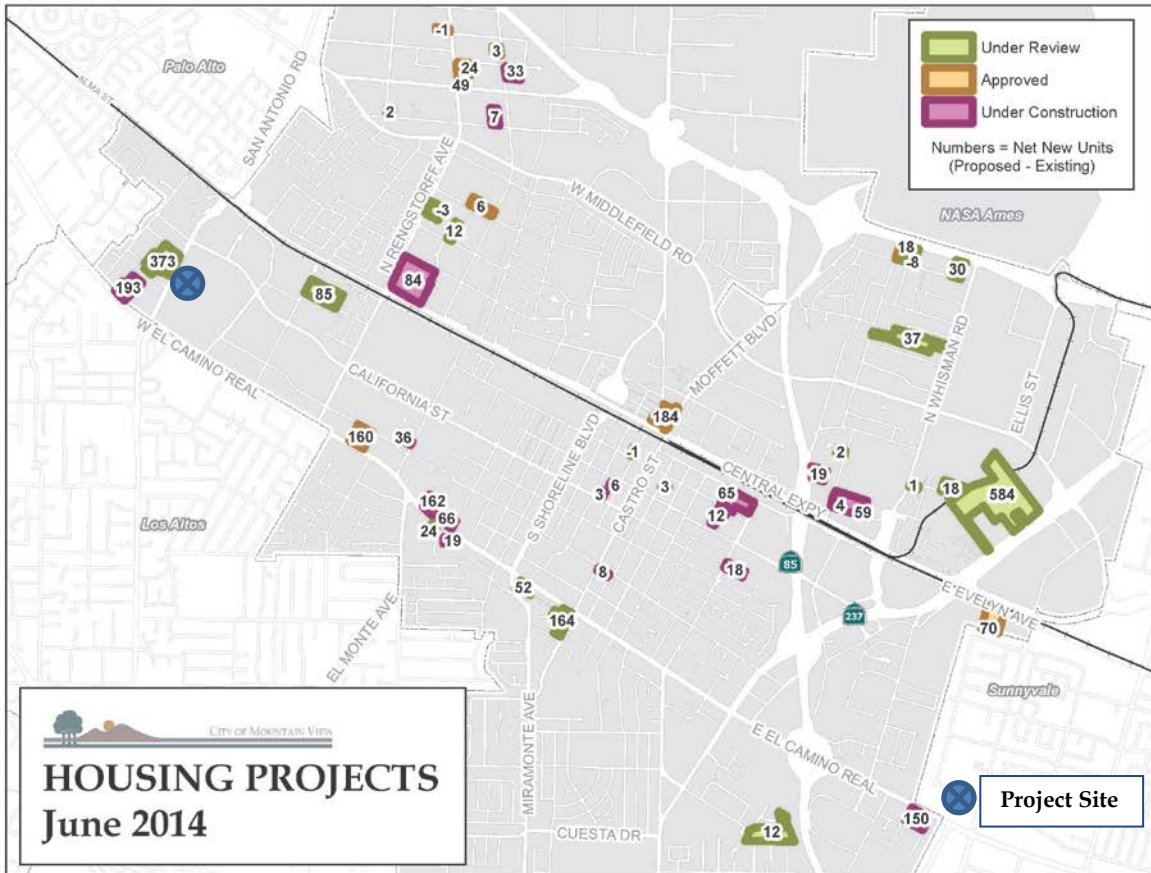
Development Type	2013 Conditions*	2030 General Plan SEIR Analysis**	Net New Development	Project Net New Square Footage/ Percentage
Residential	195 Units	1,770 Units	1,575 Units***	
Retail/ Commercial	895,000 s.f.	1,315,000 s.f.	420,000 s.f.	120,710 s.f. 28.7%
Office/Industrial	205,000 s.f.	1,084,000 s.f.	879,000 s.f.	377,946 s.f. 43%
Lodging	—	170 Rooms	170 Rooms	167 Rooms 98%

* These are the approximate conditions in the Precise Plan area (numbers are rounded). The housing numbers exclude the 330 units built with the Merlone Geier Phase I project because they were included in the 2030 General Plan analysis.

** The analysis includes existing conditions, Merlone Geier Phase I (except for the 175,000 square foot building) and pipeline projects.

*** If you factor in the 330 units built with the Phase I project, the remaining analyzed capacity is 1,245 units.

Dwelling Units



As of June 2014, City staff has calculated that there are 2,844 net new dwelling units under review, approved, or under construction. Of those net new units:

- 1,390 units are under review;
- 461 units are approved, but construction has not commenced; and
- 993 units are under construction.

The map above shows the locations of the units in each phase of the Development Review Process. Of those units, 373 units are within the San Antonio Precise Plan area. In the past 5 years, 330 units were built in the San Antonio Precise Plan area, specifically as part of the Phase I San Antonio Center development.

P District Zoning

The application includes a request to rezone the property from the San Antonio Center Precise Plan (P(9)) District to the P (Planned Community) District (see Attachment 2—Resolution for the Amendment to the Zoning Map and Zoning Map Exhibit). The P District designation allows the City the flexibility to consider a project with heights and intensity that do not conform to the existing San Antonio Precise Plan (P(9)) District prior to the adoption of the San Antonio Precise Plan. The project site will be incorporated into the San Antonio Precise Plan Area when it is adopted by Council. Staff discusses this further in the Precise Plan Amendment Section of the report below.

The P District zoning has been used for several other Gatekeeper projects to allow projects to proceed, consistent with the General Plan, prior to the adoption of the Change Area Precise Plans (e.g., El Camino Real apartment, Whisman area, and Intuit office projects).

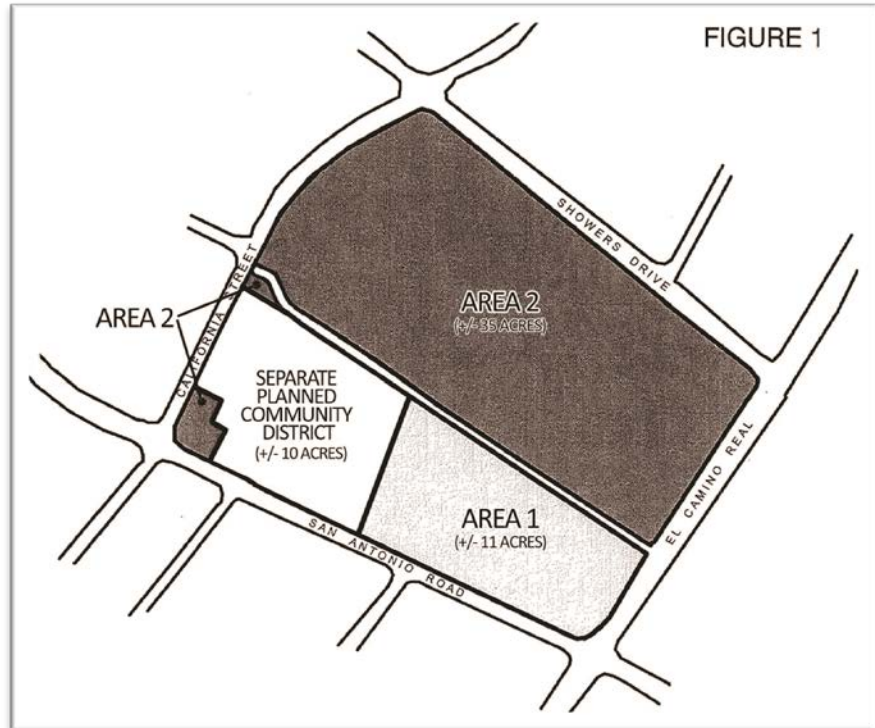
San Antonio Center Precise Plan Amendment

The San Antonio Center Precise Plan (SAC PP) was amended in June 2011 to allow for the Phase I project, but also to refresh the City's vision and expectations of any development in the Center and to align the document with the 2030 General Plan visioning. The SAC PP has not been updated to reflect the increased FAR (up to 2.35) and height (up to eight stories) that is part of the 2030 General Plan adopted in July 2012.

All of the uses proposed by the applicant as part of the Phase II project are consistent with the existing SAC PP, but the project requires a P District zoning since the project, while consistent with the General Plan, does not conform to the current SAC PP for intensity and heights:

1. The existing Precise Plan does not include FARs; instead, the Plan specifies a maximum of 961,000 square feet of commercial development in the Center (for reference, this equates to a 0.39 FAR). This maximum was derived by taking the existing Center before Phase I, adding the Phase I development, and an additional 100,000 square foot allowance for the rest of the Center. The expectation was that any new major development would amend the maximum square footage allowed in the San Antonio Shopping Center. The applicant proposes a project with a FAR of 2.51 (for reference, it would be 1.59 without the parking structure). If Phases I and II are combined, the overall FAR is about 1.84, which is below the 2030 General Plan maximum FAR of 2.35.

2. The existing Precise Plan allows commercial buildings up to 55' in height. As part of Phase II, commercial building heights up to 89' are requested. This is consistent with the 2030 General Plan height standards, which allow up to eight stories.



3. The existing Precise Plan allows residential buildings and hotels up to 80', or seven stories. The applicant proposes hotel heights of 90'. This does not exceed the 2030 General Plan height guidelines, which allow up to eight stories.

An amendment to the existing San Antonio Center Precise Plan is required to remove the project site from the Plan Area as well as make associated edits to the text (see Attachment 3 – Resolution for the Amendment to the San Antonio Center Precise Plan). The edits pertain to the area map (shown above as Figure 1) and associated area descriptions; and to the intensity section.

Planned Community Permit Amendment – Phase I (North Parcel)

The City Council approved a Phase I development on 16 acres in June 2011, consisting of 311,000 square feet of retail area, up to 350 residential units, and a 1-acre open space. MGP has completed the southern component of the Phase I project, which includes the Safeway building, satellite buildings on El Camino Real and San Antonio Road, the apartment buildings with ground-level retail, and the Village Green.

The Phase I approval also included a 175,000 square foot retail building on the former tire center site between the Hetch Hetchy Green and the Ross and BevMo building. This site was referred to as the “North Parcel” during the Phase I review. If Phase II is

approved, then the North Parcel component of Phase I would not be constructed. If Phase II is not approved, then MGP could construct the North Parcel building without any additional public hearings. An amendment to the Planned Community Permit for Phase I is included in this project proposal (see Attachment 4 – Resolution for the Amendment to the Existing Planned Community Permit for 455 San Antonio Road and Exhibit).

Planned Community Permit

Project Design

In general, the layout of the site plan matches the version presented to the EPC and Council in late 2013. The applicant proposes a grid-circulation system with connections to the remainder of the shopping center, to the adjacent neighborhoods, and transit stations, with the majority of street frontages consisting of retail, restaurant, or commercial storefronts (see Attachment 10 – Project Plans).

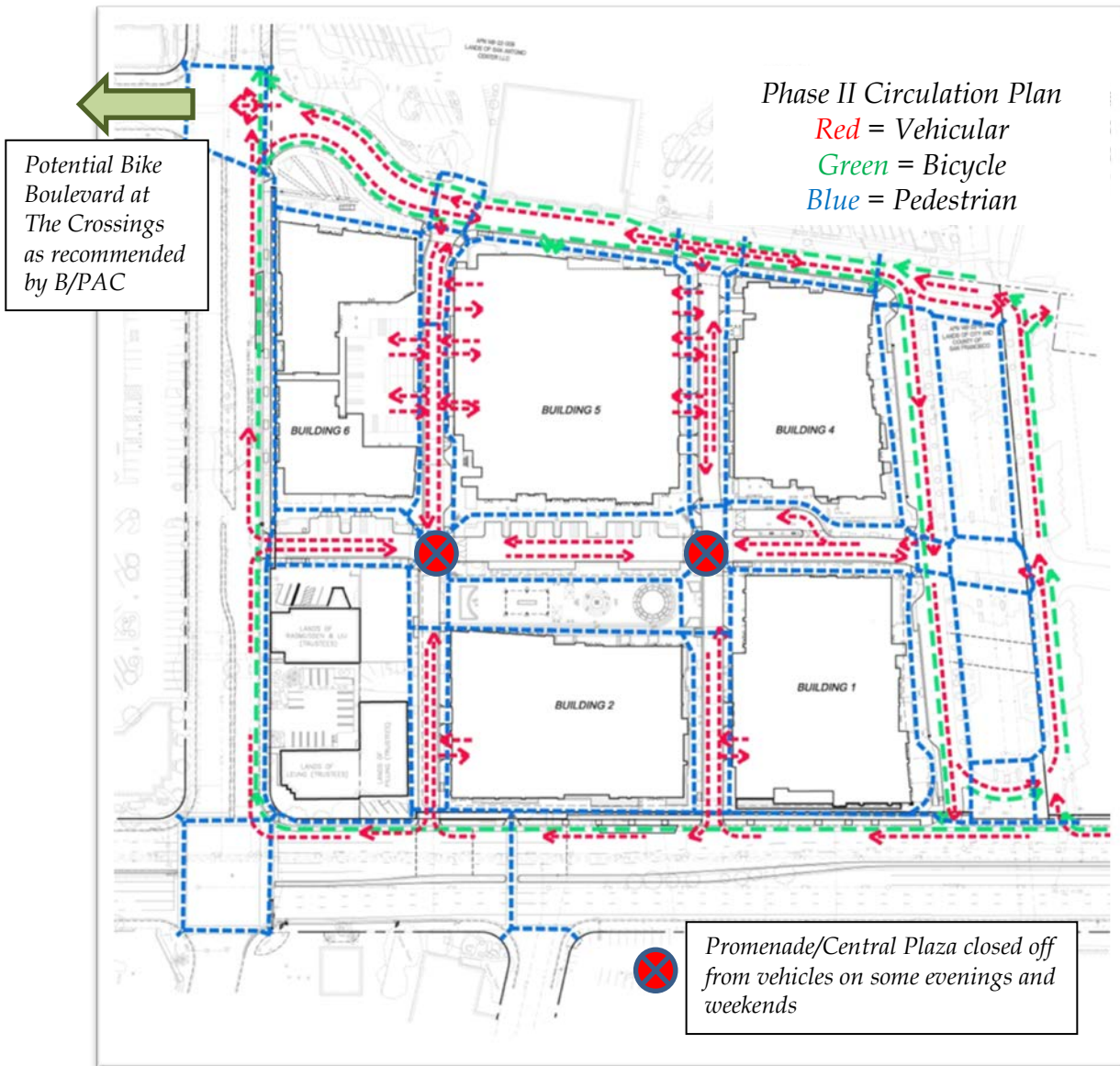
The site plan has been revised to address the City’s concerns with Phase I by including a grid system providing pedestrian connectivity and wider sidewalks in and throughout the Phase II area, limited surface parking, and maximized storefronts along public and internal streets. The applicant has worked with staff since the March 2014 City Council Study Session to provide greater separation between buildings facing Silicon Way and Disk Drive and to design sidewalks on both sides of the streets. The setbacks and sidewalk widths will be discussed later in the report.



Proposed Site Plan for Phase II

The circulation diagram below proposes dedicated bicycle paths around the perimeter of Phase II with shared vehicular/bicycle travelways within Phase II. The applicant has worked with staff since the March 2014 City Council Study Session to provide pedestrian paths along all roadways. The applicant has also designed the circulation network so that the Promenade section between Disk Drive and Silicon Way can be closed to vehicular traffic for special events, and some evenings and weekends, similar to how the City closes sections of Castro Street for special downtown events.

This circulation plan was reviewed by both the DRC and the B/PAC. Both committees supported the proposed circulation plan as proposed by the applicant. The B/PAC, however, also recommended that the applicant create a bike boulevard on Pacchetti Way at The Crossings to prevent cut-through traffic from the Center into the neighborhood.



Traveling Along San Antonio Road

Building 1 is a six-story office building located at the intersection of San Antonio Road and the Village Green (also known as the Hetch Hetchy Park). A large restaurant space is prominently located at the corner, set back about 22' from the San Antonio Road curb line.

The third floor has a sizeable terrace facing San Antonio Road and the Village Green. Floors 3 to 5 are further set back from the ground-floor restaurant by an additional 13' along San Antonio Road and 16' along the Village Green driveway. The upper level of the six-story office building is set back about 12' further than the fifth floor.

A minimum 8' sidewalk and 6' planter strip with street trees is provided along San Antonio Road. Passing the restaurant space, a large outdoor dining patio and storefront faces San Antonio Road, and is set back about 30' from the curb.

Between Building 1 and Building 2 is Disk Drive, a 22' wide internal street that provides vehicular, bicycle, and pedestrian access into the project.

Building 2 is also a six-story office building. The ground floor is



View of Building 1 from San Antonio Road

Building 1 Statistics:

6 stories, 88'6" to 94'6" (not counting rooftop equipment)
24,072 square feet ground-level retail/commercial
193,541 square feet office
4 levels of underground parking



View of Building 2 from San Antonio Road

Building 2 Statistics:

6 stories, 88'6" to 94'6" (not counting rooftop equipment)
28,200 square feet ground-level retail/commercial
199,000 square feet office
4 levels of underground parking

programmed for commercial spaces, retail, service, or small office uses. In both buildings, the office operators could house a cafeteria for its employees. Staff would like to raise a concern that an employee cafeteria providing free food does not provide the typical synergies found in a mixed-use project. Staff will be requesting Council input regarding this topic.

The entire San Antonio Road frontage consists of storefronts, set back about 30' from the curb. The building mass is further terraced to create a stepped effect from the building perimeter as directed by Council, the EPC, and the DRC. Floors 3 to 5 are further set back from the ground floor by an additional 15' along San Antonio Road and 16' along Disk Drive. The upper level of the six-story office building is set back about 13' further than the fifth floor.

Along the frontage of Building 2, a "Birthplace of Silicon Valley" monument is located marking the location of the discoveries made at 391 San Antonio Road. MGP is working with a volunteer group of people associated with the historic event. Staff has not reviewed any designs at this point but has included conditions of approval requiring the applicant to work with staff on the final design details and maintenance of the monuments.

The applicant is proposing to use a natural limestone with a honed finish, wood panels, brick veneer, and tile to warm up proposed contemporary glazing of the office facades. The DRC was agreeable with the color and material palette selected by the applicant and recommended support.

Staff and the DRC generally support the design of the San Antonio Road frontage. The prominent restaurant at the Village Green has a smaller setback, but the DRC and staff believe that is appropriate and acceptable given the location and the use. The applicant has reduced the mass of the buildings by stepping back portions of the buildings while articulating key building entries. Building 2 corresponds to the adjacent single-story office because of the larger setbacks and, should the remaining corner parcels redevelop the setbacks proposed along Disk Way, the proposed building mass seems to be appropriate. The applicant will be required to activate the storefronts along San Antonio Road by having the primary building entries for the commercial spaces located there and not in other locations. The applicant will not be permitted to close off those entries. Conditions of approval have been included to address these points.

Between Building 2 and the adjacent one-story office building is Silicon Way, a 22' wide internal street that provides vehicular, bicycle, and pedestrian access into the project.



View of Building 6 from California Street

Building 6 Statistics:

2 stories, 54' to 62' top of structure
 80' (top of tower)
 20,000 square feet ground-level retail
 49,751 square foot cinema
 1,410 seats

Traveling Along California Street

Starting at the northwest corner of the site and walking east toward downtown, one crosses the Promenade, which serves as one of the central spines to the entire San Antonio Shopping Center project (Phase I and II). Building 6 is located across the Promenade and California Street. The entire frontage of Building 6 faces California Street and consists of retail storefronts, while the lobby to the proposed cinema is from the Promenade near the public plaza. There is no access to the cinema from California Street because the applicant and their design team wanted the theatre entrance to activate the Central Plaza. A signature tower for the

cinema measuring 80' in height is located at the northwest corner providing a formal gateway for the project.

The upper level of this building is up to 80' in height at the Promenade and steps down to 50' at Pacchetti Way. The applicant has worked with staff and the cinema tenant to decrease the second-story volume, especially at the corner of California Street and Pacchetti Way as shown in these before-and-after renderings. Improved articulation and massing has also occurred along the California Street elevations as recommended by staff and the DRC.



Previous Rendering of Cinema/Retail Building



Current Proposal of Cinema/Retail Building

The applicant has worked with staff since the March 2014 City Council Study Session to propose an average 18' setback from the curb to the building wall along California

Street. The minimum setback is 16'4" and the maximum is 22'4". Instead of a contiguous planter strip, the applicant is proposing 5'x10' tree wells with decomposed granite every 40' along the project frontage and 8' wide sidewalks.

As you approach Pacchetti Way, a prominent corner tenant space is provided with an outdoor retail or dining area. This tenant space could be an open-air market with opportunities to bring merchandise out into the open space or could function as a restaurant space.



Recently, the applicant informed staff that they were unable to secure an agreement with the adjacent property owner to utilize a portion of their property for the outdoor plaza area at the corner of California Street and Pacchetti Way. Therefore, the plaza space has been reduced from 5,000 square feet to 3,000 square feet. Staff recognizes this area as an important gateway to the proposed project, and as such, a condition of approval has been drafted requiring the applicant to work with staff on the new design of the plaza.

The DRC supports the storefront design on California Street and the concept of having a prominent corner tenant space and outdoor area at Pacchetti Way.

California Street has an existing bike lane. In the *Public Benefits* section of this report, staff discusses the requirement of additional street dedication to allow for a separated bike lane.

Traveling Along Pacchetti Way

As one leaves the open plaza at the corner of California Street and Pacchetti Way, a pedestrian pathway leads past the corner tenant space toward Silicon Way, an internal street that leads through the



Building 5 parking structure. Based on DRC, City Council, and EPC comments, the applicant has worked on enhancing the design of the pedestrian walk between the proposed cinema and parking to ensure there is no “tunnel” effect in the garage and to provide an 8’ dedicated walkway on both sides of the drive aisle through the parking garage. Both the B/PAC and DRC have reviewed the updated designs and have recommended approval to the EPC and Council.

After crossing Silicon Way, there is a small retail tenant space intended for a bike shop and Fix-It bike maintenance area. This is the rear of Building 5, and the building is set back 12’2” to 26’ from the curb line with a 10’ sidewalk with tree grates. The building has six levels of above-grade parking and one level of underground parking—serving the hotel. The building height is 74’ not including elevator overrun areas.

Building 5 Statistics:

6 stories, 74’6”

12,373 square foot ground-level retail

1,386 total parking spaces

390,005 square feet of above-grade parking area

1 underground parking level for hotel customers



Beyond the bike shop are maintenance and utility areas for the project, which the applicant has worked with the DRC to attractively screen. It should be noted that a bank of water meters will be located behind a long screen wall behind the walkway. Utility doors for the electrical, transformer, and emergency generators are also found along this facade. As a condition of approval, the applicant will be required to work with staff and the DRC to improve the proposed design of this service area to ensure the pedestrian zone is attractive and feels open.

The proposed architectural design of the parking garage includes a system of twisted louvers attached to the wall to effectively screen the entire facade on all four sides. The applicant provided the concept, and the DRC recommended this design for approval. The louvers will add visual interest to the parking garage and provide a different building material in the project palette. The three art panels that were once proposed along this facade have been significantly decreased in size. The applicant will be

required to commission an artist to design material for these panels; they cannot be used for advertising or lifestyle images.

After crossing Disk Drive, you reach the east side of the hotel on Block 4. The seven-story, 167-room hotel will have a maximum height of 90'. The pedestrian zone on this east side of Disk Drive averages 14' but narrows to 12'9" at the southeast corner. Staff presented this issue at the March 2014 City Council Study Session and Council did not find an issue with having certain "pinch points" within the development. The corner retail tenant on Pacchetti Way and the Village Green has storefront glazing facing both Pacchetti Way and the Village Green. Strong pedestrian crossings are included at Pacchetti Way to connect Phase II to the neighboring stores in the Center, based on PPS' and B/PAC's recommendations.

Traveling Along Village Green

As one turns the corner from Pacchetti Way at the Village Green, the one-acre open space comes into view. The Village Green and the Promenade serve as the two prominent multi-modal connections for the Merlone Geier Phase I and II project. Retail and restaurant storefronts and parallel parking are provided for the entire frontage of the Village Green. Staff believes this is a design improvement over the North Parcel building approved for Phase I which had a 175,000 square foot, two-story retail building with parking at an at-grade level. The pedestrian zone along the Village Green narrows at one point to 15' but widens to as much as 34'. The average building setback measures 24'7".

The hotel lobby, restaurant, and retail spaces would be on the ground floor while the hotel rooms would be located on Floors 2 through 6. The proposed architecture complements the other buildings in Phase I and Phase II with materials and a color palette that is neutral and warm, yet contemporary in style. There is greater articulation in the hotel design and a U-shaped massing of the second-through sixth-floor plates,



View of Building 4 from the Village Green

Building 4 Statistics:

6 stories, 90'

15,000 square foot ground-level retail/restaurant

150,000 square foot hotel with 167 rooms

allowing natural light and views to all of the hotel rooms. The U-shaped building would sit on a large podium deck with a pool, spa, and other hotel amenities.

The project has been designed to complete the Village Green “main street” frontage with ground-floor retail and restaurants and a continuation of the Promenade from the Phase I development. The roadway along the Village Green is one-way and 20’ wide, which provides ample room for bicyclists and vehicles to share the road. Sharrows, signage, and pedestrian marking are proposed along the Hetch Hetchy. The B/PAC and the DRC did not recommend separate bike lanes along Pacchetti Way or the roadway along the Village Green.

Traveling Along the Promenade

The Promenade is a wide pedestrian-oriented pathway running through the core of the proposed Phase II project. Wide tree-lined sidewalks are provided along the entire Promenade. Building 1 is set back at least 14’6” from the curb line while the hotel is set back approximately 42’ from the curb.

Starting from the Village Green, the east side of the Promenade has a large outdoor dining area for a restaurant tenant as part of the hotel, then a one-way drop-off lane leading to the porte-cochere and hotel lobby. The porte-cochere will be designed with a green roof. Significant changes have been made to the project design based on PPS’ recommendations to include more seating opportunities and strengthening the pedestrian connection from the Village Green through the Promenade. The applicant shifted the pedestrian path

towards the building, creating a larger seating area and pedestrian connection at the front of the hotel. The lobby and lounge/bar area could now spill onto the sidewalk and activate the space.



View of Building 5 Parking Structure, Central Plaza, and Office Buildings from the North

Building 5 Statistics:

6 stories, 74’

15,000 square foot ground-level retail

1,480 total parking spaces

490,000 square feet of above-grade parking area

1 underground parking level for hotel customers

The west side of the Promenade has storefronts for ground-level retail or restaurant tenants in Building 1.

The entire Promenade is bounded by storefronts in Buildings 1, 2, 4, 5, and 6. The primary entrance to the cinema lobby is oriented toward the Central Plaza at the intersection of the Promenade and Silicon Way. Limited street parking is also provided along the Promenade.

Bicyclists in the Promenade will share the roadway with vehicles, similar to Phase I, which was an accepted condition by the B/PAC and the DRC.

Central Plaza

The Promenade provides a clear and direct connection between the major open space of Phase I, the Village Green, and the major open space of Phase II, the Central Plaza. The Central Plaza has been redesigned since the last EPC Study Session based on recommendations provided by PPS and City Council. Overall, the open area provides about 150' between Buildings 2 and 5, and 350' between Buildings 1 and 3. The applicant has designed the circulation network so that the Promenade section between Disk Drive and Silicon Way can be closed to vehicular traffic for special events, some evenings, and weekends, similar to how the City closes sections of Castro Street for special downtown events.

The Central Plaza is approximately 25,000 square feet and includes areas for outdoor dining and seating, an interactive water feature, retail kiosks, and an additional 391 San Antonio monument (two monuments are also proposed to be located adjacent to San Antonio Road).



A “Birthplace of Silicon Valley” monument will remain in the plaza, but the monument has been moved and placed at the top of a series of wide steps providing additional seating opportunities. A major change to the plan includes a “Jewel Building” placed at the north side of the plaza which would be a multi-functional structure measuring approximately 2,000 square feet

where food and drinks could be served; or game tables such as billiards, ping-pong, chess, or checkers can be set up for the use by the Center's patrons. Another programming idea suggested by PPS includes having several work/lounge/reading areas throughout the plaza. These areas can be used by either individuals, or small or large groups. For example, one area could be developed into a children's library area where kids could read books from a cart sponsored by a local business or organization. The "jumbotron/large video screen" feature that was presented to City Council during the March 4, 2014 City Council Study Session has been removed from the plans based on staff and DRC input.

When the Promenade is closed to vehicles, the plaza doubles in size to approximately 50,000 square feet. The plaza and Promenade are designed with a special paving treatment and a zero curb line so the entire area visually appears as one large plaza. This will provide a variety of programming and activity options.

Staff believes the plaza is proportional and adequately sized based on the heights of the surrounding buildings, particularly when the Promenade is closed to vehicular traffic. MGP states that maintaining vehicular traffic during daytime hours is necessary for the retail stores along the Promenade. MGP believes there will be sufficient pedestrian traffic to warrant closing the Promenade on weekends and weekday evenings. Staff has added a condition to the approval specifying seasonal events that would be required to be held on an annual basis such as an Easter egg hunt and Oktoberfest. The event-programming calendar will be reviewed annually by the Community Development Director to ensure the plaza space is being used as intended on an ongoing basis.

Traveling Along Disk Drive and Silicon Way

Building Separation

MGP has made significant modifications to the project plans based on EPC, City Council, and DRC direction as it relates to the proposed streetscape design for Silicon Way and Disk Drive. One significant change was to provide greater building separation between the two office buildings as well as the hotel and parking structure. At the last Council Study Session, staff asked Council to direct the applicant to provide a 60' minimum setback between the buildings, identical to the setback provided between Buildings 2 and 3 in Phase I. Council agreed that greater separation was needed but asked the applicant to work with staff on the appropriate locations and felt that "pinch points" in certain areas could be considered. As a result, the applicant is proposing a 54' to 55' setback between Buildings 1 and 2 with pinch points of 47' in some locations. The applicant is now proposing a 59' setback between Buildings 4 and 5, reducing the footprint of the hotel and parking garage buildings. The DRC has

reviewed the proposed massing and pinch points and determined that the building separation in those areas is sufficient.

Disk Drive – Sidewalks

Another significant modification to the project plans that occurred based on EPC, City Council, and DRC direction is for the applicant to strive to provide sidewalks on all sides of the street within the project site, including along Disk Drive and Silicon Way. As you turn the corner from San Antonio Road to Disk Drive, a pedestrian can access a 14' sidewalk. As the pedestrian nears the ramp and service area along Building 1, the walkway narrows to 9'8", then expands up to 23'11" near the Promenade. A 15' sidewalk with street trees is proposed along Disk Drive along Building 2.

The parking garage decreased in width by 17' in order to accommodate greater building separation with the hotel building and, as a result, creating wider sidewalks. The sidewalk measures 21' to 27' along the north side of Silicon Way along the parking garage and 16' along the hotel frontage. Both sides of the street will have trees planted in underground planters.

Silicon Way – Sidewalks

Along Silicon Way, the applicant is proposing a 37'3" setback from the building wall to the Pilling property line. A 13' walkway is proposed on the south side of Silicon Way along Building 2. This walkway is proposed to have street trees in sunken planters. A conceptual 10' wide sidewalk is shown on the north side of Silicon Way with street trees. The construction of this sidewalk is dependent on whether the adjacent property owner allows MGP to construct this sidewalk.

As mentioned earlier in the report, the applicant is now proposing approximately 8' sidewalks on both sides of Silicon Way through the parking structure. The B/PAC and DRC found the proposed enhancements to this area a positive step to providing pedestrian and bicycle access through the parking garage. As a result of all these changes, approximately 19,000 less square feet of office space; 103,000 less square feet parking garage space; and approximately 760 less square feet of hotel space are proposed.

Transportation Demand Management Plan

MGP hired Fehr & Peers traffic consultants to prepare a Transportation Demand Management (TDM) Plan which outlines measures and actions designed to reduce peak-hour vehicle trips generated by the proposed office buildings by 30 percent. Staff

cannot quantify the potential trip reduction associated with the nonoffice uses. Therefore, the required trip reduction associated with this project will be focused on the office use. For reference, Council recently approved a 20 percent trip reduction for the 625 Clyde Avenue project and a 35 percent trip reduction for Intuit's new buildings in the North Bayshore.

In order to achieve 30 percent reduction in trips, MGP proposes the following list of TDM measures in their Draft/Preliminary TDM report:

- 100% Transit Subsidy Pass Program
- Join MVTMA
- Expanded Shuttle Service and Shuttle Loading Area
- Priority Parking for Carpool and Electric Vehicles
- On-Site Transportation Coordinator
- Information Kiosk
- Car and Bicycle Sharing
- Secure Bicycle Storage
- On-Site Bicycle Maintenance/Repair Station
- Electric Bike-Charging Station
- Guaranteed Emergency Ride Home Program
- On-Site Bicycle Maintenance and Repair
- Bicycle Infrastructure
- Individualized Marketing
- Showers/Changing Facilities

- Bicycle-Share Program
- Telecommute Program

To ensure the long-term effectiveness of their TDM Plan, and their ability to provide a 30 percent trip reduction, a monitoring program will be established. Failure to meet the trip reduction established with the project would result in corrective actions to bring the trip reduction back to 30 percent, as well as fines.

MGP will join the Transportation Management Association (TMA), which could include a major shuttle line between the San Antonio area, downtown, North Bayshore, and Whisman area. Such a line will provide free transit options for the public between downtown and the San Antonio Center. The specific TDM requirements and penalties are outlined in the Findings and Conditions Report for the project. The applicant will be required to provide a final TDM report for review and approval by the Zoning Administrator prior to the Certificate of Occupancy being released for the first office building.

Traffic Impact Analysis

A Traffic Impact Analysis (TIA) was prepared for the project. The TIA estimates project trips based on the Institute of Transportation Engineers (ITE) *Trip Generation Manual* trip-generation rates for a generic office. Existing traffic counts were taken at 27 intersections around the project during both peak hours and added to the projected trips for approved “but not yet built” and “not occupied” developments in the area. The 27 studied intersections around the project site all currently operate at an acceptable level of service (LOS D or better).

The results of the traffic study found that the project would result in a net increase of 571 a.m. peak-hour trips and 839 p.m. peak-hour trips and that all the studied intersections would continue to operate at an acceptable level of service except at the intersection of San Antonio Road and El Camino Real. The addition of the project plus the cumulative condition would cause the operation of this intersection to degrade from acceptable (Level of Service (LOS) E) to an unacceptable level (LOS F). The project, therefore, would result in cumulatively significant impacts at the intersection of San Antonio Road and El Camino Real under the Cumulative plus Project condition analyzed in the Environmental Impact Report (EIR).

As described in the EIR, increased intersection capacity is required to improve operation to an acceptable LOS. The Mitigation Monitoring and Reporting Plan (MMRP) includes a mitigation measure requiring the applicant to pay a fair-share

(16.8 percent) contribution towards the future improvement at the San Antonio Road/El Camino Real intersection. This improvement/mitigation measure includes adding a second northbound left-turn lane, and will, when constructed, improve intersection operations to an acceptable level (LOS E or better).

However, because this improvement would require approval by Caltrans, the City of Los Altos, and VTA, the City cannot ensure the construction of the improvement at this time because it does not have authority over the impacted right-of-way/intersection. While the City and the applicant are committed to the construction of this improvement, if other agencies within the jurisdiction do not approve the improvements described in the MMRP, the project would result in significant unavoidable impacts at the San Antonio Road/El Camino Real intersection under the Cumulative Condition.

Heritage Tree Removal Permit

Demolition of the existing buildings and construction of the proposed project would result in the removal of seven (7) Heritage trees on-site. A majority of the trees proposed for removal are due to the location of the trees in the proposed building footprint or in the area necessary for the construction. The applicant is proposing to install 135 new 36" box trees to mitigate the loss of the seven Heritage trees.

Parking

Since March 2014, the applicant has worked on reducing the footprint of the parking structure to provide greater building separation with the hotel, resulting in wider sidewalks along Disk Drive. The applicant has also worked with staff and the cinema operator to reduce the mass of the cinema structure at the corner of California Street and Pacchetti Way by reducing the number of seats in the building from 1,710 seats to 1,410 seats. In addition to these changes, the applicant has removed the mezzanine parking area to accommodate higher ceiling heights to make the walkway more pedestrian-friendly. As a result of these design changes, the applicant's proposed scope has been reduced by approximately 117,000 square feet, consequently requiring less parking spaces. Specifically, the required number of parking spaces has been reduced from 2,740 spaces to 2,596 spaces, a reduction of 144 spaces or 5 percent.

The applicant originally proposed the use of the parking garage to accommodate some of the parking spaces required for the office buildings. Since March 2014, based on staff's direction, the applicant has agreed that none of the parking spaces in the parking garage can be striped or signed only for office users; instead, it would accommodate the retail/cinema/commercial users only. The office parking garage is including 1,174

stalls when 1,203 parking spaces are required. The applicant is permitted to use a 10 percent reduction for office parking as part of the TDM requirements, which amounts to 120 spaces. The applicant is proposing to use only 29 of those spaces as a reduction.

As part of a condition of approval for a recent Planned Community Permit, the applicant will be required to provide an additional 46 spaces for the Phase I project on the Phase II project site for the lifetime of the project. This is required to accommodate the restaurant uses in the Phase I project.

Two conditions of approval have been added to the Planned Community Permit that will assist with the long-term parking strategy for Phase II. The first condition requires the project applicant to share parking for retail/restaurant/commercial uses on the first level of the subterranean office garage on evenings after 6:00 p.m., weekends, and holidays. The other allows the Zoning Administrator to hold a public hearing to review parking supply and demand and to resolve any shortage that would require additional spaces.

MGP proposes twice the amount of required bicycle parking beyond the City's minimum ordinance requirements, as well as other bicycle incentive facilities such as a bicycle-share program and on-site bicycle maintenance and repair facility. The applicant is also proposing to prewire all the parking spaces in the parking garage and the office subterranean parking for EV charging stations. Thirty (30) charging stations will be provided in the office parking area and 12 stations will be installed in the parking garage.

Public Benefits and Infrastructure

The City Council included a public benefits requirement in the 2030 General Plan for projects between 1.85 FAR and 3.0 FAR along the El Camino Real Corridor. There is no explicit public-benefits requirement for other change areas in the 2030 General Plan. Subsequent to the adoption of the General Plan, Council has stated an expectation that public benefits be provided for projects that exceed old General Plan and zoning limits and proceed ahead of the Precise Plans.

Floor Area Ratio (FAR)

The City can require public benefits for projects proposing to exceed the General Plan's FAR in key locations. The General Plan allows up to a 2.35 FAR for the San Antonio Center and, at a prior Study Session, Council stated that 3.0 FAR could be considered at this location with significant public benefits. With no set list of community benefits,

both the EPC and City Council wanted the applicant to focus on mobility-related improvements in the area.

Phase II has an FAR of 2.51 (for reference, it would be 1.59 without the parking structure). If Phase I and Phase II are combined, the overall FAR is about 1.84, which is less than the 2.35 FAR maximum for the Mixed-Use Center.

Public Benefits

The San Antonio Area Precise Plan is anticipated to require public benefits for varying levels of FAR. Since the Precise Plan is still being developed by staff and the San Antonio Center Precise Plan consultant team, a final public benefit program is not known at this time. MGP has proposed the following items as public benefits for the project:

1. El Camino Real/San Antonio Road intersection improvements (\$750,000). The project will cause 16.8 percent of the intersection impacts and, as a result, the applicant is required to pay a proportionate share of the cost for the construction of the improvements as a mitigation measure. As a public benefit, the applicant is proposing to fund the entire cost of the improvement and forego the reimbursement of their fair-share contribution;*
2. Reimburse a portion of the construction of the Central Expressway underpass (\$750,000);*
3. Bike lanes along both sides of San Antonio Road and realignment of the median (\$3,250,000);
4. Dedication of 5' along the project's frontage on California Street to improve the existing bike lane configuration to allow for either a landscaped median or striped buffer (\$250,000);
5. Construction of a buffered/separated bike lane on California Street along the project's frontage (\$100,000);
6. Improvements to the intersection of California Street and San Antonio Road by adding a left-turn lane onto California Street (\$1,230,000);
7. Improvements to the intersection of Pacchetti Way and California Street, including but not limited to, enhanced pedestrian crossing and bike loops (\$175,000);*

8. Construction of artwork for the Birthplace of the Silicon Valley at 391 San Antonio Road (\$300,000); and
9. Upgrade the Caltrain Station to San Antonio Road Center pedestrian connection along San Antonio Road (\$400,000).*

The applicant is proposing a total of \$7,205,000 in community benefits which is at a rate of approximately \$10.48 per square foot. As a point of comparison, in addition to some infrastructure improvements, Intuit's 1.0 FAR office project provided a contribution of off-site improvement fees in anticipation of the City's adoption of a development impact fee ordinance for the Precise Plan area at a rate of approximately \$10 to \$15 per net new square foot, which can be used for future transportation and ecological improvement projects in the North Bayshore Area. The 625 Clyde Avenue 1.0 FAR office project provided a contribution for transit and bike infrastructure improvements in the Whisman area at a rate of approximately \$5 per square foot (for a total of \$365,000).

**Note: Should this proposed benefit not be constructed, the applicant will be required to provide the funding estimated to construct the improvement to the City to use for another mobility improvement in the area.*

Milk Pail Market

The Milk Pail Market property is located adjacent to the project site on California Street. During the project review process, staff, the B/PAC, the DRC, the Zoning Administrator, the EPC, and City Council have received numerous letters, e-mails, and comments requesting assistance to keep the Milk Pail Market in the Center. The existing Conditional Use Permit for the Milk Pail, which requires them to provide sufficient parking on-site or through a parking agreement with a third party, expires in 2016. Fundamentally, this is an issue between two private parties, both of which have parking standards for their properties that must be met which is consistent with City Code and the "Park-Once Environment" concept discussed in last week's Council Study Session report regarding the San Antonio Precise Plan. The existing SAC PP and the draft parking terms and principles do not eliminate each property's responsibility to meet individual parking requirements. "Shared parking" typically applies to mixed-use development whereby rather than requiring parking for each individual use, shared parking allows reduced standards when uses sharing a parking area have different peak-parking times. Shared parking and mutual-access agreements between properties allow shared parking to apply to multiple sites. A Park-Once Environment concept is where required or shared parking may be designed to help create a park-once environment by locating parking in centralized areas accessible to multiple uses. The

facilities may be available for use by multiple properties through private agreements and/or a cooperatively managed parking agency or district.

MGP and the Milk Pail Market property owners have repeatedly received input from the City to work together and resolve the situation. The EPC added a condition of approval requiring the applicant to take all available and legally appropriate steps to resolve issues surrounding the 11 required parking spaces needed for the Milk Pail Market. MGP has informed staff in the past that they have offered the corner tenant space at California Street and another tenant space in the Phase I project area. The owner of the Milk Pail Market has informed staff that the terms were not affordable and he had concerns regarding the demand for parking in the Phase I section of the Center.

In recent months, the applicant has agreed to continue to provide driveway access to the Milk Pail Market site from the proposed driveway entrance on California Street and not block it off as originally planned. A condition of approval has been added to the project requiring that access be provided and that the owner of the Milk Pail Market be required to pay for the maintenance of the subject access. In addition, in response to the EPC recommendation noted above, staff is preparing a condition of approval regarding parking for the Milk Pail at the time this report was published.

ENVIRONMENTAL REVIEW

Environmental Impact Report (EIR) Process

EIRs provide information regarding the potential environmental impacts of a proposed project and how to mitigate them to local decision-makers and the general public. The Village at San Antonio Center Project draft EIR provides the environmental review appropriate for the project in accordance with CEQA Guidelines.

Prior to approving The Village at San Antonio Center Project, the City Council must decide whether to certify the Final EIR. According to CEQA Guidelines, certification consists of three separate steps. The Council must conclude that: (1) the document has been completed in compliance with CEQA; (2) the Council has reviewed and considered the information contained in the Final EIR prior to approving the project; and (3) the Final EIR reflects Council's independent judgment and analysis.

Draft EIR

In accordance with CEQA Guidelines, a Notice of Preparation (NOP) was circulated to the public and responsible agencies for input regarding the analysis in the EIR. The

draft EIR was circulated for public review for a 45-day comment period, which commenced on March 14, 2014 and ended on April 28, 2014.

Final EIR

Copies of all responses to comments and EIR text revisions which, together with the draft EIR, comprise the Final EIR, were available to the public on June 10, 2014. The City received sixteen (16) written comment letters on the Draft EIR. Notable issues in the comment letters included: traffic, providing parking for the adjacent Milk Pail Market business, aesthetics, air quality, alternatives, public services, and recreation. There are no issues raised during the comment period that could not be addressed during the standard Final EIR process. A response to each comment and appropriate text revisions are included in the Final EIR, which is attached to this report (see Attachment 7–Draft and Final EIR). The EPC received two letters following the completion of the Final EIR regarding The Village at San Antonio Center Phase II Project. Hopkins & Carley, representing Steve Rasmussen and the Milk Pail Market, submitted a letter on June 13, 2014 and Aaronson, Dickerson, Cohn & Lanzone, representing David Pilling, submitted a letter on June 18, 2014. The following issues of concern regarding the EIR are raised in the letters: (1) Parking; (2) Alternatives Analysis; (3) Urban Decay; (4) Pedestrian/Bicycle Safety; (5) Cumulative Impacts; (6) On-Site Circulation and Queuing; (7) Flawed Traffic Assumptions; (8) Energy; (9) Responses to Comments; (10) Emergency Response; and (11) Construction Impacts. While not an official part of the EIR, the responses to these comments and the letters are attached to this report (see Attachment 11–Comment Letters Addressed to the EPC and Response to Comments).

Significant Unavoidable Impacts

The Draft EIR includes mitigation measures that will reduce most potential environmental impacts from the project to less-than-significant levels with incorporation of the project-specific mitigation measures. However, the project plus cumulative condition would result in a significant increase in vehicle delay and deterioration of traffic operation at the intersection of San Antonio Road and El Camino Real, which this project alone cannot mitigate to a less-than-significant level.

This significant unavoidable impact will require the adoption of a Statement of Overriding Considerations by the City Council at the time the Final EIR is certified. A Statement of Overriding Considerations demonstrates that the benefits of a project outweigh the significant unavoidable impacts. The benefits of the project have been included in the attached “Findings of Fact and Statement of Overriding Considerations” (see Attachment 1–Resolution Certifying EIR with Statement of Overriding

Considerations and Mitigation Monitoring Plan). It is important to note that the improvements to the El Camino Real and San Antonio Road intersection are anticipated to help resolve the issue but cannot be certified as a mitigation at this time since it involves agreement with the City of Los Altos, VTA, and Caltrans. The applicant is willing to contribute \$750,000 to make the improvements without any reimbursement.

FISCAL IMPACT

The City's share of the County of Santa Clara property taxes is currently approximately \$132,627 per year. If the site were redeveloped with the proposed project, the City would receive approximately \$850,524 in property tax revenue per year.

The City of Mountain View projected Transient Occupancy Tax and Sales Tax is expected to be approximately \$1.7 million annually.

The project is subject to the City's Below-Market-Rate (BMR) Ordinance, specifically nonresidential (office/hotel/commercial/retail) Housing Impact Fee. Payment of the required BMR In-Lieu Fee on the net new square footage would result in an estimated payment to the City of \$5.3 million.

CONCLUSION

Staff believes that the proposed project achieves the following goals for development in the San Antonio Change Area:

- The project proposes a mix of land uses, including shopping, dining, entertainment, lodging, and employment, which is encouraged for the San Antonio Center and will create destination location(s) consistent with the vision of the General Plan.
- The proposed retail space at California Street and Pacchetti Way provides an opportunity for a neighborhood-serving use or restaurant, and the scale of the proposed building helps transition the adjacent neighborhood from the higher-density development.
- The intensity of the proposed project is supported by several transit options, in addition to the applicant's commitment to a mandatory 30 percent peak-hour trip reduction for office trips and joining the TMA.

- The massing of the proposed office buildings has been reduced by providing large setbacks on the upper levels with projections on the lower levels, similar to the Fenwick & West building (400 Castro Street) in downtown.
- The project has been designed to complete the Village Green “main street” frontage with ground-floor retail and restaurants and a continuation of the Promenade from the Phase I development.
- The ground-floor commercial/retail storefronts continue around to the San Antonio Road and California Street frontages with wide sidewalks and enhanced pedestrian connections.
- The project will include a tribute to the historical events that occurred at 391 San Antonio Road.
- The applicant’s proposal to realign the median on San Antonio Road and install bike lanes on both sides of the street from El Camino Real to California Street supports City goals for improved bicycle circulation.

ALTERNATIVES

1. Continue the public hearing to a date uncertain after the approval of the San Antonio Precise Plan.
2. Continue the public hearing to a date uncertain and require the applicant to incorporate housing in the proposed development.
3. Do not adopt the EIR, finding that it is not adequate (if this alternative is followed, the rezoning and project cannot be approved).
4. Adopt the EIR, but not adopt the P District rezoning, finding that the proposed site is not physically suitable for the proposed FAR (if this alternative is followed, the project cannot be approved).
5. Adopt the EIR, zone change, and project but with modified P District standards.
6. Adopt the EIR, zone change, and project, but with modified conditions of approval.
7. Refer the project back to the EPC for reconsideration of topics related to the EIR, zone change, or development project.

PUBLIC NOTICING

The meeting agenda and Council report were posted on the City website and announced on cable television Channel 26. All property owners within a 1,000' radius and other interested parties were notified of this meeting.

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NM-GB-TB/7/CAM
819-07-01-14CR-E

- Attachments:
1. Resolution Certifying the EIR with Statement of Overriding Considerations and Mitigation Monitoring Plan, Draft and Final EIR
 2. Ordinance Amending the Zoning Map
 3. Resolution Amending the San Antonio Center Precise Plan District
 4. Resolution Conditionally Approving a Planned Community Permit
 5. Resolution Amending the Planned Community Permit for the Phase I Project at 455 San Antonio Road
 6. March 4, 2014 Study Session Memo
 7. March 28, 2014 B/PAC Staff Report
 8. June 18, 2014 EPC Staff Report
 9. EPC Summary Minutes
 10. Project Plans
 11. EPC Comment Letters and CEQA Consultants' Responses
 12. EPC-Endorsed San Antonio Center Precise Plan Amendments