



COUNCIL REPORT

DATE: May 27, 2025

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Commercial Development at 365-405 San Antonio Road and 2585-2595 California Street**

RECOMMENDATION

1. Adopt a Resolution of the City Council of the City of Mountain View Amending the San Antonio Precise Plan Related to the Transfer of Development Rights Program and Office Development Regulations and Adopting an Addendum to the Previously Certified Final San Antonio Precise Plan Environmental Impact Report and Finding that the Addendum and Previously Certified EIR Adequately Address the Potential Impacts of the Precise Plan Amendments and Related Approvals for the Commercial Development Project at 365-405 San Antonio Road and 2585-2595 California Street Project Pursuant to Sections 15162, 15164, and 15168 of the California Environmental Quality Act (CEQA) Guidelines, to be read in title only, further reading waived (Attachment 2 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Conditionally Approving a Master Plan, Planned Community Permit, and Development Review Permit for a New 182,352 Square Foot, Seven-Story Commercial Building with 150,000 Square Feet of Transfer of Development Rights from the Los Altos School District Transfer of Development Rights Program; a Provisional Use Permit to Allow an Office Use; and a Heritage Tree Removal Permit to Remove Five Heritage Trees on a 0.99-Acre Site Located at 365-405 San Antonio Road and 2585-2595 California Street, to be read in title only, further reading waived (Attachment 3 to the Council report).
3. Introduce an Ordinance of the City of Mountain View Approving a Development Agreement Between the City of Mountain View and Merlone Geier Partners IX, L.P., for the Village at San Antonio Center Phase 3 Project on a 0.99-Acre Site Located at 365-405 San Antonio Road and 2585-2595 California Street, to be read in title only, and set a second reading for June 10, 2025 (Attachment 4 to the Council report).

BACKGROUND

Project Location: 365-405 San Antonio Road and 2585-2595 California Street, on the southeast corner of San Antonio Road and California Street.

Project Site Size: Approximately 0.99 acre.

General Plan Designation: Mixed-Use Center (San Antonio).

Zoning Designation: P(40) (San Antonio) Precise Plan (SAPP).

Surrounding Land Uses:

- North—five-story mixed-use residential development (Landsby—2580-2590 California Street);
- South—six-story commercial-office building (Merlone Geier Phase II);
- East—multi-story commercial building with movie theater (Merlone Geier Phase II); and
- West—one-story service (gas) station and one- to two-story commercial (bank) building. A Council-approved eight-story residential project (334 San Antonio Road) may replace the gas station, if constructed. a

Current Site Conditions: Two small, vacant commercial buildings (totaling approximately 9,400 square feet) and a small surface parking lot.

Applicant/Owner: David Geiser, Merlone Geier Management, LLC/MGP IX SAC II MP&P, LLC; MGP IX SAC II DCP, LLC; and MGP IX SAC II EL, LLC.



Figure 1: Location Map

Project Overview

The proposed project is “Phase III” of the Merlone Geier redevelopment projects (see Figure 2, below), which have redeveloped the west side of San Antonio Center (SAC), with the project sites spanning the entire east side of San Antonio Road, between West El Camino Real (to the south) and California Street (to the north). Merlone Geier refers to the current project site and the previously constructed Phase I and II developments as “The Village at San Antonio Center.”

Since their completion, Merlone Geier has sold the original Phase I and II development areas to new owner-operators. Brookfield Properties owns the Phase II development and the mixed-use residential buildings in the Phase I development. Merlone Geier has worked in concert with Brookfield Properties to advance the Phase III project and integrate it with the existing Phase II development area.



Figure 2: Map of The Village at San Antonio Center

The proposed Phase III project includes a new seven-story commercial building with 12,970 square feet of ground-floor retail space and six floors of office space (169,382 square feet) above three levels of underground parking (see Attachment 5—Project Plans). Merlone Geier proposes shared parking and access with the Phase II development, including use of the existing visitor/retail parking in the aboveground parking garage. The project’s underground office parking levels will also be connected to/accessed from the existing Phase II office building garage (to the south) rather than adding new garage access from adjacent public or on-site streets.

The project will use 150,000 square feet of development rights from the Los Altos School District (LASD) transfer of development rights (TDR) program and includes Precise Plan Amendments to facilitate TDR Program implementation for this project and any subsequent proposal to utilize TDR square footage within the SAPP area. The project also includes a Provisional Use Permit (PUP) for the office use and a Development Agreement (DA) is proposed, which would extend the project entitlements to a total of seven years versus the standard two-year initial entitlement term and potential two-year extension (see Exhibit A to Attachment 4).

Prior Meetings and Hearings

Gatekeeper Authorization

On January 16, 2018, the City Council authorized the City Manager to execute a Memorandum of Understanding (MOU) between the City and LASD establishing the framework for a TDR program allowing LASD to sell and transfer up to 610,000 square feet of development rights to developers for use on other sites. The LASD TDR program was the result of years of coordination between the City and LASD to support the purchase of a new school site in the San Antonio area.

The initial Gatekeeper request for this project was authorized by the City Council with the original approval of the TDR Program but expired before a development application was submitted. In December 2019, Council reauthorized the Gatekeeper request to use up to 150,000 square feet of development rights from the LASD TDR program in the proposed office project (see Attachment 6—[Council Report Dated December 3, 2019](#)), which would keep roughly 25% of the TDR created by the LASD TDR program within the San Antonio area.

Environmental Planning Commission and City Council Study Sessions

In fall 2020, the project was presented at Environmental Planning Commission (EPC) and City Council Study Sessions to solicit early project feedback (see Attachment 7—[EPC Staff Report Dated November 18, 2020](#) and Attachment 8—[Council Report Dated December 1, 2020](#)), which culminated in the following overall design direction:

- Create an inviting pedestrian environment.
- Incorporate biophilia (integrating elements of nature into the design) and landscape elements.
- Reduce the ground-floor area to increase sidewalk width.
- Comply with the site's setback regulations.

- Design the building exterior using curves to soften building edges.
- Reduce the visual size and scale of the building.
- Avoid a monolithic look.
- Create an iconic, signature building that takes advantage of its location at a key intersection.

Neighborhood Meeting

A virtual neighborhood meeting was hosted by the applicant in August 2021. Five people attended the meeting. The applicant presented the revised project design developed in response to prior Development Review Committee (DRC), EPC, and City Council input. The applicant also responded to attendee questions regarding the pedestrian amenities/infrastructure around the project (given concerns about sidewalk widths elsewhere in San Antonio Center), leasing status and feasibility of retail space in The Village at San Antonio Center, and project timing.

Design Review

Staff and the applicant reviewed the project design with the Development Review Committee (DRC) on three occasions in 2020 and 2021, with a particular focus on incorporating Council comments and design direction into the project design. After DRC input in September 2021, staff developed final design recommendations for items the applicant should continue to work on and refine. Some of these items have already been addressed in the plans, with remaining feedback incorporated into the staff-recommended design conditions of approval. A summary of the major plan revisions and final design recommendations is provided in the Analysis section below.

Administrative Zoning Public Hearing—Development Agreement

On March 23, 2022, the Zoning Administrator (ZA) held a public hearing on the DA request and recommended approval to the City Council. One member of the public spoke to express concern on the widths of the proposed public walkways not being wide enough around the project site. As this public hearing was limited to the project DA, the comment was noted and the speaker was also informed of the upcoming EPC and Council public hearing dates for the project. The project's pedestrian environment was discussed in the subsequent EPC report and public hearing and are also described in more detail in the staff analysis below.

EPC Public Hearing

On April 20, 2022, the EPC held a public hearing on the project (see Attachment 9—[EPC Staff Report Dated April 20, 2022](#)), where the EPC unanimously recommended adoption of the

Environmental Impact Report (EIR) Addendum and Precise Plan Amendments and conditional approval of the development project.

Two members of the public spoke at the hearing and were opposed to the project based on concerns about the proposed development's traffic impact on existing conditions and deficiencies (on San Antonio Road in particular), Caltrain capacity, PG&E failures, telecommunication limitations, and inadequate electric vehicle (EV) charging stations in the area. Two additional written comments were received ahead of the EPC meeting expressing concern with the revised building architecture and sidewalk widths (see Attachment 10—Public Comment).

Discussion of the project's design, pedestrian environment, and traffic analysis is provided later in this report. Staff notes other concerns, such as PG&E failures, are not specifically related to the project, but the concerns were forwarded to Public Works Department staff for their consideration and follow-up.

Project Update

This project was originally scheduled for City Council hearing in 2022, following the ZA and EPC recommendation hearings. However, the project was paused to allow time for the applicant to evaluate project feasibility, renegotiate with development partners, and to coordinate with LASD to revise the TDR Purchase Agreement payment/purchase timing, all largely as a result of development market impacts from the COVID-19 pandemic, particularly for office projects. In late 2023, the applicant requested staff restart to the project review, including minor applicant-proposed revisions to the draft DA, as discussed later in this report.

In addition to reviewing the requested DA revisions, staff has analyzed the project against regulatory changes that have occurred since the EPC recommendation in April 2022. In summary, staff identified the following regulatory changes, which necessitated nondiscretionary review and update to the project plans, draft conditions of approval, and/or project action:

- Assembly Bill (AB) 2097: This state law went into effect on January 1, 2023 and added Government Code Section 65863.2, which limits parking requirements that a City may impose on projects located within one-half mile of public transit. The Analysis section of this report provides more detailed explanation of the impacts of this law on the project and City Council action.
- Updates to the Mountain View City Code/Requirements: The City has adopted new codes, updated standard conditions of approval/requirements, and adjusted standard review procedures (e.g., electronic submittals, review authority, etc.) since the project was recommended by the EPC. Most significantly, these updates include updated Building/Fire

and Green Building/Reach Codes (effective January 1, 2023). The EPC-recommended project conditions of approval have been updated to reflect these current City Codes and standard project requirements.

- **PG&E Transformer Requirements:** PG&E has become increasingly stringent in its review and approval of electric and gas service equipment in development projects. Specifically, PG&E has not approved underground transformers for recent development in Mountain View. The project reviewed by the EPC included underground transformers along Silicon Way (on-site street). Based on recent PG&E direction, Merlone Geier has updated their drawings to show a new aboveground ground transformer room within the proposed building. This change did not result in any reduction in ground-level retail-commercial square footage or increase in the overall building area of the project. A condition of approval has been added to work with staff on the final design of these changes, pending final PG&E review of the electrical service during the building permit process.

ANALYSIS

General Plan

The project site is within the San Antonio Change Area and has a General Plan Land Use Designation of Mixed-Use Center, which promotes: “pedestrian-oriented mixed-use centers with integrated, complementary uses such as entertainment, restaurants, residential, department stores and other retail, office, hotels, convention/assembly and/or civic uses and public spaces that draw visitors from surrounding neighborhoods and the region.”

The proposed project is consistent with the General Plan’s vision for the area, which includes allowing office and retail/commercial uses in the San Antonio Change Area and promotes the following General Plan policies:

- **LUD 21.1—A mix of land uses.** Support a mix of commercial land uses serving the neighborhood and the region.

The project includes new retail-commercial tenant spaces (approximately 13,000 square feet) and office area in a new building which replaces existing vacant retail and commercial buildings/sites (9,400 square feet). The project also redevelops the last remaining underutilized parcels in the western half of San Antonio Center, completing a third phase of the “Village at San Antonio Center.” The three phases of the project include all of the allowed land uses under the Mixed-Use Center land use designation: office, retail, and personal services, lodging, entertainment, parks and plazas, and multi-family residential.

- **LUD 21.3—Improved connectivity.** Promote improved connectivity to adjacent neighborhoods, destinations, and downtown.

The project includes new, wider public sidewalks and planter strips as well as on-site circulation/active frontage area that meets or exceeds SAPP circulation requirements. These areas improve connectivity to surrounding neighborhood areas and tie into existing public and on-site improvements constructed as part of the prior Merlone Geier Phase II development to improve access to destinations within the SAPP area.

- **LUD 22.1—San Antonio Center transformation.** Support the transformation of San Antonio Center into a regional mixed-use and commercial destination.

The project includes new retail-commercial tenant space, exceeding existing square footage on the project site, to retain commercial business opportunity in San Antonio Center. The proposed tenant spaces include exterior active use area for future businesses, continuing a development pattern that transitions San Antonio Center from its auto-oriented past to a more people-focused future. The proposed office area in the project is consistent with the overall office development cap in the SAPP and provides additional daytime population to support existing and future commercial businesses in San Antonio Center.

- **LUD 22.4—Pedestrian-oriented design elements.** Ensure that developments include pedestrian-oriented design elements such as accessible building entrances, visible storefronts and landscaping.

The project includes several ground-floor retail-commercial storefronts, other accessible building entries, active use frontages that future businesses and visitors may utilize, on- and off-site landscaping, art, and other amenities to improve pedestrian comfort and provide visual interest and opportunities for engagement.

San Antonio Precise Plan

SAPP Amendments

The staff- and EPC-recommended SAPP amendments are needed to implement the City Council-authorized LASD TDR program in the SAPP area and facilitate approval of the 150,000 square feet of TDR proposed to be used in this project. Proposed modifications to the SAPP are shown in full within Attachment 2 to this Council report and summarized below. A majority of the EPC and Council have been supportive of this overall approach to Precise Plan Amendments implementing the TDR program and this project, based on input and direction at earlier meetings.

LASD TDR Program

The existing SAPP was adopted before the LASD TDR program was established and highlights the potential for a future TDR program through supportive policies encouraging creative partnerships for the development of a public school as well as placeholder TDR program language requiring subsequent Precise Plan Amendments. The proposed Precise Plan Amendments will replace the existing TDR program language with specific regulations and procedures for the LASD TDR program. The proposed language will facilitate City review and approval of this Phase III development project as well as any future TDR project in the SAPP area. The proposed SAPP language is modeled on the TDR program language from the East Whisman Precise Plan while also addressing the LASD school site (TDR program “sending site”) location within the SAPP area.

Office Development Regulations

The existing SAPP includes an office development cap, limiting net new office development to 600,000 square feet total in the SAPP area, of which up to 400,000 square feet may occur within the Northwest San Antonio (NWSAC) Master Plan Area, where the project site is located. Currently, nearly 381,000 square feet of net new office area could still be developed under the SAPP office development cap, including around 39,000 square feet remaining in the NWSAC Master Plan Area.

The project proposes approximately 169,000 square feet of office area and cannot be built in the NWSAC Master Plan Area without a Precise Plan Amendment to the office development regulations. The proposed amendments would create a new exception to allow a project to exceed the NWSAC Master Plan Area office cap specifically through the use of LASD TDR square footage but would leave the overall office development cap in place. If the proposed project is approved and constructed, at least 212,000 square feet of additional net new office development could be built elsewhere in the SAPP area under the existing office development regulations.

TDR Project Exceptions and Implementation

This project is one of several Gatekeeper projects authorized by the City Council in 2019 to participate in the LASD TDR program. As a result of Council-authorized TDR square footage, TDR projects generally include floor area beyond what would otherwise be allowed by the applicable underlying zoning regulations and require exceptions to Precise Plan standards to accommodate the additional TDR square footage, unless the Precise Plan includes provisions to accommodate such TDR development. As such, the SAPP amendments include regulatory language to allow certain exceptions from standards necessary to accommodate the receipt and use of TDR square footage by development projects in the SAPP area.

In addition to the office development cap exception, this project proposes to invoke exceptions to height and floor area ratio (FAR), as explained below, which would be allowed through these Precise Plan Amendments. Since project implementation is predicated on TDR purchase, conditions of approval will require the applicant to provide documentation of the TDR square footage purchase prior to the issuance of building permits. The vesting of the TDR square footage on the property will be memorialized through a recorded legal agreement.

SAPP Compliance

The project is located in the SAPP, which implements General Plan change area direction through detailed policies, programs, circulation plans, land use tables, development standards, and design guidelines. An essential goal of both the General Plan and SAPP is achievement of pedestrian-focused redevelopment to revitalize San Antonio Center with a new range of commercial and residential uses. The proposed project, particularly viewed in context to the prior Phase I and II developments, broadly satisfies these objectives.

Provisional Use Permit

The proposed project includes a PUP to allow office use, as required by the SAPP. As part of the original actions to establish the LASD TDR program, Council allowed TDR square footage to be used in both commercial and residential projects. The proposed project will place new office space in close proximity to regional transit services, will not cause more office area to be developed in the SAPP than allowed by the overall office development cap, and supports creation of a new school site in the SAPP by purchasing a significant amount of LASD TDR square footage and keeping the TDR square footage within the SAPP area. The project also provides new ground-floor retail-commercial space in a prominent SAPP location and outdoor amenity space, which avoids creation of a closed office campus environment. As the project meets the above-noted objectives and requirements defined for office uses in the Mixed-Use Center Subarea of the SAPP, staff and the EPC supported the proposed PUP.

Development Standards

The project complies with the applicable SAPP Mixed-Use Center Subarea development standards, as shown in Table 1 (below) and excluding two permissible exceptions.

Table 1: Compliance with SAPP Mixed-Use Center Subarea Standards

Standard	Requirement	Proposed
FAR (Max.)*	Base FAR: 0.35 Tier 1 FAR: 0.75 with public benefit	4.22
Height (Max.)*	6 stories/75' 8 stories/95' with public benefit	7 stories/95'
Setback (Min.)	San Antonio Road/ California Street: 18'	Floor 1: 31'-33' Floors 2-4: 18'-23'
	Promenade/ Silicon Way: 10'	Floor 1: 10'-18' Floors 2-4: 10'-18'
	Building Area Above 55': Additional 10' setback on 80% of the frontage	Floors 5-7: 11'-30' (complies)
Ground Floor Height (Min.)	14'	14'
Auto Paving (Max.)	40%	4%
Usable Open Space (Min.)	15% (omit landscape)	Public: 37% Private: 27%
Landscape Area	N/A	Public: 7% Private: 13%

- **FAR Exception:** The SAPP allows commercial developments up to 0.75 FAR (with public benefits), which would allow 32,352 square feet of commercial-office space in this project. With the addition of 150,000 square feet of LASD TDR floor area, the project is proposing 182,352 square feet (4.22 FAR). The FAR exception is needed to accommodate the LASD TDR floor area.
- **Height Exception:** The SAPP permits heights up to six stories/75' or eight stories/95' on a case-by-case basis with provision of public benefits. The proposed project requires a height exception to allow a seven-story, 95' building to accommodate the LASD TDR floor area with no additional public benefits provided. Staff supports this exception without further provision of public benefits as it is needed to accommodate the LASD TDR square footage and is consistent with prior Council direction to not require community benefits for TDR floor area. Moreover, the LASD TDR Program MOU memorializes the City's commitment to "not impose any additional public benefit requirement on any floor area granted by virtue of the purchase of TDRs."

Project Design

After the fall 2020 EPC and City Council Study Sessions, the applicant redesigned the project with particular focus on addressing feedback that the previous design was too rectangular, monolithic, and ordinary and that it needed to create a stronger gateway presence at a key intersection rather than mimicking the design of the existing, adjacent office buildings. The project massing and architecture were revamped to address this sentiment and other detailed design direction noted earlier in this report.



Figure 3: Previous Design



Figure 4: Proposed Design

The revised design uses varied curvilinear wall planes and terraces to create a unique building form intended to anchor this prominent corner and differentiate itself from adjacent buildings. The design maintains the covered ground-level active space concept that was strongly supported in prior design iterations while adding wider sidewalks (particularly on Silicon Way), increased setbacks (particularly along the east-side Promenade), and other design refinements to the covered/partially covered pedestrian-scaled outdoor space and pathways around the building. An art installation is also planned at the main building corner (California Street and San Antonio Road intersection).

The east side of the site includes a wide breezeway between a proposed standalone single-story “jewel box” retail and the rest of the building ground-floor area, which leads to the large existing plaza in the Phase II development. The stone-clad second through fourth floors project beyond the ground floor to create a protected ground-level outdoor space, with the stone cladding used to provide a stronger visual presence for these lower building levels. Glassier wall materials,

private office terraces in upper-floor step-backs, and landscaping are employed around the top floors of the building to modulate the building facade, deemphasize upper-floor massing, and provide usable open space for office tenants.

As noted earlier, the project design received substantial input from staff, DRC, EPC, and the City Council over the course of the project review. Key elements of the proposed design have already been revised to address or partially address prior input, while other items require further refinement and have been included as design conditions of approval in Attachment 3. Key areas of design refinement have included and will continue to focus on: shifting building mass to upper floors to provide wider walkways and setback compliance; lighter, glassier treatment of the top-most floor; dynamic patterning of limestone materials on the second through fourth floors to strengthen the middle floors as a cohesive unit; and storefront and streetscape redesign to provide more interesting, textured materials and more naturalistic landscaping.

Open Space and Pedestrian Areas

The project proposal includes 18,662 square feet of ground-level, publicly accessible active space, including 2,879 square feet of planting area. In order to foster an improved pedestrian-oriented environment, the applicant increased exterior open space and widened pathways through increased ground-floor setbacks around the building. Streetscape improvements include minimum 8' sidewalks with landscape strips along San Antonio Road and California Street and minimum 6' sidewalks with tree wells along on-site roadways (the Promenade and Silicon Way).

The sidewalk widths noted above comply with SAPP requirements and represent minimum path dimensions clear of any obstructions. Functionally, all four project frontages include improvements that expand the minimum 6' and 8' sidewalk widths through breaks in planting areas located adjacent to public sidewalks that create wider passing zones and access to on-site amenity areas. Along on-site roadways (the Promenade and Silicon Way), additional building setbacks provide for paths much wider than 6' that are periodically interrupted by a building column, street furnishing, or street tree along these roadways (see Figure 5). The outdoor gathering and circulation spaces located along three of the building sides provide additional circulation area separate from the public sidewalks. Cross-section diagrams further illustrate the proposed pedestrian paths and exterior programming layout (see Sheets L4.01 and L4.02 of Attachment 5—Project Plans).

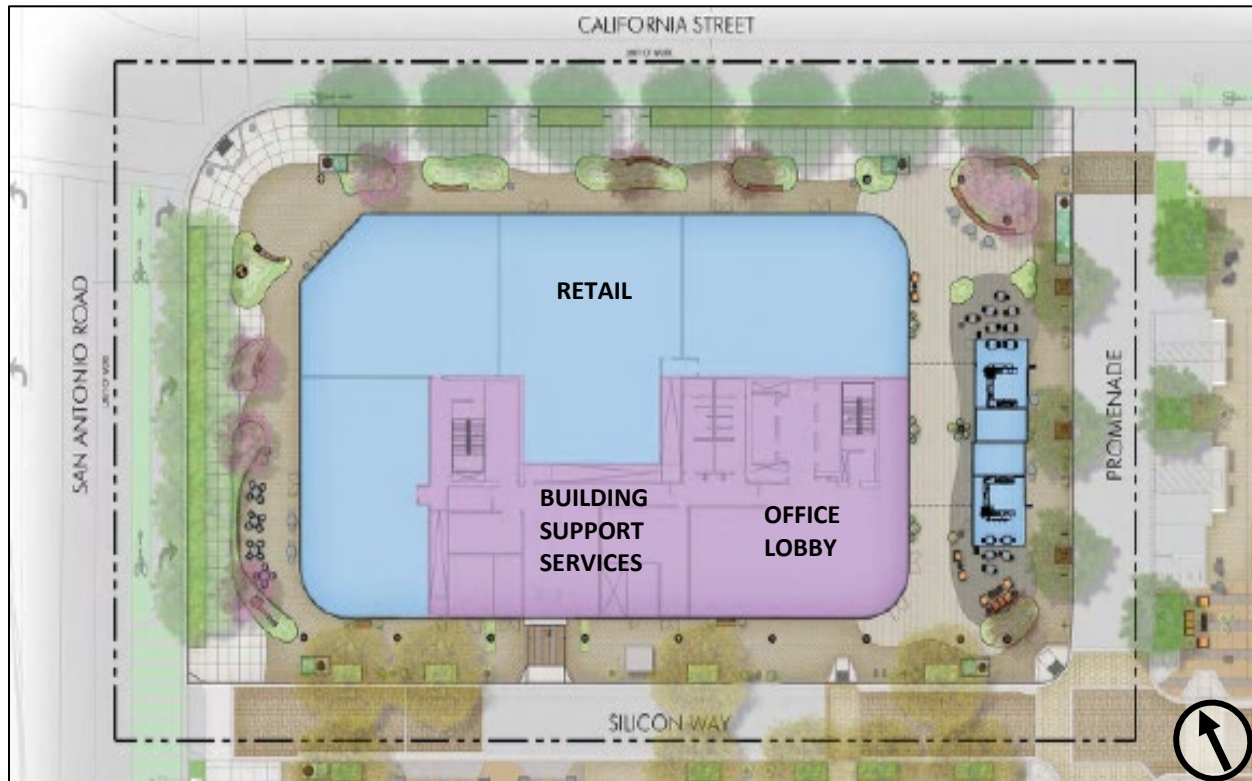


Figure 5: Site (Ground Level) Plan

Private landscaped open space areas are proposed within large terraces on the fifth and seventh floors with other smaller landscaped open space areas on other building floors. These private open space areas reduce the apparent building height and mass, in addition to providing amenities to future office tenants/users.

Transportation

As part of this project, a Multi-Modal Transportation Analysis (MTA) was prepared by Fehr & Peers transportation consultants. The MTA provides project-specific analysis and supplemental review of the project's multi-modal transportation improvements. The MTA evaluates whether the proposed development would cause any new or substantially worsened traffic or transportation impacts as compared to the original Final SAPP EIR, which analyzed anticipated SAPP build-out, inclusive of the amount of commercial-office square footage proposed in this project. The SAPP EIR identified City policies, mobility plans, and mitigation measures to address transportation conditions in the plan area.

The MTA found the project to be consistent with the findings of the SAPP EIR with no new or substantially worsened traffic or transportation impacts as a result of the project, beyond what

had been previously analyzed in the SAPP EIR. To conform to the Final SAPP EIR, the project must implement City standard traffic-related conditions of approval and applicable mitigation measures from the SAPP EIR.

A summary discussion of the transportation analysis, the MTA, and applicable mitigation measures from the SAPP EIR are provided in the Addendum to the SAPP EIR (Attachment 1) prepared for this project.

Transportation Demand Management Plan

The SAPP requires large office projects to provide a TDM Plan reducing vehicle trips by 20% to 30%. The project proposes a combined Parking and TDM Plan with The Village at San Antonio Center Phase II development, which modifies the previously approved Parking and TDM Plan for The Village at San Antonio Center Phase II Project. The updated proposal features a 30% trip reduction and includes measures such as membership in the Mountain View Transportation Management Association (TMA), 100% subsidized transit passes for all employees (including nonoffice employees) for the life of the project, employer-sponsored shuttles, and 40 shared bicycles for office employees (see Attachment 11—Project TDM Plan).

Parking

The project proposal originally included a request for an 8.6% parking reduction, which was part of the EPC's recommendation of conditional project approval. However, since the EPC review, the State of California enacted AB 2097 (codified in Government Code Section 65863.2), which restricts the City from imposing minimum parking standards on developments located within one-half mile of public transit resources, as defined in the law. The proposed Phase III project is located less than one-half mile from the San Antonio Caltrain Station, a major transit stop. As such, the City cannot directly enforce minimum parking standards for the proposed project through Precise Plan or other zoning requirements. However, AB 2097 (Government Code Section 65863.2(f)) does allow the City to require development projects to provide EV charging and Americans with Disabilities Act (ADA) parking requirements that would otherwise apply to the project.

As a result of these AB 2097 provisions, the original parking reduction request is no longer part of the Council action, and staff has updated the EPC-recommended project findings and conditions of approval to remove references to the parking reduction or City parking requirements that can no longer be enforced. Remaining parking conditions of approval are limited to those connected to the applicant's voluntary shared parking proposal. The project will provide EV charging and accessible parking spaces consistent with current requirements.

Voluntary Office Garage Parking

The Phase III project voluntarily includes three levels of underground parking, with a total of 280 parking spaces, accessed through the underground office garage under the existing Phase II office buildings. The existing office garage has secure access points, which limit parking access to office tenants and permitted visitors during office business hours. Given the proposed shared garage access with the Phase II development, the new garage parking would be similarly secured for office tenant use. The proposed parking garage will comply with applicable EV supply charging and ADA parking requirements, as allowed under AB 2097. Employees/customers of retail-commercial tenant spaces and other visitors to the project will have access to shared parking resources within the overall Village at San Antonio development.

Voluntary Shared Parking Proposal

The applicant's proposal includes a voluntary shared parking plan between The Village at San Antonio Center Phase II and Phase III developments which together total 2,866 parking spaces to serve the office, hotel, cinema, retail, and restaurant uses within both phases.¹ Of the 2,866 total parking spaces provided in the proposed Phase III development and already constructed in the Phase II development, 1,646 parking spaces are reserved for the existing and new hotel and office uses, and the remaining 1,220 parking spaces would be available for general parking purposes by other tenants and visitors to the development. A parking analysis concluded the shared parking proposal would not cause any parking deficits, and the proposal is consistent with SAPP policies and programs to encourage parking efficiencies and shared parking between properties.

Although the City cannot directly impose a minimum parking requirement on the project pursuant to the limitations in AB 2097, staff supports the proposed shared parking plan which is consistent with the parking analysis indicating the mix of site uses (office, retail, hotel, cinema, and restaurant) and is expected to have different peak parking demands (see Attachment 12—Shared Parking Plan Analysis). Additionally, the parking analysis was conservative and did not assume any reduced parking rates due to TDM measures provided to attain the SAPP's 30% trip reduction target for the project, which could further reduce parking demand within the development area. Finally, as shown in the project plans, the applicant and Brookfield Properties will update the shared parking resources to increase the number of EV and ADA parking spaces within the existing Phase II garage, commensurate with what would have been required for the retail-commercial square footage in the Phase III project if AB 2097 was not in effect.

¹ The 2,866 parking spaces include 46 spaces that were previously required of the Phase II project to cover residual parking demand from the adjacent, older Phase I development area.

Trees and Landscaping

An arborist report was completed for the project by Mayne Tree Expert Company, Inc., and reviewed by the City arborist, which identified, measured, mapped, and rated the existing trees for preservation suitability in relation to the trees' age, health, structural condition, and proximity to the proposed structures and site improvements. The report analyzed a total of 22 on-site and City street trees, which included five Heritage trees: one American ash, one American sweetgum, one London plane, and two Jacaranda trees.

The project proposes to remove the five Heritage trees as well as eight non-Heritage trees within the proposed project footprint. The project would preserve seven existing City street trees and two on-site trees, along existing internal roadways. None of the trees proposed for removal are in good condition or California native species. The project arborist and City arborist agree the Heritage trees are not suitable candidates for preservation through transplantation due to their size and health. Additionally, the available locations for transplanting trees on-site are limited to smaller planting areas around the perimeter of the site, which are constrained by surface or subsurface improvements, including the project garage, utility trenches, and paved on-/off-site sidewalks, paths, and active use areas.

The project would plant 18 new trees, including five additional City street trees along California Street (matching the existing maple street trees) and 13 new on-site trees. The 18 new tree plantings provide for a 3:1 replacement ratio of the proposed Heritage tree removals (only) or 1.4:1 for all Heritage and non-Heritage tree removals. The planting plan includes 15 (36" box) trees, which exceeds the City's minimum 24" box size for tree plantings. Currently, four of the new trees would be California natives, and many other native plants are included in the plant palette. A condition of approval was recommended by the EPC to achieve a minimum 75% of the proposed tree and plant species will be California natives in keeping with Council's expressed goal for native landscaping. As currently designed, the project complies with the City's Water Conservation in Landscaping Regulations. Staff also anticipates working with the applicant to add small trees to upper-floor balcony areas.

The following table shows the existing and estimated future tree canopy coverage on the site.

Table 1: Tree Canopy Coverage

	Canopy Coverage
Existing	8%
Retained Plus New After Five to 10 Years	13%
Retained Plus New at Maturity	25%

Public Benefits

The project will provide public benefits according to the SAPP Public Benefit Program requirements for a Tier 1 project. The SAPP allows Base FAR projects (up to 0.35 FAR) without any public benefit program requirement and requires any project proposing additional Tier 1 FAR (up to 0.75 FAR for commercial projects) to include a voluntary public benefit proposal in exchange for the additional floor area allowance. The project proposes a monetary contribution for the net new building area between 0.35 and 0.75 FAR (approximately 7,850 square feet), which would be aggregated with public benefit contributions from other projects for use in capital improvement projects benefiting the community in the SAPP area.

Per prior Council direction on the LASD TDR program, the project does not propose public benefits for the 150,000 square feet of LASD TDRs as those were considered by Council to be a benefit on their own. If the project is approved and Merlone Geier proceeds with developing the project, the purchase of 150,000 TDR square feet would create \$19.5 million in revenue for the LASD TDR Program.

Development Agreement

To allow for flexibility in the timing and phasing of this project, Merlone Geier is requesting approval of a DA. A DA is a voluntary contract, authorized by state law and entered into between a public agency and a project developer/owner, through which land use entitlements can be vested in local ordinances and plans (i.e., zoning/General Plan amendments, new exactions, etc.) for the duration of the DA's term to allow the project to be implemented over time (typically in recognition of substantial public benefits to be provided by the project). The applicant has requested a DA term of seven years and proposes to provide the City with \$500,000 in public benefit funds for the DA (see Attachment 4—Ordinance Approving a Development Agreement) in addition to the public benefits required for Tier 1 FAR projects under the SAPP and the significant (150,000 square foot) TDR purchase from LASD.

Subsequent to the ZA recommendation on the DA, the applicant has requested the following revisions to the draft DA:

- **DA Public Benefit Fee:** The draft DA (reviewed/recommended by the Zoning Administrator) included a 35-day deadline, from the effective date of the DA, for the applicant to provide the proposed \$500,000 DA public benefit payment. The applicant requested changes to the payment timing to account for litigation or referendum exposure, which could set aside the City's project approval or substantially delay the applicant's ability to proceed with an approved project if such legal challenges are filed. Staff supports this requested change and has worked with the applicant to develop revised DA language that also addresses the

City's interests in having some certainty regarding timing of DA public benefit payment and applicant commitment to proceeding with the project in the case of legal challenge.

The revised draft DA would allow a phased payment of the DA public benefits with an initial payment of \$50,000 required within 35 days of the DA effective date, rather than the full amount. The remainder (\$450,000) of the DA public benefit payment would be paid within 10 days of "Final Approval," which is specifically defined within the DA. Generally, the "Final Approval" is the expiration of the time to file a legal challenge or referendum (tentatively 90 days from the DA effective date) or resolution of any legal challenge in favor of the project (but no later than three years from the DA effective date). Failure to pay the DA public benefit fee at the three-year mark would automatically terminate the DA.

- Transfer and Assignment: The original draft DA preauthorized assignment of the DA to Brookfield Properties if such transfer occurred within roughly three years of the DA effective date. The requested revision would start the three-year period at the "Final Approval" date. Related revisions were also made to clarify that an assignee may complete the LASD TDR purchase and thereby satisfy the owner's obligation to do so under the DA.
- Mortgage Protections: The requested revisions would allow assignment of the DA to a mortgagee who acquires title through foreclosure with no City approval required and clarifies mortgagee rights, as applicable, to proceed with implementing any aspect of the DA allowed project or to cure any default.

The extended (seven year) entitlement period of the DA is unchanged and is requested by the applicant due to uncertain market conditions. The seven-year DA term is consistent with other recently approved DAs, such as the 600 Ellis Street office development project in East Whisman, which also proposed to use LASD TDR square footage. The public benefit proposal for this DA exceeds the \$200,000 amount provided for the 600 Ellis Street project (259,095 square feet, including 80,000 TDR square feet), which also included negotiated payment of impact fees that had not yet been adopted for the East Whisman area at the time of that project approval.

There is no set formula to determine the type and amount of public benefits in a DA for a particular project. However, on the basis of proposed DA public benefit funds alone, this DA would result in a higher per-square-foot payment (\$2.74 per square foot) than the 600 Ellis Street project (\$0.77 per square foot). In recognition of the project's public benefits to the City, approval of this DA would allow flexibility in the timing of the project, extending the life of the development permits for the term of the DA of seven years, which would exceed the standard permit approval period of two years (with a two-year extension) under the City Code.

Staff reviewed the scope of the applicant-requested DA revisions with the City Attorney's Office and determined the scope of the requested changes would not require the DA request to return

to an Administrative Zoning Hearing by the ZA for a new recommendation. All proposed changes are shown in underline and ~~striketrough~~ for ease of reference in Attachment 4. Consistent with state law, a DA must be adopted by ordinance of the City Council, which requires two readings, and becomes effective 30 days after the final ordinance adoption.

ENVIRONMENTAL REVIEW

On December 2, 2014, the City Council certified a Final Environmental Impact Report for the San Antonio Precise Plan (SAPP EIR), which comprehensively evaluated the environmental impacts of the SAPP, including the overall amount of office and commercial uses anticipated in the SAPP area. Subsequent development projects have been proposed since SAPP adoption to implement the adopted vision and policies for development in the San Antonio area and have tiered off the SAPP EIR for project-level environmental review.

An addendum to the SAPP EIR was prepared to evaluate this project (see Attachment 1—EIR Addendum), including the proposed Precise Plan Amendment and Phase III development, pursuant to the California Environmental Quality Act (CEQA) Guidelines. The addendum evaluated whether any new or substantially more severe environmental impacts would occur as a result of the project, which were not already examined under the SAPP EIR. Project-specific technical studies were also prepared to provide technical guidance in the areas of air quality, cultural (historic) resources, noise, transportation, and utilities.

The addendum prepared for the project documents the determination that the proposed project would not result in new or substantially more severe environmental impacts beyond those already evaluated in the SAPP EIR with implementation of SAPP standards and guidelines, state regulations, City standard conditions of approval, and mitigation measures identified in the SAPP EIR (2014) and the 2030 General Plan and Greenhouse Gas Reduction Program EIR (2013). The EPC recommended the City Council adopt the addendum as part of the overall project recommendation from the April 2022 public hearing.

Given the time since the EPC recommendation, staff and ICF (the City's CEQA consultant for this project) evaluated the draft EIR Addendum to determine if any changes or updates would be needed. This included, but was not limited to, review of regulatory requirements under CEQA and key technical analyses, such as air quality analysis and transportation. A cover memo has been added to the EIR Addendum, which summarizes changes around/to the project that differ from descriptions in the original draft EIR Addendum reviewed by EPC (for example, the completion of the mixed-use residential development across the street from the project at 2580-2590 California Street). The memo also explains conclusions regarding the sufficiency of the EIR Addendum without further updates being required. In conclusion, staff and ICF determined on the basis of substantial evidence that the approval of the SAPP amendments and

projects would not require any substantive change to the draft Addendum's analysis or its conclusion that no supplemental or subsequent EIR is required.

FISCAL IMPACT

The project site has a current total assessed value of approximately \$21.4 million. The City's existing share of property tax is approximately \$34,000 per year. If the site is developed as proposed, the City would receive approximately \$159,000 per year in additional property tax revenue, for a total of approximately \$193,000 per year.

Pursuant to the City's Below-Market-Rate (BMR) Ordinance, the project is subject to a nonresidential (commercial) housing impact fee. Payment of the required housing impact fee for net new commercial square footage, including the 150,000 TDR square feet, would result in an estimated payment to the City of approximately \$5.29 million.

In compliance with the SAPP public benefit program, the applicant is required to provide public benefits for additional development intensity above the Base FAR for the site, excluding the 150,000 TDR square feet. The project's estimated SAPP public benefit contribution is approximately \$211,300 based on the current SAPP public benefit value. As part of the DA, the applicant will also provide an additional public benefit contribution of \$500,000 to the City.

Finally, the project is subject to the Citywide Transportation Impact Fee (TIF), with an estimated fee payment of approximately \$1,131,150 based on the current Master Fee Schedule.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information, visit the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html.

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

☒ Land development entitlements

CONCLUSION

The EPC recommended that the City Council approve the addendum to the SAPP Certified EIR and the proposed project, including the Precise Plan Amendment, Master Plan, Planning Community Permit, Development Review Permit, Provisional Use Permit, and Heritage Tree Removal Permit for redevelopment of the project site with a 182,352 square foot commercial building with ground-floor retail below six floors of office (including 150,000 square feet from the LASD TDR program), three levels of underground parking, site improvements, and removal of five Heritage trees. The Zoning Administrator recommended that the City Council approve the DA as the project will provide a voluntary public benefit contribution pursuant to the SAPP as well as an additional \$500,000 public benefit fee, purchase a substantial amount of LASD TDR square footage, and the seven-year DA term is consistent with other recently approved DAs that propose to utilize LASD TDR square footage. The proposed project is consistent with the 2030 General Plan, the SAPP, and other adopted City regulations and would help support longstanding goals for redevelopment to help establish new school and open space resources in the SAPP area through its participation in the LASD TDR program.

Moreover, the proposed project provides a mix of commercial uses, consistent with the General Plan's Mixed-Use Center designation, SAPP-allowed land uses, and the vision for transit and pedestrian-oriented development in the area. The site and architectural design of the project, including colors, materials, and architectural elements, are designed to be compatible with the evolving mixed-use neighborhood in the surrounding area and meet previously identified Council design objectives for the site. Additionally, the project would not result in any new or substantially more severe significant environmental impacts with implementation of previously adopted SAPP EIR mitigation measures and standard conditions of approval.

ALTERNATIVES

1. Approve the project with modified conditions of approval and/or revisions to the DA.
2. Refer the project back to the EPC and/or the DRC for additional consideration.
3. Deny the project, DA, and/or the SAPP amendment (which would result in project denial).

PUBLIC NOTICING

The City Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All property owners and tenants within a 750' radius and other interested stakeholders were notified of this meeting. The meeting was also announced on the City's [San Antonio Village Center](#) webpage.

Prepared by:

Rebecca Shapiro
Deputy Zoning Administrator

Amber Blizinski
Assistant Community Development Director

Approved by:

Christian Murdock
Community Development Director

Kimbra McCarthy
City Manager

RS-AB/6/CAM
803-05-27-25CR
204052

- Attachments:
1. Addendum to the San Antonio Precise Plan (P(40)) Certified Final Environmental Impact Report (EIR Addendum)
 2. Resolution for San Antonio Precise Plan (P-40) Amendments (PPA)
 3. Resolution for a Master Plan, Planned Community Permit, Development Review Permit, Provisional Use Permit, and Heritage Tree Removal Permit (Development Permits)
 4. Ordinance Approving a Development Agreement
 5. Project Plans
 6. [Council Report Dated December 3, 2019](#)
 7. [EPC Staff Report Dated November 18, 2020](#)
 8. [Council Report Dated December 1, 2020](#)
 9. [EPC Staff Report Dated April 20, 2022](#)
 10. Public Comment
 11. Transportation Demand Management (TDM) Plan
 12. Shared Parking Analysis