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Title: Staff Report for PLN2013-00045: Rezone, Planned Development, Development Agreement, and Site Plan Review to Develop an Office/Technology Campus with up to a Maximum of 500,000 Square Feet of Office and Other Related Uses Located in Multiple Buildings on the 7.3 Acre Project Site that Encompasses Four Separate Parcels, Identified as 1333 Martinez Street, Assessor's Parcel Numbers 75-47-2, 75-47-7, 75-47-3-2, and 75-42-2-1; Westlake Development Partners, LLC (Applicant); Chang Income Property Partnership, LP (Property Owner) (The development will occur in three phases consisting of three-, five- and six-story technology-focused office buildings and related site improvements such as on-site and off-site landscaping, bike path, pedestrian path, and utilities; and surface parking for the development of Phase 1. Future phases will require the construction of a multi-level parking structure.)

Indexes:

Code sections:

Attachments: 1. PLN2013-00045 Vicinity Map.pdf, 2. PLN2013-00045 Findings Planning Commission.pdf, 3. PLN2013-00045 Resolution 2014-02 Planning Commission 2-20-2014.pdf, 4. Excerpts Planning Commission Minutes 2-20-2014 Unapproved.pdf, 5. Excerpts Planning Commission Minutes 8-15-2013.pdf, 6. Exhibits A through BB, 7. PowerPoint 4A Public Hearing 2014 0407 Tech Campus.pdf, 8. PublicSubmittal 4A Public Hearing 2014 0407 Support Letters.pdf

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Staff Report for PLN2013-00045: Rezone, Planned Development, Development Agreement, and Site Plan Review to Develop an Office/Technology Campus with up to a Maximum of 500,000 Square Feet of Office and Other Related Uses Located in Multiple Buildings on the 7.3 Acre Project Site that Encompasses Four Separate Parcels, Identified as 1333 Martinez Street, Assessor's Parcel Numbers 75-47-2, 75-47-7, 75-47-3-2, and 75-42-2-1; Westlake Development Partners, LLC (Applicant); Chang Income Property Partnership, LP (Property Owner) (The development will occur in three phases consisting of three-, five- and six-story technology-focused office buildings and related site improvements such as on-site and off-site landscaping, bike path, pedestrian path, and utilities; and surface parking for the development of Phase 1. Future phases will require the construction of a multi-level parking structure.)

SUMMARY AND RECOMMENDATIONS

In April 2012, a revised San Leandro Crossings Master Plan for the development of a multi-phased, mixed use office project was presented to the City Council. The revised Master Plan included an office campus with a focus on technology immediately west of the Downtown San Leandro BART Station. The City supported Westlake Development Partners LLC's (Westlake's) revised Master Plan and found it in accord with and a vital catalyst towards implementing the City's Downtown Transit-Oriented Development Strategy (TOD Strategy) goals. The proposed high density office

development incorporates innovative high technology/economic development opportunities by uniquely leveraging the Lit San Leandro high speed fiber optic loop and the Downtown San Leandro BART station. Furthermore, the timing of the tech office campus enables the developer and the City to tap into economic opportunities generated from the recent growth of the Silicon Valley and San Francisco Bay Area high tech industries. The timing of the market opportunities coupled with the City's commitment to transit-oriented development are key factors in ensuring that this multi-phased development occurs in a timely manner.

In August 2013, at a Planning Commission Work Session, Westlake presented preliminary site plans proposing a multi-phased 340,000 to 500,000 square-foot Technology Campus. Since August, Westlake refined the project plans and provided greater detail related to site planning, building architecture, landscaping, and hardscape design. In addition, the City and the developer negotiated a Development Agreement to carry out the project and the appropriate environmental documentation was completed. At its February 20, 2014 meeting, after review of the proposed project and after closing the public hearing, the Planning Commission forwarded its unanimous recommendation to the City Council for the project's approval.

Recommendation:

The Planning Commission and staff recommend that the City Council:

- A. Adopt the Mitigated Negative Declaration for the Project;
- B. Approve the attached Ordinance to Rezone the subject site from DA-5(S) Downtown Area, Special Overlay District and PS Public and Semipublic, Special Overlay District to DA-5(S) (PD) Downtown Area, Special Overlay, Planned Development Overlay District and PS(S)(PD) Public and Semipublic, Special Overlay, Planned Development Overlay District;
- C. Approve a Planned Development and Site Plan Review, PLN2013-00045, subject to the Recommended Conditions of Approval; and
- D. Approve the Development Agreement for the project.

BACKGROUND

The site was formerly occupied by a Del Monte canning facility but has been vacant for over 40 years. The proposed project will be the first technology-oriented project of its kind in Downtown San Leandro and the first privately funded major office development in the City's Downtown Transit Oriented Development Strategy Area.

The City's partnership with Westlake began in 2008 with the original, residential-focused San Leandro Crossings Master Plan. The plan at that time included 700 housing units and through the efforts of Westlake and the City, the project was granted State Prop 1C grant funding of over \$24 million. Despite the abandonment of the residential development due to the economic downturn, Westlake played a key role in enabling the City and the nonprofit housing developer BRIDGE Housing Corporation to retain the grant by aiding in the renegotiation of the grant terms with the State. This allowed the transfer of 100 percent of Westlake's development rights for the Cornerstone project (a 200-unit multi-family residential development), along with Westlake's rights as Master Developer for the Prop 1C grant, to BRIDGE Housing. BRIDGE Housing is expected to commence

construction on The Cornerstone in Fall 2014.

A substantial amount of time and work from the City Council, Planning Commission and City and Westlake staff, along with a large number of public meetings, have occurred over the last six years to create a viable and innovative TOD development plan, overcome a severe economic recession and arrive at the current project proposal.

The proposed Technology Campus would create an opportunity for the creation of a unique “workplace district” in Downtown San Leandro for more than 1,800 new employees. The proposed buildings would provide state-of-the-art new construction, Class A office space, and an opportunity to attract and retain companies that can benefit from the high-speed broadband capability created by Lit San Leandro.

The proposed project is consistent with the goals of the City’s TOD Strategy as it creates hundreds of new, well-paid jobs within walking distance of Downtown, taking advantage of public transit opportunities, bringing new customers to Downtown businesses, and transforming a vacant site into a high density office campus and an important revenue source for the City.

The applicant proposes to construct the project to Leadership in Energy and Environmental Design (LEED) Gold standards in three phases including three five- and six-story office buildings. The proposed Development Agreement provides that construction would be a minimum of 340,000 square feet, and up to a maximum of 500,000 square feet of office floor area. The estimated development cost for Phase 1 is approximately \$50 million and will be privately financed.

Phase 1, on the attached Exhibit B, shows a six-story 131,300 square foot building that could be occupied by a single tenant, or subdivided into multi-tenant suites. It includes a landscaped “Paseo” through the middle of the site for pedestrians and bicyclists through the subject property from Alvarado Street to the BART Station. In addition, there will be landscaped and paved improvements within the Martinez Street right-of-way (north-south direction along the eastern edge of the site) to serve as a pedestrian and bicycle connection from Parrott Street to Davis Street. The off-street parking provided would be 492 spaces (approximately 3.6 spaces per 1,000 square feet of office area, plus 19 spaces for BART/public patrons).

Phase 2, on the attached Exhibit C, shows a six-story 123,400 square foot building along the northern edge of the Paseo and adjacent to the Alvarado Street frontage. A parking structure is also proposed for Phase 2. It is currently proposed to be a two-story deck above grade (although the drawings are scalable to go to a three-story) parking structure on the southern portion of the site, south of the Paseo and north of Parrott Street. The two-story parking deck scenario would provide 846 total spaces (or 3.3 spaces per 1,000 square feet of office area). The three-story parking deck scenario would provide 1,065 total spaces (or 4.2 spaces per 1,000 square feet of office area). The excess parking, above 3.0 spaces per 1,000 square feet of office, would be unbundled, available to the public, and could be applied to future Phase 3 construction.

Phase 3, on the attached Exhibit D, shows a six-story 114,000 square foot building that would be located between the Phase 1 and Phase 2 Buildings. The parking structure would scale to a three and one-half-story garage deck above grade parking to five-story parking structure. The 3.5-story garage deck above grade parking scenario would provide 1,133 total spaces (or 3.1 spaces per 1,000 square feet of office area). The five-story parking structure scenario would provide 1,651 total spaces (or 4.5 spaces per 1,000 square feet of office area). The excess parking, above 3.0 spaces

per 1,000 square feet of office, would be unbundled, available to the public, and could be applied to the project build out of up to 500,000 square feet

The proposed buildings will have a landmark presence because of their height (up to six-stories tall) and modern design incorporating clean straight lines and both square and rectangular forms (see attached Exhibits E through K). Specific attention has been placed upon the energy efficiencies of the buildings, which will be built to LEED Gold standards. The exterior design includes glass curtain walls on the north elevations and more articulated and opaque detailing on the south and west elevations to moderate heat gain.

The office buildings will be 90 feet tall to the roof parapet and 102 feet tall to the top of the penthouse on the roof, which would contain the mechanical equipment. A two-story parking structure would have the second deck at approximately 22 feet above grade and the parapet (top rail/top of wall) at 25 feet above the ground. A five-story parking structure would have the fifth deck at approximately 52 feet above grade and the parapet (top rail/top of wall) at 55 feet above the ground. The potential photovoltaic frame and shade structure would increase the roof height to 65 feet tall. Exhibits I and J provide the various massing studies and perspective views to understand the overall plans. Exhibit K includes the intended materials for the exterior design of the office buildings.

Analysis

The TOD Strategy identifies the subject property as a key opportunity site near downtown and the BART station. Although the site has been vacant for decades, its proximity to the BART station and connection to the Lit San Leandro high speed fiber optic network provide distinct advantages in today's office marketplace. The project will also convert the vacated right-of-way on Martinez Street to a pedestrian and bicycle pathway as envisioned under the TOD Strategy. The developer will pay for these publicly accessible pathway improvements.

The TOD Strategy also identifies the project area south of the proposed Paseo as severely constrained due to its long and narrow shape. It is bounded on the west and east by rail lines; the site is not useful for office development due to poor visibility from surrounding public streets. As proposed, this area is well suited as a parking reservoir for future development. There are no adjacent land uses that would be adversely affected by a multi-level parking structure in this location. While visibility and access are unsuitable for commercial/office development in this location, there is adequate access for a parking facility.

As a result of the Downtown TOD Strategy, the Zoning Code allows high density development with tall structures and lower parking requirements on the northern half of the project site. This area is zoned DA-5 Downtown Area District, which has no height limit and no maximum FAR (Building Floor Area to Site Area Ratio). The proposed development is consistent with the current zoning.

A Development Agreement was negotiated in order to provide greater certainty that all three phases will be fully developed and that the development will undertake orderly planning of public improvements and services, and public benefits such as public art, attractive urban design and landscaping, and public outdoor areas. Key points of the Development Agreement include:

- A 10-year term, with an automatic five year extension upon completion of Phase 1;
- Project Phasing milestones and development requirements (i.e., parking, minimum heights and minimum floor plate square footage);

- Vacation of and improvements on Martinez Street and West Estudillo Avenue. (The Engineering and Transportation Department will present the details of the vacation and proposed improvements separately for City Council review on May 5, 2014.); and
- Financing and creation of on-site public art, or payment of an in-lieu fee.
- Support and inclusion of the developer/property owner in the Downtown Community Benefit District.

While the Zoning Code minimum parking requirement for the site is 2.0 spaces per 1,000 square feet of office, Westlake has maintained that it will take time for the real estate market to mature and for public transit usage to increase. The potential primary tenant for Phase 1 has indicated to Westlake that it requires a higher parking ratio to retain and attract employees and provide adequate visitor parking for ongoing conferences and training on the property. Therefore, Westlake requests that the project be approved for Phase 1 with a maximum ratio of 3.6 spaces per 1,000 square feet of office/retail to meet the existing need of the potential tenant and to attract other companies that may also have higher employment densities. Subsequently, in Phases 2 and 3, Westlake will achieve a lower parking ratio of 3 spaces per 1,000 square feet of office/retail.

Staff and the Planning Commission support the proposed parking ratios in the Development Agreement as they reflect market demand. Excess parking above the maximum ratios will be unbundled and serve as needed shared public/private parking for the Downtown area. Furthermore, the construction of the parking structure in the early phases of the project could help Westlake complete all three phases by front-loading the parking to meet initial market demands and allowing for the gradual acceptance of public transit usage or alternative transit options in future phases. A fully built three phase project will more appropriately meet the higher densities, increase transit ridership and invigorate Downtown as called for in the TOD Strategy.

At its February 20, 2014 meeting the Planning Commission found the project plans and designs acceptable and unanimously forwarded a recommendation for the project's approval. In its recommendation, the Commission added some key points to the Planned Development (PD) and Site Plan Review Recommended Conditions of Approval and the Development Agreement.

Planned Development and Site Plan Review Revisions:

- In PD Condition III.C., add language requiring the east edge of the parking structure most visible to BART be densely and well landscaped to make the view more attractive for the public, particularly BART patrons in the parking lot. The Planning Commission reasoned that the landscaping would mitigate the long, tall building façade, which is primarily concrete. The Planning Commission noted that its recommended condition would create a "statement of place" along the north-south corridor parallel to Martinez Street.
- Revise Condition III. F., to require implementation of two or more Transportation Demand Management (TDM) programs/policies to reduce car trips, instead of just one.

Development Agreement Revisions:

- Remove references to residential or housing allowances and add language that any proposed residential use in Phases 2 and 3 require Planning Commission and City Council approval.
- Revise the agreement to make the "fountain" referenced under Public Art as optional.
- Eliminate off-street parking spaces in Phase 2, east of the proposed building and convert the

spaces to open space (pending Fire Department approval). Westlake revised the site plan as recommended. (See attached Exhibit BB - Partial Site Plan Phase 3 - Public Space). The revised plan includes a larger public open space on the east side of the office building, and a circular driveway to accommodate the Fire Department's access and ability to turn around.

The Planning Commission also recommended increasing the off-site public art in lieu fee payment to 2% of the total construction budget from 0.5%. Staff understands the intent of the recommendation is to create an incentive for the developer to provide the art on-site. Staff does not recommend this revision as the benefit to placing the art on-site is a more attractive and desirable project as well as ownership of the investment. Staff discussed this matter with Westlake further since the Planning Commission meeting and Westlake affirmed its intent to fulfill the art requirement on-site.

The fiscal benefits of the proposed project include:

- \$200 million investment in San Leandro assuming full build-out. \$50 million investment in Phase 1 with construction scheduled to start by end of 2014.
- Annual property tax revenue of approximately \$500,000 in Phase 1, and up to \$2 million. 12% of this new revenue goes to the City. School districts and the County receive significant benefit from the project.
- 1,800 quality jobs and the resulting annual business license tax revenue of more than \$150,000 at full-build out, \$50,000 at Phase 1.
- More than 600 construction jobs for Phase 1, and over 2,000 for full project build out.
- \$25,000 contribution to the Downtown Community Benefit District.
- An estimated \$1.6 million in building and development impact fees for Phase 1.
- Significant off-site improvements including construction and on-going maintenance of the first section of the East Bay Green Way to be built in San Leandro.
- An initial \$500,000 to \$1 million investment in on-site public art.
- Increased disposable income available to be captured by Downtown San Leandro businesses.
- High quality architecture and materials. The architecture will raise the bar for design in Downtown San Leandro, catalyzing additional investment elsewhere.

Applicable General Plan Policies

- **Policy 6.01 Downtown Plan.** In accordance with the adopted Downtown Plan and Urban Design Guidelines and the Downtown San Leandro Transit Oriented Development Strategy, ensure that new Downtown Development is attractive and creates an image conducive to revitalization.
- **Policy 6.05 Pedestrian-Friendly Environment.** Provide public and private improvements that create a safe, friendly, and pleasurable environment for pedestrians.
- **Policy 6.10 BART Station Area Revitalization.** Foster the development of the BART Station area as a mixed use "transit village," with a full complement of office, high-density residential, and retail uses, along with pedestrian plazas, open space, BART parking, and other transit facilities.

Permits and/or Variances Granted

The Planned Development, Site Plan Review (Planning Permits) and Development Agreement provide a mechanism for the City to ensure that large development projects can be made compatible

with the underlying zoning and General Plan by application of careful and imaginative treatment; ensure orderly and thorough planning that will result in high-quality urban design; and encourage the assembly of properties that might otherwise be developed in unrelated increments to the detriment of the surrounding area.

The Special Overlay Policy (or “S” Overlay) for the Westlake parcels allows the properties to be developed with maximum feasible densities and to increase transit ridership given the proximity to BART. In addition, the West Parrott sites were earmarked by the “S” Overlay to be utilized as a major parking reservoir to capitalize on the location adjacent to BART and AC Transit facilities and to support new development.

Environmental Review

This project and the associated Mitigated Negative Declaration tiers off of an Environmental Impact Report prepared for the Downtown San Leandro Transit-Oriented Development (TOD) Strategy that was certified on September 4, 2007. The Mitigated Negative Declaration encompasses a Planned Development, Site Plan Review, and Development Agreement for the proposed project (PLN2013-00045).

Project-specific impacts other than those identified in the TOD Strategy EIR are evaluated in the associated Mitigated Negative Declaration. The 28 mitigation measures identified in the Mitigated Negative Declaration would address all potentially significant project-related impacts resulting in no significant impacts. Therefore, there is no substantial evidence, in light of the whole record before the Planning Commission, that the project may have a significant effect on the environment.

Copies of the Mitigated Negative Declaration were sent to different State agencies, via the State’s Office of Planning and Research (OPR) for review. A copy of the Mitigated Negative Declaration and Initial Study is attached. The 30-day public review period established for the document was from January 20, 2014 to February 19, 2014. Comment letters were received from the California Public Utilities Commission (CPUC), Caltrans and East Bay Municipal Utilities District (EBMUD). Six mitigation measures from the CPUC comment letter were added to address safety at the at grade crossings and to the rail line where the project is adjacent to these items. The City and Kimley-Horne responded to the Caltrans comment letter that the analysis in the Initial Study and Mitigated Negative Declaration was adequate and no further analysis was required (see attached response to the Caltrans letter). EBMUD affirmed that the project will be adequately served for water supply.

Board/Commission Review and Actions

Preliminary plans were presented to the Planning Commission for review at a work session on August 15, 2013. At a public hearing on February 20, 2014, the Planning Commission considered the Mitigated Negative Declaration; Zoning Map Amendment; Planned Development/Site Plan Review; and Development Agreement for the project. The Planning Commission reviewed and voted upon a recommendation for each item, with a recommendation to the City Council to approve. Each motion was passed with a vote of 7-0. The Planning Commission made the attached findings for approval and modified the Planned Development/ Site Plan Review Recommended Conditions of Approval and Development Agreement as discussed earlier in this report. In addition, the Excerpts of the Unapproved Planning Commission Meeting Minutes of February 20, 2014 are attached.

Summary of Public Outreach Efforts

- For the April 7, 2014 City Council meeting, a legal advertisement announcing a public hearing was placed in the Daily Review, 21 days prior to the City Council meeting. Notices for the public hearing were mailed to the property owners and business owners within 500 feet of the subject property; public utility companies and agencies; and to the following Homeowner's Associations: Peralta Citizens, Peralta Creek Adobe, Pacific Plaza, Garden Terrace, Cherrywood, Camellia Court, Woodcreek, Best Manor, Farrelly Pond, Creekside, Estudillo, and Broadmoor. Placards were posted on the utility poles adjacent to the property (Martinez Street, Thornton Street, Alvarado Street and West Estudillo Avenue).
- The Planning Commission's public hearing on February 20, 2014 was similarly noticed. The project received supportive comments from two members of the public.
- As a courtesy, the August 15, 2013 Planning Commission Work Session was noticed by mail to property owners and business owners within 500 feet of the subject property, and to the Homeowner's Associations listed above.
- On the evening of July 23, 2013 the applicant presented the proposed project at a neighborhood meeting that was held at the San Leandro Main Library. Over 25 interested residents and business people were present. Notices of the neighborhood meeting were mailed to property owners and businesses within 500 feet of the subject property, and to Homeowner's Associations.

ATTACHMENTS

Attachments to Staff Report

- Vicinity Map
- Recommending Findings of Fact from the Planning Commission
- Recommended Conditions of Approval (attached to the proposed Ordinance)
- Proposed Development Agreement (attached to the proposed Ordinance)
- Mitigated Negative Declaration (with Initial Study, comments received from Caltrans, response to Caltrans, comments received from the California Public Utilities Commission and EBMUD), and the Mitigation Monitoring Plan (attached to the proposed Ordinance)
- Planning Commission Resolution No. 2014-02 Recommending that the City Council Approve the MND, Zoning Map Amendment, PD/SPR and Development Agreement for the Downtown Office Campus
- Unapproved Excerpts from the Minutes of the Planning Commission's Public Hearing of February 20, 2014
- Excerpts from the Minutes of the Planning Commission's Work Session of August 15, 2013
- Exhibit A - Project Title and Data (Sheet G1)
- Exhibit B - Site Plan Phase 1 (Sheet A1.1)
- Exhibit C - Site Plan Phase 2 (Sheet A1.2)
- Exhibit D - Site Plan Phase 3 (Sheet A1.3)
- Exhibit E - Elevations Phases 1, 2 and 3 (Sheet A3.1)
- Exhibit F - Signage Program and Parking Deck Elevations (Sheet A3.2)
- Exhibit G - Elevations - Garage Options (Sheet A3.3)
- Exhibit H - Enlarged Elevations (Sheet A4.1)

- Exhibit I - Views and Rendered 3 Level Garage (Sheet A5.1)
- Exhibit J - Views and Rendered 6 Level Garage (Sheet A5.2)
- Exhibit K - Palette for Lighting, Furniture and Materials (Sheet A6.1)
- Exhibit L - Civil Engineering Title Sheet Floor (Sheet C-1)
- Exhibit M - Civil Engineering Overall Site Plan (Sheet C-2)
- Exhibit N - Civil Engineering Phase 1 Preliminary Site Plan (Sheet C-3)
- Exhibit O - Civil Engineering Phase 1 Preliminary Site Plan (Sheet C-4)
- Exhibit P - Civil Engineering Phase 1 Preliminary Site Plan (Sheet C-5)
- Exhibit Q - Civil Engineering Phase 2 Preliminary Site Plan (Sheet C-6)
- Exhibit R- Civil Engineering Phase 3 Preliminary Site Plan (Sheet C-7)
- Exhibit S - Landscape Plan Overall Phase 1 & 2 (Sheet L101)
- Exhibit T - Landscape Plan Overall Phase 3 (Sheet L102)
- Exhibit U - Landscape Plan Enlargement Phase 1 (Sheet L201)
- Exhibit V - Landscape Plan Enlargement Phase 2 (Sheet L202)
- Exhibit W - Landscape Plan Enlargement Phase 3 (Sheet L203)
- Exhibit X - Plant Palette (Sheet L301)
- Exhibit Y - Plant List (Sheet L302)
- Exhibit Z - Landscape Features (Sheet L401)
- Exhibit AA - Landscape Sections (Sheet L402)
- Exhibit BB - Partial Site Plan Phase 3 - Public Space (Sheet SK-006-1)

Attachments to Related Legislative Files

- Attached to Minute Order:
 - Exhibit 1 - Mitigated Negative Declaration
- Attached to Ordinance:
 - Exhibit 2 - Zoning Map Amendment
 - Exhibit 3 - Planned Development and Site Plan Review Conditions of Approval
 - Exhibit 4 - Development Agreement

PREPARED BY: Elmer Penaranda, Senior Planner, Community Development Department