



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: May 24, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Matthew Lee, Public Works Director

SUBJECT: Conduct Study Session for the Southline Project and
Transportation/Infrastructure Municipal Services Agreement

BACKGROUND: The Southline Project is a 2.8 million square foot office development in the adjacent City of South San Francisco and proposes a new intersection at Huntington Avenue and Sneath Lane. This study session will provide City Council with the opportunity to review the project and terms of the Transportation/Infrastructure Municipal Services Agreement that would result in a payment of \$10.6 million to the City of San Bruno to mitigate traffic impacts of the project.

The City of San Bruno and Lane Partners (Developer) made efforts to engage the residents of San Bruno through community meetings and a resident parking program survey. Lane Partners held two virtual community meetings in 2020 and an in-person meeting on April 20, 2022. On May 3, 2022, the City of San Bruno held a virtual community meeting to provide information and an opportunity to discuss the background and new improvements being proposed with the Southline Project. Two subsequent meetings, on May 24, 2022 and June 14, 2022, are scheduled for City Council review and discussion of traffic impacts on the City of San Bruno, and the Transportation/Infrastructure Municipal Services Agreement, which provides funds from Lane Partners to the City of San Bruno for transportation improvements. The key points of the agreement will be reviewed by the City Council at this study session. Following this study session, City staff will recommend that the City Council authorizes the City Manager to sign the agreement at the second meeting.

The proposed Southline Project will be built in the City of South San Francisco and includes a new office/research and development (R&D) campus with a maximum anticipated building area of up to 2.8 million square feet (See Attachment A-Site Plan) at full build out. The project is generally bounded by Tanforan Avenue on the south, South Maple Avenue on the west and north, and Dollar Avenue on the east. The proposed project would demolish all existing on-site industrial warehouse uses and construct commercial office, life science, research and development, and mixed-use buildings including a three-story supportive amenity building totaling approximately 70,000 square feet. Commercial building heights would be subject to a maximum height of 120 feet. A three-phase development process for buildout of the project is anticipated, with Phase I consisting of approximately 700,000 square feet of office and a parking structure with 1,100 parking spaces. Phase 2 includes 3,500 additional parking spaces, which totals to 4,600 parking spaces in build out.

Access will be provided by constructing a new east-west connection road (Southline Avenue)

between Huntington Avenue and Linden Avenue through the middle of the site. The existing access of the current industrial uses to Tanforan Avenue will be removed and replaced with a linear parklet in a substantial setback. The new road will require new intersections at Huntington on the west side of the new road and Linden Avenue on the east side. A portion of the new intersection at Huntington Avenue and Sneath Lane is within the City of San Bruno (See Attachment B- New Huntington Intersection Plan). The focus of this study session will primarily be on the intersection work that utilizes San Bruno's Public Right of Way.

DISCUSSION:

All project approvals will be issued by the City of South San Francisco (SSF) except for an encroachment permit from the City of San Bruno and BART, required to construct a portion of the new Huntington Avenue intersection. Approvals from other utility agencies may also be required during construction. Development associated with the proposed project will be implemented under the proposed Specific Plan, which will establish new land use development standards and design guidelines for the project site. A Transportation Demand Management (TDM) Plan is also required which will reduce the number of auto trips by 45% taking advantage of the site's proximity to the BART and Caltrain transit stations. The required Environmental Impact Report (EIR) is discussed below.

Bay Area Rapid Transit (BART) Approvals

The existing Huntington Avenue right of way (ROW) in the area of the new intersection is owned by BART, and San Bruno has rights to fee title ownership of the roadway as part of the construction of the San Bruno BART station. The City is in the process of transferring this ROW from BART. A parcel map will be recorded to delineate the portions of the existing parcels owned by BART that will be transferred to the City and will also show all easements needed for BART infrastructure. In addition, there is a triangle shaped parcel owned by BART that is not subject to the existing agreement with the City, but is also needed for the new intersection. Acquisition of the triangle parcel (Triangle) will be the responsibility of the Developer. The Developer must obtain rights to construct the intersection from BART, which can be in the form of an interim encroachment permits granted by BART, before the City can issue a City encroachment permit to the developer to construct the new intersection. It is estimated the BART rights and/or interim encroachment permit will be provided in 2023.

San Bruno Approvals

The City of San Bruno does not have approval authority over the land use, design and EIR aspects of the project as it is within the City of South San Francisco. San Bruno will, however, need to issue an encroachment permit to allow a portion of the new Huntington Avenue intersection to be constructed in San Bruno and to connect to San Bruno streets. This encroachment permit will be part of an Improvement Agreement which sets forth the detailed design of the new intersection and conditions that must be met as part of the construction process (e.g., utilities, traffic control devices, hours of construction). Maintenance Agreements to maintain regulated stormwater treatment measures and certain improvements will be required.

In addition, the City of San Bruno has the ability to challenge the project EIR based on the impacts of the project to San Bruno residents, with the primary concern being the traffic/transportation impacts to San Bruno intersections. These impacts were addressed in a memorandum by a traffic consultant, Kimley Horn, hired by the Developer. San Bruno staff also hired a consultant (TJKM) to peer review the Kimley Horn analysis and assist with the review of

the transportation portion of the EIR. The analyses revealed impacts to five intersections which could be mitigated through intersection improvements (See Attachment C). The total cost of constructing these mitigation improvements, including cost escalation over time and contingencies, is \$3.175 million (See Table 1).

The Developer, Lane Partners, is responsible for paying the cost of the intersection improvements through negotiations with City staff. Lane Partners has agreed to make a payment to the City of San Bruno for \$10.6 million at the time the encroachment permit is issued for the new Huntington Avenue intersection improvements located in San Bruno. In exchange, the City would not challenge the project approvals, whether through litigation or otherwise. The Developer payment can be used for transportation projects as set forth in Table 1. The payment will be made under certain conditions set forth in a Transportation/Infrastructure Municipal Services Agreement. This agreement requires San Bruno City Council approval, and once approved the subsequent Improvement Agreement and encroachment permit will be ministerial approvals by staff. The major provisions of the agreement are as follows:

- The SSF project approvals include the preparation of an EIR. The EIR identifies intersections, bicycle paths, pedestrian ways and transit systems and services in San Bruno that may be adversely affected directly or indirectly by development and occupancy of the Project.
- The City and Developer have a shared interest in the efficient management of traffic and operation in San Bruno, and have agreed to work together to promote that interest, and resolve any dispute they may have regarding the Project and its impacts on San Bruno, including improvements to and efficient operation of the San Bruno Transportation Network (streets, intersections, bike paths and pedestrian walkways).
- As consideration for the City's issuance of an encroachment permit authorizing the San Bruno roadway project improvements, Developer shall pay the City \$10,600,000, which the City in its sole discretion may use to fund improvements to the San Bruno Transportation Network (set forth in Table 1). The Developer's transportation funding contribution shall be payable concurrently with the City issuing the encroachment permit to the Developer.
- A portion of the \$10.6 million is for funding the gap in the Huntington Cycle Track project. A portion of the Huntington Cycle Track project may be built by the Developer at the time the new intersection is developed. If this occurs the Developer will be subject to a maximum credit of \$278,000 against the \$10.6 million payment obligation.
- The Developer shall apply for and obtain the San Bruno approvals prior to starting any foundation work on the Project.
- The City has determined that changes to the San Bruno General Plan Transportation Element are required but are relatively minor, and the City intends to process such amendments as part of a future General Plan amendment. Amending the General Plan is not required prior to the issuance of the encroachment permit to the Developer.
- The Bay Area Rapid Transit Agency ("BART") owns two areas required for Developer's modification of the Huntington/Sneath Intersection, consisting of: 1) portions of the Huntington Avenue right-of-way (ROW); and 2) a triangle shaped one-acre parcel north of the Huntington Avenue/Sneath Lane intersection (Triangle). The City is negotiating with BART to transfer rights-of-way, and Developer has made contributions to fund City's

expenses for this effort. The Developer shall have the obligation at its sole cost to obtain rights to use the Triangle. The City agrees to continue in good faith arranging use of the ROW in a timely manner, and the City will cooperate with Developer's efforts regarding use of the Triangle. The Developer acknowledges: 1) the City does not have authority over BART and cannot control BART's willingness, process or timing to approve granting rights to use the BART Property; 2) the City's issuance of the San Bruno permits is conditioned on obtaining rights to use the BART property; 3) BART may require two separate and different processes regarding the ROW and the Triangle, which may be on different schedules; and 4) the City's issuance of the San Bruno permits may be delayed pending completion of the two BART property transfers, or issuance of interim encroachment permits by BART.

- Although the City of San Bruno may proceed with the adoption of the Transportation/Infrastructure Municipal Services Agreement now, the execution of the Improvement Agreement and issuance of the encroachment permit must wait for the completion of the BART ROW transfer, or the issuance of an interim BART encroachment permit. As a result, the Developer payment of \$10.6 million will also await the BART ROW transfer or encroachment permit, estimated to occur in 2023.
- The City currently is considering certain improvements to the San Bruno Transportation Network (Set forth in Table 1), and may consider additional or different improvements in the future. All decisions regarding selection of the improvements to be implemented, provision and timing of the improvements, and the amount of funding provided by the City for such Improvements, shall be in the City's sole discretion, with the exception of the credit for partial construction of the Cycle Track to be completed by the Developer as part of the new intersection improvements.
- In consideration of payment of the \$10.6 million transportation funding contribution, the City agrees that it will not authorize or undertake any opposition to the project including file any opposition, or seek any legal remedy in connection with approval by SSF of the Project.
- In the event the Developer decides (after the Transportation/Infrastructure Municipal Services Agreement is executed) to redesign the project such that it believes construction of the new intersection is unwarranted, the Developer will be obligated to pay the City an alternative access payment for the LOS intersection improvements set forth in Table 1, instead of the \$10.6 million payment. This is to ensure the traffic mitigations are paid for even though the City is not issuing an encroachment permit for the new intersection. Alternative access payment requires additional assessment by City staff and the Developer and still needs to be finalized. It is unlikely the Developer would choose not to build the new intersection even though it reduces the payment to the City, as the intersection is very important for vehicular circulation to and from the project, and provides better access to the transit stations which helps implement their Transportation Demand Management (TDM) Program. This improved access will be important for leasing to prospective tenants.
- There are default and remedy provisions

Transportation improvements

The transportation improvements consist of projects that are part of the development or adjacent to it, and offsite improvements within San Bruno that mitigate traffic impacts.

Project Specific Improvements being funded by the Developer consist of the following:

- Construction of the new Huntington Avenue intersection. This intersection will also improve access to the Tanforan Center, which is under new ownership and proposed for redevelopment.
- Reconstruction of the Tanforan Avenue and South Maple intersection to reduce traffic on Tanforan Avenue by closing access to South Maple Avenue. This project will also include undergrounding of overhead utilities on Tanforan Avenue.

Offsite San Bruno Improvements: Staff and the developer discussed various traffic mitigation improvements as well as bike and beautification improvements in the vicinity of the project. The total project and services list discussed is summarized in Table 1:

Table 1. Southline Transportation Improvements

| PROJECT | ESTIMATED COST |
|---|--------------------|
| Intersection Modifications - Traffic Mitigations | |
| Sneath/280 Ramp- Intersection geometry modification | \$1,700,000 |
| San Bruno / Cherry Intersection - signal & geometry modifications | \$460,000 |
| El Camino/ Sneath Intersection - signal equipment/timing | \$55,000 |
| Huntington/Herman Intersection - signalize intersection | \$460,000 |
| El Camino/ San Bruno Intersection - signal timing modifications | \$20,000 |
| Intersections Improvements Contingency | \$480,000 |
| Sub Total Intersection Improvement Projects | \$3,175,000 |
| Other Transportation Projects | |
| Police Department Traffic Control Measures | \$1,625,000 |
| Huntington/ Scott Intersection - new intersection* | \$1,200,000 |
| Street Beautification & Bicycle Projects | |
| I-380 Freeway Entrance - Landscaping | \$200,000 |
| El Camino Median - Landscaping and Entry Signs | \$1,050,000 |
| Bayshore Circle Median - Landscaping | \$1,600,000 |
| Huntington Cycle Track Phase 2 Funding Gap | \$4,200,000 |

**This is not the new intersection the Developer will build to access the project. This intersection will be evaluated and potentially constructed as part of the Scott Street railroad grade separation project. Location of the access opening may change depending on the evaluation.*

The \$10.6 million developer contribution towards these costs covers all of the \$3.175 million of intersection improvement costs. The remaining \$7.425 million of developer contribution can be used to fund all or a portion of the remaining related transportation, street beautification, and bicycle projects. The developer did not agree to fund all of the projects in Table 1, but did agree that the allocation of funds to various projects would be at the City's discretion as discussed in the agreement summary above.

San Bruno Resident Meetings

Two meetings for San Bruno residents were held recently to present plans for the project, explain potential impacts, and request input on design of the Tanforan Avenue linear parklet, and a parking program. The first meeting on April 20, 2022 focused on residents on the northern portion of the 5th Addition neighborhood north of Bayshore Circle North between Huntington Avenue East and Herman Street because they are closest to the project and will be most affected by the new buildings and linear park. This meeting presented design options for the linear park (e.g., community garden, play structure, etc.) and allowed residents to “vote” on their preferred elements. Ten residents attended this in-person meeting, and the project generally was well received. The results of the voting exercise are set forth in Attachment D. The meeting also provided the opportunity for residents to submit a survey regarding various parking controls in the area including a parking permit program. The survey was hand delivered to the residents who were the focus of the April 20 meeting and provided in English and Spanish. A Spanish translator was present at this meeting. The results of this input are set forth in Attachment E.

The second meeting on May 3, 2022 invited a wider geographic area of residents and focused more on transportation improvements, impacts and mitigations, and was conducted on an electronic video meeting platform to allow greater participation. Simultaneous interpretation in Spanish was provided. This meeting was attended by approximately 25 residents, including several San Bruno City Council Members and a Planning Commissioner. The meeting consisted of a San Bruno staff presentation and a facilitated question and answer session. The presentation included discussion of project design, and traffic impacts and mitigations in San Bruno. The questions generated from the meeting and answers provided by staff are set forth in Attachment F. The overall tone of the meeting was positive, with expressions of appreciation for the meeting and the planned improvements.

FISCAL IMPACT: Developer would pay the City \$10,600,000 through the Transportation/Infrastructure Municipal Services Agreement, which will be executed concurrently with the City issuing the encroachment permit for the proposed intersection at Huntington Avenue and Sneath Lane to the Developer. Although the City of San Bruno will not receive direct property tax benefits from the project, there will be positive financial benefits to the Tanforan area businesses from increased patronage by the project’s future employees.

ENVIRONMENTAL IMPACT: An Environmental Impact Report (EIR) was prepared to address potential environmental impacts including: Agriculture and Forestry Resources, Air Quality, Biological Resources, Cultural Resources, Energy, Geology and Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Noise, Population and Housing, Public Services, Recreation, Transportation, Tribal Cultural Resources, Utilities and Service Systems, and Wildfire. This report was prepared by SSF as the responsible agency.

RECOMMENDATION: Staff recommends that the City Council utilize the Study Session to hear presentations from the developer and staff, ask questions regarding the attached documents, and then approve the Transportation/Infrastructure Municipal Services Agreement at a subsequent regular meeting. This will need to occur prior to the actions of the City of South San Francisco City Council to approve the project design and EIR scheduled for July 2022.

ALTERNATIVES: The alternative is to not approve the Transportation/Infrastructure Municipal Services Agreement which would then eliminate the Developer's \$10.6 million contribution to traffic mitigations and the new intersection at Huntington Avenue and Sneath Lane would not be constructed. However, it would not, keep the project from being constructed as the traffic (as studied in the EIR) can be shifted eastward to Dollar Avenue in SSF and Herman Street in San Bruno.

ATTACHMENTS:

Attachment A - Site Plan

Attachment B - New Huntington Intersection Plan

Attachment C - Intersection Modifications Map

Attachment D - Resident Meeting #1 Parklet Design Elements Preferences

Attachment E - Resident Preferences for Parking Controls on Tanforan

Attachment F - 5/3 Virtual Meeting Questions and Answers