



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: June 14, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Matthew Lee, Public Works Director

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute the Transportation and Infrastructure/Municipal Services Agreement for the Southline Project

BACKGROUND: The terms of the Transportation and Infrastructure / Municipal Services Agreement for the Southline development project were considered by the San Bruno City Council at its May 24, 2022 Study Session. A detailed staff report was prepared and posted on-line for public review. This report summarizes the information in the May 24 report, but the detailed report can be accessed through the following link: [City Council Study Session Staff Report](https://www.sanbruno.ca.gov/AgendaCenter/ViewFile/Agenda/_05242022-1588) (https://www.sanbruno.ca.gov/AgendaCenter/ViewFile/Agenda/_05242022-1588).

This item is being returned to provide responses to questions asked by the City Council on May 24, 2022, and to request City Council take action on approving the Transportation and Infrastructure / Municipal Services Agreement for the Southline project prior to City of South San Francisco project approvals anticipated in July 2022 so that the City of San Bruno can receive up to \$10.6 million in developer contributions toward various San Bruno transportation projects.

This Background section will provide a high-level summary of the Southline development project and why this project which is in the City of South San Francisco is being brought before the San Bruno City Council.

The proposed project will be built in the City of South San Francisco, near the Tanforan Shopping Center by Lane Partners (“Developer”). Full build out 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 B – Site Plan). 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. Commercial building heights would range from four to seven stories 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.

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 driveways and other accesses 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 Avenue on the west side of the new road and Linden Avenue on the east side.

A portion of the new intersection with Huntington Avenue is within the City of San Bruno (see Attachment C – New Huntington Intersection Plan). As such, the City of San Bruno has approval authority over the newly proposed intersection at Huntington Avenue.

DISCUSSION: All development 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 Bay Area Rapid Transit (BART) approvals required to construct a portion of the new Huntington Avenue intersection. Approvals from other utility agencies may also be required. Development associated with the proposed project will be implemented under the proposed SSF Specific Plan, which will establish new land use development standards and design guidelines for the project site.

This Discussion section will first describe the BART and City of San Bruno approvals that are needed for the new intersection at Huntington Avenue. The major provisions of the Transportation and Infrastructure / Municipal Services Agreement that if approved would allow for the construction of the intersection and provide for \$10.6 million of developer contribution to the City of San Bruno toward transportation projects will be discussed next. The list of transportation projects that make up the contributions is provided in the Transportation Improvements subsection. The timing of the approval for the Transportation and Infrastructure/Municipal Services Agreement, which is critical for the City to receive the \$10.6 million in developer contributions, will be discussed. This section will also briefly discuss why constructing the new intersection would benefit the City.

A wide range of questions was raised by City Council during the May 24, 2022 meeting. Responses to those questions are provided as an attachment to this staff report (see Attachment E). A major discussion item was related to public outreach and community engagement. This Discussion section will summarize the extensive outreach efforts made by City staff and the developer related to the project and proposed intersection.

Bay Area Rapid Transit (BART) Approvals

BART owns two parcels required for the new intersection. 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 have the road transferred in fee title. The City is in the process of acquiring this ROW from BART as part of the Huntington Avenue Cycle Track Project. The second is a triangle shaped parcel near Centennial Trail. Acquisition of the triangle parcel will be the responsibility of the developer. Both of these acquisitions must be completed, or 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 ROW acquisitions and/or encroachment permits will not be completed with BART until winter of 2022-23.

San Bruno Approvals

The City of San Bruno will 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).

In addition, the City of San Bruno can 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. Traffic analyses revealed Level of Service ("LOS") impacts to five intersections which could be mitigated through intersection improvements (see Attachment D). It was determined that those intersections that were identified as deteriorating to unacceptable levels would do so with or without the project due to future regional growth. The Transportation and Infrastructure / Municipal Services Agreement, if approved, would provide funds to make the improvements at various intersections in San Bruno to return them to acceptable LOS. The total cost of constructing these mitigation improvements is \$2.695 million. The total payment included a cost escalation and contingency contribution for capital projects in the amount of \$480,000 (see Table 1).

The project EIR evaluated the project with and without the new intersection. San Bruno staff and consultants retained on behalf of San Bruno determined that installing the intersection was preferable because traffic would be directed to the main arterial streets rather than narrow local roads. Approving the Transportation and Infrastructure / Municipal Services Agreement would allow for the construction of this new Huntington Avenue intersection, as well as provide San Bruno with \$10.6 million in developer contributions.

Transportation and Infrastructure / Municipal Services Agreement Provisions

The Developer is responsible for paying the cost of the new Huntington Avenue intersection through negotiations with City staff. In addition to paying for the new intersection improvements, 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 is based on the transportation projects as set forth in Table 1. The payment will be made under certain conditions set forth in Transportation/Infrastructure Municipal Services Agreement. This agreement requires San Bruno City Council approval, and once approved the subsequent Improvement and Maintenance Agreements and encroachment permit will be ministerial approvals by staff.

The Transportation and Infrastructure/Municipal Services Agreement will need to be approved prior to the actions of SSF City Council to approve the project design and EIR scheduled for July 2022 for the City of San Bruno to receive \$10.6 million in developer contributions.

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 of the San Bruno transportation network and have agreed to work together to promote that interest by entering into a Transportation and Infrastructure/Municipal Services Agreement ("Agreement") to fund improvements to the San Bruno transportation network, and resolve any dispute they may have regarding the LOS traffic impacts of the Southline Project.

- 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 core and shell construction 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.
- Property interests in two Bay Area Rapid Transit Agency ("BART") parcels must be acquired before San Bruno issuance of an encroachment permit for the new intersection. The parcels require two separate and different acquisition processes which may be on different schedules. The City's issuance of the encroachment permits may be delayed pending completion of the two BART property transfers, or issuance of interim encroachment permits by BART. As a result, the Developer payment of \$10.6 million will also await the BART ROW transfers or encroachment permits, 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 without the new intersection, the Developer will be obligated to pay the City an alternative access payment not less than \$2 million and no more than \$6.5 million (instead of the \$10.6 million payment). The amount will be determined by negotiation between the City and Developer based on a traffic analysis of LOS intersection impacts as a result of the dispersal of traffic without the benefit of the new intersection. This is to ensure the traffic mitigations are paid for even though the City is not issuing an encroachment permit for the new intersection under this alternative. 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
Sub Total Intersection Improvement Projects	\$2,695,000
Street Beautification & Bicycle Projects	
Bayshore Circle Median - Landscaping	\$1,600,000
Huntington Cycle Track Phase 2 Funding Gap	\$4,200,000
Sub Total Street Beautification & Bicycle Projects	\$5,800,000
Additional Cost Escalation/Contingency Contribution for Capital Improvements	\$480,000
Other Transportation Projects	

PROJECT	ESTIMATED COST
Police Department Traffic Control Measures	\$1,625,000
Total Project Commitments and Additional Funding	\$10,600,000

The \$10.6 million developer contribution covers the cost of \$2.695 million in intersection improvements, \$5.8 million in related street beautification and bicycle projects, \$480,000 in contribution toward cost escalation and contingency of capital improvements, and \$1.625 million lump sum payment for Police traffic control measures costs.

May 24, 2022 Questions and Public Outreach / Community Engagement

San Bruno City Council asked a range of questions on the project during the May 24, 2022 study session. Responses to questions are provided in Attachment E. Heightened interest was on the public outreach and community engagement by staff and the developer.

Between May 2020 and June 2022, and including the meeting presenting this agenda item, the City of San Bruno, the Developer, or SSF hosted 8 meetings where the San Bruno community was noticed and invited to attend. Attachment F provides the list of meetings, the dates, and brief discussion of the meeting that have occurred. Attachment F also shows a pre-construction meeting the Developer plans to host on June 22, 2022 with the public in response to feedback regarding construction impact concerns. It is anticipated SSF will consider approving the Southline project in July 2022.

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. A more detailed summary of these meetings can be found in the staff report for the May 24 City Council Study Session.

The first meeting on April 20 focused on Tanforan residents 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. Parking surveys were hand delivered to approximately 100 residences closest to Tanforan Avenue bordered by Huntington Avenue East, Tanforan Avenue, Bayshore Circle North, and Herman Street.

The second meeting on May 3 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. Notices were mailed to approximately 325 residences and business bordered by Huntington Avenue East, Tanforan Avenue, San Mateo Drive and I-380 freeway. This meeting was attended by approximately 25 residents, including several San Bruno City Council Members and a Planning Commissioner. A summary of the comments and questions are set forth in the report for the May 24 Council Study Session. The overall tone of the meeting was positive, with expressions of appreciation for the meeting and the planned improvements.

In addition to the public informational workshops, the City and the Developer has conducted multiple outreach efforts regarding this project in English and Spanish. In addition, this project

has been posted on both the San Bruno's and SSF's Development webpages, and the Developer has maintained the Southline coUrbanize webpage as a forum to provide updates on the project and receive feedback from the public.

Finally, the City has conducted targeted outreach for this June 14 Council agenda item and sent out notification mailer notices to San Bruno approximately 325 residents and businesses previously noticed, and an additional approximately 30 parcels that were identified to be within a 1000-foot radius of the intersection, with mailers provided in English, Spanish, Chinese, Japanese, Tagalog, Hindi, Arabic, and Russian. The Developer hand delivered notices door to door to the approximately 100 residences closest to the project. San Bruno posted the meeting notice on its social media sites and emailed participants of in-person meetings that provided email addresses, as well as those who provided email addresses as part of survey responses. More information regarding the City's outreach efforts is detailed in Attachment E.

Given the extensive outreach efforts and mailers sent regarding public meetings on the project, San Bruno residents and businesses in the area have been provided multiple opportunities to learn about the project and the proposed intersection, ask questions, and provide input. During the public meetings, feedback has been positive about the project, the developer, and the improvements on Tanforan Avenue. Staff has provided information regarding the proposed intersection and response from residents ranged from neutral to very positive.

FISCAL IMPACT: Should the Transportation/Infrastructure Municipal Services Agreement Developer be executed, the Developer would pay the City \$10,600,000 (less the Cycle Track credit) when the City issues 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 authorize the City Manager to execute the Transportation and Infrastructure Municipal Services Agreement for the Southline Project in substantial conformance with the foregoing terms on behalf of the City.

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 San Bruno transportation and beautification projects; 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.

If the Council does not approve the Agreement and no settlement is reached, then in order to protect the City's interests the Council should direct staff to identify additional comments on the Project's CEQA review and objections to the Project, and submit them to the City of South San

Francisco before it considers approving the Project.

ATTACHMENTS:

Attachment A – Resolution

Attachment B – Site Plan

Attachment C – New Huntington Intersection Plan

Attachment D – Intersection LOS Maps

Attachment E – 5/24/2022 Study Session Questions and Answers

Attachment F – List of Public Outreach / Community Engagement Events