

City of Brisbane

Agenda Report

TO: City Council via the City Manager

FROM: Community Development Director

SUBJECT: **Sierra Point Biotech Project (Cases ER-3-05, GPA-2-05, RZ-2-05, DP-6-05, UP-12-07, DA-1-07)**

DATE: Meeting of March 17, 2008

City Council Goals:

1. To promote economic development that stabilizes and diversifies the tax base.
2. To preserve and enhance livability and diversity of neighborhoods.

Purpose:

The City Council is considering a proposal by HCP Brisbane LLC. to develop a biotech complex at Sierra Point, encompassing approximately 540,185 square feet in 5 buildings on approximately 23 acres easterly of Shoreline Court and southerly of Sierra Point Parkway. The project also includes 15,000 square feet of retail along Sierra Point Parkway, 1,801 parking spaces, including a 5-level, 961-space parking structure, and extension of the Bay Trail.

This matter was continued from March 3, 2008 to allow for further consideration of several issues raised at the meeting, as discussed below. A detailed description and analysis of the project can be found in the attached March 3, 2008 City Council report and related attachments.

Recommendation:

That the City Council:

1. Adopt Resolution 2008-10 certifying the final EIR and making the findings required pursuant to the California Environmental Quality Act;
2. Adopt Resolution 2008-11 approving General Plan Amendment Case GPA-2-05;
3. Introduce Ordinance 528 approving Zoning Text Amendment RZ-02-05;

4. Adopt Resolution 2008-12 approving the proposed amendment to the Combined Site and Architectural Design Guidelines for Sierra Point and Design Permit DP-06-05 and Parking Modification Use Permit UP-12-07; and
5. Introduce Ordinance 529 approving Development Agreement DA-1-07.

Background:

A summary and discussion of the issues raised at the March 3 hearing follows:

EIR Comments

A letter from CLEAN was submitted raising several concerns regarding the project EIR. While many of these concerns have been previously raised and addressed during the environmental review process, the EIR consultant has provided the attached response for the City Council's information.

On-site Energy Generation/Greenhouse Gases

Concerns were expressed that the project does not incorporate an on-site energy generation component, particularly in light of the energy-intensive nature of R&D uses. Related concerns over greenhouse gas emissions were also raised.

Staff recognizes the importance of reducing greenhouse gas emissions. However, applying this concern to the proposed project is a more complex issue. From a timing perspective, the application for this project was deemed complete in December 2005. The EIR Notice of Preparation was published in January 2006, and the Draft EIR was published in November, 2006. AB32 (the Global Warming Solution Act) was signed into law in September 2006 and took effect January 1, 2007. While establishing the policy direction in California to reduce greenhouse gas emissions to 1990 levels by 2020, AB 32 was silent on the relationship of CEQA to this policy, and the relationship between CEQA and AB 32 is evolving on an ongoing basis. The latest step in this process is SB 97 passed in 2007, which requires that CEQA guidelines to address greenhouse gas emissions be developed by July 2009 and adopted by January 2010. Given this state of flux, there are currently no greenhouse gas emission standards to apply, nor any regulatory basis to apply standards to individual projects.

Recent information from the State Office of Planning and Research (OPR), the State Clearinghouse for CEQA documents indicates that most jurisdictions in California are not yet considering greenhouse gas emissions in CEQA documents, presumably waiting for the state to develop and adopt guidelines. Those jurisdictions that have considered greenhouse gas emissions have determined that impacts are less than significant, or potentially significant but mitigated by project design, mitigation measures, or conditions of approval. Compliance with the City's Green Building Ordinance and implementation of transportation demand measures, as required for this project, would be consistent with the types of measures typically identified as mitigation for greenhouse gas emissions.

While staff is supportive of on-site renewable power generation where feasible, the City's adopted Green Building Ordinance nor other adopted City policy requires on-site generation. The applicant has evaluated the project's potential for on-site generation, and has determined it to be economically infeasible.

In a good faith effort to offset the high energy demand of the project given the feasibility concerns with on-site generation feasibility, staff has negotiated with HCP a one-time cash contribution of \$300,000 that could be directed for use on the City Hall solar project. Assuming the City receives a 50% rebate from PG&E, \$300,000 would represent half of the City's cost. Section 3.3.f. has been added to the attached Development Agreement to reflect this agreement.

Fiscal Impact:

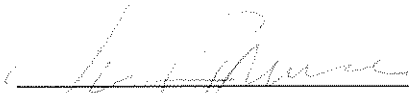
As discussed in the March 3 staff report, the proposed biotech campus will directly benefit the Redevelopment Agency through increased property taxes. It could also financially benefit the City in a number of areas. Two direct impacts would be the Sales and Use Tax and Business License Revenues. Sales and Use Tax can be generated either through direct sales of their products in the case of Intermune and Cutera or through the purchase and use of lab equipment each year like Genetech in South San Francisco. Business License revenues are based on gross receipts, so as the businesses on the campus establish themselves the City should see additional Business License revenues.

A third way would be through additional room rental at the two hotels located on Sierra Point. The City receives 10% of room rates therefore an increase in room rentals will have a very direct impact on the revenues the City receives. Additionally, new employees from the project would be expected to patronize other businesses at Sierra Point and elsewhere in Brisbane, thereby contributing to sales tax revenues.

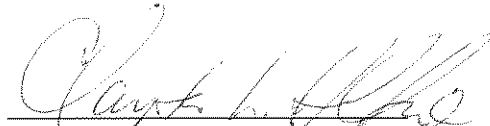
The increase in water and sewer usage at the upper end of the City's pricing structure will assist in alleviating the slight operating deficit we currently face. The deficits are caused by an increased awareness of water conservation and lower than projected usage amounts. Any increase in water and sewer usage at this location will assist in this regard. Finally, infrastructure and other public improvements required for the project will be the obligation of the project developer as set forth in the Mitigation Monitoring Program and Development Agreement.

Attachments:

March 11, 2008 Memo from LSA
Revised Development Agreement
March 3, 2008 Council Report



Department Head



City Manager