



STAFF REPORT

AGENDA NO:

MEETING DATE: September 21, 2020

To: Honorable Mayor and City Council

Date: September 21, 2020

From: Kathleen Kane, City Attorney – (650) 558-7204
Kevin Gardiner, Community Development Director – (650) 558-7253

Subject: Adoption of a Resolution Suspending CUP Timelines for 778 Burlway During Evaluation of an Alternative Development Plan

RECOMMENDATION

Staff recommends that the City Council consider the adoption of a resolution further suspending timelines embedded in the October 2016 Conditional Use Permit (CUP) extension granted to the Enterprise property located at 778 Burlway Road during the evaluation of an alternative development plan for the site.

BACKGROUND and DISCUSSION

The subject property located at 778 Burlway Road has been occupied by a non-conforming car rental use since 1985. The CUP under which this use is allowed has been modified over the years and has been extended several times at the request of the applicant. In October 2016, the Council granted a further extension of the CUP (see attached CUP conditions of approval). Anticipating a move to the then-planned SFO Car Rental facility, Enterprise and the Council agreed to timelines as well as escalating payments designed to offset the impacts of the non-conforming use and incentivize redevelopment of the site in a manner consistent with the Bayfront Specific Plan.

Since that time, SFO has abandoned plans to build a consolidated car rental facility on its property. Additionally, increased focus on the jobs-housing ratio on the San Francisco Peninsula has led to less emphasis on intensive office development on the Bayfront. Given these changed conditions, in the spring of 2019 Enterprise approached the City with an alternative development plan for its site. The alternative would involve consolidation of activities through the construction of a multi-story garage for car storage, freeing up a portion of the area for possible acquisition and redevelopment by the City.

June 15, 2019 Nine-Month Suspension. At a study session held on April 15, 2019, the Council considered the alternative presented by Enterprise and gave direction to the Mayor and staff to pursue further discussions. On June 3, 2019, the City Council adopted a resolution suspending timelines embedded in the October 2016 Conditional Use Permit (CUP) extension for a period of nine months to allow the evaluation of an alternative development plan for the site.

Enterprise had been making progress on the alternative development proposal. Staff and a City Council subcommittee comprised of Councilmembers Brownrigg and Colson met with Enterprise representatives several times since the CUP timelines were suspended in June 2019. A study session was held on March 16, 2020 to allow the full City Council to review the concept being proposed by Enterprise and provide feedback (refer to further discussion below).

February 3, 2020 Nine-Month Extension. The June 3, 2019 suspension was for a nine-month period, concluding in March 2020. Citing the progress in developing a concept for the site, the City Council granted an additional nine-month extension to the CUP timelines to allow sufficient time to develop the concept to be presented to the City Council on March 16th, and for Enterprise to follow up on Council direction.

March 16, 2020 Study Session. On March 16, 2020, the City Council held a study session to review Enterprise's preliminary concept for use of the site. The presentation was part of a larger discussion of community benefit zoning for the Bayfront Commercial District as it applies to the Zoning Ordinance Update. The concept presented by Enterprise included a six-story parking garage that would exceed base-level development standards, but as a corresponding community benefit, a portion of the site would be made available for community use.

While the proposal was still conceptual, Councilmembers were generally agreeable to the concept and the community benefits framework. Enterprise was directed to further develop the concept into a more detailed proposal.

September 21, 2020 Six-Month Extension Request. The March 16, 2020 study session was the evening prior to San Mateo County and five other Bay Area counties issuing Orders directing all individuals living in these specific counties to shelter in place due to the COVID-19 pandemic.

Since the initial shelter in place Order was issued, operations of both businesses and the public sector have been disrupted. While some businesses have been able to restore a semblance of operations, and government entities have been able to provide services remotely, the past few months have presented challenges to all sectors of the economy.

On August 30, 2020, Enterprise Holdings submitted a letter requesting further suspension of timelines embedded in the October 2016 CUP extension (attached). The letter describes the challenges Enterprise has had to its business operations since March; these challenges have prevented it from moving forward with further developing the concept plans presented to the City Council on March 16th. Enterprise representatives have indicated they are confident they can now resume work on developing the plan concept, and are requesting a further six-month tolling period to make up for the lost time due to the pandemic outbreak. The additional six months, together with the previous two nine-month tollings, would provide a total tolling of 24 months. Given the complexity of the proposed project, including establishing the details of a community benefit framework, Enterprise believes this amount of time is needed to develop the specifics of the proposal with the City.

If it is not suspended, the October 2016 CUP would impose escalating costs on Enterprise in subsequent years. Given Council's direction to pursue a possible alternative path and the time needed to develop the concept, Enterprise seeks reassurance that the existing CUP timelines will

not be imposed during or immediately after the exploration phase. The ongoing payments called for in Paragraph 8 of the Conditions of Approval will continue during the extension.

FISCAL IMPACT

The City received the initial \$1,854,000 payment specified in the CUP on October 17, 2016. This action will delay by an additional six months, until October 2022, the increased payments anticipated under the existing Enterprise CUP Extension. It may allow a negotiated alternative that is of equal or greater value to the City.

Exhibits:

- Resolution
- Letter from Enterprise Holdings, dated August 30, 2020
- October 2016 Conditions of Approval for CUP Extension