



CITY COUNCIL STAFF REPORT

MEETING DATE: May 27, 2025

ITEM TITLE: Adopt Ordinance 1623 Approving a Development Agreement with the Alexandria Real Estate Equities, for the Alexandria Life Science Campus Project.

RECOMMENDATION:

The Planning and Transportation Commission and staff recommend that the City Council adopt Ordinance 1623 approving a Development Agreement with Alexandria Real Estate Equities for the Alexandria Life Science Campus Project ("Project").

FISCAL IMPLICATIONS:

The applicant has paid the appropriate application fees and provided deposit funds to pay for expenses related to the environmental review and other reports and analyses associated with the Project. The Project will be required to pay building permit fees and City impact fees. City impact fees total over \$89 million and include: commercial linkage (affordable housing), childcare, sewer, and traffic fees. The proposed development agreement includes community benefits, which are outlined in the analysis section below and are valued at \$50,300,000.

The proposed development will also benefit the City with increased property tax, increased sales tax revenue, and new job creation. The estimated increased revenue to the City is \$3,500,000 per year in additional property and sales tax revenue.

BACKGROUND:

The Planning and Transportation Commission (PTC), at its April 21, 2025 meeting, conducted a public hearing and adopted Resolution PTC2025-03, recommending the City Council certify the EIR and adopt the associated Mitigation Monitoring and Reporting Program (MMRP) and adopted Resolution PTC2025-04, recommending the City Council adopt the Planned Development Zoning, Planned Development Plan, Sign Program and Development Agreement. The PTC also approved the Design Review and Grading and Dirt Haul for the first two buildings, the Transportation Demand Management Plan, the Protected Tree Removal request, and the Tentative Parcel Map, which would all become effective if the City Council approves the forementioned items.

The City Council, at its May 12, 2025 meeting, conducted the public hearing and adopted Resolution 2025-040 certifying the EIR and adopting the Mitigation Monitoring and Reporting Plan, introduced Ordinance 1622 to rezone the site from Heavy Industrial (IH) to Planned Development Zoning and approving the Planned Development Plan, and introduced Ordinance 1623 approving the Development Agreement as amended at the meeting.

ANALYSIS:

The development agreement ("Agreement") is for a 15-year term and includes vesting of City laws and impact fee provisions. The Agreement includes the community benefits as outlined below with a total value of \$50,300,000:

- Fiscal contribution of \$43,050,000
- Credit for off-site creek improvements – valued at \$2,850,000
- Creekside trail credit of \$2,000,000
- Credit for the formation of a Transportation Management Association (TMA) – valued at \$100,000. The project is also required to participate in the TMA once formed.
- On-site art credit of \$300,000
- Credit for previous contribution of \$2,000,000 to the San Carlos Elementary School District. The contribution was made during a critical period when the District was facing dire financial circumstances.

In addition to the community benefits listed above, the developer has offered the following without assigning a community benefit value:

- On-site landscaped/open spaces will be publicly accessible
- City/non-profit group use of amenity building at no cost 12 times per year and an additional 6 times per year at a reduced rate
- Provide a cafe/restaurant open to the general public
- Sixty publicly accessible parking spaces on nights and weekends
- Public access easement across bridge connecting to public access easement at 1030 Brittan Avenue site
- Install purple pipe in buildings and landscape for future recycled water.
- Install solar on parking structures

The City Council, at its May 12, 2025 meeting, introduced Ordinance 1623 approving the Agreement with the following amendments:

- Section 2.4.4b "an alternative design for a bike and pedestrian trail along Pulgas Creek, which must be approved be approved by ~~the Director following consultation with the City Council.~~"
- Section 2.7 School District Contribution. In 2020, Developer contributed ~~Two~~ **One** Million Dollars (~~\$2,000,000.00~~ **\$1,000,000**) to the San Carlos Education Foundation **School District** to help San Carlos schools address the challenges of the COVID-19 pandemic. **Developer has also contributed Five Hundred Thousand Dollars (\$500,000) to the San Carlos Education Foundation and has an agreement with the San Carlos Education Foundation to contribute an additional Five Hundred Thousand Dollars (\$500,000.00) by 2031."**
- Section 2.9.1 Use of Campus Parking. "The designated spaces shall be marked with clear signage and available for the public's use ~~on weekday evenings from 6:00 p.m. to 10:00 p.m. and weekends and federal holidays from 7:00~~ **daily from 8:00 a.m. to 10:00 p.m.**"

Environmental Review. The City Council adopted Resolution 2025-40 certifying the EIR and adopting the Mitigation Monitoring and Reporting Plan prepared in accordance with CEQA guidelines. With implementation of the mitigation measures, the project will not result in a significant impact to the environment.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt Ordinance 1623 approving a Development Agreement with Alexandria Real Estate Equities for the Alexandria Life Science Campus Project; or
2. Do not adopt Ordinance 1623; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Al Savay, Community Development Director

Approved for submission by:



Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Ordinance 1623 with Exhibit A – Findings
Exhibit B to Ordinance – Development Agreement