



City of Palo Alto

City Council Staff Report

(ID # 3189)

Report Type: Meeting Date: 12/3/2012

Summary Title: Arts & Innovation District (27 University Avenue) (cntd from 9/24)

Title: Request for Council to (1) Review Revised Arts and Innovation (A&I) District Master Plan Concept (including 27 University), a Revised Letter of Intent with TheatreWorks, Preliminary Traffic Assessment, and Draft Timeline for Master Plan; and (2) Direct the City Attorney to Draft Ballot Measure Language for Council Consideration for the June election.

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council:

- 1) Review and comment on the revised Arts and Innovation (A&I) District Master Plan concept;
- 2) Review and authorize staff to execute the attached revised Letter of Intent with TheatreWorks to collaborate on a Theater Arts Performance Center in the Arts and Innovation District;
- 3) Direct the City Attorney to draft an advisory measure for the June election to ask voters whether (1) the City Council should initiate a change in the Comprehensive Plan and Zoning Code to facilitate the master plan, and (2) the City Council should exchange the unused “panhandle” portion of El Camino Park for more usable portion of adjacent land to facilitate better site planning for the master plan;
- 4) Review summary of outreach to Planning and Transportation Commission and Architectural Review Board for the master plan;
- 5) Review summary of outreach to Planning and Transportation Commission and Architectural Review Board for the city-side height limit;
- 6) Review draft timeline for the master plan; and
- 7) Review the preliminary traffic assessment

Executive Summary

The concept for the Arts and Innovation District, first presented to the City Council on September 24, 2012, has been revised. The revisions address comments made by the Council and members and the public that evening, as well as comments made by commissioners, board members and the public at subsequent meetings. The primary revisions to the master plan concept are the reduction of the height and floor area of the office buildings, and the reduction of the height of the theater fly tower. In addition, the historic Julia Morgan Hostess House building is shown relocated to El Camino Park. The Hostess House would face El Camino Real with its entrance aligned with the entrance to Stanford Shopping Center.

Attachments A and B describe the revisions to the master plan concept that have been made since it was presented to the Council in September. Highlights include:

- Reduction in office floor area
- Reduction in office building height
- Modification to building massing of offices and theater
- Pedestrian and bicycle circulation to and through the site
- Integration with El Camino Park

The Arts and Innovation District master planning effort is being led by the City of Palo Alto. The planning was anticipated in the Stanford Hospital Projects approval, in which the City sought funding in the Development Agreement to plan for future uses and improve connections between Downtown, Stanford, and the Stanford Shopping Center and better utilization and integration of the Transit Center. In the context of a concept proposed by developer and philanthropist John Arrillaga for use of Stanford lands, the City thought it was an opportune time to initiate planning for this area, especially if Mr. Arrillaga proceeds with a development application on the site. The master plan concept is for a non-profit project, with contributions to a new transit center, a new performing arts theater for TheatreWorks, and relocation of the historic Julia Morgan Hostess House to be a part of El Camino Park.

A set of Frequently Asked Questions (FAQs) has been prepared to provide an overview of key master plan elements and issues. Whereas this report is a follow-up to the September 24th Council meeting and addresses specific issues raised in that meeting, the FAQs provide a more narrative, broader overview of the master plan. The FAQs will also be continually updated. The FAQs are included as Attachment C, and on November 21st the FAQs were posted on the City's website.

The FAQs provide an overview of the master plan and provides information on:

- Master Plan History
- Land Use and Architecture
- Traffic Impacts
- Economic Benefits
- El Camino Park
- Community Input and Public Vote

The City Council review of the master plan concept on September 24, 2012 resulted in Council questions and comments, cited in the Background section of this report. A summary matrix of comments from the meeting is included as Attachment D.

Following Council feedback, staff engaged the Planning and Transportation (PTC) and the Architectural Review Board (ARB) in public meetings as described in this report and reflected in attached meeting minutes (Attachments E, H, I, J, and O). Associated PTC and ARB staff reports are also provided (Attachments F, M, N, and R). Commissioner questions and staff answers for the 10/24/12 meeting are included (Attachment L). Letters of support from transit agencies are included (Attachment S) as well as a revised Letter of Intent (LOI) with TheatreWorks (Attachment T).

There has also been significant community feedback and commentary on the master plan and project concept that was presented on September 24. Further public outreach is essential and is planned as discussed in this report. The Discussion section of this report provides responses to Council questions and comments, and summarizes the feedback obtained from PTC.

Council has been provided a preliminary traffic assessment for the master plan concept (Attachment G). Preliminarily, up to 3,000 new vehicle trips per day may be realized by the project between the proposed office and theatre uses, prior to any reductions from Transportation Demand Management solutions. This traffic would include 310 new trips during the AM commute period and another 328 trips during the PM peak period. Potential new roadway improvements include an extension of Quarry Road east of El Camino Real into the site as well as improvements to the existing Mitchell Lane and the circular road around University Avenue. Significant Transportation Demand Management (TDM) measures would be incorporated as a critical feature of the plan, together with mitigating traffic impacts. A complete traffic analysis would be prepared as part of an Environmental Impact Review (EIR) process.

Background

On September 24, 2012, the City Council reviewed the master plan concept and gave staff direction to return to Council no later than the second meeting in November* with the following:

- a plan for Boards and Commissions review of proposal,
- a plan for a traffic study,
- community outreach,
- a draft revised letter of intent with TheatreWorks, and
- a summary of height limit considerations with the Planning and Transportation Commission and the Architectural Review Board.

*(Please note: this item was moved to December 3rd because of Councilmembers' schedules and sequencing numerous agenda items on the Council's fall/winter schedule)

The Council also directed the City Attorney to develop options for an advisory measure to bring back at an appropriate time to ask voters whether or not:

(1) the City Council should initiate a change in the Comprehensive Plan and Zoning Code to facilitate the Master Plan and subsequent Project, and

(2) the City Council should exchange the unused "panhandle" portion of El Camino Park for more usable portion of adjacent land to facilitate better site planning for the Arts and Innovation District.)

Follow-Up to Council Comments

The purpose of this meeting is to provide Council with information on those items requested in September. Council comments on September 24, 2012 listed in Attachment D are noted and addressed in this report where feasible; other responses to comments and questions are found within the FAQ document.

Process

Council Comment 1: "Process lacks transparency and needs review by commissions and boards to inform Council decision making. Explain the process."

Environmental Review Process

The first step of the formal review process is the initiation of environmental review. Given the potential for potentially significant impacts in the area of historic resources, traffic and possibly other areas, a full Environmental Impact Report would be prepared and circulated for public

review and comment. The EIR process would be kicked off by a public scoping meeting which would allow the public to comment on any issues it believes should be further studied in the EIR. The EIR will discuss the project analyzed in the Master Plan as well as other feasible project alternatives.

Land Use

The PTC and ARB staff reports of October 24, 2012 and November 1, 2012 provide a summary of the processes for making changes in land use designations to accommodate the master plan concept. The master plan would involve changing the site's Comprehensive Plan Land Use Designations, currently Public Facilities (the area of the Depot and Bus Transit Station) and Public Parks (the remaining area from University Avenue including the parkland leased by the City of Palo Alto from Stanford, as well as the area that is *not* leased by the City for parkland – the area of the Julia Morgan Hostess House and the American Red Cross building). The Comprehensive Plan is Palo Alto's General Plan.

The process for a Comprehensive Plan Amendment is PTC review and recommendation followed by City Council action; in this case, the re-designation on the map could be bundled with the creation of a new zone district, rezoning of the master plan site, and the subsequent development project itself. However, the land use designation needed for the master plan envisioned is not on the current "standard menu" of designations listed in the City's Comprehensive Plan. Regional/Community Commercial is the closest fit but may not match exactly, depending on the master plan characteristics. Therefore, along with the creation of a new Arts and Innovation Zone District, the Council may be involved in the creation of a new Arts and Innovation Land Use Designation to include in the City's Comprehensive Plan text and on the associated Land Use and Circulation Map. This effort could take place in conjunction with the full review of the development project, but would need to occur after the Environmental Review process is complete.

Arts and Innovation Zone, Development and Environmental Review Process

To allow for the project, the site would require a rezoning from the existing zone districts, Public Facilities and Planned Community (PC) Zoning to a non-standard zone (Arts and Innovation District). Initiation of a new Arts and Innovation (A&I) zone district chapter within the PAMC, and a map change for the site to the A&I Zone would likely begin with the Planning and Transportation Commission (PTC). The rezone process could either be supplemented by an ARB process, or could include a Site and Design Review process, with ARB and PTC review, to accommodate the particular project. Given the historic resource(s) and parkland use of the site, the HRB and PRC would also hold public hearings on the development project as well.

Following release of a Draft EIR, all PTC, ARB, HRB and PRC hearings would serve as public hearings on the draft EIR prepared for the Comprehensive Plan re-designation, re-zoning and development project. Comments by the public and boards and commissions on the Draft EIR would be reviewed by staff and the EIR consultant, and responses to comments would be included in a final EIR for Council adoption in conjunction with the re-designation, re-zoning and

project. PTC review of the ordinance and final review of the development project could follow PRC, ARB and HRB reviews of the project. The recommendations of the boards and commissions would be provided to the Council for consideration prior to any action on the development project.

The ordinance for the rezoning in this case could (1) establish the new Arts and Innovation zone district within PAMC Title 18 *and* (2) rezone the site to the new A&I zone, which could set forth the particulars (lot coverage, FAR, height, open space, permitted and conditionally permitted uses). Council could act on both the ordinance and the project in a public hearing(s), unless the Council indicates a preference to first act on the ordinance and rezoning, and subsequently consider the development project details following multiple public hearings with the ARB, HRB, PRC and PTC.

Community Outreach

Council Comment 2: "Need neighborhood/community outreach plan and input on intermodal terminal and master plan"

The City has prepared informational materials such as Frequently Asked Questions (FAQs). The FAQs have been posted to the City's website and are included with this report as Attachment C. Additional public outreach would be designed following Council direction. Public hearings by the boards and commissions anticipated to be involved (PTC, ARB, HRB, PRC) in reviewing the project application would be scheduled sequentially and each meeting would provide the public an opportunity to speak. Additional meetings could be scheduled to address particular topics of interest. A community workshop is envisioned for January.

Commissions and Boards Sessions on Conceptual Master Plan

The following outreach meetings/study sessions are tentatively scheduled to take place with the Historic Resources Board and Parks and Recreation Commission before and after the 12/3/12 Council meeting:

- 11/27 Parks and Recreation Commission meeting
- 12/5 Historic Resources Board meeting

The following meetings were recently held to present the master plan concept. Meeting minutes are attached to this report for Council review:

- 10/24 Joint ARB/PTC Meeting (Minutes, Attachment I)
- 10/24 PTC Meeting (Minutes, also Attachment J)
- 11/1 ARB Meeting (Summary Minutes, Attachment O)

Only one member of the public attended and spoke at the 10/24/12 sessions. Mr. Moss noted his concerns about violation of 1970's El Camino Real Guidelines, about the Comprehensive Plan's focus on providing housing density near transit and potential for exacerbation of the jobs-housing imbalance. He noted his preference that the height be shortened to 50 or 60 feet to be more in scale. He also stated he did not like the huge theater wall facing the park, questioned the circulation, and encouraged an evaluation of traffic impacts. Ten speakers spoke to the ARB on November 1, 2012. An 11th speaker left but had provided written comments. Attachment O includes the summary minutes of the 11/1/12 ARB study session, as well as the written comments provided. Attachments P and Q contain additional correspondence received via email.

The staff reports for these meetings are also provided (Attachments M & R). Commissioner questions and staff answers for the 10/24/12 meeting are included (Attachment K). The handouts from the 11/1/12 ARB meeting were refined for Council and are provided as Attachment N.

Joint ARB/PTC ARB Study Session on Master Plan – October 24, 2012

The PTC and ARB reviewed the master plan concept in a joint meeting on October 24, 2012. The discussion is summarized in Attachment I. Highlights included:

- Potential impacts on traffic, housing, schools
- Public benefits
- Design of theater fly tower
- Retention/relocation of Julia Morgan Hostess House
- Building heights and massing
- Amount of parking, design of parking entrance
- Connections between Downtown and Stanford Shopping Mall
- Active ground floor uses
- Community uses in theater

ARB Study Session on Master Plan – November 1, 2012

The ARB reviewed the master plan concept in its meeting on November 1, 2012. Summary of the discussion is provided as Attachment O, and the staff report of the session is included as provided as Attachment R. Letters to the ARB before and after the study session are provided as Attachments P and Q.

Summary of ARB comments in 11/1/12 master plan study session:

- Clarify process – clear process needs to be established
- View of theater fly from park is troublesome

- Plaza needs to be active – if it faced University it could serve transit center during daytime
- Massing is challenging
- Courtyard seems dark, bridges make buildings seem more massive
- Avoid shading park
- Provide connections to downtown, including linkage at Everertt
- Parking concerns – resolve with Caltrain parking demand

Height Limit

Council Comment 4: Need to affirm Council commitment to 50 foot height limit citywide and address downtown application issues for minor adjustments to 50 foot limit.

Board and Commission Sessions on City Height limit

There have been two study sessions since September 24, 2012 Council meeting regarding the City’s height limit, and minutes are attached to this report. Additional comments on height were made during sessions on the master plan concept.

- 10/4 ARB Meeting (Minutes, Attachment E, Report Attachment F)
- 10/10 PTC Meeting (Minutes, Attachment H, Power point presentation is attached to ARB 11/1 Report, Attachment R)

The recent outreach to ARB and PTC on the 50 foot height limit has resulted in interest in continuing discussion on the height limit. Staff has committed to holding future meetings with the ARB and PTC on the topic of height in general. As reflected in meeting minutes for the height study sessions, there is interest in exploring where additional height might be acceptable, given existing context and planning documents for housing growth. At the same time, there have been expressions of concern about increased height from other community members. Additional public outreach is thus envisioned. The process to change the text in the Comprehensive Plan regarding height, and the height limit in any particular zone district, would involve reviews and actions by the ARB, PTC and Council.

The height of the proposed project is an identified concern. Ultimate height limits will follow an open and involved public review process that will inform and advise the Council’s decision, assuming the Arrillaga proposal is submitted as a development proposal.

Summary of ARB comments in 10/4/12 height study session:

- Look at how visible, and effects on neighbors
- Deal with ground floor level – need activity

- Properly sited & well designed: 7 to 10 floors
- El Camino Real opportunity for more height
- Senior/intergenerational housing atop commercial
- Ground Floor retail or residential to allow over 50'
- Must deal with parking; use PC for over 50'
- Story limit vs. height limit for flexibility

Summary of PTC comments in 10/10/12 height study session:

- History – growth control vs. scale/aesthetics.
- Expand comparison analysis of other communities.
- Indirect impacts of greater height, such as population growth, traffic, parking, tax base, jobs, energy use.
- El Camino Real may be appropriate for height where not adjacent to R-1.
- Number of stories vs. height.
- Trade-off between taller building height and increased ground level open space.
- Height and density relationship.
- Design Enhancement Exception (DEE) vs. taller building height.
- Different solutions for different locations, and different uses.
- Height for greater ground floor height, more interesting roofline articulation.
- Height to encourage diversity of industries.
- Uses – encourage offices or residential.
- What types of locations would be appropriate.

Discussion

Advisory Measure

Given the Council feedback at the last meeting, staff recommends that the advisory measure be placed on the June 2013 ballot, rather than the March ballot. A community meeting could be held by the Planning and Transportation Commission in January 2013. Then, if directed by Council, the City Attorney will prepare ballot measure language for the June 2013 ballot that will be brought back for Council consideration in February or March 2013. This delay will allow

more time for the further refinement of the master plan to take into account the comments received by Council and the public, to perform additional traffic analysis and to implement a more comprehensive community outreach plan. The disadvantage to postponing the election is that the additional studies and consultant work will require more funding and staff resources, which may not have been expended had the advisory measure been placed on the March ballot and the residents expressed a strong preference not to pursue the master plan at all.

Changes in Master Plan Concepts

The revised master plan incorporates substantial changes in response to comments heard at the 9/24/12 City Council meeting, 10/24/12 Joint Planning and Transportation Commission and Architectural Review Board study session, 10/24/12 Planning and Transportation Commission hearing and 11/1/12 Architectural Review Board hearing. Revised master plan concepts are illustrated in Attachment A and revised building concepts are illustrated in Attachment B:

Exhibit A: Revised Master Plan Concepts

- Existing Site Context & Project Area
- Illustrative Plan
- Illustrative Plan Detail – Arts & Innovation District
- Existing Property Ownership and Leases
- Proposed Comprehensive Plan Land Use Designation
- Proposed Revised Comprehensive Plan Land Use Designation
- Proposed District Boundaries Over Existing Zoning Plan
- Proposed Transit Routes
- Proposed Pedestrian Network
- Proposed Bicycle Routes
- Proposed Automobile Site Access
- Proposed Public Spaces
- Compatibility With Future Rail Corridor Changes

Exhibit B: Revised Building Concepts

- Building Massing Studies: NE
- Building Massing Studies: NW
- Building Massing Studies: SE

- Building Height Comparison
- FAR Map
- Revised Sections of Office & Theater
- Revised Floor Plans of Office & Theater
- Scale Comparisons
- Revised Perspective – New Transit Center at University Avenue
- Revised Perspective – Urban Lane at the Caltrain Depot
- Revised Perspective – Theater in the Park
- Revised Perspective – El Camino Real as Grand Boulevard

Reduced Office Floor Area

In the revised master plan, the floor area of the office buildings has been reduced by approximately 50,000 square feet, from 260,000 to 210,300 square feet. The two office buildings have been reconfigured as four smaller office buildings. The north and south pairs of office buildings are linked together by pedestrian bridges at the third and fifth floors, while the ground floor would remain open as part of the plaza and pedestrian network. In the revised plan the office FAR would be 1.78 assuming 118,106 square feet for office land, and theater FAR is 1.11 assuming 71,867 square feet for theater site.

Reduced Building Height and Massing

Building height and massing has been reduced as follows:

- Office building facing University Avenue:
 - West tower has been reduced from 10 stories to 7 stories, from 161'-6" tall down to 103'-6."
 - East tower has been reduced from 9 stories to 6 stories, from 147' tall down to 89'-0."
- Office building facing theater plaza:
 - West tower height is unchanged but number of stories has increased from 6 stories to 7 stories at 103'-6".
 - East tower has been reduced from 7 stories to 6 stories, from 118' tall down to 89'-0."

The floor to floor height has been reduced for the ground floor, from 20'-0" to 16'-6". The typical office floor to floor height is unchanged at 14'-6."

Julia Morgan “Hostess House” is located in El Camino Park

In the revised master plan the historic Julia Morgan Hostess House (currently occupied by the MacArthur Park Restaurant) is shown relocated to El Camino Park between the soccer and softball fields. The building would face El Camino Real with its entrance aligned with the entrance to Stanford Shopping Center. The adjacency to the soccer field would support pedestrian access to events from the building without crossing parking. The soccer field has been moved north. Some existing trees at the north of the field would be impacted to provide sufficient room for the Hostess House and soccer field.

Future use of the building has not yet been determined, but given the location in the park a community-oriented use has been suggested. The master plan concept provides approximately 100 parking spaces; the actual number of spaces will depend on the type of use for the building. A separate planning process will be needed to engage the Park and Recreation Commission, the community and potential users to recommend the best use of the building and the final site planning.

New Pedestrian and Bicycle Underpass at Lytton Avenue

The master plan concept includes a new pedestrian and bike underpass beneath the Caltrain right-of-way, at the terminus of Lytton Avenue north of the existing Caltrain cross-platform tunnel. The underpass adds a direct connection between Downtown, the Arts and Innovation District and Stanford Shopping Center. The existing Caltrain ramps on the east side would need minor modifications to allow a symmetrical alignment of the underpass with Lytton Avenue.

New Dedicated Bike Route Connects through the Transit Station

A new two-way, 10-foot wide dedicated bike route has been added to connect the proposed Class 1 bike route north of the Caltrain station to the existing Class 1 bike route south of the station. This would create a continuous bicycle network linking local and regional destinations, as well as directly linking bikes to transit.

The design of the bike route is based on successful European examples found in Copenhagen and Rome to integrate pedestrians, bikes and transit. The bike lanes would be between the sidewalk and median for passenger drop-off. Bike lanes would be differentiated from the sidewalk by a slight change in level, a different color, or both. Bike lanes would be striped and rise to sidewalk level at pedestrian crossings with bollards separating bike lanes.

Reconfigured Parkland Swap

The boundaries of the parkland swap have been reconfigured to have a more coherent shape and relationship to park use. The existing parkland along the El Camino would be swapped for

part of the lands currently leased to the City for the transit center and the Red Cross. The theater building is now included in the parkland area in the revised master plan, as shown in Attachments A and B.

Feasible Ground Floor Retail

Staff met with several different retail development experts, including key people in the redevelopment of Town & Country as well as the Oxbow Public Market and Ferry Building in San Francisco, to discuss the potential for the ground floor uses at the site. The key findings from interviews were:

- The site, in concept, could support a destination restaurant of up to 10,000 square feet, with some additional retail serving office, theater and transit users;
- The site cannot support retail throughout the entire ground floor;
- The lack of visibility and access of the office courtyard is not conducive for retail;
- Limited surface parking in front of retail reduces ease of car access to shops; and
- The best location for retail is along the street frontage facing the depot, with the restaurant located at the southeast corner of office building facing the transit center.

Site Plan Integration of the Theater into the Park

The revised master plan better integrates the theater into the park as follows:

- A new meadow along El Camino Real would feature the redwood trees planted in the 1980s to honor Palo Alto Olympic medal winners. The large size, shape and orientation of the meadow would create a new public place visible from El Camino Real and Quarry Roads. The size of the meadow would provide space for recognition of future Olympians, and would form the entrance to El Camino Park and the Arts and Innovation District. Parking would serve both the park and theater. The theater forecourt would extend across the Quarry Road extension to include the Olympic Grove, connecting the theater and grove together as the pedestrian and bicycle entrance point from Stanford Shopping Center.
- Quarry Road extension would be realigned to shape a new green for passive use between the theater and the softball field. Parking would be reconfigured along the Quarry Road extension to form landscape area to plant tall trees to screen views of the theater fly tower, and better serve as patron drop-off.
- Pedestrian and bicycle paths would be reconfigured to create a continuous network of tree-lined walks and riding paths through the park. People could walk or ride bikes from the El Camino Real and Quarry Road intersection, to Olympic Grove meadow the new multi-use path, the Lytton Avenue underpass and the new transit center bike path to destinations south of the area.

The open space in front of the theater would be redesigned to:

- Create a forecourt for the theater, as a setting within the park, scaled for 650 people, and designed to for theater patrons to comfortably gather outdoors yet feel separate from other park users and activities.
- Orient the entrance to the theater to El Camino Real.
- Provide a pedestrian "ramblas", or tree-lined walk, surrounding the forecourt to the theater, creating a walking path from the Lytton underpass to El Camino Park. Seat walls, benches and stepped seating in the landscape would provide shady places to stop, gather in small groups or people watch.
- Provide stair access from below grade parking exits at both the south and north ends of the plaza would providing direct access to the theater and El Camino Park.
- Create an orchard canopy for shading the café and black box theater outdoor gathering area south of the main entrance.
- Provide a specialty food kiosk located along the south side of the theater with outdoor seating along the walk from the train station, to create activity visible from the Depot across from the Lytton underpass.

Landscape of Transit Streets

In the revised master plan, Canary Island Date Palms are shown planted along the three sides of the Transit Ring Road to create an attractive arrival experience to the transit center and downtown Palo Alto. Palms would be in front of the office buildings, the Caltrain station and in the median in front of the hotel. The oak grove within the Transit Ring Road would be planted with additional oaks and oak savannah grasses. The street section along the Sheraton Hotel would be modified to have a palm-lined median, wider sidewalk and landscape buffer with seating along the hotel parking. Oak trees surrounded by palms would create an identity similar to, yet in contrast to, Palm Drive, which has palms surrounded by oak trees.

The depot plaza at the new Lytton underpass would be planted as an orchard of colorful flowering trees. This would extend the shaded tree-lined walks of El Camino Park to the depot. The seat walls, benches and steps would provide public gathering places.

Traffic

Traffic circulation is a primary focus of the master plan, specifically transit operations as the master plan concept proposes to replace the existing Valley Transportation Authority (VTA) Transmit Mall with an expanded on-street transit mall that is incorporated into the University Loop. The VTA and other transit operations including Stanford Marguerite and Samtrans have participated in the design of the proposed site circulation plan to ensure that near-term and

future long-term transit expansion opportunities are satisfied. The master plan concept proposes 32 new transit stops, an increase of 11 stops over the existing 21. Future transit expansion opportunities are preserved along Urban Lane.

Traffic circulation includes an Extension of Quarry Road east of El Camino Real providing vehicular and transit access around the proposed site. The existing northbound on-ramp from University Avenue to northbound El Camino Real will be transformed to an access road for the site providing full vehicular access to new underground parking from both the east- and west-sides of the site. Improvements to the on-ramp include converting it to a two-way street at University Avenue allowing for full-access to University Avenue from the University Loop.

A preliminary traffic assessment for the master plan has been prepared (Attachment M). The preliminary traffic assessment was intended to identify any immediate potential flaws to the surround transportation infrastructure. The study shows that up to 3,000 new vehicle trips per day may be realized between the proposed office and theatre uses, prior to any reductions from Transportation Demand Management solutions. This traffic would include 310 new trips during the AM commute period and another 328 trips during the PM peak period. Potential new roadway improvements include an extension of Quarry Road east of El Camino Real into the site as well as improvements to the existing Mitchell Lane and the circular road around University Avenue. Significant Transportation Demand Management (TDM) measures will be incorporated as a critical will be a critical feature in this project (see examples of dramatic Stanford reductions in vehicle trips in recent years) and mitigating traffic impacts will be a key requirement of the plan.

This only a preliminary finding and full Traffic Impact Analysis (TIA) for the Environmental Impact Report (EIR) needs to be completed. The City anticipates the cost of the TIA up to \$85,000. Quotes from on-call consultants are currently being solicited and the City anticipates TIA development to start immediately next calendar year. When development of the TIA begins, input from the community and adjacent communities will be solicited during the scoping phase of the EIR/TIA to ensure that the master plan is properly evaluated.

Master Plan Compatibility with Potential Future Changes to the Rail Corridor

The urban design of the master plan would be compatible with potential future changes contemplated in Rail Corridor Study. Attachment A illustrates how the design of the master plan could advance city objectives for the rail corridor and not preclude opportunities to reduce the barrier of the tracks, increase cross-corridor connectivity, and shape attractive places.

While it is unknown what specific future infrastructure improvements will be, the exhibit makes the following assumptions:

- Trenching of rail infrastructure would be below grade with adjustments to horizontal alignment;
- Trench covers would extend for four city blocks from Everett Avenue to Forest Avenue;
- University Avenue would be brought up to-grade;
- A new Caltrain station would be below grade with elevator, escalator and stair access to the station and ventilation structures;
- The existing historic depot could be adaptively reused;
- There could be opportunities for joint development on the rail right-of-way;
- Development along rail corridor could be divided into city blocks and open spaces that align with the downtown street and block pattern;
- Pedestrian and bicycle circulation across the corridor would be at grade and align with existing downtown streets.

The design of the master plan would be compatible with the Rail Corridor Study because:

- The street and block pattern of the Arts and Innovation District would be in scale with and aligns with downtown and rail corridor open space and city block pattern.
- The district pedestrian and bicycle network would connect directly to contemplated rail corridor routes, further interconnecting these networks.
- District streets would form a grid that could connect to changes in the street network to support expansion of future bus transit services. The transit center could expand bus stops and layovers by moving to a new location on the rail right of way, to a new parking structure at a future redevelopment site, or to an expanded network of on-street bus stops and layovers.
- If the transit center were to move in the more distant future, the Transit Ring Road area could be redeveloped with new buildings, designed in scale and character with downtown, extending University Avenue to El Camino Real.

Trees

The assessments include the Draft Traffic Assessment, dated July 9, 2012, and Initial Tree Assessment, dated April 16, 2012. However the tree assessment was prepared prior to changes to the transit center. The report will need to be expanded in scope if the transit center is included in the master plan.

Infrastructure costs

Infrastructure costs have not yet been estimated because there has only been a focus on preparing concepts for the master plan. Because of some significant improvements on site additional input from other sub consultants will be needed once a project is initiated such as a parking garage contractor, bridge construction, electrical reroute and major we utility reroutes.

Parkland swap

The master plan envisions a parkland swap to remove the narrow, unusable “panhandle” swath fronting El Camino Boulevard with some newly dedicated parkland adjacent to El Camino Park to allow better site planning and an extension of Quarry Road through the master plan area and better parking access. The change in park dedication areas would entail changes to the parkland boundaries, but would not result in a change to net park area.

The parkland swap would involve a revised plan for the El Camino Park Restoration that moves the northerly field farther north, reconfigure the parking lot, and to make way for the Julia Morgan Hostess House building between fields. The revised plan would retain nearly all parking spaces approved by council previously, and shrink the dog park area at northern end. Council would need to authorize negotiations with Stanford to initiate a separate contract with Siegfried Engineering to integrate the Arts and Innovation Master Plan with the El Camino Park Restoration efforts. Finally, a Park Improvement Ordinance for El Camino Park would be required.

Other real estate issues, such as extending and/or modifying all or a portion of the El Camino Park lease with Stanford to accommodate the project.

Red Cross Building and Mitchell Lane

The Red Cross Chapter House and Mitchell Lane have historic merit that may be a consideration in a master plan. The Red Cross building, designed by architect Birge Clark, was constructed in 1947-48 to house year-round Red Cross activities. It was built by gifts of friends and members of the organization and was one of the few chapters in the state owned by its chapter. The building was dedicated to the men and women who served in the world wars.

Mitchell Lane was named in 1947 to honor Lydia Mitchell (Mrs. John W., 1854-1958) the first managing director of the Palo Alto Chapter of the American Red Cross. She served the organization for forty years. The street leads to the Red Cross Chapter House and runs between the Julia Morgan Hostess House building and the railroad right-of-way. The master plan shows a street in this approximate location; it could retain the name Mitchell Lane in honor of Mrs. Mitchell.

Revised Letter of Intent (LOI) with TheatreWorks

At the Council's direction, City and TheatreWorks staff met to discuss the public programming opportunities for the proposed theater. As TheatreWorks mission is to provide a series of theater-based programming to benefit the local community, the parties' interests are very much aligned. In response to the Council's inquiry, a summary of the TheatreWorks current programming vision for the space is now included as an attachment to the Letter of Intent and a revised Letter of Intent is included as Attachment T.

It is important to note that the overall details of this programming will change over time, due to a variety of factors. As a threshold matter, the final design plans are not completed, and while the current plans anticipate a total of 91,000 net usable square feet, the precise square footage, configuration, and use allocations are subject to change. Further, once the design plans are complete, TheatreWorks expects its programming needs to vary from year to year depending on the type and scheduling of its performances. In addition, over time, TheatreWorks plans to not only modify but grow its community outreach programs and these efforts will also impact use.

For these reasons, the current Letter of Intent has identified the programming issue as an important one, but one which will take a significant amount of time to develop. In fact, it is likely that the final Public/Private Partnership will attempt to set up a process for cooperative joint programming over time, rather than a specific schedule. This process will codify the parties' long term relationship and mutual goals of community access and allow for a fluid and iterative programming that is driven by priorities that both parties acknowledge will change over time.

To codify this expressly iterative approach to programming, Paragraph 5 of the Letter of Intent provides: "TheatreWorks will not pay rent to the City but, in lieu thereof, TheatreWorks will make portions of the Theater available to the City on terms and conditions to be decided (including, on a space available basis, to community non-profit organizations), which terms and conditions shall not impede TheatreWorks' customary production schedule or the New Works Festival." Further Paragraph 12 of the Letter of Intent expressly provides that it is not binding on either party but it simply intended to facilitate a discussion of a public/private partnership.

For this reason, City Staff believes the City is better served by retaining the broad language in Paragraph 5 at this juncture and deferring more detailed programming discussions until a later time in the process.

Resource Impact

If the Arts and Innovation District proceeds, the City can expect incremental revenues and expenses. The following impacts represent preliminary and rough estimates. As with other significant projects, the developer will be asked to conduct a more thorough fiscal analysis in an Environmental Impact Report (EIR).

Estimates:

Sales tax from retail space	=	\$80,000
Sales tax from employees/theater patrons	=	79,000
Transient Occupancy tax from business visits	=	46,000
Utility Users tax from occupancies	=	37,000
Property tax	=	131,000
Total incremental and annual revenue (est.)	=	\$373,000

Since the current property is owned and will continue to be owned by Stanford, no documentary transfer tax is anticipated. Unlike the lease arrangement at the Stanford Shopping Center with Simon Properties, long-term leases that could potentially generate transfer taxes are not foreseen. Since the proposed project will house commercial activity, additional property taxes should be realized.

Ongoing and incremental City services such as those provided by public safety, public works, planning, and other City departments will be provided to the developed site. While some of the City's costs due to the project will be recovered through the City's fee structures, other incremental and ongoing general service costs need further evaluation. Staff recommends that a fiscal or economic impact analysis be incorporated in the EIR. With modeling capability, a consultant will be able to more finely hone staff's revenue estimates and new City cost burdens. It is suggested that other impacts such as ABAG housing requirements and potential Palo Alto Unified School District needs be explored in the fiscal study. Draft Traffic Assessment – July 9, 2012

Initial Tree Assessment – April 16, 2012

The cost for preparation of an Environmental Impact Report is estimated to be \$250,000.

Environmental Review

The conceptual master plan is not considered a “project” under CEQA. However, if the master plan is approved and a project application is submitted, CEQA would require environmental view at that time. An Environmental Impact Report would need to be prepared for a project of this magnitude.

Next Steps

An extensive community outreach process will continue prior to a public vote in June 2013 (if Council determines that date is appropriate), and substantial further community input and board and commission review would follow if the Council moves forward after the advisory vote.

Attachments:

- Attachment A: Revised Master Plan Concepts (PDF)
- Attachment B: Revised Building Concepts (PDF)
- Attachment C: Arts & Innovation District FAQ (PDF)
- Attachment D: Matrix of Responses to Council (PDF)
- Attachment E: Minutes of Height Session ARB 10 04 12 (PDF)
- Attachment F: Staff Report for ARB 10 04 12(PDF)
- Attachment G: 27 University Ave Draft Preliminary Traffic Assessment (PDF)
- Attachment H: Minutes PTC Height Session October 10 (PDF)
- Attachment I: 10-24-12_PTC-ARB_Summary (PDF)
- Attachment J: October 24 Verbatim of ARB-PTC and PTC (PDF)
- Attachment K: Commissioner Questions and Staff Responses 10 24 12 (PDF)
- Attachment L: PTC Follow-up Questions 10 24 12 (PDF)
- Attachment M: PTC 10 24 Report (PDF)
- Attachment N: PTC 10 24 12 report attachments (PDF)
- Attachment O: Summary November 1 ARB (PDF)
- Attachment P: Public correspondence to ARB prior to ARB 11 1 12 (PDF)
- Attachment Q: Public correspondence to ARB post 11 1 12 meeting (PDF)
- Attachment R: ARB 11 1 12 report (PDF)

- Attachment S: Letters of Support (PDF)
- Attachment T: Updated TheatreWorks Letter of Intent (LOI) (PDF)