TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: APRIL 4, 2005 CMR: 208:05


RECOMMENDATION
Staff and the Planning and Transportation Commission recommend that the City Council:

1. Adopt the attached resolution certifying the Environmental Impact Report and adopting a Statement of Overriding Considerations for the Significant and Unavoidable Impact of Construction Noise, NO-1 (Attachment A);
2. Adopt the attached ordinance approving a Development Agreement and Mayfield Lease with Stanford University (Attachment B), as modified by the Proposed Technical Corrections (Attachment E);
3. Adopt the attached resolution amending the Comprehensive Plan land use classification of the Mayfield Site from Multiple Family Residential to Public Parks (Attachment C);
4. Adopt the attached ordinance amending the zoning code and map in order to implement the Development Agreement and related Ground Lease (Attachment D).

COMMUNITY BENEFITS
Significant Community benefits from the project include:

- Two lighted play fields and a warm-up field with parking at the Mayfield site;
- 250 units of housing located close to Stanford Research Park (SRP) jobs, with up to 70 below market rate (BMR) housing units which will help improve the City’s jobs/housing balance and contribute to addressing the City’s housing need as identified by the Association of Bay Area Governments;
- Improved interface between SRP and the College Terrace neighborhood, as new housing replaces commercial development across the street from existing residences;
- Reduced traffic impacts in the College Terrace neighborhood as commercial development is replaced with housing, and mitigated traffic impacts along other residential streets to reduce impacts to a less than significant level;
- Clear standards and guidelines for the next phase of development in the SRP as supported by the Comprehensive Plan;
- An agreed-upon framework for Transportation Demand Management (including carpools, shuttles, a SRP transportation manager, and the use of other public transit) as the City considers future new commercial development in the SRP with a goal of no new net trips.

DISCUSSION

Project Description
The Project consists of a Development Agreement and Lease between the City and Stanford that allows for a 51-year lease of community playfields at the Mayfield Site at the corner of Page Mill Road and El Camino Real to allow construction of community playing fields, construction of 250 housing units, and demolition and relocation of 300,000 square feet of existing office development. The Project includes a zone change of the Mayfield Site from High Density Multiple-Family Residence District with Site and Design Overlay (RM-40 (D)) to Public Facilities District (PF) with a zoning overlay and a Comprehensive Plan land use designation change from Multiple Family Residential to Public Parks. The Project allows for alternative development standards for the playfields at the Mayfield Site and for housing sites at El Camino Site and Upper California Site, and modifies the zoning in the SRP to accommodate the relocated square footage without increasing the total permitted commercial development in the SRP. See the February 9, 2005 Planning and Transportation Commission staff report and attachments for a complete description and history of the Project and summary of key environmental issues (Attachment K).
The City Attorney Report, dated February 3, 2005 (Attachment F), reviews some of the important terms of the Development Agreement and the proposed Ground Lease of the Mayfield Site for use as athletic fields.

**Final Environmental Impact Report and Mitigation Monitoring and Reporting Plan**

The Final Environmental Impact Report (FEIR – Attachment J) includes comments and responses to comments received during the public review period which commenced on December 14, 2004 and ended on January 27, 2005. The majority of the comments focused on the following key areas of concern (see detailed discussion of each in Master Responses in the FEIR):

- Land Use and Visual Compatibility of Proposed Housing Sites with College Terrace Neighborhood;
- Soccer Complex Lighting;
- Views Along the California Avenue Corridor;
- Historic Resources;
- Traffic Impact in College Terrace Neighborhood;
- Noise; and

The Mitigation Monitoring and Reporting Plan (see Exhibit A of Attachment A) is separated into four categories: Mayfield, R&D/Office, El Camino Real and California Avenue. The MMRP provides a timing schedule and specifies the responsible parties for implementing and monitoring the mitigation measures outlined in the EIR.

**Significant and Unavoidable Impact of Construction Noise Requiring Statement Of Overriding Considerations**

The FEIR establishes that all of the environmental impacts can be mitigated to less than significant levels, with the exception of construction noise. The Draft EIR assessed the potential noise impacts of the proposed project according to CEQA Guidelines and the significance criteria outlined on page 3.8-8 of the Draft EIR. The Noise Ordinance restricts hours of operation which would reduce the impact from construction noise somewhat, but not to a less than significant level. The Draft EIR on page 3.8-11 acknowledges that construction noise Mitigation Measure NO-1.1 is not adequate to reduce impacts to a less-than-significant level and, therefore, determines that this would be a significant and unavoidable impact. This impact requires adoption of a statement of overriding considerations from the City Council if the Development Agreement is to be approved.

**BOARD/COMMISSION REVIEW AND RECOMMENDATIONS**

**Planning and Transportation Commission**

Two public hearings were held before the Planning and Transportation Commission: January 12, 2005, to receive public comments on the Draft Environmental Impact Report (DEIR), and February 9, 2005, to recommend to Council on the DEIR and the project (see staff reports and
minutes, Attachment K). The February 9th staff report discusses the key potential environmental issues raised at the January 12th public hearing:

- Traffic on upper California Avenue;
- Traffic impact on the southbound I-280 off-ramp at Page Mill Road during the period after the construction of the first 100,000 square feet of R&D/Office development and prior to the demolition of the existing 300,000 square feet of R&D/Office space;
- Effects of the presence of hazardous materials at the Mayfield and housing sites;
- Noise impacts associated with the Mayfield soccer complex and construction activities at all sites;
- Lighting impacts associated with field lighting of the soccer fields;
- Land use impacts associated with the size and scale of development of the El Camino Real housing site;
- Historic resources impacts associated with the development of the El Camino Real and Upper California housing sites that are within 300 feet of known historic resources.

These concerns and other comments received during the DEIR public comment period are addressed in the Responses to Comments in the FEIR (Attachment J).

The Project was reviewed and recommended for approval at a public hearing on February 9, 2005, by the Planning and Transportation Commission. Commissioner Burt moved to approve the staff recommendation, seconded by Commissioner Griffin (see minutes, Attachment K):

2. Pass the ordinance approving the Development Agreement with Stanford University.
3. Adopt the resolution amending the Comprehensive Plan land use classification of the Mayfield Site from Multiple Family Residential to Public Parks.
4. Pass the ordinance amending the zoning code and map in order to implement the Development Agreement and related Ground Lease.

The motion passed 4-1 (Commissioners Lippert, Burt, Griffin and Packer in favor; Commissioner Holman opposed).

Commissioner Burt moved to encourage staff to meet with Stanford to develop additional terms of the Development Agreement that could then be considered by the City Council, seconded by Commissioner Holman, and amended by Commissioner Lippert, to include:

1. Clarify design principals relating to the Upper California housing site.
2. Clarify development standards to ensure compatibility on the Upper California housing site with surrounding neighborhoods.
3. Consider connectivity to Page Mill Road from the California site by means other than California Avenue.
4. Develop an on-going community outreach program to inform the public regarding the progress of elements in the Development Agreement.
5. Explore possibilities for development of a Spine Road in the interior of the SRP between El Camino Real and Hanover.
6. Limit the density on the California housing site to 209 dwelling units, or 12 units per acre that is comparable to the zoning in College Terrace.
7. Limit the height to less than 50’ in the California housing site, as recommended by staff.
8. Design and zone the California frontage to R-1 standards.
9. Consider design alternatives to eliminate the potential cut-through traffic from El Camino Real to Page Mill Road through the Mayfield site parking lot.

The motion passed 5-0.

Staff and Stanford have since met and proposed the following revisions to the DA:

- New language in Section 6.4.10 of the Development Agreement addressing the design principles of reflecting the eclectic design of the houses on the north side of California Avenue, reflecting the existing relationship between first and second stories and requiring similar opportunities for landscaping (see Attachment E).
- Modifications of Chapter 18.62.060 (AS2) reflecting the design principles outlined in number one above (see Attachment E).
- Modifications of Section 18.62.020(c) limiting the maximum number of required housing units on the Upper California sites to 209 (see Attachment E).

In addition:

- Connectivity of Upper California Sites to Page Mill Road or Hanover Street. The DA neither precludes nor requires vehicular access directly to Page Mill Road or Hanover Street. The DA does provide, however, for site plan review by the Architectural Review Board, which would include site ingress and egress considerations for development of the Upper California site. The College Terrace residents would have opportunity during the design review process to review and comment on proposed site plans.
- A draft Community Outreach program is outlined by Stanford in a letter to Kathy Durham from Jean Snider dated March 22, 2005 (see Attachment G).
- ECR/Page Mill Road/Hanover/California Superblock Spine Road. None of the project components preclude the Spine Road from being ultimately developed. Development of the Spine Road however, is not included in the project description and is beyond the scope of the Development Agreement. Stanford will support any City initiative to study the Spine Road potential in more detail.
- Mayfield Site Parking Lot Cut-through Traffic. The traffic analysis in the EIR has not identified cut-through traffic in the parking lot as a significant issue. However, the City may add traffic calming devices or interior signage should such traffic prove to be a problem once the fields are constructed and in operation.
Architectural Review Board
The ARB held a public hearing on February 17, 2005 to make comments to Council on the Development Agreement as it relates to modifications to the design review process. The following comments were made (see staff report and minutes, Attachment I):

1. Board Member Maran recommended allowing some neighborhood commercial within the development of the Upper California housing site.
2. Board Member Maran recommended including sustainability in the future development.
3. Board Member Wasserman recommended using ARB as an advisory subcommittee for project development.
4. Board Member Wasserman recommended placing emphasis on sustainability issues.
5. Board Member Wasserman recommended supporting the Planning and Transportation Commission recommendations.

In respect to the soccer complex, the ARB, on January 13, 2005, recommended approval of the design of the playfields. ARB Board Member Judith Wasserman moved to approve the staff recommendation and conditions with the additional conditions noted below, seconded by Board Member Drew Maran:

1. Wood used for the project shall be FSC (Forest Stewardship Council) Certified. Plywood shall be formaldehyde free.
2. Concrete shall contain 30% fly ash.
3. Architect shall consult with the Historical Resources Board on the design of the historic plaques to be used on the site.
4. Time limits on the hours of play shall be listed on signs and placed on the site.
5. Details of the lights for the lighting of the playing fields and details of the fence separating Wilson Sonsini shall return to the ARB subcommittee for review.

The motion passed 2-1 (Wasserman and Moran in favor, Solnick opposed). These conditions are agreeable to Stanford and the Director will incorporate them in the approved design review if the Council approves the project.

Parks and Recreation Commission
The Parks and Recreation Commission reviewed the project and contributed to the design, recognizing the playfields will significantly contribute to the City’s recreational needs. Development of the playfields are consistent with the *Palo Alto Fields Advisory Committee Report to Palo Alto City Council, December 5, 2002*, which identified an existing shortage of fields. The playfields project was preliminarily reviewed by the Architectural Review Board (ARB) on December 4, 2003 and by the Planning and Transportation Commission on December 17, 2003 and received final recommendation for approval by the ARB on January 13, 2005 (included in Attachment I).

**RESOURCE IMPACT**
The approach used to determine the potential economic impact of the Mayfield Site Development Agreement was to review seven components of the development agreement and determine their value as it relates to the City of Palo Alto and Stanford. The components are:
1. Mayfield Soccer Complex
2. BMR Housing
3. Market-Rate Housing
4. Replacement Office and R&D Space
5. New services required
6. Park/Soccer Facility as satisfaction of GUP Community Services Mitigation
7. TDM Program

A review of the low and high values related to the economic impact of each major area indicates that both entities would receive potential positive economic benefits from the proposed development.

From the City of Palo Alto perspective, the value of the leased land has a range of $41.8 million to $91.7 if leased for a 51-year period. However, the City of Palo Alto will only pay $1.00 per year. In addition to the value of the leased land, Stanford will complete the construction of the Soccer Facility valued at $2.5 million. In terms of direct revenues generated from the project the City of Palo Alto will receive approximately $600,000 annually in tax revenues plus a one-time payment of approximately $3.1 million in development fees. All this does not come free and clear, incremental services required by the new facilities and housing result in an annual projected expense of approximately $500,000, leaving a net increase of $100,000 annually.

Stanford will loose the potential value of the lease land for the term of the agreement, but will benefit from the value of the proposed 180 units on Upper California. The value is estimated to be a low of $64.0 million to a high of $145.0 million. (See Attachment H for further details).

PREPARED BY: _____________________________________________________
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STEVE EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL: _________________________________________
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ATTACHMENTS
A. Resolution certifying the Final Environmental Impact Report and adopting a Statement of Overriding Considerations for the Significant and Unavoidable Impact of Construction Noise, NO-1.
B. Resolution adopting ordinance approving a Development Agreement and Ground Lease with Stanford University.
C. Resolution amending the Comprehensive Plan land use classification of the Mayfield Site from Multiple Family Residential to Public Parks.
D. Resolution adopting the Ordinance amending the Zoning Code and Map in order to implement the Development Agreement and related Ground Lease.
E. Proposed Technical Corrections to the Development Agreement.
F. City Attorney Report, February 3, 2005.
G. Stanford letters to Frank Benest, Steve Emslie and Kathy Durham, College Terrace Residents Association.
H. Mayfield Site Economic Analysis.
I. February 17, 2005 ARB Staff Report and Minutes (Council Members Only).
J. Final Environmental Impact Report (Council Members Only).
K. February 9, 2005 Planning and Transportation Commission Staff Report and Minutes (Council Members Only – previously distributed).

Note: All attachments marked for Council Members Only are available in the public file or on the city’s web site at www.cityofpaloalto/mayfield/.

COURTESY COPIES
Larry Horton, Stanford University
Jean Snider, Stanford Management Company
Bill Phillips, Stanford Management Company
Charles Carter, Stanford Planning Office
Kathy Durham, College Terrace Residents Association
Rod Jeung, EIP Associates
Interested Parties