TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: SEPTEMBER 20, 2004

CMR: 418:04

SUBJECT: APPROVAL OF A BUDGET AMENDMENT ORDINANCE IN THE AMOUNT OF $206,150 FOR INCREASED CONTRACT COSTS FOR PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT AND LEGAL FEES ON THE STANFORD/MAYFIELD DEVELOPMENT AGREEMENT

RECOMMENDATION

Staff recommends that the City Council:

1. Approve and adopt the attached Budget Amendment Ordinance (BAO) to amend the budget for fiscal year 2004-05 to a) add $166,150 to the Planning and Community Environment Department for contract costs associated with the preparation of an Environmental Impact Report (EIR) for the proposed development of the Mayfield site and Stanford Research Park; and b) add $40,000 to the City Attorney Department for outside legal services associated with the proposed development of the Mayfield site and Stanford Research Park; and

2. Authorize the City Manager to execute contracts and/or contract amendments without City Council approval up to a total of $166,150 related to environmental impact studies for additional traffic analysis, peer review of a risk assessment for the Mayfield site, evaluation of taller light poles on the Mayfield site and other items outlined on Pages 2 and 3 for the development of the Mayfield site and legal fees related to the proposed development of the Mayfield site and Stanford Research Park.
BACKGROUND
On June 23, 2003, Council authorized the City Manager and City Attorney to negotiate a development agreement for the Mayfield site (CMR333:03). The purpose of the agreement is:

- to allow the City to lease the former Mayfield School site from Stanford University for 51 years;
- develop two full-size playing fields, one practice field, parking and landscaping on the six-acre site at the corner of El Camino Real and Page Mill Road;
- allow construction of at least 250 housing units, including at least 50 Below Market Rate units on two sites in the Stanford Research Park and along El Camino Real;
- allow relocation of 300,000 square feet of Research & Development/Office uses that would be demolished to accommodate the housing; and to evaluate the environmental impacts of these actions, along with build-out of the Stanford Research Park under existing Comprehensive Plan and zoning regulations.

Accordingly, The City and Stanford University entered into a reimbursement agreement December 4, 2003 to address anticipated costs of an EIR required for the projects contemplated under the proposed development agreement. The reimbursement agreement obligates the City and Stanford to share costs of the EIR, with a maximum contribution by Stanford of $200,000 specifically for:

- Fees and expenses charged by consultants retained by the City for studies and analysis prepared for or used in the EIR, including but not limited to the Citywide Traffic Study;
- Documented staff time and expense (including duplication costs) incurred in the preparation or processing of the EIR;
- Costs of any other materials or services provided by City or third parties for the preparation or processing of the EIR.

DISCUSSION
On June 1, 2004 the City engaged EIP Associates (EIP) to prepare an environmental impact report for the proposed actions in the development agreement. The full scope of services is included in Attachment E. The total contract amount was $243,500. EIP commenced work, and has billed the City $228,905 for work completed through July 23, 2004. Stanford has been billed per the reimbursement agreement, and has paid $124,441 as of July 27, 2004.

Staff anticipates work beyond the scope of services in the original contract with EIP. After the contract commenced, the City and Stanford agreed to peer review of the risk assessment of the Mayfield site and a phased approach to the EIR to address development scenarios in 2005, 2010, and 2025. Peer review was not included in the original scope of services, nor was a phased analysis of proposed development. The estimated cost of these changes to the scope of work is $35,360.
As the project has evolved, environmental analysis beyond the original scope of work has become necessary. Changes to the project scope include:

- Alternate site plans for the playing fields;
- An option at the El Camino Real housing site that includes retail space;
- Ingress/egress alternatives at the El Camino Real site;
- Consideration of maximum of 345 residential units instead of 250;
- Evaluation of 50 versus 70-foot light poles for the soccer complex
- Selection of the Hillview site for 100,000 square feet of relocated development in the Stanford Research Park.

The total additional cost related to additional environmental study of these items is $60,890.

Unanticipated traffic analysis for the project was also required, due to development phasing and timing. The original scope of work assumed the citywide traffic model could be used for the traffic analysis. As the project evolved additional information regarding traffic impacts as a result of phased development was required. Cost of traffic studies beyond the original contract is $69,990, including a $15,000 contingency.

In summary, additional EIR contract costs are as follows:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$35,360</td>
<td>Peer review for the risk assessment and phased development scenarios;</td>
</tr>
<tr>
<td>60,890</td>
<td>Changes in project scope and alternatives</td>
</tr>
<tr>
<td>69,900</td>
<td>Traffic analysis (includes $15,000 contingency)</td>
</tr>
<tr>
<td>$166,150</td>
<td>Subtotal</td>
</tr>
<tr>
<td>243,500</td>
<td>Existing Contract</td>
</tr>
<tr>
<td>$409,650</td>
<td>Total EIR Contract Cost</td>
</tr>
</tbody>
</table>

Additional Work – Legal Services
The City Attorney’s Office has been an integral part of the team working on this proposed project. Resources include staff as well as contract legal expertise. The City Attorney estimates additional contract legal services in the amount of $40,000 in the existing fiscal year will be required through presentation of the draft and final EIR to the community and Council.

Economic Analysis
An analysis of the economic impact of proposed development and/or phases may be required for Council prior to making final decision on the Mayfield site. Funding for such an analysis is not included in the current EIR contract nor additional work described herein. Staff will return to Council if funding for an economic analysis is necessary.
Stanford Cost Sharing
The reimbursement agreement defines cost sharing for EIR costs: 50/50 up to a maximum contribution by Stanford of $200,000. Per the terms of this agreement contract costs would be shared between the City and Stanford as follows:

<table>
<thead>
<tr>
<th>Costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 243,500 Existing EIR Contract</td>
<td>166,150 Additional work – EIR contract</td>
</tr>
<tr>
<td>$ 40,000 Additional work – Legal Services</td>
<td></td>
</tr>
<tr>
<td>$ 449,650 Total Contract Costs, EIR &amp; Legal Services</td>
<td></td>
</tr>
</tbody>
</table>

**RESOURCE IMPACT**
The attached BAO requests an appropriation in the amount of $206,150 from the General Fund Budget Stabilization Reserve. Drawing upon the Budget Stabilization Reserve will result in a negative General Fund balance at year-end as it represents a use of reserve funds.
The original contract totaling $243,500 is included in the 2004-05 budget. This amount consists of $43,500 in the Planning and Community Environment operating budget and $200,000 in a development account set up to accommodate payments from Stanford per the reimbursement agreement cited above.

Adding $166,150 to the Planning and Community Environment Department operating budget will provide funding for the unreimbursed portion of the EIR. Adding $40,000 to the City Attorney Office operating budget will provide funding for additional legal services fees associated with the EIR.

PREPARED BY: ____________________________
LISA GROTE
Chief Planning Official

DEPARTMENT HEAD __________________________
APPROVAL: STEVE EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL: __________________________
EMILY HARRISON
Assistant City Manager
ATTACHMENTS
A. Budget Amendment Ordinance
B. Budget Amendment Ordinances Impacting General Fund Reserves Approved-To-Date in 2004-05
C. Recommendation from Stanford Liaison Committee… (CMR 333:03)
D. Reimbursement Agreement
E. EIP Scope of Work, Palo Alto/Stanford Development Agreement EIR

CC: