TO:       HONORABLE CITY COUNCIL
FROM:    CITY MANAGER       DEPARTMENT: PLANNING AND
          COMMUNITY ENVIRONMENT
DATE:    MAY 2, 2005
SUBJECT: CITY OF PALO ALTO / STANFORD DEVELOPMENT AGREEMENT
          AND LEASE PROJECT, STANFORD RESEARCH PARK. A FINAL
          ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED [STATE
          CLEARINGHOUSE NO. 2003082103] (CONTINUED FROM APRIL 4,
          2005)

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 with Stanford
   University (Attachment B), as modified by the Proposed Technical Corrections
   (Attachment C);
3. Adopt the attached resolution amending the Comprehensive Plan land use classification
   of the Mayfield Site from Multiple Family Residential to Public Parks (Attachment D);
4. Adopt the attached ordinance amending the zoning code and map in order to implement
   the Development Agreement and related Ground Lease (Attachment E).

COMMUNITY BENEFITS
Significant community benefits from the Development Agreement and Lease Project include:

1. Two lighted play fields and a warm-up field with parking at the Mayfield site;
2. 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;
3. Improved interface between SRP and the College Terrace and Peter Coutts
neighborhoods, as new housing replaces commercial development;
4. Reduced traffic impacts in the College Terrace neighborhood as commercial development is replaced with housing;
5. Clear standards and guidelines for the next phase of development in the SRP as supported by the Comprehensive Plan,
6. 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
Subsequent to the distribution of CMR 208:05, dated April 4, 2005, there have been additional concerns raised by community groups in the College Terrace and Peter Coutts neighborhoods. In addition to previously distributed materials (DEIR, FEIR, CMR 208:05 and attachments), City staff, Stanford representatives and neighborhood residents have met to address the key issues and to recommend additional technical modifications to the Development Agreement which are detailed in Attachment C and summarized below.

The majority of the modifications agreed upon pertain to topic areas listed on page 4 of the April 4, 2005 City Manager’s Report which lists recommendations from the Planning and Transportation Commission. Five additional issues raised during the past month are also addressed in this report. In addition, a series of Frequently Asked Questions (FAQs) are attached to this report that were prepared by staff (See Attachment F). These FAQs were posted on the City’s Mayfield website on April 21, 2005, to address general comments made by the public.

- Limit the density on the California housing site

The Development Agreement will restrict the number of required housing units on Upper California site. Any housing proposal greater than 209 units along Upper California would be subject to the City’s full discretionary design review and the normal public review process.

- Clarify development standards to ensure compatibility on the Upper California housing site with surrounding neighborhoods including limiting heights to less than 50 feet and ensuring that the California frontage is designed to meet R-1 standards.

The City and Stanford, with community input, have developed standards to ensure that housing on the Upper California site is compatible with the two existing neighborhoods. These standards include restricting heights along California Avenue, which borders College Terrace and the western property line, which borders the Peter Coutts area and providing adequate setbacks. Standards also include requirements for detached homes, space for landscaping, and varied buildings along California Avenue reflecting the development across the street.

As depicted in Attachments G, H, I, heights along California Avenue will be allowed to increase as distance from the residential neighborhoods increases. Specifically, heights will be restricted to 30 feet for the first 100 feet from California Avenue and from the Peter Coutts neighborhood boundary and 35 feet for the next 300 feet from California Avenue and for the next 200 feet from...
the Peter Coutts boundary. In addition, new development in the area with 30 and 35-foot height limits will not be allowed to exceed 118 feet above sea level since grades at 300 feet from the Peter Coutts neighborhood boundary and 340 feet from the Page Mill Road boundary naturally protect views. The graduated heights ensure that areas visible to adjacent neighborhoods will respect views and the scale and character of the existing neighborhoods.

The Upper California site already has twenty-foot setbacks to protect College Terrace and a twenty-foot setback is now also proposed to protect the Peter Coutts neighborhood.

- Clarify the design principals relating to the Upper California housing site:

The architectural firm of Quigley and Associates developed two design principles for the Upper California site: stitch the seam; and a hierarchy of form. The first principle is intended to ensure that what is built on the south side of California Avenue immediately across the street from existing houses on the north side of the street in College Terrace will reflect the character and pattern of that neighborhood. The second principle is intended to reflect that higher density uses are appropriate as they move further away from existing neighborhoods.

Wording has been added to Section 6.4.10 of the Development Agreement to specifically address these two principles. The Development Agreement requires the housing along the California edge to approximate the horizontal rhythm of building-to-side yard setback and façade areas, including the relationship of first and second stories of residential properties located across the street from or in the vicinity of the California site; and reflect the eclectic nature of the design of residences on the north side of the street and include similar opportunities for landscaping.

If the City of Palo Alto determines that the California Avenue edge does not meet these requirements, then the City can review massing, roof forms and site plans to ensure that the requirements along the California Avenue edge are met.

- Consider connectivity to Page Mill Road from the California site by means other than California Avenue

The traffic analysis shows that the traffic impact on College Terrace streets from new housing would be minimal and, therefore, a direct connection to Page Mill Road is not warranted based on the environmental analysis. The Development Agreement does not call for such a connection, nor is the City of Palo Alto or Stanford proposing one. It should be noted that the Development Agreement does not preclude a connection; however, a connection has not been supported at meetings with the Peter Coutts neighborhood.

- Develop an on-going community outreach program to inform the public regarding the progress of elements in the Development Agreement

The Development Agreement requires that Stanford annually submit a written report to the City on the status of the development allowed under the Development Agreement. The report shall identify any housing and new commercial building developed within in the research park for the previous year. This report will be forwarded to the City Council and available for public review.
Stanford has also committed to engage in community outreach with both the College Terrace and Peter Coutts neighborhoods when the design phase of any of the housing development occurs (Attachment J).

- Explore possibilities for development of a Spine Road in the interior of the SRP between El Camino Real and Hanover

Although a Spine Road is not addressed as part of the Development Agreement and, therefore, beyond the scope of the Development Agreement, none of the project components prevent a future Spine Road from being studied and considered in the future. Stanford is supportive of any future initiative by the City to study this potential circulation option.

- 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 circulation design for the playfield parking lot has been developed to inhibit cut-through traffic from El Camino to Page Mill Road. A drop off bulb-out in the center of the driveway, texturing of the driveway and the activity within the parking lot itself will contribute to making the parking lot infeasible for use as a short cut to Page Mill Road.

- Effects on views to and from Coyote Hill from relocated/associated square footage

Views to and from Coyote Hill will remain intact when the development allowed under the Development Agreement is constructed in the research park. Coyote Hill is approximately 100 feet higher than the two and three story buildings that currently surround it, which is why it is visible from vantage points along surrounding roadways and why views are unobstructed from its high points. Based on the topography of the area and the current height restrictions of 35 feet, development of new office buildings or other uses allowed under the existing zoning would not change the views to or from Coyote Hill. If future changes to the LM zoning district allow an additional five feet of height for specific uses in the Stanford Research Park, a total height of 40 feet would not obstruct or significantly change the views to or from Coyote Hill. As an additional safeguard, the D overlay applies to properties adjacent to Coyote Hill; therefore, the Council could review these projects on appeal.

- Environmental review process for pending development proposal on the Hillview site

A preliminary application for redevelopment of the Hillview site has been submitted to the City. The proposal includes redeveloping the existing development on site and adding 100,000 square feet of the relocated square footage allowed under the Development Agreement. If the Development Agreement EIR is certified by the City Council and the Council approves the Development Agreement, an Environmental Impact Analysis (EIA) would be prepared by staff for the project. The applicant would be required to prepare any site-specific technical reports that staff deemed necessary for environmental evaluation of the site including a traffic operations analysis that would address site circulation including ingress and egress. If the EIA determines that the proposal is consistent with the conclusions in the Development Agreement EIR, staff would prepare an Addendum to that EIR, which is an administrative process. If new impacts or
new mitigation measures are identified in the EIA, then further environmental review would be required.

- Pedestrian connection to the playfields

The Development Agreement requires onsite implementation of Comprehensive Plan policies L-43 and L-44 to provide sidewalks, pedestrian paths and bicycle connections linking California Avenue to the playfields as sites are redeveloped. Currently there is a 24-foot private easement (Attachment K) that extends over the rear of the properties (Wells Fargo Bank site, future housing site and Bank of America site) facing El Camino between the playfield site and California Avenue. At the time the housing is constructed a pathway will also be constructed on the housing site. Unless the Wells Fargo Bank site is also developed as part of the housing project, the City will need to work with both Wells Fargo Bank and Bank of America to redevelop their respective parking lots with a pedestrian pathway to ensure safety for pedestrians and bicyclists accessing the playfields.

The existing 24-foot maintenance easement will accommodate one-way vehicular access with a pathway but not two-way vehicular access. In preliminary discussions, the Bank of America leaseholder has indicated a willingness to work with the City and Stanford on reworking its circulation when the housing site is redeveloped. Wells Fargo Bank, which has the right to lease its property for another fifty years, has not taken a position in support of this connection yet. The City retains its right to use eminent domain to provide a pathway connection.

- FEIR Amendment

Staff has determined that there was an omission in the text changes included in the FEIR for the project, which is being corrected with the attached FEIR amendment (Attachment L). An additional traffic analysis prepared by the traffic consultant was to be referenced in the text of the FEIR but was inadvertently omitted. The additional analysis evaluated the development of 255 units on the Upper California Avenue site and 90 units on the El Camino site, which is the maximum allowed on each site under the proposed rezonings. The traffic report in the EIR analyzed a different distribution—217 units on Upper California Avenue and 128 units on the El Camino site. The additional analysis concluded that the redistribution of units would not change the intersection, roadway or freeway ramp levels of service. A TIRE analysis with the same distribution concluded that no impacts would result from the project.

- Monitoring of mitigations and assumptions

All development projects for which mitigation measures have been adopted are required to prepare a Mitigation Monitoring and Reporting Program (MMRP). The MMRP is adopted at the time of project approval and identifies the procedures necessary to ensure that the mitigation measures in the Final EIR are implemented. The MMRP identifies who is responsible for implementing the mitigation measures, monitoring their implementation, how they monitoring will be completed and the schedule for the monitoring. The MMRP ensures that project compliance is checked on a regular basis during and, if necessary after, implementation. The MMRP for the Development Agreement is attached to the CEQA Resolution (Attachment A).
Issues have been raised by the community regarding monitoring traffic near the proposed housing sites as the development occurs to ensure that the traffic assumptions in the traffic analysis are accurate. The City will monitor the traffic; however, there is no mechanism to require any additional traffic mitigations unless there are substantial changes to the project or substantial changes to the circumstances under which the project is undertaken or new information shows that conclusions in the EIR were inadequate.

Also attached to this report is a letter from Stanford (Attachment M) describing a proposed rental program if market-rate rental units are built under the Development Agreement. We have also attached the original offer letter regarding the terms of the proposed Development Agreement from Stanford University (Attachment N).

**BOARD/COMMISSION REVIEW AND RECOMMENDATIONS**

The previously distributed April 4, 2005 CMR 208:05 summarizes the Planning and Transportation Commission public hearings that were held on January 12, and February 9, 2005 where the project was reviewed and recommended for approval. Additionally, that CMR summarizes the Architectural Review Board and Parks and Recreation Commission recommendations to approve the Mayfield soccer complex.

**RESOURCE IMPACT**

An economic analysis was performed that reviewed seven components of the Development Agreement to determine their value as it relates to the City of Palo Alto and to Stanford, and found that both entities would receive potential positive economic benefits from the proposed development. See the previously distributed CMR 208:5 and Attachment H to that report for details.

**PREPARED BY:**

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**CITY MANAGER APPROVAL:**

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ATTACHMENTS
Attachment A: Revised CEQA resolution
Attachment B: Ordinance Approving Development Agreement
Attachment C: Technical corrections to development agreement, revised 4/25/05 (this includes revisions to Exhibit D and design issues)
Attachment D: Resolution Amending the Land Use Map of the Comprehensive Plan
Attachment E: Ordinance Amending Title 18 (Zoning) and the Zoning Map
Attachment F: Mayfield Website FAQ’s
Attachment G: Graphic of bicycle/pedestrian path on ECR site
Attachment H: Graphic of 35-foot height limit on extended portion of ECR site (505 Cal. Ave) and 50-foot height limit on rest of ECR site
Attachment I: Graphic showing graduated heights on Upper California site
Attachment J: Community Outreach Side letters from Stanford, dated March 22, 2005 and April 27, 2005
Attachment K: Connectivity maps
Attachment L: FEIR traffic amendment
Attachment M: Rental Housing Program Sideletter from Stanford, dated April 27, 2005
Attachment N: Offer Letter from Stanford, dated June 10, 2003
Attachment O: Letter from Peter Coutts Hill Homeowners’ Association Board of Directors, dated April 27, 2005
Attachment P: Allhouse Deaton letter dated April 8, 2005
Attachment Q: Statement from College Terrace residents’ Association Board of Directors dated March 18, 2005

Also refer to previously distributed materials: CMR 208:05 with attachments, Draft EIR, Final EIR.

Note: Previous staff reports and hearing minutes for this project are available in the public file or on the city’s website at www.cityofpaloalto.org/mayfield/

COURTESY COPIES
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Jean McCown, Stanford University
Jean Snider, Stanford Management Company
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