TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES
DATE: AUGUST 1, 2005 CMR: 340:05
SUBJECT: RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO DESIGNATING THE PALO ALTO CHILDREN’S LIBRARY ELIGIBLE AS A “SENDER SITE” IN THE TRANSFER OF DEVELOPMENT RIGHTS PROGRAM

RECOMMENDATION
Staff recommends that Council approve the attached Resolution of the Council of the City of Palo Alto designating the Palo Alto Children’s Library to be eligible as a “Sender Site” in the Transfer of Development Rights program.

BACKGROUND
The renovation and expansion of the Children’s Library that was part of a 2002 library bond measure was subject to approximately 40 public meetings, including environmental review. After failure of that bond measure, interested parties requested that the City Council postpone improvement plans for the Children’s Library until they could explore public/private partnership funding (CMR:111:03). That effort was successful, and on March 1, 2004, Council approved a cost sharing agreement with the Friends of Children’s Library and the Palo Alto Library Foundation (CMR:142:04). On June 28, 2004, the City Council awarded a design contract for the Children’s Library renovation and expansion to Architectural Resources Group (ARG) (CMR:340:04). On February 7, 2005, Council approved revisions to the Zoning Code to allow eligible City-owned historic properties located in any zone district to be “sender sites” under the Transfer of Development Rights ordinance, transferring historic or seismic rehabilitation floor area bonuses from these sites to eligible “receiver” sites located in the Downtown CD Zone District. On April 28, 2004, the plans for the Children’s Library expansion and improvements were reviewed by the Library Advisory Commission. On July 6, 2005, the Historic Resources Board reviewed the plans, the recommendation from the State Historic Preservation Office (SHPO) and the Historic Structure Report (required for the project to participate in the TDR program). The HRB supported participation of the Children’s Library project in the TDR program and unanimously recommended approval of the design plans as complying with the Secretary of the Interior’s Standards for Rehabilitation, subject to conditions. On July 18, 2005, Council approved a contract for construction management services for the Children’s Library renovation and expansion project (Capital Improvement Program Project PE-04010) (CMR:326:05).

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DISCUSSION
The purpose of the TDR program is to encourage and support the rehabilitation of historic buildings. The program provides a floor area bonus for the qualified rehabilitation of Category 1 and 2 historic buildings and Seismic Category I, II, and III buildings which are either owned by the City of Palo Alto or located in the Downtown CD zone district. The size of the bonus is 2,500 square feet, or 25% of the existing building, whichever is greater. Floor area bonuses may be transferred (sold) from eligible “sender” sites for use on eligible non-historic “receiver” sites in the Downtown. For City-owned property, floor area bonuses from eligible sender sites may be sold by the City on the open market through a public bid process. Funds from the sale will be used to rehabilitate eligible City-owned historic buildings.

Revisions to the Zoning Code approved by the Council in February 2005 include Chapter 18.32.090 which outlines five provisions for eligible City-owned buildings to participate in the TDR program. A summary of those provisions is attached (Attachment B). The first provides for the Council to designate by resolution City-owned buildings that are Category 1 or Category 2 on the City’s historic inventory or Category I, II or III on the City’s seismic hazards identification list as eligible to participate as a “sender sites” in the TDR program. As noted in the attached resolution, the Children’s Library facility, located at 1276 Harriet Street, Palo Alto, is a Category I historic building on the City of Palo Alto Historic Inventory and as such qualifies to be a “sender site” in accordance with the first provision of Chapter 18.32.090. The resolution also notes the Palo Alto Historic Resources Board (HRB) review and recommendation for approval of the Children’s Library project design, the recommendation from the State Historic Preservation Office (SHPO) and the June 2005 Palo Alto Children’s Library Historic Structures Report. The Children’s Library Historic Structures Report fulfills the second provision of the attached summary requiring preparation of a historic structures report in accordance with the standards and guidelines of the SHPO.

The second provision, requiring the City Manager to establish a public bidding process to sell the bonus floor area development rights, will be completed in the next few weeks. The procedure will be based on the City’s formal bidding procedures, and will include an appraisal to establish the minimum bid and Council approval of a Request for Bid Proposals (RFBP). Completion of the third and fourth provisions of the attached summary is in process. Regarding the fourth provision, the Planning Director has received a preliminary application for a determination that the Children’s Library is eligible for a 2,500 square foot floor area bonus. Upon approval of the attached resolution for the Children’s Library designation, the Director of Planning anticipates approving the application.

RESOURCE IMPACT
Approval of the attached resolution satisfies one of several provisions required prior to the sale of the transferable development rights for the Children’s Library. Sale of these development rights will result in revenues to be used for rehabilitation and expansion of the Children’s Library in accordance with approved plans.
POLICY IMPLICATIONS
This recommendation is consistent with existing City policy.

TIMELINE
Staff will return to Council in early September for approval of the RFBP (including results of the appraisal). At that time staff will also confirm completion of the City Manager’s procedures for sale of the transferable development rights and the Planning Director’s determination of eligibility for the Children’s Library.

ENVIRONMENTAL REVIEW
Designation of the Children’s Library site as an eligible “sender” site is Categorically Exempt under provision 15305, Minor Alterations in Land Use Limitation, of the California Environmental Quality Act Guidelines. The Children’s Library Renovation and Expansion project will be done in accordance with the Mitigated Negative Declaration previously approved by Council (Resolution No. 8183).

PREPARED BY: WILLIAM W. FELLMAN
Manager, Real Property

DEPARTMENT HEAD APPROVAL: CARL YEATS
Director/Administrative Services

CITY MANAGER APPROVAL: EMILY HARRISON
Assistant City Manager

ATTACHMENTS
Attachment A: Resolution of the Council of the City of Palo Alto Designating the Palo Alto Children’s Library Eligible as a “Sender Site” in the Transfer of Development Rights program.

Attachment B: Summary of Provisions for Transfer of Development Rights for City-owned Property