TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: SEPTEMBER 25, 2006 CMR: 376:06


RECOMMENDATION
The Planning and Transportation Commission (PT&C), Architectural Review Board (ARB), and staff recommend that the City Council:

1. Approve the Negative Declaration (Attachment I) for the project at 3412 Hillview Avenue, with a finding that the project will not result in significant environmental impacts; and

2. Approve the Site and Design Review and DEE applications to allow the construction of a new research and development building in the RP-5(D) Research Park Combining District, based on the findings and conditions of approval in the draft Record of Land Use Action (Attachment A).

BACKGROUND
The applicant, Stanford Management Company, is proposing to demolish the two existing research and development (R&D) office buildings, totaling 68,300 square feet,
and construct a split-level three-story 74,000 square foot R&D building with a two-level parking deck and associated site improvements. Attachment D provides further description, as outlined by the applicant.

The property is zoned RP-5(D) (Research Park Sub-district 5 with Site and Design Review combining district). The Site and Design combining district requires projects proposed in environmentally sensitive areas to be reviewed by P&TC and the City Council, in addition to ARB. Site and Design Review ensures that the project will be harmonious and compatible with surrounding uses in the general vicinity and in accord with the Palo Alto Comprehensive Plan.

The project would not conform to all of the zoning standards of the RP-5 zoning district, as set forth in the attached table (Attachment C). The applicant is requesting Design Enhancement Exceptions from the RP-5 Zone development standards to exceed the maximum allowed building height and lot coverage. Full descriptions of the requested exceptions are contained in the Planning and Transportation Commission staff report, from the July 12, 2006 meeting (Attachment F).

**BOARD/COMMISSION REVIEW AND RECOMMENDATION**

**Planning and Transportation Commission**
The P&TC reviewed the project at its meeting of July 12, 2006. The P&TC recommended that the Council approve the Site and Design Review application and the Negative Declaration. In general, the P&TC was supportive of the design, including site orientation, sustainable building elements, landscape features and pedestrian connections. The Commissioner who did not recommend approval expressed concern that the views of the building from the Coyote Hill open space to the west would be negatively impacted without additional screening. Stanford University owns this open space property, which is zoned Agricultural Conservation, and does not permit public access. Other than the applicant, there were no members of the public who spoke. The verbatim minutes of the P&TC meeting are included with this report as Attachment E, and the P&TC staff report is included as Attachment F.

**Architectural Review Board**
The ARB reviewed the application on August 3, 2006. The ARB recommended that the Council approve the Negative Declaration, DEEs, and Site and Design application, with a condition of approval that details of the building’s roof deck and vertical trellis return to the ARB subcommittee prior to building permit issuance. On September 7, 2006, the ARB subcommittee reviewed the redesigned roof deck with tall bamboo plantings in place of the vertical trellis, and found the design to be an attractive and workable screening feature. Meeting minutes reflecting the ARB discussion on August 3, 2006 are found in Attachment G, and the ARB staff report is included as Attachment H.

**RESOURCE IMPACT**
The proposed project will generate additional General Fund revenues in the form of property taxes and development impact fees. The 3412 Hillview project improvements are expected to add $25.7 million in assessed value to the property.
That will translate to $23,139 in additional property tax revenue to the City each year. Development Impact Fees are estimated at $112,791, a one-time revenue impact.

Since the site will continue to be used for Research and Development and will not change significantly in square footage, there will be negligible sales tax and UUT impacts. Similarly, the City is not expected to incur substantial additional operational costs as a result of the planned improvements at 3412 Hillview.

ENVIRONMENTAL REVIEW
The proposed project is subject to environmental review under provisions of the California Environmental Quality Act (CEQA). An Environmental Impact Assessment (EIA)/Initial Study was prepared for the project and is contained in Attachment I. Based upon the EIA, it was determined that the project would not have a significant adverse impact on the environment. The Negative Declaration was made available for public review between June 22, 2006 through July 11, 2006.

PREPARED BY: _________________________________
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ATTACHMENTS
A. Draft Record of Land Use Action
B. Location map
C. Zoning Compliance Table (prepared by staff)
D. Applicant’s submittal, including Project Description and View Assessment Photo Exhibit
E. Verbatim Minutes excerpt from July 12, 2006, PTC hearing
F. Planning and Transportation Commission staff report dated July 12, 2006 (without attachments)
G. Minutes excerpt from August 3, 2006 ARB hearing
H. ARB staff report dated August 3, 2006 (without attachments)
I. Initial Study/Negative Declaration
J. Project Plans (Council Members only)

COURTESY COPIES:
Applicant: Stanford Management Company
Carl Cahill, City Manager, Town of Los Altos Hills