TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: OCTOBER 11, 2005
CMR: 391:05

SUBJECT: ZONING ORDINANCE UPDATE - ADOPTION OF PORTIONS OF A NEW CHAPTER 18.20 OF THE ZONING ORDINANCE TO PROVIDE REGULATIONS FOR THE MEDICAL OFFICE AND MEDICAL RESEARCH DISTRICT [MOR], RESEARCH PARK [RP] DISTRICT AND RESEARCH PARK-5 SUBDISTRICT [RP(5)], AND RELATED DEFINITIONS IN CHAPTER 18.04; MODIFICATIONS TO SECTION 5.20.120 OF THE MUNICIPAL CODE REGARDING RECYCLING; MODIFICATIONS TO CHAPTER 18.08 REGARDING ZONING DISTRICTS; AND DELETION OF CURRENT CHAPTERS 18.37, 18.55, 18.57, 18.60, AND 18.63 OF THE ZONING ORDINANCE (TITLE 18).

RECOMMENDATION
Staff and the Planning and Transportation Commission (P&TC) recommend that the City Council adopt the attached ordinance to approve specific sections of the new Chapter 18.20 in the Zoning Ordinance for the Medical Office and Medical Research (MOR), Research Park (RP) and Research Park-5 (RP-5) zoning districts west of El Camino Real (Stanford lands), encompassing revisions to the current office, research, and manufacturing zoning districts (Chapters 18.37, 18.55, 18.57, 18.60, and 18.63) and related definitions in Chapter 18.04 (Attachment A). Staff also recommends modifications regarding the definition of “medical research” and the review of automatic teller machines (see discussion below).

Staff recommends that the City Council adopt two additional provisions that would require the following; 1) Conditional Use Permits for all residential developments in the MOR, RP and RP(5) Districts, and 2) Conditional Use Permits for medical office use in the RP and RP(5) Districts.

BACKGROUND
On October 4, 2004, the City Council reviewed and discussed preliminary recommendations of the Planning and Transportation Commission (P&TC) regarding proposed uses, standards, and issues related to the MOR, RP, and RP-5 districts, along with relevant combining districts and definitions. A separate chapter providing for performance standards to address impacts on adjacent land uses and criteria for mixed use development is being prepared in a separate chapter concurrently with revisions to the commercial districts.
The Council accepted many of the modifications, but directed that staff address several issues in conjunction with moving forward with the changes to:

1. Delete provisions limiting office use in the Research Park (RP) district, and instead require monitoring of office use in the Research Park, with a report to Council if substantial increases in office use occur in the future.
2. Delete the phrase “within a medical office” from the definition of “medical research.”
3. Incorporate a minimum 150-foot setback adjacent to residential zones for increased height to 40 feet to accommodate interstitial space for biotech users in the Research Park (RP) and Research, Office.
4. Return with added provisions for mixed use and residential uses, and for performance standards regarding noise, lighting, access, etc. for these zones.
5. Review provisions for “medical office” and “medical research” uses in the Medical Office and Medical Research (MOR) district to provide incentives to retain medical offices but without providing a disincentive for maintaining research uses.

The minutes of the October 4, 2004 Council meeting are included as Attachment D.

On May 11 and May 18, 2005, the P&TC considered revisions to the draft ordinance to address the Council’s concerns. The P&TC considered the ordinance in two parts: 1) those provisions related to the proposed MOR and RP zones located on Stanford lands west of El Camino Real; and 2) those provisions related to the proposed ROLM and GM zones, located east of El Camino Real. Chair Cassel did not participate in the Stanford lands (MOR and RP) discussion due to a conflict, and Commissioner Bialson did not participate in either discussion, due to a conflict. The P&TC’s recommended modifications to the Stanford lands portion of the ordinance are discussed below. The P&TC’s May 11th staff report is included as Attachment B and the P&TC minutes from the two meetings are included as Attachment C to the staff report.

DISCUSSION
Staff has prepared two CMR’s and ordinances that will allow the Council to address the Office, Research, and Manufacturing zoning districts located west of El Camino Real (Stanford lands) separate from the zoning districts east of El Camino Real. After adoption, the two ordinances will be merged to create one Chapter 18.20 in the Zoning Ordinance.

This CMR and Ordinance address only those zoning districts west of El Camino (Stanford lands). The revised ordinance (Attachment A) reflects the changes recommended by the P&TC.

The districts west of El Camino Real include the Medical Office and Medical Research (MOR), Research Park (RP), and Research Park-5 (RP-5) zones. The Commission voted 5-0 to recommend approval of the ordinance provisions related to these districts and for the proposed definitions. The P&TC’s action on each of the key issues addressed in these zones is summarized below.

Increased Height for Biotech/R&D and Setback from Residential Uses
Staff’s recommendation, based on Council direction at the October 4, 2004 meeting, would allow for an increase in building height to a maximum height of 40 feet (the maximum is currently 35 feet) to accommodate the interstitial space needs of biotech and research and development users
in the RP and RP-5 districts. The interstitial space could not be used as habitable area, and habitable space would be limited to two stories. A minimum 150-foot setback would be required from any residential zoning district for any portion of the building(s) in excess of 35 feet (see Attachment F for illustration). Provisions are also made to accommodate equipment needs in the basement or on the rooftop of buildings in these zones. The P&TC voted to recommend approval of these changes by a 5-0 vote, but with the caveat that they may be revisited if performance criteria to be developed do not adequately address visual and noise impacts of the equipment.

Residential Uses and Mixed Use
The P&TC voted (5-0) to recommend to Council prohibition of single-family and two-family residential uses in the MOR and RP districts and the permitted use of multi-family development pursuant to RM-30 densities and development standards, with one exception. The exception provides that, in the RP districts, any residential development located within 150 feet of a low density residential zoning district (R-1, R-2, R-E, and RMD) must comply with RM-15 densities and development standards. Language was also added to indicate the need for compatible transitions from low density uses, including the potential use of the Village Residential land use in that transition area. The P&TC recommendation prohibits mixed use (residential and non-residential) development in these transition areas.

The Commission discussed but did not pass a motion to limit residential development to RM-15 densities and development standards in the Medical Office and Medical Research (MOR) district. The intent of the motion was to further restrict the potential for uses other than medical office in that district. As stated above, the Commission’s recommendation is that RM-30 densities would be permitted. The transition area limitation was not imposed in the MOR district, however, because the area is not adjacent to low-density residential zones.

Staff also believes that the CUP process could help to assure that extensive redevelopment of industrial and/or research sites for residential development does not reduce economic diversity or cause relocation of needed industrial support services, substantially alter traffic generation and/or characteristics, or impact adjacent sensitive environmental areas or neighborhoods. Therefore, Staff recommends that Conditional Use Permits be required for all multi-family residential uses in the MOR, RP and RP-5 Districts. This would also include mixed use projects that have a residential component. Staff believes that this added level of review would provide for further protection of those areas that are important for support of the City’s economic base, and would require a more detailed assessment of potential impacts.

Medical Office/Medical Research Uses
The P&TC voted (5-0) to recommend that “medical research” be defined to clarify that the use is limited to research “within medical offices.” The Commission’s concern was that to allow for stand-alone medical research uses in the MOR district would encourage the further conversion of medical office space to research uses for Stanford and that such conversions have increased since the Council last reviewed this issue.

In October of 2004, the Council specifically removed that language from the definition of “medical research,” though direction was also provided to look at possible incentives to encourage medical office use. Staff reported to the P&TC that zoning incentives are not practical
at this time, and the P&TC therefore determined that medical research use should be limited. However, based on the Council’s initial direction on this item and the problems with enforceability, staff continues to recommend that the phrase “within medical offices” should be deleted. It would be very difficult for staff to assess uses interior to a medical office and to distinguish whether research work is related to patient needs or is designed for some other purpose.

Staff Alternative Recommendation: Delete the phrase “within medical offices” from the definition of “medical research.”

Staff Alternative Recommendation: At the Council’s direction from a recent review of an office building in the industrial area, Staff further recommends that all medical office use, except in the MOR zone, require a conditional use permit. The conditional use permit would provide for additional review of medical office use, especially in the area of traffic analysis. Traffic (trip generation) and parking requirements are generally 10-30% higher for medical office uses than for professional office uses. The medical office use would remain a permitted use in the MOR Zone.

Stanford Development Agreement
The City Attorney has added the following language to address potential conflicts with the Stanford Development Agreement.

In the event that any provision of this Chapter 18.20 conflicts with any provision of the Development Agreement between the City of Palo Alto and Stanford University approved and adopted by Ordinance No. 4870, the provisions adopted by Ordinance No. 4870 shall apply.

Performance Criteria
The P&TC voted (4-1) to recommend that the existing performance criteria chapter (18.64) of the Zoning Ordinance (Attachment E) be retained for industrial and commercial districts while staff works with the Architectural Review Board (ARB) and the ZOU environmental consultant to update and refine those criteria. The Commission’s approval was made with the caveat that the development standards, particularly provisions for increased height and equipment accommodations, may be revisited if the performance criteria do not adequately address visual and noise impacts of the equipment. Staff intends for the criteria to address commercial as well as industrial standards, and to be prepared in conjunction with the revisions to the commercial districts. Until that time, Chapter 18.64 provides sufficient discretion to address lighting, noise, visual and site access impacts from those land uses. Additional performance criteria to address sustainable building design and transportation connectivity will also be included in the revised chapter.

RESOURCE IMPACT
The implementation of the proposed ordinance amendments is not expected to impact staff resources or the City’s budget. Some additional staff time will be required to monitor office uses in the Stanford Research Park, but that should be an occasional rather than ongoing task. Some time will also be required to educate staff and the public regarding the revisions. The overall effect of the ordinance amendments, however, should be to provide for updated development
standards and allowable uses, which should facilitate increased economic development in the City.

POLICY IMPLICATIONS
The Zoning Ordinance Update is intended to bring the Zoning Ordinance into compliance with the 1998-2010 Comprehensive Plan. Staff and the Commission believe that the proposed amendments are a significant step in that direction, and will be supplemented with performance criteria for industrial and commercial uses.

ENVIRONMENTAL REVIEW
The proposed Office/Research/Manufacturing Chapter 18.20 revisions are consistent with the environmental analysis conducted for the adoption of the Comprehensive Plan. Land uses and development standards are not expanded, and performance standards are retained. The Comprehensive Plan Environmental Impact Report (EIR) was certified by the City Council on July 20, 1998. Staff has considered the proposed revisions to the Office/Research/Manufacturing districts, and finds that they do not comprise changes or new information not analyzed in the prior environmental analysis. Additionally, they do not have any additional significant environmental effects or increase any previously analyzed effects that were contained within the Comprehensive Plan EIR. The City’s environmental consultant for the ZOU has reviewed the proposed changes and concurs with this conclusion.

ATTACHMENTS
Attachment A: Industrial/Manufacturing Districts: Draft Ordinance
Attachment B: May 11, 2005 P&TC Staff Report
Attachment C: May 11, 2005 and May 18, 2005 P&TC Minutes
Attachment D: October 4, 2004 City Council Minutes
Attachment E: Chapter 18.64 of the Zoning Ordinance (Additional Site Development and Design Regulations for Commercial and Industrial Districts)
Attachment F: Diagram of Increased Height and Setbacks for Interstitial Space
Attachment G: Map of Office/Research/Manufacturing Districts

COURTESY COPIES
Jean Snider, Stanford Management Company
Ken Kornberg, Kornberg Architects
Bud Mission, Roche
John Igoe, Cirrus Regis/TIBCO
Steve Dostart, Dostart Development
Chamber of Commerce

PREPARED BY:  
John Lusardi, Planning Manager

DEPARTMENT HEAD REVIEW:  
STEVE EMSLIE  
Director of Planning and Community Environment
CITY MANAGER APPROVAL:

FRANK BENEST
City Manager