TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: NOVEMBER 20, 2006

CMR: 417:06

SUBJECT: PRESENTATION OF PROPOSED MODERNIZATION AND EXPANSION PROJECT FOR STANFORD UNIVERSITY MEDICAL CENTER

This is an informational report and no Council action is required.

BACKGROUND
Stanford University Medical Center proposes to demolish the existing Main Hospital at 300 Pasteur Drive and construct a new hospital building at 1101 Welch Road, as well as renovating and expanding Lucile Packard Children’s Hospital and some Medical School facilities. Among other things, the hospitals face the State law mandate (SB 1953) that requires modifications to meet mandated seismic safety standards.

Attached is a letter from Stanford requesting a study session (Attachment A). Stanford Medical Center representatives will present the concepts for the proposed Medical Center that address capacity issues, changing patient needs and modernization requirements to the City Council at the study session scheduled for November 20.

The following background information about the Stanford Medical Center is being provided for the Council to facilitate its consideration of this presentation.

DISCUSSION
The Stanford University Medical Center includes Stanford Hospital and Clinics and the Lucile Salter Packard Children’s Hospital (known together as the Hospitals and Clinics), and the Stanford School of Medicine. The Medical Center is located on approximately 85 acres of Stanford lands in the vicinity of Sand Hill Road and Pasteur Drive in Palo Alto and also includes several parcels located along Quarry Road that are within Santa Clara County. Medical Center parcels located in Palo Alto are zoned either Office Research (OR) or Public Facility (PF).

Historically, the City of Palo Alto and the hospitals at Stanford have had a long association going back many years. In the 1960’s, the City and the University co-owned Stanford Hospital. Stanford’s history of caring for children at the Stanford Convalescent Hospital since 1919 was the impetus for construction of the Lucile Packard Children’s Hospital, now the leading children’s hospital in the state. All of the medical facilities form an important part of the community’s healthcare services.
Recent Development at the Medical Center
The most recent significant development project at the Medical Center was the 2003 construction of the 218,000 square foot Center for Cancer Treatment and Prevention/Ambulatory Care Pavilion (CCTP/ACP) at 875 Blake Wilbur Drive and Parking Structure IV, an underground parking structure for 1,035 cars located in the Pasteur Drive median. As part of the CCTP/ACP project, the 12,550 square foot building at 851 Welch Road was demolished. The project included a Comprehensive Plan land use change and rezoning of two parcels located at 1101 Welch and 801 Welch from Research/Office Park, Office Research (OR) with FAR .5 to Major Institution/Special Facilities, Public Facility (PF) with FAR 1.0. No construction or demolition occurred on these two parcels and the rezoning was included in the development project in order to provide the FAR required for the construction of the Cancer Center. To construct the underground garage, the Landscape Combining District overlay in place at that time on the Pasteur Drive median was removed and replaced with an Open Space Covenant. The CCTP/ACP and Parking Structure IV projects were approved approximately concurrent with the Sand Hill Road project that authorized housing, transportation improvements and expansion of the Stanford Shopping Center. The CCTP/ACP and Parking Structure IV projects were included in the cumulative Medical Center development identified and assessed in the Sand Hill Road Project EIR.

Area Analysis of the Stanford University Medical Center
During the City review of the Cancer Center project, Stanford prepared the Stanford University Medical Center: Land Use Area Analysis (June, 2000), addressing future programming and infrastructure needs, along with campus planning and community design principles and goals for the Medical Center. The Area Analysis was an extension of Stanford’s participation in the Palo Alto Comprehensive Plan process in 1993-1998, and responded to the Comprehensive Plan Program L-46: Work with Stanford to prepare an area plan for the Stanford Medical Center.

The Area Analysis identifies the following goals for the development of the Hospitals and Clinics:

1. The completion of an integrated health care network and the development of associations with more off-site practices to provide the community with complete and localized health facilities along with regional and world class specialists.
2. The continuance of the Stanford Hospitals and Clinics as a viable economic institution and employment base.
3. The development of the existing and new Medical Center facilities in a manner that is attractive and sensitive to environmental quality.
4. The mitigation of any potential impacts identified by Medical Center growth, especially traffic.
5. The continued development of the Medical Center as a key link between the Stanford campus and the surrounding communities.
6. The development of an integrated program of access, way finding, transportation, and connections under consideration in campus and community planning efforts.
7. The continued and enhanced ability to provide more effective health care with new, approved therapeutic interventions developed in the School of Medicine research laboratories becoming more readily available in the hospitals and clinics.
Historically, the Medical Center area, generally “inboard” of Welch Road, has been considered one “parcel” with respect to floor area ratios and parking calculations. This means that the square footage zoned Public Facilities (PF) can be distributed anywhere as long as it meets the zoning. The area “inboard” of Welch Road is essentially built to its maximum FAR under the current zoning for those parcels. Several parcels in this area are zoned OR with .5 FAR, and Stanford’s long range goal has been to increase the floor area ratio of all parcels inward of Welch Road by rezoning these parcels to PF with FAR 1.0, thus adding the potential for several hundred thousand square feet of development in this area.

Parking in the Medical Center
Stanford maintains a comprehensive parking program for the main Medical Center. This approach was developed in 1981 and was endorsed by the City in connection with the Use Permit for the Hospital Modernization Project in 1984. This is preferable to a project-by-project approach for several reasons: 1) the Medical Center is located in both Palo Alto and unincorporated Santa Clara County and the parking standards of the two jurisdictions differ; 2) permit parking lots at Stanford are available to all employees of the University and Stanford Hospitals and Clinics, rather than being assigned to specific buildings; and 3) the Medical Center region is relatively separate from the rest of the central campus, but is not further easily divisible into logical parking sub-regions.

With the increased emphasis on outpatient services, the Area Analysis indicates that in order for Stanford to provide the highest level of customer/patient services, a safe, convenient and adequate supply of parking must be assured with no parking shortages, however brief. The parking program attempts to look as far ahead as possible to ensure that a sufficient supply of parking will be maintained at all times. At the time the Cancer Center and Parking Structure IV were completed in 2003, the Medical Center provided a surplus of 314 spaces above what would be required by City parking regulations.

POLICY IMPLICATIONS
The Comprehensive Plan 1998-2010 EIR cumulative impact analysis assumed that the Medical Center would have up to 400,000 square feet of additional development prior to 2010. Since then, there has been a net increase in the Medical Center of 203,000 square feet, resulting from the development of the Cancer Center and the demolition of 851 Welch Road.

Comprehensive Plan Policies
Following are Comprehensive Plan policies and programs relevant to development in the Medical Center, which will be used as a framework for evaluating the any Medical Center expansion:

Policy B-32: Assist Stanford Medical Center in responding to changes in the delivery of health care services. Work with the center to plan for changing facility needs, but within the context of City of Palo Alto planning goals and policies, as well as the goals and policies of other relevant jurisdictions.
Policy L-2: Maintain an active cooperative working relationship with Santa Clara County and Stanford University regarding land use issues.

Policy L-45: Develop the Stanford Medical Center in a manner that recognizes the citywide goal of compact, pedestrian oriented development as well as the functional needs of the Medical Center.

Program L-46: Work with Stanford to prepare an area plan for the Stanford Medical Center.

Program L-2: City staff will monitor Stanford development proposals and traffic conditions within the Sand Hill Road corridor and annually report to the Planning Commission and City Council.

Policy T-26: Participate in the design and implementation of comprehensive solutions to traffic problems near Stanford Shopping Center and Stanford Medical Center.

Program T-35: Consider increased public transit, a shuttle, and other traffic and parking solutions to ensure safe, convenient access to the Stanford Shopping Center/Medical Center area.

Program T-37: Provide safe, convenient pedestrian, bicycle, and shuttle connections between the Stanford Shopping Center and Medical Center areas and future housing along the Sand Hill Road corridor, the University Avenue Multi-modal Transit Station, Downtown Palo Alto, and other primary destinations.

NEXT STEPS

On December 18, the Council is scheduled to discuss authorizing the City Manager and City Attorney to negotiate a Development Agreement between the City and Stanford regarding the future modernization and expansion of the Medical Center. The Development Agreement will allow for the City to negotiate with Stanford to condition the project to adequately mitigate potential impacts of the project as well as to provide appropriate public benefits.

An Environmental Impact Report (EIR) will be required to address impacts from the project. A Request for Proposal (RFP) for an EIR consultant will be circulated in January with consultant selection in February. The EIR is anticipated to take up to a year to prepare.

All costs of project review, including the EIR preparation, legal fees, contract planner services and City staff time will be reimbursed by Stanford through a reimbursement agreement. The City also expects to retain an independent expert regarding hospital facilities to review Stanford’s plans and ensure that the hospital facility design is appropriate. Costs associated with this expert will also be reimbursed by Stanford.

Although Stanford plans extensive public outreach regarding the project, the City will also hold public workshops and develop a project website in addition to conducting public hearings on the EIR, the Development Agreement and any other required entitlements.
**RESOURCE IMPACT**
This report is an information item and has no resource impacts.

**ENVIRONMENTAL REVIEW**
This report is an information item and is not subject to CEQA.

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**ATTACHMENTS**
Attachment A: Letter from Stanford University Medical Center to Mayor Judy Kleinberg  
Attachment B: Map of Stanford University Medical Center  
Attachment C: Aerial Map of the Medical Center and Surroundings