TO:     HONORABLE CITY COUNCIL
FROM:   CITY MANAGER
        DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE:   DECEMBER 18, 2006
CMR:    446:06
SUBJECT: CITY COUNCIL AUTHORIZATION TO COMMENCE THE PROCESS FOR REVIEW OF THE STANFORD SHOPPING CENTER PROJECT; APPROVAL OF REIMBURSEMENT AGREEMENT; AND AUTHORIZATION FOR THE CITY MANAGER AND CITY ATTORNEY, WITH ASSISTANCE FROM THE DIRECTORS OF PLANNING AND COMMUNITY ENVIRONMENT AND ADMINISTRATIVE SERVICES, TO NEGOTIATE AN AMENDMENT TO A DEVELOPMENT AGREEMENT.

RECOMMENDATION
Staff recommends that the City Council authorize the City Manager to commence the process for review of the Stanford Shopping Center development project, according to the process and timeline outlined in Attachment A; authorize the City Manager to sign a reimbursement agreement to recover the costs of project review (Attachment B); and authorize the City Manager and City Attorney, with the assistance of the Directors of Planning and Administrative Services, to negotiate an amendment to the Sand Hill Corridor Development Agreement.

BACKGROUND
On December 11, 2006, Simon Property Group Inc. presented the City Council with concepts for the expansion of the Stanford Shopping Center. The proposal included the addition of approximately 240,000 square feet of new retail area, 1,100 new parking spaces in expanded parking structures, and a 120-room, 100,000 square foot hotel with retail, restaurant, conference and meeting room areas and a 120-car parking garage.

At the study session, the City Council asked questions of staff and the project representatives and provided initial comments regarding the proposed development. The City Manager indicated that staff would return to the City Council to present an outline of the review process and a timeline for the required rezoning and other entitlements, Comprehensive Plan amendment, and formulation of an Amendment to the existing Development Agreement, as well as the preparation of a joint Environmental Impact Report covering the Shopping Center and Stanford Medical Center projects.
DISCUSSION
Staff has developed a preliminary timeline for review, identified some initial issues and community benefits for public discussion and future negotiation, and prepared a Reimbursement Agreement to recover the costs of project review.

Project Review Process and Timeline
Staff has prepared a tentative project timeline that outlines a suggested review process with important milestones identified over the next eighteen months (Attachment A). The project timeline has been divided into two phases: Phase I (Information Sharing and Identification of Benefits and Challenges) from December 2006 through July 2007 and Phase II (EIR and Entitlements) from July 2007 through July 2008. The key components of the process include the following:

Phase I: Information Sharing and Identification of Benefits and Challenges
Phase I would begin with the City Council’s direction to initiate the review process for the Stanford Shopping Center project and would encompass approximately six months of review. The intent of Phase I is to collect and synthesize information to share with the applicant, the public, the Planning and Transportation Commission, and the City Council and to identify the key benefits and challenges of the project. This information-sharing and issues discussion will provide background for and help to focus discussion on the primary issues of concern during the Phase II entitlement process.

The activities anticipated during Phase I include:

- Contract proposals and retention of traffic, environmental, economic, urban design, and other consultants to assist with the review.
- Submittal of conceptual project information and application for the project.
- Analysis of the “existing setting” of the Shopping Center project and preliminary impacts on traffic, housing, population, and city services.
- Review by economic and market consultants of the desirability and viability of retail and hotel uses at the Stanford Shopping Center site.
- Community workshops to inform the public of the project, preliminary data collection and analysis, and key issues.
- Study session reviews and hearings with the Planning and Transportation Commission to solicit input and direction regarding the project issues.
- A report to the City Council in July of 2007 regarding the project status and a summary of expected benefits and challenges.

Phase II: EIR and Entitlements
Phase II would begin in July, 2007 following City Council’s review of key project issues. The intent of Phase II is to proceed with the development of the Environmental Impact Report (EIR) and project entitlements, including rezoning, a Comprehensive Plan amendment, and an Amendment to the existing Sand Hill Corridor Development Agreement. The activities anticipated during Phase II include:
• Submittal of a detailed project application, including a request for an Amendment to the Sand Hill Corridor Development Agreement.
• The preparation of a Draft Environmental Impact Report (EIR) to cover both the Stanford Shopping Center and Stanford Medical Center projects would begin with a Notice of Preparation and scoping meeting for public input.
• Ongoing collection and analysis of detailed information related to the environmental review and economic benefits and impacts of the project.
• Identification of project impacts and mitigation measures in the Draft Environmental Report (DEIR), which would then be released for public review.
• Negotiations with the applicants regarding key Development Agreement issues and pertinent mitigation measures.
• Planning and Transportation Commission reviews regarding the project status, key issues, and development applications.
• Preliminary design review meetings with the Architectural Review Board.
• Community workshops and other public outreach.
• Public hearings on the DEIR with the ARB and the Commission.
• Preparation of a Final EIR (FEIR).
• Preparation of an Amendment to the Development Agreement and zoning and Comprehensive Plan amendments.
• Public hearing(s) on the FEIR, rezoning and other entitlements, Comprehensive Plan amendment and amended Development Agreement with the Commission for recommendation to the City Council.
• Public hearing(s) and final decision(s) by the City Council in July, 2008.

Community Outreach
Each phase of the process would include opportunities for public outreach and public participation. Staff will establish a website for the project and will conduct City-sponsored community workshops for neighborhood, business, and other community groups throughout each phase. Study sessions and public hearings with the Planning and Transportation Commission and ARB will provide further opportunities for public input. Staff anticipates that the Shopping Center applicants will also initiate public outreach efforts to the affected community.

Planning and Transportation Commission Review and Input
On December 13, 2006, the Planning and Transportation Commission held a study session to review the review process and timeline for the Medical Center and Shopping Center projects and to provide input on the process for Council consideration. Minutes from the meeting will be available to the City Council by e-mail and at places and to members of the public at the meeting on Monday, December 18, 2006.

The Commission will provide frequent input to the formulation and progress of the Shopping Center and Medical Center projects, including initial identification of benefits and challenges, review of the preliminary Medical Center Area Plan, scoping for the EIR, and hearings for the EIR and project reviews.
Discussions of Mitigation Measures and Community Benefits

It is anticipated that the development will have a variety of land use impacts. The CEQA process is designed to fully identify, analyze and, where feasible, mitigate these impacts. The CEQA process will not only examine current project impacts, but will also analyze cumulative impacts associated with other development anticipated during the project build out phase. Because a development agreement would “freeze” certain development standards, State law authorizes local agencies to impose through the development agreement process additional public benefits which do not have a direct nexus to project impacts. As part of the CEQA and development agreement negotiation phase, the City will identify key mitigation measures and community benefits that would minimize project impacts and provide for appropriate amenities for the area and community as a whole. The following areas will likely be addressed in this process:

1. Traffic, transit, and parking programs and improvements
2. Housing provisions or fees
3. Project sustainability/green building components
4. Public infrastructure improvements and permanent easements
5. School impacts
6. City services impacts
7. Development impact fees, payments and other exactions
8. Protection of scenic views
9. Public meeting and conference facilities as part of the hotel
10. Allocation of out-of-state use taxes directly to State of California
11. Urban design, especially El Camino Real frontage and open space elements
12. Impacts on University Avenue shopping area
13. Construction impacts

Staff anticipates initial discussions with the applicants on these and other impacts, issues, and benefits, and identification of key remaining issues for public review and consideration by the Planning and Transportation Commission and City Council.

RESOURCE IMPACTS

All costs of review for the Shopping Center project are expected to be reimbursed by the Simon Group. A Reimbursement Agreement (Attachment B) has been prepared by the City Attorney’s Office outlining the reimbursable costs that would be incurred during the preliminary project work in Phase I and subsequent work on the EIR and Development Agreement in Phase II. Costs to be recouped include, at a minimum, time and expenses of:

- City staff and outside project management,
- In-house or outside legal staff,
- Economic review and marketing consultants,
- EIR and traffic consultants, and
- Other costs associated with services and materials provided by third parties to the City.

Other resource impacts will be a key element of the evaluation of the project’s impacts and benefits. Preliminary estimates of potential resource impacts were provided in the December 11, 2006 CMR (Attachment C).
POLICY IMPLICATIONS
The Comprehensive Plan policies and programs relevant to the development of the Shopping Center have been included in the City Manager Report (CMR) prepared for the December 11, 2006 study session. The CMR is included Attachment C.

ENVIRONMENTAL REVIEW
The request for City Council’s authorization to proceed with the review process is not considered a “project” per the California Environmental Quality Act. A complete environmental analysis would be prepared when the applications for the Development Agreements are submitted to the City.

PREPARED BY: 

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CITY MANAGER APPROVAL: 

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FRANK BENEST
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ATTACHMENTS
A. Tentative Stanford Shopping Center Timeline
B. Reimbursement Agreement
C. December 11, 2006 CMR re: Stanford Shopping Center
D. Verbatim Minutes of the Planning and Transportation Commission meeting of December 13, 2006

COURTESY COPIES
Jean McCown, Stanford University
Charles Carter, Stanford University Planning Office
Bill Phillips, Stanford Management Company