RECOMMENDATION
The purpose of the study session is to provide an update to the City Council (Council) regarding the Stanford University Medical Center (SUMC) Replacement and Renewal Project and the Simon Properties – Stanford Shopping Center (SSC) Expansion Project, and to review proposed Environmental Impact Report alternatives, including the Village Concept alternative.

BACKGROUND
Review for this project has been divided into two phases: Phase I (Information Sharing and Preliminary Area Plan) from December 2006 through July 2007 and Phase II (EIR and Entitlements), from July 2007 through the end of 2008, culminating with certification of the EIR and the City’s decisions on the applications. A single EIR is being prepared for both the SUMC and SSC projects.

Development applications were submitted in August 2007. There are five (5) main components to the SUMC project:

1. Hoover medical office building reuse and expansion;
2. Lucile Packard Children’s Hospital (LPCH) expansion;
3. Stanford Hospital and Clinics (SHC) replacement and reconstruction;
4. Medical School building reconstruction; and
5. Redevelopment of existing hospital site.

On April 14, 2008, the SUMC project applicants submitted a revision to the August 2007 application. The project revisions include:

- The proposed Medical Office Building square footage at the Hoover Pavilion Site has been reduced from 200,000 gross square feet (gsf) to 60,000 gross square feet. The proposed square footage on the Main SUMC Site has been increased by 140,000 square feet (100,000 gsf increase in SHC Clinics and 40,000 gsf increase in LPCH...
Hospital). Overall, the total proposed project square footage remains the same.

- Changes in the proposed site plan, including the tower configurations of SHC.

A project fact sheet prepared by staff for the SUMC (Attachment A) will be updated with the new application information and posted to the Stanford Projects pages on the City’s website: www.cityofpaloalto.org.

Simon Properties is proposing to expand the Stanford Shopping Center by adding 240,000 square feet of new retail stores and restaurants, a new 120-room hotel and parking for a net addition of 1,234 vehicles spaces. A project fact sheet prepared by staff for the SSC project is contained in Attachment B.

Project entitlements will include adoption of an Area Plan, Zone Change and Comprehensive Plan amendment, architectural review, adoption of design guidelines and Development Agreements for both projects.

DISCUSSION
Stanford University Medical Center Land Use Area Plan
The preparation of an area plan for the SUMC responds to Program L-46 of the 1998 Palo Alto Comprehensive Plan:

*Work with Stanford to prepare an area plan for the Stanford Medical Center.*

*An area plan for the Medical Center should address building locations, floor area ratios, height limits, and parking requirements. It should discuss the preservation of historic and open space resources and the protection of views and view corridors. The plan should describe improvements to the streetscape and circulation pattern that will improve pedestrian, bicycle, transit, and auto connections.*

The first document in response to Program L-46 was the SUMC Land Use Area Analysis 2000, prepared in June 2000 was completed and submitted by Stanford in conjunction with an application for the City’s review of the Center for Cancer Treatment and Prevention/Ambulatory Care Pavilion and underground parking structure. The analysis helped guide the development within the SUMC area boundaries.

The current SUMC project is located within the boundaries defined in the SUMC Land Use Area Analysis 2000 document. As part of the Phase I activities, a revised Area Plan was developed to address the proposed project and includes reference and key linkages to and between the Stanford Shopping Center, the Palo Alto Transit Center, and downtown. The Area Plan is a City document that will be finalized at the end of Phase II. The Area Plan establishes objectives for the planning area and provides project guidance and context for the proposed applications.

The Area Plan is intended to achieve a number of different land use and planning goals and objectives. Many of these are shared by Stanford and the City of Palo Alto and include the following:
• Provide a long-term view of land use for the area
• Establish a context of broader campus and community land use and infrastructure
• Identify adopted Comprehensive Plan policies to maintain and preserve the vitality of centers and employment districts and enhance overall city structure
• Identify connections and linkages between the Medical Center Area and nearby land uses, including the Transit Center and the Stanford Shopping Center
• Clarify the future site-specific planning and implementation process

Pursuant to Comprehensive Plan L-46, the Area Plan primarily focused on the Medical Center project. However, the Area Plan recognized the importance of connections between the two projects, as well as connections with other key areas of the City.

**Environmental Impact Report and Fiscal Impact Study**

The California Environmental Quality Act (CEQA) is a state law that requires California agencies to analyze environmental impacts before acting on a project. An Environmental Impact Report (EIR) is required by CEQA when an agency determines that a project may have a significant effect on the environment. An EIR evaluates a proposed project’s potential impacts on the environment, and recommends mitigation measures and alternatives to reduce or eliminate those impacts.

The City has selected the environmental consulting firm of PBS&J (formerly EIP Associates) to prepare the EIR for these two projects. In order to provide expertise in specific areas, PBS&J has included the following sub-consultants to help prepare detailed studies for the EIR:

- Korve Engineering, a division of DMJM Harris (Korve): traffic and transportation
- Architectural Resources Group (ARG): cultural and historic resources
- Keyser Marston Associates (KMA): housing needs

This group of consultants is currently preparing the Draft EIR. Internal interdepartmental review of draft information is on-going. A group of key City staff personnel, consultants and applicants have formed an EIR Team that meets on a bi-weekly basis to discuss issues related to the progress of the EIR. The Draft EIR is tentatively scheduled to be available in November 2008.

The City will also be conducting a peer review of the fiscal impact analysis and urban decay study that are being prepared by CBRE Consulting under contract by Stanford University and Simon Property Group. These studies will estimate the net fiscal impact of the projects on the City’s General Fund as well as an estimate of the extent to which the planned expansion of Stanford Shopping Center may or may not contribute to urban decay or deterioration of other commercial centers in Palo Alto such as University Avenue and California Avenue. The City has retained an independent consulting firm to review these analyses and provide recommendations on the adequacy of the studies. The fiscal impact analysis and urban decay study are expected to be released to the public with the DEIR document in November 2008.

In addition, the City has retained Marlene Berkhoff to perform a medical space planning peer review and Bruce Fukuji to perform an urban design peer review.
Project Alternatives
A set of alternatives will be identified and evaluated in the EIR to provide decision-makers with an understanding of the key environmental tradeoffs between development options. The discussion of alternatives should focus on those which: (1) reduce or avoid significant impacts of the projects, (2) meet most of the basic project objectives, and (3) can be feasibly implemented. The EIR must describe a range of reasonable alternatives, but need not discuss every alternative to the project. Pursuant to these requirements, preliminary alternatives have been developed with input from the SUMC and SSC teams. It should be noted that this preliminary list has been made prior to completion of the environmental analyses for the projects, and thus the significant impacts that would be avoided by each identified alternative is assumed and not verified.

CEQA requires a No Project alternative. In addition, it is anticipated that “reduced intensity” alternatives for each project will be identified in order to address traffic impacts. Staff also anticipates preparation of a Village Concept alternative to address some of the anticipated impacts, such as traffic, in a more holistic approach. These alternatives are summarized below. Staff may also identify other alternatives that could be included in the EIR once the impacts of the projects are better defined.

1. No Project Alternative
   CEQA requires a No Project alternative to be identified in an EIR. This alternative allows decision makers to compare impacts if projects were approved versus those impacts if the projects were not approved, and is not contingent on the projects’ objectives or their significant impacts.
   • SUMC - Some of the structures at SHC do not comply with structural and non-structural criteria that must be met by the 2013 and 2030 deadlines imposed by SB 1953 for retrofit or replacement of hospital facilities. Non-structural renovations also would be required at LPCH in order to comply with the statutory deadlines. Subject to determining their feasibility, the No Project alternative may include (a) seismic retrofit work of noncompliant portions only, with no new structures; and (b) replacement of SB 1953 noncompliant buildings with space of the same square footage.
   • SSC - The Shopping Center has been built to the maximum intensity allowed under the City’s Comprehensive Plan. As such, the No Project alternative for the Shopping Center Project would be a no build alternative, under which no additional construction or ground disturbance would occur.

2. Reduced Intensity Alternative
   “Reduced Intensity” alternatives are intended to reduce identified impacts by limiting the scope of the proposed projects.
   • SUMC – Should it be determined that significant impacts related to traffic generation, housing demand, utilities consumption, and/or public services demand would occur from the SUMC Project, then a “Reduced Intensity” alternative(s) could be considered to reduce or avoid these intensity and population-driven impacts. These
alternatives are likely to include: (a) right-sizing the SHC and LPCH facilities without adding new beds; and/or (b) right-sizing SHC and LPCH facilities plus adding square footage and new beds in an amount less than the proposed project.

- SSC – During the review process, should it be determined that significant impacts related to traffic generation, housing demand, utilities consumption, and/or public service demand would occur from the Shopping Center Project, then a “Reduced Intensity” alternative could be considered to reduce or avoid these intensity and population-driven impacts. This alternative for the Shopping Center project would likely include reduced retail floor area, along with a commensurate reduction in parking. A variation of this alternative could include a larger hotel with the reduced retail component.

3. **Village Concept Alternative**

The Village Concept alternative is intended to incorporate many of the key planning objectives described in the Area Plan. The Village Concept alternative is intended to allow for integration of medical, retail, and residential uses, open spaces, and a transportation network in a way that produces a cohesive urban environment and minimizes vehicle trips within the area. The Village Concept Alternative is expected to primarily address and reduce potential impacts associated with housing demand, air quality, and climate change, as well as potential direct impacts on open space, traffic and parking. Staff recognizes that some of the elements of this alternative may be outside the City’s or the applicants’ control to implement, but the alternative could form a basis for longer term planning for the immediate area. The Village Concept alternative will focus on the connectivity and linkages between the two Projects and the surrounding community. The alternative is not meant to substantively change the proposed uses within each of the applications, but would identify key opportunity areas for change and assure that the projects do not preclude future opportunities to accommodate further intensification or to provide for additional uses.

The area to be encompassed by the Village Concept alternative is undefined but should include, at a minimum, both project sites, the intermodal transit station, El Camino Park, existing housing along Sand Hill Road, nearby housing sites designated in the Stanford General Use Permit, and related areas of the campus, El Camino Real businesses, and downtown.

The Village Concept alternative is likely to consider the following components:

- Walkable, human-scale environment with local character and sense of identity;
- Attractive urban spaces that are visible and publicly accessible from streets and open spaces;
- Strong bike/pedestrian/transit linkages to connect both projects together and linking them to the transit center, downtown, adjacent existing and potential housing, and San Francisquito Creek and El Camino Park open spaces;
• Open spaces to include the creek, El Camino Park, and other existing adjacent open spaces, the proposed plaza area in the Shopping Center, and at least one public plaza area within the SUMC boundaries;

• Reduced parking through shared parking and parking reductions from proximity to transit;

• Compact, higher density mixed-use and transit-oriented design and development;

• Identification of potential housing on the existing RM-40 zoned property at Pasteur/Sand Hill/Welch, the GUP sites, and at the transit center (Red Cross site);

• Additional small retail/service uses within either project area and/or at areas in close proximity; and

• A local shuttle system looping through the “village” with connection to the transit center.

The City’s urban design peer reviewer, Bruce Fukuji, has outlined the needs, definition, performance measures and application of the Village Concept to the proposed projects (Attachment C). He has been meeting with representatives from each project to identify opportunity areas where these projects can have an influence on future development. No design solutions have been formulated at this point but will be developed as the EIR is finalized.

COMMISSION REVIEW
On April 23, 2008, the Planning and Transportation Commission heard a discussion on the progress the City and the project applicants have made in analyzing the Village Concept, as well as an update on the status of the project and development of the EIR. The Commission provided comments on the Village Concept and other aspects of the project. The minutes from the meeting are contained in Attachment D.

NEXT STEPS
Work will continue on the EIR and development agreement negotiations, with periodic updates to the Commission and Council. Study sessions and preliminary reviews with the Architectural Review Board will be scheduled in May and June of 2008.

ENVIRONMENTAL REVIEW
An EIR is under preparation for both projects. No discretionary action is requested at this time.

PREPARED BY:  
______________________________  
STEVEN TURNER  
Senior Planner

DEPARTMENT HEAD:  
______________________________  
CURTIS WILLIAMS  
Interim Director of Community and Environment
CITY MANAGER APPROVAL:  

STEVE EMSLIE/KELLY MORARIU  
Deputy City Managers

ATTACHMENTS  
A. SUMC Project Fact Sheet  
B. SSC Project Fact Sheet  
C. Village Concept Outline by Bruce Fukuji, Urban Design Peer Reviewer  
D. Planning and Transportation Commission Minutes, April 23, 2008

COURTESY COPIES  
Cara Silver, Senior Assistant City Attorney  
Dan Doporto, Special Counsel  
F. Gale Connor, Special Counsel  
William T. Phillips, Sr. Assoc. Vice President, Stanford University Land, Buildings & Real Estate  
Mark Tortorich, Director of Design and Building, Stanford Hospitals & Clinics /Lucile Packard Children's Hospital  
Jean McCown, Director of Community Relations, Office of Government and Community Relations, Stanford University  
Charles Carter, Director, Land Use and Environmental Planning, Stanford University  
Catherine Palter, Associate Director, Land Use and Environmental Planning, Stanford University  
Barbara Schussman, Bingham McCutchen  
Art Spellmeyer, Exec. Vice president, Development, Simon Group  
John Benvenuto, General Manager, Simon Group  
Anna Shimko, Cassidy, Shimko, Dawson, Kawakami  
Bruce Fukuji, Fukuji Planning & Design  
Trixie Martelino, PBS&J