TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: July 7, 2008

CMR: 295:08

SUBJECT: ANNUAL PUBLIC REVIEW AND APPROVAL OF COMPLIANCE OF DEVELOPMENT AGREEMENT WITH STANFORD UNIVERSITY FOR THE SAND HILL CORRIDOR PROJECTS

RECOMMENDATION

Staff recommends that the City Council:

1. Find that Stanford University has complied in good faith with the terms and conditions of the development agreement for the 2006-2007 reporting period.

2. Direct staff to issue a Certificate of Compliance to the University, according to the provision of Section 10(a) of the Agreement, stating that:
   a. The Agreement remains in effect, and
   b. Stanford University is not in default.
BACKGROUND

In June 1997, the City Council approved Comprehensive Plan amendments, zoning changes and design applications for the Sand Hill Corridor Projects (Projects). The Projects included the Stanford West Apartments (Apartments), Senior Housing, Shopping Center modifications and a set of roadway modifications, including the widening of Sand Hill Road to four lanes from Santa Cruz Avenue to Arboretum Road and a two-lane extension from Arboretum Road to El Camino Real. A development agreement vesting these approvals was entered into between Stanford and the City and was effective on August 14, 1997. The development agreement requires annual City Council review of Stanford’s compliance with the provisions of the agreement.

DISCUSSION

The attached April 23, 2008 memo from Stanford Management Company describes Stanford’s 2006-07 activities related to implementation of the development agreement. The development agreement calls for Stanford to demonstrate good faith compliance with specific conditions identified in a separate attachment to the agreement. The annual compliance review process provides the City and the public an opportunity to periodically review the project’s implementation and ensure compliance with the project conditions. Construction related to the Sand Hill Road Corridor Project was completed during earlier reporting periods. As a result, most of the implementation measures in the agreement were reported in previous years. Post-construction activities that were completed or were ongoing during the past reporting period include:
• The on-site retail store at the Stanford West Apartments continues to operate; Stanford is subsidizing the store to offset the on-going loss from operations.

• The Senior Housing Care Center is now completely operational with completion of the Skilled Nursing element in October 2006.

• The Roads phase of the Sand Hill Road Project is now completed.

• The results of the historical archaeological investigations for the Senior Housing project were published by Pacific Legacy Incorporated. The archeological report is entitled *The Historic Archaeological Investigations at the Stanford Mansion, Leland Stanford Jr. Mausoleum, and CA-SCl-623/H.*

• The Stanford West Apartments are now in the seventh year of operation and the number of Below Market Rate (BMR) units remain at 105 units in accordance with the development agreement.

• A post-construction acoustical study completed in July 2006, determined that no additional noise-related mitigations are required.
An application has been submitted to the City of Palo Alto by Simon Property Group, the lessee and operator of the Stanford Shopping Center, proposing to expand the Stanford Shopping Center by approximately 250,000 square feet plus an addition of a 120 plus room hotel. This expansion would require amending the Sand Hill Development Agreement.

The terms of the Sand Hill Development Agreement shall continue through August 14, 2012 or until earlier terminated by mutual consent of the parties involved in the Agreement.

**RESOURCE IMPACT**

There are no resource impacts from the development agreement compliance program that affect the General Fund.

**POLICY IMPLICATIONS**

This report does not represent any changes to existing City policies.

**ENVIRONMENTAL REVIEW**

Issuance of the Certificate of Compliance and consent to an Assignment and Assumption Agreement are not projects under the California Environmental Quality Act, and no environmental assessment is required.
ATTACHMENT

April 23, 2008 memo from Jim Inglis, Stanford University

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