TO:  HONORABLE CITY COUNCIL  
FROM:  CITY MANAGER  
DEPARTMENT:  PLANNING AND COMMUNITY ENVIRONMENT  
DATE:  FEBRUARY 19, 2002  
CMR:133:02  

SUBJECT:  2475 HANOVER STREET:  CITY COUNCIL REVIEW AND ADOPTION OF REVISED MITIGATED NEGATIVE DECLARATION AND APPROVAL OF CONDITIONS FOR THE DEMOLITION OF TWO BUILDINGS ON A 4.7-ACRE SITE IN THE LM ZONING DISTRICT AND THE CONSTRUCTION OF A TWO-STORY OFFICE BUILDING COMPRISING 81,928 SQUARE FEET. PARKING FACILITIES INCLUDE 146 UNDERGROUND PARKING SPACES AND 127 SURFACE PARKING SPACES.  [FILES: 01-ARB-100, 01-EIA-15]  

REPORT IN BRIEF  
This report responds to Council direction at the close of the public hearing on January 14, 2002 and discusses (1) the tree retention issue, (2) the shuttle issue, and (3) revisions made to the Mitigated Negative Declaration and conditions of project approval. The attachments include the ARB findings, Revised Mitigated Negative Declaration, revised conditions of project approval, additional/amended alternate conditions of approval, and the applicant’s arborist’s report.  

This report does not present the estimated resource impacts of the Council’s direction for staff to return to Council with a supplemental Environmental Impact Report for future Stanford Research Park development. This report does not discuss thresholds of significance for determining potential environmental impacts of development projects. Those items will be addressed in other reports to be presented to the City Council on a future action agenda.
RECOMMENDATION
Staff recommends the Council adopt the revised Mitigated Negative Declaration (Attachment C) and approve the project application [file 01-ARB-100] based upon the ARB Findings (Attachment A) subject to meeting final conditions of approval (Attachment B), reflecting modified versions of the Council’s general conditions as stated at the January 14, 2002 Council meeting.

BACKGROUND
On January 14, 2002, the City Council conducted and closed the public hearing of the appeal filed by Joy Ogawa [file 01-AP-5] of the Director’s decision to approve redevelopment of the site known as 2475 Hanover Avenue. On a vote of 5-1-2-1 (5 yes, 1 no, 2 abstain and 1 absent), the City Council denied the appeal and directed staff to return with a revised Mitigated Negative Declaration [file 01-EIA-15] and revised conditions of approval reflecting Council discussion and direction.

In a separate motion, the Council unanimously voted (7 yes, 0 no, 2 abstain and 1 absent) to direct staff to return to the City Council with (1) estimated impacts to the City’s resources to prepare a supplemental Environmental Impact Report prior to approval of future development in the Stanford Research Park, and with (2) a report on the thresholds of significance for potential environmental impacts used by the City staff in evaluating development projects for Council review. That information will be provided at a future date.

DISCUSSION
The Council’s proposed additional conditions of approval were, generally: (1) to require extension of Stanford’s shuttle service to Hanover Street, (2) to require retention of the mature trees on the Hanover Street frontage, (3) to require payment of development impact fees for housing, parks and community facilities on the net new square footage (30,428) square feet at the fee level to be set by the City Council for development of this type, (4) to delete the provision of Condition of Approval 11.4 allowing Stanford to offset its contribution to traffic calming by the cost of any EIR, and (5) to modify the proposed Mitigated Negative Declaration to address the project’s potential, but mitigated, impacts on housing and parks and community facilities. The Mayor requested that staff provide clarification regarding the tree retention issue and the shuttle condition. Each of these five issues is discussed below.

Extension of shuttle to Hanover Street
The City Council expressed concern that the payment of traffic impact fees and contribution towards traffic calming would not adequately address traffic concerns. Among the points made was that there will be a gap between the expected time of occupancy of the building and the time that the planned intersection improvements to Hanover Street (at Page Mill Road) are made. There was also discussion of the general increase in traffic in the area over the past several years. Council directed addition of a
condition requiring that Stanford extend the operations of its Marguerite Shuttle to the Hanover site.

Staff has reviewed both the relationship of this condition to this project’s traffic impact and how most effectively to implement a shuttle expansion. This project’s floor area represents only four percent of the floor area on the “superblock” that would be served by the shuttle. Using the City’s existing traffic analysis standards, the deterioration in traffic flow would only occur at peak-traffic hours and only in the “gap” period between building occupancy and improvements at the intersection of Hanover Street and Page Mill Road. The City’s five year proposed Capital Improvements Projects places the design and construction of these improvements in fiscal years 2003/04 and 2004/05, respectively.

The City’s Comprehensive Plan makes clear that encouraging alternative transportation is preferred to street widenings. However, extending the route of the existing shuttle program (the “A” line) to the Hanover block would increase the “A”-line’s interval between shuttles arriving at CalTrain and decrease overall ridership.

Staff has met with Stanford since the January 14 Council meeting to determine the best solution to meet Council’s expectations. Stanford proposed to operate a dedicated peak-hour only shuttle as a pilot project, to run between the site and the California Avenue CalTrain station and around the “superblock” bounded by El Camino Real, California Avenue, Hanover Street and Page Mill Road. The intent of the shuttle would be to mitigate traffic during the “gap” between the issuance of occupancy permit and the completion of the Hanover Street improvements, approximately three to four years. Stanford has estimated it could operate the shuttle for about $70,000 per year of operation, and data regarding shuttle ridership in that time period would be shared with City staff. Stanford would also promote the peak-hour shuttle service to other “superblock” tenants, (where peak hours would be a minimum of 2.5 hours each in the morning and afternoon.) Approximately six months after intersection improvements have been completed at Hanover Street, Stanford and the City staff would evaluate the project’s operational experience and determine whether the shuttle route should be terminated, modified or continued. New funding sources and necessary adjustments would be identified and implemented in the event the shuttle service is modified or continued. Condition No. 9.1 in Attachment B has been amended to include this proposal.

The City’s Transportation Division staff proposed, as an alternative, that the City establish a shuttle paid for by Stanford but operated by the City. The City staff would design the route to include an additional stop on California Avenue to serve College Terrace residents. The new shuttle route would be operated under contract with a private sector bus company, similar to the current arrangement for both the Stanford Marguerite and the City shuttle service. Incorporating this route into the City’s shuttle would
implement a key recommendation of the Shuttle Feasibility Study: to extend City shuttle bus services to the Stanford Research Park.

Stanford has noted that a City operated shuttle would be acceptable under certain conditions:

1. Stanford would agree to fund the shuttle at $70,000 per year for the time period between building occupancy and six months after the installation of intersection improvements at Hanover Street;
2. If the City wants to augment the program beyond the peak hours proposed by Stanford the City will need to seek additional funding;
3. Stanford needs flexibility to allow other Stanford Research Park tenants to use and perhaps electively contribute to the shuttle. While the pilot project is running, Stanford would work with the City to explore funding sources for the shuttle beyond the “gap” period;
4. If intersection improvements are not completed by the end of calendar year 2007, Stanford may discontinue its funding to the City at that time.

Since this alternative, City operated shuttle program would require City resources (see Resource Impact), staff has placed the condition reflecting this proposal in Attachment D (Condition No. 9.1), should the City Council prefer this program.

Retention of mature trees along Hanover Street
The Council’s motion called for an amendment to the project approval requiring the retention of the trees along the Hanover frontage of the site. There are presently eight ash trees along Hanover Street. As noted in the arborist’s report (page 3, Attachment E), they are in “poor” to “very poor” condition. The ash trees are at the end of their useful lifespan and their canopies no longer provide the shade and streetscape functions that were originally intended. Palo Alto Street Tree Management Program policy is to replace old trees nearing the end of their lifespan with new trees, consistent with the concept of managing a sustainable urban forest.

The ash trees’ state of decline is a result of several factors. The trees were dependent upon irrigation that was discontinued during the drought years. This water cutback resulted in significant die-back of the branches and roots. Several dead sections of the trees have been removed which explains their unbalanced, lop-sided appearance. Removal of the dead sections has also resulted in sun scald, bark damage, and decay in most of these trees. Further, several of these trees require extreme crown restoration pruning, which would significantly reduce the size and mass of the trees. For these reasons, staff recommends all of these trees be removed and replaced. The ARB approval included a condition (condition 7.4) requiring the sixteen proposed replacement trees to be 24-inch box ash trees of a different species than shown on the approved landscape plan.
All but a few of the existing 122 inventoried trees on site have low to moderate suitability for preservation, including the Hanover Street trees (all street trees are included in the inventory count). The trees to be saved include an existing oak, which will be transplanted on site to a more prominent location at the entry plaza and three olive trees at the southeast corner of the site. Nine of the 11 gingko trees along California Avenue are in fair condition, while the other two are in “poor” condition. After considerable discussion, and with the support of the College Terrace Residents Association, Stanford will replace the gingkos with an allee (double row) of ash trees, 24 in total. Stanford proposes to extract and move these nine trees to designated locations to be approved by the City’s Parks Division staff. A suitable location for at least some of the trees has been identified at Robles Park on Park Avenue between Charleston Drive and East Meadow Drive. Additional locations will be identified in the coming weeks. Stanford has recently agreed to two additional conditions of approval (Conditions 7.7 and 7.8) to ensure a successful relocation project. These conditions are included in Attachment B, Revised Conditions of Approval. Staff recommends that Council adopt these additional conditions instead of one calling for the preservation of the Hanover frontage street trees.

There is one additional street tree, holly oak no. 1, on California Avenue at Hanover Street, that could be considered for retention. However, retention of this tree would mean that two of the allee ash trees could not be planted at the intersection. Holly oak no. 1 is a 40-foot-tall evergreen tree in fair condition that provides moderate screening during all seasons and would survive construction impacts. Should Council wish to require retention of this tree, an additional condition (Condition No. 7.9) in Attachment D can be adopted.

If Council still prefers to require retention of the ash trees on Hanover Street, an alternate Condition 7.4 is included in Attachment D, in lieu of Condition 7.4 as stated in Attachment B.

Payment of development impact fees
The Council has not yet completed its deliberations on the adoption of development impact fees for parks, libraries and community services and revising the level of housing impact fees. It received a report on October 16, 2001 which recommended setting fees at less than full-cost recovery. Council’s motion directed that this project, on its new square footage, include the payment of these fees at the level set by the Council when it completes its review this year.

With respect to the housing fee, staff has modified condition 8.1 to reference new mitigation measure no. 6 of the Mitigated Negative Declaration and, to address the development impact fees for parks, libraries and community services, has added Condition of Approval No 11.5 (see Attachment B).
Note that previous ARB condition 11.5 requiring return to ARB has been met and therefore was deleted from final conditions.

**Firm commitment of $150,000 for traffic calming improvements**

Staff has replaced Condition No. 11.4 with the following, which Stanford has accepted:

“The applicant shall pay to the City the sum of $150,000 before commencement of new construction at 2475 Hanover Street to be used by the City to assist with traffic calming improvements in the College Terrace neighborhood.”

**Revisions to Mitigated Negative Declaration**

Staff has prepared and circulated a revised Mitigated Negative Declaration, which is attached to this report as Attachment C. The revisions are underlined in the document. In summary:

1. The list of sources for checklist responses now includes the September 18, 2001 DMG-Maximus report and accompanying City Manager’s Report (CMR:381:01) that were reviewed by the City Council after the first initial study was prepared for this project; and the January 24, 2002 Aquifer Sciences report providing the latest update on progress of the ongoing soil and groundwater pollution remediation;

2. The checklist was modified in the housing/population, public services and recreation sections to indicate “significant impacts unless mitigated” instead of no impact and three mitigation measures were added to address those impacts;

3. Revised text was added in the explanation of checklist responses for those sections; and

4. Text was added to the section on aesthetics regarding existing and replacement trees, and to the section on hazards to include recent information on the progress of the groundwater and soil pollution remediation program.

These are the additional mitigation measures the applicant agreed to:

Mitigation Measure No. 6: The property owner shall pay housing impact fees of general application at the fee level adopted by the City Council in the year 2002.

Mitigation Measure No. 7: The property owner shall pay park impact fees of general application at the fee level adopted by the City Council in the year 2002.

Mitigation Measure No. 8: The property owner shall pay libraries and community facilities impact fees of general application at the fee level adopted by the City Council in the year 2002.

As previously stated, the proposed revision to Condition of Approval 8.1 references Mitigation Measure 6. The City’s regulations currently allow half of the total housing
impact fees to be paid before building permit and the remaining half at occupancy permit. New condition of approval 11.5 provides additional detail to specify payment timing issues beyond those set forth in Mitigation Measures 7 and 8.

**RESOURCE IMPACT**
The City resources estimated to be used in operating a Stanford-funded, pilot program shuttle route would include staff time to design and market the new route, evaluate the shuttle contractor’s performance during the pilot program, evaluate the shuttle’s success at the end of the pilot program time period, and seek funding sources for the shuttle (such as VTA, CalTrain, Hewlett Packard or other Research Park tenants.)

**POLICY IMPLICATIONS**
The benefits of the City’s operating the shuttle include meeting Comprehensive Plan Goals T-1 and T-2 by reducing trips and increasing services to commuters, as well as providing a public service to residents in College Terrace.

**ENVIRONMENTAL REVIEW**
The revised Mitigated Negative Declaration was circulated for a 20-day public review period beginning January 30 and ending February 19, including the one-day extension due to the holiday on February 18. The notice for this review period included a statement that only written comments would be accepted in accordance with CEQA guidelines. Any written comments received prior to the end of the review period will be forwarded to the City Council members.

**ATTACHMENTS**
Attachment A: Findings for Approval  
Attachment B: Revised/Final conditions of approval and mitigation measures  
Attachment C: Revised Mitigated Negative Declaration  
Attachment D: Additional/Amended alternate conditions of approval  
Attachment E: Arborist’s report

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