TO: HONORABLE REDEVELOPMENT AGENCY BOARD

FROM: CITY MANAGER          DEPARTMENT: CITY MANAGER

DATE: MARCH 4, 2002

SUBJECT: AUTHORIZATION FOR STAFF TO CIRCULATE THE PROPOSED REDEVELOPMENT PLAN FOR THE EDGEWOOD REDEVELOPMENT PROJECT (REDEVELOPMENT PLAN) FOR REVIEW AND COMMENT AND REFERRAL OF THE PROPOSED REDEVELOPMENT PLAN TO THE PLANNING COMMISSION AND AFFECTED TAXING ENTITIES,

APPROVAL OF THE PRELIMINARY REPORT FOR THE ADOPTION OF THE REDEVELOPMENT PLAN FOR THE EDGEWOOD REDEVELOPMENT PROJECT AREA (PRELIMINARY REPORT) AND REFERRAL TO EACH AFFECTED TAXING ENTITY, AND

AUTHORIZATION FOR STAFF TO CIRCULATE FOR REVIEW AND COMMENT THE DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE EDGEWOOD REDEVELOPMENT PROJECT (DEIR)

RECOMMENDATION

Staff recommends that the following actions be taken by the Redevelopment Agency at its annual meeting on March 4, 2002:

1. Authorize staff to circulate the proposed Redevelopment Plan for the Edgewood Redevelopment Project (Redevelopment Plan) for review and comment and refer the proposed Redevelopment Plan to the Planning Commission and affected taxing entities,
2. Approve the Preliminary Report for the Adoption of the Redevelopment Plan for the Edgewood Redevelopment Project Area (Preliminary Report) and refer to each affected taxing entity, and

3. Authorize staff to circulate for review and comment the Draft Environmental Impact Report (DEIR) for the Edgewood Redevelopment Project.

BACKGROUND

On July 9, 2001, the Palo Alto City Council adopted an ordinance declaring the need for a redevelopment agency in Palo Alto. The Council also declared the City Council to be the governing body for the redevelopment agency and made the finding that the formation of a redevelopment agency “will serve the public interest and promote the public safety and welfare in an effective manner” in accordance with the Health and Safety Code section 33200.

Staff returned to the Redevelopment Agency with the documents and actions necessary to organize and operate the Agency. On September 19, 2001, the Edgewood Redevelopment Project Area was designated as a Survey Area and the procedures for adoption of the Redevelopment Plan were initiated. An informal Neighborhood Advisory Committee (NAC), appointed by the City Manager, was also formed. The NAC is composed of retail tenants, property owners and neighborhood representatives in or near the Project Area who provide input to the City Manager on the Preliminary Plan, the Redevelopment Plan for the Edgewood Redevelopment Project Area (Redevelopment Plan), the Preliminary Report for the Adoption of the Redevelopment Plan for the Edgewood Redevelopment Project Area (Preliminary Report), and the Draft Environmental Impact Report for the Edgewood Redevelopment Project (DEIR).

DISCUSSION

The next steps in the redevelopment plan adoption process require three actions by the Redevelopment Agency. It is important to note that the Redevelopment Agency is only being asked to authorize the Redevelopment Plan and DEIR for circulation, review and referral to appropriate entities. The Agency’s approval of the Preliminary Report will allow referral of the document to each affected taxing entity.

The first action is the authorization for circulation and review of the Redevelopment Plan. The Redevelopment Plan acts as the charter for a redevelopment agency and is the fundamental document that governs its activities. It is the framework that authorizes the
use of particular financing tools by the redevelopment agency. A redevelopment plan is a 
very general document that provides flexibility to the agency and enhances its ability to 
respond to market conditions, redevelopment opportunities and the desires and abilities of 
owners and tenants. As stated in the Redevelopment Plan, the goals for the revitalization 
of Edgewood include the preservation of neighborhood serving retail businesses, 
provision of more affordable-attainable housing for individuals and/or families of low- to 
moderate income, and the elimination of blight within the Project Area.

The Redevelopment Plan provides for the following proposed redevelopment actions:

♦ owner and business participation opportunities;
♦ property acquisition rights in the project area;
♦ relocation assistance to tenants and business owners;
♦ demolition and removal of buildings and improvements;
♦ installation, construction or reconstruction of streets, utilities or other public 
improvements;
♦ land uses in compliance with the City’s Comprehensive Plan;
♦ redevelopment of land by private enterprise or public agencies
♦ financing tools to pay for the public costs of redevelopment activities (including bond 
financing); and
♦ tax increment allocation for low- and moderate-income housing

As a part of this action to authorize circulation and review, the Redevelopment Agency 
Board will also transmit the Redevelopment Plan to the Planning and Transportation 
Commission (P & TC). The P & TC will review the Redevelopment Plan and make a 
determination that it is in compliance with the City’s Comprehensive Plan.

The second action is approval of the Preliminary Report. The Preliminary Report 
describes the types of physical and economic blighting conditions that exist in the Project 
Area including:

♦ substandard design features including insufficient parking and limited visibility and 
access;
♦ inadequately sized parcels under multiple ownership;
♦ declining sales; and
♦ crime
The Preliminary Report also describes public improvement deficiencies, most notably flooding, which contribute to the cost of development. Additionally, the Preliminary Report identifies reasons for selecting the Project Area and includes a preliminary analysis of the proposed method for financing the redevelopment of the Project Area. The Preliminary Report finds that the land value supported by mixed-use development cannot support the cost to purchase the existing center. Therefore, the private sector acting on its own will not redevelop the Project Area with a new grocery store and supporting retail space.

Based on a cash flow analysis that compares the anticipated costs to implement a program of revitalization in the Project Area to projected resources expected to be generated over the life of the Redevelopment Plan, the Preliminary Report establishes economic feasibility of the Edgewood Project Area. Once approved by the Agency, staff will transmit the Preliminary Report to the taxing entities affected by the proposed Edgewood Redevelopment Project.

The third action is to authorize public circulation and review of the DEIR for the Edgewood Redevelopment Project. The DEIR describes the existing environmental conditions in the project area, assesses the environmental impacts of the Redevelopment Plan and recommends mitigation measures. (The full DEIR document is included as Attachment 4 in the staff report received by City Council members. Additional copies of the DEIR are available for review at the Civic Center in the Clerk’s Office on the 7th Floor and at the Public Information Counter on the 1st Floor as well as at the following City of Palo Alto library branches: Main, Downtown, Terman Park, College Terrace and Mitchell Park.)

The DEIR is an informational document; it must describe the project, list technical and environmental characteristics, and discuss the following subjects:

- significant environmental effects that cannot be avoided;
- mitigation measures proposed to minimize the significant effects;
- alternatives to the project;
- the relationship between short-term uses and long-term productivity of the environment;
- significant irreversible environmental changes; and
- growth-inducing impacts.
The DEIR for the Edgewood Redevelopment Project concludes that the Redevelopment Project will result in two significant unavoidable impacts resulting from traffic and the loss of historic resources. Traffic from the project will create a significant impact at the signalized Embarcadero/West Bayshore intersection during the AM and PM peak hours. Mitigation for this impact would be to reduce the width of the intersection at Embarcadero Road and West Bayshore and modify the high-speed off-ramp from southbound US 101 to a “T” into Embarcadero Road. While the Agency would strongly pursue these traffic-related mitigations, these mitigations would require the approval of CalTrans and may be economically infeasible for the project. Therefore, these traffic-related mitigations have not been included in the project. These impacts are considered significant and unavoidable.

The project also includes the demolition of the existing Edgewood Shopping Center. Based on an historic report prepared for the project, the Edgewood Shopping Center buildings appear to be eligible for the California Register of Historic Resources. Edgewood Plaza was constructed as part of the Edgewood tract developed by Joseph Eichler in 1956-57 and may be the only retail center designed and constructed by Eichler in conjunction with an Eichler residential development. The report finds that the retail and office buildings retain historic integrity since various character-defining features, such as the narrow vertical wood siding, large areas of glazing held by narrow wood mullions, and wide roof eaves with over-scaled exposed rafters are still intact.

Following the Council action to release the DEIR for its required review period, the DEIR will circulate for 45 days, during which time the NAC, taxing entities, residents, property owners, businesses and any other interested parties can comment. After the circulation period has ended, all comments will be responded to by the EIR consultant and City staff and integrated into the final EIR. Following completion of the final EIR, the Redevelopment Agency may certify the EIR for the Edgewood Redevelopment Project.

**INPUT FROM NAC**

The NAC has held three meetings (October 9, 2001, November 1, 2001 and February 20, 2002) and thus far has reviewed and commented on the Preliminary Plan, the Redevelopment Plan, and the Preliminary Report.

On February 20, the NAC reviewed and commented on the Redevelopment Plan and the Preliminary Report and supported moving forward with the next steps in the redevelopment process.
Several comments by the NAC were noted, and issues such as the pass-through of incremental revenues to other taxing agencies were addressed in presentations made by City staff. Two additional comments raised by the NAC are being explored with the redevelopment consultants for possible revisions to the Preliminary Report and DEIR during the circulation and review period. These are concerns about the possibility of three stories of mixed-use (apartments over retail) in the middle of the center and the assumptions used for financial projections. (The DEIR assumes maximum build-out at the center while the Preliminary Report focuses on a moderate build-out proposal of units to gauge possible revenues).

**NEXT STEPS IN THE REDEVELOPMENT PROCESS**

- Preliminary Report and Redevelopment Plan transmitted to taxing entities
- Public information meeting regarding Redevelopment Plan and Owner Participation Rules
- Planning Commission reviews Redevelopment Plan and DEIR and reports recommendations to Agency
- Agency adopts Final Report to City Council on Redevelopment Plan (Final Report) and transmits the Final Report, Redevelopment Plan and Final EIR to City Council
- Agency adopts Owner Participation Rules
- Joint public hearing on Redevelopment Plan and Final EIR
- Agency/City Council adopt Redevelopment Plan and Final EIR

**RESOURCE IMPACT**

No additional resources are required at this time.

**POLICY IMPLICATIONS**

The recommended actions will continue the process initiated by the Redevelopment Agency to adopt a Redevelopment Plan for the Edgewood Redevelopment Project. The proposed revitalization of the Edgewood Redevelopment Project Area conforms to Comprehensive Plan policies.

**ENVIRONMENTAL REVIEW**

This action by the City Council is not considered a project under the California Environmental Quality Act.
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CITY MANAGER APPROVAL:  
FRANK BENEST, City Manager  

ATTACHMENTS  
Attachment 1: Redevelopment Plan for the Edgewood Redevelopment Project  
Attachment 2: Preliminary Report for the Adoption of the Redevelopment Plan for the Edgewood Redevelopment Project Area  
Attachment 3: Draft Environmental Impact Report Preface and Summary for the Edgewood Redevelopment Project  
Attachment 4: Draft Environmental Impact Report for the Edgewood Redevelopment Project (Available for review at the Civic Center on the 7th Floor in the Clerk’s Office and on the 1st Floor at the Public Information Counter as well as at the following City of Palo Alto library branches: Main, Downtown, Terman Park, College Terrace and Mitchell Park.)  
Attachment 5: Summary of Redevelopment Documents