PLANNING & TRANSPORTATION DIVISION

STAFF REPORT

TO: PLANNING & TRANSPORTATION COMMISSION
FROM: Steven Turner, Senior Planner
       Whitney McNair, Contract Planner
       DEPARTMENT: Planning & Community Environment
DATE: April 25, 2007
SUBJECT: Stanford Shopping Center - Project Update

RECOMMENDATION
The purpose of the meeting is to allow for Planning and Transportation Commission (Commission) review and input regarding the Stanford Shopping Center conceptual project plans.

BACKGROUND
At a study session on December 11, 2006, the City Council provided feedback on project issues related to the proposed expansion of the Stanford Shopping Center and project timing. On December 13, 2006, the Commission held a Study Session to review the process and timeline for this project. This feedback was then presented to the City Council at a meeting on December 18, 2006, at which time the City Council 1) authorized staff to commence the process for review of the project; 2) authorized the city manager to sign an agreement for Simon Property Group to reimburse the City for costs incurred with processing the application, and 3) authorized the city manager and other senior staff to initiate discussions and negotiations of a Development Agreement.

The Commission held another study session on January 24, 2007 (Staff report - Attachment A). Information provided to the Commission included an overview of the Stanford Shopping Center and conceptual plans for future development, a review of the Comprehensive Goals, Policies and Programs related to the project, and a list of issues raised by the community.

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 approximately July 2008. The intent of Phase I is to collect and synthesize information to share with the applicants, the public, the Commission, and
the City Council and to identify the key benefits and challenges of each project (the Hospital and the Stanford Shopping Center expansion). The Phase I activities will help to focus discussion on key issues of concern during the Phase II entitlement process.

Relationship to Stanford University Medical Center Area Plan
In June 2000 a Stanford University Medical Center (SUMC) Land Use Area Analysis was prepared for the City of Palo Alto, Stanford University, Stanford Hospital and Clinics and Lucile Salter Packard Children’s Hospital. This Land Use Area Analysis addressed programming and infrastructure needs along with campus planning and community design principles and goals for the Stanford University Medical Center as were anticipated at the time the Cancer Treatment Center was proposed.

The preparation of an area plan for the SUMC responded 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 June 2000 Area Analysis will be used as a baseline document for the updated Area Plan, but will be revised to address the project program, infrastructure needs, and design principles of the proposed modernization and expansion project. Revisions to the plan will focus on the geographical area identified by the June 2000 analysis, but will also address key areas of influence such as linkages between the hospital, the university, the shopping center and the transit center. The updated Area Plan will include key project objectives that have been identified as significant issues to be addressed during Phase II of the process.

The shopping center has not been included as a specific component of Area Plan. However, linkages between the SUMC and the shopping center are an important component of the Area Plan. A discussion of the linkages is contained within this staff report.

A joint EIR will be prepared for this project and the Stanford Shopping Center (SSC) expansion, providing extensive analysis of issues as required in the California Environmental Quality Act (CEQA).

DISCUSSION

Project Description and Conceptual Plans
Simon Group has prepared a Conceptual Project Submittal (Attachment C), including an updated Project Description, site plans, and renderings of possible future development.
The basic project parameters have not been substantially altered since the January 24, 2007 Commission meeting. The shopping center would be expanded by approximately 240,000 square feet of retail space distributed throughout the site. The current shopping center contains approximately 1.4 million square feet of retail stores. The project includes new pad buildings along the front of the SSC towards El Camino Real, in the area east of Bloomingdales, and in the area currently occupied by an older parking deck at the corner of Shopping Center Way and Arboretum Road. Simon also proposes a 120-room hotel with conference and meeting room facilities focused primarily on serving Stanford University, the Stanford Medical Center, and the Stanford Shopping Center. The location of the hotel has not yet been determined but is proposed to be located either at the corner of Quarry Road and Arboretum Road or at the corner of Quarry Road and Pear Lane. Two new levels of parking are also proposed on top of the newly constructed parking garage on the east side of the SSC.

Key Issue and Information Needs
The key issues and information needs identified in the January 24, 2007 staff report continue to be applicable for the project. Staff is continuing to work with the project developers to identify issues and information that will be needed during Phase II of the project, expected to begin in August, 2007.

Linkages with Stanford University Medical Center and Off-Site Uses
Although the expansion of the shopping center is not a specific focus of the SUMC Area Plan, an important component of the plan is the linkages between the SUMC, SSC, and off-site uses in Palo Alto, such as the transit center and downtown.

The efficient movement of employees, residents, visitors within the SUMC, SSC and adjacent on- and off-campus areas will be a significant component of the efforts to reduce automobile traffic as a result of the development. The design of these links in the form of open space, landscaped areas, and pathways represent an opportunity to design these links as “green corridors”. The roadways, driveways and parking areas are important components of the vehicular circulation system and should be designed in a manner that promotes the efficient movement of vehicles. Specific attention should be placed on the movement of emergency vehicles to and from the SUMC.

Important linkages include:

- **The pedestrian links between the SUMC and Stanford Shopping Center and the Palo Alto Transit Center and Downtown Palo Alto**- El Camino Real, as a State highway, represents a barrier between Stanford and the transit center. The project proponents should consider alternatives to the existing pedestrian crosswalk configuration, including, but not limited to, a pedestrian overpass over El Camino Real, improved pedestrian pathways and way finding in the vicinity of the transit center and downtown areas.

- **The pedestrian links between the SUMC and Stanford Shopping Center**- The shopping center contains many uses and services for employees and visitors of the SUMC. The efficient movement of pedestrians between the SUMC and the shopping center can reduce vehicle trips within the area.
Sales Tax Data and Comparison to Regional Shopping Centers

In previous presentations to the Commission and City Council, the Simon Group has described the competitive pressures from other regional shopping centers and how they might affect SSC. Simon Group has indicated that the proposed development would help to maintain the shopping center as a regional retail destination and continue the sales tax contributions to the City as other major centers redevelop and expand.

Attached to this staff report is data from the City’s sales tax consultant, summarizing sales tax from the following regional shopping centers for the benchmark year (combining the prior four quarters to rule out anomalies) through 3rd quarter 2006 (Attachment B):

- Palo Alto Downtown
- Hillsdale Mall
- Oakridge Mall
- Santana Row
- Stanford Shopping Center
- Valley Fair Mall

The attached graph is a regional shopping center comparison for the same period. While the SSC is the highest performing center, sales have increased only slightly for the period included in the table. SSC in the 3rd quarter benchmark year contributed $5.3 million for 25.4% of total City sales tax receipts. Other centers have continued to grow, most notably Santana Row and Valley Fair which have expanded and continue to gain market share. Valley Fair is planning an additional expansion with a projected 300,000 square foot expansion including the addition of a new anchor store at the edge of the center.

In addition, the table includes a summary of sales tax data for other downtown areas for the benchmark year (combining the prior four quarters) through 2nd quarter 2006.

Phase I Activities

Staff has been progressing on the Phase I activities in preparation for the project application, environmental review process, and Development Agreement negotiations for Phase II, which is expected to begin in August, 2007.

Community Workshop

In addition to the Commission Meeting in January 2007, a City of Palo Alto sponsored Community Workshop was held on February 27, with approximately 40 members of the community in attendance. Representatives from Stanford Hospital and SSC gave presentations with public question and answers. The questions from the community associated with the SSC project were focused primarily on:

- Revenue and fiscal impacts to City if the shopping center does not expand;
- Mix of merchants and size of stores- a mix of national chains and local businesses would be ideal;
• Traffic generated by the project and how it will impact local streets;
• Links between the Hospital, Shopping Center, transit station and downtown;
• Parking needs and proposed location for replacement and new parking;
• Process for the EIR and how the hospital and shopping center projects will be reviewed.

Issue Teams
Representatives from the City, Stanford and the Shopping Center have formed six (6) issue teams that meet monthly to discuss critical issues in greater detail. The issues teams are:

• Land Use and Open Space
• Transportation and Transportation Demand Management
• Sustainability
• Fiscal Impact
• Housing
• Utilities

Each issue team is led by a principal City of Palo Alto staff member and is comprised of individuals from the City of Palo Alto, SUMC and SSC specialized in that particular area of interest. The Land Use and Open Space team, as well as the Transportation and Sustainability teams, have been focusing their efforts on the development of the Area Plan. It is expected that all issue teams will continue working during the balance of Phase I and through Phase II of the project.

EIR Consultant Selection
The City interviewed environmental consultants and has selected the firm of EIP Associates an environmental and planning firm located in San Francisco, to prepare the environmental impact report (EIR). EIP is familiar with the City and has prepared multiple EIRs for the City of Palo Alto, including the Charleston-Arastradero Corridor Improvements and the Stanford Center for Cancer Treatment and Prevention Ambulatory Care Pavilion/Parking Structure IV. EIP is currently in the information gathering phase and will start work on the EIR after a formal application has been submitted in approximately July.

NEXT STEPS
The City Council will review the status of the conceptual project and the conceptual Area Plan at its meeting of May 14, 2007. Staff will continue to work with Stanford on the preparation of the Area Plan and will return to the Commission in June and to the City Council in July with a Draft Area Plan for consideration.

ATTACHMENTS
A. January 24, 2007 – Planning and Transportation Commission Staff Report
B. Sales Tax Data Charts
C. Conceptual Project Submittal (Commission only)
COURTESY COPIES
Art Spellmeyer, Simon Property Group
John Benvenuto, Simon Property Group
Geno Yun, ELS Architecture and Urban Design
William T. Phillips, Stanford Management Company
Jean McCown, Stanford University Public Relations Office
Charles Carter, Stanford University Planning Office

PREPARED BY: Steven Turner, Senior Planner
Whitney McNair, Contract Planner

REVIEWED BY: Curtis Williams, Assistant Director

DEPARTMENT/DIVISION HEAD APPROVAL: Curtis Williams
Steve Emslie, Director
Department of Planning and Community Environment
TO: PLANNING & TRANSPORTATION COMMISSION
FROM: Steven Turner, Senior Planner
       Whitney McNair, Contract Planner
       DEPARTMENT: Planning & Community Environment
DATE: January 24, 2007
SUBJECT: Study Session for the Stanford Shopping Center Expansion Project

PURPOSE OF THE STUDY SESSION
The purpose of the study session is to allow for early Planning and Transportation Commission (Commission) review and input regarding the benefits and challenges of the proposed project, information needs, and public outreach efforts for the Stanford Shopping Center expansion project.

BACKGROUND
In 2005, the Mayor's Retail Attraction Committee (RAC) identified several ways to attract and retail local businesses. One element included enhancing Stanford Shopping Center (SSC) and assisting the Center to become more competitive to other regional shopping centers. The RAC and City Council generally indicated support for helping maximize the Shopping Center’s potential for expansion and revenue enhancement to the City. The City Council has also identified the Shopping Center expansion as a key potential source of revenue as part of the City’s efforts to add on-going revenue.

The SSC comprises the area located between Sand Hill Road, El Camino Real, Quarry Road and Vineyard Lane. The site includes a total of 70 acres, with 54 acres in the main shopping center area and an additional 15.88 acres in the area between Arboretum Road and Vineyard Lane. The area is zoned Community Commercial (CC). A vicinity map is provided as Attachment A.

At the December 11th study session, the City Council provided feedback on issues and project timing. On December 13, 2006, the Commission held a Study Session to review the process and timeline for this project. This feedback was then presented to the City Council at a meeting on December 18, 2006, at which time the City Council 1) authorized staff to commence the process for review of the project; 2) authorized the city manager to sign an agreement for Simon Property
Group to reimburse the City for costs incurred with processing the application, and 3) authorized the city manager and other senior staff to initiate discussions and negotiations of a Development Agreement.

**DISCUSSION**
The Simon Group is proposing to expand Stanford Shopping Center (SSC) with approximately 240,000 square feet of retail expansion space distributed throughout the site. The current shopping center contains approximately 1.4 million square feet of retail stores. The project includes new pad buildings along the front of the SSC towards El Camino Real, in the area east of Bloomingdales, and in the area currently occupied by an older parking deck at the corner of Shopping Center Way and Arboretum Road. Simon also proposes a 120-room hotel with conference and meeting room facilities focused primarily on serving Stanford University, the Stanford Medical Center, and the Stanford Shopping Center. The location of the hotel has not yet been determined but is proposed to be located either at the corner of Quarry Road and Arboretum Road or at the corner of Quarry Road and Pear Lane. Two new levels of parking are also proposed on top of the newly constructed parking garage on the east side of the SSC. Conceptual project plans are included as Attachment B.

**City of Palo Alto Comprehensive Plan Policies and Programs**
The City’s Comprehensive Plan has several policies and program that will help shape the review of the Project. These include:

*Policy B-22:* Work with Stanford University to ensure that the Stanford Shopping Center is sustained as a distinctive, competitive, high quality regional shopping center.

*Policy L-26:* Maintain Stanford Shopping Center as one of the Bay Area’s premiere regional shopping centers. Encourage any new development at the Center to occur through infill, including development on existing surface parking lots.

*Program L-23:* Identify strategies to reuse surface parking lots and improve pedestrian and transit connections at Stanford Shopping Center.

*Program L-24:* Maintain a Stanford Shopping Center development cap of 80,000 square feet of additional development beyond that existing on June 14, 1996.

*Policy L-27:* Pursue redevelopment of the University Avenue Multi-modal Transit Station area to establish a link between University Avenue/Downtown and the Stanford Shopping Center.

**Key Issues and Information Needs**
The City Council, the Commission and the community have voiced concerns at the previous study sessions that include:

a) Land Use/Intensity- What is the appropriate level of intensity to respond to retail trends while maintaining compatibility with the surrounding Palo Alto community?

b) Urban Design- How would the project contribute to a compact, pedestrian oriented development with a mix of uses that would reduce reliance on automobiles?
c) Height- How would the project maintain the scale and character of the City and avoid abrupt changes in scale and density between residential and non-residential areas? How would off site views be protected?
d) Transportation/circulation/transit- How will the project promote and encourage walking, biking and public transit use? Analysis and findings should incorporate:
   - Traffic impacts and mitigation
   - Goal of “no net new trips”
   - Promotion of pedestrian and bicycle connections
   - Expansion of the shuttle and/or transit programs
   - Effective TDM program
   - Linkages to University, Medical Center, Transit Center, and Downtown- clearly defined and designed connections between the project, adjacent uses and nearby public services for pedestrians, bicycles public transit and automobiles;
e) Housing- How much additional housing would be required to serve the new employees at the expanded retail areas? Where would it be located?
f) Sustainability and Green Building- How would the project achieve specific sustainability and green-building goals that are consistent with the City’s sustainability policies;
g) Open Space- How would the project protect or provide for open space? Could additional hillside lands be protected as mitigation for the increased intensity if the project is approved?
h) Public Services- How would the project address the increase in demand for water, gas and electric utilities, schools, parks and libraries?

Staff and the City’s consultants are beginning to prepare information to address many of these issues, including:

a) Traffic counts at all affected intersections in Palo Alto and Menlo Park, with comparisons to projections made at the time of the Sand Hill Road Corridor Project and EIR;
b) Economic/market analysis of the shopping center viability and economic benefits, and of the feasibility and type of hotel;
c) Analysis of employment projections and potential housing demand;
d) Schematic options for enhanced connections to surrounding areas, including Stanford Medical Center, Palo Alto Transit Center and downtown; and
f) Availability of utilities and other public services.

Many of these issues will be analyzed as part of the EIR. Staff is expected to have preliminary traffic information and analysis at the next Commission meeting in March.

Project Timeline
An updated project timeline is contained in Attachment C. Based on input from the City Council and the Commission the following changes have been incorporated:

- The initial Commission Study Session was moved forward to January 24, 2006;
- The number of Architectural Review meetings in Phase II has been reduced from three to two;
• An additional City Council Study Session (October 2007) was added prior to release of the draft EIR in Phase II, prior to the initiation of the development agreement negotiations; and
• Other wording changes were incorporated per Commission and Council direction.

Community Outreach
A community kickoff meeting is scheduled for February. The meeting would be a general meeting open to all members of the community and will include a project overview by the applicant, an overview of the timeline by City staff and an open period for questions and answers, and identification of issues.

NEXT STEPS
A request for proposals (RFP) has been sent to environmental consulting firms to solicit proposals to prepare a joint Environmental Impact Report (EIR) to also address the Medical Center expansion. Representatives from Simon Property Group are expected to submit a conceptual application in February/March for this project, including proposed land use and site modifications. A Community Meeting is scheduled for February. A second Commission study session is tentatively scheduled for March and will include a project update and available traffic and other relevant info for this project and the Stanford Medical Center expansion.

ATTACHMENTS
A. Vicinity Map
B. Conceptual Plans
C. Updated Project Timeline

COURTESY COPIES
City Council
Art Spellmeyer, Simon Property Group
John Benvenuto, Simon Property Group
Geno Yun, ELS Architecture and Urban Design
William T. Phillips, Stanford Management Company
Jean McCown, Stanford University Public Relations Office
Charles Carter, Stanford University Planning Office

PREPARED BY: Steven Turner, Senior Planner
              Whitney McNair, Contract Planner

DEPARTMENT/DIVISION HEAD APPROVAL: Curtis Williams, Assistant Director
### CITY OF PALO ALTO - REGIONAL SHOPPING CENTER COMPARISON
**BENCHMARK YEAR 3RD QUARTER 2006**

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### COMPARISON OF DOWNTOWNS
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