TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: DECEMBER 18, 2006
CMR: 447:06

SUBJECT: CITY COUNCIL AUTHORIZATION TO COMMENCE THE PROCESS FOR REVIEW OF THE STANFORD MEDICAL CENTER PROJECT; APPROVAL OF REIMBURSEMENT AGREEMENT; AND AUTHORIZATION FOR CITY MANAGER AND CITY ATTORNEY, WITH ASSISTANCE FROM THE DIRECTORS OF PLANNING AND COMMUNITY ENVIRONMENT AND ADMINISTRATIVE SERVICES, TO NEGOTIATE A DEVELOPMENT AGREEMENT.

RECOMMENDATION
Staff recommends that the City Council authorize the City Manager to commence the process for review of the Stanford Medical Center project, according to the process and timeline outlined in Attachment A; authorize the City Manager to sign a reimbursement agreement to recover the costs of project review (Attachment B); and authorize the City Manager and City Attorney, with the assistance of the Directors of Planning and Administrative Services, to negotiate an appropriate Development Agreement.

BACKGROUND
On November 20, 2006, representatives from the Stanford University Medical Center presented the City Council with concepts for the modernization and expansion of the existing Main Hospital, the Lucile Packard Children’s Hospital, and nearby Medical School facilities to meet State mandated seismic safety standards (SB 1953) and to address capacity issues, changing patient needs and modernization requirements. The renovation and expansion project, which would be constructed over a 20-year time line, would result in a net increase of approximately 1.3 million square feet of floor area, including 200,000 square feet of new medical office space at the Hoover Pavilion. The project would also include the demolition and reconstruction of the existing School of Medicine buildings, parking facilities and two buildings now housing medical office space for clinics and community health practitioners.

At the study session, the City Council asked questions of staff and the project representatives and provided initial comments regarding the proposed development. The City Manager indicated that staff would return to the City Council to present an outline of the review process and a timeline for required rezoning and other entitlements, a Comprehensive Plan amendment, the formulation of a Development Agreement and the preparation of a joint Environmental Impact Report covering the Stanford Medical Center and Stanford Shopping Center projects.
DISCUSSION
Staff has prepared a tentative project timeline that outlines a suggested review process with important milestones identified over the next eighteen months (Attachment A). The project timeline 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 July 2008. The key components of the process include the following:

Phase I: Information Sharing and Preliminary Area Plan
Phase I would begin with the City Council’s direction to initiate the review process and would encompass approximately six months of review. The intent of Phase I is to collect and synthesize information to share with the applicants, the public, the Planning and Transportation Commission, and the City Council and to identify the key benefits and challenges of each project. A preliminary updated Stanford Medical Center Area Plan would be outlined for the Stanford Medical Center project and would provide reference to the Shopping Center project as well. This information-sharing and Area Plan preparation will provide background for and help to focus discussion on the primary issues of concern during the Phase II entitlement process.

The activities anticipated during Phase I include:
- Contract proposals and retention of traffic, environmental, economic, urban design, hospital design, and other consultants to assist with the review.
- Submittal of conceptual project information and application.
- Analysis of the “existing setting” of the Medical Center project and preliminary impacts on traffic, housing, population, and city services.
- Preparation of a preliminary updated Stanford Medical Center Area Plan.
- Peer review by hospital consultants of the Medical Center project development and program assumptions, based on experiences of similar teaching hospitals.
- Community workshops to inform the public of the project, the Area Plan and preliminary data collection and analysis.
- Study session reviews and hearings with the Planning and Transportation Commission to solicit input and direction regarding the project and the Area Plan.
- A report to the City Council in July of 2007 regarding the project status, a summary of expected benefits and challenges, and preliminary review of the Stanford Medical Center Area Plan.

Phase II: EIR and Entitlements
Phase II would begin in July, 2007 following City Council review of key project issues and the preliminary updated Stanford Medical Center Area Plan. The intent of Phase II is to proceed with the development of the Environmental Impact Report (EIR) and project entitlements, including rezoning, a Comprehensive Plan amendment, and the Development Agreement. The activities anticipated during Phase II include:
• Submittal of a detailed project application, including a request for a Development Agreement.
• The preparation of a Draft Environmental Impact Report (EIR) to cover both the Medical Center and Shopping Center projects would begin with a Notice of Preparation and scoping meeting for public input.
• Ongoing collection and analysis of detailed information related to the environmental review and benefits and challenges of the project.
• Identification of project impacts and mitigation measures in the Draft Environmental Impact Report (DEIR), which would then be released for public review.
• Negotiations with the applicant regarding key Development Agreement issues and pertinent mitigation measures.
• Planning and Transportation Commission reviews regarding the project status, the Updated Area Plan and project issues.
• Preliminary design review meetings with the Architectural Review Board.
• Community workshops and other public outreach.
• Public hearings on the DEIR with the ARB and the Commission.
• Preparation of a Final EIR (FEIR).
• Preparation of a Development Agreement and Zoning and Comprehensive Plan amendments.
• Public hearing(s) on the FEIR, rezoning and other entitlements, Comprehensive Plan amendment and the Development Agreement with the Commission for recommendation to the City Council.
• Public hearing(s) and final decision(s) by the City Council in July, 2008.

Community Outreach
Each phase of the process would include opportunities for public outreach and public participation. Stanford Hospital and Clinics/Lucile Packard Children’s Hospital have established a project information web site (www.stanfordpackard.org) to provide general project information and answers to frequently asked questions. In addition, Stanford is expected to sponsor a series of workshops with interested parties, including residents, area businesses, Medical Center users, and medical practitioners.

Staff will establish a website for the Medical Center project and will conduct several City-sponsored community workshops for neighborhood, business, and other community groups throughout each phase. Study sessions and public hearings with the Planning and Transportation Commission and ARB will provide further opportunities for public input.

Planning and Transportation Commission Review and Input
On December 13, 2006, the Planning and Transportation Commission held a study session to review the review process and timeline for the Medical Center and Shopping Center projects and to provide input on the process for Council consideration. Minutes from the meeting will be available to the City Council by e-mail and at places and to members of the public at the meeting on Monday, December 18, 2006.

The Commission will provide frequent input to the formulation and progress of the Medical Center project, including initial identification of benefits and challenges, review of the preliminary Medical Center Area Plan, scoping for the EIR, and hearings for the EIR and project reviews.
Discussions of Mitigation Measures and Community Benefits

It is anticipated that the development will have a variety of land use impacts. The CEQA process is designed to fully identify, analyze and, where feasible, mitigate these impacts. The CEQA process will not only examine current project impacts, but will also analyze cumulative impacts associated with other development anticipated during the project build out phase. In addition, because a development agreement would “freeze” certain development standards, State law authorizes local agencies to impose through the development agreement process additional public benefits which do not have a direct nexus to project impacts. As part of the CEQA and development agreement negotiation phase, the City will identify key mitigation measures and community benefits that would minimize project impacts and provide for appropriate amenities for the area and community as a whole. The following areas will likely be addressed in this process:

1. Traffic, transit and parking programs and improvements
2. Housing provisions or fees
3. Project sustainability/green building components
4. Public infrastructure improvements and permanent easements
5. School impacts
6. City service and recreation impacts
7. Development impact fees, payments, and other exactions
8. Protection of scenic views and open space preservation
9. Preservation/relocation of community medical practitioners
10. Allocation of out-of-state use taxes directly to State of California
11. Construction impacts
12. Land use and urban design issues

Staff anticipates that the EIR and community outreach process will refine these issues and benefits, and as the process moves forward additional input will be sought from the Planning and Transportation Commission and City Council.

RESOURCE IMPACTS

All costs of review for the Medical Center project are expected to be reimbursed by the applicant. A Reimbursement Agreement (Attachment B) has been prepared by the City Attorney’s Office outlining the reimbursable costs that would be incurred during the preliminary project work in Phase I and subsequent work on the EIR and Development Agreement in Phase II. Costs to be recouped include, at a minimum, time and expenses of:

- City staff and outside project management,
- In-house and outside legal staff,
- Peer review and/or economic review consultants,
- EIR and traffic consultants, and
- Other costs associated with services and materials provided by third parties to the City.

Other resource impacts will be a key element of the evaluation of the project’s impacts and benefits.
POLICY IMPLICATIONS
The Comprehensive Plan policies and programs relevant to the development of the Medical Center have been included in the City Manager Report (CMR) prepared for the November 20, 2006 study session. The CMR is included as Attachment C.

ENVIRONMENTAL REVIEW
The request for City Council’s authorization to proceed with the review process is not considered a “project” per the California Environmental Quality Act. A complete environmental analysis would be prepared when the applications for the Development Agreements are submitted to the City.

PREPARED BY:
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Director of Planning and Community Environment

CITY MANAGER APPROVAL:
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FRANK BENEST
City Manager

ATTACHMENTS
A. Tentative Stanford Medical Center Timeline
B. Reimbursement Agreement
C. November 20, 2006 CMR re: Stanford Medical Center
D. Verbatim Minutes of the Planning and Transportation Commission meeting of December 13, 2006 (at places)

COURTESY COPIES
Jean McCown, Stanford University
Charles Carter, Stanford University Planning Office
Bill Phillips, Stanford Management Company