TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: JANUARY 22, 2007
CMR: 120:07
SUBJECT: ANNUAL PUBLIC REVIEW 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.
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 include 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 conditions and requirements of the agreement.
DISCUSSION
The attached September 8, 2006 memo from Stanford Management Company describes Stanford’s fiscal year 2005-06 activities related to implementation of the development agreement. These activities include:

- The number of Below Market Rate (BMR) units increased from 63 to 105 units at the Stanford West Apartment development in accordance with the Development Agreement.
- Restoration of grasslands completed in conformance with the Native Grassland Restoration Monitoring Report, progressing toward development of a native grassland meadow.
- Continued operation of the on-site retail store at the Stanford West Apartments; Stanford is subsidizing the store to offset the on-going loss from operations.
- Construction completed of the Classic Residence by Hyatt with more than 90% occupancy.
- Construction completed on the final segment of the Sand Hill Road Improvements after approvals from the City of Menlo Park (November 12, 2002) and the County of San Mateo (June 10, 2003). The roads phase of the Sand Hill Road Project is now complete.

There were no changes occurring at the Stanford Shopping Center during the 2005/2006 reporting period.

The City consented on November 17, 2003 to the Assignment and Assumption Agreement between Stanford University and the Simon Property Group for a 51-year lease of the Stanford Shopping Center. During this reporting period, Simon Property Group has submitted preliminary plans to the City for expanding the Stanford Shopping Center by approximately 250,000 square feet and adding a 120 plus room hotel. This expansion would require amending the Sand Hill Development Agreement.

RESOURCE IMPACT
There are no resource impacts stemming from the action recommended on the development agreement compliance program.

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

ENVIRONMENTAL REVIEW
Issuance of the Certificate of Compliance is not a project under the California Environmental Quality Act, and no environmental assessment is required.

ATTACHMENT
September 8, 2006 memo from Stanford Management Company
PREPARED BY: __________________________________________
Roland A. Rivera
Planner

DEPARTMENT HEAD REVIEW: ________________________________
STEVE EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL: _________________________________
EMILY HARRISON
Assistant City Manager

cc: Stanford Management Company (Jim Inglis)
Stanford University (Larry Horton)
City of Menlo Park (David Boesch)
County of Santa Clara (Ann Draper)
County of San Mateo (Gaye Quinn)
David Newman
Charles Carter
Bill Phillips
Jean Snider