TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER
DEPARTMENT: PLANNING
AND COMMUNITY ENVIRONMENT

DATE: JULY 23, 2007

CMR: 323:07

SUBJECT: REVIEW OF THE DRAFT UPDATE TO THE STANFORD MEDICAL CENTER AREA PLAN AND RELATED PLANNING ISSUES FOR THE STANFORD UNIVERSITY MEDICAL CENTER AND SHOPPING CENTER EXPANSION PROJECTS.

RECOMMENDATION

Staff recommends that the City Council review and accept the draft update of the Stanford University Medical Center (SUMC) Area Plan and provide comment and discussion of key project issues and objectives for the SUMC and Stanford Shopping Center projects.

BACKGROUND

The review of the SUMC and Shopping Center projects has been divided into two phases. Phase 1 of the project commenced in December 2006 with Council’s authorization to initiate the review process, a cost reimbursement agreement, and a development agreement. The intent of Phase 1 was 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, as well as to develop a draft SUMC Area Plan Update as a policy framework for Phase 2. The Phase 1 activities will help to focus discussion on key issues of concern during the Phase 2 entitlement process.

Key accomplishments during Phase 1 include:

- Implementing a Reimbursement Agreement for costs related to staff and consultants work on the Projects.

- Creating six issue teams to address key project issues: Land Use and Open Space, Housing, Transportation and Linkages, Sustainability, Fiscal Impacts, and Utilities and City Services.

- A Commission meeting on January 24, 2007 to discuss process, timelines, community outreach and issues identification.
• A City-sponsored community meeting on February 27 to review baseline data and issues identification.

• Retaining EIP, an environmental consulting firm, to prepare the EIR for the projects.

• Retaining Marlene Berkoff, FAIA to provide peer review of the SUMC proposal.

• Commission Study Sessions on April 25 and May 9 to review the project status, community input and issue identification.

• A City Council meeting on May 15 to review key Area Plan objectives and a project update.

• A City-sponsored community roundtable meeting on June 21 to discuss key Area Plan issues.

• Commission meetings on June 27 and July 11 to review the draft SUMC Area Plan Update.

• Establishing a website (www.cityofpaloalto.org/planning-community/stanford-index.html) to provide information to the public regarding both projects.

• Preparing a draft Stanford University Medical Center Area Plan Update for review by the City Council, the Commission and the public.

The purpose of this meeting is for Council to review the draft SUMC Area Plan Update and provide comment and discussion of key project issues and objectives for both projects that will guide the review and entitlement process during Phase 2.

**DISCUSSION**

**Stanford University Medical Center Draft Area Plan Update**

The City of Palo Alto and Stanford have produced a draft of the updated Area Plan, based on the draft outline presented to the Commission on April 25, 2007 and the City Council on May 14, 2007 (Attachment G). The titles of individual sections and subsections have changed slightly, but the overall content of the draft Area Plan is consistent with the previously reviewed outline.

It is important to understand that the SUMC Area Plan Update is not a regulatory document and does not comprise a coordinated area plan or specific plan under the City’s Municipal Code. It has been prepared pursuant to Program L-46 of the City’s 2010 Comprehensive Plan as a guidance document for the City, Stanford and the public to provide an overview and context for anticipated future development at the SUMC. The content of the Area Plan is expected to evolve as SUMC’s expansion plans are developed and the City’s land use goals are refined. The document will be revised to accommodate changes in SUMC’s expansion plans, to respond to new information and needed mitigations revealed during the environmental review process to address further community input and to reflect development agreements.
The draft Area Plan Update is divided into the following sections:

1.0 Introduction
This section identifies the purpose and intent of the Area Plan, a description of the City’s and Stanford’s project planning objectives, and a history of hospital planning and development at Stanford, as well as a discussion of the regulations that govern land use and development for the Stanford University Medical Center.

2.0 Facilities Renewal and Replacement Needs
This section identifies the components of the proposal for renewal and replacement of facilities within the SUMC, including a discussion of the needs at SUMC that are driving the project and an overview of the project’s anticipated scope. This section presents Stanford’s rationale for its proposals. The formal SUMC program has not yet been submitted for evaluation by the City’s hospital peer review consultant. Staff expects that the peer review will result in revisions to this section of the Area Plan.

3.0 Plan Elements
This section discusses the key issues and broad planning principles that have been adopted by the City in the Comprehensive Plan to guide the planning and development within the SUMC. As in previous development proposals at SUMC and as directed by the Comprehensive Plan, the City, the Hospitals and the School of Medicine will need to achieve a balance between creating a compact, pedestrian-oriented development and the programmatic objectives to provide a functional and effective medical center. The City has identified key objectives in response to the proposed renewal project. This chapter outlines key objectives that are to be considered during the review process for each of the primary issues.

Sub-sections within Section 3 include Land Use; Housing; Urban Design and Community Character; Linkages and Connections; Circulation, Vehicular Access and Parking; Transit, Bicycle, and Pedestrian Circulation; Open Space; Utilities and Public Infrastructure; and Sustainability and Green Building.

4.0 Zoning and Land Use Regulations
This chapter identifies the potential Comprehensive Plan and zoning changes that may be needed to accommodate the SUMC’s current proposals. As the project is conceptual at this time, this chapter is likely to be modified as the project is developed and reviewed. Sections within this chapter include a description of existing Comprehensive Plan designations and zoning and the proposed changes.

Section 5.0, intended to discuss implementation of the project, has not yet been developed. It is expected that this section would be completed during Phase 2 of the project.

Staff recommends that the City Council provide specific comments regarding the draft of the Area Plan and accept the draft Area Plan Update, to be further modified as the project progresses through the EIR and entitlement process. The Council’s acceptance would include all of the revisions requested by the Commission in Attachment A.
Planning and Transportation Commission Review
The Commission reviewed the draft SUMC Area Plan Update on June 27, 2007 and July 11, 2007. A summary of the Commission’s requested revisions and changes is contained in Attachment A. Staff expects to incorporate all of the changes noted in that list into the draft document. Three maps (3-6 Linkages, 3-12 Pedestrian and Bicycle and 4-2 Zoning) have been revised to more clearly show the relevant information on each map. These maps are located at the end of the Area Plan document. There are two versions of each map, each showing a different map size and orientation. Staff expects to enlarge all of the maps (other than those in Chapter 2) to 11” x 17” size and incorporate the other changes outlined in Attachment A.

The Commission also made a number of comments and suggestions that are more appropriately directed to the EIR or the Development Agreement as they focus on environmental impacts or community benefits. A summary of these comments is contained in Attachment B. The Commission minutes from the June 27 and July 11 meetings are included as Attachment C.

Area Plan, Zoning, Development Agreement and Environmental Impact Report Relationships
The Area Plan Update is intended to provide a policy framework for the EIR and entitlement phase of the Stanford Medical Center and Shopping Center projects. Many of these issues of concern will, however, be addressed most directly by the EIR and the Development Agreement for each project. The discussion below outlines some of the key concepts of, and relationships between, the Area Plan, zoning changes, the EIR and the Development Agreement.

Area Plan
The Stanford University Medical Center (SUMC) Area Plan has been prepared pursuant to Program L-46 of the City’s 2010 Comprehensive Plan, which states:

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 Area Plan has been cooperatively prepared by the City and Stanford with the City having ultimate approval authority. The Area Plan is a guidance document for the City, Stanford and the public to provide an overview and context for anticipated future development at the SUMC. As a guidance document, the Area Plan may identify policies and regulatory requirements from the City’s Comprehensive and Municipal Code that would apply to proposed development at the SUMC, and/or describe proposed amendments to such applicable policies and regulations. The Area Plan is not intended to establish land use or development policies or standards, and is not intended to supersede the applicable policies, regulations, requirements and standards of the City’s Comprehensive Plan and Municipal Code. If any provisions of the Area Plan vary from or conflict with the Comprehensive Plan or Municipal Code, the applicable provisions of the Comprehensive Plan or Municipal Code shall prevail. The Area Plan does not identify mitigation measures for project impacts, evaluate alternatives to the proposed project, or specify community benefits outside the immediate scope of the project.
Zoning Changes
The current zoning designations within the project area will not permit the level of development proposed. It will be necessary for the City to consider alternative zoning designations. As part of this re-zoning, the City may consider which uses and level of development should be permitted as a matter of right and which uses and level of development should be reviewed through a conditional use permit or other discretionary approvals. In addition, the City may consider other related zoning changes to facilitate goals identified in the Area Plan such as creation and maintenance of open space and provision of affordable housing to support the increased development. Any zone change will be subject to environmental review.

Environmental Impact Report (EIR)
The California Environmental Quality Act (CEQA) is a state law that requires California agencies to identify the significant environmental impacts of their actions and describe feasible measures that can be taken to avoid or mitigate those impacts. An Environmental Impact Report (EIR) is a document required by CEQA when an agency determines that a project may have a significant effect on the environment. An EIR evaluates a proposed project’s potential impacts on the environment, and recommends mitigation measures to reduce or eliminate those impacts. Decision-makers use information in an EIR to help determine whether or not to approve a project.

An EIR describes the purpose of and need for a proposed project, the location of the project and how it will be constructed. It evaluates how the existing environment would be changed if the project were approved and provides feasible mitigation measures to avoid or reduce significant adverse changes to existing conditions.

Key issues to be addressed by the EIR for these projects will include, at a minimum: traffic, visuals and aesthetics (including height), population and housing, community services, utilities, cultural and historic resources, air quality, noise, and hydrology and water quality.

The EIR that will be prepared for the SUMC expansion will also evaluate the potential environmental impacts of the proposed expansion of the Stanford Shopping Center and the potential environmental impacts associated with the implementation of Development Agreements for the SUMC expansion and the Stanford Shopping Center expansion. At SUMC’s request and in order to streamline the permitting process for these related projects, the City will be preparing a joint EIR.

Development Agreement
A Development Agreement is a negotiated contract between the city and an applicant for a development project. A Development Agreement provides assurance to the applicant for a fixed but extended period of time that an approved project may proceed subject to the policies, rules, regulations and conditions of approval applicable to the project at the time of approval, regardless of any changes to city policies, rules and regulations after such approval. In return, the applicant agrees to provide public infrastructure, facilities or amenities, and/or pay fees that the applicant would not otherwise be required to pay under applicable laws or policies. Because development agreements are the result of negotiations between the city and the applicant, they are not subject to the limitations on mitigation requirements or development exactions that
normally apply to development projects.

The Development Agreement for this project (and for the SSC) may, therefore, include the provision of a variety of community benefits (off-site improvements, funding, etc.) that the City finds are appropriate for the specific approvals being requested.

A summary of the relationships between the documents described above is outlined in the table included as Attachment D.

Hospital Peer Review
The City has retained Marlene Berkoff, FAIA, an architect and economist familiar with hospital planning and design, to provide the City Staff and City decision-makers with a peer review of the proposed medical facilities. Although a formal project has not been submitted for review, the project proponents have submitted a conceptual project description of the modernization and expansion program. Ms. Berkoff will make a brief presentation to the City Council at the meeting. Ms. Berkoff’s presentation will include her methodology for the peer review and a preliminary analysis of the conceptual plan and the drivers for space needs in modern hospital functions and designs.

Existing Transportation Data and Analysis
The City’s annual citywide intersection monitoring program is conducted in October to determine the A.M. and P.M. level of service at each of the city’s key intersections. In October 2006, the monitoring program was expanded to include 28 intersections studied in the 1996 Stanford Sand Hill Corridor Projects EIR in order to develop baseline data for traffic conditions in the vicinity of the proposed Stanford Shopping Center and Stanford Medical Center expansion projects. This analysis also evaluated how the current level of service at the selected intersections has changed over the past decade and how the current conditions compare to projections in the Stanford Corridor Projects EIR for the years 2000 and 2010.

The attached memorandum from DMJM Harris (Attachment E) summarizes the results of this analysis. Exact comparisons cannot be made because the Stanford Sand Hill Corridor EIR assumed a greater amount of development than was actually approved by the City Council, and the roadway network was not built as studied in the EIR; nevertheless, the overall comparison indicates that the 2006 levels of service are better than the year 2000 Project or the year 2010 Project levels of service in the EIR. Only two intersections, Campus Drive West and Foothill/Page Mill/Junipero Serra are operating at one full level of service worse than projected for year 2000 with Project. Most of the intersections are at or below the level of service projected for year 2000 with Project.

Future detailed analysis of the existing and projected traffic conditions in the vicinity of the two proposed projects will be undertaken in the EIR during Phase 2 of the project. The City’s traffic model will need to be updated to reflect more current population and employment projections from ABAG, new regional transportation projects included in the Santa Clara Valley Transportation Plan 2030 and the Metropolitan Transportation Commission’s Regional Transportation Plan for the horizon years of the Medical Center project and the Comprehensive Plan update, including 2020, 2025 and 2030. The consultant scope of work in being defined, and the model update is scheduled to be completed within the next two months.
Stanford Shopping Center Project Status
In April and May of this year, the Commission and City Council received a project update regarding the expansion at the shopping center, including 240,000 square feet of new commercial space and a hotel. No significant changes have been made to the project at this time. A joint EIR for the SUMC and Shopping Center will be prepared. The draft Area Plan Update contains descriptions of the linkages between the SUMC and the Shopping Center. Simon Group, the shopping center manager, is expected to submit a formal project application in late July.

Public Input
Throughout Phase 1, staff has provided opportunities for public input and participation. The City has sponsored two community meetings on February 27 and June 21 to receive comments from stakeholder groups and other interested members of the public. In addition to these community meetings, the Commission has reviewed the draft Area Plan, the project status and identified project issues at three meetings. Similarly, the Council has reviewed the project at two previous meetings in addition to the July 23, 2007 meeting.

Many opportunities for public input will be available during Phase 2, including an EIR scoping meeting (expected to be scheduled for September) and community issue meetings to discuss specific project related issues regarding land use and housing, traffic and transportation, and open space and sustainability. Regular PTC and Council updates will provide additional opportunities for input, culminating with public hearings on the EIR and entitlement requests.

Urban Design Consultant
In addition to the hospital peer review consultant, the City will retain the services of a professional urban design consultant to assist the City with the review of SUMC’s site planning and architectural design and integration with the Shopping Center and Downtown. Preliminary architectural plans are expected to be submitted later this year.

Frequently Asked Questions
Staff has prepared a Frequently Asked Questions (FAQs) list to assist the boards, the Commission, the City Council, and members of the public in understanding the similarities, differences and relationships between the Area Plan, the EIR and the development Agreement. This FAQs list will be finalized in the next week and posted on the website.

RESOURCE IMPACT
Resource impacts to the City will be a key element of the evaluation of the project’s impacts and benefits, which will be studied during Phase 2 of the project. Specific resource impacts cannot yet be determined, as the project has not been formally submitted to the City for review.

All costs of review for the Medical Center project will be reimbursed by the applicant. A Reimbursement Agreement has been prepared by the City Attorney’s Office and approved by Stanford outlining the reimbursable costs that would be incurred during the preliminary project work in Phase 1 and subsequent work on the EIR and Development Agreement in Phase 2.
POLICY IMPLICATIONS

Comprehensive Plan
The Comprehensive Plan policies and programs relevant to the expansion and modernization of the Medical Center have been identified in each section of the draft SUMC Area Plan Update. The Area Plan will not describe the project’s conformance with the applicable policies and programs. This would be accomplished within the EIR once the formal application has been found to be complete.

NEXT STEPS
The preparation of the draft SUMC Area Plan Update represents the final task of Phase 1. The start of Phase 2 commences with the submittal of formal applications by Stanford and Simon properties. These formal applications are expected to be filed in late July. In August, the Notice of Preparation (NOP) is expected to be filed. A scoping session with the City Council will be scheduled for September. Additional community meetings that would focus on the issues identified by the Issue Teams will be held throughout September and October. A revised project schedule is contained in Attachment F.

Staff is preparing a master issues list for consideration at the start of Phase 2. A City Council meeting will be scheduled for October to review the list of issues and to identify when and through what process (EIR, Development Agreement, etc.) the issues will be addressed.

ENVIRONMENTAL REVIEW
Review of the draft SUMC Area Plan Update does not require environmental analysis. An Environmental Impact Report will be prepared upon submittal of formal applications for the projects anticipated in July 2007.

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ATTACHMENTS
A. Planning & Transportation Commission Recommended Area Plan Revisions and Edits
B. Planning and Transportation Commission Comments and Suggestion List for the EIR and Development Agreements
C. Planning and Transportation Commission Meeting Minutes, June 27 and July 11, 2007
D. Table 1: Summary of Relationships between the Area Plan, EIR and Development Agreement
E. Level of Service Analysis of Key Existing Intersections, prepared by DMJM Harris
F. Revised SUMC Project Timeline
G. Draft SUMC Area Plan Update, with Revised Maps 3-6, 3-12 and 4-2

COURTESY COPIES
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