AGENDA: February 11, 2003

8.1

CATEGORY: New Business

DEPT.: Community Development

TITLE: Gatekeeper Authorization to Work on Medical Office Amendment to Americana Center Precise Plan

RECOMMENDATION

Determine whether or not to authorize staff to process an application by the Palo Alto Medical Foundation to amend the Americana Center Precise Plan to allow medical office use and, if authorized, which processing option to follow.

FISCAL IMPACT

The direct fiscal impact of this item will depend on which of several processing options is selected by the Council. All of the options, except the "no study" option, will involve allocation of staff resources to process the application, varying from an estimated 400 (equivalent to 0.2 FTE) hours of staff time if consultants are used to the maximum extent to an estimated 800 (equivalent to 0.45 FTE) hours of staff time if all work, except certain technical environmental studies, are done in-house. In addition, Environmental Planning Commission and City Council time will be required.

As discussed in the memo below, development of the applicant's project, if allowed by an amended Precise Plan, will have fiscal impacts due to the nonprofit status of the proposed use and tenant. This fiscal impact would be subject to separate evaluation.

BACKGROUND

On August 7, 2001, the City Council adopted an urgency ordinance that requires all private party applications for a General Plan or Precise Plan amendment to be first forwarded to the Council for authorization to process the application.

Under the terms of this "gatekeeper" ordinance, the Council reviews whether the application should be processed by staff based on four criteria:

- The effect this application may have on other current pending requests and assignments and staff's ability to handle other anticipated requests or other assignments.

- Whether the request should be combined with other requests, deferred until it can be combined with additional requests or otherwise coordinated with other plan amendment considerations.

- If the request is to be approved, the Council shall identify available staff resources to process and study the request, including the environmental analysis, and direct staff, to the extent necessary, regarding the priority of this request relative to other work items.

- The Council shall consider whether this particular request affects the same or similar properties as have been studied in the past, particularly with respect to the fairness of committing additional resources to areas that have been studied extensively in the past.

The gatekeeper review does not involve any analysis of the merits of the proposed amendment which must go through its own fact-finding evaluation and public hearing review, and Council authorizing staff to process the application does not in any way indicate support for the proposed amendment. The gatekeeper review is a determination of workload and priority of processing this application relative to the workload and resources assigned to all other planning studies.

On January 21, 2003 , the City Council held a study session (see Attachment 2) to receive background information regarding this application and to identify issues of concern or items needing further information. There were three primary issues identified:

1. The potential for additional information on the fiscal impacts of this proposal prior to extensive staff work on the application.

2. The relationship of community service offered by this use in comparison to the potential fiscal impact.

3. Identification of alternative ways of addressing the staffing/resource needs of this project, including which projects might have to be deferred and potential for use of outside resources to reduce demands on City resources.

Items 1 and 2 are related to the Gatekeeper Ordinance in that several Councilmembers indicated that this information was important to their evaluation of the relative priority of devoting limited resources to processing this application instead of other currently scheduled tasks. Options for the timing of additional fiscal impact information relative to the timing of a gatekeeper decision are discussed below. Item 3 is directly related to the Gatekeeper Ordinance, Criteria (a), and is addressed in the Analysis Section.

ANALYSIS

Item 1—Analysis of Fiscal Impact. Review of amendments to the General Plan, rezonings and precise plan amendments typically involve detailed analysis of environmental impacts and analysis of the land use(s) and physical/design relationships of the proposal to the community and neighboring properties. While some economic analysis of major land use proposals has been done in Mountain View, and particularly on this site, this application adds a new element in that the development being proposed by a nonprofit corporation. Because of this nonprofit status, both State law and City ordinances grant various financial benefits to the development which result in unusual fiscal impacts to the community—the City as well as other taxing agencies. At the January 21, 2003 study session, several Councilmembers indicated that additional, in-depth information on these fiscal impacts would be an important consideration in determining the priority of processing this application in comparison to other projects already assigned. A separate study would be required to provide in-depth fiscal impact information to the Council, but, in summary, a nonprofit built and occupied development would generate essentially no revenue to the City or other agencies. Other potential development of this site could generate potentially significant community revenue although the amount and timing of such development and revenue is unknown at this time.

With respect to the gatekeeper review, staff has identified two options relative to obtaining more fiscal impact information: (1) table this agenda item until the additional information is available; or (2) approve processing the application but direct that fiscal impact analysis be included in the review.

Fiscal First. If the Council decides that the fiscal impact information is critical to determining the relative priority of this work assignment relative to other assigned planning studies, a motion to table this agenda item until such in-depth fiscal analysis is available would be appropriate. Staff could be directed to request the applicant provide information or to fund a consultant study of this issue. If the applicant provides the information, some staff time would be required to review the information and, perhaps, to supplement the information about their specific use and financial impacts with information from City records on the financial impacts of similarly sized developments of land uses already allowed by the Precise Plan. Hiring a consultant to prepare this analysis would reduce the amount of staff time required but still would require some City resources to execute and supervise the contract and the final report. It is assumed that the applicant would be required to reimburse the City for the consultant costs. It is estimated that the fiscal analysis process would take approximately three months, including finding a consultant and executing the contract. Upon completion of the fiscal impact study, the tabled Gatekeeper Ordinance would be rescheduled for Council action.

Alternatively, a less comprehensive fiscal impact assessment could be conducted by staff. While potentially impacting other staff assignments, the project could likely be accomplished within several weeks assuming a rough "order of magnitude" assessment would be sufficient.

Staff notes that at the January study session, some Councilmembers had indicated interest in evaluating mixed-use development scenarios, including the medical center use plus residential or the medical center use plus other commercial uses. The Council should take action to define the scope of the project (including land uses and possible increases to the current maximum FARs or building standards) if this option to begin the full evaluation is selected.

Project Review with Fiscal. Alternatively, the fiscal analysis could be made a part of the project review process, similar to the environmental analysis. This option would require assignment of staff resources under the Gatekeeper Ordinance to begin the full range of application analysis.

Item 2—Analysis of Community Service Benefits. At the study session, several Councilmembers requested additional information about the degree of community service provided by the applicant, especially related to medical treatment of low-income or uninsured residents, compared to similar for-profit uses. Some Councilmembers commented that this information was important to them in evaluating the overall benefit to the community of processing this application since there would be minimal community fiscal benefit compared to the other allowed uses in the Precise Plan. The City Manager has discussed this issue with the applicants but, as of the date of preparing this staff report, it is not known what information they will be providing. Similar to Item 1, the Council could: (1) table this agenda item until additional information is available (either from the applicant or from separate study); or (2) direct that this information be a component of the application processing.

Item 3—Resources. The Advance Planning Division of the Community Development Department is the staff that would normally work on the subject application. This Division currently has two staff members and one vacancy. This vacancy is not being filled due to current budget concerns. The various work assignments from the FY 2002-03 budget and from the 2002 Housing Element were developed with the expectation that the Division would be fully staffed. The detailed discussion of currently assigned tasks and estimated resources was discussed in the January 21, 2003 staff report and are summarized for reference in Attachment 2. The total of these currently assigned tasks is 2.6 FTE. To accommodate the available staffing, given the one vacancy, several administrative tasks have been delayed and work on the Housing Element implementation has not yet begun, including delaying work on developing design guidelines for rowhouses and work on the Housing Element

rezonings. Staff from other divisions have been borrowed to maintain project schedules, especially the Downtown Precise Plan, despite these postponements.

There are no other currently active private party applications for General Plan, precise plan or zoning amendments although interest in possible amendment of the Mayfield Mall is growing.

It is estimated that normal processing of the Americana Center Precise Plan Amendment will require in the range of 0.4 to 0.5 FTE, depending on the complexity of potential environmental issues and neighborhood involvement. Staff considered several options for working on this project, including: (1) deferral or cancellation of other projects; (2) more than the usual use of outside consultants to process the application; or (3) additional borrowing of staff from other Community Development divisions. The option of borrowing staff from other divisions, primarily Current Planning, is already being used to maintain the schedule on the Downtown Precise Plan and assist with unscheduled applications, such as the recent Grant-Martens Precise Plan. It does not appear to be feasible to borrow additional staff for this project since further taking of Current Planning resources would decrease that division's work schedules and service levels. This leaves three Gatekeeper Ordinance options:

Option 1. To create available staff resources for the Americana Center Precise Plan (0.4 to 0.5 FTE), additional projects could be deferred, potentially the Mayor's Award (0.2 FTE), the Alice Avenue/Moorpark Avenue rezoning (0.05), the Historical Preservation Ordinance (0.1) and/or the Shenandoah Plaza rezoning (0.15). It is noted that an application to amend the Mayfield Mall Precise Plan is expected and would also require significant resources (0.5 to 0.75 FTE).

Option 2. In-house staff workload can be reduced by using more than the usual amount of consultant assistance. Normally, processing a precise plan amendment application will use some consultants, especially to conduct technical environmental studies. The City has not made much use of consultants to work on the actual precise plan document or to prepare staff reports and other analysis reports since it has been our experience that City staff is more familiar with the precise plan tool and can more efficiently prepare staff reports and other work for the Environmental Planning Commission and Council. However, there are consultant firms that do work on precise plan-type documents and other cities have used consultants more extensively than Mountain View. It is estimated that increased use of consultants (with the cost reimbursed by the applicants) could reduce the staff work load to 0.2 to 0.3 FTE. Some currently scheduled projects would still need to be deferred, but fewer than Option 1.

Option 3. Determine that there is not sufficient staff resources, given their priority projects, to process this application at this time.

SUMMARY

Regarding the fiscal impact and community benefit analysis, the Council could either direct to:

- Prepare these analyses prior to the gatekeeper determination and table this item until the information is available; or

- Approve the gatekeeper authorization for processing this application with the stipulation that the fiscal and community benefit analyses be made components of the precise plan amendment evaluation.

- Decide whether to pursue mixed use and whether to consider increases in the development standards to accommodate mixed use.

If the Council approved the gatekeeper authorization to proceed relative to the fiscal and community benefit aspects, then regarding the staff resources and application priority, the Council could:

- Direct that other currently assigned projects be deferred equivalent to 0.4 to 0.5 FTE;

- Direct that additional consultant resources be used and other assigned projects be deferred equivalent to 0.2 to 0.3 FTE; or

- Determine that there are not sufficient resources at this time to process this application.

PUBLIC NOTICING

Agenda posting and notification of the applicant and interested parties who spoke at the January 21, 2003 study session.

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Attachments: 1. List of Currently Assigned Work Tasks
2. Staff Report for January 21, 2003 Study Session