

4. [18-0516](#) **Proposed Project:** Related applications on an 8.09-acre site:
DESIGN REVIEW PERMIT AND USE PERMIT: To allow site and building modifications to an existing office building complex resulting in 7,449 net new square footage (42% FAR) on an 8.09-acre site developed with (4) three-story buildings and various site improvements and a request to utilize square footage from the city-wide development reserve.
Location: 1230-1290 Oakmead Parkway (APN: 216-44-124)
File #: 2017-7886
Zoning: Manufacturing and Services (M-S)
Applicant / Owner: Embarcadero Realty Services (Applicant) / Oakmead Terrace LLC (owner)
Environmental Review: Class 1 Categorical Exemption relieves this project from the California Environmental Quality Act (CEQA) provisions that include additions less than 10,000 to existing structures [CEQA Guidelines Section 15301 (e)(2)].
Project Planner: Cindy Hom, (408) 730-7411, chom@sunnyvale.ca.gov

Associate Planner Cindy Hom presented the staff report.

Commissioner Harrison asked staff about the updated 2017 Building Code requirements for Electric Vehicle (EV) charging stations. Associate Planner Hom advised that EV parking is based on the parking ordinance. Assistant Director Andrew Miner advised that if the Building Code has stricter requirements those will be applied.

Vice Chair Weiss asked staff about the retention of the two Valley Transportation Authority (VTA) bus lines. Assistant Director Miner stated that it's speculative at this

point and that a Transportation Demand Management (TDM) program uses a balance of different options. Commissioner Howard directed Vice Chair Weiss towards VTA's Next Network project.

Chair Rheume opened the Public Hearing.

Eric Yopes, representing Embarcadero Capital Partners, presented information about the proposed project. Greg Cary, representing Embarcadero Capital Partners, presented information about the proposed project.

Mr. Yopes provided information about the average company size of their tenants to Commissioner Olevson.

Commissioner Harrison asked the applicant about their current percentage of occupation. Mr. Yopes advised that currently they are approximately at 55% occupancy. Commissioner Harrison noted that the TDM plan won't go into effect until they are at 75% occupancy or more.

Chair Rheume asked staff about the TDM requirements. Assistant Director Miner provided information about the review that must occur because the proposed project exceeds the 35% Floor Area Ratio (FAR) and the City Council TDM policy. Assistant Director Miner stated that all business owners have same difficulties in achieving TDM goals but that additional development only occurs with an expected reduction in traffic measures.

Commissioner Howard provided additional information about the VTA Next Network project.

Commissioner Simons noted an opinion that City TDM standards are slightly aggressive but less than the TDM requirements in Mountain View and Palo Alto. Commissioner Simons stated an opinion that a company has never been penalized in the City for not meeting their TDM requirements.

Vice Chair Weiss stated an opinion that this project should not be compared with projects such as Moffett Towers or other large campuses with a single employer, and that an owner trying to update their aging infrastructure should not be penalized.

Mr. Yopes presented additional information about the proposed project.

Commissioner Harrison confirmed with the applicant that specific areas for ride sharing have not been designated.

Chair Rheume closed the Public Hearing.

MOTION: Commissioner Olevson moved and Vice Chair Weiss seconded the motion for Alternative 2 – Approve the Design Review and Use Permit with modified Conditions of Approval –

Recommend to the City Council to substantially reduce the financial penalties associated with the applicant's potential future failure to meet the TDM requirements.

Commissioner Olevson commented that it's a great idea to upgrade and modernize existing buildings. Commissioner Olevson stated the importance of updating TDM requirements for owners but noted that in this case there are multiple employers. Commissioner Olevson stated an opinion that the City can achieve its traffic reduction goal by encouraging the applicant and their tenants to make improvements. Commissioner Olevson noted that large employers can have a dramatic effect on the City and that consideration should be given to the small employer tenants in this application.

Vice Chair Weiss stated an opinion that a TDM program is not one size fits all and that some flexibility is needed. Vice Chair Weiss commented that this rigidity will discourage the use of office space by smaller employers and tenants. Vice Chair Weiss strongly recommended to consider lowering the TDM penalties or threshold. Vice Chair Weiss noted that the project meets the City Design Guidelines, has incorporated the study session suggestions and will upgrade the building instead of demolishing and rebuilding it.

Commissioner Simons stated that he will most likely not be supporting the motion. Commissioner Simons commented that the City puts considerable effort into working with applicants to modify the TDM programs and reduce the number of trips. Commissioner Simons stated his understanding of the applicant's concerns but noted that these requirements are associated with exceeding thresholds. Commissioner Simons commented that a study issue could be proposed to potentially modify the TDM requirements but that it does not seem likely that City Council would support an exemption.

Commissioner Howard stated that he will not be supporting the motion but that he would support Alternative 1. Commissioner Howard cautioned against reconfiguring City Council policy from the dais and noted the project parameters are distinct from the TDM parameters. Commissioner Howard stated that the monetary penalty for failure to meet TDM requirements is scaled to the degree of the problem. Commissioner Howard noted the different transportation types that will support the proposed project. Commissioner Howard commented that the City's goal is to assist applicants with their TDM requirements to reduce trips.

Commissioner Harrison seconded Commissioner Howard's comments. Commissioner Harrison noted her appreciation of the adaptive reuse of the building and the applicant's goal to attract more tenants, but stated an opinion that it is not within the Planning Commission's authority to recommend reduction or elimination of any of the TDM requirements. Commissioner Harrison stated that she will not be supporting the motion.

Chair Rheume asked staff about the existing City Council TDM policy. Assistant Director Miner provided information about the policy and stated that the Planning Commission does not have the authority to waive the TDM requirements.

Chair Rheume stated that he will not be supporting the motion based on the City Council policy.

The motion failed by the following vote:

Yes: 2 - Vice Chair Weiss
Commissioner Olevson

No: 4 - Chair Rheume
Commissioner Harrison
Commissioner Howard
Commissioner Simons

Absent: 1 - Commissioner Howe

MOTION: Commissioner Simons moved and Commissioner Howard seconded the motion for Alternative 1 – Approve the Design Review and Use Permit subject to the Findings in Attachment 4 and Conditions of Approval in Attachment 5.

Commissioner Simons stated his appreciation of reuse projects and noted that different triggers are associated with reuse projects. Commissioner Simons commented that consideration should be given for a study issue to address the concerns with the impacts of TDM requirements. Commissioner Simons stated that he can make the findings for the proposed project.

Commissioner Howard noted his agreement with all of Commissioner Simons' comments and with Commissioner Olevson's earlier comments in regards to the virtues of this project.

The motion carried by the following vote:

Yes: 6 - Chair Rheaume
Vice Chair Weiss
Commissioner Harrison
Commissioner Howard
Commissioner Olevson
Commissioner Simons

No: 0

Absent: 1 - Commissioner Howe

Assistant Director Miner stated that this item goes to the City Council on July 31, 2018.

STANDING ITEM: CONSIDERATION OF POTENTIAL STUDY ISSUES

Vice Chair Weiss asked staff about a TDM study issue. Assistant Director Miner stated that a TDM study issue would be reviewed by the Department of Public Works (DPW) and not by the Planning Commission. Commissioner Simons discussed this request with Assistant Director Miner.

Vice Chair Weiss asked staff about a study session regarding AB 2502. Assistant Director Miner advised that this will be part of the Housing Strategy, which is an existing study issue.

NON-AGENDA ITEMS AND COMMENTS

-Commissioner Comments

-Staff Comments