



City of Sunnyvale

Agenda Item

18-0516

Agenda Date: 6/25/2018

REPORT TO PLANNING COMMISSION

SUBJECT

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

REPORT IN BRIEF

General Plan: Industry

Existing Site Conditions: (4) three-story office buildings and various site improvements.

Surrounding Land Uses

North: Restaurant and industrial offices

South: Industrial offices

East: Industrial offices

West: Restaurant and industrial offices

Issues: Floor Area Ratio exceeding 35%

Staff Recommendation: Recommend City Council approve the Design Review and Use Permit subject to the Findings in Attachment 4 and Conditions of Approval in Attachment 5.

BACKGROUND

Previous Actions on the Site

The Oakmead Terrace Business Park was granted site and architectural approval in May 1978. The approval allowed for construction of four 3-story buildings providing approximately 142,265 square feet of gross floor area (40% FAR) and various site improvements. Subsequent approvals include Miscellaneous Plan Permits for signage, temporary outdoor car sales events, and minor site modifications.

Description of Proposed Project

The proposed project is an update and aesthetic remodel of an existing office building complex. The two main purposes of the proposed project are to perform deferred maintenance and repairs to facilities that no longer comply with current standards for accessibility and to update the buildings to

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be more visually appealing and satisfy today's creative workplace requirements. The proposed project involves site and building modifications that are intended to enhance the building façade by:

- Creating interesting entry portals and improving the interior space with new "linked" lobbies, that will provide interior conditioned lobbies connecting the buildings where open air breezeways currently exist;
- Extending the ground floor space on the north side of the building to enclose the area under the building overhang;
- Renovating landscaped areas, including the installation of 163 new trees, improving site accessibility, and upgrades to tenant amenities.

To accommodate the new linked lobbies and larger ground floor offices, approximately 7,449 square feet of new floor area would be added to an existing three-story multi-tenant office complex and result in approximately 42% FAR. Office buildings in the M-S Zoning District exceeding 35% FAR are allowed through green building incentives or through approval of a Use Permit by City Council. This project is requesting City Council approval because the scope of changes to the building do not provide the opportunity to meet the required green building standards.

See Attachment 2 for a map of the vicinity and mailing area for notices and Attachment 3 for the project Data Table.

EXISTING POLICY

General Plan Goals and Policies: The following are key goals and policies from the Land Use and Transportation (LUTE) Chapter of the General Plan, which pertain to the proposed project:

GOAL LT-11 SUPPORTIVE ECONOMIC DEVELOPMENT ENVIRONMENT - Facilitate an economic development environment that supports a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal, and land use constraints.

- **Policy LT-11.1** Provide existing businesses with opportunities to grow in Sunnyvale and provide opportunities to expand into new technologies.
- **Policy LT-11.3** Promote business opportunities and business retention in Sunnyvale.

GOAL LT-12 A BALANCED ECONOMIC BASE - Develop a balanced economic base that can resist downturns of any one industry and provides revenue for City services.

- **Policy LT-12.4** Attract and retain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy and provide a range of job opportunities.

Design Guidelines: The project design is subject to compliance with the City's Citywide and Bird Safe Building Design Guidelines. These guidelines are referenced in the discussion and analysis.

ENVIRONMENTAL REVIEW

The proposed use is categorically exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301 (Class 1), which includes operation, repair, maintenance, minor alteration or additions to existing public or private structures involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The application is consistent with this categorical exemption in that it involves the addition of approximately 7,449 square feet of net new floor area to an existing industrial office

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complex and minor site alterations to allow installation of associated improvements.

DISCUSSION

Present Site Conditions

The project site is located on an 8.09-acre lot located on the southeast corner of the intersection at Oakmead Parkway and Lakeside Drive. The site is developed with (4) three-story office buildings, surface parking and landscaping along the perimeter of the site. The project site can be accessed by the two driveways on Lakeside Drive and/or the five driveways that are located along Oakmead Parkway. Pedestrian circulation is provided by public sidewalks on Lakeside Drive and Oakmead Parkway as well as on-site walkways. The project site is also served by an existing bike lane along Oakmead Parkway.

The existing multi-tenant buildings include industrial and professional offices. The current uses of the buildings are permitted uses in the Manufacturing and Services (M-S) Zoning District. Any future uses would be subject to zoning requirements for permitted uses and would be subject to the conditions of approval of this permit.

Use Permit

Floor Area Ratio

There are several zoning tools that can be used to allow the FAR to exceed 35%:

1. A 10% FAR bonus (up to 45% FAR for this site) may be granted if a LEED Gold level is achieved. This type of permit is subject only to a staff-level approval (no public hearing).
2. If Green Building (LEED) provisions are not used, the project can access the Citywide Development Reserve through a Use Permit.
3. Properties can be rezoned to raise the standard FAR level, which also requires City Council action at a public hearing.

The small addition to the building does not support higher green building standards for the entire building; therefore, the applicant proposes to utilize option #2, requesting approval of a Use Permit by City Council to add approximately 7,449 square feet of building area that extends the FAR from 40% to 42%. The Use Permit for higher FAR requires consideration by the Planning Commission and final approval by the City Council.

The *Review Criteria for Projects Greater than 35% FAR* was adopted in 1999 to assist the decision makers in considering approval of higher FAR developments. Findings must be made to approve these criteria (see Attachment 4). Key project features meeting these criteria include high-quality architecture and site design, LEED silver certification, and a Transportation Demand Management (TDM) Program to reduce trips generated by the project.

Citywide Development Pool: The Council adopted the Citywide Development Pool from which higher FAR projects draw square footage for their project. The pool applies to industrially zoned properties except for those with separate planning documents (e.g., Moffett Park, Peery Park, Lawrence Station). The pool was created by crediting floor area of industrial sites developed with non-industrial/office uses such as hotels, retail and restaurant space and non-job-generating uses such as utility sites. The pool is adjusted when a Use Permit for an industrial/office project is approved, when sites are rezoned to a higher FAR, and when a non-industrial use is eliminated. This project would remove 7,449 square feet from the pool, leaving a balance of about 955,185 square feet.

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Many projects that exceed the 35% FAR standard in Sunnyvale do so by using the green building program allowance of gaining up to 10% FAR by meeting the LEED Gold standard vs the LEED Silver required of other developments. Meeting the LEED standard is possible when constructing a new building or when making major renovations to an existing building. Minimal changes are planned for the subject building (the addition of 7,449 square feet is approximately 5% of the entire building area), which makes meeting the LEED Gold thresholds difficult because the amount of change does not provide sufficient opportunity for adding new green building features. As a result, the applicant is requesting use of the Citywide Development Reserve and City Council approval.

Green Building

Green building standards require non-residential construction that exceeds 5,000 square feet to attain a minimum LEED Silver standard. Based on the applicant's LEED consultant, the project will be evaluated under the Existing Building Operation & Maintenance (EBOM) rating system. Since this project is not considered new construction or major renovation, the EBOM is the most practical and feasible LEED rating system to use for this project.

The EBOM rating system is a set of performance standards for certifying the operations and maintenance of existing buildings. The intent is to promote high performance, healthful, durable and environmentally sound practices in existing buildings. The EBOM rating system is a whole building rating system that will be implemented during the design and construction of the Oakmead Parkway construction scope. The certification would not become available until 20-24 months after the final linked lobby is completed because a 12 month of continuous, operational (with at least 50% occupancy) energy use is required as well as a performance period. The minimum duration for the performance period is three months to a maximum duration of 24 months.

The applicant has submitted a LEED checklist demonstrating that the proposed building would achieve a minimum of 54 points required for LEED Silver (See Attachment 8). As a condition of approval, staff will work with the applicant and future tenants to comply with the green building requirements (Condition of Approval BP-30).

Site Layout

- **CDG 1-A1:** Design projects to be compatible with their surrounding development in intensity, setbacks, building forms, material, color and landscaping, unless there are specific planning goals to change the character of the area.
- **CDG 1-A6:** Project perimeter landscaping shall be integrated with the landscaping of adjacent development for streetscape continuity.

The project would maintain the existing site layout in terms of the location of the buildings, landscaping, driveways and parking. The proposed changes include:

- Site landscaping will be enhanced to include 163 new trees.
- New entry plazas will be added to each building and will consist of decorative paving, seat walls and ornamental landscaping.
- Add a new bicycle enclosure that provides 28 secured parking spaces.
- Installation of new public art sculptures to engage the street corner.

The project is consistent with the Citywide Design Guidelines for site layout. As proposed, the project will enhance the site and streetscape with the proposed new entry features and additional

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landscaping.

Architecture

- **CDG 2.C1:** Maintain diversity and individuality in style but be compatible with the character of the neighborhood.
- **CDG 2.C9:** Include decorative building elements in the design of all buildings. Add more interest to buildings by incorporating changes in wall plane and heights, arcades, porticos, trellises, porches, balconies, dormers, windows, and openings, etc.
- **CDG 2.13:** Define building entries by use of human scale architectural elements such as arches, posts, awnings, etc. Orient main entries towards public streets.

The existing buildings have glass façades and are connected by covered concrete breezeways on the first and second floor and an uncovered walkway on the third floor. The four interconnected buildings have approximately 1,159-foot-long façade and currently lack identifiable entries and building lobby space.

The applicant's stated architectural approach is to create both visual and functional anchors for the massing of the buildings by inserting new linked lobbies between the existing buildings. The proposed linked lobbies are created by enclosing existing breezeways in between each building. Decorative entry elements will be added on the exterior of the lobby space to help articulate the main entries into the buildings. The proposed decorative elements include projecting fin walls that extend to the full height of the building. The new fin walls would provide vertical elements to help de-emphasize and balance the horizontality of the buildings. Each entry will also be designed with plaza elements such as decorative paving, seating, and accent landscaping that enhances the pedestrian environment at the ground level as well as provide a vertical softscape to further visually enhance the main building entries.

Other architectural changes occur at the rear of the buildings. Currently there are 11 elevator towers for the four buildings. The applicant proposes to consolidate and provide 5 elevators towers which will be integrated with the proposed new linked lobbies. The proposed rear elevation of the new linked lobbies will be treated with new metal railings, window glazing and metal cladding. Although the majority of the existing precast concrete façade on the rear remains, the added decorative elements are complementary and provide uniformity and a consistent architectural rhythm to the buildings.

The project is consistent with the Citywide Design Guidelines for architecture.

Landscaping

- **CDG 4.A4:** Properly landscape all areas not covered by structures, driveways, and parking.
- **CDG 4.A6:** Choose a variety of plant material with different textures and colors. Use water wise plant material, as specified in the Landscape regulations.

The project is designed with approximately 26% of the lot area as landscaping, which complies with the 20% minimum landscaping requirement.

Landscaping will be dispersed throughout the site and will include a variety of groundcover, shrubs

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and trees. Plant species have been designed to comply with the Sunnyvale Municipal Code (SMC) water-efficient landscaping requirements by providing 70% native, low water or no water use plants. In addition, tree placement has been designed to avoid a funneling effect towards the building, which complies with the Bird Safe Design Guidelines.

Protected trees are defined by the Sunnyvale Municipal Code as any tree greater than 38 inches in circumference measured at 4.5 feet from the adjacent grade. An arborist report evaluated 121 trees existing on the site and identified 117 as protected and 4 as non-protected. Of the 117 protected trees, 20 trees are proposed for removal. 5 of the 19 trees that are located at the street corner are deemed dead while the other remaining 15 trees that are proposed for removal are along the perimeter of the buildings.

Although a majority of the protected trees proposed for removal are in moderate to good condition, the locations of the trees conflict with proposed site improvements or have outgrown their area. The preliminary landscaping plan has been designed to comply with the Sunnyvale Municipal Code and Sunnyvale Tree Replacement Standards which require 40 replacement trees. The applicant is provided 163 new trees which includes 15-gallon and 24-inch box trees. The final landscaping and tree protection plan will be reviewed by staff prior to building permit issuance.

SMC Section 19.37.070 states that at least 50% of the parking areas must be shaded within 15 years after the establishment of the lot. The preliminary landscaping plan demonstrates compliance with this requirement by providing 50% shading.

The project is consistent with the Citywide Design Guidelines for landscaping.

Parking/Circulation

The project requires a minimum of two parking spaces per 1,000 square feet and a maximum of four spaces per 1,000 square feet, which results in a minimum requirement of 299 spaces and a maximum of 599 spaces for the project (SMC Section 19.46.100). The proposed project complies with the parking requirements by providing 544 parking spaces.

The original development was approved with 80 compact parking spaces which are now considered legal, nonconforming. Without the compact spaces, the site would meet the minimum requirement for parking and provides a total of 464 regular parking spaces where a minimum of 299 spaces are required.

The preliminary parking lot striping plan shows compliance with parking lot design requirements, such as universal stall dimensions, double-striping, wheel stops, loading space and maintenance of driveway vision triangles. Per SMC Section 19.46.100 the project meets additional parking requirements with the following:

- 5% of the total number of parking spaces must be provided for car share (19 spaces), the project provides 28 carpool spaces.
- 3% of the total number of parking spaces must be pre-wired for electric car chargers (12 spaces), the project provides 17 EV charging spaces.
- 5% of the total number of parking spaces shall be provided for bicycle parking. A minimum of 75% of the total number of bicycle parking shall be provided as secured bicycle parking spaces. The project provides a total of 28 secured bicycle and bike racks for shared bikes.

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Although the project does not propose any changes to the existing driveways and drive aisle configurations, there are a few areas that currently do not meet the required 24-foot drive aisle width but are considered legal, nonconforming conditions. The remaining project driveways meet the required emergency access and egress for fire vehicles as well as trash access and circulation for solid waste servicing. As conditioned, a final parking lot striping plan demonstrating conformance to Citywide Design Guidelines and SMC Chapter 19.46 will be reviewed by staff prior to issuance of a building permit (Condition of Approval PS-2).

The project is consistent with the Citywide Design Guidelines for parking/circulation.

Transportation Demand Management (TDM Plan)

The applicant has submitted a draft TDM Plan that will achieve a minimum of 25% reduction in total daily vehicle trips and a 30% reduction in daily peak hour trips. The TDM Plan consists of general measures that are based on existing and proposed infrastructure and physical attributes of the site, including proximity and access to transit, and bicycle facilities. The plan promotes sustainable modes of transportation, such as carpool/vanpool programs and transit subsidies.

An annual report to the City is required to monitor compliance. A penalty clause for non-compliance is included; a per-trip monetary penalty would be assessed for any trips exceeding the allowable number, as determined through annual driveway counts conducted by the City. Recommended conditions of approval include a requirement to implement and manage a TDM Plan in conjunction with the occupancy of the buildings and requiring lease agreements to advise tenants of their responsibility to implement and manage a TDM program. (Condition of Approval GC-6 to GC-8).

A final TDM Plan is required to be submitted for review and approval by staff, which will be a more detailed program that is tailored to the tenant. Staff recommends that the trip reduction goals noted above be incorporated into the final TDM Plan (Condition of Approval GC-6).

Community Benefits

Although the project is not subject to the city's Art in the Private Development requirements, the applicant is offering public art as a community benefit. The public art is a proposed metal sculpture conceptually shown at the corner of Oakmead Parkway and Lakeside Drive; however, other locations can be explored. The applicant has indicated that the estimated cost of the conceptual artwork is approximately \$185,000, which is approximately 1% of the building construction valuation for this project. The final decision for the selected artist, artwork, and location is subject to the Arts Commission review and approval prior to issuance of building permits. Staff recommends a condition to require a bond for 1% of construction costs posted to ensure completion of artwork. (Condition of Approval BP-12).

Stormwater Management

The current Municipal Regional Permit for stormwater discharge requires all treatment utilize Low Impact Development (LID) measures such as infiltration, harvesting/use, and biofiltration and limits the use of mechanical treatment. A preliminary Stormwater Management Plan (SWMP) has been provided, which demonstrates compliance with stormwater requirements. The proposed condition of approval requires third-party certification of a final SWMP prior to issuance of building permits (Condition of Approval GC-9).

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Expected Impact on the Surroundings

Visual: The proposed exterior modification will not significantly change the overall building form or detract from the existing architecture. The project provides for contemporary elements that adds to the visual interest and utilize materials and styles like those found in the vicinity. A perspective drawing is included in Attachment 6.

Traffic: Based on the net new square footage, the project will not generate over 100 new Peak Hour Trips and therefore is not anticipated to generate a negative traffic impact on the surrounding roadways.

FISCAL IMPACT

A direct economic benefit for the proposed project would be the development impact fees the applicant is required to pay as part of the permit process. The project is subject to a housing mitigation fee in the amount \$59,592, a traffic impact fee in the amount of \$34,563.36. Additionally, school impact fees would be paid directly to the Sunnyvale School District and the Fremont Union High School District. The fees would be based on a fixed cost per net new square footage. Reinvestment into the property will result in an increase in property value and corresponding increases in property tax.

PUBLIC CONTACT

Outreach Meeting - The applicant hosted an outreach meeting on March 28, 2018. One person from the public attended, and questions were related to proposed improvements and timing for the project implementation.

Planning Commission Study Session - A study session was held on April 23, 2018. The Planning Commission provided the following design comments:

- Add more pervious area.
- Consider maintaining at least one drive-through.
- Artwork would be better served by integrating into buildings.
- Clarify planting description and water efficient plantings. Consider alternative for Fruit trees and date palms. Encourage native and more estate sized trees for shade.
- Design elements should demonstrate design consistency and/or continuity with the existing architecture. Explore ways to balance the two so that it is harmonious.
- Need more information about LEED evaluation and what the requirement is to obtain LEED gold.

In response to the comments, the applicant has revised the landscaping plans to address the comments regarding clarification on the planting palette and substitution on more water efficiency plantings. However, the applicant would like to maintain: 1) *Tibouchina urvilleana* for the café seating areas because of the proximity to the building; and, 2) the date palm trees at the entries. The intent is to provide a smaller, ornamental tree with a “pop” of color when in flower for the seating area and the height of the date palms to help break up of the long building facades.

The project has reduced the impervious surface area by approximately 1,700 square feet and will provide three bio-retention areas to treat stormwater run-off. To incorporate additional pervious asphalt or concrete at the driveways would require a drainage system in areas with mechanical

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infiltration which is discouraged by the C.3 regulations.

In response to the architecture, the applicant believes the design elements will not detract from the existing architecture in that the overall form and materials (glass walls and concrete fascia) would remain intact. The new vertical design elements are limited to the new entries to the linked lobbies. The design is consistent with the City's design guidelines which encourages defining building entries, creating diversity and individuality, and maintaining compatibility.

Notice of Public Hearing

- Published in the *Sun* newspaper
- Posted on the site
- 1036 notices were mailed to property owners and tenants within 1,000 ft. of the project site as shown on Attachment 2

Staff Report

- Posted on the City of Sunnyvale's Web site
- Provided at the Reference Section of the City of Sunnyvale's Public Library

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- Posted on the City's official notice bulletin board
- City of Sunnyvale's Web site

ALTERNATIVES

Recommend the City Council:

1. Approve the Design Review and Use Permit subject to the Findings in Attachment 4 and Conditions of Approval in Attachment 5.
2. Approve the Design Review and Use Permit with modified Conditions of Approval.
3. Deny the Design Review and Use Permit and direct staff and the applicant regarding changes to the project.

RECOMMENDATION

Alternative 1: Recommend the City Council approve the Design Review and Use Permit subject to the Findings in Attachment 4 and Conditions of Approval in Attachment 5.

Staff was able to make the required Findings for the Use Permit and to support the 42% FAR. The project promotes opportunities for new businesses that provide ancillary services to larger corporate or tech companies as well as business retention for existing tenants to grow their business. As conditioned, the project will provide for an aesthetic and harmonious development that will contribute positively to the economic vitality and image of the City. Given the difficulty of using the green building incentives to exceed 35% FAR, the applicant maximized green building opportunities in the design and will include a TDM program for the property.

Prepared by: Cindy Hom, Associate Planner

Reviewed by: Gerri Caruso, Principal Planner

Reviewed by: Andrew Miner, Assistant Director of Community Development Services

Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Vicinity and Noticing Map
3. Project Data Table
4. Recommended Findings
5. Recommended Conditions of Approval
6. Site and Architectural Plans
7. Project Description Letter
8. LEED Score Card and Consultant Letter on EBOM rating system