



March 24, 2014

Mayor Jim Griffith
Vice-Mayor Jim Davis
Councilmember David Whittum
Councilmember Pat Meyering
Councilmember Tara Martin-Milius
Councilmember Glenn Hendricks
Councilmember Gustav Larsson

City of Sunnyvale
456 West Olive Avenue
Sunnyvale, California 94088

Re: Request for Initiation of General Plan Amendment for 915 De Guigne Drive

Dear Honorable Mayor and City Councilmembers:

Watt Investments at Sunnyvale, LLC ("Watt") is proposing a redevelopment of the former Spansion, LLC site comprised of approximately 24.4 acres and located at 915 De Guigne Drive, Sunnyvale, California (the "Property"). The Property is currently developed with 471,000 square feet of office and manufacturing facilities that are operated by Spansion, LLC.

By this letter, Watt requests that the City Council initiate a General Plan Amendment for the Property from "Industry" to "Medium Density Residential" in order to help alleviate the continuing and growing jobs/housing imbalance in Sunnyvale.

This request is consistent with prior approvals in that area of Sunnyvale. In 2007, in order to address the jobs/housing imbalance, the City Council re-designated certain industrial locations to allow for the creation of housing opportunities. The City Council approved a General Plan Amendment for the East Sunnyvale Industrial-to-Residential area, which included several properties adjacent to the Property. Concurrently, the City Council certified the 2007 ITR Environmental Impact Report (the "ITR EIR"), which studied the conversion of the Property to Medium Density Residential for up to 521 residential units.

Given that the Property was previously the subject of a General Plan Amendment initiation process and the ITR EIR, and given the large size of the Property (second largest within the ITR), its proximity to major employment and activity centers, its relatively immediate availability for redevelopment, and its potential for providing significant ownership housing opportunities for Sunnyvale, we respectfully request that the Property be considered as a individual planning area. In addition, by proceeding as an individual planning area, the Property will be able to provide much-needed housing ownership opportunities to residents and future residents of Sunnyvale much sooner than if the Property is included in a planning study with multiple smaller properties with varied property ownership and redevelopment timelines.

Watt proposes to demolish the existing office and manufacturing facilities and to redevelop the Property as a high quality, sustainable, residential community consisting of several interconnected neighborhoods of up to 521 residential units (approximately 400 of which will be for-sale), open space, recreational space, and supporting infrastructure improvements (the Project). The Project will offer pedestrian and bicycle connectivity to the existing, surrounding residential neighborhoods, including access through the Project from the sidewalk along Duane Avenue. Watt explored including a public park site within the Project. However, after significant discussion with City Staff, based upon City guidelines for acceptance of public park sites, it was concluded that a public park site was not feasible on the Property.

The Property has been extensively studied by Watt's consultants and others to confirm that it is suitable for residential development. The Regional Water Quality Control Board ("RWQCB") is the lead agency for the clean-up of the historical groundwater contamination under the Property. The groundwater contamination is primarily contained under the western half of the Property. The recently completed, fourth, Five-Year Review Report, dated January 2014, shows that significant progress has been made in remediating the groundwater contamination under the Property from the time of the original cleanup order. The groundwater contamination is being actively addressed through a groundwater extraction and treatment system, where the contaminated groundwater is removed from underground, is treated through a carbon filtration system, and the clean effluent is released in the storm water system with the approval by the RWQCB. In addition, as part of the redevelopment of the Property, a vapor mitigation plan will be adopted to address all areas where soil gas vapor contamination exists. The vapor mitigation plan shall be subject to approval by the RWQCB. Watt is planning to have installed vapor barriers beneath the buildings overlying the affected areas of soil gas vapor contamination as is expected to be recommended by the RWQCB. As a result of the historical agriculture use of the property, the level of pesticides in the soil in some portions of the Property is consistent with the background concentrations found in most of the existing and new residential developments throughout Santa Clara Valley, and will be addressed in a soils management plan which shall be subject to approval by the RWQCB.

Watt expects that the required approvals are (i) General Plan Amendment changing the land use designation from "Industry" to "Medium Density Residential", (ii) rezoning the Property from "MS" (industry) to "R-3" (medium density residential), Design Review (Building Architectural and Landscape Architectural), Financing Parcel Map, Tentative Tract Maps (for Condominium purposes), Final Maps, and compliance with the California Environmental Quality Act (CEQA).

The City will serve as the lead agency to determine the appropriate CEQA document required to analyze the Project's potential environmental impacts. As noted above, the ITR EIR included the Property and included program-level analysis of potential environmental impacts associated with development of the Property with 521 residential units. Watt is requesting that the City

consider preparing an addendum to the 2007 ITR EIR, if, based on the City's Initial Study, it can be determined that none of the conditions described in the CEQA Guidelines calling for the preparation of a subsequent EIR have occurred. Watt understands that the final CEQA determination will be made by the City and will be subject to confirmation through new project-specific traffic, noise, air quality, and other technical analyses prepared by the City's consultants. In light of the magnitude of the existing office and manufacturing facilities and uses on the Property, we anticipate that the proposed Project will have a beneficial impact on the environment as compared to the existing uses. Watt has been working with our technical consultants to design the Project to maximize the protection of the environment, and we are committed to working with the City to provide information and support for the CEQA review of the Project.

Thank you in advance for your thoughtful consideration. We look forward to working with you toward the successful completion of the redevelopment of the Property.

Regards,

Watt Investments at Sunnyvale, LLC

A handwritten signature in black ink, appearing to read 'Max Frank', with a stylized flourish at the end.

Max Frank
Vice President

cc:

Robert Walker, Interim City Manager
Hanson Hom, Community Development Director
Trudi Ryan, Planning Officer
Shaunn Mendrin, Senior Planner ✓
Kent Steffens, Public Works Director
Joan Borger, City Attorney
Kathryn Berry, Senior Assistant City Attorney