



City of Sunnyvale

Agenda Item

16-0868

Agenda Date: 9/12/2016

REPORT TO PLANNING COMMISSION

SUBJECT

Forward Recommendations to the City Council related to the adoption of the **PEERY PARK SPECIFIC PLAN** (2013-7653):

- Accept the errata to the EIR and find that none of the circumstances triggering recirculation of the EIR or subsequent environmental review have occurred under CEQA Guidelines Sections 15088.5 and 15162
- Adopt a resolution to adopt the Peery Park Specific Plan and make related amendments to the General Plan
- Introduce an ordinance to create the Peery Park Specific Plan district and rezone the parcels in the Plan Area
- Adopt a resolution to establish fees for Peery Park
- Adopt a motion to prioritize the flexible community benefits
- Support the use of \$100,000 of City Funds to provide a portion of the local match for the Peery Park Rides Grant Program.
- Direct staff to undertake the appropriate environmental analysis and community outreach and return to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities.

REPORT IN BRIEF

The Planning Commission held a public hearing on August 22, 2016 to consider the Peery Park Specific Plan (PPSP or Plan) and related actions (see Report to Planning Commission, Attachment 1 and Planning Commission Minutes of August 22, 2016 in Attachment 27). The Planning Commission passed a motion to recommend certification of the Environmental Impact Report (EIR) which included making the findings required by the California Environmental Quality Act (CEQA), adoption of the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program and adoption of the Water Supply Assessment. In order for the Planning Commission to make a recommendation on a General Plan Amendment or Rezoning action, a motion to approve, approve with modifications or deny must receive the vote of at least four Planning Commissioners. Only five Planning Commissioners were in attendance that evening and the Planning Commission failed to pass a motion regarding recommendations on the PPSP (and related items) with four or more votes. The Planning Commission voted to continue the item to the meeting of September 12, 2016 expecting that more Planning Commissioners would be present to participate in the vote.

During the public hearing and deliberations community members and the Planning Commissioners made comments on: additional housing opportunities in the Plan Area, transportation demand management (TDM) goals, thresholds for review of projects and maximum floor area ratio (FAR) for projects. There was discussion concerning the estimated number of jobs with the proposed plan. There were also concerns about the format of the recommended changes to the draft plan.

16-0868

Agenda Date: 9/12/2016

This report includes background on the preparation of the PPSP and additional information on the concerns raised at the August Planning Commission hearing. A text only version of the PPSP that presents all the recommended modifications is included in Attachment 7, along with a table of changes. A clarification to the jobs number is provided in this report. After the Planning Commission hearing an additional comment, on the Final EIR was sent by Caltrans. Errata to the EIR are provided concerning these two issues (Attachment 28). Also after the August Planning Commission hearing, the PPSP was considered by the Santa Clara County Airport Land Use Commission (ALUC) and approved the PPSP with revisions and clarifying information provided by the City.

Staff does not recommend any changes to the TDM goals, maximum FARs and thresholds for review of projects. Staff has modified the recommendation to include: 1) direction to staff to study additional housing opportunities and to return to Planning Commission and City Council to consider amendments to the Plan, and 2) to incorporate the changes to the Plan accepted by the ALUC. A new Staff recommendation also includes accepting the errata to the EIR. All other staff recommendations, as presented in the August 22, 2016 staff report, remain the same.

DISCUSSION

SCOPE AND PREPARATION OF THE PERRY PARK SPECIFIC PLAN

Employment Center

Consideration of the PPSP process began as a Council Study Issue for 2008 (Attachment 2). At that time, Peery Park was identified as an aging business park with potential to become an attractive and successful employment center in the City. There are several aspects to Peery Park that led to the preparation of a specific plan:

1. The area enjoys access to several major arterials and new and emerging business districts and industries in Sunnyvale and in neighboring cities;
2. This is an opportunity to focus reinvestment in the area to ensure the City has an appropriate mix of product types to accommodate these new and emerging industries;
3. The area was developed as an auto-oriented area with minimal sidewalks and amenities for employees in the area; and
4. Existing development standards and policies are not sufficient to respond to the increasing development pressures and desires for the area.

Public Meetings and Outreach Efforts

An extensive and iterative community outreach program has been conducted in the last several years to prepare the draft Peery Park Specific Plan. This plan reflects four community workshops, scoping meeting for the EIR, meetings with property owners and residents, and multiple joint study sessions with the City Council and Planning Commission, which are outlined below. Some of the latest amendments to draft plan reflected the most recent public input. Council's direction when it approved the study issue paper and work program to prepare the PPSP was to position Peery Park to be a competitive employment center for attracting Silicon Valley's innovation companies that are seeking prime sites for higher density quality office space. The Council recognized Peery Park's highly favorable employment location given the confluence of Highways 85, 237 and 101 and proximity to Caltrain and VTA transit stations. This potential has been verified by the pronounced interest expressed by businesses and commercial office developers throughout the public outreach process

16-0868

Agenda Date: 9/12/2016

for the plan. The multiple applications that are on file with the Community Development Department for new office projects in Peery Park, which are pending adoption of the PPSP, attest to the strong interest to transform Peery Park into a dynamic employment district for innovation companies. At the same time, staff also received considerable public feedback that future development in Peery Park should respect and protect adjacent neighborhoods and minimum adverse effects.

The culmination of the community workshops and other public input led to Council policy direction provided at three study sessions from February to August 2015. Key direction was provided by a formal motion at the April 28, 2015 study session when the Council endorsed a document that outlined the policy framework for the plan, which addressed development capacity and included the TDM goals table. At the subsequent August 18, 2015 study session, the Council reviewed the market potential and concepts for the Community Benefits Program in which the FAR tiering for project approval and maximum FAR was shared. With the Council direction provided at these study sessions, staff proceeded to work with the consultant to further develop the policies (Book 1) and the supporting development standards, design guidelines and implementation plan (Books 2-3). The PPSP represents the results of an extensive multi-year planning process reflecting much discussion and deliberation along the way regarding staff assumptions for the referenced policy framework.

City Council Study Sessions

There have been four study sessions with the City Council to provide staff and the consultants with guidance on the preparation of the plan. The meetings included:

1. February 24, 2015 (Joint Study Session with the Planning Commission) with the following outcomes:
 - a) Confirmation of the preliminary land use map for the PPSP;
 - b) Acceptance of the development capacity of the plan; and,
 - c) PPSP goals, policy framework and transportation strategies.
2. April 28, 2015 with the following outcomes:
 - a) Confirmation of the EIR project description;
 - b) Finalization of the policy framework concepts; and,
 - c) Discussion on community benefits.
3. August 18, 2015 with the following outcomes:
 - a) Formulation of the EIR Alternatives;
 - b) Results of the Market Analysis; and,
 - c) Feedback on the conceptual community benefits program.
4. August 9, 2016 (Joint Study Session with the Planning Commission) with the following outcomes:
 - a) Introduction to the Transportation Management Association;
 - b) Information on the Community Benefits Program; and
 - c) Information on the EIR analysis and Land Use Alternatives.

Community Workshops

There have been four community workshops to provide an overview of the project to the community and to gain feedback on the plan options. Following are the key topics for each of these meetings (results are summarized in Attachment 10):

1. October 16, 2013 to discuss:
 - a) Existing Conditions and Workplace Trends;
 - b) Market Analysis; and,

16-0868

Agenda Date: 9/12/2016

- c) Broad Brush Strategic Framework
2. December 3, 2014 to discuss:
 - a) District Vision;
 - b) Preliminary Policy Framework; and,
 - c) District Priorities
3. January 21, 2015 to discuss:
 - a) Traffic; and
 - b) Connectivity and Streetscape Visioning
4. July 9, 2015 to discuss:
 - a) Neighborhood Protections and Amenities

Other outreach efforts

1. Interviews and meetings with property owners within the PPSP; and
2. A community survey (summarized in Attachment 11).

Environmental Impact Report

The PPSP and the Draft EIR (DEIR) were released for the 45-day public review period on April 29, 2016. The Planning Commission held a public meeting to allow and provide comments to the DEIR on May 23, 2016. The Planning Commission recommended certification of the EIR on August 22, 2016.

HOUSING

While the City Council direction was to focus on opportunities for enhancing the existing business park, consideration was also given to provide housing opportunities in the Plan Area. In considering the potential locations for additional housing, the following criteria were considered:

1. New housing would be appropriate where it is adjacent to existing housing to provide a good transition from the existing homes to the employment center;
2. The presence of the Moffett Federal Airfield limits opportunities for housing locations within the employment center portion of the Plan Area;
3. Since the employment center area would continue to have research and development and industrial uses, careful attention was required when considering housing adjacent to more traditional industrial uses; and
4. The goal of the Plan is to provide the standards to guide new employment center uses in the Plan Area.

Given these criteria, the housing included in the Plan is limited to a maximum of 215 units on the east side of Mathilda Avenue (along San Aleso Avenue) in the area immediately adjacent to an existing single-family neighborhood. This area is known as the Neighborhood Transition, a sub-district of the PPSP.

General Plan: Housing and Land Use Elements

The adopted and State certified Housing Element of the General Plan demonstrates the importance of housing for Sunnyvale, how the City will meet its Regional Housing Need Allocation (RHNA), and provides programs to address the needs of specified populations. The Land Use and Transportation Element (LUTE) of the General Plan provides policy guidance by identifying locations and densities for housing and includes policies on land use compatibility and development; the LUTE plans for about 8,000 more housing units than exist today. Sites include: vacant and underdeveloped residential sites; Industrial to Residential (ITR) areas; mixed use zones in the Downtown Specific

16-0868

Agenda Date: 9/12/2016

Plan and Lakeside Specific Plan Areas; and redevelopable Commercial/Mixed Use Zones in the El Camino Real Precise Plan Area.

The draft update to the LUTE plans for 6,000 housing units over the adopted General Plan (9% increase) identifying locations where additional housing may be appropriate. The new locations include Lawrence Station Area, East Sunnyvale ITR expansion area, expanded opportunities along El Camino Real and in potential new mixed-use Village Centers at neighborhood shopping and office centers. For many of the areas identified for more housing there will be a reduction in industrial, commercial and office development. It is advisable to consider the context of all land use decisions with respect to housing and employment and not focus on one geographic area.

Additional Housing in Peery Park

Members of the Planning Commission discussed the potential for increasing housing sites in the Plan Area. Except for the 215 units describe above, Peery Park is not included in the draft LUTE update for additional housing. The PPSP has been considered an employment center since the commencement of the Plan. The Santa Clara County Airport Land Use Commission (ALUC) has prepared a Compatible Land Use Plan for the Moffett Federal Airfield which identifies the airport influence area (AIA) and compatible uses within the AIA based on height, noise, safety and density factors. All of the Peery Park Plan Area is located within the AIA. Due to the proximity to the airfield, and the adopted CLUP, housing opportunities are much more limited in Peery Park than other areas of the City. It is estimated that for approximately 95% of land in the Plan Area that housing is not an acceptable use.

Based on the above, staff review determined that two areas in the PPSP that are not in conflict with the Plan Area: the Southern Activity Center and a portion of the large industrial property on the south side of California Avenue (the "Libby can" site). These areas are approximately 25-30 acres or 5% of the total Plan Area. There are no pending formal development applications for those areas. Attachment 30 includes a map of pending projects and possible locations for additional housing.

EIR review of Alternative Projects

The EIR includes three alternative project descriptions:

- Alternative 1: No project alternative (existing General Plan and zoning).
- Alternative 2: Mixed Use Housing alternative. This alternative would remove 500,000 square feet of office area and add 425 housing units.
- Alternative 3: Higher Intensity Buildout alternative. This option increases office area by one million square feet and add no additional housing units.

CEQA requires that an EIR describe a range of potentially feasible alternatives that will foster informed decision making and public participation. CEQA provides that an EIR must contain sufficient information about alternatives to allow meaningful comparison and analysis with the proposed project. The alternatives are not evaluated to the same level of analysis as the proposed project for the EIR. A decision to reject a proposed project and adopt an alternative generally requires supplemental environmental review in order to fully evaluate the potential impacts, identify appropriate mitigation measures and ensure that the decision makers and the public have complete information before final approval.

Including more housing and reducing office space in the Plan Area (either as outlined in Alternative 2

16-0868

Agenda Date: 9/12/2016

or under a different scenario) is inconsistent with previous City Council direction and the objectives of the project. Alternative 2 has received increasing community interest and the City Council recently directed staff to provide additional information on this area of interest-housing opportunities in the Plan area. Housing was discussed at the City Council study session on August 9, 2016. While Council did not direct amending the plan to reflect more housing, there were inquiries about further study of housing and without holding up plan adoption. Additionally, revising the Plan to include more housing would require further environmental review, as well as additional consideration by the ALUC. Further community outreach to receive public input on this potential plan amendment is also highly advised.

Based on the existing housing policies for the City, the extremely limited locations due to the airfield, and pending development applications in Peery Park for either of the two potential housing locations, staff supports adoption of the PPSP Plan as presented in the draft plan. Based on the feedback from the community and the Planning Commission staff supports a recommendation to City Council to further study housing, including appropriate environmental review and community outreach, and to return for a Planning Commission recommendation and City Council consideration of potential amendments to the Plan.

THRESHOLD LEVELS AND MAXIMUM FARS

During the Planning Commission deliberations on the Plan, a motion included amending the levels of review for future applications and reduced the maximum density FAR allowed in the PPSP. The Planning Commission discussed amending the floor area ratio (FAR) in the table on page 51 of the Plan that provides the maximum FAR and the required community benefits for each Tier. The general effect of these changes would overall lower the development potential in all Tiers (i.e. the maximum FAR would be reduced from 100% to 90% in Zone 1 and from 120% to 100% in Zone 2). This change would also result in changing the level of review for projects (e.g., Staff, Planning Commission and City Council). The following table illustrates the Planning Commission discussion.

LEVEL	Maximum FAR		Required Community Benefit
	Zone 1	Zone 2	
BASELINE (See 4.2 Community Benefits Program, Book 4)	Up to 35%	Up to 50%	N/A
TIER 1 PROJECTS	Up to 50%	Up to 65%	Defined Only
TIER 2 PROJECTS	Up to 70%	Up to 80%	Defined and/or Flexible
TIER 3 PROJECTS	Up to 90%	Up to 100%	Defined & Flexible

Although there are no guarantees that the FARs presented in the Draft PPSP will be adopted, it should be noted that these are the FARs that City staff recommended and shared with the City Council as feasible, for quite some time. Through the various referenced outreach efforts and meetings, additional housing has not surfaced as an amendment required to proceed with the Plan. In fact, staff returned to City Council after revisiting the interest in additional housing (which included additional community outreach) and no change to the policy framework was requested. This potential change is a cause for concern given the timing of the process and the previous endorsement of the policy framework for the plan, which addressed development capacity and included the TDM goals table. Additionally, a separate market analysis was conducted that evaluated the existing potential

16-0868

Agenda Date: 9/12/2016

growth against the net new growth and that information was also shared with the City Council and was found to be feasible. Staff considers Peery Park an area to build out an employment center because of its strategic geographic location, access to freeways, etc. and that the significant industrial conversion areas to housing should be factored into this growth. The other plans that will address housing opportunities include the Land Use and Transportation Element, the Lawrence Station Area Plan and the update to the Precise Plan for El Camino Real.

Staff is concerned that reducing the maximum FAR in the area is inconsistent with prior study assumptions shared with the City Council and has the potential to weaken the City's long term need for Perry Park to become a stronger employment center as other areas in the City are converted to denser housing (see Housing discussion above). Also of note is that the maximum FARs that were presented to City Council for the purpose of developing a community benefits program that fund surrounding public services may be adversely impacted if sufficient community benefit funds are not received. These benefits include the ability to sustain and expand shuttle services, accomplish fire station improvements, and other civic infrastructure enhancements. Higher FAR projects would generally need to offer greater community benefits, such as the priority flexible benefits that are recommended by staff for City Council approval. Because the Plan is proposed with a maximum shared development potential a reduction in potential FAR for a site would allow more sites to participate in the program. Staff is concerned that the lower FARs will not provide the expected variety of business and workplace settings. Other development standards will ensure building heights, scale and form, and lot coverage are met to maintain a development pattern consistent with City expectations. Staff recommendation is to keep the review levels and FAR levels as presented in the draft plan.

TRANSPORTATION DEMAND MANAGEMENT

Transportation Management Programs (TDM) are tools used to reduce traffic for office projects geared at providing options to single-occupant vehicles. The TDM programs in Sunnyvale are expressed as a percent reduction in trips (typically peak hour trips) as compared to average trip rates in the Institute of Transportation Engineers (ITE) manual. Other agencies may express TDM as a "mode split" (percent of trips that are single-occupant vehicles vs other forms of travel), which is not comparable to trip reduction. Many factors affect the ultimate success, and related established reduction targets, of TDM programs:

Appropriate land uses and densities. These include items such as having appropriate land uses within proximity of one another, proximity to transit, and higher levels of density to support transit and site layout that supports easy access for pedestrians and bicyclists.

Appropriate multi-modal infrastructure. Without the infrastructure in place to provide alternatives to single-occupancy vehicles, TDM programs will not be as successful. Infrastructure includes walking, biking, bus, train and "last mile" transit options. Sunnyvale continues to develop its multimodal infrastructure and the Peery Park Plan includes many multi-modal improvements. Non-physical infrastructure such as on-site coordinators and easy access to information are also needed.

Employee/er programs, behaviors and values. Transit options, private buses and shuttles, and other options will only exist if employees decide to not drive to work based on convenience, comfort and effectiveness of the programs.

The combination of the three above categories needs to be considered as the City considers reduction targets. City policy requires projects in the Moffett Park Specific Plan (MPSP) area to attain up to a 30% reduction for peak hour trips. To date only one site in Sunnyvale, the Central &

16-0868

Agenda Date: 9/12/2016

Wolfe project, has been required to attain a 35% peak hour reduction; this goal is seen as aggressive. Setting higher thresholds does not result necessarily in higher levels of reduction. In fact, the City is underway in auditing its TDM program to determine if the set reduction targets are being met and mechanisms and/or policy changes for attaining higher reduction targets. At the time that the 35% peak hour reduction target was approved by the City Council, staff shared that each 5% incremental increase presented challenges to attain compliance. Staff is concerned that the Planning Commission's recommendation is too aggressive, absent the densities and infrastructure to support these reduction target, and that non-compliance could be assumed as a cost of doing business. As staff has indicated to applicants many times, we are seeking compliance with the trip reduction goals, not collection of fines for non-compliance.

Transportation Demand Management Goals

The TDM Goals table in the PPSP originates from the policy framework document that was reviewed and by the Planning Commission in April 2015. The Planning Commission recommended that the Council include an allowance for TDM reduction goals to increase between 10 and 15 percent, rather than the limit of 35 percent. On April 28, 2015 City Council accepted the project description and policy framework including the maximum TDM goals of 35 percent. At the August 22 hearing, the Planning Commission revisited the TDM goals and suggested increasing the trip reduction goal requirements of the PPSP by 5% for all levels; this recommended change is shown in the table below:

Fig. 4.4.1 TDM Goals	
Project Size (gross sq. ft.)	TDM Trip Reduction Goal
Up to 100,000 or change in occupancy that intensifies prior use	25%
100,001 to 300,000	30%
300,001 to 750,000	35%
Over 750,000	40%

Due to the Planning Commission's keen interest in higher TDM goals, staff evaluated additional materials to determine the appropriate TDM goals for Peery Park. Staff also referred to TDM programs that are currently in place in other jurisdictions and reviewed measures that could contribute to reducing vehicle trips and promoting the use of alternative transportation. Information is available that suggests the potential percentage trip reduction that could be achieved by individual TDM measures, such as *Ecopasses*, car sharing, unbundled parking, enhanced bicycle facilities, bus shuttles and various employer provided financial incentives for employees. The data suggest that even if a business is located at a prime transit location and incorporates a large number of these measures into a robust and successful TDM program, a cumulative 35 percent trip reduction goal is still highly challenging and particularly infeasible for smaller companies. It is expected that a TMA can facilitate the ability of Peery Park companies to achieve its required TDM goals, but operational experience is needed to verify levels of success.

Staff is concerned about raising the TDM goals to the levels discussed by the Planning Commission. TDM requirements should be aggressive, but also realistic and achievable. As staff starts its new tracking and penalty program for TDM, one of the key components is to reward success. This means that even if a project cannot achieve its full TDM requirement, there are still incentives to get as close

16-0868

Agenda Date: 9/12/2016

to it as possible. Sunnyvale is still developing the necessary infrastructure (bike, pedestrian, transit, etc.) and transportation connections to help achieve TDM goals.

Staff does not expect a 40% trip reduction to be achievable with the current infrastructure (and employee behavior) and raises the likelihood that projects will be unable to meet the goal (or come close to it, which is an incentive with regards to penalties) and will forgo TDM implementation and factor non-compliance penalties as part of their operating costs. A maximum 35% requirement is aggressive and appropriate. As the infrastructure and land uses continue to fill in, higher TDM requirements might be considered in the future. For this reason, staff determined that the community benefits program should have transportation/shuttle services as its top priority. Staff is recommending the maximum 35% trip reduction as an aggressive goal for larger projects in Peery Park, given current infrastructure and transit options in place.

PPSP JOBS ESTIMATE

A discussion occurred during the hearing relating to the estimated jobs numbers presented in the EIR and Traffic Impact Analysis document. The concern is that there were different numbers used in the EIR process. The EIR originally combined 2013 Bay Area information produced by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) with traffic study information. The Draft 2013 Bay Area Plan estimates “existing” 2010 jobs in Peery Park at 5,990 jobs. The City’s projected values for “buildout” in 2035 is 20,391 jobs. These values indicate a total increase of 14,401 jobs, or approximately 340 percent growth. This number is not consistent with other data used in the EIR and results in an unlikely job generation factor (one employee per approximate 153 square feet of commercial and industrial development (2.2 million square feet / 14,401 jobs).

The traffic study assembled by Hexagon Transportation Consultants indicates 14,153 existing jobs in Peery Park for 2013 and 20,391 in 2035. This increase of 6,238 jobs, or approximately 44 percent growth, assumes a job generation number of one employee per 353 square feet of commercial and industrial development (2.2 million square feet / 6,238 jobs). The number from the traffic study is consistent with other sources such as the business license data for Peery Park and the U.S. Bureau of Census “On the Map” tool. The number of additional employees for the Plan build-out at 6,238 is the appropriate estimate and was used throughout the other sections of the EIR. The errata sheet in Attachment 28 has been prepared to explain the results and relationship of the results in CEQA context. Based on the information in the errata sheet, the modification to the job estimates does not constitute significant new information that requires recirculation of the EIR under CEQA Guidelines Section 15088.5. Furthermore, these modifications do not require major revisions to the EIR, create new significant impacts, or increase the severity of existing impacts requiring a subsequent EIR under CEQA Guidelines Section 15162.

COMPLETE PLAN FOR REVIEW

The Planning Commission noted difficulty in reviewing the changes to the Plan through the use of an errata table rather than providing a revised document. Staff has prepared a redline version of the Plan and included as Attachment 7. All substantive changes are noted in redline. The table at the front of that document lists the changes to the Plan. Changes to exhibit numbers and other minor editing are not included, but would be a part of the final document.

COUNTY OF SANTA CLARA AIRPORT LAND USE COMMISSION (ALUC)

On August 24, 2016, The ALUC unanimously found that the PPSP is consistent with the CLUP for

16-0868

Agenda Date: 9/12/2016

Moffett Federal Airfield. Subsequent to the first ALUC hearing, staff worked with the ALUC staff to ensure a consistency finding would be obtained by making a few modifications to the PPSP to increase linkage between the PPSP and the CLUP. Attachment 23 contains the modifications to the PPSP created by staff and approved by the ALUC at their August 24, 2016 hearing on the PPSP; these text changes are also included in updated Attachment 7.

ALTERNATIVES

Recommend to City Council:

1. Accept the errata to the EIR (Attachment 28) and find that none of the circumstances triggering recirculation of the EIR or subsequent environmental review have occurred under CEQA Guidelines Sections 15088.5 and 15162.
2. Adopt a Resolution (Attachment 3) to:
 - a. Amend the General Plan to Create the Peery Park General Plan Designation;
 - b. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - c. Adopt the Peery Park Specific Plan, with Modifications (Attachment 7);
 - d. Adopt the Peery Park Specific Plan Community Benefits Table; and
 - e. Repeal the Southern Pacific Corridor Specific Plan Site 2.
3. Introduce an Ordinance (Attachment 4) to:
 - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District); and,
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
4. Adopt a Resolution (Attachment 5) to:
 - a. Amend Resolution No, 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee, and Peery Park Wastewater Infrastructure Fee;
 - b. Authorize the City to impose a Sense of Place Fee and Peery Park and Water Infrastructure Fees on a project specific basis.
5. Make a Motion to Prioritize the Flexible Community Benefits as Recommended by Staff.
6. Adopt a Motion in support the use of \$100,000 of City Funds to Provide a Portion of the Local Match for the Peery Park Rides Grant Program.
7. Direct staff to undertake the appropriate environmental analysis and community outreach and to return to Planning Commission and City Council to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities.
8. Modify any of the above alternatives or provide direction for changes to any of the above alternatives.
9. Do not adopt the Peery Park Specific Plan and provide direction to staff on necessary revisions.

STAFF RECOMMENDATION

Recommend to the City Council Alternatives 1, 2, 3, 4, 5, 6 and 7.

1. Accept the errata to the EIR (Attachment 28) and find that none of the circumstances triggering recirculation of the EIR or subsequent environmental review have occurred under CEQA Guidelines Sections 15088.5 and 15162.
2. Adopt a Resolution (Attachment 3) to:

16-0868

Agenda Date: 9/12/2016

- a. Amend the General Plan to Create the Peery Park General Plan Designation;
 - b. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - c. Adopt the Peery Park Specific Plan, with Modifications (Attachment 7);
 - d. Adopt the Peery Park Specific Plan Community Benefits Table; and
 - e. Repeal the Southern Pacific Corridor Specific Plan Site 2.
3. Introduce an Ordinance (Attachment 4) to:
- a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District); and,
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
4. Adopt a Resolution (Attachment 5) to:
- a. Amend Resolution No, 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee, and Peery Park Wastewater Infrastructure Fee;
 - b. Authorize the City to impose a Sense of Place Fee and Peery Park and Water Infrastructure Fees on a project specific basis.
5. Make a Motion to Prioritize the Flexible Community Benefits as Recommended by Staff.
6. Adopt a Motion in support the use of \$100,000 of City Funds to Provide a Portion of the Local Match for the Peery Park Rides Grant Program.
7. Direct staff to undertake the appropriate environmental analysis and community outreach and return to Planning Commission and City Council to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities.

Adoption of the PPSP will provide a consistent and comprehensive framework for the approximately 450-acre Plan Area, and will provide clear policy direction and regulations for development to proceed in a well-planned and coordinated manner. Along with a Program EIR, the PPSP defines the City's expectations for Peery Park and could streamline the development review process for individual projects that are consistent with the PPSP.

Growth and transformation of the technology sector is driving significant demand for high quality office space across Silicon Valley, and Peery Park is an area of high interest due to its proximity to major corridors and the existing technology base. The PPSP responds to this market trend, and the policies, regulations and design guidelines strive to transform Peery Park into an active cutting-edge workplace district that will attract and support a variety of innovation companies. Peery Park is one neighborhood of the City and the PPSP allows for this business area to transform with a focus on providing work space for emerging industries and newer styles of working.

Over a series of multiple meetings, significant community engagement, and clear City Council direction to prepare a plan to address Peery Park as an employment area, staff agrees that there is value in looking into future housing opportunities in the area. In reviewing the constraints to housing in Peery Park, it is clear the options are limited, and do not conflict with active planning applications for office uses. A future study for housing will allow the issue to be considered in a deliberate manner, to consider all potential affects to the Plan, to do appropriate community outreach for property owners and neighbors of the sites affected, and to provide the necessary environmental

16-0868

Agenda Date: 9/12/2016

review for the change in uses.

Prepared by: Amber Blizinski, Principal Planner
Reviewed by: Andrew Miner, Planning Officer
Reviewed by: Manuel Pineda, Director, Public Works
Reviewed by: Trudi Ryan, Director, Community Development
Reviewed by: Hanson Hom, Assistant City Manager
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS (Changes from prior PC hearing in **BOLD**)

1. **August 22, 2016 Report to the Planning Commission (no attachments)**
2. Study Issue Paper
3. **Resolution** to Certify the EIR and related actions, and Adopt the Peery Park Specific Plan with related actions
4. **Ordinance** to Amend Title 19 (Zoning) and amend the Precise Zoning Plan Map
5. **Resolution** to Amend the Fee Schedule and to add Peery Park related fees
6. Links to the Peery Park Specific Plan and Appendices
7. **UPDATED Recommended Modifications to the Peery Park Specific Plan Document**
8. Links to the Draft and Final Environmental Impact Report and Appendices
9. Full Text of Council Policy 1.1.9
10. Meeting Notes and Summaries of the Group Exercises from the four Community Workshops
11. Summary of Online Survey Results
12. Summary of Comments Received at the EIR Scoping Meeting on June 25, 2015
13. Comments Received during the Notice of Preparation Period
14. Link to the Peery Park Specific Plan Webpage
15. Peery Park Specific Plan District Map
16. Link to the Comprehensive Land Use Plan for Moffett Federal Airfield
17. Summary of the Comments Received on the Peery Park Specific Plan during the Public Review Period
18. Financial Analysis Study conducted by EPS
19. Minutes from the June 1, 2016 Heritage Preservation Commission Hearing
20. Minutes from the May 16, 2016 Sustainability Commission Hearing
21. Minutes from the May 19, 2016 Bicycle and Pedestrian Advisory Commission Hearing
22. Minutes from the May 23, 2016 Planning Commission Hearing
23. Modifications to the PPSP for the August 24, 2016 ALUC Hearing
24. Information on the PPSP Fee, Sense of Place Fee and the Infrastructure Fees for Water and Wastewater
25. City of Sunnyvale Water Supply Assessment
26. **UPDATED** Public Comment

Additional Attachments - for September 12, 2016 Planning Commission Hearing

27. **Draft Planning Commission Minutes of August 22, 2016**
28. **Errata #1 and #2 to the Final Environmental Impact Report (EIR) for the Peery Park Specific Plan**
29. **PPSP Map with CLUP Safety and Noise Overlay Zones**
30. **Proposed PPSP Development Project Map with Potential Housing Opportunity Sites**



City of Sunnyvale

Agenda Item

16-0621

Agenda Date: 8/22/2016

REPORT TO PLANNING COMMISSION

SUBJECT

Forward Recommendations related to the **PEERY PARK SPECIFIC PLAN** (2013-7653) to the City Council to:

1. **Adopt a Resolution to:**
 - a. Certify the EIR;
 - b. Make the Findings Required by the California Environmental Quality Act;
 - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
 - d. Adopt the Water Supply Assessment
 - e. Amend the General Plan to Create the Peery Park General Plan Designation;
 - f. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - g. Adopt the Peery Park Specific Plan, with Modifications;
 - h. Adopt the Peery Park Specific Plan Community Benefits Table; and
 - i. Repeal the Southern Pacific Corridor Specific Plan Site 2.
2. **Introduce an ordinance to:**
 - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District);
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
3. **Adopt a Resolution to:**
 - a. Amend Resolution No, 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee and Peery Park Infrastructure Fee;
 - b. Authorize the City to impose a Sense of Place Fee and Peery Park Water Infrastructure Fees on a project specific basis.
4. **Adopt a Motion** to Prioritize the Flexible Community Benefits as Recommended by Staff.
5. **Adopt a Motion in support of the use of \$100,000** of City Funds to Provide a Portion of the Local Match for the Peery Park Rides Grant Program.

REPORT IN BRIEF

In 2008, a study issue was sponsored to prepare a Specific Plan for Peery Park. The budget for the plan was approved in 2012, after which the City hired Freedman, Tung & Sasaki to assist the City in writing the Peery Park Specific Plan (PPSP) and the Environmental Impact Report (EIR).

The purpose of the PPSP is to provide guidance for private and public investment within the plan area, and to support and promote the type of investment that will enhance the vitality, functionality

16-0621

Agenda Date: 8/22/2016

and attractiveness of this major workplace district. The PPSP is based a market analysis that projects an increasing demand for high quality office space in Silicon Valley and the potential for Peery Park to respond to this market trend. At the same time, the PPSP responds to community issues and concerns related to allowing a higher development capacity within Peery Park. To accomplish these objectives, the PPSP presents the community's vision for the evolution and continued growth of Peery Park and establishes the primary means of regulating land use and development within the specific plan area. The PPSP consists of four books that provide the framework and regulation for the Peery Park Specific Plan (PPSP):

- Book 1: Community Intent
- Book 2: Development Code
- Book 3: Design Guidelines
- Book 4: Plan Implementation

The PPSP EIR was prepared to provide adequate review of the project and its effects on the environment as a supplementary tool to help frame the decision-making process on the project. The EIR to be considered at this public hearing includes the Final EIR (FEIR), which incorporates by reference the Draft EIR (DEIR). The DEIR contains the analysis on the environmental impacts, the recommended mitigation measures to decrease adverse impacts of the project and the environmental alternatives to the project. The FEIR includes the written comments received during the 45-day public review period and oral comments received at the Planning Commission, Heritage Preservation Commission, Bicycle and Pedestrian Advisory Commission and the Sustainability Commission public hearings. The FEIR also includes the responses to those comments, and other clarifications or corrections to the DEIR. Comments received from the public on the DEIR are included in the FEIR document.

Staff recommends that the Planning Commission forward a package of recommendations to the City Council to: certify the Environmental Impact Report and related actions; adopt the Peery Park Specific Plan with modifications and related actions; amend the zoning code and precise zoning map, adopt fees, prioritize flexible community benefits and authorize the use of fees for the Peery Park Rides local match.

BACKGROUND

The area known as Peery Park was primarily developed between 1960 and 1970 with low-rise office and research and development (R&D) industrial buildings. Generally, development includes deep setbacks from public roads with large surface parking lots and perimeter landscaping with large mature trees lining the streets. The industrial buildings initially developed in Peery Park created a low to moderate density area with one- to two-story concrete tilt-up buildings, which is reflective of market demands of the era. Most sites are developed at a 35% Floor Area Ratio (FAR), or lower. In response to changing market demand in the early 1990's, the City rezoned sites along Mathilda Avenue, between US Highway 101 and Maude Avenue with FAR allowances that ranged from 55%-100%. In addition individual sites have been approved for higher FAR through Use Permits or green building FAR incentives. Under the current Land Use and Transportation Element of the City's General Plan, Peery Park can accommodate approximately 900,000 square feet of net new office/industrial development beyond existing and approved projects.

Consideration of the PPSP process began as a Council Study Issue for 2008 (Attachment 2). At that time, Peery Park was identified as an aging business park that had not yet been targeted for

16-0621

Agenda Date: 8/22/2016

redevelopment. Due to Peery Park's proximity to several major arterials and new and emerging business districts and industries in Sunnyvale and in neighboring cities, the City felt that it would be beneficial to prepare a study to look at focusing reinvestment in the area to ensure the City had appropriate mix of property types to accommodate these new and emerging industries.

Due to the downturn in the economy and the necessary financial obligation of preparing a comprehensive Specific Plan for Peery Park, the study issue was put on hold for a few years until 2012, at which time the City decided to fund the study, including an offer from the Irvine Company in 2012 to contribute money for the preparation of the plan. At this time, the City also began receiving use permit applications for redevelopment projects within the Peery Park area that exceeded the 35 percent floor area ratio regulation for parcels within the Industrial and Service (M-S) zoning district. In October 2013, the City Council approved a \$600,000 budget for the preparation of the PPSP and EIR.

Since the contract with Freedman, Tung & Sasaki was approved, the PPSP community outreach has consisted of: four general community workshops (summarized in Attachment 10); several interviews and meetings with property owners and business owners within Peery Park; an online survey (Attachment 11); and, attendance at several neighborhood organizations. In addition, project-related concepts and ideas have been presented to the City Council and Planning Commission at four study sessions. The feedback and information received has been used to create the PPSP and EIR documents. The PPSP and the Draft EIR (DEIR) were released for the 45-day public review period on April 29, 2016.

EXISTING POLICY

GENERAL PLAN

Community Vision Element

Policy CV-1.3 - Encourage community involvement in the development and implementation of city and community activities, programs and services.

Land Use and Transportation Element

Goal LT-6 - Supportive Economic Development Environment

An economic environment that is supportive of a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal and land use constraints.

Policy LT-4.2c - Develop specific area plans to guide change in neighborhoods that need special attention.

Policy LT-4.8a - Require high quality site, landscaping and building design for higher intensity industrial development.

Policy LT-6.1b - Support transportation demand management programs and other ride sharing programs countywide.

COUNCIL POLICY

Policy 1.1.9 - Sustainable Development and Green Buildings (for full text see Attachment 9)

It is the policy of the City to encourage sustainable development throughout the community of Sunnyvale, to provide education and information to the community, and to serve as an acknowledgement by the City Council of the importance of sustainable development concepts and

16-0621

Agenda Date: 8/22/2016

practices.

ENVIRONMENTAL REVIEW DISCUSSION

EIR Noticing

The EIR is a required informational document under the California Environmental Quality Act (CEQA) that describes the environmental effects of the project, identifies ways to minimize the significance of the adverse impacts, responds to comments made during the public comment period, and discusses reasonable alternatives to the project that modify the environmental impacts. Certification of an EIR does not automatically approve the project. Certification means that the EIR was completed in compliance with CEQA, that the agency has reviewed and considered the EIR, and the EIR reflects the agency's independent judgment and analysis. Approval of the PPSP is a separate action.

Notice of Preparation Period and Scoping Meeting

On June 9, 2015, a Notice of Preparation (NOP) for the EIR was prepared and mailed to neighboring cities, the State, other public agencies, and property owners requesting their input on the scoping of the EIR. In addition, a scoping meeting (required by CEQA) was held during the NOP period on June 25, 2015 in the City Council Chambers. Outside agencies, members of the general public and stakeholders were invited. The purpose of the NOP period and scoping meeting is to allow the community a forum to provide direction on issues to be addressed in the EIR. Fifteen members of the public attended the scoping meeting for the PPSP EIR and several made comments. Staff received 24 letters from community members, stakeholders and outside agencies. The summary of the meeting comments can be found in Attachment 12 and the complete list of comments received can be found in Attachment 13.

Notice of Availability

The DEIR was issued for public review and comment on April 29, 2016. The link to the DEIR was mailed and/or e-mailed in the notice to appropriate agencies, members of the PPSP electronic interest list, neighborhood groups and to all property owners within 2,000 feet of the Peery Park boundary. Physical copies on the DEIR were placed at the Sunnyvale library, the One-Stop Permit Center and the Community Center. During the 45-day review period that concluded on June 13, 2016, members of the public and outside agencies submitted written comments on the DEIR (and the PPSP).

At the conclusion of the 45-day public review period, staff received 24 letters from members of the public, 4 letters from property owners/businesses and 5 letters from public agencies. In addition, staff collected oral comments from several boards and commissions during the public review period and from the Planning Commission and members of the public during a public hearing specific to this process on May 23, 2016. All of the comments received are in the FEIR (Attachment 8).

Summary of Impacts

Overview of Impact Types

There are different levels of impacts identified in an EIR, including the following:

- Significant unavoidable
- Significant that can be mitigated
- Less than significant
- No impact

16-0621

Agenda Date: 8/22/2016

If an impact is shown to be significant and unavoidable, then the decision-making body certifying the EIR, in this case the City Council, must adopt a statement of overriding considerations, which is a statement that the ultimate benefits of the project outweigh its environmental impacts.

Near-Term Environmental Analysis

There are currently 10 formally-submitted development projects within the PPSP, of which eight had submitted formal applications prior to the NOP period of the EIR. Although it is unusual for a large number of projects to be submitted before and during the preparation of a specific plan specific, having those projects known from the beginning allowed their near-term impacts to be reviewed as part of the EIR. The eight projects were included in near-term Traffic Impact Analyses and were studied in four sections of the EIR: noise, greenhouse gas emissions, air quality and transportation, circulation and traffic. The purpose of the near term analyses was to analyze near-term impacts of these development projects that total approximately 1,537,723 net new square feet of office and industrial development and up to 116 housing units. In some cases, additional project-specific analysis tiered off the program EIR may be necessary as the projects are defined more thoroughly; however, analysis in the four sections mentioned above would most likely be sufficient in the PPSP EIR.

Significant Impacts Identified in the EIR

The EIR determined that the project would or could possibly cause significant impacts in the following areas:

- Air Quality
- Cultural Resources
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Noise
- Transportation, Circulation and Traffic
- Utilities and Infrastructure

Some of the potentially significant environmental impacts of the proposed project would be reduced to a less than significant level with the implementation of mitigation measures identified in the EIR (Attachment 8) and Mitigation Monitoring and Reporting Program (within Attachment 3). Mitigation measures will be incorporated into the Conditions of Approval for each individual development project and will be monitored by staff throughout the construction phase. The EIR also includes analysis of cumulative impacts, which considers approved and pending projects located outside of Peery Park. As defined by CEQA, cumulative impacts refer to two or more individual effects, which when combined, are considerable or which compound or increase other environmental impacts.

Significant and Unavoidable Impacts

A significant and unavoidable impact is an impact that cannot be mitigated to a less than significant level if the project is implemented as it is proposed. The PPSP EIR identifies the following areas where, after the implementation of mitigation measures, the project may still result in impacts that cannot be mitigated to a less than significant level:

- Air Quality
- Cultural Resources
- Greenhouse Gas Emissions

16-0621

Agenda Date: 8/22/2016

- Noise
- Transportation, Circulation and Traffic

All of the information regarding the significant impacts in the above-mentioned sections of the PPSP EIR is summarized in the Executive Summary of the EIR (Attachment 8), with the full discussion found in the individual sections of the EIR.

Statement of Overriding Considerations

The City Council's adoption of the PPSP would result in environmental impacts that cannot be substantially lessened or avoided. While mitigation measures would reduce these impacts, they would remain significant and unavoidable.

Section 15093 of the CEQA Guidelines requires the decision-making agency to balance the economic, legal, social, technological, or other benefits of a proposed project against its significant and unavoidable environmental impacts. Adoption of the PPSP requires that the City Council must state in writing the reasons in support of its action based on the Final EIR and the information in the record. The statement of overriding considerations, is supported by substantial evidence in the record. The Statement of Overriding Considerations and CEQA Findings, to be adopted are Exhibit D of Attachment 3.

When deciding whether to certify the EIR and adopt the statement of overriding considerations, it will be necessary for the City Council to consider the balance of the benefits of the PPSP against its unavoidable environmental impacts and to make a determination that the benefits of the proposed project outweigh the unavoidable adverse environmental impacts. Some of the benefits of the PPSP that allow for this determination are outlined below (full descriptions can be found in Attachment 3).

- The PPSP provides opportunities for renowned businesses to be located in Sunnyvale, which provides economic benefits to the City including employment opportunities for residents.
- The PPSP increases the number of employees in the PPSP area, which provides additional opportunities for existing businesses in the area and increases the ridership base which may lead to improved transit options.
- The PPSP encourages the replacement of older buildings with modern office buildings that are more energy efficient and sustainable and would contribute to CAP implementation.
- The development projects within the PPSP would contribute to planned transportation and circulation improvements and would be required to implement transportation demand management (TDM) programs to reduce vehicle trips.
- The PPSP enables the creation of up to two "Activity Centers" and other smaller activity clusters within the district which would support the district's employees and surrounding neighborhoods.
- The PPSP requires enactment of coordinated streetscape improvements for all forms of

16-0621

Agenda Date: 8/22/2016

transportation, including automobiles, bicycles, and pedestrians.

- The PPSP introduces housing opportunities to the project area in close proximity to adjacent highways and existing and potential businesses.
- The PPSP allows for additional neighborhood protections (i.e. height restrictions, landscape buffers) beyond what is currently required in the M-S (Industrial and Service) zoning district.

EIR Mitigation Monitoring

A Mitigation Monitoring and Reporting Program (MMRP) for significant impacts is required by CEQA to ensure implementation of all mitigation measures. A monitoring program identifies each mitigation measure, the party responsible for implementation, the monitoring schedule, and who will perform the monitoring functions for each development project. While property owners and developers will be responsible for implementing many of the mitigation measures with construction of individual projects, the City is primarily responsible for monitoring and verifying that the mitigation measures are satisfied. City departments that have oversight responsibility include Community Development, Public Works, and Public Safety. The MMRP can be found in the FEIR (a link to the FEIR is in Attachment 8) and also in Attachment 3 of this report and will be incorporated into the Conditions of Approval for each individual development project within the PPSP area.

In addition to the requirements of individual project applicants, the City will be updating its Transportation Impact Fee (TIF) in the near future to include some of the items discussed in the Traffic Impact Analysis documents (a link to the FEIR and its Appendices is in Attachment 8), MMRP and the DEIR. Each development project is required to pay their fair share of the TIF which will help to reduce the impacts of development by making needed street and signal improvements.

EIR Alternatives

Completion of an EIR requires the consideration of Project Alternatives as a way to evaluate the potential reduction in project impacts. The CEQA Guidelines specify that an EIR identify alternatives that “would feasibly attain the most basic objectives of the project but would avoid or substantially lessen many of the significant environmental effects of the project.” Chapter 5.0 of the DEIR (a link to the DEIR is in Attachment 8) provides detailed analysis of the selected three alternatives and they are described briefly as follows:

1. **CEQA Alternative 1: No Project Alternative** This alternative assumes that the proposed project is not implemented and the environmental impacts identified in the DEIR would be avoided. In the case of existing growth allowances in Peery Park, the “no project” alternative reverts back to what would be allowed under the existing Land Use and Transportation Element of the Sunnyvale General Plan. This would allow for an additional 900,000 square feet of net new development to occur without adoption of the PPSP. This alternative would not allow for the neighborhood transition sub-district of the plan that allows some residential development without a future General Plan amendment and rezoning of those properties.

16-0621

Agenda Date: 8/22/2016

The No Project Alternative would not meet many of the guiding principles and objectives of the PPSP. Specifically, the “no project” alternative would not foster the development of activity centers to provide commercial and recreational opportunities for residents and employees or implement the recommended Transportation Demand Management program. This alternative would also limit the potential for attracting high-profile technology firms and would not enable the City to implement the PPSP Community Benefits program or collect improvement fees or the Sense of Place fee. This alternative would result in similar potentially significant impacts as the project, however; some of the impacts would be lessened due to the decrease in new development.

2. CEQA Alternative 2: Mixed-Use Housing Alternative

This alternative replaces approximately 500,000 net new square feet of office/industrial uses with additional residential units at an average density of 40 dwelling units per acre within the 16 acre Southern Mixed-Use Activity Center.

Alternative 2 would meet most of the guiding principles and objectives of the PPSP because it would result in adoption of the PPSP. Replacing some area intended for employment uses with residential uses may not fully realize the Project as planned and could result in less financial gain to the community in the form of community benefits and Sense of Place elements, but could result in increased housing opportunities located near workplace locations, and could result in a reduction of peak-hour trips in and out of the area in comparison to the project because of the reduction in industrial/office square footage, possible internalization of trips, and/or differences in commuting patterns. The reduced employment with additional housing project alternative would result in the same significant and unavoidable impacts as the proposed project; however some of the impacts would be lessened. In one case, Utilities and Infrastructure, the impact would be slightly more but still less than significant.

3. CEQA Alternative 3: Higher Intensity Build-out Alternative

The higher intensity alternative would increase the development potential of office and industrial net new square feet by one million. This would result in a total of 3.2 million net new square feet to be developed within the Peery Park area.

This alternative would attain most of the guiding principles and project objectives through implementation of the PPSP. Alternative 3 would still aim to attract high-profile technology firms, generate employment, strengthen and provide opportunity for small-scale technology firms, improve the visual characteristics of the project area through architecture and landscaping and result in development of the Activity Centers. However, the project objective to improve circulation of traffic within (and around) the district may be more difficult under this alternative due to a higher buildout and associated trips by employees. Although the Higher Intensity Build-out Alternative would essentially result in the same significant and unavoidable impacts as the proposed project, the overall impacts would be greater.

Adoption Process if an Alternative is Selected

If Council selects the “No Project” alternative, no further environmental review is required. The City’s existing development standards and fees will continue to apply to projects in Peery Park.

If the Council wishes to select either Alternative 2 (Mixed-Use Housing) or Alternative 3 (Higher

16-0621

Agenda Date: 8/22/2016

Intensity), additional community outreach and supplemental environmental review will be necessary because the EIR does not fully evaluate the environmental impacts of those alternatives. Developers with pending applications may choose to move forward with their projects under existing regulations and fees while a new plan is developed. Given the number of project applications currently pending, further delays in adopting the PPSP could impede the City's efforts to guide development in Peery Park in a holistic fashion that will create a bike and pedestrian-friendly, 21st century environment for business and residents.

To avoid this result, Council could adopt the PPSP as recommended by staff and direct staff to return with proposed amendments to the PPSP after completing environmental review. This process may require recirculation and public comment on a revised EIR. The City would bear the cost of the additional environmental studies unless an application is filed for a mixed use or higher intensity project which could provide the necessary funds. Adoption of the PPSP would allow currently pending development applications to be processed in accordance with the adopted plan and subject to the proposed Peery Park development standards and fees while additional environmental review is completed.

Other modifications to the draft PPSP that are within the scope of the EIR (e.g., less office area or fewer residential units) could be approved if the EIR is certified. No further environmental analysis would be necessary. Modifications that remove features that contribute to the mitigation of environmental impacts may require additional environmental review and analysis.

Environmentally Superior Alternative

CEQA Guidelines require that an EIR identify the Environmentally Superior Alternative to the proposed project from among the alternatives analyzed. If the No Project Alternative is found to be the environmentally superior alternative, the EIR also identifies an Environmentally Superior Alternative from among the other alternatives.

Section 5.3.1 of the EIR concludes that none of the alternatives analyzed were found to reduce any significant and unavoidable impact to a less than significant level. The No Project Alternative is eliminated from consideration as the Environmentally Superior Alternative as this alternative would not meet any of the key project objectives. Therefore, the Environmentally Superior Alternative is the PPSP as proposed in the draft.

On balance, the proposed project, as evaluated in the EIR, meets more key project objectives than the Mixed Use Housing project, including the potential for 215 additional residential units, while it results in fewer impacts to the environment than the Higher Intensity Buildout Alternative. Although, the Higher Intensity Buildout would also meet project objectives, it would result in greater impacts to Air Quality, GHG Emissions, Land Use, Population and Housing, Transportation, and Utilities due to greater development densities. The City retains the authority to identify the Environmentally Superior Alternative based on the evidence in the EIR, agency and public input, lead agency standards and policies, and the lead agency's independent decision-making.

Determination of Adequacy

The "rule of reason standard" is applied to judicial review of EIR contents. The standard requires that an EIR show that an agency has made a good-faith attempt at full disclosure. The scope of judicial review does not extend to correctness of the conclusion found in the EIR, but only the sufficiency of the EIR as an informative document for decision-makers and the public. Legal adequacy is

16-0621

Agenda Date: 8/22/2016

characterized by:

- All required contents must be included;
- Objective, good-faith effort at full disclosure;
- Absolute perfection is not required;
- Exhaustive treatment of issues is not required;
- Minor technical defects are not necessarily fatal; and
- Disagreement among experts is acceptable.

Environmental Review Recommendation:

Staff finds that the proposed Final EIR, consisting of the DEIR, comments received on the DEIR, responses to comments received and a list of persons and public agencies commenting on the DEIR, meets the requirements of CEQA both in content and format. The Draft and Final EIR documents and technical appendices can be viewed on the project website (Attachment 14) and also in the DEIR and FEIR documents (links to the DEIR and FEIR are in Attachment 8).

If the Planning Commission determines the PPSP EIR is not adequate, a statement must be made to express how the document is deficient with a recommendation that additional analysis be prepared prior to certification. A change to a mitigation measure in the EIR may affect the accompanying determination of significance (e.g. a change may result in a determination of a significant unavoidable impact where a significant impact was mitigated to a less than significant level). If a mitigation measure is changed that creates a significant unavoidable impact, a Statement of Overriding Considerations would be required and a new hearing would need to be conducted. No project related actions may be taken until the EIR is certified. As noted earlier, certification of the EIR, in itself, does not adopt the PPSP or future development proposals.

Environmental Public Contact:

All public notification procedures for the EIR were followed. The EIR was distributed to the State Clearinghouse and required agencies on April 29, 2016 for the required 45-day public review period. The Notice of Availability of the EIR was sent to public agencies, stakeholders and mailed to property owners and tenants within 2,000 feet of the project area on April 29, 2016. A public hearing to accept comments on the DEIR was held by the Planning Commission on May 23, 2016, the meeting minutes from that meeting are Attachment 22.

SPECIFIC PLAN DISCUSSION

Overview

The PPSP includes several elements, including guidelines, zoning and implementation. It contains planned actions and investments to be implemented over time, as resources allow, to stimulate and to complement private investment in the district. A key aspect of the PPSP is it would allow an increase in retail, office, industrial and residential intensities within the sub-districts.

The total net new office/industrial/retail building area allowed by the plan is 2.2 million square feet. This includes 0.9 million square feet allowed pursuant to the existing General Plan and 1.3 million square feet included as a part of the specific plan. The following table shows the increases included as a part of the adoption of the PPSP:

	Office/Industrial/Retail	Housing Units
--	--------------------------	---------------

16-0621

Agenda Date: 8/22/2016

Existing (2015)	7 million sq. ft.	4 (legal non-conforming)
Under Construction/Approved	.5 million sq. ft.	0
Add'l Allowed Under Existing General Plan	.9 million sq. ft.	0
PPSP Proposed Growth above Existing General Plan	1.3 million sq. ft.	215
Total Buildout of the PPSP	9.7 million sq. ft.	219

The increased building area and intensity of uses in the PPSP represents distinctive change for the area and requires specific planning and regulatory direction to ensure that the individual projects throughout the district contribute to a common vision, provide benefits to the community and include the necessary infrastructure in proportion to the amount of growth anticipated.

Plan Organization

The PPSP document is divided into four books: Book 1 - Community Intent; Book 2 - Development Code; Book 3 - Design Guidelines; and Book 4: Implementation Plan. It is a comprehensive specific plan that integrates into a consolidated format inter-related elements that include policies to guide development in Peery Park and specific tools that further define and implement these policies (i.e., zoning regulations, design standards and guidelines, implementation criteria, and financing methods). This approach locates the majority of the Peery Park policies and regulations in one convenient document for ease of reference by the City Council, Planning Commission, applicants and staff during the review of individual development proposals.

Book 1: Community Intent

The Community Intent book of the PPSP (pages 5-45 of Attachment 6) describes the community objectives of the Plan and the primary means to support the emergence of those desired outcomes. Book 1 establishes a policy, planning and design framework to enhance the economic performance, functionality and attractiveness of Peery Park in accordance with workplace and economic trends. It outlines the community's vision for Peery Park to attract innovation companies, to transform the district into an attractive workplace environment, and to evaluate projects with sensitivity to protecting adjacent neighborhoods.

Book 1 provides a discussion of the public outreach process that was conducted, the existing conditions and land use patterns, the market context, vision statement, guiding principles and district policies.

The vision statement for the PPSP is, *"Peery Park will be: a cutting edge workplace district that has been physically re-shaped to align with the 21st century workplace trends and the innovation economy."* To support the vision statement, The PPSP outlines eleven (11) guiding principles that address the following items:

1. Innovation
2. Connectivity
3. Transportation Demand Management (TDM)
4. Environmental Sustainability and Resilience
5. Public Spaces

16-0621

Agenda Date: 8/22/2016

6. Complementary Uses, Diverse Job Opportunities and Businesses
7. Economic Vitality
8. Protect Nearby Neighborhoods
9. Quality Design
10. Healthy Lifestyles
11. Community Benefits

The PPSP guiding principles listed above set the foundation for the 11 district policies:

A. Land Use/Development

1. Align both public and private interests with workplace and market trends.
2. Make Peery Park a center of knowledge and innovation.
3. Allow innovative businesses and workers to thrive.
4. Foster a dynamic mix of uses.
5. Provide settings that bring people together.
6. Protect adjacent neighborhoods.
7. Enable feasible development and provide clear direction from investors.
8. Contribute to community sustainability.

B. Open Space

1. Provide new amenities and uses.

C. Community Benefits

1. Incentivized Zoning

D. Transportation/Mobility

1. Place a priority on TDM and alternative transportation.

Following the discussion on policies and guiding principles, Book 1 describes the district patterns, development concepts, transportation framework and open space network for the PPSP.

A market analysis, described in Book 1 of the PPSP (Attachment 6) was prepared as part of the development of the PPSP. The purpose of the market analysis was to determine the amount of new square feet that could be supported within the PPSP area. The market analysis revealed that the PPSP has the land values and current and future demand to support between approximately 1.2 million to 2.2 million net new square feet of space in a variety of development types. As mentioned above, staff has already received several applications totaling approximately 1.5 million net new square feet of development. In addition, the market analysis showed a demand for the increased space and a moderate demand for retail activity, approximately 136,000 square feet in certain areas of the PPSP.

Book 2: Development Code

Book 2 (pages 47-90 of Attachment 6) contains the development code or the zoning regulations that govern all private development actions proposed for properties within the Plan Area. The Development Code will be used to evaluate development projects, improvement plans and other related applications. Unlike many of the other City adopted area-wide plans, the majority of the development regulations for the PPSP are located within the Specific Plan, instead of the Sunnyvale Municipal Code.

As described in Book 1 and regulated in Book 2, the PPSP is broken down into six sub-districts:

- Innovation Edge

16-0621**Agenda Date: 8/22/2016**

- Mixed Industry Core
- Neighborhood Transition
- Mixed Commercial Edge
- Activity Center
- Public Facilities

Each of the sub-districts has some unique development standards (Building Height, Permitted Uses, etc.), and some that are the same across all of the sub-districts (Parking, Open Space, etc.). Attachment 15 shows the Peery Park District Map and the sub-district information for individual parcels. In addition to the six PPSP sub-districts, there are three overlay zones: Place of Assembly, Futures Sites and the Activity Center. The parcels included in the Place of Assembly overlay zone and the Futures Sites are currently overlaid with this zoning designation and the PPSP retains this overlay.

The PPSP includes into two non-residential zones that control the maximum floor area ratio for individual properties:

- Zone 1: A base FAR of 35% and a maximum FAR of 100%, and
- Zone 2: A base FAR of 55% and a maximum FAR of 120%. The properties in Zone 2 are shown in the District Map with a green-hatched overlay designation of Futures Sites. These sites were designated in the 1990's for higher intensity development.

Development projects are able to move from the base FAR to the higher intensity FAR through the Community Benefits program that is briefly described below (in the discussion of Book 4) and detailed in the PPSP. The following table shows the allowed FAR for parcels within the PPSP (the following table and a map of these sites can be found in Book 2 of Attachment 6):

Level	Maximum FAR		Type of Comm. Benefits Required
	Zone 1	Zone 2	
Baseline	Up to 35%	Up to 55%	n/a
Tier 1 Projects	Up to 55%	Up to 75%	Defined Only
Tier 2 Projects	Up to 80%	Up to 100%	Defined and/or Flexible
Tier 3 Projects	Up to 100%	Up to 120%	Defined & Flexible

In addition to the sub-districts and FAR regulations, Book 2 also includes permitted uses, development standards, parking regulations and process and permit requirements. The permit types used in the PPSP are indicative of those being considered in for the "retooling" (overall re-write) of Title 19 (Zoning) of the Sunnyvale Municipal Code. Once the Sunnyvale Municipal Code is updated with the new permit types and processes it is anticipated that staff would amend the PPSP to refer back to the Municipal Code for process information. However, in the meantime two new permit types will be used in the PPSP: the Peery Park Conditional Use Permit which will regulate the types of uses allowed within the PPSP and the Peery Park Plan Review which will review the site and architectural design aspects of the development projects (see Book 4 discussion below for hearing body and

approval authority).

Book 3: Design Guidelines

Book 3 (pages 91-117 of Attachment 6) contains a set of design guidelines for development of industrial and commercial uses in the PPSP; these guidelines supplement the development code in Book 2. The PPSP guidelines address issues of special and visual character and aesthetics to encourage and support:

- Buildings designed to shape and activate streets and public spaces.
- Articulation of building height and length in massing treatments that recognize the character and development increments of residential and mixed-use districts near Peery Park.
- Frontages, entrances and pathways that create pedestrian-friendly settings.
- A network of varied open spaces that promote activity, greenery and livability.
- Design articulation of elements at facades and roofs to relate to human scale.
- Sustainability in building, street and site design.

Conformance with PPSP design guidelines will be strongly recommended; however, developers are permitted to propose alternative design solutions if it can be demonstrated that the proposed design meets the guidelines' intent and the overall objectives of the PPSP. Development projects are also subject to other applicable City Design Guidelines on items not specifically discussed in Book 3, such as the recently adopted Parking Garage guidelines.

Book 4: Implementation Plan

A program of community actions and investment will support the ongoing transformation of the PPSP. Book 4 (pages 119-144 of Attachment 6) contains information on the development capacity, EIR, strategic planning approach, and financing tools to transform of Peery Park into an attractive, successful and cutting-edge workplace district.

Community Benefits

The Community Benefits Program (CBP) is a key feature of the PPSP and contains incentives for developers to incorporate desired features into their projects in exchange for higher FAR allowances.

There are two types of community benefits: defined and flexible. Defined community benefits specify the maximum additional percentage of FAR per benefit provided, as well as the criteria and method for calculation of the percentage. The categories of defined community benefits (further described in the CBP) are:

- Innovation-friendly Development
- Open Space/Landscaping
- Publicly Accessible Open Space
- Public Access Easement
- Retail
- Childcare
- Publicly Accessible Recreation
- Parking
- Green Building

Flexible community benefits are not assigned specific point totals and are more contingent on project

16-0621

Agenda Date: 8/22/2016

circumstances and City priorities and will be determined through the project's CBP. The categories of the flexible community benefits (further described in the CBP) are:

- Innovation Anchor Facilities (very brief description here)
- Transportation/Streetscape Improvements
- Transportation Management Association (TMA) Programs or Facilities
- Sustainability Project Elements
- Community Facilities or Services
- Community Programs
- Community Benefits Fund
- Other Community Benefits

The CBP is generally outlined in Book 4; however, the PPSP CBP table that specifies the floor area ratio (FAR) allowances for each community benefit will be adopted by resolution and maintained outside of the PPSP. Staff expects that the CBP will be reviewed periodically and revised as needed to reflect changing community priorities, to add, delete or adjust specific benefits, and to respond to future market conditions. By not including the table in the PPSP, it allows the flexibility to revise the table without requiring a Specific Plan Amendment. The PPSP Community Benefits Program table can be seen in Attachment 3.

The staff recommended Community Benefits Program states that projects exceeding 80% FAR in Zone 1 and 100% FAR in Zone 2 would be required to provide both defined and flexible community benefits. Flexible community benefits are not specifically defined; the following flexible community benefits priorities are listed to accomplish PPSP and community-wide goals:

1. Contribution to the local match for the Peery Park Rides shuttle program.
2. Rehabilitation or new construction of Sunnyvale Fire Stations or monetary contribution to such a project.
3. Contribution to the Sunnyvale Civic Center Project.

Although staff has recommended these three top priorities for the flexible benefits, the Planning Commission or City Council may see value in other prioritized flexible (or defined) community benefits.

The Peery Park Rides shuttle program is the grant-funded program that the City is participating in through a partnership with the Valley Transportation Authority (VTA). The required local match is approximately 36% of the total grant amount and will be split between the City and VTA. In order to operate the two-year shuttle pilot program without charging a fare to passengers, Sunnyvale's portion of the required local match will total approximately \$525,000. This is \$100,000 more than the VTA local match based on the City's commitment to running the shuttle system without charging the passenger fare. The Peery Park Rides program would offer service to employees within the PPSP area as well as to community members in nearby neighborhoods. The program is not fully defined at this time; however, it is anticipated that it would run on a fixed course during peak hours and provide connections to major transit stations and on a more flexible, demand-driven course during non-peak hours of operation. Staff continues to recommend that the City contribute \$100,000 of the local match to support TDM, trip reduction and the commitment to providing this service without charging a fare to passengers. If there is support to appropriate \$100,000 to the local match for the shuttle program, staff will return to the Council at a later date to appropriate the funds. Additional local match funding (\$425,000) will still be necessary to secure the grant funding and is recommended to be prioritized as

16-0621**Agenda Date: 8/22/2016**

a flexible benefit so that funds may be collected through individual development projects.

Continuing shuttle service beyond the two-year grant period will require a new source of funding. If the pilot program for the shuttle service is successful, the Peery Park TMA may want to provide ongoing funding of the shuttle service (operated by VTA) or continue the service as a privately-run shuttle service to support the trip reduction measures required for TMA members. As part of the pilot project VTA will assess the success of the shuttle and may be in a position to provide all or part of the funding to continue the service.

Traffic and Street Improvements

To accommodate ongoing growth and investment in Peery Park, the City intends to place a high priority on the implementation of improvements that increase the variety of mobility options available to travel within and through the district, while also enhancing its place quality, livability and sustainability. The traffic and street improvements section of the PPSP discusses improvements to existing (and potential new) streets, street lighting improvements, modifications to traffic signals timing, new pedestrian, street and bicycle connections, transit service, and TDM requirements for development projects within the PPSP.

One of the key components to reduce traffic in the PPSP area is the TDM program and the trip reduction requirements that will be required for development projects. The trip reduction goals of the PPSP are shown in the following table.

Transportation Demand Management	
Project Size (gross sq. ft.)	TDM Trip Reduction Goal
Up to 100,000 and change in use occupancy that intensifies prior use	20%
100,001 to 300,000	25%
300,001 to 750,000	30%
Over 750,000	35%

Achieving the TDM trip reduction goal for a development project is a priority for the City. An important requirement of project approval for individual development projects within the PPSP will be participation in the PPSP Transportation Management Association (TMA). The TMA will be privately funded and operated, (although the City will be involved in the creation of the TMA) and the responsibilities of this organization will be flexible and may be adjusted over time to create the most benefit to its members. Even though existing sites/businesses not considering redevelopment do not have a requirement to join the TMA, any business or property owner can be a member of the TMA by choice. It is anticipated that the TMA will help development projects of all sizes achieve their trip reduction requirement.

Peery Park Specific Plan Fee

The PPSP fee will be created to cover the costs of creating the plan and for ongoing maintenance costs. Property owners who previously contributed to the funding for the plan will be credited for their fair share. If their fair share is less than the contribution they can be reimbursed through collection of this fee. The cost of this fee can be found in the fee schedule in Attachment 5 and information on how the cost was reached is in Attachment 24.

Sense of Place Fee

Government Code Sections 66000 et seq. (Mitigation Fee Act) allow the City to impose fees and other exactions to provide necessary funding and public facilities required to mitigate the effects of new development projects. Peery Park was designed and built at a time when the automobile was king. Discontinuous internal roads, incomplete and substandard sidewalks, wide auto-oriented roadways, and lack of bike lanes and other amenities discourage pedestrian and bicycle mobility. Under the PPSP, new development will eventually create 2.2 million feet of office space and bring approximately 14,000 new workers and approximately 500 new residents into the area on a daily basis. Creating a more pedestrian and bike-friendly environment in Peery Park is an essential component of the PPSP in order to reduce vehicle trips by the new workers and residents in Peery Park. These improvements are critical to reducing the impacts of the higher intensity development on traffic, greenhouse gas emissions, and noise.

The Sense of Place fee would be assessed on a project-specific basis in order to ensure that new development contributes its fair share of funding for streetscape and open space improvements necessary to mitigate the impacts of increased development and support Peery Park as a vibrant, attractive neighborhood for current and future residents and workers. The PPSP Sense of Place fee will be utilized to implement the following items:

- Shuttle Stops;
- Pastoria Avenue Streetscape Improvements;
- New and Improved Bicycle Lanes; and
- Crosswalks with In-Roadway Warning Lights.

Based on current calculations it is anticipated that the Sense of Place fees for near-term-projects will be approximately \$2.41 per square foot, the breakdown of this fee can be found in Attachment 22.

Peery Park Infrastructure Fees

The EIR requires the City to impose an infrastructure fee on new projects in Peery Park in order to ensure adequate financing for funding of improvements to water and wastewater facilities that will be required by the increased development. The City commissioned Infrastructure Engineering Corporation (IEC) to evaluate the impact of the proposed development on wastewater facilities (included in Attachment 24). The study concludes that the appropriate wastewater is \$3.12 per (net new) square foot of development.

With respect to water facilities, a fee will be imposed on an ad hoc basis which will involve a project-specific assessment of the appropriate fee for each development project. This fee has not been evaluated fully at this time but the analysis will be completed prior to the first hearings for development projects within the PPSP area.

Comprehensive Land Use Plan (CLUP) for the Moffett Federal Airfield

Book 4 concludes with information on the Moffett Field CLUP. The draft PPSP requires each development project to be consistent with the CLUP document and also to receive a "no-hazard" letter from the Federal Aviation Administration (FAA) regarding height. In many cases an aviation easement will be required by the Airport Land Use Commission (ALUC) as a condition of each individual development project approval. The CLUP discusses the potential for impacts on development in relation to noise, safety, height and open space. A link to the Moffett Federal Airfield

16-0621

Agenda Date: 8/22/2016

CLUP has been provided in Attachment 16.

Community Comments on Pedestrian Connections

The PPSP includes reference to two bicycle/pedestrian connections between the residential neighborhood east of Peery Park and Mathilda Avenue and San Aleso Avenue at western terminus both Ferndale and Duane Avenues. Several residents have voiced strong opposition to these connections over the past several years. Other residents have voice support to the potential for better pedestrian access to Mathilda Avenue. Either connection would depend on redevelopment of the property on the non-residential side and has been worded in the PPSP to require additional study and community outreach. Without these two connections the PPSP is still a solid policy document promoting walkability within the plan area; however, the connections would provide additional access for residents to walk to work in Peery Park and would provide better pedestrian access to buses or businesses on Mathilda. The comment letters received during the public comment period on the PPSP, including those voicing concern for these bicycle/pedestrian connections, are in the FEIR document (Attachment 8) and the summary of comments received on the PPSP document (Attachment 17).

Staff Recommended Modifications to the Peery Park Specific Plan

As would be expected with any major document, there are corrections and clarifications to the PPSP that are necessary to consider with the adoption of the PPSP. In addition to grammatical changes and small errors in the draft plan, there are additional changes staff recommends to address concerns raised by the public. Pending development applications provide a context for understanding the implementation of a few of the regulations. All of the suggested changes to the PPSP are detailed in the table in Attachment 7; staff recommends these changes as part of the adoption of the PPSP. If the plan is adopted, the edits will be incorporated into the final version of the PPSP. Some of the major edits included in this document are:

- Modifications to the maximum allowable building lengths based on review of pending projects and consultation of recently approved projects and industry standards;
- Modifications to require the standards set forth in the Solar Access Requirements of the Sunnyvale Municipal Code based on recent changes to these regulations;
- Additional information on the Community Benefits Program, Sense of Place Fee and other related PPSP Fees;
- The addition of potential pedestrian and bicycle connections within the PPSP; and
- Language modifications based on further analysis by City departments and outside agencies.

Southern Pacific Corridor Specific Plan, Site 2

The Southern Pacific Corridor Specific Plan (SPCSP) was adopted in 1984 to guide the redevelopment of properties along the railroad. Most of the sites have been redeveloped and are adequately covered by existing zoning regulations. The 29 acre (approximately) site south of California and west of Mathilda (with the heritage landmark Libby Can water tower) Avenue is Site 2 of the SPCSP and is included in the Peery Park Specific Plan district. Staff is recommending formal repeal of the SPCSP.

Rezoning to Peery Park Specific Plan

The properties within the PPSP are currently zoned Industrial and Service (M-S) and Highway Business Zoning District (C-2). If the PPSP is adopted, the properties will need to be rezoned to be consistent with the PPSP. The necessary rezoning of the properties will result in an amendment to

16-0621

Agenda Date: 8/22/2016

the Zoning Map as shown in Attachment 4. The rezoning of the properties within the PPSP will also include changing the zoning designation for Encinal Park to Public Facilities (from Industrial and Service).

Permit Types and Project Hearing Process

As mentioned above under Book Two, the PPSP creates two new permit types. The new permits are further broken down into sub-permit types that specify a level of project review and the hearing body that is designated to make a decision on the project. The level of review for the Peery Park Plan Review Permit (PPPRP) is tied to the FAR requested. The hearing body for each review level for the PPPRP in the PPSP is shown per the following table.

Application Review Body			
Level	Maximum FAR		Hearing Body
	Zone 1	Zone 2	
Baseline	Up to 35%	Up to 55%	Community Development
Tier 1 Projects	Up to 55%	Up to 75%	Community Development
Tier 2 Projects	Up to 80%	Up to 100%	Planning Commission
Tier 3 Projects	Up to 100%	Up to 120%	City Council

Projects requiring a Peery Park Conditional Use Permit will be subject to the hearing level specified in the permitted use tables within Book 2 of the PPSP. These range from administrative reviews without hearings to Planning Commission reviews based on the use.

Public Comment Received on the Peery Park Specific Plan

In addition to receiving public comment on the DEIR during the 45-day public review period, comments on the plan (PPSP) were also received from community members, PPSP property owners, outside agencies, and non-governmental organizations. Some of the comments received have been included in the staff recommended modifications to the PPSP (Attachment 7) and all of the comment letters can be found in the FEIR (Attachment 8). Staff has also summarized the comments received on the PPSP in Attachment 17.

FISCAL IMPACT

All costs associated with the preparation of the PPSP have been paid by the City (\$300,000), the Irvine Company (\$300,000) and Lane Partners (\$30,000). The proposed increased density within the PPSP Plan Area will generate additional revenue through increased property taxes, sales taxes, and in-lieu fees that will generate improvements throughout the district via Sense of Place fees and infrastructure fees. The PPSP also includes a PPSP fee that will be used to reimburse the City and other PPSP contributors (Irvine Company and Lane Partners) for the cost of preparing the Specific Plan document, staff time involved in the creation of the document and upkeep of the document during its lifetime. These fees would be collected with each individual development project based on the building valuation. The evaluation of the cost of the PPSP and Specific Plan Fee can be found in Attachment 24.

In addition to the items above, the PPSP Community Benefits Program will also provide an opportunity for collecting revenue to support specific City projects that will be prioritized by the City Council. Staff has recommended that three projects be prioritized by the Council as flexible

16-0621

Agenda Date: 8/22/2016

community benefits: the local match of the Peery Park Rides shuttle grant, the Sunnyvale Civic Center Modernization Project and improvements to Sunnyvale fire stations.

Financial Analysis - A financial analysis (Attachment 18) was also prepared to assess the potential increase in land value that could be realized from the increased development capacity proposed in the PPSP and the “value capture” that can be realized by the City through a Community Benefits Incentive Zoning (CBIZ) program. This concept is a key element of the PPSP, and the financial analysis provides the framework for correlating community benefits with the granting of additional floor area ratio (FAR). While the analysis confirmed that a CBIZ program is a viable approach for achieving the goals of the PPSP, the amount of community benefits that could be realized by the City from each project is affected by multiple factors, including:

1. The overall financial feasibility of a project, with a healthy return on investment needed to absorb the additional cost for community benefits;
2. The price paid for property varies among developers, and heavily affects the total development cost of a project and the potential “value capture” by the City;
3. Whether a project is speculative (no identified tenant) or one with a defined tenant affects project feasibility and potential community benefits;
4. The existing baseline requirements and proposed Peery Park development fees (such for infrastructure and sense of place improvements) will offset the community benefits that a project can offer; Market and financial conditions will fluctuate over time and will have a direct impact on the feasibility of a CBIZ program; and
5. The program is incentive-based, so it is voluntary and not mandatory.

Because the viability of a CBIZ program is affected by the above factors, staff recommends not including the specifics of the Peery Park Community Benefits Program in the PPSP. This will allow the Council to periodically assess the program and, if adjustments are desired, an amendment of the PPSP may not be required. The overall objective is for the City to benefit from the increased property value created from adoption of the PPSP by offering higher density development in exchange for enhanced project features and/or community improvements.

PUBLIC CONTACT

Public contact regarding this item was made in the following ways:

1. Posting the Planning Commission agenda on the City's official-notice bulletin board outside City Hall and by making the agenda and report available at the Sunnyvale Public Library and on the City's website;
2. Publication in the *Sun* newspaper, at least 10 days prior to the hearing;
3. Mailed notice sent to property owners within 2,000 feet of the Peery Park Specific Plan area; and
4. E-mail notification of the hearing dates sent to all interested parties and neighborhood associations.

Heritage Preservation Commission

Staff gave a presentation on the PPSP and DEIR to the Heritage Preservation Commission (HPC) on June 1, 2016. Staff focused the HPC's review of the documents on the adequacy of the cultural resources section in the DEIR, specifically to the Mellow's Nursery Site which is a Sunnyvale Heritage Resource. At that meeting, the HPC unanimously approved a motion that the cultural resources information within the DEIR contained an adequate review of the historic resources within the area and came to an adequate conclusion. The minutes from the June 1, 2016 HPC meeting can

16-0621

Agenda Date: 8/22/2016

be found in Attachment 19.

Sustainability Commission

On May 16, 2016, staff presented the PPSP and DEIR to the Sustainability Commission (SC). The minutes from this meeting are Attachment 20. At that meeting, the SC provided the following comments on the PPSP and DEIR:

- Comments on the PPSP:
 - Reliance only on a TDM approach likely underestimates the challenge of commutes to the area from the East Bay;
 - Study connectivity of bicycle lanes between the plan area and Caltrain or light rail;
 - Require, and not only encourage, native plants in areas beyond parks;
 - Incorporate a residential buffer on the south side, similar to the one on the east side;
 - Consider requiring the creation of a shuttle service that would also serve the residents near Peery Park;
 - Study and incorporate paid parking requirements;
 - Address affordable housing needs beyond those required by regulations;
 - Incorporate quantifiable goals for green building (such as energy efficiency) rather than a general statement encouraging green building and associated development incentives;
 - Include urban canopy targets; and
 - The plan for the interior parts of the parcel is exceptionally well-conceived in terms of optimizing use of space and creating an integrated campus.
- Comments on the DEIR:
 - The SC noted that they were not all able to complete a review of the DEIR and they hoped that the DEIR included the following:
 - An evaluation of the proposed Mary Avenue extension projects, which could alleviate congestion problems related to the Moffett and Peery Park areas; and
 - A discussion on sea-level rise impacts.

Staff Response to the Sustainability Commission's Comments:

The Sustainability Commissioners offered a number of comments on the plan. The Commission hearing was held during the public comment period for the PPSP DEIR and no formal recommendation was made by the Commission. Staff notes that the majority of the comments are covered by current policies and ongoing administrative activities (e.g. bicycle lanes, selection of landscaping, green building goals, etc.). A few of the items could be pursued by individual property owners/tenants (e.g. paid parking). Other comments are opinion based (e.g. commutes from the East Bay, interior parts well-conceived). Staff does not recommend any modifications to the Plan to respond to these comments.

The extension of Mary Avenue into Moffett Park is part of the adopted General Plan. The EIR evaluated future conditions based on an assumption that the adopted General Plan would be implemented. An EIR will be prepared (expected in 2017) to evaluate the environmental impacts of Mary Avenue extension. Four scenarios will be evaluated in detail, including a no extension alternative. Sea level rise is discussed briefly in the EIR, Section 3.4, Greenhouse Gas Emissions.

Bicycle and Pedestrian Commission

16-0621

Agenda Date: 8/22/2016

On May 19, 2016 staff presented the PPSP and DEIR to the Bicycle and Pedestrian Advisory Commission (BPAC). The minutes from this meeting are Attachment 21. The Commissioners asked questions of staff and made the following recommendations via a motion:

- Eliminate on-street parking as properties are redeveloped in the PPSP;
- Support DEIR Alternative 2 (Mixed-Use Housing Alternative); and
- Include incentives for creating Class 1 and Class 4 bike routes traveling south on Pastoria with an separated grade crossing over Central Expressway and connecting to the Sunnyvale Caltrain Station.

Staff Response to the BPAC Comments:

The PPSP requires each site to provide required parking on-site. The Bicycle Master Plan will help guide the removal of on-street parking. Staff has not prepared a detailed evaluation of the feasibility or cost of a separated grade crossing over Central Expressway. A very preliminary review suggests that it could be a very expensive structure. Staff does not find it cost effective to consider this particular structure, however Council could request further evaluation before making a determination on whether this could be a future community benefit item.

See discussion on the DEIR Alternative 2 (Mixed-Use Housing) under the EIR Alternatives section of this report.

Community Workshops

As mentioned briefly above, staff held four community workshops through the development of the PPSP. The first workshop was held in October 2013 and focused on the existing conditions of the PPSP, workplace trends, the market analysis and presented the broad strategic framework for the district. The second workshop was held in December 2014, and discussed the envisioned future of the PPSP, the regulatory framework, and the district priorities. The third workshop was held in January 2015 and covered mobility and the streetscape improvements. Finally, the fourth community workshop was held in July 2015 and specifically focused on neighborhood protections and amenities that would be incorporated into the PPSP.

Many community members, PPSP project owners and developers attended these workshops and staff summarized the comments and questions from these meetings in Attachment 10.

Outreach to Peery Park Property Owners, Businesses and Developers

Staff involved Peery Park property owners, project applicants and other interested parties in the planning process while developing the plan. Several group meetings were held during the last three years and individual interviews were conducted as a part of the market analysis work. At these meetings, staff presented framework concepts and other information that were also presented at the community workshops.

County of Santa Clara Airport Land Use Commission (ALUC)

The PPSP was considered by the ALUC on July 27, 2016. The ALUC was not able to find that the PPSP, as then drafted, was consistent with the CLUP. They directed ALUC staff to work with Sunnyvale staff to revise certain sections to clarify consistency with the CLUP and then return to the ALUC for further review. Sunnyvale staff has worked with the ALUC staff to better articulate how the plan is consistent with the ALUC and will return to the ALUC on August 24, 2016, a few days after to the Planning Commission hearing. Results of the ALUC action will be included in the report to the

16-0621

Agenda Date: 8/22/2016

City Council. Attachment 23 contains the modifications to the PPSP created by staff (in consultation with ALUC staff) that will be submitted to the ALUC prior to their August 24, 2016 hearing on the PPSP.

ALTERNATIVES

Recommend to City Council:

1. Adopt a Resolution (Attachment 3) to:
 - a. Certify the EIR;
 - b. Make the Findings Required by the California Environmental Quality Act; and
 - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
 - d. Adopt the Water Supply Assessment
 - e. Amend the General Plan to Create the Peery Park General Plan Designation;
 - f. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - g. Adopt the Peery Park Specific Plan, with Modifications;
 - h. Adopt the Peery Park Specific Plan Community Benefits Table; and
 - i. Repeal the Southern Pacific Corridor Specific Plan Site 2.
2. Introduce an ordinance (Attachment 4) to:
 - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District); and,
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
3. Adopt a Resolution (Attachment 5) to:
 - a. Amend Resolution No, 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee, and Peery Park Wastewater Infrastructure Fee;
 - b. Authorize the City to impose a Sense of Place Fee and Peery Park and Water Infrastructure Fees on a project specific basis.
4. Make a Motion to Prioritize the Flexible Community Benefits as Recommended by Staff.
5. Support the use of \$100,000 of City Funds to Provide a Portion of the Local Match for the Peery Park Rides Grant Program.
6. Modify any of the above alternatives or provide direction for changes to any of the above alternatives.
7. Do not adopt the Peery Park Specific Plan and provide direction to staff on necessary revisions.

STAFF RECOMMENDATION

Recommend to the City Council Alternatives 1, 2, 3, 4, and 5:

1. Adopt a Resolution (Attachment 3 of this report) to:
 - a. Certify the EIR;
 - b. Make the Findings Required by the California Environmental Quality Act; and
 - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
 - d. Adopt the Water Supply Assessment
 - e. Amend the General Plan to Create the Peery Park General Plan Designation;

16-0621

Agenda Date: 8/22/2016

- f. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - g. Adopt the Peery Park Specific Plan, with Modifications;
 - h. Adopt the Peery Park Specific Plan Community Benefits Table; and
 - i. Repeal the Southern Pacific Corridor Specific Plan Site 2.
2. Introduce an ordinance (Attachment 4 of this report) to:
- a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District);
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
3. Adopt a Resolution (Attachment 5 of this report) to:
- a. Amend Resolution No. 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee, and Peery Park Wastewater Infrastructure Fee;
 - b.
 - c. Authorize the City to impose a Sense of Place Fee and Peery Park Water Infrastructure Fee on a project specific basis.
4. Make a Motion to Prioritize the Flexible Community Benefits as Recommended by Staff.
5. Support the use of \$100,000 of City Funds to Provide a Portion of the Local Match for the Peery Park Rides Grant Program.

Adoption of the PPSP will provide a consistent and comprehensive framework for the approximately 450-acre PPSP area, and will provide clear policy direction and regulations for development to proceed in a well-planned and coordinated manner. Along with a Program EIR, the PPSP defines the City's expectations for Peery Park and could streamline the development review process for individual projects that are consistent with the PPSP.

Growth and transformation of the technology sector is driving significant demand for high quality office space across Silicon Valley, and Peery Park is an area of high interest due to its proximity to major corridors and the existing technology base. The PPSP responds to this market trend, and the policies, regulations and design guidelines strive to transform Peery Park into an active cutting-edge workplace district that will attract and support a variety of innovation companies.

If the PPSP is not adopted, development applications would be considered on an individual and incremental basis subject to the existing zoning regulations. This reactive approach does not establish a clear vision for the area and could result in inconsistencies and conflicts between projects and the objectives of the City and surrounding community. The PPSP provides a proactive and coordinated development strategy. Transportation measures include TDM programs with prescribed goals, a mandatory Peery Park TMA, and a VTA pilot shuttle bus program funded in part by Peery Park property owners and businesses. The recommended actions include assessment of fees to fund needed infrastructure improvements to serve Peery Park. The PPSP allows for higher density development through the provision of desirable project features and community benefits. At the same time, development standards and architectural guidelines have been defined to lessen project impacts on adjacent neighborhoods.

Prepared by: Amber Blizinski, Principal Planner
Reviewed by: Andrew Miner, Planning Officer

16-0621

Agenda Date: 8/22/2016

Reviewed by: Manuel Pineda, Director, Public Works
Reviewed by: Trudi Ryan, Director, Community Development
Reviewed by: Hanson Hom, Assistant City Manager
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. *Not Used (for use with Report to Council)*
2. Study Issue Paper
3. **Resolution** to Certify the EIR and related actions, and Adopt the Peery Park Specific Plan with related actions
4. **Ordinance** to Amend Title 19 (Zoning) and amend the Precise Zoning Plan Map
5. **Resolution** to Amend the Fee Schedule and to add Peery Park related fees
6. Links to the Peery Park Specific Plan and Appendices
7. List of Recommended Modifications to the Peery Park Specific Plan
8. Links to the Draft and Final Environmental Impact Report and Appendices
9. Full Text of Council Policy 1.1.9
10. Meeting Notes and Summaries of the Group Exercises from the four Community Workshops
11. Summary of Online Survey Results
12. Summary of Comments Received at the EIR Scoping Meeting on June 25, 2015
13. Comments Received during the Notice of Preparation Period
14. Link to the Peery Park Specific Plan Webpage
15. Peery Park Specific Plan District Map
16. Link to the Comprehensive Land Use Plan for Moffett Federal Airfield
17. Summary of the Comments Received on the Peery Park Specific Plan during the Public Review Period
18. Financial Analysis Study conducted by EPS
19. Minutes from the June 1, 2016 Heritage Preservation Commission Hearing
20. Minutes from the May 16, 2016 Sustainability Commission Hearing
21. Minutes from the May 19, 2016 Bicycle and Pedestrian Advisory Commission Hearing
22. Minutes from the May 23, 2016 Planning Commission Hearing
23. Modifications to the PPSP for the August 24, 2016 ALUC Hearing
24. Information on the PPSP Fee, Sense of Place Fee and the Infrastructure Fees for Water and Wastewater
25. City of Sunnyvale Water Supply Assessment
26. Public Comment