



# City of Sunnyvale

## Agenda Item

17-0025

Agenda Date: 3/6/2017

### REPORT TO PLANNING COMMISSION

#### SUBJECT

**Proposed Project:** PEERY PARK PLAN REVIEW PERMIT to construct a 207,620-square foot, four-story corporate/research and development (R&D) office building and a 7-level, partially underground parking structure with attached ground floor retail of up to 4,000 square feet on a 4.4-acre site resulting in a total of 110% FAR. The project includes outdoor dining/recreation areas and a pedestrian/bicycle path for public use.

**File #:** 2015-7256

**Location:** 520 Almanor Avenue (APNs 165-43-016, -017 and -018)

**Applicant / Owner:** Lane Partners, LLC / Pace Properties

**Environmental Review:** The project is exempt from additional CEQA review per CEQA Guidelines section 15168(c)(2) and (4) and Public Resources Code Section 21094(c). The project is within the scope of the Peery Park Specific Plan Program EIR as no new environmental impacts are anticipated and no new mitigation measures are required.

**Project Planner:** Rosemarie Zulueta, (408) 730-7437, rzulueta@sunnyvale.ca.gov

#### REPORT IN BRIEF

**General Plan:** Peery Park Specific Plan

**Zoning:** Peery Park Specific Plan (PPSP)

**Subdistrict:** Innovation Edge/Futures Site

**Existing Site Conditions:** One-story corporate/R&D office building

#### **Surrounding Land Uses**

**North:** Corporate/R&D Office in PPSP Innovation Edge/Futures Sites District

**South:** Hotel/Motel in PPSP Innovation Edge/Futures Sites District

**East:** Hotel/Motel (across Almanor Avenue and N. Mathilda Avenue) in PPSP Mixed Commercial Edge District

**West:** Corporate/R&D Office in PPSP Mixed Industry Core

**Issues:** Implementation of the Peery Park Specific Plan

**Staff Recommendation:** Recommend that the City Council make the required Findings to approve the CEQA determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; and approve the Peery Park Plan Review Permit subject to the PPSP Mitigation Monitoring and Reporting Program in Attachment 7 and recommended conditions of approval set forth in Attachment 5.

**BACKGROUND****Description of Proposed Project**

The project includes demolition of the existing 81,474-square foot office/R&D building and the construction of a four-story office building, seven-level parking structure (includes two levels underground and a roof level) and up to 4,000 square feet of retail/commercial space on a 4.4-acre site and resulting in 110 percent floor area ratio (FAR). The project is located in FAR Zone 2 and categorized as a Tier 3 Project in the Peery Park Specific Plan (PPSP), where sites may develop up to 120 percent FAR with the provision of both Defined and Flexible Community Benefits with City Council review and approval.

The City Council is scheduled to consider this item on March 28, 2017.

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

**Peery Park Plan Review Permit:** A Peery Park Plan Review Permit (PRP) is required for site and architectural review for new construction, additions or modifications of structures and property within the PPSP district. The PRP allows for consideration of deviations from specified development standards in exchange for superior design, environmental preservation or public benefit. The applicant is requesting a deviation from the required minimum vehicular parking spaces and maximum front yard setback from the eastern Almanor Avenue frontage. The findings required to grant a PRP and the requested deviations are discussed in Attachment 4.

**Previous Actions on the Site**

There have been no previous planning applications on the site. The existing building was constructed in 1985.

**EXISTING POLICY**

The project site is subject to the purpose, intent and policies of the PPSP adopted by the Sunnyvale City Council on September 20, 2016. The PPSP includes guiding principles, district policies and a design framework. Projects in the PPSP are subject to a Plan-specific development code, design guidelines and an implementation plan.

The purpose of the PPSP is to guide both private and public investment activities in the Plan area, and to support and promote the type of investment that will enhance the beauty and vitality of this major Sunnyvale workplace district.

**ENVIRONMENTAL REVIEW**

A Program-level Environmental Impact Report (EIR) was prepared for the PPSP which identifies potential impacts resulting from the proposed development intensities in the PPSP. Certification of the EIR included a Mitigation Monitoring and Reporting Program (MMRP) with provisions to reduce the potentially significant impacts to a less than significant level, although some impacts will remain significant and unavoidable after mitigation. A Statement of Overriding Considerations was adopted in conjunction with the General Plan Amendment and the PPSP in acknowledgment of the presence of the remaining significant and unavoidable impacts. The adopted Statement of Overriding Considerations is deemed by the certification of the EIR to be applicable to subsequent projects that

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are consistent with or that implement the PPSP's goals and objectives. As the lead agency, the City of Sunnyvale implements the adopted MMRP for each subsequent project that includes the approved mitigation measures of the EIR.

The project is within the scope of the PPSP Program EIR and is therefore exempt from additional CEQA review per California Environmental Quality Act (CEQA) Guidelines Section 15168(c)(2) and (4) and Public Resources Code Section 21094(c). The City has completed a checklist and determined that no new anticipated environmental impacts will occur and no new mitigation measures are required (Attachment 6). The Program EIR MMRP has been included as applicable for this project (Attachment 7). The Peery Park Specific Plan EIR is available for review on the City's website:

<http://sunnyvale.ca.gov/Departments/CommunityDevelopment/CurrentProjectsandStudies/PeeryPark.aspx>.

## **DISCUSSION**

### **Present Site Conditions**

The project site is bound by Vaqueros Avenue to the west and by Almanor Avenue to the north and east. Prior to the adoption of the PPSP, the site was zoned M-S/FAR100 (Industrial and Service/Futures Site 100% FAR) and is currently developed with a one-story building used as corporate office/R&D. There is one driveway access off Vaqueros Avenue and another at the northern frontage on Almanor Avenue.

### **Peery Park Plan Review Permit**

The project is located in the PPSP Innovation Edge/Futures Sites district and requires a Peery Park Plan Review (PRP) subject to review and approval by the City Council for the proposed 110 percent FAR.

**Use:** The proposed corporate office/R&D use is consistent with the envisioned use for this area. Retail/commercial uses located at street corners are permitted and encouraged in the Innovation Edge district of the PPSP.

**Floor Area Ratio (FAR):** The project includes a FAR of 110 percent and is located in "Zone 2", which is identified in the PPSP as a "Tier 3" project requiring Council review and approval. This zone allows a development baseline FAR of 55 percent and a maximum of 120 percent FAR with the provision of community benefits per the PPSP Community Benefits Program.

### **Community Benefits**

The PPSP Community Benefits Program allows projects to contribute community facilities, services, impact fees or other features that help achieve the overall purpose and character envisioned for the Peery Park area in exchange for added development capacity. These contributions are defined by the PPSP's Community Benefit goals, which include providing settings that bring people together, amenities and uses that support the workplace district, community sustainability, transportation demand management and alternative transportation.

A project must achieve a certain number of points in the program to attain the desired FAR. The adopted Community Benefits Program includes a list of provisions with defined points ("Defined Community Benefits") and a list of provisions where the points are flexible or can be achieved by a

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contribution to the Community Benefits Fund ("Flexible Community Benefits"). Tier 3 projects with a baseline FAR of 55 percent can achieve an additional maximum 45 percent FAR through the provision of Defined Community Benefits (for a total of 100 percent FAR). To achieve a FAR beyond 100 percent and up to 120 percent, the project must provide Flexible Community Benefits.

The proposed Community Benefit Plan is anticipated to achieve 47 Defined Community Benefit points and a minimum 10 Flexible Community Benefit points for a total of 57 points (Attachment 8) where a minimum 55 points are required to achieve the desired 110 percent FAR. The applicant proposes the following:

Defined Benefits (45 points maximum allowed)

- Over 40 percent of the site is open space/landscaping (7 points)
- A 12-foot wide publicly accessible pedestrian/bicycle path is proposed along the southern property line (5 points-10 feet wide minimum required)
- Up to 4,000 square feet of corner retail/commercial (minimum 2,500 square feet) space is proposed (10 points)
- Up to 4,010 square feet of publicly accessible outdoor seating/recreation area adjacent to the retail/commercial corner with game tables and exercise equipment is proposed (5 points-1,000 square feet minimum required)
- 182 parking spaces are provided underground (10 points-36 spaces minimum required)
- Project, including tenant improvements, will commit to achieve LEED Gold with USGBC certification (10 points)

Flexible Benefits (10 points minimum required)

- Community Benefits Fund Contribution. Staff has administratively determined \$30 per square foot value as a tool for assessing whether a Peery Park project addresses the flexible Community Benefit requirements. Value can be a combination of off-site improvements, cash contribution or other project features that overall benefit the community. Each project will be reviewed separately for the applicability of this value.
  - Calculation: 10 percent of Total Building Area (211,620 square feet) x \$30 = \$634,860 approximate value

**Site Design and Architecture**

The PPSP's vision for the Innovation Edge subdistrict is a synergistic mix of workplace and commercial uses, with small, visible and accessible lunch-oriented activity clusters. Development will be focused on enabling people to walk and bike to and from their workplaces and nearby amenities. Buildings will display contemporary architecture and reinforce an attractive street environment embellished with landscaping improvements. As new buildings are constructed, the present pattern of isolated low-amenity developments will transform towards the entire district functioning as an integrated innovation campus.

**Site Layout:** The project consists of two buildings; a four-story office building oriented towards the Almanor Avenue frontages and a separate, partially underground parking structure with attached retail/office space, interfacing with the corner of Vaqueros Avenue and Almanor Ave (Attachment 9).

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The buildings are situated to activate the street and create opportunities for a variety of public and private open space/recreational areas. The main office building entrances face the eastern Almanor Avenue frontage and the interior of the site with clear pedestrian connections to the public sidewalk. The retail/office space at the corner of the parking structure is designed to achieve a small activity cluster configuration, defined in the PPSP as a small store or cluster of stores integrated into a larger building, typically on a corner site, consisting of restaurants, personal services or small-scale shopping located within easy walking distance to surrounding businesses or homes.

**Vehicle and Pedestrian Circulation:** Vehicular access to the site utilizes the existing driveway locations. Vehicular access to the parking structure is off Vaqueros Avenue at the rear of the site. There is a driveway off the northern Almanor Avenue frontage to access a small surface parking lot, reserved primarily for accessible, car share and electric car charging spaces. Beyond the parking structure, the driveway from Vaqueros Avenue will be for emergency vehicles and solid waste/recycling service trucks only. To discourage vehicular cut-through traffic onto Mathilda Ave., physical obstructions, such as planters or bollards (removable for emergency vehicles and service trucks), will be installed.

The PPSP requires buildings to be oriented to a street or open space to create clear pedestrian connections and pedestrian-friendly settings. There are multiple points of access for pedestrians to the site. The main entrance of the office building faces a plaza of landscaping mounds and seating, which will connect to an improved sidewalk along the northern Almanor Avenue frontage. Another entrance faces a similarly designed plaza that connects to Almanor Avenue to the east. The retail/office space at the corner of the parking structure will open to a public outdoor dining/recreation space. The public sidewalks will meander as necessary to preserve the existing mature redwood trees. The project also includes a 12-foot wide public pedestrian/bike path along the southern property line, creating a direct connection to Mathilda Avenue from workplaces in the center of the Peery Park District. The path is proposed as part of the project's Community Benefits Plan. It will be separated from the emergency vehicle access road by a landscaping strip.

**Architecture:** The proposed architectural style is considered contemporary, which is consistent with the PPSP vision. The architecture deviates from the usual modern glass and metal building with the use of a steel material treated to form a warm copper, rust-like appearance called corten steel. The corten steel is applied to the main office building elevations to create a sense of movement and emphasizes the building entrances and recessed glazing (Attachment 9 and 10). Opaque and clear or lightly tinted glass is applied per the PPSP design guidelines and the City's bird-safe building design guidelines. The fourth floor of the main building is set back from the longer Almanor Avenue frontage to reduce building massing and provides an outdoor terrace that faces the public street. The parking structure/retail building reflects the architecture of the main building and presents an opportunity for the integration of public art as screening panels.

In response to the Planning Commission study session comments, staff has worked with the applicant to enhance the application of the corten steel on the street-facing façade of the main building and to select a shade and finish that provides more contrast to the other materials.

### **Development Standards**

**Setbacks:** The project meets all setback requirements except one. A deviation is requested from the maximum front setback on the eastern Almanor Avenue frontage. The proposed building is located

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approximately 36 feet from the property line where a maximum 30 feet is allowed. The increased setback is proposed to allow enough area to preserve the existing mature redwoods, install a meandering sidewalk, and to minimize the potential visual impacts of the building to the SNAIL residential neighborhood to the east of Mathilda Avenue.

The findings required to grant a PRP and the requested deviations are discussed in Attachment 4.

**Building Height/Stories:** Buildings in the Peery Park area are limited to four stories and 60 feet in height when they are located within 300 feet of Mathilda Avenue. Architectural projections and machinery penthouses not exceeding 25 percent of the roof area may extend up to 85 feet. The proposed building meets these standards, measuring 60 feet to the height of the fourth story, 65 feet to the top of the parapet and 80 feet to the top of the mechanical equipment screen. The parking structure measures 58 feet tall to the top of the stairwell.

**Parking:** The PPSP requires a minimum vehicular parking ratio of 3.3 spaces/1,000 square feet for corporate office/R&D uses. Parking is not required for retail/commercial floor area up to 5,000 square feet. The project includes a seven-level parking structure, which includes a rooftop level and two levels underground, and a small surface parking lot to serve the onsite uses. A total of 613 vehicular spaces are proposed where a minimum 686 spaces are required, representing approximately 10% reduction in parking, therefore a deviation from the minimum required parking spaces is requested. To manage parking demand, the applicant proposes TDM trip reduction goals beyond the 25 percent reduction required in the PPSP. The reduced parking allows for increased landscaping and open space areas. Bicycle parking is required as five percent of vehicular spaces required. Based on 686 vehicle spaces (required parking before the requested reduction), a minimum of 35 bicycle spaces is required-of which 27 must be secured. The project includes 81 bike parking spaces to encourage biking as an alternative mode of travel to and from the site. Of the 81 bike spaces, 20 are proposed to be adjacent to the public outdoor dining/recreation area facing Vaqueros Avenue for public use as described in the project's Community Benefits Plan. At least 43 bicycle spaces will be secured.

The TDM goals described above are included in the attached conditions of approval (Attachment 5).

**Open Space/Landscaping and Tree Preservation:** The PPSP envisions a network of varied open spaces that promote activity, greenery and livability in the district. The proposed plans show 41.9 percent of the site area as open space or landscaping where 20 percent is required in the PPSP. These areas include building perimeter and entry plazas with mounded landscaping and seating, an amenities area equipped with a fire pit, outdoor kitchen and lounge seating for future employees. The main building also includes a fourth-floor terrace for employees. Adjacent to the corner retail/office space are recreation areas that will include dining tables, game tables, lounge seating and fitness section proposed for public use under the project's Community Benefits Plan.

The site is designed to preserve a majority of the existing mature redwood trees. The ash trees lining the southern boundary of the site will also be preserved. There are 145 existing trees on the project site (includes street trees), and 77 trees (includes 11 street trees) are proposed to be removed (of which 55 are considered "protected"). The trees proposed for removal are either liquidambar trees or within the building footprints. The liquidambar trees will be replaced with new oak trees along the frontage, space permitting. Sidewalks will meander along the street frontage to preserve the mature redwoods. Staff has included a condition of approval requiring these trees be replaced per the City's current Tree Replacement Policy.

**Off-site Development/Improvements:** The project is required to install new sidewalks, curb and gutter, and landscaped areas along all street frontages to meet the PPSP standards. The sidewalks will meander as necessary to preserve the mature redwood trees and oak street trees will be planted along the frontage where space permits. The PPSP also proposes new bike lanes to be installed along the Almanor Avenue frontages of the site if feasible. Final designs will be determined by the Department of Public Works during the review of the off-site improvements.

**Moffett Federal Airfield Compatibility:** The project site is located within the Moffett Federal Airfield Airport Influence Area (AIA) defined by the Moffett Federal Airfield Comprehensive Land Use Plan (CLUP). The site is outside of all noise contours and safety zones. The project is consistent with the Santa Clara County Airport Land Use Commission (ALUC) safety, height and noise policies. The project is required to provide an Avigation Easement as the site is located within the AIA (Attachment 11).

The Federal Aviation Administration (FAA) has determined that the proposed project and its building heights will not be a hazard to air navigation and no additional action is required.

**Easements:** The project is required to provide the necessary right-of-way easements for public sidewalks. Additionally, the project will also provide public access easements for the outdoor dining/recreational areas along the Vaqueros Avenue and northern Almanor Avenue frontages and the pedestrian/bicycle path along the southern property line as proposed in the project's Community Benefits Plan.

### **FISCAL IMPACT**

Normal fees and taxes are expected. Standard fees for higher intensity office development projects in Sunnyvale include Transportation Impact Fees and Housing Mitigation Fees as well as all building permit related fees and taxes. Additionally, projects within the PPSP are required to pay: PPSP Infrastructure Fee for Wastewater, PPSP Infrastructure Fee for Water, PPSP Fee, PPSP Sense of Place Fee and fair share contributions towards Transportation Mitigation Fees (noted in PPSP EIR). Standard fees are established in the annually adopted fee resolution and ad hoc fees are calculated on a project by project basis. The estimated fees required for this project are included in Attachment 5.

In conjunction with the adoption of the PPSP, the City Council directed staff to impose appropriate fees for Sense of Place Improvements and Water Infrastructure on a project-specific (ad hoc) basis. The Mitigation Fee Act (Gov. Code Section 66001(a)) provides that when development impact fees are imposed as a condition of approval, the public agency must identify the purpose of the fee and the use of which the fee will be put, and determine how there is a reasonable relationship between the development project the fee's use and the public facilities required by the project. The Sense of Place fees will fund bicycle and pedestrian improvements designed to reduce automobile transportation by workers and residents of Peery Park, thereby helping to mitigate the impact of the higher density development on traffic, greenhouse gases and noise. In addition, the MMRP adopted with the Program EIR requires each project to fund its fair share of improvements to water infrastructure need to support the new development. The required findings for the Sense of Place and Water Infrastructure fees, including information to show how the fees were calculated are in Attachment 4.

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**PUBLIC CONTACT**

**Neighborhood Outreach Meeting:** A neighborhood meeting was held on October 12, 2016. The meeting was held jointly with another proposed project in the Peery Park area at 535 Del Rey Avenue. Approximately 12 members of the public attended. Residents in attendance from the nearby SNAIL neighborhood were pleased to see that the proposed buildings will not be visible from their neighborhood as shown in the neighborhood context study in Attachment 10. They also expressed support for the proposed architecture. One attendee asked about the possibility of having a publicly accessible rooftop terrace to which the applicant responded that access logistics would be a challenge given tenant security needs. The project will provide a publicly accessible outdoor dining and recreation area at the corner of Vaqueros Avenue and Almanor Avenue. Another attendee questioned the viability of the proposed retail location. It was explained that the proposed location of the retail/commercial space will primarily serve the surrounding businesses as restaurant, retail and personal service uses are minimal in this area of the PPSP.

**Planning Commission Study Session:** A study session was held with the Planning Commission for this project on October 17, 2016. Some of the comments and questions from the neighborhood outreach meeting were echoed by the Planning Commission (i.e. publicly accessible rooftop space). Commissioners were supportive of certain elements of the proposed architecture, particularly the use of a modern material (corten steel). The Commission suggested the applicant continue to work with staff to add more interest to the buildings, particularly on the street facing façade, and expressed desire to incorporate the required public art into the buildings. The applicant has worked with staff to improve the building elevation facing Almanor Avenue and to select a more vibrant shade of corten steel that would provide more contrast to the other selected materials. The applicant has also identified opportunities for incorporation of the public art requirement into the parking structure. A written response to the study session discussion provided by the applicant is in Attachment 12.

**Notice of Public Hearing, Staff Report and Agenda:**

- Published in the *Sun* newspaper
- Posted on the City of Sunnyvale's Web site
- Agenda made available at the Reference Section of the City of Sunnyvale's Public Library
- Agenda posted on the City's official notice bulletin board
- 295 notices were sent to property owners and tenants within 1,000 feet of the project site
- Email notice sent to SNAIL neighborhood association
- A copy of the report was available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website

As of the date of staff report preparation, and since the mailing of notices, staff has received no comments from the public.

**ALTERNATIVES**

Recommend that the City Council:

1. Make the required Findings to approve the CEQA determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; and approve the Peery Park Plan Review Permit subject to the PPSP Mitigation Monitoring and Reporting Program in Attachment 7 and recommended conditions of approval noted in Attachment 5.



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2. Alternative 1 with modified conditions of approval.
3. Do not make the CEQA Findings and direct staff as to where additional environmental analysis is required
4. Deny the Peery Park Plan Review Permit and provide direction to staff and applicant on where changes should be made.

**STAFF RECOMMENDATION**

Alternative 1: Recommend that the City Council make the required Findings to approve the California Environmental Quality Act determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; and approve the Peery Park Plan Review Permit subject to PPSP Mitigation Monitoring and Reporting Program in Attachment 7 to the Report and recommended conditions of approval set forth in Attachment 5 to the Report.

The proposed project provides a mix of uses, quality design and public spaces envisioned in the Peery Park Specific Plan Innovation Edge district. The buildings are designed to minimize visual impacts to nearby residential neighborhoods and oriented to create stronger pedestrian connections in and around the site.

Prepared by: Rosemarie Zulueta, Senior Planner

Reviewed by: Amber Blizinski, Principal Planner

Reviewed by: Gerri Caruso, Principal Planner

Reviewed by: Andrew Miner, Planning Officer

Reviewed by: Trudi Ryan, Community Development Director

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. *Not Used*
2. Vicinity and Noticing Map
3. Project Data Table
4. Recommended Findings
5. Standard Requirements and Recommended Conditions of Approval
6. CEQA Checklist for PPSP EIR Compliance
7. PPSP EIR - Mitigation Monitoring and Report Program (MMRP) for Project
8. Proposed Community Benefits Plan
9. Site and Architectural Plans
10. Renderings and Neighborhood Context Study
11. ALUC Determination
12. Applicant Response to Planning Commission Study Session Comments