



# City of Sunnyvale

## Agenda Item

17-0222

Agenda Date: 3/13/2017

### REPORT TO PLANNING COMMISSION

#### SUBJECT

**Proposed Project: PEERY PARK PLAN REVIEW PERMIT** to allow a 150,651 square foot four-story office/R&D building and a detached six-level with partial underground parking structure, resulting in 100% FAR, in the Peery Park Specific Plan area. The project includes a 2,500 square foot retail space on the ground floor.

**File #:** 2015-8110

**Location:** 675 Almanor Ave. (APNs: 165-44-006 165-44-012)

**Applicant / Owner:** Chang Architecture/Almanor Ventures LLC

**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:** Momoko Ishijima, (408) 730-7532, mishijima@sunnyvale.ca.gov

**General Plan:** Peery Park (PP)

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

**Subdistrict:** Innovation Edge/Activity Center Overlay (IEAC)

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

#### **Surrounding Land Uses**

**North:** Vacant lot in PPSP Innovation Edge/Activity Center Overlay/Futures Site

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

**East:** Office/R&D in PPSP Innovation Edge/Activity Center Overlay/Futures Site

**West:** Office/R&D in PPSP Innovation Edge/Activity Center Overlay

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

**Staff Recommendation:** 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 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 60,332-square foot office/R&D building and the construction of a four-story, 150,651-square foot office building, six-level (appears as a five stories

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from the street) parking structure with partial underground parking, and a 2,500-square foot retail space on the ground floor of the office building, on a combined 3.46-acre site, resulting in 100 percent floor area ratio (FAR). The project is in FAR Zone 1 and categorized as a Tier 3 Project in the PPSP where sites may develop up to 100 percent FAR with the provision of both Defined and Flexible Community Benefits and with City Council review and approval.

The City Council is scheduled to consider this item on April 13, 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 (PPPRP) is required for site and architectural review for new construction, additions or modifications of structures and property within the PPSP district. The PPPRP 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. The findings required to grant a PPPRP and the requested deviation are discussed in Attachment 4.

#### **Previous Actions on the Site**

The existing building was constructed in 1968 and several Use Permits and Miscellaneous Plan Permits have been approved over four decades for the installation of outdoor storage tanks, rooftop equipment, and staging of hazardous materials on site.

#### **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 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

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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 Peery Park Specific Plan project webpage and a link has been provided as Attachment 8.

## **DISCUSSION**

### **Present Site Conditions**

The 3.46-acre site is two parcels; the project site is bifurcated by the San Francisco Public Utilities Commission (SFPUC) right-of-way (ROW) into a north and south parcel. The south parcel, adjacent to Almanor Avenue, is 2.06 acres and the north parcel is 1.40 acres. The north parcel is separated from US Highway 101 by a parcel, under separate ownership, utilized for parking. The south parcel contains the Santa Clara Valley Water District Flood Control West Channel, which flows in a roughly south to north direction underground and connects to an exposed concrete channel to the north of the SFPUC ROW. The site contains an existing two-story, 60,332-square foot office building on the south parcel, which is proposed to be demolished. The north parcel has surface parking and landscaping.

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

The project is in the PPSP IEAC district and requires a PPPRP subject to review and approval by the City Council for the proposed 100 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 IEAC district of the PPSP.

**Floor Area Ratio (FAR):** The project includes a FAR of 100 percent and is located in Zone 1, which is identified in the PPSP as a Tier 3 project requiring City Council review and approval. This zone allows a development baseline FAR of 35 percent and a maximum of 100 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 contribution to the Community Benefits Fund ("Flexible Community Benefits"). Tier 3 projects with a baseline FAR of 35 percent can achieve an additional maximum 65 percent FAR through the provision of Defined Community Benefits (for a total of 80 percent FAR). To achieve a FAR of 100 percent, the project must provide Flexible Community Benefits.

The proposed Community Benefit Plan is anticipated to achieve 46 Defined Community Benefit points and a minimum 19 Flexible Community Benefit points for a total of 65 points (Attachment 9) where a minimum 65 points are required to achieve the desired 100 percent FAR. The applicant proposes the following:

Defined Benefits (45 points maximum allowed)

- 22 percent of the site is open space/landscaping (3 points)
- A 7,538-square foot publicly accessible open space with seating is proposed along the southern property line along Almanor Avenue (5 points-10 feet wide minimum required with recorded easement)
- 2,500 square feet of corner retail/commercial (minimum 2,500 square feet) space is proposed oriented toward publicly accessible open space (15 points)
- A 1,000-square foot publicly accessible outdoor recreation area facing Almanor Avenue with exercise equipment is proposed (5 points-1,000 square feet minimum required with recorded easement)
- 46 parking spaces are provided underground (10 points-26 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. The Flexible Community Benefit contribution has been set at a \$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, monetary contribution or other project features that overall benefit the community. Each project will be reviewed separately for the applicability of this value. The project will be required to pay flexible community benefits as calculated below:
  - Calculation: 19 percent of Total Building Area (150,651 square feet) x \$30 = \$858,710

**Site Design and Architecture**

The PPSP's vision for the IEAC 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 a four-story office building on the south parcel and a separate, partially underground 5-level parking structure on the north parcel (Attachment 10). The main office building entrance faces west toward the parking lot with a secondary entrance facing Almanor Avenue adjacent to the 2,500 square foot retail space. The retail space is designed to achieve a small activity cluster requirement, defined in the PPSP as a small store or cluster of stores integrated into a larger building consisting of restaurants, personal services or small-scale shopping located within easy walking distance to surrounding businesses.

**Vehicle and Pedestrian Circulation:** Vehicular access to the site utilizes the two existing driveway locations off Almanor Avenue. Vehicular access to the parking structure is across the SFPUC ROW property from the south parcel or from the vacant parking lot site at the rear of the site which connects to the property to the east where St. Jude Medical Inc. is located. There are existing mutual egress and ingress easements provided over these properties. Surface parking is proposed on the SFPUC property, but it is not counted toward required parking for the project since it not located on the applicant's property.

The PPSP requires buildings to be oriented to a street or open space to create clear pedestrian connections and pedestrian-friendly settings. The office building faces Almanor Avenue with a publicly accessible open space area with seating and recreational area across the frontage with meandering sidewalks around protected redwood street trees. The open space area ranges in width from 19 feet to 48 feet. The retail space will open to a public outdoor dining/recreation space. The publicly accessible recreational space on the west side will provide exercise equipment.

**Architecture:** The proposed architectural style is contemporary, which is consistent with the PPSP vision. The general shape of the building is rectangular with glazing and metal and stone paneling applied on the exterior. Horizontal and vertical lines are articulated with the use of building projections, fin walls, horizontal projections, and extended eaves with wood siding applied on the exterior. All four elevations are slightly different with complementary architectural elements and materials which make the design cohesive (Attachment 10). The parking structure 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, the applicant is also considering integrating the public art to the front of the main building and on the outdoor deck area. The project is subject to Sunnyvale's Art in Private Development requirement (Sunnyvale Municipal Code Section 19.52.030), which requires publicly visible art be installed on-site that is equal in value to one percent of the project construction valuation. Artwork is subject to approval by the Arts Commission; the Planning Commission may offer recommendations. The art in private development requirement is noted in the Conditions of Approval (Attachment 5).

### **Development Standards**

The proposed project conforms with the PPSP development standards such as building length, height, setback, and landscaping. Deviation to development standards may be considered with the PPPRP with the required findings. The following section includes clarification on development standard application and one deviation for the parking.

**Building Height/Stories:** Street facing buildings in the PPSP IEAC are limited to four stories and 60 feet. 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 and 74 feet nine inches to the top of the mechanical equipment screen. The parking structure measures 53 feet nine inches to the top of the elevator/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

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feet. The project includes a six-level parking structure, which includes a rooftop level and one level underground. Surface parking is also proposed on the south and north parcels. A total of 455 vehicular spaces are proposed where a minimum 498 spaces are required (43 parking spaces deficient). A deviation from the minimum required parking spaces is requested, which can be processed through this PPPRP approval. Although the parking for the SFPUC ROW property cannot be counted toward required parking, the applicant has secured a permit and lease agreement with the SFPUC to utilize the property for access and parking, which would provide an additional 68 parking spaces.

The findings required to grant a PPPRP and the requested deviation are discussed in Attachment 4.

Based on the maximum parking spaces required (686 vehicle spaces at 4 spaces/1,000 square feet), a minimum of 30 bicycle spaces is required-of which 23 must be secured. The project includes 32 bike parking of which 24 would be secured bicycle spaces.

**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 project proposes 22 percent of the site area as open space or landscaping where 20 percent is required in the PPSP. These areas include building perimeter and landscaping, decking and seating along the Almanor Avenue frontage and a fitness section proposed for public use under the project's Community Benefits Plan.

The site is designed to preserve the existing mature redwood trees along the frontage and onsite with the implementation of meandering sidewalks. The ash tree in the south parking lot will also be preserved. There are 35 trees on the project site (includes street trees), and 26 trees (includes 3 street trees) are proposed to be removed (of which 17 are considered "protected") as shown on Sheet L1.2 of Attachment 10. The trees proposed for removal are in poor health or within the building footprints. The protected trees will be replaced with new deodar cedars along the frontage, space permitting. Staff has included a condition of approval requiring these trees be replaced per the City's current Tree Replacement Policy.

The applicant has indicated that as part of the condition of the permit and lease agreement with the SFPUC, the agency has requested that all improvements, such as the trash enclosure, and trees be removed from the SFPUC property, as noted on the plans.

**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 12).

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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 Almanor Avenue 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.

### **PUBLIC CONTACT**

**Neighborhood Outreach Meeting:** A neighborhood meeting was held on December 8, 2016. The meeting was held at the project site with approximately four members of the public in attendance. Input from the public was complimentary of the proposed architecture and preservation of the redwood trees.

**Planning Commission Study Session:** A study session was held with the Planning Commission for this project on December 12, 2016. The Commissioners were generally supportive of the architecture with the use of natural materials, projections and angles on the design, preservation of the redwood trees along Almanor Avenue, and acknowledged that the parcels were challenging with the SFPUC ROW and the SCVWD Flood Control Channel. The Commissioners expressed that the parking structure should tie in more to the main office building design and supported the concept of integrating art as screening; the applicant's response is discussed in the Architecture section above. A question was raised regarding the viability of the retail space and the applicant responded that a service use such as a café would be the likely tenant and would not be open on the weekends.

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**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
- 433 notices were sent to property owners and tenants within 1,000 feet of the project site
- Email notice sent to S.N.A.I.L., Morse Park and Lowlanders neighborhood associations
- 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, adopt the Findings in Attachment 4 including the deviation for parking and adopt the recommended Conditions of Approval set forth in Attachment 5.
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: Momoko Ishijima, Associate Planner  
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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 (for use with Report to Council)*
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)
8. Link to the Peery Park Specific Plan Webpage
9. Proposed Community Benefits Plan
10. Site and Architectural Plans
11. Arborist Report
12. ALUC Determination