



City of Sunnyvale

Agenda Item

17-1067

Agenda Date: 12/11/2017

REPORT TO PLANNING COMMISSION

SUBJECT

File #: 2016-7573

Location: 623-625 N. Pastoria Avenue (APNs:165-41-029 & 165-41-030)

Proposed Project: Related applications on a 1.35-acre site on N. Pastoria Avenue:

PEERY PARK PLAN REVIEW PERMIT to construct a 52,755-square foot, three-story corporate/research and development (R&D) office building and a 1-level underground parking structure resulting in a total of 89% FAR. The project includes a restaurant on the first floor.

Applicant / Owner: Arc Tec, Inc. / George And Josefa Yagmourian Trustee

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: Ryan Kuchenig (408) 730-7431, rkuchenig@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Peery Park Specific Plan (PP)

Zoning: Peery Park Specific Plan (PPSP)

Subdistrict: Mixed Industry Core (MIC)

Existing Site Conditions: Two One-Story Industrial/Office Buildings

Surrounding Land Uses and Zoning:

North: R&D Office in PPSP Mixed Industry Core

South: R&D Office in PPSP Mixed Industry Core (across Del Rey Avenue)

East: R&D Office in PPSP Mixed Industry Core (across N. Pastoria Avenue)

West: R&D Office in PPSP Mixed Industry Core (a portion of the approved Irvine Pathline project)

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, make the Findings for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee in Attachment 4; 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 approximately 23,520-square feet industrial building and the construction of a three-story office building and one-level underground parking structure on a 1.35-acre site, resulting in 89 percent floor area ratio (FAR). The project is in FAR Zone 1 and categorized as a Tier 3 Project in the Peery Park Specific Plan (PPSP), where sites may develop up to 100 percent FAR with the provision of both Defined and Flexible Community Benefits subject to City Council review and approval.

The City Council is scheduled to consider this item on January 23, 2018.

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, and additions or modifications of structures and property within the PPSP district. The findings required to grant a PRP are discussed in Attachment 4.

Previous Actions on the Site

There are no previous planning actions related to the site.

EXISTING POLICY

The project site is subject to the purpose, intent and policies of the PPSP. 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.

Applicable Design Guidelines: The City's Design Guidelines, along with those in the PPSP, provide recommendations for site layout, architecture, and design. These guidelines are referenced in the discussion and analysis below.

ENVIRONMENTAL REVIEW

A Program-level EIR was prepared for the PPSP which identified potential impacts resulting from the proposed development intensities in the Plan. Certification of the EIR included a Mitigation Monitoring and Reporting Program (MMRP) with provisions to reduce some of the potentially significant impacts to a less than significant level, although some impacts remain significant unavoidable after mitigation. Statements of Overriding Consideration were 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 Statements of Overriding Consideration are 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 (see MMRP in Attachment 7).

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The project is within the scope of the PPSP Program EIR and is therefore exempt from additional CEQA review per CEQA Guidelines section 15168(c)(2) and (4) and Public Resources Code Section 21094 (c). The City has completed checklist and determined that no new environmental impacts are anticipated to occur and no new mitigation measures are required. The EIR MMRP is included by reference for this project.

DISCUSSION

Present Site Conditions

The project site is located at the northwest corner of N. Pastoria Avenue and Del Rey Avenue. Prior to the adoption of the PPSP, the site was zoned M-S (Industrial and Service) and is currently developed with two one-story buildings used as industrial and office space. There is currently a driveway off N. Pastoria Avenue and two driveways off Del Rey Avenue; however, one access point off Del Rey Avenue will be removed as part of this project. A loading/storage yard and parking lot is located behind the two buildings.

Peery Park Plan Review Permit

The project is located within the Mixed Industry Core (MIC) subdistrict and requires Peery Park Plan Review (PRP) subject to review and approval by the City Council for the proposed 89 percent FAR.

Use

The proposed office/R&D and restaurant use is consistent with the envisioned use for this area.

Floor Area Ratio (FAR)

The project includes a FAR of 89 percent and is 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 an environment that brings 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 PPSP Community Benefits Program to attain the desired FAR. The adopted PPSP 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"), off-site improvements and other project features that benefit the community. Tier 3 projects with a baseline FAR of 35 percent can achieve an additional maximum 45 percent FAR through the provision of Defined Community Benefits (for a total of 80 percent FAR). To achieve a FAR beyond 80 percent and up to 100 percent, the project must provide Flexible Community Benefits.

The proposed Community Benefit Plan notes that 46 Defined Benefit points could be achieved; however, a maximum 45 points is allowed through the PPSP Community Benefit Program; therefore, it is anticipated that a minimum 9 Flexible Community Benefit points are necessary to achieve a

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total of 54 required points to attain the desired 89 percent FAR. The applicant proposes the following:

- 45 Defined Community Benefit points
- 9 Flexible Community Benefit points (minimum)
- 54 Total points** (see Attachment 8)

Proposed Defined Benefits (80 points maximum allowed)

- Configure at least 50% of ground floor space for tenants under 15,000 sq. ft. (10 points)
- Approximately 25 percent of the site is open space/landscaping (3 points)
- Provide 2,500 sq. ft. - 5,000 sq. ft. of publicly accessible retail in a Small Activity Cluster configuration (10 points for ground floor restaurant)
- Gain 600 sq. ft. of development per parking space when providing parking in an underground structure (10 points)
- Project, including tenant improvements, will commit to achieve LEED Gold (between 75-79 points) with USGBC certification (13 points)

Flexible Benefits (9 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: Nine percent of Total Building Area (52,755 square feet) x \$30 = \$142,438.50 approximate value.

The 7,000 square feet area designated as restaurant space is included as a defined benefit for which additional office area is granted. Although the defined benefit is described as “2,500 sq. ft. - 5,000 sq. ft. of publicly accessible retail space,” the applicant specifically defines the area for a restaurant. This is significant because the applicant is also requesting reduced parking on site (see discussion below), which is allowed by the PPSP (Figure 2.6.1.D, which describes how different use type peak parking demand can allow shared parking). In the Shared Parking table, restaurant uses are shown to have peak parking hours in evening, late night and on weekends, while the main use on site, office space, has a peak parking period in the day. In contrast, retail sales have a peak parking period the same as office uses, which is during the day.

To summarize, for the project to gain the additional office space by using the defined community benefits, the project must include 2,500-5,000 square feet of retail or restaurant space in the project. But the project also includes a request to reduce the parking rate by using the shared parking allowance, and restaurant is the type of retail use that has offset peak parking periods. If, in the future, the owner wants to change the community benefit space from restaurant to retail, a separate permit will be required, including (potentially) a parking Variance, along with a parking management plan, to show how the parking needs will be met on site. At no time can that area be converted to office area.

Site Design and Architecture

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The PPSP's vision for the MIC subdistrict is concentrations of cutting edge start-ups, small scale R&D, prototyping, and production businesses; however, it also includes an approach that allows flexibility in response to current (and future) market demand. New development should also contribute to the emergence of a more attractive street environment, especially along Pastoria Avenue where it is envisioned to be a central spine for bicycle and pedestrian activity.

Site Layout: The project consists of one three-story building positioned over a one level underground parking structure positioned towards the street corner of the site. (See Site and Architectural Plans in Attachment 9). The building design includes two entrances: one at the corner of Del Rey Avenue and Pastoria Avenue, and the other facing the parking lot to the north. A publicly accessible restaurant space is included in the building at the corner facing Del Rey Avenue and Pastoria Avenue as a defined amenity requirement, and an outdoor seating area is included at that location. Additional amenity area for the office building will be located on the roof of the top floor. Although neither outdoor seating area is required as part of the defined benefits, it is included in the proposed project design.

Vehicle and Pedestrian Circulation: The main vehicular entrance to the site would be retained off N. Pastoria Avenue near the northeast corner of the site where the existing driveway is located. The neighboring site to the north also utilizes this entrance. A driveway off Del Rey will be primarily utilized for deliveries and trash pick-up use. Parking is accessed within a surface parking lot behind the building and within an underground parking structure, which is accessed through a ramp adjacent to the building to the west. Six parking spaces are available on-site off Del Rey Avenue. Pedestrian walkways are located around the perimeter of the building.

The PPSP specifies certain public improvements within the plan area. A new sidewalk will be installed along Del Rey Avenue with dimensions specified in the Conditions of Approval. For a stretch of Pastoria Avenue (including the project site), between Central Expressway and Almanor Avenue, the PPSP describes a 22-foot wide "Flexible Zone" zone as a streetscape improvement. As stated in the PPSP, this zone is intended to accommodate pedestrians, outdoor dining, and other activities and/or angled parking. The proposed project incorporates elements of the Flexible Zone by preserving existing trees and adding new street trees incorporated within curbside landscaping that stretches within the front setback area. As stated in the plan, no sidewalks are to be installed along this frontage. Required Sense of Place fees (per Conditions of Approval) are intended to provide funding for implementation of the various streetscape improvements described in the plan along Pastoria Avenue at a future date.

Architecture: The proposed architectural style is considered contemporary, which is consistent with the PPSP vision.

The proposed office building is generally rectangular in form with a portion recessed at the street corner. The building façade is composed mostly of blue tint glass (with low emission glazing system) with aluminum framing. Portions of each elevation utilizes stone tile cladding and clear glass along the façade for two story portions of the building. The use of GFRC panels is utilized along the west elevation facing the neighboring property. Aluminum composite metal is also utilized to frame and project from the upper floor. A tempered glass panel is utilized for the roof deck. A roof screen with limited visibility from the ground floor, due to its positioning towards the center of the roof, matches the materials and design of the building.

In response to the Planning Commission study session comments, staff has worked with the applicant on the colors and materials of the building with, which are provided in Attachment 9.

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 details on the project compliance with development standards.

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

Setbacks: The project meets all setback requirements. The office building is located approximately 25 feet from the front property line facing N. Pastoria Avenue and 22 feet from the property line along Del Rey Avenue. All other setbacks are met, as noted in the Project Data Table in Attachment 3.

Building Height/Stories: The office building is in the Mixed Industry Core district. Street facing buildings in the Mixed Industry Core are limited to four stories and 60 feet in height. Architectural projections and machinery penthouses not exceeding 25 percent of the roof area may extend the maximum height limit by an additional 25 feet. The proposed office building meets these standards, measuring 51' feet to the peak of the third story and 60' to the top roof screen. The roof screen is setback an additional 19 to 35 feet from edge of the building facing the two streets.

No deviation is requested for building height/stories.

Parking: The PPSP requires a minimum vehicular parking ratio of 3.3 spaces/1,000 square feet for corporate office/R&D uses. Of the 52,755-square foot office building, approximately 7,000 square feet is planned to be allocated for the restaurant use within a portion of the first floor of the building. Restaurant uses require a minimum 4 spaces/ 1,000 square feet. The project provides 164 spaces within a surface lot and underground garage. If the uses are calculated separately the site would require 179 spaces.

The Peery Park Specific Plan allows for a shared (reduced) parking rate to be considered for two differing uses on a site through a Parking Management Plan and when peak parking periods for each use do not overlap. It is expected that the peak parking period for the restaurant use will be during evening and weekend hours, while the office use would have a daytime peak parking period. As listed in the Peery Park Specific Plan document, the following table lists the shared parking rates for the proposed uses on-site:

Use	Peak Parking Period	Min. Parking When Shared
Restaurant, with or without beer and wine	Evening, Late Night, Weekend	3 spaces / 1000 s.f. minimum
Light Industrial, Office & Medical Professional, medical, corporate office or R&D	Day	2 spaces / 1000 s.f. minimum

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Based on a shared parking rate, a minimum 115 spaces would be required. The plan will include where on-site restaurant patrons can park. A Parking Management Plan is required per Conditions of Approval.

A draft Transportation Demand Management (TDM) plan has been submitted that identifies methods to reduce AM and PM peak hour trips by 20 percent. A final TDM is required per Conditions of Approval. Bicycle parking is required at five percent of vehicular spaces required. Based on 174 vehicle spaces, a minimum of 9 bicycle spaces is required-of which 7 must be secured. The project includes 29 bicycle parking spaces (27 secured) to encourage biking as an alternative mode of travel to and from the site. Bicycle racks are in visible locations near the entrance of the building facing the parking lot.

Open Space/Landscaping and Tree Preservation: The PPSP envisions a network of varied open spaces that promote activity, greenery and livability in the Plan Area. The project proposes 25 percent of the site area as open space or landscaping where 20 percent is the minimum required in the PPSP. This project obtains Defined Community Benefits by exceeding the 20 percent minimum. A landscaped plaza area is positioned at the corner of the building (at Pastoria and Del Rey Avenue). This area includes a combination of wood decking and enhanced paving that is planned to be utilized as an outdoor seating area for a restaurant/café. Additional planting wraps around this area, as well as along most of the perimeter of the site. Trees are also positioned throughout the parking lot.

Due to a required 20-foot wide storm drain easement, no trees can be planted along the western end of the site. This condition prevents shading for parking spaces positioned along this entire length of the property. Because of this constraint, trees will need to be added in other areas of the site to meet the 50% parking lot shading requirement.

There are 22 trees currently located on the project site, including street trees. Of the 22 trees, 17 are proposed to be removed. Of the 17 trees proposed for removal, 13 are considered "protected" (circumference of 38 inches or greater at breast height) pursuant to the City's Tree Preservation Ordinance (Sunnyvale Municipal Code Chapter 19.94). Staff has worked with the applicant to design the project to ensure that certain redwood trees can be protected. Four large-sized redwood trees located at the corner and along the N. Pastoria Avenue will be preserved. Many of the trees proposed for removal have been identified as either in poor/dead or diseased condition or are located within the building or parking structure footprint. Sidewalks will be designed to ensure that existing mature trees in good condition are preserved where possible. Consistent with the PPSP EIR, the project is subject to the City's Tree Preservation Ordinance and replacement tree policy.

Off-site Development/Improvements: The project is required to install new sidewalks, curb and gutter, and street trees along Del Rey Avenue street frontage. As stated in "Vehicle and Pedestrian Circulation" section of this report, public streetscape improvements that exclude a sidewalk are planned for the N. Pastoria Avenue frontage. 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 County of Santa Clara's Comprehensive Land Use Plan (CLUP) for Moffett Federal Airfield. The site is partially within the Inner Safety Zone and the turning Safety Zone. The project meets the allowable CLUP density of a maximum of 120 people per acre within the ISZ and 200 people per acre within the TSZ. The site is also within the 60-65 dBA noise

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contour for Moffett Field; however, the project has been deemed consistent with the CLUP as there are no long-term noise impacts and there will be no adverse impacts on any receptor. The project is consistent with the CLUP safety, height and noise policies. The project is required to provide an Aviation Easement as the site is located within the AIA (Attachment 10).

The Federal Aviation Administration (FAA) has determined that the proposed project and 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. As stated previously in the report, a required 20-foot storm drain easement lies along the west perimeter of the site. An ingress/egress easement is maintained along the northern end of the site to ensure access for the neighboring property.

Trash and Recycling Access

The trash facilities are planned to be incorporated into the west side of the building, which can be accessed off Del Rey Avenue. A final Trash Management Plan is required to be provided, per Conditions of Approval.

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: the 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 the 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, calculated as of February 2017, required for this project are included in the Conditions of Approval (See, COA BP-6) 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 September 7, 2017. No members of the public attended the meeting.

As of the date of staff report preparation, staff has received no comments from the neighbors.

Planning Commission Study Session: A study session was held with the Planning Commission for this project on September 11, 2017. The study session included discussion about the importance of including the restaurant in the building design and community benefits, the architectural design, and landscaping. The provision of a publicly accessible restaurant is required to be consistent with the community benefit provision.

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
- 104 notices were sent to property owners and tenants within 1,000 feet of the project site
- Email notice sent to the SNAIL neighborhood association
- A copy of the report was made available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website

ALTERNATIVES

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 in Attachment 4; make the Findings for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee in Attachment 4; 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.
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 in Attachment 4 to the Report; make the Findings for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee in Attachment 4 to the Report; 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.

As envisioned for the PPSP Mixed Industry Core district, the proposed project allows for an intensification of the site with a more efficient site layout and high quality building design which will contribute to an improved visual and pedestrian experience. With the included restaurant use and planned improvements along N. Pastoria, a plaza-like space will also be created. A condition of approval (AT-13 in Attachment 5) has been added to clarify that the area shown on the plans as a restaurant area must be used for restaurant uses, and not retail or office area, to be consistent with the PPSP shared parking allowance and the defined community benefit.

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Prepared by: Ryan Kuchenig, 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
Approved by: Kent Steffens, Interim City Manager

ATTACHMENTS

1. *Not Used (reserved for 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) for Project
8. Proposed Community Benefits Plan
9. Site and Architectural Plans
10. ALUC Consistency Determination