



City of Sunnyvale

Agenda Item

21-0758

Agenda Date: 8/23/2021

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: Related applications on multiple sites totaling 32.4-acres:

SPECIAL DEVELOPMENT PERMIT: To demolish two existing industrial/office/R&D buildings and three accessory structures and construct two new three-story office/R&D/manufacturing buildings totaling 1,211,000 sq. ft. (including 148,000 sq. ft. of basement space) connected by a pedestrian bridge across Kifer Road; and construct an 11,000 sq. ft. freestanding amenity building for a total combined FAR of 77%. The project also includes a five-level, above ground parking structure with an attached 12,000 sq. ft. central utility plant.

VESTING TENTATIVE PARCEL MAP: To merge four existing lots into two.

DEVELOPMENT AGREEMENT: Introduction of an Ordinance Approving and Adopting a Development Agreement Between the City of Sunnyvale and Intuitive Surgical, Inc.

Location: 932 Kifer Road (APN 205-49-005), 950 Kifer Road (APN 205-49-012), 945 Kifer Road (APN 205-40-002), 955 Kifer Road (APN 205-40-001)

File #: 2019-7557

Zoning: M-S (945/955 Kifer Road) and M-3 (932/950 Kifer Road)

Applicant / Owner: Foster + Partners/Intuitive Surgical, Inc.

Environmental Review: No additional review required as per CEQA Guidelines 15168(c)(2) and (4)
- environmental impacts of the project are addressed in the Lawrence Station Area Plan Update/Intuitive Surgical Corporate Campus Project Subsequent Environmental Impact Report (SEIR
- State Clearinghouse No. 2019012022)

Project Planner: George Schroeder, (408) 730-7443, gschroeder@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Industrial

Existing Site Conditions:

932 Kifer Road: Vacant industrial site with former chemical storage building.

950 Kifer Road: Office/R&D use.

945-955 Kifer Road: Private open space for company employee use.

Surrounding Land Uses

North: Industrial (across Central Expressway)

South: Multi-family residential (across the railroad tracks)

East: Industrial

West: Industrial

Issues: Floor Area Ratio (FAR) and Benefits to the City, Operational Traffic Impacts

Staff Recommendation:

- Make the Determination required by Resolution No. 371-81 for a Development Agreement

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(Attachment 12 to the Report)

Recommend that the City Council:

- Make the required findings to approve the CEQA determination that the project is consistent with the Lawrence Station Area Plan Update/Intuitive Surgical Corporate Campus Project SEIR and no additional environmental review is required;
- Approve the Special Development Permit and Vesting Tentative Parcel Map based on findings in Attachment 3 and Recommended Conditions of Approval in Attachment 6; and
- Introduce an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Intuitive Surgical, Inc.

BACKGROUND

General Plan Amendment Initiation (GPI)

On August 14, 2018, the City Council initiated a General Plan Amendment study to include three sites (932, 950, and 945-955 Kifer Road) owned by Intuitive Surgical, Inc. ("Intuitive"). The Study included an evaluation of expanding the Lawrence Station Area Plan (LSAP) boundaries to include these sites and directed staff to include the boundary expansion in the concurrent LSAP Housing Study. Inclusion of these sites in the LSAP boundary would allow consideration of higher floor area ratios (FAR) with provision of development incentives/community benefits. The Council included direction to study a pedestrian/bicycle route from the subject properties to Lawrence Station and analyze methods to maximize the existing tree canopy, preserve the existing trees, and maintain the open space within the 945-955 Kifer Road site. Intuitive subsequently filed an application for a General Plan Amendment and Rezoning.

Inclusion in the Lawrence Station Area Plan

A Subsequent Environmental Impact Report (SEIR) was prepared for the increase in LSAP housing potential and boundary expansion, as well as a project-specific analysis of Intuitive's proposed project.

LSAP amendments, including the boundary expansion, are included as a separate agenda item (Report to Planning Commission No. 21-0642) for discussion and consideration prior to acting on Intuitive's development project. Review of this application may occur at the same hearing if the Planning Commission recommends that the City Council adopt the LSAP amendments, including the boundary expansion.

The report's analysis assumes certification of the SEIR, inclusion of the project sites within the LSAP, and rezoning to the LSAP-specific designations of LSAP Industrial and Service 60 percent (M-S/LSAP 60%) for 945-955 Kifer Road and LSAP Industrial and Service 120 percent (M-S/LSAP 120%) for 932 and 950 Kifer Road. If the above approvals do not occur, then the Intuitive project cannot be approved.

Description of the Proposed Project

Intuitive is a company that makes robotic-assisted surgical devices. Intuitive has been operating in Sunnyvale for over 20 years, has its global headquarters near the project sites (1020 Kifer Road), and employs over 2500 employees. Intuitive is proposing to redevelop the three project sites (with four assessor parcels) totaling 32.4 acres to expand and consolidate business operations in Sunnyvale. The sites at 932 and 950 Kifer Road are considered the "south site" and 945-955 Kifer

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Road is called the “north site.”

The proposed project consists of constructing a new corporate campus of 1,211,000 sq. ft. including new parking, landscaping/open space, and circulation improvements (see Attachment 7 for the proposed plans). The applicant estimates that the campus would accommodate 3,500 employees. The north site includes a three-story, 364,000 sq. ft. (including 17,000 sq. ft. of basement area) office building with two levels of parking underneath and a one-story, 11,000 sq. ft. detached amenity building for employee use. The new amenity building would replace an existing 14,806 sq. ft. fitness building. Other smaller accessory structures include a bicycle enclosure and an exhaust enclosure for the underground parking structure. The total FAR for the north site is 99%.

On the south site, the existing buildings and structures would be demolished to construct a new three-story, 847,000 sq. ft. (including a 115,000 sq. ft. basement) industrial/research and development (R&D) building with a separate five-level, above ground parking structure that has an attached 12,000 sq. ft. central utility plant at the rear. The first floor of the south building will be manufacturing. The total FAR for the south site is 53%. A new pedestrian bridge across Kifer Road would link the two main buildings on each site.

Assuming inclusion of these sites within the LSAP, the proposed project will comply with all applicable Sunnyvale Municipal Code development standards, such as lot coverage, setbacks, parking, height, and landscaping. The Project Data Table in Attachment 5 summarizes the project’s compliance with code standards.

Special Development Permit

New construction of permitted uses in the M-S/LSAP 60/120% zoning district requires a Special Development Permit (SDP). The SDP is required to confirm that the project’s site and architectural design will implement the provisions of the LSAP. SDPs are typically only reviewed by the Planning Commission. However, the project must also be reviewed at a City Council hearing because of the proposed Development Agreement (DA) (described below) included in the application.

Vesting Tentative Parcel Map

The applicant proposes to merge the two existing south site parcels together as one parcel and the two existing north site parcels together. A Tentative Parcel Map is the instrument for the lot merger and to show the location of lot lines, easements, and other improvements (see Sheet G-SL-011-XX-01-PL in Attachment 8). The applicant is proposing a Phased Vesting Tentative Parcel Map to vest their right to build the project under current regulations and secure the project against future Sunnyvale Municipal Code amendments that might otherwise affect the project. Phase I is for the merger on the south site and Phase II is for the north site. The Final Map is approved by the Director of Public Works and must be in substantial conformance with the Phased Vesting Tentative Parcel Map.

Development Agreement

The proposed amended LSAP requires a DA for office/R&D/industrial development above the base maximum FAR with green building bonus (greater than 45% FAR). Development above this FAR requires the applicant to provide Community Benefits negotiated as part of a DA, which may include incentives from the LSAP Development Incentives Program.

This item is scheduled to go to the City Council on September 14, 2021.

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EXISTING POLICY

General Plan Goals and Policies: A complete list of goals and policies from the Land Use and Transportation Chapter of the General Plan that pertain to the proposed project are in Attachment 3.

Lawrence Station Area Plan Goals, Policies, and Design Guidelines: A complete list of goals, policies, and design guidelines from the update to the Lawrence Station Area Plan that pertain to the proposed project is also in Attachment 3.

ENVIRONMENTAL REVIEW

As part of the review of the amendments to the LSAP, the City prepared a Draft and Final SEIR (State Clearinghouse #2019012022) pursuant to the California Environmental Quality Act (CEQA). The SEIR included a program-level analysis of the LSAP amendments, as well as a project-specific analysis of the proposed project. The Final SEIR includes a Mitigation Monitoring and Reporting Program (MMRP) with mitigation measures to reduce potentially significant impacts to a less than significant level, although some impacts would remain significant and unavoidable after mitigation. The LSAP SEIR's MMRP has been incorporated into the Recommended Conditions of Approval in Attachment 6.

This report assumes that the SEIR will be certified and a Statement of Overriding Considerations for significant unavoidable impacts will be adopted by the City Council. An adopted Statement of Overriding Considerations is deemed by the certification of the SEIR to be applicable to subsequent projects that are consistent with or that implement the LSAP's goals and objectives.

As the lead agency, the City implements the adopted MMRP for each subsequent project. The proposed project was specifically analyzed in the SEIR and is therefore exempt from additional CEQA review (CEQA Guidelines Section 15168(c)(2) and (4) and Public Resources Code Section 21094(c)).

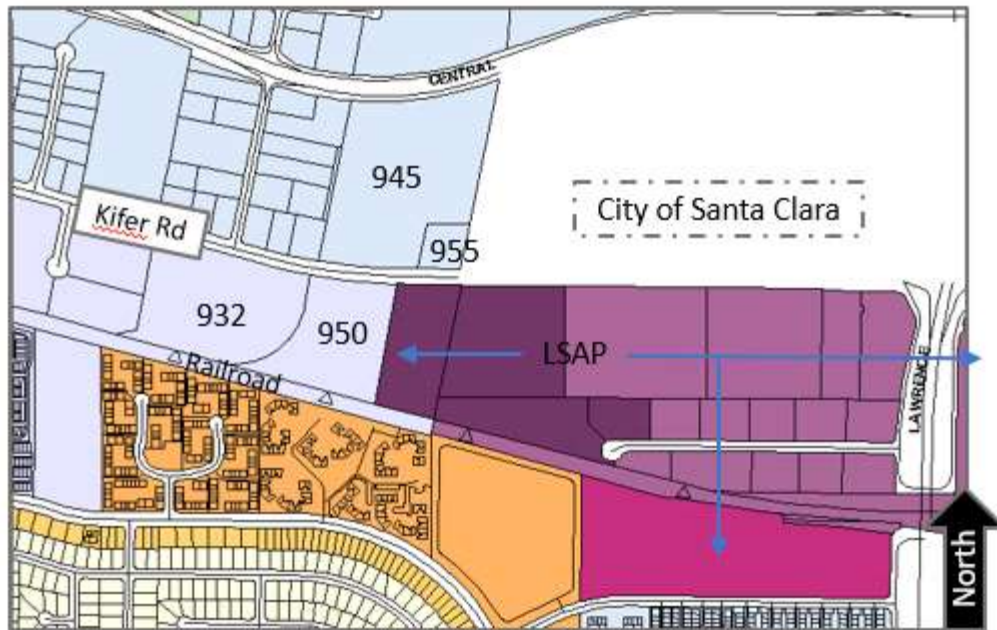
DISCUSSION

Existing Site Conditions

The sites at 932 and 950 Kifer Road are adjacent to 960 Kifer Road, the current western boundary of the LSAP. The site at 945-955 Kifer Road is directly across the street from 950 and 960 Kifer Road and immediately west of the City of Santa Clara border. The furthest corner of the sites is 0.7 miles from Lawrence Station. The current use of the sites and past City approvals are described below.

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932 Kifer Road

Mohawk Laboratories operated a chemical blending and distribution plant at the site from 1967 to 2017. The site has been vacant since 2017. The past use of hazardous materials onsite resulted in contamination of soil, soil gas, indoor air, and groundwater. The groundwater plume has combined with other nearby properties' groundwater plumes extending north to DeGuigne Drive. The Regional Water Quality Control Board (RWQCB) has overseen site remediation since 1993 and subsequent remediation structures have been installed and removed over the years. In 2000, the City approved a Tentative Parcel Map to subdivide the site into two parcels, but a final map was never recorded, and the site remains one parcel.

950 Kifer Road

The site was redeveloped in 1986 with a one-story, 105,000-square foot office/R&D building (approximately 35% FAR). The building is currently occupied by Intuitive, which has operated onsite since 2002. The existing building would be removed as part of this application.

945-955 Kifer Road

The existing private park was developed in 1985 as a recreational area for employees of National Semiconductor, Inc., which was later acquired by Texas Instruments. Intuitive purchased the site in 2014 and continues to use the park for their employees' exclusive use.

Vicinity

The project sites are adjoined by industrial uses to the east and west. Industrial uses are also present across Central Expressway to the north of 945-955 Kifer Road. There are existing medium-density multifamily residential uses across the railroad tracks to the south of 932 and 950 Kifer Road.

Intuitive owns several parcels within the current LSAP boundaries, including the existing headquarters site at 1020 Kifer Road. There is a recently constructed Class I shared-use path on the west and south sides of this site which provides direct access from Kifer Road to Sonora Court,

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leading to Lawrence Station via San Zeno Way.

Floor Area Ratio

The LSAP's incentive-based zoning concept allows higher FAR with provision of Community Benefits. A new policy requires a Development Agreement (DA) for office/R&D/industrial (including manufacturing) projects requesting to exceed the base maximum FAR of 35% and 10% voluntary green building bonus. The DA memorializes Community Benefits required in exchange for higher FAR. The proposed FAR on the north site is 53% and south site is 99% for a total combined site FAR of 77%. Refer to the DA section below for a discussion of the Community Benefits provided.

LSAP Development Capacity

The LSAP includes a development capacity for net new office/R&D development. The inclusion of these sites within the LSAP boundary adds existing allowable development potential of 35% FAR (or 493,831 sq. ft.) to the development capacity. The project proposes a net increase of 717,169 sq. ft. (above 35% FAR), which results in 191,209 net new sq. ft. remaining for other LSAP properties on a first-come, first-serve basis.

Site Layout

The proposed primary buildings on each site are oriented towards Kifer Road and are connected by an elevated pedestrian bridge over Kifer Road that allows employees and visitors to access each site. The north site building is primarily for office operations and the south building is for manufacturing and R&D. Parking for the north site is provided in two levels beneath the building and a small surface parking lot near the entrance. Parking on the south site is primarily within a new above-ground parking structure along with a surface parking lot in front for visitors. Internal walkways within each site connect buildings and open space areas together. New public right-of-way improvements in accordance with the Lawrence Station Sense of Place Plan (LSSOP) are proposed on each frontage. Below is a detailed description of the layout for each site.

North Site

The proposed office building is positioned on the eastern half of the site to maximize the existing open space and tree canopy onsite. It has a building footprint that includes offsets to avoid conflicts with trees, consistent with Council direction from the GPI. The below-grade parking structure has also been located to minimize loss of trees. The private open space area includes the existing outdoor amphitheater and shade canopy; bicycle parking, including a small parking enclosure; an exhaust enclosure for the underground parking; an outdoor dining area; sport fields and courts; and a new multi-purpose amenity building at the rear by Central Expressway.

Vehicular access is provided through two new driveways along Kifer Road. The eastern driveway is accessed from an existing driveway approach on the adjacent Intuitive-owned site in the City of Santa Clara. The driveway extends on the project site to the north, branching off to lead to either the underground parking structure or loading area/trash enclosure with further continuation to the rear amenity building. The western driveway is for visitor access, leading to the visitor parking lot and looping to a drop-off area at the building entrance. The two driveways are connected by an interior emergency vehicle access driveway parallel to Kifer Road.

Pedestrians can access the proposed building from the public sidewalk on Kifer Road via two walkways that lead to three building entry points. Bicyclists can also enter by the walkway at the visitor entrance and ride to the side or rear building entries. Onsite walkways are proposed on three

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sides of the building and throughout the open space and amenity areas.

South Site

The proposed manufacturing/R&D building and parking structure covers a substantial portion of the south site but with adequate space for landscaping and pedestrian, bicycle, and vehicular access. Attached to the rear of the parking structure is the site's trash enclosure and a central utility plant for energy operations. Two loading areas are located at the rear of the main building, with the third accessed on the east side through a ramp down to the basement level.

As with the north site, vehicular access is also through two new driveways along Kifer Road; the main driveway that aligns with the terminus of Commercial Street and a secondary driveway on the east side of the site. The main driveway provides access to the parking structure and the surface parking lot in front of it. It extends towards the rear of the site and behind the main building for emergency and service vehicle access. The secondary driveway is for visitor and emergency vehicle access and ends in a turnaround cul-de-sac shortly into the site.

The highlight of onsite pedestrian and bicycle circulation is the new publicly accessible Class I shared-use path which provides access from Kifer Road, west of Commercial Street, to the rear corner of the site, positioned to be extended to the east towards Lawrence Station when the adjoining 960 Kifer Road site redevelops. This is a key element of the LSAP and LSSOP as directed by the Council from the GPI and fulfills the updated goals and policies on pedestrian and bicycle circulation. Employees and visitors using the path can access the building from two points of entry. Pedestrians and bicyclists can also access the building and parking structure from Kifer Road. Bicycle parking is located within the parking structure and by the main entry of the building. Interior walking paths are provided throughout the site.

Architecture

Main Buildings

The proposed buildings have 360-degree architectural elements and are designed with a unifying architectural language to create a cohesive campus setting. The north and south main buildings have a similar contemporary architectural style with rectangular forms, large building insets, projecting wall features, curved roofs, and high-quality glass and steel materials to reflect the industrial use of the buildings. The form of the south building follows the function of the manufacturing use that takes up the entire ground floor area and extends along the Caltrain line to provide the same architectural treatment as along Kifer Road. The north building has a smaller footprint and features a deep corner setback to preserve a grove of existing trees.

The design incorporates and is consistent with LSAP design guidelines by modulating building facades into smaller segments. For example, on the long ends, there are 30-foot wide by 30-foot-deep building insets every 80-90 linear feet of façade. On shorter ends of the building, two-to-three substantial 70-foot-long building core elements project from the wall face to visually shorten the length of the façade. Window glazing on these projecting stair core elements also shows activity within the building. Building entries are emphasized with insets ten feet from upper floors, as well as plazas outside. The top of the buildings are well-defined with curved roofs and angled skylights that mimic older factory buildings. The projecting roof canopies add a modern touch and provide a distinctive eave line to reduce bulk. Atriums within the interior of the buildings provide additional open space for employee and visitor use.

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Clear-gridded glass panels primarily cover the wall surface with interruptions by glass fiber reinforced concrete (GFRC) columns and projecting core elements. Spandrel glass placement defines the location of each building floor. Projecting rooflines feature painted structural steel with a wood-appearing metal soffit underneath. Bird-safe measures have been incorporated through low-reflectivity glass, interior window blinds, small glass panes, and shielded site lighting near buildings.

Pedestrian Bridge

The pedestrian bridge across Kifer Road spans approximately 510 feet between the buildings and is 14 feet wide and is available for Intuitive employees and guests only. The bridge maintains a minimum clearance of 20 feet from the roadway surface. There are no supporting columns proposed in the road. The design of the pedestrian bridge incorporates elements and materials from the main buildings. The contoured underside of the bridge is clad with similar wood-appearing metal as the buildings' roof overhangs. A glass roof across the bridge span shields users from the elements and metal railings line the edges.

Amenity Building

The rear amenity building on the north site is a modern-themed rectangular design also outfitted with similar materials as the main buildings. The exterior surface is a mix of glass panels and wood cladding. Timber columns provide breaks in the wall surface. The flat roof is covered with solar panels.

South Parking Structure

The parking structure incorporates elements from the adjacent main building on the south site, particularly large building insets that form three modules to the front and rear. Additionally, there are projecting metal stair and elevator core elements on the side elevations to break up the long ends. Enclosed attached utility spaces on the rear provide additional variation in the wall surface. A steel roof canopy mounted with solar panels provides a distinct top element to the parking structure.

The upper levels of the parking structure are clad with vertical channel glass units on all sides. The channel glass cladding will be translucent, providing a sense of activity beyond but also screening the parking decks. Concrete shear walls provide intermittent relief from the typical channel glass glazing. Cast-in-place concrete is the primary exterior surface for the ground level. The applicant has also expressed intent to propose public art on the front façade of the parking structure, like a recently constructed parking structure in Peery Park. The public art component will be reviewed by the Arts Commission later in the process.

The parking structure is consistent with the LSAP design guidelines by minimizing views of parking decks, incorporating high quality materials, and reducing mass through building insets and wall projections. Conditions of approval require additional refinements to paint color - dark colors for the recessed shear walls at the front and rear, and a matte, non-reflective color for the central utility plant's thermal storage tank.

Development Standards

The project complies with LSAP development standards, such as setbacks, height, lot coverage, and landscaping.

Setbacks

The proposed buildings and structures exceed minimum setback requirements in the M-S/LSAP 60%

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and 120% zoning districts, including to all property lines and between main buildings.

Building Height

The maximum allowable height in the M-S/LSAP 60% and 120% zoning districts is 85 feet. There is no specified limit on stories. The proposed buildings and structures are within the maximum height limit, with the tallest building proposed at 65 feet (south site).

Solar Analysis

Pursuant to the Sunnyvale Municipal Code amendments associated with the LSAP Update, solar shading analyses are no longer required for projects within the LSAP. Because the project was designed before this amendment went into effect, a solar shading analysis was prepared. The analysis demonstrates that the cumulative shadows cast by the proposed buildings do not shade more than ten percent (10%) of the roof area on existing buildings on nearby properties during the hours of 9 AM to 3 PM throughout the entire 365-day solar cycle, which is consistent with the Sunnyvale Municipal Code requirement that previously applied.

Lot Coverage

The LSAP Update incorporated a new maximum lot coverage requirement of 80 percent, which accounts for a minimum of 20% site landscaping. The project includes a significant increase in lot coverage over the existing due to higher intensity development. However, proposed lot coverages for each site are well within the maximum allowed, with the highest being 52% on the south site.

Automobile Parking

The automobile parking requirement is assessed for the main buildings excluding amenity spaces and non-habitable uses, such as the central utility plant. The project also qualifies for a three percent reduction in required parking because of installation of employee showers and locker rooms to support bicycle commuting. The resulting minimum requirements from Table 19.35.080A of the Sunnyvale Municipal Code are 1,613 spaces for the south site and 937 for the north for a total of 2,550 spaces.

The project includes a total of 2,550 spaces throughout both sites, which is consistent with the minimum code requirement. Ninety-six percent of the provided parking is located within above ground or below grade parking structures. The remaining four percent are surface parking spaces, which are in small visitor parking lots on each site. The south site's parking structure provides an excess of 115 spaces above the minimum requirement, which complements the shortage of 115 spaces on the north site. Given the same ownership and seamless access between both sites via the Kifer Road/Commercial Street crossing improvements and new pedestrian bridge, staff is supportive of this shared arrangement between sites. Shared parking is also encouraged in the LSAP.

Bicycle Parking

Pursuant to Table 19.35.080B, a minimum of one bicycle parking space per 6,000 sq. ft. of building area is required, 75% of which must be Class I (secured) and 25% Class II (racks). This results in a total project requirement of 148 Class I and 50 Class II bicycle parking spaces, which the project is consistent with. On the south site, there are 104 Class I spaces included within the parking structure and 35 Class II near the main building entrance. On the north site, there are 44 Class I spaces provided within a detached enclosure behind the main building and 15 Class II spaces on the west

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side of the main building. Showers and locker rooms are in the basement of each main building.

Landscaping and Trees

Landscaped Area

Table 19.35.090 of the Sunnyvale Municipal Code requires landscaping for a minimum of 20% of the site area and landscaping for a minimum of 20% of surface parking lot area. Preliminary landscaping plans demonstrate compliance with this requirement. The south site contains 20% total landscaped area and 21% surface parking lot landscaping. The Class I shared-use path is not counted towards this requirement because it is publicly accessible. Fifty-four percent of the north site is landscaped and 25% of its surface parking lot is landscaped. The applicant is not proposing public access on the north site's extensive open space area and intends to continue restricted access for security reasons.

Landscaped areas include landscaping around the perimeter of the buildings, landscaped frontage strips, interior recreational open space areas, and landscaped buffers in setback areas. There are landscaped islands and perimeter landscaping buffers in both sites' surface parking lots that meet parking lot shading requirements. Decorative paving surfaces are provided at driveway entries, plazas outside main entries, and key pedestrian paths.

Tree Preservation, Planting, and Removal

The project design incorporates measures to maximize tree retention, particularly on the north site, in accordance with City policies and Council direction at the GPI hearing. There are a total of 1,062 existing protected trees on both sites with the most common species being Coast Redwood and London Plane trees. The project retains 85% of the existing trees on the north site and 3% of the existing trees on the south site. Many of the south site trees are in poor health or have poor structure and/or would be impacted by the building footprint. Many of the Kifer Road frontage trees would remain. A total of 240 protected trees (pursuant to Chapter 19.94 of the Sunnyvale Municipal Code) are proposed for removal, with the most common species being Holly Oak, Carob, and Italian Cypress. The City Arborist and staff from the Planning Division and Public Works Department walked the project area on two occasions to verify proposed removals and concur with the proposed course of action.

The project is subject to the City's Tree Preservation Ordinance and replacement tree policy and proposes 663 new trees to be planted in a variety of container sizes ranging from 15-gallon to 48-inch box. Planting typologies are grouped in three categories: redwood forest, a continuation of the existing redwood-dominant parts of the site; foothill woodland, characterized by oaks and pines with intermediate-height shrubs and groundcover; and grassland meadow, dense and diverse lower-height shrubs, and groundcover plantings.

Security Fencing

The project is proposing to replace existing security fencing with eight-foot tall, black-painted steel fencing composed of vertical pickets that would fully surround both sites. Additionally, each driveway and walkway entrance into the sites would include a security gate. Pedestrian and driveway gates leading to visitor parking would be open during business hours. Driveway gates are positioned at a distance inside the sites to allow for vehicle queuing. Security personnel booths are positioned near each driveway entrance.

While there is a general concern about fencing off sites from the public right-of-way, the fence design is decorative, semi-transparent, and designed to blend in with site landscaping. Additionally, the

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fencing is setback at least 15 feet from the front property lines, which is the minimum required building setback. Publicly accessible areas like the Class I shared-use path will not be gated or access will not be restricted.

Traffic and Off-site Improvements

Traffic

The project was evaluated in the LSAP SEIR and no significant effects to vehicle miles traveled (VMT) were identified. Level of service (LOS) is no longer considered an impact under CEQA. The only transportation related CEQA mitigation measure requires a temporary traffic control plan for project construction.

Council Policy 1.2.8 requires a Local Transportation Analysis (LTA) which includes LOS analysis to ensure intersection and roadway efficiency and to comply with the VTA's Congestion Management Program (CMP) under the near-term/background conditions. The City contracted with Hexagon Transportation Consultants to prepare a transportation impact analysis (TIA) to study the operational effects of the project (Attachment 8).

The TIA identified that the project would result in adverse LOS deficiencies at several intersections, most of which include County expressways, under the near-term/background plus project conditions. The project is required to pay a fair share contribution of \$1.19M (in addition to the standard Transportation Impact Fee - TIF) towards constructing the needed improvements. The project will be constructing a new traffic signal at Commercial Street and Kifer Road, which is being partially funded by the Fortinet project at 909 Kifer Road. The TIA also found that two SR-237 freeway segments would be affected by the project. A fair share contribution of \$0.18M towards the VTA's Voluntary Freeway Contribution Program will also be required to offset the freeway impacts.

Other Offsite Improvements

The project is required to install new curbs, gutters, sidewalks, street trees, and streetlights along both Kifer Road frontages. Existing gaps in the sidewalk network along portions of the north site and south site will be remedied with the project. The sidewalk and street light design will follow the new LSSOP standard.

Several LSSOP improvements would be accomplished as part of this project, either as standard development requirements or as part of the Community Benefits in the DA. The applicant proposes to construct improvements in the LSSOP instead of paying the impact fee, which will assist in implementing these features more quickly. The improvements include:

- A new landscaped median along the Kifer Road frontage (Community Benefit).
- Where right-of-way permits, widen existing bicycle lanes and add striped buffers (standard development requirement).
- Installation of large gateway signage, which may be in the median or on the project frontage (Community Benefit).
- New covered VTA bus stop in front of the south site (Community Benefit).

Transportation Demand Management

The project is required to provide a Transportation Demand Management (TDM) plan with a daily trip reduction target of at least 20% and a peak hour trip reduction target of at least 35% pursuant to Policy TDM-P2 of the LSAP. A preliminary TDM plan is included in Attachment 10 and includes initial

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reduction measures. A final TDM plan is required prior to building permit issuance and there will be annual reporting requirements pursuant to the City's TDM Program once the building is occupied.

Water, Wastewater, and Stormwater Infrastructure

The City consulted with BKF to prepare a utility infrastructure impact analysis for the project (Attachment 9) along with the amendments to the LSAP. Water supply and service, wastewater treatment and disposal, and stormwater impacts were studied. The findings of the study are summarized below:

- The existing potable water supply system is sufficient to meet the maximum daily demand plus required fire flows.
- The existing sanitary sewer system is designed to meet project wastewater demands and no upgrades are required.
- Due to current requirements for stormwater management and landscaping area, the project is not expected to increase stormwater runoff to the existing storm drain system.

Recycled Water

The applicant is also proposing to construct or fund a recycled water line extension from the intersection of Wolfe Road and Kifer Road as part of the Community Benefits contained in the DA. The DA allows the option for the applicant to either design and construct the extension or pay the City to design and construct a future extension. A condition of approval has been added to ensure recycled water is not used for irrigating redwood trees on either site, since the current high salt content in the recycled water can damage these trees.

City Green Building Requirements

The City's Green Building Program requires a minimum of LEED Gold with USGBC certification, including Design Phase credits reviewed and approved by the USGBC. The project is consistent with this requirement by targeting LEED Gold with a minimum of 63 points. The proposed building is all-electric but would not receive the additional 10% FAR bonus from the Green Building Program because it does not achieve at least 75 points.

Reach Codes

The City adopted Reach Codes for all electric new construction, minimum solar PV system and extensive electric vehicle (EV) infrastructure; these Codes became effective in January 2021. The project was determined to be complete in December 2020, prior to effective date of the Reach Codes and therefore the Reach Codes do not apply to this project; note however, that the project meets or exceeds all requirements of the new Reach Codes.

- **All Electric:** The building will be all-electric with no natural gas hookups and is listed as a Community Benefit in the DA.
- **Solar Panels:** extensive arrays of solar panels are proposed for this project. This project would provide 13.5 megawatts (i.e., 13,500 kilowatts), which is considerably higher than the Reach Code minimum of 5 kilowatts.
- **EV Infrastructure:** The recently adopted Reach Codes would require that 35% of vehicle parking spaces have EV capable conduit installed and that 35% of the spaces have Level 2 EV chargers installed. The proposed project will include installation of Level 2 EV chargers for 35% of the spaces and 65% of vehicle parking spaces will have EV capable conduit installed for the future.

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Easements and Utilities

Easements and Permits

In addition to standard utility, sidewalk, and emergency vehicle access easements, other new easements facilitate distinct site features:

- Kifer Road Pedestrian Bridge: Encroachment Permit with the City.
- Parking: Parking space utilization for the south and north site so that employees/visitors can park on one site and access the other.
- North Site Driveway: Reciprocal ingress and egress on the shared driveway with the adjacent Intuitive-owned property in the City of Santa Clara.
- South Site Class I Shared-Use Path: Public pedestrian and bicycle access easement.
- Class I Shared-Use Path Future Connection: Allowance for future connection to the new path and associated ingress/egress upon redevelopment of the adjoining 960 Kifer Road property to the east. This would ensure continuation of the path upon that site's redevelopment with public access towards Sonora Court.

All the above are incorporated into the conditions of approval.

Utilities

Both sites include transformers and other mechanical equipment in the main building basements, rather than on the ground or roof, so there are no screening concerns. Above-ground backflow preventers are grouped together on each site and will be screened by landscaping. Another unique utility feature is that the new Kifer Road pedestrian bridge would convey a hot/chilled water line across Kifer Road between both main buildings to support manufacturing operations.

Trash and Recycling Access

Solid waste and recycling enclosures are attached at the rear of the parking structure on the south site and rear of the main building on the north site. They are both accessed through the main driveway on each site with adequate turnaround and maneuvering area. The City's Environmental Services Department, Solid Waste Program approves of the conceptual waste management plan and will review the final details prior to building permit issuance.

Development Agreement

The project applicant (developer) is proposing to enter into a DA with the City of Sunnyvale. The term of the DA would be 15 years; or ten years following issuance of the first building permit. The DA identifies the terms and obligations of both parties, the general and vested entitlements, and identification of the mutual benefits to both parties. A Draft of the implementing ordinance and DA are in Attachment 2. Attachment 11 is Resolution No. 371-81: Procedures for Processing Development Agreements.

The DA includes the following benefits to the City:

- Sales Tax Revenue. Landowner shall pay the "Sales Tax Revenue Guarantee Amount," as provided in Section 4.2.1.
 - The Landowner has generated a large amount of sales tax; it is expected that the Landowner will continue to provide this revenue to the City. This DA provides a sales tax revenue guarantee amount equal to the average of fiscal years 2018, 2019 and

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2020. Sales tax contribution for an individual business is confidential and therefore the dollar amounts will be reviewed outside of the DA by staff authorized to receive this information. This benefit would be in place for the entire 15-year term of the DA, however once either of the main buildings is constructed the term is reduced to 10 years from the date of the certificate of occupancy (final inspection).

- VTA Bus Stop. If requested by VTA, Landowner will install a bus pad and bus shelter on the south side of Kifer Road east of Commercial Street per Santa Clara Valley Transportation Authority's (VTA) latest design standards
 - This benefit is contingent on VTA expressing an interest in the bus pad and shelter. The estimated benefit for a bus pad is \$22,000 and bus shelter is \$15,000.
- Reach Codes. Although the project would otherwise be exempt from the Reach Codes, Landowner shall meet or exceed the minimum standards to design and construct the buildings as all electric buildings, provide solar PV of 13.5 megawatts and install Electric Vehicle (EV) infrastructure for 100% of the vehicle parking spaces in furtherance of the goals of the City's Climate Action Playbook (2019) (the "CAP").
 - As discussed above under Reach Codes, the application was considered complete prior to the City's adoption of the Reach Codes requiring new commercial buildings to be all electric, installation of a solar PV system of a minimum of 5 kilowatts and provision of EV infrastructure; the project meets or exceeds all of the Reach Code requirements.
- Point of Sale. Landowner shall designate the City as the point of sale for California sales and use tax purposes for Landowner's direct expenditures on the construction of Project buildings and improvements, as provided in Section 4.2.4.
 - This provision has been included on large or complex construction projects so that the City has the benefit of certain construction related sales and use taxes.
- Recycled Water Contribution. Landowner will design, permit, fund and construct a minimum 8-inch recycled water line from Wolfe Road to the western property line of 932 Kifer Road for the purpose of connecting the recycled water line to the project, as provided in Section 4.2.1 (estimated value of \$1 Million).
 - The Landowner is interested in utilizing recycled water for a portion of their site needs and would need to build a new line from Wolfe Road. The new line would primarily serve the project; however, the size may be sufficient to enable other property developers to also extend service for their use of recycled water.

The DA involves granting benefits to both the City and developer, which are summarized below:

Benefit to the Developer: The developer benefits from the additional floor area permitted on the project property, not to exceed 80 percent combined FAR and a longer time period in which to exercise the project entitlement. The developer's entitlements would be vested for 15 years; or ten years following issuance of the first building permit.

Benefit to the City: The DA would further implement the objectives of the LSAP by providing development of new office/R&D facilities within walking distance of Lawrence Station, bus stops, and

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pedestrian and transportation improvements to improve circulation in the area. The City would benefit by allowing a multinational company to grow in Sunnyvale, from the guaranteed sales tax, point of sale designation during construction, VTA bus stop, all electric building and expansion of the recycled water distribution system that will benefit City residents and businesses. The proposed ordinance to approve and adopt the DA, with the DA attached as Exhibit A, are included in Attachment 2.

FISCAL IMPACT

The DA contains a benefit to the City for sales tax revenue guarantee amount and construction of a recycled water line in Kifer Road (valued at \$1 million). The project would also include fees the developer would pay as part of the permitting process which are required development impact fees (even without a DA). The amount is expected to be about \$26M in one-time revenue: housing mitigation fees (\$18.89M), TIF (\$4.86 M), construction taxes (\$1.1M), and general plan maintenance (\$310,900). The developer would also build features associated with the Sense of Place Plan (or pay the equivalent fee (\$1.5M) and pay a fair share contribution for traffic related impacts not covered with the Transportation Impact Fee (\$1.37M). School impact fees would be paid directly to the Sunnyvale School District and the Fremont Union High School District. The fees would be based on net new square footage.

PUBLIC CONTACT

Planning Commission Study Session

On June 22, 2020, staff presented the project to the Planning Commission for comments. The Planning Commission generally supported the project for its architectural design and preservation of trees and open space on the north site. No members of the public spoke at the study session. Most commissioners suggested better integration of the parking structure design with that of the south building. There were other comments on tree preservation/planting, how bicycles would access the shared-use path from southbound Commercial Street, and praise for the curved roofline of the south building with a suggestion that it transition better with the flat roofline on the pedestrian bridge.

Neighborhood Outreach Meeting

The applicant held a virtual neighborhood outreach meeting on July 29, 2020. The applicant gave a brief presentation and held a session for attendee questions and comments. Twenty-two attendees logged on to the virtual meeting, including nearby residents across the railroad tracks from the south site. There was general support for the project and questions about the future site operations and construction timeline. No specific concerns were discussed.

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
- 5,153 notices were sent to property owners and tenants within 2,000 feet of the project site (see Attachment 4 for a map of the mailing area for notices)
- Email notices sent to interested parties
- 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

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comments from the public.

ALTERNATIVES

1. Make the Determination required by Resolution No. 371-81 for a Development Agreement (Attachment 12 to the Report)

Recommend that the City Council:

2. Make the required findings to approve the CEQA determination that the project is consistent with the Lawrence Station Area Plan Update/Intuitive Surgical Corporate Campus Project Subsequent Environmental Impact Report and no additional environmental review is required and approve the Special Development Permit and Vesting Tentative Parcel Map based on findings in Attachment 3 to the report and Recommended Conditions of Approval in Attachment 6 to the report.
3. Introduction of an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Intuitive Surgical, Inc. (Attachment 2 to the report).
4. Alternatives 1 and 2 with modifications.
5. Do not make the CEQA Findings and direct staff as to where additional environmental analysis is required.
6. Deny the Special Development Permit and Vesting Tentative Parcel Map and provide direction to staff and the applicant on where changes should be made.
7. Do not introduce the Ordinance for the Development Agreement and provide direction to the staff and developer on desired modifications.

STAFF RECOMMENDATION

Alternatives 1) Make the Determination required by Resolution No. 371-81 for a Development Agreement (Attachment 12 to the Report) and Recommend that the City Council approve Alternatives 2 and 3: 2) Make the required findings to approve the CEQA determination that the project is consistent with the Lawrence Station Area Plan Update/Intuitive Surgical Corporate Campus Project Subsequent Environmental Impact Report and no additional environmental review is required and approve the Special Development Permit and Vesting Tentative Parcel Map based on findings in Attachment 3 to the report and Recommended Conditions of Approval in Attachment 6 to the report; and; and 3) Introduction of an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Intuitive Surgical, Inc. (Attachment 2 to the report)

Staff supports the proposed project as its high-quality architectural and site design highlights the western entry point into the LSAP district. The integrated campus design allows a Sunnyvale-based company to continue to grow and provide employment opportunities within walking distance of existing and future residential uses in the LSAP. There is enough existing LSAP office/R&D development capacity to accommodate the project and the project will comply with SEIR mitigation measures. Traffic impacts will be offset through fair share payments and a robust TDM program. The DA for higher intensity development secures needed area improvements and financial benefits for the City. The project is also consistent with the original Council directives to preserve open space and provide a direct pedestrian/bicycle route to Lawrence Station.

Prepared by: George Schroeder, Senior Planner
Reviewed by: Amber Blizinski, Principal Planner

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Reviewed by: Andrew Miner, Assistant Director of Community Development

Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by : Chip Taylor, Director of Public Works

Reviewed by: Connie Verceles, Assistant to the City Manager

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Draft Ordinance and Development Agreement
3. Recommended Findings including Relevant City Goals and Policies
4. Noticing and Vicinity Map
5. Project Data Table
6. Recommended Conditions of Approval
7. Link to Site and Architectural Plans
8. Transportation Impact Analysis
9. Infrastructure Impact Study
10. Transportation Demand Management Plan
11. Resolution No. 371-81: Procedures for Processing Development Agreements
12. Draft Determination of the Planning Commission on the Development Agreement