



File #: 16-0799, Version: 1

REPORT TO PLANNING COMMISSION

SUBJECT

File #: 2015-7576

Location: 1250 Lakeside Drive (APNs: 216-43-035 and -036)

Zoning: LSP

Proposed Project: Related **LAKESIDE SPECIFIC PLAN** applications on an 8.83-acre site:

SPECIFIC PLAN AMENDMENT: to revise the land use configuration, increase the height allowance, and make other miscellaneous updates.

SPECIAL DEVELOPMENT PERMIT: for development of an existing vacant site with two new buildings and associated site improvements - a six-story, 263-room hotel with an attached 3,000 sq. ft. restaurant and an attached three-level above grade parking structure; and a five-story, 250-unit apartment building over a two-level, above-grade podium parking garage

TENTATIVE PARCEL MAP: to subdivide the site into two - with a lot for each land use.

Applicant / Owner: Sunnyvale Partners, Ltd (applicant) / Aircoa Equity Interests, Inc. (owner)

Environmental Review: Supplemental Environmental Impact Report

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

REPORT IN BRIEF

General Plan: Lakeside Specific Plan

Zoning: Lakeside Specific Plan

Existing Site Conditions: Vacant, formerly occupied by a 378-room hotel, demolished in 2006

Surrounding Land Uses:

North: US Highway 101 (Residential and hotel use north of 101)

South: Office uses and a restaurant

East: Extended stay hotel (Residence Inn - 232 rooms existing, 79 net new rooms approved but not built)

West: High density residential (709-unit Avalon Silicon Valley apartments)

Issues: Height, Land use orientation, Residential useable open space dimensions

Staff Recommendation: Recommend to City Council to Certify the Supplemental Environmental Impact Report, Make the Findings Required by CEQA and Adopt the Statement of Overriding Considerations and Mitigation Monitoring Program, Amend the Lakeside Specific Plan, and Approve the Special Development Permit and Tentative Parcel Map with conditions.

BACKGROUND

Lakeside Specific Plan/Previous Project Approval

The Lakeside Specific Plan (LSP) was adopted by the City Council in 2005 to facilitate the development of a mixed-use, 263-room hotel and 244-unit residential condominium project for the project site at 1250 Lakeside Drive. It is different from most other specific plans the City has adopted in that it pertains to one particular project site rather than a particular geographic area in the City. The original 2005 project, although entitled, was never built and the project entitlements have since

expired, although the General Plan and Zoning designation are still in effect. The prior 378-room Four Points Sheraton Hotel use was demolished in 2006 and the site has been vacant ever since. The current applicant, Sunnyvale Partners, Ltd., is proposing a revised hotel and residential project that require amendments to the LSP in order to primarily modify the previously adopted land use configuration.

Specific Plan Initiation

On June 23, 2015, the City Council approved a Specific Plan Amendment Initiation study (RTC No. 15-0184) for the project site and authorized a study to amend the LSP to swap the land use configuration (residential on west side of the site, hotel on east side), including studying the loss of significant trees. The motion also included allowing the site development applications to be considered simultaneously with the Specific Plan Amendment.

The City Council also discussed:

- Provision of retail services onsite
- Trip reduction measures and hotel shuttle service
- Access to Lawrence Expressway, Calabazas Creek, and US-101
- Updated environmental review and analysis of site conditions
- Plans for the man-made lake along the south boundary of the project site

The project applicant subsequently applied for the Specific Plan Amendment, Special Development Permit, and Tentative Parcel Map on July 15, 2015.

Description of Proposed Project

The proposed project consists of two main elements on the 8.83 acre site:

Hotel

- 263 rooms;
- Six stories and 85 feet in height (with elements to 100 feet in height);
- Three-level above-grade parking garage and small surface parking lot for a total of 255 parking spaces on the hotel site;
- Attached 3,000 square foot restaurant (open to the public);
- In addition to the restaurant, the hotel would include indoor meeting and banquet space, a fitness room, bar and lounges; and outdoor dining, meeting, and function space including a pool area, dining patios, and a rooftop garden and bar.

Residential:

- 250 apartment units;
- Unit mix is 70 studio units, 110 one-bedroom and 70 two-bedroom units ranging from 443 to 1,417 square feet in size;
- Seven stories and 82 feet in height (with elements to 88 feet in height);
- Podium parking structure with 439 spaces (429 standard spaces and 10 tandem spaces) and three surface parking spaces
- Each unit has 300 cubic feet of lockable storage within the building;
- Proposed residential amenities include a community room (beyond the minimum size required), lounges, fitness rooms, a pool, and outdoor recreation and lounge space.

On-site improvements:

- Open space on the man-made lake-facing side of the project with a lakeside promenade;
- Passive recreational space, and outdoor spaces for meetings and special events;
- Improvements to the existing open space area and pathway system along the entire man-made lake;
- On-site improvements include frontage enhancements along Lakeside Drive;
- The applicant proposes to subdivide the existing site into two lots for each land use, consistent with the LSP.

Existing trees are primarily located along the Lakeside Drive frontage and along the lake frontage along the south side of the lot. A total of 55 trees are located onsite and 21 are located immediately offsite by the lake. A total of 37 onsite trees and two offsite trees (located immediately south of the site along the lakefront) are proposed for removal and replacement to accommodate the project. The remaining 18 onsite and 19 offsite trees would remain.

Applications

Specific Plan Amendment

The applicant is proposing to build the maximum number of residential units and hotel rooms as allowed under the LSP. A Specific Plan Amendment to the LSP is required because the applicant is proposing to reconfigure the land use orientation in the LSP, where the residential use is on the west side of the site and hotel use is on the east side (the reverse of the adopted LSP). The proposed amendment also includes increasing the LSP's height limit from 78 feet to 85 feet. Additionally, since the LSP was developed to reflect the previous 2005 project, a number of text edits are proposed to reflect the current project, as well as reflect changes in City policies since 2005, such as parking and green building requirements.

Special Development Permit

A Special Development Permit (SDP) is required by the LSP for hotel and multi-family residential projects for the purposes of site and architectural review. An SDP also allows consideration of deviations from specific development standards in exchange for superior design, environmental preservation or public benefit. The findings necessary to grant an SDP and deviations are discussed in Attachment 4. The applicant is requesting a deviation from Section 19.37.100 of the Sunnyvale Municipal Code (SMC) (Useable open space design requirements) with the SDP to allow reduced open space dimensions for the apartment project.

Tentative Parcel Map

A Tentative Parcel Map is required prior to recording a Final Map for the creation of a lot for each land use (5.34 acres for the residential lot and 3.49 acres for the hotel lot). The Tentative Parcel Map shows the location of the proposed lot lines, public and private streets, easements, and other improvements. The Tentative Parcel Map draft conditions of approval are listed in Attachment 5. The Final Map is subject to approval by the Director of Public Works and must be in substantial conformance with the Tentative Parcel Map.

Refer to Attachment 6 for the project plans and Attachment 3 for the project data table.

Previous Actions on the Site

The following table summarizes previous major planning approvals related to the subject site:

File Number	Brief Description	Hearing/Decision	Date
1978-0161	310-room hotel with restaurant	City Council	1/9/1978
1980-0061	68-room addition to existing hotel	Planning Commission	7/28/1980
2004-0296	General Plan Initiation to change the land use designation and develop a specific plan	City Council	10/26/2004
2004-0910	Adoption of Lakeside Specific Plan, redevelopment of the site with a 263-room hotel and 244 residential condominium units	City Council	9/13/2005
2015-7353	Specific Plan Amendment Initiation to allow modifications to the Lakeside Specific Plan	City Council	6/23/2015

EXISTING POLICY

The LSP implements the goals and policies of the General Plan for the project site. The General Plan is the primary policy plan that guides the physical development of the City. The purpose of the LSP is to facilitate the development of a mixed-use hotel and residential project for the 8.83-acre site located at 1250 Lakeside Drive. The site is recognized as being of significant economic benefit to the City and to the implementation of adopted goals for housing and neighborhood sensitivity. Key goals, objectives, and policies from the General Plan and LSP are provided in the recommended findings (Attachment 4).

ENVIRONMENTAL REVIEW

Supplemental Environmental Impact Report

The California Environmental Quality Act (CEQA) requires that all state and local government agencies consider the environmental consequences of projects for which they have discretionary authority. The City certified the original Final Environmental Impact Report (EIR) for the LSP and previous development project in 2005. CEQA Guidelines state that when an EIR has been certified, no subsequent EIR shall be prepared for a modified project unless the lead agency (City) determines that major revisions to the previous EIR are needed and/or new information shows that the project will have one or more significant effects not discussed in the previous EIR.

The City contracted with David J. Powers and Associates to prepare an Initial Study that tiers off the certified 2005 Final EIR (see Attachment 7 for Initial Study). The City also contracted with Fehr & Peers to conduct a Transportation Impact Analysis (TIA) for the project. The Initial Study concluded that the proposed project would result in similar environmental impacts as disclosed in the 2005 Final EIR, with the exception of transportation impacts resulting from the change in traffic conditions since 2005. The TIA found significant and unavoidable traffic impacts at three intersections near the project site. Based upon this new information, the City subsequently determined that preparation of a Supplemental Environmental Impact Report (SEIR) was required to analyze the project's transportation impacts in compliance with CEQA provisions and City Guidelines (see Attachment 8 for the Draft SEIR).

The EIR is an informational document that describes the significant environmental effect of the project, identifies possible ways to minimize the significance of the effects, and discusses reasonable alternatives to the project to avoid, reduce or minimize environmental impacts. The purpose of this review is to determine if the analysis in the EIR is adequate. It is not the purpose of the EIR to recommend either approval or denial of the project.

The SEIR under consideration includes the 2016 Draft SEIR (DSEIR) document and the Final SEIR (FSEIR) document (Attachment 9). The FSEIR includes the comments written and received during the 45-day public review period (and oral comments received at the Planning Commission public hearing on August 15, 2016), responses to the comments, and any clarifications or corrections to the DSEIR. Comments received from the public are fully addressed in the FSEIR document.

Mitigation Measures and Planning Considerations Identified in the Initial Study

The Initial Study was completed to determine which environmental issues need additional review in comparison to the original 2005 Final EIR due to changes in the project and/or existing conditions. With the exception of transportation impacts, the significant environmental impacts of the proposed project would be reduced to a less than significant level with the implementation of mitigation measures. The mitigation measures include implementation of standard construction mitigation measures pertaining to noise, air quality, hydrology and water quality, and biological and cultural resources. CEQA requires these mitigation measures to be contained in a Mitigation Monitoring and Reporting Program (MMRP) to ensure implementation of all mitigation measures. The MMRP is incorporated at the end of the Conditions of Approval (Attachment 5).

In addition to describing the impacts of the project on the environment, the initial study also discusses “planning considerations” that relate to City policies pertaining to existing conditions’ effect on the proposed project, such as existing traffic noise, air quality, and soil contamination. The planning considerations identified in the initial study include air filtration systems within the residential building, soil remediation, and interior and exterior noise mitigations to be consistent with General Plan standards. It should be noted that the previous 2005 EIR required a mitigation measure to construct a sound wall along the US-101 frontage, but that requirement is no longer required because of the change in the residential building orientation where the residential building is now proposed to be located further away from the freeway and is partially shielded by the Avalon apartments across Lakeside Drive.

These planning considerations have also been incorporated as conditions of approval with the exception of a recommended exterior noise mitigation for a portion of the residential outdoor use area facing the lake. The General Plan considers noise levels at outdoor use areas at or below 60 dBA to be considered normally acceptable for residential land uses. Most of the outdoor residential areas are shielded from noise by the proposed buildings and would be below 60 dBA. Future exterior noise levels at the wood boardwalk area along the east side of the rear of the residential building are expected to be 62 dBA, which is considered conditionally acceptable by the General Plan. As a planning consideration, the Initial Study recommends that an approximately 180-foot long, five-foot tall sound barrier be located along the eastern boundary of this area to reduce noise levels below 60 dBA. Staff recommends that this consideration not be included as a condition of approval, due to aesthetic and pedestrian circulation concerns, and because the noise reduction with the sound barrier would be minimal.

Significant and Unavoidable Transportation Impacts

A significant unavoidable impact is an impact that cannot be mitigated to a less than significant level if the project is implemented as it is proposed. The DSEIR found significant and unavoidable transportation impacts generated by the project under background plus project conditions and cumulative plus project conditions. Background plus project conditions are traffic from other approved but not yet built or occupied projects plus the traffic generated by the proposed project. Cumulative plus project conditions are existing traffic, background traffic, traffic from pending projects, and a 10-year growth factor plus the traffic generated by the proposed project. Below are the affected intersections and the required mitigation measures:

Lawrence Expressway and Oakmead Parkway

Based on the level of service (LOS) impact criteria, the project would result in a significant impact at Lawrence Expressway and Oakmead Parkway in the PM hour under background plus project conditions. In addition to paying the City's standard Transportation Impact Fee (TIF), the project is required to pay its fair-share contribution toward implementing an improvement identified in the Santa Clara County Expressway Plan 2040 to change the southbound high-occupancy vehicle (HOV) lane on Lawrence Expressway to a general purpose lane. Moreover, the intersection is under the jurisdiction of Santa Clara County and implementation of improvements is not under the City's control. Additionally, there is no guarantee that the full construction price will be obtained by the County or that the improvement would be constructed concurrently with the project.

The proposed project would also have a significant LOS impact at the same intersection under the AM peak hour cumulative plus project conditions. Implementation of the TIF and fair-share contribution to the County plan improvement mentioned above would improve AM peak hour operations but would not improve operations to an acceptable level. The County plan outlines another long term improvement (Tier 3) to provide a grade separation at the intersection, which if constructed, would mitigate the project's cumulative impact to a less than significant level. However, the impact remains significant and avoidable since the intersection is in the County's jurisdiction, there is no current mechanism in place to collect fees for such improvements, and implementation of the mitigation measure cannot be guaranteed.

Lawrence Expressway and US-101 southbound off-ramp

The proposed project would also have a significant LOS impact at Lawrence Expressway and the US -101 southbound off-ramp under the PM peak hour cumulative plus project conditions. The project is required to pay a fair-share contribution to Santa Clara County to construct an additional right turn lane at the southbound off-ramp, which would improve the PM peak hour cumulative plus project conditions to an acceptable LOS. Even with the fair-share contribution, the impact is considered significant and unavoidable because the intersection is under the jurisdiction of Santa Clara County and implementation of improvements is not under the City's control. Additionally, there is no guarantee that the full construction price will be obtained by the County or that the improvement would be constructed concurrently with the project.

Central Expressway and Oakmead Parkway

The proposed project would also have a significant LOS impact at Central Expressway and Oakmead Parkway under the AM peak hour cumulative plus project conditions. The County plan outlines a long term improvement to widen Central Expressway, which if constructed, would mitigate the project's cumulative impact to a less than significant level. However, the impact remains significant and avoidable since the intersection is in the County's jurisdiction, there is no current mechanism in place to collect fees for such improvements, and implementation of the mitigation measure cannot be

guaranteed.

Growth-Inducing Impacts

The CEQA Guidelines require that an EIR identify the likelihood that a proposed project could foster or stimulate economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. The proposed project would not result in substantial growth-inducing impacts because it is consistent with the growth and development assumed in the General Plan and LSP; it would generate revenue in terms of taxes but would not directly generate considerable economic growth for the City; it would not likely foster or stimulate the construction of additional housing elsewhere in the surrounding environment; and it does not include capacity-enhancing infrastructure improvements.

Alternatives

CEQA also requires the consideration of project alternatives as a way to reduce the impacts of the proposed project. The CEQA Guidelines specify that the EIR should identify alternatives which “would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project.”

The EIR considers the following three alternatives that would reduce the significant and unavoidable transportation impacts discussed above:

No Project/No Development Alternative: This alternative assumes that the project site would continue to remain undeveloped and would avoid all of the project’s significant impacts, but would not meet the applicant’s project objectives or the City’s vision for the site in the General Plan and LSP.

No Project/Development Alternative: This alternative assumes that the project site is redeveloped as prescribed in the existing LSP. This alternative would have greater construction-related air quality and noise impacts and energy and utility demands than the proposed project. The alternative would also have similar transportation impacts and impacts to other resources as the proposed project.

Reduced Development Alternative: This alternative consists of 241 hotel rooms and 235 residential units on site, which would avoid the project’s significant and unavoidable impact at Lawrence Expressway and Oakmead Parkway under background plus project conditions in the PM peak hour. This alternative would still result in significant and unavoidable cumulative impacts at the same intersection, Oakmead Parkway and Central Expressway, and Lawrence Expressway and the US-101 southbound off-ramp as the proposed project. Impacts to other resources would be substantially the same as the proposed project.

The CEQA Guidelines state that an EIR shall identify an environmentally superior alternative. Based on the analysis, the environmentally superior alternative is the No Project/No Development Alternative because all of the project’s significant environmental impacts would be avoided. The CEQA Guidelines continue that if the No Project Alternative is the environmentally superior alternative, the EIR shall also identify an environmentally superior alternative among the other alternatives. Given this requirement, the Reduced Development Alternative would be considered the environmentally superior alternative.

The Reduced Development Alternative would not, however, reduce all transportation impacts to a less than significant level, as the cumulative impacts would remain due to the changes in traffic

conditions since the original EIR was certified in 2005. Moreover, the transportation impacts are considered significant and unavoidable only because the impacted intersections are in Santa Clara County’s jurisdiction and the City cannot control implementation of mitigation measures. TIF fees and fair-share payments to identified County expressway improvements would help reduce transportation impacts to the greatest extent possible. The proposed project would develop a vacant site in the vision and buildout adopted in the LSP, with needed housing and a high-quality hotel. A public park area would be provided for the project in a geographic area with inadequate park space as identified with the General Plan. Staff finds that the economic, environmental, and social benefits of the project outweigh the significant and unavoidable transportation impacts, and has included a Statement of Overriding Considerations in Attachment 10.

EIR Process

The table and discussion below summarizes the EIR process:

Milestone	Dates
Notice of Preparation (Required 30-day public review period)	February 8, 2016 to March 11, 2016
EIR Scoping Meeting	February 25, 2016
Notice of Availability of DSEIR (Required 45-day public review period)	July 28, 2016 to September 12, 2016
Planning Commission Public Hearing for Comments on DSEIR	August 15, 2016
Final SEIR minimum 10-day public review	November 1, 2016 to November 11, 2016
Planning Commission Public Hearing (recommendation to City Council)	November 14, 2016
City Council Public Hearing (Certification of FSEIR)	December 13, 2016

Notice of Preparation and Scoping Meeting

On February 8, 2016, a Notice of Preparation (NOP) for the EIR was prepared and mailed to neighboring cities, the State, other public agencies, and interested parties requesting their input on the scoping of the EIR. The standard 30-day NOP comment period concluded on March 11, 2016.

The CEQA Guidelines require a scoping meeting to allow an opportunity for public agencies and members of the public to provide direction on the issues to be addressed in the EIR. The scoping meeting details were included in the NOP sent to public agencies and a separate meeting notice was sent to neighborhood groups, property owners, and tenants within 2,000 feet of the project site. The scoping meeting was held on February 25, 2016 in the City Council Chambers. One member of the public attended the meeting.

Notice of Availability of DEIR and Public Comments

The Notice of Availability (NOA) of the DSEIR was distributed for public review and comment on July 28, 2016. The NOA was mailed to public agencies, interested parties, neighborhood groups, and property owners and tenants within 2,000 feet of the project site. Copies of the DSEIR were placed at the Sunnyvale Library, the One-Stop Permit Center and the Community Center. The 45-day public review and comment period closed on September 12, 2016. All comments received during the comment period are included in the Final EIR.

A Planning Commission public hearing was held on August 15, 2016 to provide an opportunity for Planning Commissioners and members of the public to comment on the adequacy of the DSEIR. Four Planning Commissioners and two members of the public commented on the DSEIR during the public hearing. Planning Commissioners discussed the reduction in development needed to reduce the traffic impacts to a less than significant level, which land use generates more vehicle trips, and whether the proposed housing units offset the jobs created by the proposed hotel. Public comments included requests that the project provide retail services, affordable housing units, community benefits, and enhanced bicycle facilities.

Written comments during the comment period were received from the VTA; the Unite Here Local 19 labor union that represents hotel, food, and beverage workers; and a resident. The VTA requested that the project frontage include landscaping buffers between the street and sidewalk and commended the project for provision of bicycle parking facilities and including information in the project's Transportation Impact Analysis (TIA) that is consistent with the VTA's TIA Guidelines. Unite Here Local 19 raised questions about the hotel's shuttle bus program, impacts to bus transit, the City's economic revenue from the project, and the project's role in affordable housing efforts. The resident raised concerns about the project's impacts on infrastructure, traffic, and police services.

The California Department of Transportation (Caltrans) submitted a comment letter after the end of the public comment period, which has been included in the Final SEIR. Caltrans requested that the project provide fair-share payments towards County expressway improvements and to the US-101 express lanes project.

Significant New Information

Testimony is sometimes received during the public review process relating to "significant new information." For the purpose of an EIR, new information is considered "significant" when the following would apply:

- A substantial environmental impact resulting from the project is identified;
- A substantial increase in the severity of an environmental impact is identified;
- A new feasible project alternative or mitigation measure is identified which the project proponent refuses to adopt; and
- The Draft EIR is so fundamentally and basically inadequate and conclusory in nature that the public comment of the draft was, in effect, meaningless.

To date, no significant new information has been received from the public or other public agencies.

Determination of Adequacy

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

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

- Disagreement among experts is acceptable.

Environmental Review Staff Comments

Staff finds that the proposed FSEIR, consisting of the Draft SEIR, comments received on the Draft SEIR, response to the comments, and a list of persons and public agencies commenting on the Draft SEIR, meets the requirements of CEQA both in content and format. The Draft and Final SEIR documents and technical appendices can be viewed online at:

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

Should it be determined that the FSEIR is not adequate, the Planning Commission or City Council may state those areas of discussion where the document is deficient and recommend that additional analysis be prepared prior to certification.

Any changes to the mitigation measures in the FSEIR may affect the accompanying determination of significance. The deletion or alteration of a mitigation measure may result in a determination of a significant unavoidable impact where a less than significant impact was determined as originally mitigated. If a mitigation measure is changed that creates a significant unavoidable impact, a Statement of Overriding Considerations will be required and a new hearing will have to be conducted.

No project-related actions shall be taken until the FSEIR is certified. Certification of the FSEIR does not approve or deny any element of the project or related development proposals.

DISCUSSION

Present Site Conditions

The 8.83-acre project site is located south of US-101, east of Lawrence Expressway, and north of Oakmead Parkway. The site is currently vacant, and has been vacant since the previous hotel use was demolished in 2006. There is a large mound of aggregate on the western portion of the site from prior grading activities. A chain link fence is located along the perimeter of the site to prevent pedestrian and vehicular access. Mature trees and a grass berm line the project's northern frontage along Lakeside Drive. There are also mature trees located along the lake frontage on the south side of the site. The surrounding land uses include an extended stay hotel to the east of the project site (Residence Inn), a man-made lake and office buildings to the south, apartments to the west (Avalon Silicon Valley apartments), and US-101 and the Lakewood Village neighborhood to the north.

Lakeside Specific Plan Amendment

As mentioned previously, the City Council authorized a study to consider amending the LSP on June 23, 2015. The primary differences between the proposed project and the adopted LSP are the location of land uses onsite and a proposed building height increase of seven feet above the current limit. The current LSP contains many references to the previous hotel development that is now demolished, and details specific to the previously approved project that was never built. The below subsections describe the proposed amendments, which can be found in Attachment 11.

Land Use Orientation

The current LSP specifies that the residential component is located on the east side of the site and the hotel is located on the west side. The project proposes to switch the locations, which would place

the residential building further from US-101 and closer to the existing apartments across Lakeside Drive and would locate the hotel building next to an existing hotel use. Staff finds that this is a superior land use orientation given the environmental and land use compatibility benefits. Map diagrams and text references to this orientation have been updated in the proposed amendment to the LSP.

Height Increase

The height allowance in the current LSP is 78 feet with an additional 15 feet allowed for equipment commonly found on top of structures, such as mechanical equipment screens, penthouses, telecommunications facilities, or other similar rooftop uses for a total exposed height of 93 feet. The 2005 Final EIR studied a maximum height of 80 feet, but the height limit was reduced to 78 feet at the 2005 City Council hearing for the previously-approved project.

The proposed height amendment is 85 feet with the similar 15-foot allowance for rooftop projections for a total exposed height of 100 feet. The proposed height increase is due to the unique form of both proposed buildings, particularly the hotel building where the proposed maximum height is closest to US-101, then cascades below the proposed height limit towards the lake. The residential building is also located along the Lakeside Drive/US-101 frontage and is proposed at a height of 82 feet. The exposed height on the lake-facing side would appear less due to the sloping landscaped podium behind the building.

Staff finds that the proposed seven-foot height amendment is minimal and would facilitate the unique, iconic architectural styles of both buildings where massing would be concentrated along the freeway frontage of the site.

Text and Diagram Amendments

Staff is also proposing the following miscellaneous text and diagram amendments to the LSP:

- Updates to existing site conditions to note that the previous hotel was demolished and the site is currently vacant.
- Updates to environmental conditions, such as the site is no longer in a flood zone, and water, sewer, and solid waste capacity updates as reflected in the Initial Study for the proposed project.
- Updates to previously-approved project-specific text, such as removing references to condominium development and slight modifications to the lot sizes for each land use.
- Updates to diagrams based on the proposed project.
- Change to the lot coverage allowance in the development standards table. The existing LSP erroneously lists the suggested meeting and prefunction space in the lot coverage row. Staff is proposing to change this to “Per SDP” to allow the lot coverage to be reviewed as part of the site-specific SDP permit. The proposed project’s lot coverage is 47%.
- Updated previous project-specific parking counts to state “Per SMC” to reflect the current Sunnyvale Municipal Code standards.
- Updated previous City code and policy references based on changes since 2005, including green building, public art, water efficiency, and bird-safe design measures.

Site Layout and Circulation

The project site is shaped by the curvature of Lakeside Drive. The proposed building siting is consistent with Citywide Design Guidelines and the Lakeside Specific Plan by framing the street frontage with a sizeable landscape frontage strip and the majority of auto parking concealed from

street view. The building siting buffers the open space area to the south from US-101 to the north. The proposed building setbacks are consistent with the setback requirements prescribed in the LSP, and there are sufficient buffers between the two buildings and adjoining uses. Enclosed parking areas are integrated within or attached to the primary buildings to minimize their appearance. The project is subject to the City's public art requirements and the final location and design details will be reviewed by the Arts Commission at the building permit stage.

Vehicular access to the site would be from four locations on Lakeside Drive. The easternmost (hotel) and westernmost (residential) driveways would be for emergency and service vehicles only (e.g., fire trucks, solid waste and recycling haul trucks, and moving vans). The main residential driveway would provide direct access to a drop-off roundabout and the podium parking garage. The main hotel driveway would provide direct access to a drop-off roundabout, a small surface parking lot, and the parking structure. Pedestrians would access the project site from the sidewalks on Lakeside Drive and located internally within the project site. The project proposes a new public pedestrian and bicycle promenade along the lakefront that would be accessed from Lakeside Drive at the southwest corner of the site. The promenade doubles as an emergency vehicle access (EVA) easement. Another pathway from the sidewalk on Lakeside Drive would connect to the promenade along the hotel driveway.

Consistent with the LSP and original 2005 approval, the applicant is proposing reciprocal access between land uses where the hotel services/facilities can be accessible to the onsite residents. Similarly, some of the residential amenities are proposed to be accessible to the hotel guests. Most of these services will be available at a reasonable cost to the residents and guests. If the two separate uses are tied together in a symbiotic relationship, then the development as a whole will function successfully as one entity.

Restaurant and Bar

The hotel's restaurant and bar is proposed to be open to the public seven days a week and offer breakfast, lunch, and dinner service. A maximum of 20 employees per shift is anticipated, as well as 200 indoor seats and 20-30 outdoor seats. A separate approval from the California Department of Alcoholic Beverage Control (ABC) is required for alcohol service.

Meeting Space

The LSP recognizes a range of desirable hotel function space from 22,800 to 28,500 square feet, with a maximum of 20,000 square feet of meeting space. This size is large enough to accommodate banquets, corporate events, and parties.

The proposal includes interior meeting room space, banquet space that can be used as meeting space, pre-function space, and informal meeting space in the lobby. The proposal also includes exterior meeting space through terraces and patios, and a rooftop bar. The total square footage of these areas is 16,000 interior square feet and 4,300 exterior square feet. For comparison, the previous hotel's combined meeting and pre-function space was 13,800 square feet.

Retail

The allowance for up to 3,000 square feet of retail uses onsite is part of the LSP and was a component of the previous project approval. The current project does not propose retail services as retail uses typically require a location in high-visibility, high-traffic areas with ample parking. While the site is visible from US-101, Lakeside Drive is not a major arterial street, and aside from a nearby

restaurant, the project site is disconnected from other commercial areas of the City. The applicant provided a letter from a commercial real estate broker citing challenges with locating retail onsite (Attachment 12). For context, the Avalon apartment site (709 apartments) on the south side of Lakeside is within the 16-acre Lawrence -101 Site Specific Plan and zoning which allow retail uses; however these uses have not been established. It is unclear if the addition of 250 households in the area would be enough to support retail on the Avalon site.

Several members of the public have commented during the process that retail should be provided in the project to serve the residents of the project and nearby apartments and reduce vehicle trips to other commercial areas. There are restaurants in the vicinity; the closest shopping center is across Lawrence Expressway along Duane Avenue about 0.6 miles to the west and north on Lawrence Expressway at the Lakewood Shopping Center about one mile away.

Architecture

The LSP's architectural design objective is to create a consistent, harmonious, and distinctive project that will have a strong, "flagship" identity within the City and region. Staff and the City's consulting architect find that the project is well-designed and would create an iconic landmark for the City, consistent with the LSP's design objectives.

The two buildings are designed to reinforce an indoor-outdoor experience with the rear portions opening up to interface with the lakefront area. The building massing responds to the curvature of the site frontage along Lakeside drive, creating a strong street presence. Distinctive, unique styles and high-quality materials are proposed for each building. The project would be using modular construction for both buildings, which is rare in this region area, but is an emerging building technique used in hotel and multifamily applications.

The residential building is broken down into two U-shaped volumes that open up to the lakefront and a landscaped podium on top of the podium parking garage. The exposed walls of the podium parking garage on the Lakeside Drive frontage are treated with landscaping vines and wall offsets to soften their mass. Subtle shifts in the building's profile at each floor level and changes in material help to reinforce the horizontal nature of the buildings. Peaked sloping parapets provide angled variations against the skyline. The building is further defined by a distinctly warmer residential material and color palette in contrast to the neighboring hotel. Balconies and individual windows arranged across the façade give the project a smaller and finer-grain sense of scale. Building corners are highlighted through changes in color and rounded edges.

The hotel building is formed by three volumes - the main hotel guestroom, the parking structure, and the restaurant/banquet element. The parking structure would intersect the main hotel volume to create a base from which the guestrooms step back. The guestroom volume would also be a terraced form which would transition in scale from US-101 to the lakefront area. The restaurant/banquet element complements the pedestrian scale of the lakefront. The hotel guestroom volume would also be articulated by an undulating pattern of shading fins that vary in depth and color to create the sense of motion. The shading fins also act as pronounced mullions to soften building mass. A similar approach is taken on the vertical surfaces of the restaurant/banquet hall and the parking garage volumes, but horizontally. A woven exterior sunshade is provided on the lake-facing side of restaurant/banquet hall to create depth and shadows. On the garage, the variety of panel sizes breaks down the scale of the building, and ties into the hotel guestroom volume.

The project is designed to meet the City's Bird-Safe Design Guidelines by staggered fins to distinguish the building surface, and use of sunshades and low-reflectivity/fritted glass.

The solar study for the hotel demonstrates no shading impact on adjacent roof areas. The residential study shows that the building would shade more than 10% of an apartment rooftop across Lakeside Drive for an hour on the morning of the Winter Solstice. Per the recently amended solar requirements, an additional study was provided showing the shading impacts throughout the whole year's solar cycle. The study for the whole year shows less than one percent average shading on adjacent roof areas.

Parking

As noted in the proposed LSP amendment, the current Sunnyvale Municipal Code (SMC) standards are being applied to the proposed project.

Residential

Parking requirements for multi-family uses are based on the type of assigned spaces, in this case a parking structure, and number of bedrooms for unassigned spaces. A minimum of 410 total parking spaces (average of 1.65 spaces per unit) are required per the Municipal Code, including 250 minimum assigned spaces and 160 minimum unassigned spaces. The proposed project includes a total of 442 residential parking spaces, including 439 spaces in the parking structure (429 standard spaces and 10 tandem spaces, allowed per SMC Section 19.46.060) and three surface parking spaces. No compact parking stalls are proposed. The project proposes 80 Class I bicycle parking spaces when 63 are required by the SMC.

Hotel

The hotel use requires a minimum of 211 parking spaces (0.8 spaces per hotel room) and an additional 39 minimum parking spaces (13 spaces per 1,000 square feet) for the restaurant with bar use because it is proposed as a restaurant that will be open to the public. The project complies with the parking requirement by providing 255 total auto parking spaces (246 parking structure spaces and nine surface parking spaces). The project proposes 18 Class II bicycle parking spaces near the hotel's restaurant, which exceeds the minimum of three Class II spaces.

Transportation Demand Management (TDM)

The Sunnyvale Municipal Code does not require a Transportation Demand Management Plan (TDM) for hotel uses, but the LSP encourages TDM measures to reduce vehicle trips that the applicant is committed to providing. Additionally, as part of recent changes to the Sunnyvale Municipal Code, all new multi-family residential uses are required to participate in a TDM program. A minimum of 10 points is required from the menu of strategies in the City's TDM program. Proposed TDM measures include:

- Less than 0.5 miles to a major transit route (VTA Route 55) - 1 point
- Less than 0.25 miles to three separate retail/restaurant/service uses - 3 points
- Close gaps: bicycle and pedestrian improvements - 3 points
- Provide an onsite bicycle repair station and secured bicycle parking - 0.5 points
- Onsite TDM coordinator (can be property manager) offering multi-modal and wayfinding information, rideshare matching, walking/biking group coordination - 0.5 points
- Onsite kiosk with multi-modal wayfinding information and transit information - 0.5 points

- Distribution of transit, wayfinding and other TDM informational materials to new residents as they move in and annually to all residents - 0.5 points
- Site is less than .5 miles from a bicycle share hub with bicycles available to onsite residents - 0.5 points
- Providing private or public car share memberships to onsite residents - 0.5 points

Open Space and Public Park Area, Landscaping, and Trees

Private Open Space

The proposed project's primary outdoor activity is oriented towards the man-made lake that is located adjacent to the south side of the site. Publicly available outdoor seating areas line the hotel's frontage along the lakefront. A large open space area is located behind the residential building, above the podium parking garage, that terraces down to the lakefront. The private open space areas include the following:

- A promenade for pedestrians, bicyclists, and emergency access vehicles
- Amenities behind the residential building (informal amphitheater, pool, dog park, view decks, and tree groves)
- Residential interior courtyard with decks, fire pits, seating areas, and a landscaped knoll
- Hotel interior courtyard with a pool, seating areas, and a fire pit lounge
- Hotel terraced roof area with patios, arbors, and landscape planters
- Residential private balconies (described below)

The residential component includes 100,045 square feet of usable open space when 100,045 square feet is required. Private balconies are provided for 182 residential units that are proposed to count towards the project's usable open space requirement. Private balconies are required by SMC Section 19.37.100 to provide minimum dimensions of seven feet in any direction and a minimum area of 80 square feet. All balconies are at least seven feet wide, with widths varying from approximately eight feet to approximately 15 feet. The balcony depths however, do not all meet the seven-foot minimum dimension. Six of the 182 units have depths of at least seven feet, while the rest of the balcony depths range from four feet to slightly less than seven feet. In terms of square footage, 168 of the balconies are less than 80 square feet, and the average balcony square footage is 68 square feet (12,462 square feet total). A deviation as part of the project's SDP is required for lesser dimensions to count towards the useable open space requirement. Staff finds that this deviation is supportable due to the other expansive open space areas provided by the project, and that the inset balcony design helps to soften the building mass and provide visual depth. For comparison, the usable open space requirement for the Downtown Specific Plan area is 50 square feet per unit.

Public Park

The project site is identified in the General Plan as an area underserved by open space and Policy LT -8.13 encourages that measures be taken to mitigate the impact of this service gap. To that end, the proposal includes dedication in the form of a public access easement (in perpetuity) to the 3.44-acre park area within the project area along with a combination of in-lieu fees to meet its park land dedication requirement. The park area onsite includes:

- Park entrance/fitness area on the west side of Lakeside Drive
- Picnic tables
- Lakefront promenade
- Dog park

- Tree grove and seating area toward the center of the promenade
- Five public parking spaces, likely within the hotel garage
- 10 Class II bicycle parking spaces proposed near the park area's west entrance

The offsite publicly accessible park area includes the existing lake pathway system on the south and east sides of the lake. Public access easements would be recorded throughout the existing and new pathway system to allow for formal pedestrian connections on all sides of the lake, including the existing bridges crossing the lake, and from the west side of Lakeside Drive to Lakeway Drive to the east. Americans with Disabilities Act (ADA) improvements would be provided where required within the existing offsite area. Public access will also be provided to the park within the project area. The park would be owned and maintained by the property owner and the business association that maintains the offsite lake area. Staff recommends that park dedication credit be given at a discounted rate of 25% for areas required for emergency vehicle access and 50% for remaining public park area for a total credit of 1.63 acres. Staff is proposing to only give partial credit because the property is only being received in easement (at staff's recommendation) and also to provide separate and distinct benefits to the development outside of public park use.

Landscaping

The project complies with Sunnyvale Municipal Code and LSP landscaping standards. 25% of the hotel site is proposed with landscaping where 20% is required and landscaping is provided at the residential site at 422 square feet per dwelling unit when 400 square feet is required. Landscape planters are provided in strategic locations on the hotel to buffer views from hotel rooms to roof and parking garage areas. Landscaping is also proposed in a planter along US-101 to screen the site from the freeway. The project proposes a planting buffer around the perimeter of the site and between the uses and a landscape frontage strip, consistent with SMC requirements. No new perimeter walls are proposed, given the adjoining hotel use. The project is designed to comply with water-efficient landscaping requirements by not using any turf and providing at least 80% native, low water, or no water plantings. Trees are proposed in the small surface parking lots to demonstrate compliance with the 50% parking lot shading requirement by providing 65% shading.

Tree Removal, Preservation, and Replacement

An arborist report (copy available on the project webpage <http://sunnyvale.ca.gov/Departments/CommunityDevelopment/CurrentProjectsandStudies/LakesideSpecificPlanAmendment.aspx>) evaluated the health and disposition of 76 trees that may be affected by the project, 72 of which are protected trees under the City's Municipal Code (greater than 38 inches in circumference as measured 4 ½ feet from the ground). Most of the onsite trees are Coast Redwood, with the next most common trees being Southern Magnolia, Italian Stone Pine, and Mexican Fan Palm. The remaining tree species consist of African Fern Pine, Tulip Poplar, Olive, Canary Island Palm, Aleppo Pine, Monterey Pine, Japanese Black Pine, Purple Leaf Plum, Callery Pear, and Weeping Willow. 49 trees that were originally surveyed in 2005 were removed upon demolition of the previous hotel, as allowed under the prior permit.

The proposal is to remove 39 trees (including 37 protected trees and two offsite trees by the lake). The arborist report found that 19 of these trees would fall within or be impacted by the new buildings, eight would be within or impacted by the lakefront promenade/EVA, five impacted by landscaping or grading improvements, three within the proposed driveway entries, and four that are in irreversible decline. City staff, including the City Arborist, walked the site frontages along Lakeside Drive and the

lake and was in general concurrence with the project arborist's findings. Two additional trees were found to be suitable for preservation as a result of the site walk. The City's Tree Replacement Standards require a minimum of 183 24-inch box trees or a combination with larger size trees to be planted to offset the loss of protected trees. This includes the trees that were removed at the time of the previous hotel demolition. The proposed project includes 141 24-inch box trees, 96 36-inch box trees, and two 48-inch box trees, which will mitigate the loss of the existing protected trees in accordance with the City's Tree Replacement Standards.

Public Improvements

The existing site has a monolithic concrete sidewalk along the Lakeside Drive frontage. To enhance the pedestrian experience, the proposed frontage design along Lakeside Drive includes a new meandering sidewalk with bench seating in several locations, bermed and at-grade landscaped buffers, new plantings across the street along US-101, and retention of several existing mature Redwood trees coupled with new street tree plantings. New street lights may also be required based on the results of the photometric analysis to be conducted at the building permit stage. Standard water, sewer, right-of-way and utility upgrades will be provided as required by the Municipal Code. As previously noted, the project will include an on and off-site public park area.

Solid Waste and Recycling Facilities

Solid waste and recycling service for the residential component is provided through chutes on each floor that dispose into a central trash rooms within the parking garage that is completely screened from public view. Community solid waste and recycling bins will be staged on the west side of the site in a designated loading area during pickup days. All units are within 150 feet to a solid waste and recycling chute as required by the SMC. A solid waste and recycling enclosure for the hotel component is incorporated into the rear of the building and is directly accessible to the rear loading dock. The final solid waste and recycling management plan will be reviewed at the building permit stage.

Green Building

In accordance with the City's Green Building Program, a minimum of 80 points on the GreenPoint Rated checklist is required for new multi-family residential construction and a minimum LEED Gold rating is required for the hotel based on its proposed square footage. A preliminary GreenPoint Rated checklist for the residential component was prepared with 108.5 points targeted and a preliminary LEED checklist was prepared for the hotel demonstrating the project can achieve LEED Gold level. Final checklists and third-party verification will be required at the building permit stage.

Below Market-Rate Housing

Market-rate rental apartments are proposed for the residential component of the project. Any future proposal for condominium conversion is subject to an additional planning process, the requirements of SMC Chapter 19.70, and provision of below market-rate (BMR) units in accordance with City requirements at the time. Rental housing projects are not required to provide BMR units, but a recent ordinance (SMC Chapter 19.75) requires at a minimum, payment of a housing impact fee for rental housing projects of four units or more. The proposed project was deemed complete prior to the effective date of the recent ordinance and is not subject to payment of fees.

Community Benefits

The project includes several features that will benefit the community, including the public park area that will be maintained by the property owner/s, meeting facilities for residents and businesses, and

higher than required residential GreenPoint rating (108.5 points where 80 are required).

FISCAL IMPACT

All multifamily rental housing projects are required to dedicate park land, pay an in-lieu fee, or both at the discretion of the City. As discussed previously, the project includes a proposal to dedicate, in the form of an easement, a 3.44-acre public park area along with a combination of in-lieu fees to meet its 2.25-acre park land dedication requirement. The onsite park area would be improved and maintained by the property owner and ADA improvements to the offsite area and minor enhancements (e.g. benches) would be incorporated as necessary, and maintained by the property owner and the business association that maintains the offsite lake area. Based upon these provisions, the City may give partial credits for the in-lieu fee payment and the remaining in-lieu fee is estimated at \$3,445,138.50. Fiscal impacts to the City are expected to be minimal since the City would not be responsible for park maintenance.

The project also will provide a Transportation Impact Fee (TIF) estimated at \$686,001. As stated above, the project is not subject to a Housing Mitigation Fee since it was deemed complete prior to the effective date of housing mitigation fee payments for rental housing projects.

In addition to the increased revenues from assessed property tax for the site, the City will also receive transient occupancy tax (TOT) from the hotel use. At the start of the project, the applicant expects to receive about \$23 million in room revenue per year which would provide \$2.4 million in TOT per year to the City. At full stabilization, the applicant is projecting they would generate up to \$30 million per year in room revenue and provide \$3.1 million in TOT per year. The project is also subject to building permit and school impact fees.

PUBLIC CONTACT

Neighborhood Outreach Meeting

The applicant held a community outreach meeting on November 18, 2015. Property owners and residents within 2,000 feet of the site were notified, as well as the Lakewood Village and San Miguel neighborhood associations. The meeting was designed in an open house format and four community members attended the meeting along with a Planning Commissioner and two City Council members. There was general support for the project, with traffic, parking, and construction impact concerns.

Planning Commission Study Sessions

Two separate Planning Commission study sessions were held for this project to discuss the site layout and architecture on December 14, 2015 and August 8, 2016. The commissioners were generally supportive of the project at both study sessions. Most of the discussion at the December 14, 2015 study session related to landscaping and trees, pedestrian circulation, and the design of the residential building. The applicant substantially addressed the comments by making major modifications to the residential façade, enlarged the hotel meeting space, added a new landscaping buffer on the east side of the site, enhanced project landscaping, and increased amenity space. Comments at the August 8, 2016 study session included requests for additional renderings, evaluating the possibility of retail onsite, and questions related to sustainable features of the project. The applicant has since made additional minor modifications to the project to address Commissioner comments, which include additional green features for the hotel's rooftop, refinements to the residential façade, and inclusion of more native trees.

Notice of Preparation Outreach Meeting, Planning Commission Draft SEIR Hearing, and Draft

SEIR Comments

See discussion in Environmental Review section of this staff report.

Other Comments received from the Public

Staff has received general inquiries on the project over the course of the project review. One resident raised concerns over the water supply available for the project. Another resident was concerned with construction-related traffic impacts and maintenance of the lake.

Native American Tribal Outreach per State of California SB 18 and AB 52

As required by State law and CEQA for General Plan amendments, the City sent letters via certified mail to local Native American tribes on June 22, 2016. No requests for consultation were received within the State-specified timelines.

Notice of Planning Commission and City Council Public Hearings

- Published in the Sun newspaper
- Posted on the project site
- 1,857 notices were mailed to property owners and tenants within 2,000 feet of the project site
- E-mail notices sent to Lakewood Village and San Miguel neighborhood associations

See Attachment 2 for a map of the vicinity and mailing area for notices.

Staff Report

- Posted on the City of Sunnyvale's web site
- Provided at the Reference Section of the City of Sunnyvale's Public Library

Agenda

- Posted on the City's official notice bulletin board
- City of Sunnyvale's web site

ALTERNATIVES

Recommend to City Council:

1. Certify the Supplemental Environmental Impact Report, make the findings required by CEQA, and adopt a Statement of Overriding Considerations and Mitigation Monitoring Program (Attachment 10).
2. Do not certify the Supplemental Environmental Impact Report and do not adopt the Statement of Overriding Considerations and Mitigation Monitoring Program and direct staff as to where additional environmental analysis is required.
3. Adopt a resolution amending the Lakeside Specific Plan (LSP) per the text amendments as contained in the Resolution in Attachment 11.
4. Do not adopt a resolution to amend the LSP.
5. Approve the Special Development Permit and Tentative Parcel Map with the findings in Attachment 4 and conditions in Attachment 5.
6. Approve the Special Development Permit and Tentative Parcel Map with modified conditions.
7. Deny the Special Development Permit and Tentative Parcel Map.

STAFF RECOMMENDATION

Recommend to City Council Alternatives 1, 3 and 5: 1) Certify the Supplemental Environmental

Impact Report, make the findings required by CEQA, and adopt a Statement of Overriding Considerations and Mitigation Monitoring Program (Attachment 10); 3) Adopt a resolution amending the Lakeside Specific Plan (LSP) per the text amendments as contained in the Resolution in Attachment 11 to the report; and 5) Approve the Special Development Permit and Tentative Parcel Map with the findings in Attachment 4 and conditions in Attachment 5 to the report.

Prepared by: George Schroeder, Associate Planner
Reviewed by: Gerri Caruso, Principal Planner
Reviewed by: Andrew Miner, Planning Officer
Reviewed by: Trudi Ryan, Community Development Director
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Not Used (*for use with Report to Council*)
2. Noticing and Vicinity Map
3. Project Data Table
4. Recommended Findings
5. Recommended Conditions of Approval including the Mitigation Monitoring and Reporting Program (MMRP)
6. Project Plans
7. Initial Study
8. Draft Supplemental Environmental Impact Report (SEIR)
9. Final SEIR
10. Resolution Certifying SEIR, Making Findings and Statement of Overriding Considerations
11. Resolution for Specific Plan Amendment
12. Retail letter from SRS Real Estate Partners