



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 14-0186, Version: 1

REPORT TO COUNCIL

SUBJECT

File #: 2012-8014

Location: 645 Almanor Ave. (APN: 165-44-004, -005, -008, -009, -010, -011)

Proposed Project: Discussion and Possible Action to:

REZONE from M-S (Industrial and Service) to M-S/FAR 100 (Industrial and Service/100% FAR)

DESIGN REVIEW to allow construction of a 6-story, 172,675 square foot office R&D building at 100% Floor Area Ratio (FAR) and serviced by a new 5-level parking structure

Applicant / Owner: Arctec Inc. / St. Jude Medical

Environmental Review: A Mitigated Negative Declaration has been prepared in compliance with California Environmental Quality Act provisions and City Guidelines.

Staff Contact: Shétal Divatia, (408) 730-7637, sdivatia@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Industrial

Existing Zoning: M-S (Industrial and Service) Zoning District

Proposed Zoning: M-S-100% (Industrial and Service, 100% FAR) Zoning District.

Existing Site Conditions: Two-story office building, water channel, and parking lot.

Surrounding Land Uses: Industrial and office uses

Issues: Rezoning to 100%FAR, LEED level, view of parking structure from Freeway (US Highway 101)

Environmental Status: A Mitigated Negative Declaration has been prepared in compliance with California Environmental Quality Act provisions and City Guidelines.

Planning Commission/Staff Recommendation: Adopt the Mitigated Negative Declaration, Introduce an ordinance to Rezone the site, and Approve Design Review with Planning Commission recommended Conditions of Approval.

PROJECT DESCRIPTION

The proposal includes the rezoning of a six-parcel 8.3 acre site from M-S (Industrial and Service) to M-S-100% (Industrial and Service 100%FAR) to allow construction of a second office/R&D building which will be serviced by a new five level parking structure. The new six-story building will be 172,675 square feet in size and will be located behind the existing two-story building near the northeast portion of the site. This portion of the site is currently utilized as a paved parking lot facing US Highway 101 (US 101). The site is bisected by the San Francisco Public Utility Commission

(SFPUC) Hetch Hetchy right-of-way (Hetch Hetchy) and a Santa Clara Valley Water District flood control channel (manmade creek) called the West Channel. The northwesterly portion of the site that currently serves as a parking lot will contain the new five-level parking structure. The garage would have 757 of the 812 total parking spaces provided.

The proposed building and resulting FAR is calculated for the four parcels, accounting for 6.9 acres that are owned by the applicant and does not include the other two parcels (Hetch Hetchy and East Channel) with a combined total of 1.4 acres. The Hetch Hetchy parcel will be used for driveways and parking (39 spaces). The East Channel parcel connects the two portions of the project site; the existing bridge over the creek would be widened to accommodate a pedestrian walkway and the existing trees and vegetation would be thinned and/or removed. The proposed work on both these parcels is dependent on approval and subject to the requirements and permits from the SFPUC and SCVWD.

The proposed new building will be LEED (Leadership in Energy and Environmental Design) Silver with USGBC (US Green Building Council) certification. Four of the six parcels owned by St. Jude Medical will be merged into two lots; one on either side of the East Channel and Hetch Hetchy parcels through a lot line adjustment as noted in the Conditions of Approval (Attachment 4).

BACKGROUND

The site is currently zoned M-S (Industrial and Service) and allows a maximum of 35% FAR. The site contains a two-story office R&D building at 43% FAR. The addition of the proposed second building increases the FAR to 100%. The FAR calculation does not include the Hetch Hetchy and flood control channel parcels. The project is located in the Peery Park Specific Plan boundary (Attachment 7 - Map of Peery Park Specific Plan and Recent Projects). The Specific Plan study is currently underway and is anticipated to be completed in the fall of 2014. Council has determined that individual projects can continue to be considered while the Specific Plan study is in progress. For this project, the application pre-dates the consultant's work on the study and was filed in January 2013 with Preliminary Review occurring in 2011-2012.

Purpose of Peery Park Specific Plan

The purpose of the Specific Plan is to provide the City, property owners and businesses with guidance for future development in the Peery Park area. The Specific Plan will provide a general vision and broad policy concepts to guide development, while also defining the type, location and intensity of uses, the capacity and design of needed public improvements and infrastructure, and the resources necessary to finance and implement the public improvements and infrastructure needs for the area. The Specific Plan will also address market constraints and opportunities for industrial and office uses, and evaluate the appropriateness of supporting uses to create a vibrant business community. The Specific Plan will establish within a single document, development policies, land use regulations, design standards, a public improvements program and an implementation plan with financing strategies.

Update on the Peery Park Specific Plan and Associated Ordinance

Staff is currently working with the help of a consultant, Freedman, Tung and Sasaki, on developing the Peery Park Specific Plan. At this time staff and the consultant have conducted outreach with the community, stakeholders, property owners and tenants within and surrounding the specific plan area. A second community workshop is scheduled to occur in March or April and the Draft Specific Plan and Draft EIR are scheduled to be out for review in summer 2014 with adoption scheduled for fall

2014. While the document is being developed, the City Council adopted an ordinance in July 2013 creating the Peery Park District which includes new regulations for reviewing projects within the Specific Plan area. City Council review is required for all Use Permits, Special Development Permits and Design Reviews over 45% FAR. The Council also included direction for expanded noticing for projects based on the number of stories proposed with the project. The proposed project requires the approval of City Council and a 2,000 ft. radius for the public hearing notices.

Other Projects in Peery Park

Several projects with FARs greater than 35% have been approved within the Peery Park area in the last 2 years. A list of projects approved or pending approval in Peery Park is noted below and included in a map (Attachment 7 - Map)

- February 2012: The former post office site at 580 N. Mary Avenue was approved for a new Class A office/R&D building at 55% FAR; the building has been constructed and is currently leased by LinkedIn.
- April 2012: A staff level Design Review was approved for a 45% FAR building using the Green Building incentive for 307 N. Pastoria Avenue. The building has been constructed and is now occupied by Mercedes.
- June 2012: The City Council rezoned a 14.2-acre campus on the northwest corner of Mathilda Avenue and Maude Avenue from 70% FAR to 100% FAR, and approved buildings totaling 99.4% FAR; the application was amended by the Planning Commission in November 2012 when an additional property was added to the campus and the total project was for 96% FAR (643,947 s.f.). The new buildings are currently under construction and advertised as the future home for LinkedIn.
- October 2012: An additional building (106,617 s.f.) was approved for the office campus at 600 W. California Avenue, which brought the total FAR up to 47.8%. The building is under construction.
- November 2013: A 53% FAR project (213,216 s.f.) with two buildings of three and four-stories at 433 N. Mathilda Avenue was approved by the City Council; project is not yet built.
- March 10, 2014: A pending 55% FAR project at 479 N. Pastoria Avenue with one 52,394 square foot building will be reviewed by Planning Commission and City Council in March/April 2014.

Planning Commission Study Sessions

A Planning Commission Study Session was held on January 13, 2014. During the session the Commissioners requested additional information or design modification on the following subjects:

- Site Plan and Architecture - site is utilized well and building design is appropriate; generally concerned about overuse of glass as a building material in office buildings; the building height is of concern, noting that the provision of line of sight pictures from the residential neighborhoods in the 2,000 feet radius is a good idea.
- High FAR - concerned about traffic and impact on the roadway system.

Other members of the public noted the following:

- Project at LEED Silver is not adequate.
- Architecture of parking structure is plain especially as viewed from the freeway.
- Onsite auto and pedestrian circulation and the separation of the two are not adequate.
- How does the height of the proposed building compare to the five-story building on its east?

- Consider use of Hetch Hetchy in terms of bike paths and link to Golf Course.

The project has not been modified since its review by the Planning Commission at the Study Session, and staff is recommending conditions of approval to address some of these comments. . Staff has recommended Conditions of Approval (COA) to address screening of parking structure from Freeway 101 (COA No. PS-2) and requiring the project to be at least a minimum of LEED Gold level (COA No. GC-5). Additionally, staff has verified that this segment of Hetch Hetchy is not within any proposed/future bike or recreational trails and notes that its location inhibits its use for such purposes.

A second Study Session was held on February 24, 2014 in order for the full Commission to review and comment on the proposed project. A summary of Planning Commission comments and staff response is located in Attachment 12.

Planning Commission Public Hearing

A Planning Commission Public Hearing was held on March 3, 2014. At the public hearing the Commission discussed a variety of issues regarding the proposed project (Attachment 13 - Planning Commission Draft Minutes). The hearing was attended by the applicant and no additional members of the public spoke on this item. The Commission made modifications to the Conditions of Approval as noted in Attachment 4. The Planning Commission recommends the City Council Adopt the Mitigated Negative Declaration, Introduce an ordinance to Rezone the site, and Approve Design Review with modified Conditions of Approval relating to antennas on roofs, mature size native species new trees, bicycle parking visibility, sidewalk design per VTA standards and recommendations for use of cool roof and participation in a future Peery Park transportation association.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration (MND) has been prepared in compliance with California Environmental Quality Act provisions and City Guidelines (Attachment 6).

The project application included the following focused studies:

- Traffic Impact Analysis
- Air Quality and Green House Gas Technical Report
- Environmental Site Assessment (Phase I and II)
- Archeological and Cultural Resource Assessment
- Raptor and Burrowing Owl Survey
- Tree Survey
- Preliminary Sanitary Sewer Analysis

The Initial Study identified the following items as “Less than Significant with Mitigation Measures”:

- Noise
- Biological Resources
- Historical and Cultural (remains) Resources
- Air Quality
- Hazards and Hazardous Materials

Staff recommends adopting a Mitigated Negative Declaration with the recommended mitigation measures, which are identified in the MND and included in the Conditions of Approval (Attachment 4).

DISCUSSION

Rezoning

The site is currently zoned M-S, which allows a maximum of 35% Floor Area Ratio (FAR) without a Use Permit. The existing building, at 43% FAR, replaced an older building at the site that was built in 1977. The site is adjacent to an M-S/FAR100 zone to the east which is developed at 62% FAR with a five story building. The applicant is requesting a rezone that extends this zoning to the subject site to allow construction of the proposed building. The rezone will allow for an additional 57% FAR resulting in the proposed 162,675 square foot building. One of the primary concerns regarding the proposed high intensity is potential traffic impacts. This subject is discussed in more detail below.

Another option to the proposed rezone is maintaining the M-S zoning for the site and considering a Use Permit for the proposed 100% FAR.

The following table notes the difference between the Use Permit and Rezoning options for a higher FAR project:

Use Permit	Rezoning & Design Review
High FAR Use Permit requires City Council Approval	Rezone requires City Council Approval; Design Review for projects above 45% FAR in Peery Park requires City Council approval; projects below 45% can be approved by staff if Green Building Program incentives are met.
Use Permit expires after 2 years (plus a one-year extension) if not exercised	Zoning does not expire; Design Review expires after 2 years if approved by City Council and 1 year if approved by staff.
Additional square footage is deducted from the Citywide Development Pool	Currently, no formal Council policy on whether the Development Pool should be adjusted if there are zoning changes. Staff recommends adjusting the Citywide Development Pool if the rezoning is approved.
Flexible conditions for TDM programs and higher levels of Green Building can be applied to the project. Conditions decrease certainty in the development review process.	High intensity zoning requirements noted in the Code requires and standard Green Building requirements.
The M-S Zoning District has a height limit of 75 feet (exclusive of rooftop equipment).	The M-S/100FAR Zoning has a height limit of 100 feet (exclusive of rooftop equipment)

While either method is appropriate, staff believes that rezoning provides a clearer land use policy when a significant increase in FAR is proposed (such as this project), whereas a Use Permit is more appropriate where the proposed deviation from the existing 35% FAR zoning is less significant. Staff also believes that a rezoning application is appropriate to consider for this proposal to determine if M-S/FAR100 zoning, which already borders this property to the east, should be expanded to include this site. This 100% FAR site on its east was recently developed at 62%, with 102,500 s.f. of “under-developed” building area, which was included with the planned capacity for this industrial neighborhood and could be applied towards the proposed project. Additionally, the site contains the Hetch Hetchy and the flood control channel parcels (1.4 acres) with a development potential of 22,714 s.f. at 35% FAR, that could also be applied towards the proposed intensification. Staff notes that these parcels were included in the calculation of the City Wide Development Pool. If Council does not want to rezone the property, but believes that the size of the project is appropriate, a Use Permit could be processed instead. Additionally, if the Council believes that the proposed 100% FAR is not appropriate on the site, a Use Permit could be processed with direction for a lower FAR project.

The subject site may be a prime candidate for a high intensity zone since, as noted above, it is located adjacent to an existing M-S/FAR100 zone. Although the property does not front on Mathilda Avenue, which may have been an original criterion for defining the industrial intensification sites, the property has high visibility from US 101 as well as easy access to the freeway. These sites are often favored by large corporate tenants because it can increase the visibility of their company in the region. Such sites also provide favorable economic development benefits for the City in terms of possible jobs and sales and property tax revenue. The adjacent M-S/FAR100 site was redeveloped with a new office building at 62% FAR which is below the allowable FAR. Thus, the potential exists to expand the M-S/FAR100 zoning and not significantly exceed the planned capacity of this industrial intensification area. Nevertheless, a higher FAR can present potential traffic and visual impact concerns and these issues are discussed in the following sections of this staff report.

Development Pool: In 1998, the City Council adopted a policy that set up procedures and criteria for reviewing “high FAR” industrial projects. There are 26 criteria in the Use Permit Process that staff, Planning Commission and City Council use in determining the desirability of the higher FAR on a site. Part of the policy effort also created a citywide “development pool” of available floor area. This floor area helps assure consistency with planned growth in the General Plan. The pool is credited with square footage from sites without industrial uses such as utilities, hotels, retail, etc. It is debited each time a Use Permit is approved. The current balance of the pool for projects approved is about 2.13M s.f. If the rezoning is approved, staff recommends deducting from the development pool the additional 172,675 s.f. allowed through this rezoning, which would leave a balance of about 1.96M s.f.

Housing Mitigation Fee: The Futures Study, completed in 1993, included a change to the General Plan and zoning for a number of industrially zoned properties in Moffett Park and along Mathilda near US 101. The Council accepted that these properties would not need to pay Housing Mitigation Fees for the higher FARs as a way of encouraging this land use type. The Housing Mitigation Fee requirement was codified in 2003 (SMC 19.22.035) and modified in 2012; essentially all industrial zoned sites must pay these fees for development area greater than specified thresholds for each of those zones. As conditioned, the project is required to pay Housing Mitigation Fee for the new square footage above the existing square footage (43% FAR) at the site. This fee amounts to approximately \$1.63 million.

Transportation Demand Management (TDM): The proposed rezone to high intensification site of 100% FAR requires a TDM program that reduces the number of total daily trips (by 30%) that do not exceed the trip generation of a project at 70% FAR. The Traffic Impact Analysis for the project reports that the proposed use will generate a total of 1,612 daily trips with 213 new trips during the AM peak hour and 212 new trips during the PM peak hour. The project with the TDM requirement would generate 1,128 daily trips.

Traffic Impact Analysis (TIA): The City requires projects that generate a net of 100 peak hour trips or more to prepare a Traffic Impact Analysis. Hexagon Transportation Consultants, Inc. prepared this study for the project (Attachment 10 - TIA). The trip generation estimate was based on a total building size of 176,780 square feet which is 4,105 square feet larger than the proposed project. The project, before implementation of TDM requirements, would generate a total of 1,612 daily trips with 213 AM peak hour trips and 212 PM peak hour trips, exceeding the City's screening threshold (100 trips). The report, analyzed the intersection levels of service (LOS) for thirteen study intersections and four freeway segments (two on Highway 101 and two on State Route CA-237) in the project area under six scenarios: existing, background, existing plus project, background plus project, cumulative, and cumulative plus project. Measured against the City's General Plan and the County Congestion Management Plan (CMP), the analysis concludes that traffic generated by the project (213 new AM and 212 PM peak trips) would not create significant impacts under any of the aforementioned scenarios.

Under existing and existing plus project conditions, the study intersections would operate at the acceptable LOS D or better. Background, background plus project, cumulative, and cumulative plus project scenarios showed the Mathilda Avenue and State Route CA-237 intersection operating at LOS F, however, the project would not increase the critical delay by more than four seconds or the volume to capacity ratio (V/C) by more than 0.01.

The Sunnyvale Municipal Code (SMC 19.22.035) requires Traffic Impact Fees (TIF) for any net new peak hour trips from development or change of use. This fee funds City-wide improvements (listed in the Transportation Strategic Program) to alleviate congestion. Transportation improvements that benefit this site include: modifications to intersections on Mathilda Avenue near US 101 and SR 237; the left turn pocket on northbound Mathilda onto westbound Maude; and general upgrades to the pedestrian and bicycle environments throughout Sunnyvale. The required payment of TIF serves as the project's fair-share mitigation for transportation impacts. The project would have a less than significant level of service impact on the study intersections with payment of about \$350,000 in TIF for City-wide transportation improvements that include projects that will directly address the added traffic from this project.

The freeway segments were evaluated according to the standards in the CMP and results showed that the project would have a less than significant impact on the freeway segments.

Under cumulative plus project conditions, the project would not cause a significant traffic impact at any study intersection. The intersection of Mathilda Avenue and SR 237 westbound ramps would operate at LOS F under both the cumulative no project and cumulative project scenarios in the AM and PM peak hours. The intersection of Mathilda Avenue and Ross Drive would also operate at LOS F under both cumulative scenarios in the PM Peak Hour. The project would not, however, increase the critical delay by more than four seconds or the V/C by more than 0.01. Therefore, the project

would have a less than significant cumulative level of service impact on the study intersections. The proposed project would not add trips greater than one percent of the capacity of any freeway segment, so the project would not result in any cumulative freeway segment impacts.

Green Building Requirements: The current general Green Building requirement for a new building greater than 5,000 s.f. is LEED Silver (Checklist). Developments taking advantage of the Green Building incentive of 10% FAR are required to have LEED Gold (certified through USGBC). The project is proposed to be at LEED Silver (Checklist) with a score of 52 points. The Gold level requires a score of 60-79 points and the Platinum level requires a score of 80 and above. Staff recommends that the project achieve at least LEED Gold (Checklist) or higher as noted in the Conditions of Approval (Attachment 4).

Balanced Growth Profile: An updated Balanced Growth profile (December 2013) is included as Attachment 11. The profile reflects: 1) projects built; 2) projects approved; and, 3) this pending project. The Balanced Growth Profile helps illustrate the project on a citywide basis.

Existing Policy

The existing and proposed zoning is consistent with the General Plan land use designation of "Industrial" for the site.

General Plan Goals and Policies: Land Use and Transportation Element:

Goal LT-6: Sustain a strong local economy that contributes fiscal support for desired City services and provides a mix of jobs and commercial opportunities.

Policy LT-6.2: Balance land use and transportation system carrying capacity necessary to support a vital and robust local economy.

Policy LT-6.4: Encourage sustainable industries that emphasize resource efficiency, environmental responsibility, and the prevention of pollution and waste.

Additional policies can be found in Attachment 3 - Recommended Findings for the requested zone change.

Design Review

Site Layout

The project site is accessed by the existing driveway on Almanor Avenue. Additionally, the portion of the site containing the parking structure can also be accessed by a driveway located on the neighboring property on the west through an existing access easement. The site is bisected by the Hetch Hetchy and Santa Clara Valley Water District's flood channel. The flood channel is a creek with steep banks covered by thick vegetation and trees. The proposed six-story office/R&D building will be located behind the existing two-story building and served by a parking structure located across the creek and connected with a bridge. The developer proposes to widen this bridge to include a pedestrian pathway. Paved areas west of the office buildings and south of the parking structure will include parking and landscaping. The setback areas on all four sides of the project site will be landscaped. The Hetch Hetchy parcel will include parking, a trellis structure, landscaping and decorative paving. The driveway extending to the front of the new building terminates in a hammer-head with the possibility of a second bridge across the creek connecting this portion of the site with

the other portion of the site with the parking structure.

The applicant notes that they already have a lease agreement with SFPUC to utilize a portion of the site for parking. They intend to modify this agreement to include additional improvements, as proposed. The applicant is aware of separate permitting requirements of SFPUC and the SCVWD that will be needed in order to utilize these two parcels as proposed-those requirements are included in the Conditions of Approval (Attachment 4).

The project is subject to Sunnyvale's Art in Private Development requirement (SMC 19.52.030) which requires publicly visible art be installed on-site that is equal in value to one percent of the project construction valuation. Alternatively the applicant may pay an in-lieu fee of 1.1% of the project construction valuation. This requirement is noted in the Conditions of Approval (Attachment 4).

Architecture

The architectural style of the proposed building matches that of the existing two-story building facing Almanor Avenue. The six-story building utilizes glass, metal and painted concrete panels. It has horizontal and vertical elements at different planes that break up the mass of the building and provides articulation and interest. The building has an inset with a suspended canopy serving as an entry feature which is similar to the existing building. A portion of the building has vertical column elements that extend up to five stories. The sixth (top story) is offset from the first five stories with projecting eaves that help break up the mass of the building. The proposed six-story building measures 92 feet to the top of the parapet and 100 feet to the top of the mechanical screen, and this height has been cleared by the Federal Aviation Administration (FAA). The proposed M-S/FAR100 zoning allows up to 100 feet (exclusive of mechanical equipment).

The five-level parking structure is 60 feet high and includes an entry feature with architectural elements similar to that of the office building. The other sides of the parking structure include concrete panels and open spans found in typical parking structures. The façade facing the freeway can be stark unless architecturally enhanced or adequately screened with trees (see discussion below).

Expected Visual Impact: The proposed buildings will be highly visible from the US 101 freeway. The project, as conditioned, will include landscape screening of the parking structure, to reduce its visibility from the freeway. The 6-story R&D office building with its north elevation, spanning 110 feet in length (this is the smaller side of the rectangular plan of the building), includes horizontal and vertical articulation that will face the freeway - US 101. This 6-story building will be closer to the freeway and taller than the existing 5-story (Riverbed) building on its east. The proposed buildings are not very visible from the Almanor Avenue street frontage due to their location. The proposed architectural style of the building is compatible with recent industrial buildings in this neighborhood. The proposed buildings are not expected to be visible from the residential neighborhoods across the freeway and east of Mathilda Avenue as shown in the photo simulations (Attachment 9 - Photo Simulations of Expected Views).

Landscaping

The proposed site plan includes landscaping in the setback and parking areas. The site plan includes a central circular feature with rings comprised of landscaping and paved areas. Existing landscaping near the Almanor Avenue driveway and near the existing building will remain. Currently, the north portion of the site has mature vegetation growing in the Caltrans strip adjacent to the freeway. Staff

notes that the parking structure needs landscaping screening and that additional trees should be planted to guarantee screening of the parking structure in the event that the existing Caltrans vegetation were removed in the future(Condition of Approval). Landscaping is 24.6% of the site, and 21% of the parking lot, where a minimum of 20% of each area is required.

Tree Preservation

The arborist report notes that the site has 49 trees. Of the 49 trees, 45 trees are considered protected trees based on the trunk size (SMC 19.94) and 14 of those trees are proposed to be removed. The project proposes to plant 58 new trees (Attachment 8 - Proposed Plans). The loss of trees is offset by the significant number of new tree plantings. Additionally, the existing thick and mature vegetation in the creek is proposed to be thinned or removed if allowed by the creek's property owner (Santa Clara Valley Water District). Three of the five trees along the Almanor Avenue frontage will be saved by locating a meandering sidewalk.

Parking

The proposed office R&D use requires a minimum of 2 parking spaces per 1,000 square feet of floor area and a maximum of 4 parking spaces for 1,000 square feet. This requirement translates to a minimum of 608 and a maximum of 1215 parking spaces for the entire site. The proposal includes a total of 921 parking spaces of which 39 parking spaces are located on the Hetch Hetchy parcel that requires a parking agreement which the applicant hopes to obtain prior to construction of the project. Since those spaces are not guaranteed, they are not counted towards the required parking resulting in a total of 882 parking spaces (3.4 parking spaces/1,000 s.f.) for the two buildings (existing building and new building). As per SMC 19.46.100, the project will be required to provide 5% car share spaces, pre-wiring for electric car charging stations for 3% of the parking spaces, and bicycle parking spaces equal to 5% of car spaces, as noted in the Conditions of Approval (Attachment 4).

Key Code Provisions and Guidelines

The proposed project meets all the development standards for the proposed M-S/FAR100 zoning district. The project exceeds the maximum allowable height for the existing M-S zoning district as noted in Attachment 2. Other key provisions include the requirement of Housing Mitigation Fees and TDM. A discussion on these items is included in the Rezoning section of the report.

Offsite Improvements

The project requires installation of sidewalk (SMC 19.31.080) along Almanor Avenue (Attachment 4 - Condition of Approval). The sidewalk has been aligned to save at least three of the five trees along this frontage. No additional off-site improvements are proposed or required.

FISCAL IMPACT

Normal fees and taxes are anticipated for this project. The proposed project is anticipated to have a positive fiscal impact on the City. Additional fees include Traffic Impact Fee (estimated \$359,336.68) and Housing Mitigation Fee (estimated \$864,225.83) as noted in the Conditions of Approval (Attachment 4). The estimated school fees (Sunnyvale School District and Fremont Union High School District) for the project will be about \$88,000.

The new building will increase the assessed value of the property and increase the tax revenue received by the City by approximately \$87,500 annually. The building will be occupied by St. Jude Medical for their devices and R&D business thereby having a positive economic impact by providing jobs (about 690) and enhancing the image of the City.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

Based on the proposed building height, the project is subject to the expanded 2,000 foot radius mailing of public notice requirement; with 544 mailing notices being mailed as noted in the Vicinity and noticing Map (Attachment 1).

Notice of Mitigated Negative Declaration and Public Hearing

- Published in the *Mercury News* and *Sun* newspapers
- Posted on the site
- 544 notices were mailed to property owners and tenants within 2,000 ft. of the project site as shown on Attachment 1.
- Notices were emailed to the following Neighborhood Associations: S.N.A.I.L.; Stowell-Orchard; Sunnyvale West; Heritage; Morse Park

Availability of 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

Additionally, the applicant also conducted an open house outreach meeting for the residential neighborhoods through their neighborhood associations (Stowell-Orchard, Lowlanders, Heritage District, Morse Park and SNAIL) on February 7, 2014. The purpose of the meeting was to present the project to residents of the residential neighborhoods within the 2,000 feet radius. No neighbors or interested persons attended this meeting.

Staff received communication from SFPUC expressing concern regarding the proposed site design as it pertains to the Hetch-Hetchy parcel (Attachment 14). The recommended Condition of Approval GC-10 requires that all improvements on Hetch-Hetchy and the West Flood Control Channel are required to be approved by the respective agencies prior to submitting for Building Permits.

The project was considered by the Planning Commission at its March 3, 2014, Public Hearing (Attachment 13 -Planning Commission Minutes).

ALTERNATIVES

Environmental Review:

1. Adopt the Mitigated Negative Declaration.
2. Do not adopt the Mitigated Negative Declaration and direct staff as to where additional environmental analysis is required.

Rezoning:

3. Introduce an ordinance to Rezone the six parcels comprising the site from M-S (Industrial and Service) to M-S/100FAR (Industrial and Service/100% FAR) as contained in the Findings in Attachment 4 and Draft Ordinance in Attachment 5.
4. Do not Rezone the six parcels comprising the site from M-S (Industrial and Service) to M-S/100 FAR (Industrial and Service/100% FAR).

Design Review

5. Approve the Design Review as indicated in the Site and Architectural Plans in Attachment 8, Findings of Approval in Attachment 3 and Conditions of Approval in Attachment 4 (including Planning Commission recommendations).
6. Approve the Design Review with modifications to the Site and Architectural Plans, Findings of Approval and/or Conditions of Approval.
7. Refer the Design Review back to staff and applicant with direction for modifications.
8. Deny the Design Review.

PLANNING COMMISSION/STAFF RECOMMENDATION

Alternative 1, Adopt the Mitigated Negative Declaration; **Alternative 3**, Introduce an ordinance to Rezone the six parcels comprising the site from M-S (Industrial and Service) to M-S/100FAR (Industrial and Service/100% FAR) as contained in the Findings in Attachment 4 and Draft Ordinance in Attachment 5; and, **Alternative 5**, Approve the Design Review as indicated in the Site and Architectural Plans in Attachment 8, Findings of Approval in Attachment 3 and Conditions of Approval in Attachment 4 (including Planning Commission recommendations).

Staff recommends rezoning the site to MS-FAR100 because the location adjacent to the highway makes it a prime site for a corporate tenant and can provide a positive identity for the City and Peery Park area. Since the adjacent M-S/FAR100 site was recently redeveloped at below its build-out potential (62% FAR), expanding the higher FAR zoning to include the subject parcel is generally within the planned capacity of this industrial intensification area. Staff supports the Design Review as the building and site plan meet the Citywide Design Guidelines. From an economic development standpoint the increased development assists in retaining an important research and development business in the community. As conditioned and including mitigation measures, the project will not result in significant impacts on the environment.

Prepared by: Shétal Divatia, Associate Planner

Reviewed by: Trudi Ryan, Planning Officer

Reviewed by: Hanson Hom, Director, Community Development Department

Approved by: Robert A. Walker, Interim City Manager

ATTACHMENTS

1. Vicinity and Noticing Map
2. Project Data Table
3. Findings for Approval - Rezone, Design Review
4. Conditions of Approval
5. Draft Ordinance Rezoning the Site.
6. Mitigated Negative Declaration
7. Projects in Peery Parking Specific Plan

8. Proposed Architectural Plans
9. Photo Simulations of expected views
10. Traffic Impact Analysis
11. Balanced Growth Profile
12. Second Planning Commission Study Session Summary
13. Planning Commission Minutes March 3, 2014
14. Letter from SFPUC dated March 3, 2014