



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 16-0259, **Version:** 1

REPORT TO CITY COUNCIL

SUBJECT

..Title

File #: 2014-7633

Location: 861 E. El Camino Real (APN: 211-16-021)

Zoning: C-2/ECR (Highway Business/Precise Plan for El Camino Real)

Proposed Project: Appeal by the applicant of a Decision of the Planning Commission denying a project with related applications on a 1.59-acre site:

SPECIAL DEVELOPMENT PERMIT to redevelop a vacant nursery with a 3,000 square foot building into a 162-room, five-story hotel with underground parking.

VARIANCE to allow solar shading to exceed the maximum 10% on an adjacent commercial building and a

DESIGN REVIEW PERMIT to allow new construction.

Applicant / Owner: Phillip Stewart /Sunnyvale Hospitality LLC

Environmental Review: Mitigated Negative Declaration

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Project Planner: Margaret Netto, (408) 730-7628, mnetto@sunnyvale.ca.gov

..Report

REPORT IN BRIEF

General Plan: Highway Business

Existing Site Conditions: Vacant (former outdoor nursery)

Surrounding Land Uses

North: Commercial (miniature golf course)

South: Commercial (restaurant)

East: Multi-family across Wolfe Road

West: Multi-family across El Camino Real

Issues: Architecture, Compatibility, Solar Variance

Planning Commission Decision: Denied the Special Development Permit, Design Review and Variance

Staff Recommendation: Grant the appeal and approve the Special Development Permit, Design Review Permit, and Variance and adopt the Mitigated Negative Declaration with the Conditions of Approval in Attachment 4.

BACKGROUND

Description of Proposed Project

The project includes full demolition of all existing buildings and pavement and construction of a five-story hotel (Hampton Inn and Suites) with 162 rooms including 46 surface parking spaces and 103 underground parking spaces. The hotel structure is proposed to be 97,841 square feet with a height of 62 feet to from the top-of-curb to the top of the parapet.

The project is comprised of one five-story linear building. Vehicular access to the site would be provided via two entry points on South Wolfe Road and El Camino Real. The El Camino access is right-in/right-out only. See Attachment 1 for a map of the vicinity and mailing area for notices and Attachment 2 for the Data Table of the project.

The Planning Commission considered the project at a public hearing on October 12, 2015. The Planning Commission voted 5-1 to deny the Special Development Permit, Design Review Permit and Variance. The Minutes of the Planning Commission hearing are included as Attachment 11.

EXISTING POLICY

General Plan Goals and Policies: The following are key goals and policies from the Land Use and Transportation Chapter of the General Plan which pertain to the proposed project:

Goal LT-2 Attractive Community - Preserve and enhance an attractive community, with a positive image and a sense of place, that consists of distinctive neighborhoods, pockets of interest, and human-scale development.

* Policy LT-2.1 Recognize that the City is composed of residential, industrial and commercial neighborhoods, each with its own individual character; and allow change consistent with reinforcing positive neighborhood values.

* Policy LT-2.2 Encourage nodes of interest and activity, such as parks, public open spaces, well planned development, mixed use projects, and other desirable uses, locations and physical attractions.

GOAL LT-4 Quality Neighborhoods and Districts - Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.

* Policy LT-4.1 Protect the integrity of the City's neighborhoods; whether residential, industrial or commercial.

* Policy LT-4.2 Require new development to be compatible with the neighborhood, adjacent land uses, and the transportation system.

* Policy LT-4.3 Support a full spectrum of conveniently located commercial, public, and quasi-public uses that add to the positive image of the City.

* Policy LT-4.4 Preserve and enhance the high quality character of residential neighborhoods.

* Policy LT-4.5 Support a roadway system that protects internal residential areas from City-wide and regional traffic.

* Policy LT-4.6 Safeguard industry's ability to operate effectively, by limiting the establishment of incompatible uses in industrial areas.

* Policy LT-4.7 Support the location of convenient retail and commercial services (e.g., restaurants and hotels) in industrial areas to support businesses, their customers and their employees.

Goal LT-6: Supportive Economic Development Environment:

An economic development environment that is supportive of a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal, and land use constraints.

Goal LT-7: Balanced Economic Base:

A balanced economic base that can resist downturns of anyone industry and provides revenue for the City.

Citywide Design Guidelines: The Citywide design Guidelines (updated 2013) provide recommendations for site planning, architecture and design. These guidelines are referenced in the discussion and analysis below.

Precise Plan for El Camino Real

3.2.1 To provide a variety of needed retail services for residents, particularly those types of retail services which are not normally found in the downtown or in neighborhood shopping areas.

3.2.2 To maintain and enhance the retail sales tax revenue generated for the city.

3.2.4 To create a series of quality places which are valued by the people of Sunnyvale as attractive, functional and comfortable destinations.

3.2.7 To require quality site design, architecture and landscaping which incorporate sustainable design principles.

3.2.8 To encourage development which supports the use of public transit.

Definition of a Node

A node is a special place or destination along El Camino Real which consists of a mixture of uses at relatively high density. They are integrated, pedestrian-oriented developments of high design quality. Nodes are located at major intersections. An example of the type of development envisioned at a node is the Cherry Orchard project.

Sunnyvale Municipal Code

Section 19.56.020 of the Zoning Code describes solar access as:

No building permit shall be issued for any construction, the effect of which when completed would be to interfere with solar access to the rooftop of any structure or to any preexisting active solar collector on nearby property. Solar access means the absence of shadows blocking or reducing exposure to the sun to an extent greater than ten percent daily during the hours between nine a.m. to three p.m., Pacific Standard Time, throughout any solar cycle. Nothing contained herein shall require modification to any structure, the shade pattern of which would impair solar access to rooftops or active solar collectors established later in time. (Emphasis added).

Section 19.12.200.16 defines solar cycle as:

"Solar cycle" means a year-long interval, beginning at twelve noon, Pacific Standard Time, December 21st, in any calendar year, and ending at twelve noon, Pacific Standard Time, December 21st of the subsequent calendar year).

The solar access requirements do not apply to structures or uses within the DSP zoning district.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration has been prepared in compliance with California Environmental Quality Act (CEQA) provisions and City guidelines (see Attachment 5 and 6). An Initial Study determined that construction of the proposed project has the potential to result in significant effects on Noise (construction noise) and Cultural Resources (possible discovery of resources during excavation). Implementing mitigation measures during the construction will reduce these impacts to less than significant. The Mitigation Measures have been incorporated as Conditions of Approval (see Attachment 4). Findings for adoption of the Mitigated Negative Declaration are in Attachment 3.

DISCUSSION

Present Site Conditions

The project site is located northwest of the intersection of El Camino Real and South Wolfe Road. The site is bordered: to the north by a miniature golf facility; to the south by a one-story corner commercial building; to the southwest across El Camino Real a two-story multi-family complex; and, to the east across South Wolfe Road, a three-story multi-family residential complex. The site is currently vacant but was previously occupied by an outdoor plant nursery. The zoning in the surrounding area is varied including commercial and residential.

Special Development Permit

Use: The project includes full demolition of all existing buildings and pavement and construction of a five-story hotel (Hampton Inn and Suites) with 162 rooms including 46 surface parking spaces and 103 underground parking spaces. The project is comprised of one five-story linear building. The hotel is five stories in height with surface parking, lobby, guest services, and guest rooms on the ground level, and guest rooms on the 2nd through 5th floors. A Special Development Permit is required for a hotel use in the C-2/ECR zoning district. The findings for the Special Development Permit are included in Attachment 3.

Site Layout: Vehicular access to the site would be provided via two entry points: one full access driveway on South Wolfe Road and one right-turn only driveway on El Camino Real. Both driveways would provide access to the 46 surface parking stalls, the centrally located main entrance and to the basement-level parking garage ramp located on the east side of the property. The project provides sidewalks surrounding the hotel, with connections to the existing sidewalks on South Wolfe Road and El Camino Real. The site is located near several bus routes and stops, on El Camino Real and on Wolfe Road. A bus stop on El Camino Real is approximately 155 feet from the project site. The walkways on the project site provide pedestrian connection to the main hotel entrance. Pedestrian access to the hotel's underground parking garage would be provided by a centrally located elevator and two staircases, one on either side of the garage.

Visitors would access the hotel from a covered entry area (porte-cochere) located toward El Camino Real on the north side of the hotel. The lobby area contains the breakfast area, pantry meeting room and work area. An outdoor patio area is proposed behind a decorative wall and landscaping along the El Camino Real frontage adjacent to the fitness center on the ground floor level. The following Citywide Design Guidelines (CDG) were considered in the analysis of the site design.

CDG 1-A1: Design projects to be compatible with their surrounding development intensity, setbacks, building forms, material, color and landscaping unless there are specific planning goals to change the character of the area.

CDG 1-A6: Project perimeter landscaping shall be integrated with the landscaping of adjacent development for streetscape continuity.

Architecture: The architectural style is considered contemporary. The proposed hotel building uses high quality metal awnings, stone veneer, wood laminate panels, glass and stucco with a fine textured finish. The structure is oriented towards El Camino Real with a red entry canopy and red laminate panel that wraps around the entrance. The building utilizes variation of rectangular forms with the El Camino Real and South Wolf Road frontages stepping down from five stories to four stories. The building design is articulated with a variation of windows and stepping back of the fourth floors. The El Camino Real frontage includes balconies on the upper levels with ground floor operable windows that open onto a

patio. Contrasting paint colors break up the facade. The building height is 62 feet to the top of the parapet. The contemporary architectural style is compatible with the commercial uses on El Camino Real and the residential uses on South Wolfe Road. The project incorporates a base, middle and top in the design. The components are defined by the changes in wall plane, the use of materials and variations color. The base is defined by the use of several materials; laminate panels, stone veneer, and metal awning. The middle component is defined by the window openings and balcony projections, and the top with the white stucco finish. The red entry canopy defines the entrance to the hotel on the north side of the building. The following Guidelines were considered in analysis of the site design:

CDG 2.C1: Maintain diversity and individuality in style but be compatible with the character of the neighborhood.

CDG 2.C5: Buildings should have three distinct components: base, middle and top. Define each component by horizontal and vertical articulation. Facade articulation may consist of changes in the wall plane, the use of opening and projections, and material and color variations. Exceptions may be permitted only when specific architectural style offers other types of building form and facade articulations, as determined by planning staff.

CDG 2.E7: Use strong, bright contrasting colors for ornaments and accents only.

Landscaping: A preliminary landscape plan has been submitted which indicates compliance with the Municipal Code standards for water efficient landscaping. The project is designed with approximately 40% of the lot area as landscaping, which complies with 20% minimum landscape requirement.

An arborist report was prepared by SBCA Tree Consulting, dated July 14, 2014. A total of three trees were surveyed. Two of the trees are within the site and the third one is outside of the property. The tree (Blackwood Acacia) located off-site (immediately adjacent to the property line) is in poor condition and the arborist recommends removal. There is one tree located on-site that is considered "protected" under SMC Chapter 19.94. A protected tree is defined as having a trunk size of at least 38 inches in circumference, as measured 4.5 feet from the ground (SMC Section 19.94.030 (4)). No protected trees are proposed to be removed.

SMC Section 19.37.070 states that at least 50% of the parking area must be shaded within 15 years after establishment of the lot. The preliminary landscape plan demonstrates compliance with the shading requirement by providing 50% shading in five years.

A landscape strip is proposed around the perimeter of the property. A low decorative wall and patio area are proposed along El Camino Real. Street trees are proposed along El Camino Real and South Wolfe Road. Raised planters in front of the entrance proposed drought tolerant landscaping. The project provides 15-foot landscaped setbacks with screening walls along El Camino Real.

In addition to the City's water efficient landscape code the following Guidelines were considered in the analysis of the project landscaping:

CDG 4.A4: Properly landscape all areas not covered by structures, driveways and parking.

CDG 4.B1: Provide a minimum of a 15-foot wide landscape strip along public street side of all developments, except for single family residences. Landscape strips of more than 15 feet are strongly encouraged to enhance the public streetscape.

CDG 4.A6: Choose a variety of plant material with different textures and colors. Use water wise plant material, as specified in the Landscape regulations.

Parking and Circulation: SMC Section 19.46.100 requires a minimum of 0.8 parking spaces per hotel room which results in a minimum of 130 parking spaces. The project proposes 149 parking spaces including 46 surface parking spaces and 103 underground parking spaces. The preliminary parking lot striping plan shows compliance with parking lot design requirements. As conditioned, a final parking lot striping plan demonstrating conformance to SMC Chapter 19.46 and Design Guidelines will be reviewed by staff prior to approval of a building permit.

SMC 19.46.150 requires a minimum number of bicycle parking spaces equal to 5 percent of the number of parking spaces provided, or five bicycle spaces for the project. The project exceeds the minimum bicycle parking requirements by providing eight parking spaces. The applicant proposes to place the bicycle rack near the main entrance. This location complies the VTA Design Guidelines to encourage visibility and ease of access to the bicycle parking spaces.

A loading area is provided on a driveway off of South Wolfe Road. This driveway entrance is dedicated for loading and trash pickup.

Green Building: Green building standards require non-residential construction that exceeds 5,000 square feet to attain LEED Silver level checklist (formal certification not required). The hotel will incorporate Green Building Design features including the use of LED or compact fluorescent light bulbs and measuring and adjusting water pressure and temperature.

Stormwater Management: The Municipal Permit for stormwater discharge requires all treatment be achieved through Low Impact Development (LID) measures such as infiltration, harvesting use and biofiltration and limits the use of mechanical treatment. A preliminary Stormwater Management Plan (SWMP) has been provided, which demonstrates compliance with LID requirements by incorporating infiltration basin into the landscaped area. A third-party certification of a final SWMP is required prior to issuance of building permits.

Easements and Undergrounding: All utilities are required to be placed underground. There are no easements on the property.

Solar Access Variance

The proposed project includes a Variance request to allow solar shading to exceed the maximum 10% on an adjacent commercial building (Golfland Building). The project site is a long rectangular shaped parcel which limits the options for siting a new multi-story hotel building. The hotel building has been sited as far south as possible from the adjacent parcel to minimize shading on the property to the north (Golfland). The 5th floor is stepped back to decrease the amount of shading on the adjacent parcel and the overall height has been decreased from the initial project application submittal. The building height is 60 feet, which is less than the 75 foot height limit in a Node of the Precise Plan for El Camino Real. The adjacent property (Golfland site) is 105,415 square feet (about 2.42 acres) and the current one-story building is located along the center of the shared property line with the subject application; the building covers about 4.9% of the lot. The Golfland property would be able to add free-standing functional solar panels to the site, which is the intent of the Solar access regulations.

On the shortest day of the year the proposed hotel will shadow 100% of the small video game arcade and concession building. The shadow study indicates that 84% of the property remains out of shadow which can accommodate redevelopment in the future without shadow. It is likely that if the golf property is ever redeveloped it would be with multi-story buildings.

Variance findings allow the decision maker to consider the use. In this case, a hotel may be considered a desirable use at this location, providing a good transition from the commercial building on the corner of El Camino Real and South Wolf Road and the multifamily residential in the neighborhood further north. Staff recommended findings for the Variance which are included in Attachment 3.

The applicant submitted additional material as part of the appeal specific to the Variance to the solar access ordinance provisions. The appellant's interpretation has never been used by the City since the ordinance was adopted in the 1980s. The solar access requirements will be considered by the Planning Commission and City Council as part of a study issue to be completed in 2016.

The applicant's material describes how the proposed hotel project will not decrease the solar potential by more than 10 percent between the hours of 9 a.m. to 3 p.m., Pacific Standard Time when based on the entire solar cycle.

Based on the applicant's appeal, staff reviewed the interpretation of the Solar Energy Systems (Solar Access Study) section SMC Section 19.56.020 of the Municipal Code. Subsequently staff recommended a study issue on the solar access regulations to reexamine the way the code section is interpreted and to consider updating the requirements to reflect new technologies. The Council ranked the Solar Access study issue as a priority. The anticipated competition date is the end of June 2016.

Expected Impact on the Surroundings

Visual: The proposed project is compatible with the surrounding building within the vicinity, both in terms of architecture and massing and with the El Camino Real Specific Plan.

Traffic: A Transportation Operations Analysis (TOA) was prepared for the project. The project is expected to generate 89 net new trips during the AM peak hour and 75 net new trips during the PM peak hour period. A trip credit for the nursery

was applied since the use will be replaced by the project. The project does not exceed 100 peak hour trips. Since the project would generate less than 100 new peak hour vehicle trips, an analysis in accordance with the Congestion Management Plan (CMP) is not required. Due to community concern for traffic in this area staff requested a TOA to evaluate potential impacts; City of Sunnyvale and VTA CMP standards and methodologies were used in the analysis. The study determined the traffic impacts of the proposed development at five (5) signalized intersections and two (2) driveways in the vicinity of the project site during the weekday AM and PM peak period of traffic would operate at acceptable levels of service and would continue to do so under background plus project and cumulative plus project conditions.

FISCAL IMPACT

The proposed project is anticipated to have a positive fiscal impact on the City. The applicant estimates \$95,000 annually in transient occupancy fees for the first five years. Based on increasing occupancy rates in the City over the last few years and with consideration of demand for hotel rooms near Santa Clara Levi Stadium, the applicant's estimate is more likely based on what the current market could support. Sunnyvale has seen annual hotel occupancy rates increase from 62.2 percent in 2010 to 77.1 percent in 2013.

Transportation Impact Fee:

Projects resulting in new peak hour automobile trips are subject to a transportation impact fee. The transportation impact fee is estimated to be \$82,839 and must be paid prior to issuance of a building permit. The amount is subject to the fee in place at the time of payment.

PUBLIC CONTACT

Planning Commission Study Session: Staff presented the project to the Planning Commission at a study session on April 13, 2015 with a follow-up study session on August 24, 2015. The Commission members were supportive of the use but felt the architecture was too boxy and horizontal, the colors too drab and the hotel needed to be more pedestrian friendly. At the follow-up study session, the applicant modified the architecture by breaking up the massing by stepping the fifth floor back 25 feet at each side elevation facing El Camino Real and South Wolfe Road. The building massing is broken up vertically along the long elevations facing north and south. At the facade, the exterior materials, window systems, and color variety give the appearance of several smaller segments. The revised design uses a warm color palette of neutrals.

The revised plans shifted the interior public space from the center toward El Camino Real. The interior public space spills out to two exterior public spaces; a lounge directly fronting El Camino Real and a private patio on the south side of the hotel separated by the right-of-way by a wall. Additionally balconies are provided for guestrooms at the upper floors immediately adjacent to the street. Additional glazing, massing articulation, and material transitions have been added to both side elevations that are adjacent to the public streets. Proposed landscaping will provide shading and soften the transition between the street, the patios and the building entrances.

The Planning Commission generally liked the design revisions but commented on the need to provide a prominent entrance on El Camino Real and to provide a friendlier wall around the patio area. The applicant revised the drawings incorporating a wrapped colorful pedestrian entrance on El Camino Real and a decorative wall. The auto porte-cochere is still located on the rear of the building. These drawings reflect the changes.

Community Outreach Meeting: A community outreach meeting was held by the applicant on February 25, 2015 onsite at the vacant nursery building which was attended by approximately 17 residents. Attendees expressed concern about construction staging and duration, and the architecture. Several residents expressed concerns about getting out of their driveway during construction. The applicant discussed the issues with the participants and staff has incorporated Conditions of Approval to address the concerns (Attachment 4). One public comment letter was received and is included in Attachment 10.

Comments Received Regarding Appeal: Three additional email messages were sent to staff opposing the Special Development Permit (these have been added to Attachment 13).

The General Manager for Sunnyvale Golf and Country has submitted a letter of support for the hotel application (see Attachment 14).

Planning Commission Public Hearing

At the Planning Commission hearing on October 12, 2015, 18 members of the public spoke in opposition to the project

expressing concerns with traffic, shading of the Golfland property and the height and bulk of the proposed building. Over 130 email messages were received prior to and the day of the hearing. (Attachment 13) A majority of the comments were focused on:

- * Traffic increase in the area
- * Concerns with development in Sunnyvale
- * Shading Golfland
- * Concerns with the architecture and massing of the building

The Planning Commission adopted the Mitigated Negative Declaration and denied the Special Development Permit and Variance (5-1). The Planning Commission also suggested that the applicant redesign the project to make sure there is no solar impact on the existing adjacent building, by raising the height of the hotel building somewhere else or moving the hotel on the site. The applicant did not redesign the project since the building is located away from the adjacent property line, meeting the minimum setback requirements and the building is stepped back from El Camino Real. Any changes to the height in other places would shade other areas of the Golfland site.

Appeal to City Council

On November 2, 2015, the applicant filed an appeal of the Planning Commission decision to deny the Special Development Permit, Design Review and Variance. The following reasons are noted in the appeal letter from the applicant.

- * The Solar Shading Ordinance has been misinterpreted.
- * The project does not require a solar shading variance.

The applicant requested a delay in the scheduling of the appeal hearing so that they could discuss the project with the adjacent (Golfland) property owners.

Staff recommends that the City Council grant the appeal of the Special Development Permit, Design Review Permit and Variance. While the Planning Commission expressed valid concerns about solar access and the threshold for approval of a variance, staff finds that there are sufficient hardships to grant the Variance. If the Solar Access code is enforced along El Camino Real, the City cannot implement the Precise Plan for El Camino Real. The Precise Plan nodes encourage higher intensity development which is supported by the maximum height of buildings up to 75 foot tall. Due to the size of the lots, the pattern of single story commercial buildings and the east/west direction of this parcel on El Camino Real it would be difficult for any project to build in accordance with the Plan and accommodate solar access on adjacent lots. Due to changes in technology solar panels need not be placed on roofs and free-standing solar panels could be placed on the adjacent property (Golfland) with adequate solar access. Additionally, redevelopment of the adjacent property in accordance with the Precise Plan, General Plan and zoning code could be at a height similar to the proposal which would result in a retrieval of solar access.

Notice of the original Planning Commission Public Hearing

- *?Published in the Sun newspaper
- *?Posted on the site
- *?1,456 notices were mailed to property owners and tenants within 2,000 feet of the project as shown in Attachment 1

Notice of City Council Public Hearing on the Appeal

- *?4,379 notices of the appeal were mailed to property owners and tenants within 2,000 feet of the project as shown in Attachment 1
- *?24 notices were emailed to interested parties who submitted comments or spoke at the Planning Commission Hearing

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

CONCLUSION

Findings and General Plan Goals: Staff was able to make the required Findings for adoption of the Mitigated Negative Declaration and approval of the Special Development Permit and Variance. Recommended Findings and related General Plan Goals and Policies are located in Attachment 3.

ALTERNATIVES

1. Grant the appeal and adopt the Mitigated Negative Declaration and approve the Special Development Permit and Variance based on the Findings in Attachment 3 and with the conditions in Attachment 4.
2. Grant the appeal and adopt the Mitigated Negative Declaration and approve the Special Development Permit and Variance based on the Findings in Attachment 3 and with modified conditions.
3. Deny the appeal and uphold the decision of the Planning Commission to deny the Special Development Permit and Variance.

RECOMMENDATION

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Alternative 1: Grant the appeal and adopt the Mitigated Negative Declaration and approve the Special Development Permit and Variance based on the Findings in Attachment 3 of the report and with the recommended Conditions in Attachment 4 of the report.

..Staff

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

ATTACHMENTS

1. Vicinity and Noticing Map
2. Project Data Table
3. Recommended Findings
4. Recommended Conditions of Approval
5. Mitigated Negative Declaration
6. Climate Action Plan CEQA Supplement
7. Site and Architectural Plans
8. Applicant's Project Description
9. Applicant's Variance Justification
10. Letter from Adjacent Neighbor
11. Planning Commission Minutes dated 10/12/15
12. Appeal letter from the applicant
13. Emails from the public
14. Letter from Golfland Property Owner Supporting Project