

REPORT TO COUNCIL

SUBJECT

Adopt the **PEERY PARK SPECIFIC PLAN** (2013-7653) and related actions:

- Adopt a resolution to certify the EIR with errata #1 and #2, make the CEQA findings, adopt the statement of overriding considerations, mitigation monitoring and reporting program, water supply assessment and other related items;
- Adopt a resolution to adopt the Peery Park Specific Plan and make related amendments to the General Plan;
- Introduce an ordinance to create the Peery Park Specific Plan district and rezone the parcels in the Plan Area;
- Adopt a resolution to establish fees for Peery Park;
- Adopt a motion to prioritize the flexible community benefits;
- Appropriate \$100,000 of City Funds to provide a portion of the local match for the Peery Park Rides Grant Program; and
- Direct staff to undertake the appropriate environmental analysis and community outreach and return to Planning Commission and City Council to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities on two sites.

SUMMARY OF SEPTEMBER 12, 2016 PLANNING COMMISSION ACTION

This item was continued from the August 22, 2016 Planning Commission hearing after the Commission made a motion to certify the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) with errata #1, adopt the statement of overriding considerations, mitigation monitoring and reporting program, water supply assessment and related environmental items and returned to the Planning Commission at their September 12, 2016 hearing. Staff answered questions from the Commissioners and provided clarification for items that had been raised at the August 22, 2016 hearing. Six members of the public spoke during the public comment period and the draft minutes from the meeting can be found in Attachment 31.

The Planning Commission recommended adoption of the PPSP based on staff's recommendation with two modifications: inclusion of streetscape improvements on the east side of Mathilda Avenue as a flexible community benefit and modification of Alternative 6 to devise a way to strengthen the statement to ensure the housing opportunity sites will be analyzed within the near future.

Staff has responded to the Planning Commission's recommended modifications in the following ways:

- Streetscape Improvements on the East Side of Mathilda: There is an existing category in the flexible benefits section of the Community Benefits Program Table (within Attachment 3) for "Transportation/Streetscape Improvements." Staff has responded to the Commission's request to incorporate the streetscape improvements on the east side of Mathilda Avenue by adding the following language to the end of that section within the community benefits table: "(e.g.

streetscape improvements within the public right of way on the east side of Mathilda Avenue (not within the PPSP) north of Maude Avenue.)” The scope of the streetscape improvements will be approved by the City Council at a later date. The language has been updated within Attachment 3 in the Community Benefits Program Table.

- Modification of Alternative 6: Modifications have been made to Alternative 6 to add a time limit of three years from plan adoption for staff to return to the City Council for consideration of a plan amendment to allow additional housing. If applications have not been submitted by either one of the potential housing opportunity sites within a year, staff would return to the City Council for consideration of a budget modification for the City to pay for the additional environmental studies and possible plan modifications.

The two areas identified as potential housing sites are the California Avenue site and the Hermosa Court site. Staff has discussed the Planning Commission interest in enhancing their recommendation regarding housing with the owners of both of these sites. Attachment 30 is a map that shows the two potential housing sites (along with pending applications).

California Avenue Site. The California Avenue site property owners have stated their intent to submit an application for 100% FAR (a potential increase of approximately 500,000 s.f.) and have also indicated an interest in discussing the housing study further, with City staff. The status of the development capacity for the proposed PPSP area is that if all pending applications for net new office square footage are approved there would be an increase of about 2,000,000 square feet, which would not leave capacity for the California Avenue site to expand as contemplated. A specific plan amendment would be required to enable redevelopment of the site with either scenario (mixed housing and office or 100% FAR office). Staff will advise City Council whether or not an application was formally submitted at the September 20 City Council hearing.

Hermosa Court Site. This site’s property owner has indicated that the current leases on their holdings in the area minimize opportunities for redevelopment in the near future. However, they are interested in exploring a mixed-use master plan for this site with higher density housing, retail and office, for potential redevelopment in the future.

The Reports to Planning Commission can be found in Attachment 1. Minutes from the Planning Commission hearings of August 22, 2016 and September 12, 2016 are in Attachment 27 and Attachment 31, respectively.

APPROPRIATION OF THE USE OF CITY FUNDS FOR PEERY PARK RIDES

The Planning Commission supported the use of \$100,000 of City funds to provide a portion of the local match for the Peery Park Rides Grant Program. The Peery Park Rides shuttle program is the grant-funded program that the City is participating in through a partnership with the Valley Transportation Authority (VTA). The required local match is approximately 36% of the total grant amount and will be split between the City and VTA. In order to operate the two-year shuttle pilot program without charging a fare to passengers, Sunnyvale’s portion of the required local match will total approximately \$525,000. This is \$100,000 more than the VTA local match based on the City’s commitment to running the shuttle system without charging the passenger fare.

The Peery Park Rides program would offer service to employees within the PPSP area as well as to community members in nearby neighborhoods. The program is not fully defined at this time; however,

it is anticipated that it would run on a fixed course during peak hours and provide connections to major transit stations and on a more flexible, demand-driven course during non-peak hours of operation.

Given the timing of the implementation of this program, staff recommends that a separate project be included in the FY 2017/18 Recommended Budget to provide the required matching funds to support TDM, trip reduction and the commitment to providing this service without charging a fare to passengers. Additional local match funding (\$425,000) will still be necessary to secure the grant funding and is recommended to be prioritized as a flexible benefit so that funds may be collected through individual development projects.

FISCAL IMPACT OF HOUSING STUDY

A detailed budget required for the City to finance the studies required to consider a plan amendment for housing has not been prepared. A preliminary estimate is \$100,000 for a Supplement to or Subsequent EIR (which would include traffic analysis) and for incidental expenses for outreach and plan modifications.

ALTERNATIVES

1. Adopt a Resolution (Attachment 3) to:
 - a. Certify the EIR;
 - b. Make the Findings Required by the California Environmental Quality Act;
 - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
 - d. Adopt the Water Supply Assessment;
 - e. Amend the General Plan to Create the Peery Park General Plan Designation;
 - f. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - g. Adopt the Peery Park Specific Plan, with Modifications;
 - h. Adopt the Peery Park Specific Plan Community Benefits Table;
 - i. Repeal the Southern Pacific Corridor Specific Plan Site 2; and
 - j. Accept the errata to the EIR (Attachment 28) and find that none of the circumstances triggering recirculation of the EIR or subsequent environmental review have occurred under CEQA Guidelines Sections 15088.5 and 15162.
2. Introduce an Ordinance (Attachment 4) to:
 - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts - Creation), repeal SMC Section 19.16.070 (Perry Park District Review Process); Add SMC Section 19.27.040 (Peery Park Specific Plan District);
 - b. Amend the Precise Zoning Plan Zoning Districts Map to add the Peery Park Specific Plan District and Rezone the Parcels in the Peery Park Specific Plan Area to Peery Park Specific Plan District; and
 - c. Rezone the Encinal Park Parcel to Public Facilities.
3. Adopt a Resolution (Attachment 5) to:
 - a. Amend Resolution No, 762-16 (Master Fee Schedule) to add the Peery Park Plan Review Fees, Peery Park Conditional Use Permit Fees, a Peery Park Specific Plan Fee, and Peery Park Wastewater Infrastructure Fee; and
 - b. Authorize the City to impose Peery Park Sense of Place and Water Infrastructure Fees on a project specific basis.
4. Prioritize the Flexible Community Benefits as Recommended by Staff.

5. Direct staff to include a new project for \$100,000 to provide matching funds for the Peery Park Rides Grant Program in the FY 2017/18 Recommended Budget.
6. Direct staff to undertake the appropriate environmental analysis and community outreach and return to Planning Commission and City Council to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities. Further direct that the PPSP housing amendment study for the California Avenue and Hermosa Court sites be completed within three years of PPSP approval and that, if formal applications to amend the Plan to include housing have not been submitted by either of the owners of the two properties within one year, staff will return to City Council for a Budget Modification for staff to proceed with the housing amendment study.
7. Modify any of the above alternatives or provide direction for changes to any of the above alternatives.
8. Do not adopt the Peery Park Specific Plan and provide direction to staff on necessary revisions.

STAFF RECOMMENDATION

Alternatives 1, 2, 3, 4, 5, and 6:

1. Adopt a Resolution (Attachment 3 to the report) to:
 - a. Certify the EIR;
 - b. Make the Findings Required by the California Environmental Quality Act;
 - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
 - d. Adopt the Water Supply Assessment;
 - e. Amend the General Plan to Create the Peery Park General Plan Designation;
 - f. Update the General Plan Map to Reflect the Peery Park Plan Area;
 - g. Adopt the Peery Park Specific Plan, with Modifications;
 - h. Adopt the Peery Park Specific Plan Community Benefits Table;
 - i. Repeal the Southern Pacific Corridor Specific Plan Site 2; and
 - j. Accept the errata to the EIR (Attachment 28) and find that none of the circumstances triggering recirculation of the EIR or subsequent environmental review have occurred under CEQA Guidelines Sections 15088.5 and 15162.
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 - b. Authorize the City to impose Peery Park Sense of Place and Water Infrastructure Fees on a project specific basis.
4. Make a Motion to Prioritize the Flexible Community Benefits as recommended by staff.
5. Direct staff to include a new project for \$100,000 to provide matching funds for the Peery Park Rides Grant Program in the FY 2017/18 Recommended Budget.

6. Direct staff to undertake the appropriate environmental analysis and community outreach and return to Planning Commission and City Council to consider whether the Peery Park Specific Plan should be amended to include additional housing opportunities. Further direct that the PPSP housing amendment study for the California Avenue and Hermosa Court sites be completed within three years of the adoption of the PPSP and that, if formal applications to amend the Plan to include housing have not been submitted by either of the owners of the two properties within one year, staff will return to City Council for consideration of a Budget Modification for staff to proceed with the housing amendment study.

Adoption of the PPSP will provide a consistent and comprehensive framework for the approximately 450-acre Plan Area, and will provide clear policy direction and regulations for development to proceed in a well-planned and coordinated manner. Along with a Program EIR, the PPSP defines the City's expectations for Peery Park and could streamline the development review process for individual projects that are consistent with the PPSP.

Growth and transformation of the technology sector is driving significant demand for high quality office space across Silicon Valley, and Peery Park is an area of high interest due to its proximity to major corridors and the existing technology base. The PPSP responds to this market trend, and the policies, regulations and design guidelines strive to transform Peery Park into an active cutting-edge workplace district that will attract and support a variety of innovation companies. Peery Park is one neighborhood of the City and the PPSP allows for this business area to transform with a focus on providing work space for emerging industries and newer styles of working.

Over a series of multiple meetings, significant community engagement, and clear City Council direction to prepare a plan to address Peery Park as an employment area, staff agrees that there is value in looking into future housing opportunities in the area. In reviewing the constraints to housing in Peery Park, it is clear the options are limited, and do not conflict with active planning applications for office uses. A future study for housing will allow the issue to be considered in a deliberate manner, to consider all potential affects to the Plan, to do appropriate community outreach for property owners and neighbors of the sites affected, and to provide the necessary environmental review for the change in uses.

Prepared by: Amber Blizinski, Principal Planner
Reviewed by: Manuel Pineda, Director, Public Works
Reviewed by: Timothy J. Kirby, Director, Finance
Reviewed by: Trudi Ryan, Director, Community Development
Reviewed by: Hanson Hom, Assistant City Manager
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS (New or Updated Attachments from the PC Hearing in **BOLD**)

1. **September 12, 2016 and August 22, 2016 Reports to the Planning Commission (no attachments)**
2. Study Issue Paper
3. Resolution to Certify the EIR and related actions, and Adopt the Peery Park Specific Plan with related actions **(includes updated Community Benefits Table)**
4. Ordinance to Amend Title 19 (Zoning) and amend the Precise Zoning Plan Map
5. Resolution to Amend the Fee Schedule and to add Peery Park related fees

6. Links to the Peery Park Specific Plan and Appendices
7. Recommended Modifications to the Peery Park Specific Plan Document
8. Links to the Draft and Final Environmental Impact Report and Appendices
9. Full Text of Council Policy 1.1.9
10. Meeting Notes and Summaries of the Group Exercises from the four Community Workshops
11. Summary of Online Survey Results
12. Summary of Comments Received at the EIR Scoping Meeting on June 25, 2015
13. Comments Received during the Notice of Preparation Period
14. Link to the Peery Park Specific Plan Webpage
15. Peery Park Specific Plan District Map
16. Link to the Comprehensive Land Use Plan for Moffett Federal Airfield
17. Summary of the Comments Received on the Peery Park Specific Plan during the Public Review Period
18. Financial Analysis Study conducted by EPS
19. Minutes from the June 1, 2016 Heritage Preservation Commission Hearing
20. Minutes from the May 16, 2016 Sustainability Commission Hearing
21. Minutes from the May 19, 2016 Bicycle and Pedestrian Advisory Commission Hearing
22. Minutes from the May 23, 2016 Planning Commission Hearing
23. Modifications to the PPSP for the August 24, 2016 ALUC Hearing
24. Information on the PPSP Fee, Sense of Place Fee and the Infrastructure Fees for Water and Wastewater
25. City of Sunnyvale Water Supply Assessment
26. Public Comment
27. Excerpt of the Planning Commission Minutes of August 22, 2016
28. Errata #1 and #2 to the Final Environmental Impact Report (EIR) for the Peery Park Specific Plan
29. PPSP Map with CLUP Safety and Noise Overlay Zones
30. Proposed PPSP Development Project Map with Potential Housing Opportunity Sites

Additional Attachments - for September 20, 2016 City Council Hearing

31. **Excerpt of the Draft Planning Commission Minutes of September 12, 2016**