File #: 17-0947, **Version:** 1

REPORT TO PLANNING COMMISSION

SUBJECT

File #: 2017-7743
Locations: Moffett Park Specific Plan Area
Proposed Project: General Plan Amendment Initiation: to consider amendments to the Moffett Park Specific Plan.
Applicant / Owner: Google, Inc. (applicant) / various owners
Environmental Review: The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 (a).
Project Planner: Andrew Miner, (408) 730-7707, aminer@sunnyvale.ca.gov

BACKGROUND

The Moffett Park Specific Plan was initially adopted by the City Council on April 27, 2004, and has been amended several times, with the most recent amendment in 2013. Amendments have been for specific property considerations to change the land use designations to Moffett Park Transit Oriented Development (MP-TOD) from Moffett Park General Industrial (MP-I) and allow higher floor area ratios (FAR) through the green building program. The plan has otherwise remained generally the same since 2004 including no changes to the basic land uses or the maximum buildout for the Moffett Park area.

The entire area has a General Plan designation of Moffett Park Specific Plan and includes three zoning districts, MP-TOD (Moffett Park Transit Oriented Development), MP-I (Moffett Park General Industrial) and MP-C (Moffett Park Commercial). The General Plan designation provides for research and development, manufacturing, office, and heavy industrial uses (see Attachment 2).

PROCESS

General Plan Amendment Initiation (GPI) requests (including Specific Plan Amendment requests (SPI)) are considered on a quarterly basis through a recommendation from the Planning Commission and then action by the City Council. The process for considering a General Plan Amendment (GPA) begins with a written request and application fee, from a property owner or applicant, to initiate the amendment process. If the Council approves the GPI, a formal application for a GPA can be filed by the property owner/applicant. The current City Council practice is to consider the GPA before any specific project development application.

Staff received a request from Google, Inc. to amend the Moffett Park Specific Plan (MPSP) on May 10, 2017. The letter from Google requesting the initiation is in Attachment 3, and includes no specific amount of building area or types of uses, but requests the SPI to “allow and encourage increased levels of density and a broader range of land uses than…are permitted under the current version of the MPSP.” There is no specific project included as part of the SPI request.

The City Council is scheduled to consider this item on February 6, 2018.

EXISTING POLICY

SUNNYVALE GENERAL PLAN:

The General Plan is the primary policy plan that guides the physical development of the City. When used together with a larger body of City Council policies, including specific plans, it provides direction for decision-making on City services and resources. The recently adopted Land Use and Transportation Element (LUTE) within the General Plan created an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. The LUTE anticipates that the proposed Moffett Park Specific Plan area would transform based on the provisions in the Specific Plan. The LUTE has several policies to improve the jobs-to-housing ratio, promote business retention and expansion, and ensure coordinated development with community benefits.

Regional Participation

Policy LT-1.3: Contribute to a healthy jobs-to-housing ratio in the region by considering jobs, housing, transportation, and quality of life as inseparable when making planning decisions that affect any of these components.

Effective Integration of Transportation and Land Use Planning

Policy LT-3.4: Require large employers to develop and maintain transportation demand management programs to reduce the number of vehicle trips generated by their employees.

Open Space, Parks, and Wetlands

Policy LT-9.1: Ensure that the planned availability of open space in both the city and region is adequate.

Action 4: Integrate useable open spaces and plazas into commercial and office developments.

Policy LT-10-.5: Engage in regional efforts to enhance and protect land uses near streams and to respond to seal level rise and climate change.

Supportive Economic Development Environment

Policy LT-11.1: Provide existing businesses with opportunities to grow in Sunnyvale and provide opportunities to expand into new technologies.

Policy LT-11.3: Promote business opportunities and business retention in Sunnyvale.

A Balanced Economic Base

Policy LT-12.4: Attract and retain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy and provide a range of job opportunities.

Policy LT-12.5: Encourage land uses that generate revenue while preserving a balance with other community needs, such as housing.

Protected Commercial Districts

Policy LT-13.8: Require high design standards for office, industrial, and research and development (R&D) buildings in all business districts.

Action 2: Maintain and review, as needed, criteria for superior quality architecture, landscaping, and site development for office, industrial, and R&D projects that request to develop beyond standard floor area ratio limits.

Policy LT-13.9: Maintain areas of Class B and C buildings to support all types of businesses and provide a complete community.

Specialized Plans and Zoning Tools
Policy LT-14.2: Prepare specific area plans and special zoning tools (including, but not limited to specific plans, precise plans, design guidelines, specialized zoning, and sense of place plans) to guide change in areas that need special attention.

Moffett Park Specific Plan (page 82 of public hearing version of LUTE)
The Specific Plan maximizes the development potential for corporate headquarters, offices, and research and development facilities. The Plan encourages higher-intensity office uses (up to 70% FAR) along the Tasman light rail line and medium-density floor area ratios (up to 50% FAR) in outlying areas. The allowable FAR depends on the level of green building standards that are met. The Specific Plan also has provisions for supportive commercial services. A development reserve was established to calculate supply and allocation of additional square footage and higher floor area ratios to projects. Three zoning districts implement the Moffett Park Specific Plan: MP-TOD (Moffett Park Transit-Oriented Development), MP-I (Moffett Park General Industrial), and MP-C (Moffett Park Commercial). FAR limits may be exceeded through participation in the Green Building Program.

Community Benefits
Policy LT-14.8: Ensure that development projects provide appropriate improvements or resources to meet the City's future infrastructure and facility needs, and provide development incentives that result in community benefits and enhance the quality of life for residents and workers.

Action 3: Include a discussion of community benefits in area plans and specific plans that defines the City's priorities and outlines and implementation program.

DEVELOPMENT RESERVE AND TRANSFER OF DEVELOPMENT RIGHTS
The City maintains a limited amount of available office/industrial square footage for the Moffett Park Specific Plan area that may be applied to higher FAR projects that exceed the base zoning allowance. The square footage given to a specific project is subtracted from the Moffett Park Specific Plan development reserve. The beginning balance in 2005 was 5.44 million square feet and the current balance is approximately 141,000 square feet. About 80% of the development reserve has been allocated and vested (part or all of the project has been constructed); 13% is approved (including under construction); and 7% is pending or un-allocated. The MPSP also has a program called the Transfer of Development Rights (TDR), that allows a property owner to sell base zoning development potential to another private property owner. No property owner has taken advantage of the TDR program. An entitlement from the Development Reserve may not be transferred.

ENVIRONMENTAL REVIEW
The decision to initiate a General Plan study does not require environmental review under the California Environmental Quality Act (CEQA) because the mere initiation of a study does not constitute a project with the meaning of CEQA pursuant to CEQA Guidelines section 15378 (a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably

foreseeable indirect physical change in the environment. If initiated, the proposed SPA and associated Rezoning (RZ) would be subject to the provisions of CEQA. If the applicant proceeds with the project concept as currently envisioned, preliminary analysis suggests that an Environmental Impact Report will be required, which will include a traffic analysis and other technical studies.

DISCUSSION

Overview

The Moffett Park Specific Plan was prepared and adopted in 2004, and includes 1,156 acres in the office/industrial area north of State Highway 237. The three distinct zoning districts of the MPSP include: MP-TOD for properties that include property within ¼ mile of a light rail station; MP-I for industrial/office areas outside of ¼ mile of the light rail stations; and, MP-C for three areas provided for commercial uses. The MPSP area is home to many key businesses, including Google, Amazon, NetApp, HP, Microsoft, Juniper Networks, Bloom Energy, and Yahoo! (now part of Verizon).

At the time of adoption, there were 462 acres of property designated MP-TOD, 681 acres designated MP-I, and 13 acres designated MP-C, and over 15 million square feet of development in the plan area; there are now 592 acres of MP-TOD, 551 acres MP-I and no change to MP-C. The MP-TOD area includes two properties classified as “military parcels” in the Plan, and include:

- The 48-acre site owned by the U.S. government (for use by the Navy), located on the west side of Mathilda Avenue, north of Fifth Avenue; and,
- The 18.86 acres once used for the Onizuka Air Force Station which has since been closed and transferred to different entities, including the Foothill-De Anza Community College, the Veterans Administration, Jay Paul Company (as part of a property swap of the prior fire station for a new fire station at a different location), and the City of Sunnyvale. The City Council recently approved the sale of the remaining 5.01-acre City-owned Onizuka property to Google, Inc.

The MPSP specifically described the military parcel developments as “stable uses” not expected to be redeveloped as part of the MPSP. It was anticipated that the two areas would not be developed beyond their then building area. The Plan estimates that the Navy site is built out at 35% floor area ratio (FAR), and the Onizuka site at 61% FAR, and that future development intensifications were not included within the scope of the Plan nor the EIR prepared for the Plan. The sites were also exempt from participating in the Development Reserve and Transfer of Development Rights program of the MPSP.

The MPSP area does not include the following:

- The Moffett Federal Airfield;
- The wetlands;
- The City-owned land north of Caribbean Drive where the water pollution treatment plant and SMaRT® solid waste transfer station is located; nor,
- The County-owned Twin Creek Sports complex or Baylands Park.

A key element of the MPSP area is the VTA light rail that runs through the area. There are four light rail stations in the MPSP area, including one on the Technology Corners property, which was built by Jay Paul as a part of the development on that property (prior to the adoption of the Moffett Park Specific Plan). The location of these light rail stations help define the MP-TOD zoning designation area.

Past MPSP Approvals and Recent Applications

At adoption, the MPSP included a development reserve from which square footage from projects that exceed their base zoning allowance by using the green building incentives or requesting approval from the City Council would be drawn down. The original development reserve total in 2004 was 5,440,000 square feet, which was studied in the MPSP EIR. Several projects have subsequently taken advantage of the development reserve, including Network Appliance, Jay Paul Company, Yahoo!, and Google, and the current reserve amount is 141,191 square feet (see Attachment 4 for listing).

Juniper Networks has an approved plan that allows a total of two million square feet of office; the site was previously built with one million square feet research and development building., The permit has been vested through the construction of two office buildings (approximately 420,000 square feet total) and a 30,000 square foot conference/assembly building. Two smaller modular buildings of about 7,000 square feet total were allowed as interim uses to provide indoor recreation facilities. Approximately 1.58 million square feet of office can be built on the site; the project can be built out as needed by the owner.

On December 20, 2017, Google, LLC applied for a new project on 40.5 acres of land on both sides of the West Channel at North Mathilda Avenue and Caribbean Drive. The project consists of two new 5-story R&D office buildings totaling approximately one million square feet including a 4-level parking structure. Existing office and manufacturing buildings totaling 679,225 square feet are planned to be demolished. Google has notified the City that property recently purchased from NetApp had approval of projects with development reserve building area was returned and is proposed for use in the new Caribbean project. Use of the remaining 141,191 square feet of development reserve plus that returned from the NetApp project are necessary for the proposed project to be considered.

Also, with Verizon's acquisition of Yahoo!, Verizon has an interest in building an approved project at the northeast corner of Java Drive and North Mathilda Avenue (permit expires on October 18, 2018). To vest that permit ahead of that date, Verizon is intending to begin construction on at least one building. The project includes a 6-story 508,000 square foot office building (80% FAR), 24,000 square foot special use amenities building and one parking structure. Yahoo pre-paid 25% of the traffic impact fee (TIF), which is allowed in the MPSP area only, to extend the entitlement for a total of seven years, to a final date of October 18, 2018.

There has been continual implementation of the MPSP area since 2004, with increased activity in recent years. The primary goal of the Specific Plan is to maximize the development potential for corporate headquarters, offices, and research and development facilities. The City's interest in supporting Moffett Park as a business center and its location in the Silicon Valley has encouraged companies to invest in the area.

Requested General Plan Amendment Initiation

On August 8, 2017, Google, Inc. filed a General Plan Amendment Initiation request (see Attachment 3). Google's stated purpose to amend the MPSP is to make the area a cutting-edge 21st Century innovation district, made up of a mix of uses in villages throughout the Plan area. Google has stated an interest in housing in the area as well as increased retail and services and open space for those that live and work in the area. Another element of the study would be to consider increased office building allowance and to increase the development potential for the area.

Although Google made the application to initiate the amendment to the MPSP, they do not own all property in the plan area, and other property owners will be affected and could or could not benefit from an amendment to the Plan. There are several other large property owners and users in the area, including the U.S. Navy site, Lockheed Martin, Jay Paul, Verizon, NetApp, and several large tenants such as Amazon, Microsoft, HP, Bloom Energy, Cepheid, and Infinera. Preparation of an updated MPSP would consider all properties in the study area, not just the Google properties.

Proposed General Plan Amendment and Potential Rezoning
If initiated by the City Council, the MPSP would be studied for amendment and an environmental review would be prepared. The recently adopted LUTE did not identify the proposed study area for growth beyond that anticipated in the MPSP; therefore, the General Plan LUTE may need to be amended to reflect any changes. Depending on the land uses identified in an updated plan, new zoning maps and code amendments may be needed. A recommendation hearing would be conducted by the Planning Commission and the final determination would be made by the City Council.

No change to the General Plan or zoning would occur as part of the subject of this report, which would be to authorize a study of potential changes to the plan and zoning. Ultimately, the City Council may approve a General Plan or zoning amendment upon finding that the amendment, as proposed, changed or modified is deemed to be in the public interest.

The subject request to initiate amendment studies for the Moffett Park Specific Plan, General Plan and zoning is quite general (i.e., there are no properties identified for various uses nor are there development mix or intensities identified). Staff recommends, that if the City Council initiates the GPA/SPA that staff return with a work plan and project description for Planning Commission recommendation and City Council action. The work plan and project description would be developed after outreach to Moffett Park business and property owners as well as other public agencies and interested parties, including residents of Sunnyvale.

The initial outreach to the community would explore concepts of:

a. Increasing or decreasing the office/industrial development capacity;
b. Allowing residential uses in the area;
c. Increase retail opportunities in the area; and
d. Develop a plan that provides a mix of uses to create neighborhoods in the area.

After the initial outreach a series of higher level capacity analyses would be prepared to determine the holding capacity of the area (e.g. is there sufficient water and sewer treatment capacity, what are the nature of transportation impacts). This information would be used to develop a more detailed land use program for City Council consideration. Once the City Council has selected a specific program, more detailed studies would be prepared and would include analysis of the potential impacts and benefits of changing land uses. The study would also include several technical studies to inform the decision-making process. These studies would include at least the following:

Studies:

- *Market analysis*- This study would consider the current and future market characteristics to assist in considering if a market for the changes are present, the type of uses would be successful, and potential impacts to smaller businesses in the area from amending the MPSP.

- *Economic analysis*- This study reviews the financial impact to the City, including costs to provide services and potential revenue that could be expected from the land uses allowed in a revised MPSP.
- *Traffic Impact Analysis* (TIA)- This analysis studies the baseline traffic for several intersections in and outside the city and applies growth assumptions for what the plan proposes to determine impacts to traffic and where traffic improvements would be needed. The TIA is incorporated into the EIR for the traffic review.
- *Visual impacts* - associated if increased building heights and massing are identified
- *Infrastructure/Utility Analysis* - The analysis would refine the higher level analysis developed for establishing the general land use program and would include more detail on the collection and distribution systems for utilities.

If Residential Uses are evaluated:

- *School Impact Analysis*- The current MPSP does not allow residential uses, so no impacts to schools was considered. If the Council initiates an amendment to the MPSP to include housing, the Sunnyvale School District, Fremont Unified High School District and Santa Clara Unified School District will be included in the effort to ensure adequate resources are available to future school aged children in the plan area.
- *Parks and other Residential Services*- This would include areas for recreation, sidewalks, retail services, and any potential changes to solid waste collection.
- *Hazardous Material Analysis*

Other Studies

- *Sea Level Rise and Adaptation* - These studies are identified in the adopted Climate Action Plan, particularly for the Moffett Park Area.

Environmental Impact Review:
It is expected an EIR would be prepared for any amendment of the MPSP. The EIR would be a robust study of the varying impacts that could result from the build-out expected from the amended MPSP. The EIR will include the elements required by CEQA. Once a preferred alternative is selected, a Notice of Preparation (NOP) would be issued to other federal, state, and local agencies, property owners in the Moffett Park area and vicinity, and other interested parties. Feedback received would inform the scope for a Draft EIR, which, once prepared will be made available for public review and comment. Responses to comments are then prepared, along with any corrections needed to the Draft EIR; these documents are collectively the Final EIR which would be presented to the City Council along with an updated specific plan.

FISCAL IMPACT

If the Council initiates the amendment, Google would be required to pay the cost to prepare the amended MPSP, required environmental review documents, including traffic, air quality, noise, and infrastructure analysis (including an amended Water Supply Assessment) and supplemental City staffing costs. Planning is operating at reduced staffing due to personal leaves and is experiencing a very high workload, and additional staffing resources will be necessary to complete the amendment effort. It is reasonable to request Google to pay the cost for additional staff resources to complete the MPSP amendment.

PUBLIC CONTACT

Public contact was made through posting the agenda on the City's official-notice bulletin board and on the City's website and the agenda and report were made available in the Reference Section of the City Library. Notices were sent to all property owners and tenants within Moffett Park and within 2,000 feet of the MPSP boundary (3,572 notices) (Attachment 5); email messages with notices were sent to all neighborhood associations, Morse Park, SNAIL, and Plaza del Rey, Lakewood and San Miguel. Notice was also sent to the Moffett Park Business Group.

ALTERNATIVES

Recommend to City Council that City Council:

1. Initiate a General Plan/Specific Plan Amendment study to consider amending the Moffett Park Specific Plan
2. Provide direction:
    a. To prepare a work plan and project description after initial community outreach and return to the Planning Commission for a recommendation and to City Council for action.
    b. On any plan features that the City Council would like included or would not like included.
    c. To commence work on the amendment studies only if fully paid for by the applicant or applicants.
3. Do not initiate a General Plan Amendment study and leave the current development capacity, land uses and standards in place.

STAFF RECOMMENDATION

Alternatives 1 and 2: 1) Initiate a General Plan/Specific Plan Amendment study to consider amending the Moffett Park Specific Plan; and 2) Provide direction: a) to prepare a work plan and project description after initial community outreach and return to the Planning Commission for a recommendation and to City Council for action, b) on any plan features that the City Council would like included or would not like included, and c) to commence work on the amendment studies only if fully paid for by the applicant or applicants.

The MPSP was adopted in 2004, and there have been many changes in the Moffett Park area (and City) since that time. The MPSP concepts and policies have been very successful and the vision has been realized. Although plans such as these typically have a 20-year horizon, a period of 10-15 years is not unusual, especially given the amount of change occurring in Sunnyvale and Silicon Valley. The interest by large technology companies, such as Google, to create housing opportunities close to their offices is an intriguing concept, although other factors must be considered, including the presence of typical industrial uses in the MPSP, impacts on schools, and the provision of adequate open space.

Updating the MPSP could include a study of potential impacts due to sea level rise, an effort not completed in Sunnyvale to date. The effort will be substantial, but an amended MPSP would help guide a re-visioning of an important Silicon Valley business center with an eye for the future.

Prepared by: Andrew Miner, Planning Officer
Reviewed by: Trudi Ryan, Director of Community Development
Reviewed by: Tim Kirby, Finance Director
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. *Not Used, Reserved for Report to Council*
2. General Plan Land Use Map
3. Applicant Letter
4. Development Reserve
5. Noticing Map

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