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File #: 18-0069, Version: 1

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### REPORT TO PLANNING COMMISSION

#### **SUBJECT**

**File #:** 2016-7173

**Location:** 265 Sobrante Way (APN:165-27-002)

**Zoning:** PPSP-MIC (Peery Park Specific Plan - Mixed Industry Core)

**Proposed Project:** Related applications on 3.5-acre site:

PEERY PARK PLAN REVIEW: To allow redevelopment of a site with construction of a new four-story, 121,715 square foot office/R&D building with underground parking resulting in 80% Floor Area Ratio (FAR); existing two one-story buildings to be demolished.

**Environmental Review:** The project is exempt from additional CEQA review per CEQA Guidelines section 15168(c)(2), (3) and (4). The project is within the scope of the Peery Park Specific Plan Program EIR. The environmental impacts associated with the proposed development are adequately addressed and analyzed in the Peery Park Specific Plan Program EIR and/or can be substantially mitigated with the imposition of uniformly applied development policies or standards.

**Applicant / Owner:** Sobrante Properties, LLC (owner & applicant)

**Project Planner:** Shétal Divatia, (408) 730-7637, sdivatia@sunnyvale.ca.gov

#### **REPORT IN BRIEF**

**General Plan:** Peery Park Specific Plan

**Existing Site Conditions:** Two one-story buildings with light industrial uses

#### **Surrounding Land Uses**

**North:** Industrial (across Central Expressway)

**South:** Industrial/office

**East:** Office/R&D (across Sobrante Way)

**West:** Single Family Residential (adjacent and across Pastoria Avenue)

**Issues:** Implementation of the Peery Park Specific Plan

**Staff Recommendation:** Make the required Findings in Attachment 3 to approve the California Environmental Quality Act determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; make the Findings in Attachment 3 for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee; and approve the Peery Park Plan Review Permit subject to PPSP Mitigation Monitoring and Reporting Program in Attachment 6 and recommended conditions of approval set forth in Attachment 4.

#### **BACKGROUND**

### **Project Description**

The project includes demolition of the existing 45,470-square foot industrial buildings and the construction of a new four-story office building with underground parking on a 3.5-acre site, resulting in 80 percent floor area ratio (FAR). The project is in FAR Zone 1, and categorized as a Tier 2 Project in the Peery Park Specific Plan (PPSP). Sites may develop up to 80 percent FAR with the provision of Defined and/or Flexible Community Benefits subject to Planning Commission review and approval.

See Attachment 1 for a map of the vicinity and mailing area for notices and Attachment 2 for the Project Data Table.

**Peery Park Plan Review Permit:** A Peery Park Plan Review Permit (PPPRP) is required for site and architectural review for new construction, and additions or modifications of structures and property within the PPSP zoning district. The findings required to grant a PPPRP are discussed in Attachment 3.

**Previous Actions on the Site:** The site was developed with industrial buildings in 1973. Subsequently, the following Planning Permits have been approved for the site:

- Miscellaneous Planning Permit (MPP):
  - Retail/showroom use (2016); and
  - Solid waste enclosure (1990);
- Special Development Permit (SDP) for a retail and sit-down dining use (1983); and
- Use Permit for motorcycle sales and service use (1975).

### **EXISTING POLICY**

The project site is subject to the purpose, intent, and policies of the PPSP. The PPSP includes guiding principles, district policies, and a design framework. Projects in the PPSP are subject to a Plan-specific development code, design guidelines, and an implementation plan.

The purpose of the PPSP is to guide both private and public investment activities in the Plan area, and to support and promote the type of investment that will enhance the beauty and vitality of this major Sunnyvale workplace district.

Applicable Design Guidelines: The City's Design Guidelines, along with those in the PPSP, provide recommendations for site layout, architecture, and design. These guidelines are referenced in the discussion and analysis below.

### **ENVIRONMENTAL REVIEW**

A Program-level EIR was prepared for the PPSP which identified potential impacts resulting from the proposed development intensities in the Plan. Certification of the EIR included a Mitigation Monitoring and Reporting Program (MMRP) with provisions to reduce some of the potentially significant impacts to a less than significant level, although some impacts remain significant and unavoidable after mitigation. Statements of Overriding Consideration were adopted in conjunction with the General Plan Amendment and the PPSP in acknowledgment of the presence of the remaining significant and unavoidable impacts. The adopted Statements of Overriding Consideration are deemed by the certification of the EIR to be applicable to subsequent projects that are consistent with or that implement the PPSP's goals and objectives. As the lead agency, the City of Sunnyvale implements the adopted MMRP for each subsequent project that includes the approved mitigation measures of the EIR (see MMRP in Attachment 6).

The project is within the scope of the PPSP Program EIR and is therefore exempt from additional CEQA review per CEQA Guidelines section 15168(c)(2) and (4) and Public Resources Code Section 21094 (c). The City has completed checklist and determined that no new environmental impacts are anticipated to occur and no new mitigation measures are required. The EIR MMRP is included by reference for this project.

## **DISCUSSION**

### **Present Site Conditions and Neighborhood context**

The project site is located at the corner of Sobrante Way and Central Expressway with additional frontage on Pastoria Avenue. The site has access from Sobrante Way and Pastoria Avenue. Prior to the adoption of the PPSP, the site was zoned M-S (Industrial and Service) and is currently developed with two one-story light industrial buildings that were built in 1973. The existing buildings are currently used as industrial and office space and serve a variety of tenants. The project includes demolition of both these buildings. The site is located on the western edge of the PPSP boundary area.

The site is adjacent to four single-family homes located on the east side of Pastoria Avenue that are zoned PPSP-MIC (same zoning as the subject site). These four lots were developed with single-family uses in the 1940s. The Specific Plan prohibits residential uses in this PPSP subdistrict; therefore, these residential lots are currently legal non-conforming. Prior to the adoption of the PPSP, these lots and the subject site were zoned M-S (Industrial Service). Residential uses in the M-S zoning district requires a Use Permit.

The Peery Park Specific Plan has specific height and setback standards for non-residential buildings that are adjacent to residential uses. These special building height limits specify a minimum distance that must be maintained from abutting properties that contain existing residential uses. These standards are discussed in further detail in the Building Height/Stories section of the report.

The neighborhood also contains a single family residential neighborhood located on the west side of Pastoria Avenue (on Lori and Shirley Avenues). This neighborhood is outside the PPSP plan boundary and is zoned R-0. The City has received numerous complaints recently from this neighborhood regarding employees of a nearby office development parking in their neighborhood. In response to those complaints, the City (Division of Traffic and Transportation) is examining several options to address this issue. Some of the potential options include on-street parking enforcement and issuing resident parking permits; however, the complaints are currently tied to another office development and not the subject property.

### **Peery Park Plan Review Permit**

The project is located within the Mixed Industry Core (MIC) sub district and requires Peery Park Plan Review Permit (PPRP) subject to review and approval by the Planning Commission for the proposed 80 percent FAR.

### **Use:**

The proposed office/R&D use is consistent with the envisioned use for this area.

### **Floor Area Ratio (FAR):**

The proposed 121,715 square foot building at 80% FAR in "Zone 1," is identified in the PPSP as a "Tier 2" project and requires Planning Commission review and approval. This zone allows a

development baseline FAR of 35 percent and a maximum of 100 percent FAR with the provision of community benefits per the PPSP Community Benefits Program.

**Community Benefits:**

The PPSP Community Benefits Program allows projects to contribute community facilities, services, fees, or other benefits that help achieve the overall purpose and character envisioned for the PPSP area in exchange for added development capacity. These contributions are defined by the PPSP's Community Benefit goals, which include providing an environment that brings people together, amenities and uses that support the workplace district, community sustainability, transportation demand management, and alternative transportation.

A project must achieve a certain number of points in the PPSP Community Benefits Program to attain the desired FAR. The adopted PPSP Community Benefits Program includes a list of provisions with defined points ("Defined Community Benefits") and a list of provisions where the points are flexible or can be achieved by a contribution to the Community Benefits Fund ("Flexible Community Benefits. Tier 2 projects with a baseline FAR of 35 percent can achieve an additional maximum 45 percent FAR through the provision of Defined Community Benefits (for a total of 80 percent FAR). To achieve a FAR beyond 80 percent and up to 100 percent, the project must provide Flexible Community Benefits.

The proposed Community Benefit Plan includes Defined Benefit and Flexible Community Benefit points to achieve a total of 45 required points to attain the desired 80 percent FAR. The applicant proposes the following:

Type	Points
Baseline	35
Defined Benefit points	26
Flexible Community Benefit points	19
<i>Total Points Required for the Project</i>	<b>80</b>

**Proposed Defined Benefits (26 points)**

- Approximately 21 percent of the site is open space/landscaping (3 points)
- Gain 600 sq. ft. of development per parking space when providing parking in an underground structure (10 points)
- Project, including tenant improvements, will commit to achieve LEED Gold (between 75-79 points) with USGBC certification (13 points)

**Proposed Flexible Benefits (19 points)**

- Community Benefits Fund Contribution. Staff has administratively determined \$30 per square foot value as a tool for assessing whether a Peery Park project addresses the flexible Community Benefit requirements. Value can be a combination of off-site improvements, cash contribution or other project features that overall benefit the community. Each project will be reviewed separately for the applicability of this value.
  - Calculation: Nineteen percent of Total Building Area (29,023square feet) x \$30 = \$870,692 approximate value.

**Site Design and Architecture**

The PPSP's vision for the MIC subdistrict is concentrations of cutting edge start-ups, small scale

R&D, prototyping, and production businesses in small scale feel with frequent street facing entrances from ground floor spaces; however, it also includes an approach that allows flexibility in response to current (and future) market demands allowing a range of uses and building types to provide the flexibility to respond to demand when redevelopment occurs.

**Site Layout:** The site has frontage on Sobrante Way on its east, Central Expressway on its north, Pastoria Ave on its west and an adjacent industrial/office site on its south. The site has access from Sobrante Way and Pastoria Ave. The site is adjacent to four single family homes on its west side along Pastoria Avenue. The project consists of one, four-story building with one level of underground parking, surface parking and landscaped areas. (See Site and Architectural Plans in Attachment 8). The building design includes two entrances from the parking lot and a service entrance on the north elevation. An outdoor sitting area as an amenities area is located near the building entrance facing the parking lot. The building is located closer to the Sobrante Way and Central Expressway frontages to maximize the setback from the residential neighbors on Pastoria Avenue (118'-123' feet setbacks from adjacent residential lots and 300' feet from residential lots across Pastoria Avenue).

**Vehicle and Pedestrian Circulation:** A Transportation Impact Analysis (TIA) was completed for this project (Attachment 8). The project is subject to PPSP's Transportation Demand Management Plan, that would require a 25 percent trip reduction for this site. The project is expected to generate an additional 65 AM and 58 PM peak hour trips. The project is expected to result in three additional cars queuing on eastbound California Avenue to make a left turn on Mathilda Avenue at the intersection of California and Mathilda Avenues. The City's new Signal Improvement Program is expected to address this situation so no additional lane space will be required. The study also recommends crosswalk improvements at the intersection of California and Pajaro Avenues. The project will be required to pay fair-share contribution towards this improvement. The TIA concludes that the project would not lead to any significant traffic impacts and does not require any other additional mitigation measures.

The site has three entry/exit driveways. One driveway on Sobrante Way and two driveways on Pastoria Avenue. The underground parking (101 spaces) below the building is accessed from the parking lot through a ramp located on the northern portion of the site.

Pedestrian walkways are located around the perimeter of the building. The PPSP specifies certain public improvements within the plan area. A new sidewalk and associated improvements will be installed along Sobrante Way and Pastoria Avenue.

A portion of the parking lot located between the existing single family homes serves as an access driveway for the single-family home on the north side. Currently, no cross easements for this use of the site are recorded/found. The proposal has incorporated this driveway to allow its continued use by the adjoining residential property. The project will record appropriate easements to address this condition.

**Architecture:** The proposed architectural style is considered contemporary, which is consistent with the PPSP vision. The proposed office building is generally square in form with changes in plane and building height using several building elements, including stairwells, balconies, and exterior building materials. The building facade is composed mostly of blue tint and clear glass with aluminum framing, and wood siding. The building has balconies on the 4<sup>th</sup> story overlooking Sobrante Way and Central Expressway and contains no balconies on the façade closest to the residential neighbors to

the west. The building roof overhangs the façade and is finished with wood siding on the underside. The vertical stair elements include wood siding in a recessed plane. The proposed building design has horizontal and vertical elements, changes in plane and materials, and provides adequate building articulation with an acceptable architectural design.

### **Development Standards**

The proposed project conforms with the PPSP development standards such as building length, height, setback, and landscaping. Deviation to development standards may be considered with the PPPRP by making the required findings. The following section includes details on the project's compliance with development standards. The findings required to grant a PPPRP and the requested deviations are discussed in Attachment 3.

**Setbacks:** The office building is located approximately 30 feet from the front property line facing Sobrante Way and approximately 248 feet from the property line along Pastoria Avenue. The PPSP development standards requires a minimum of 105 feet setback to be maintained from adjacent residential lots for a four-story building. The proposed four-story building will be located 118 feet away from the rear property line of the one adjacent single-family home on Pastoria Avenue and 123 feet away from the rear property lines of the three single-family homes further down Pastoria Avenue. The proposed building setback exceeds this setback requirement. All other setbacks are met, as noted in the Project Data Table in Attachment 2. No deviation is requested for setbacks.

**Building Height/Stories:** The office building is in the Mixed Industry Core (MIC) subdistrict. Street facing buildings in MIC are limited to four stories and 60 feet in height. Architectural projections and machinery penthouses not exceeding 25 percent of the roof area may extend beyond the maximum height limit by an additional 25 feet. Additionally, the Plan requires a minimum 75-foot setback for lots adjacent to residential uses, and an additional 30-foot setback for the portion of building above three stories or 46 feet (specifically a 105-foot setback for the 4<sup>th</sup> story of this building). The proposed setback for the entire building including the four stories is at 118 feet and exceeds the minimum of 105 feet. No deviation is requested for building height/stories.

**Solar Shading Analysis:** As per SMC 19. 56.020, a new building cannot shade greater than 10% of the neighboring structures. The shadow analysis shows the expected shadowing on December 21, 9 a.m. and 6 p.m. when shadows are the longest/largest. The shadow analysis for the project shows that the proposed building would not cast any shadow on the roofs of the existing homes on the adjoining residential properties. The project conforms with Sunnyvale's solar shade requirement.

**Parking:** The PPSP requires a minimum vehicular parking ratio of 3.3 spaces/1,000 square feet and a maximum of 4 spaces/1,000 square feet for corporate office/R&D uses. The proposed 121,715 square foot building would require a minimum of 402 and a maximum of 485 parking spaces. The proposal provides a total of 402 parking spaces). The project will have 255 surface parking spaces and 146 spaces in the basement including 44 valet parking spaces. The basement without the valet option can accommodate 102 standard spaces resulting in a shortfall of 44 parking spaces (11% of required parking) from the minimum required parking; therefore, the valet option is necessary to make up the parking deficit. Due to existing parking issues in this neighborhood, staff is concerned about allowing a project that does not meet the minimum parking requirements but, feels that the valet parking requirement would provide for sufficient parking on site. Therefore, the project will require the applicant to provide valet parking in the basement (Conditions of Approval (COA - AT-1))

for the entirety of the office/R&D use, unless additional parking is built on-site to meet the minimum parking standard.

The Peery Park Specific Plan allows for a request for reduction to the minimum parking requirement with a Transportation Demand Management Plan or other adequate survey data as requested by the City. The request would be evaluated on a case-by-case basis. A draft Transportation Demand Management (TDM) plan has been submitted by the applicant (Attachment 9). This plan identifies methods to reduce AM and PM peak hour trips by 25 percent as required by PPSP. The draft TDM notes that this trip reduction supports reduced parking. Staff notes that reductions in peak hour trips to address the PPSP TDM requirement does not directly correlate to a reduction in overall parking spaces, and has required the use of valet parking to make up for the parking deficit. A final TDM is required per the Conditions of Approval.

Bicycle parking is required at five percent of the required vehicular spaces. Therefore, based on the required 402 vehicle spaces, a minimum of 20 bicycle spaces are required (15 spaces must be secured bicycle parking). The project proposes 20 bicycle parking spaces (15 secured) to meet this requirement, and the bicycle racks are in visible locations near the building entrance.

**Open Space, Landscaping and Tree Preservation:** The PPSP envisions a network of varied open spaces that promote activity, greenery and livability in the Plan Area. The plan requires 20 percent of this property to be open space. The project proposes to maintain 21 percent of the site area as open space to meet this requirement. This project obtains Defined Community Benefits by exceeding the 20 percent minimum by one percent. A hardscaped (paved) plaza edged with trees will be located near the building entrance to provide an outdoor seating area for building employees. The conceptual landscape plan shows new plantings throughout the site and along the adjoining property lines.

The site has 72 trees of which 57 trees are 'protected' trees (trunk circumference  $\geq 38$ " circumference). The proposed project saves 42 trees of which 33 trees are protected trees. The conceptual landscape plan shows the project will plant another 114 trees throughout the site with 63 large sized trees (24-inch box size and greater). Sixteen trees on the south edge of the property are proposed to be saved. Staff recommends that the trees that are proposed to be removed along Pastoria Avenue (e.g. the large 135" circumference cedar tree) should instead be retained by relocating the sidewalk/curb if possible. Sidewalks will be designed to ensure that existing mature trees that are in good condition are preserved where possible. Many of the trees proposed for removal are either in the footprint of the new building, or within the new parking lot, or have been identified as either in poor/dead or diseased condition. Consistent with the PPSP EIR, the project is subject to the City's Tree Preservation Ordinance and replacement tree policy.

**Off-site Development/Improvements:** The project is required to install new sidewalks, curb and gutter, and street trees along the project's boundary on Pastoria Avenue and portions of the Sobrante Way street frontage.

**Moffett Federal Airfield Compatibility:** The project site is located within the Moffett Federal Airfield Airport Influence Area (AIA) defined by the County of Santa Clara's Comprehensive Land Use Plan (CLUP) for Moffett Federal Airfield. The site is partially within the Outer Safety Zone and within the 65dBA noise contour. The project meets the allowable CLUP density with the proposal resulting in 140 people per acre where a maximum of 350 people per acre are allowed. The project is consistent with the CLUP safety, height and noise policies and recommends two conditions of approval: 1) Provide an Avigation Easement as the site is located within the AIA and; 2) A noise study be

performed and mitigation measures be included in the design of the project. Staff has included both these recommendations in the Conditions of Approval (Attachment 10).

The Federal Aviation Administration (FAA) has determined that the proposed project and building heights will not be a hazard to air navigation and no additional action is required.

**Easements:** The project is required to provide the necessary right-of-way easements for public sidewalks. Additionally, an ingress/egress easement for the access driveway with the adjoining property at 280 N. Pastoria Avenue will be recorded.

**Solid Waste and Recycling Access:** The trash facilities are planned to be incorporated into the north side of the site that is closer to Central Expressway. A final Solid Waste Management Plan is required to be provided, per Conditions of Approval.

### **FISCAL IMPACT**

Normal fees and taxes are expected. Standard fees for higher intensity office development projects in Sunnyvale include Transportation Impact Fees and Housing Mitigation Fees as well as all building permit related fees and taxes. Additionally, projects within the PPSP are required to pay the PPSP Infrastructure Fee for Wastewater, PPSP Infrastructure Fee for Water, PPSP Fee, PPSP Sense of Place Fee and fair share contributions towards Transportation Mitigation Fees (noted in the PPSP EIR). Standard fees are established in the annually adopted fee resolution and ad hoc fees are calculated on a project by project basis. The estimated fees, calculated as of February 2018, required for this project are included in the Conditions of Approval (See, COA BP-6) in Attachment 4.

In conjunction with the adoption of the PPSP, the City Council directed staff to impose appropriate fees for Sense of Place Improvements and Water Infrastructure on a project-specific (ad hoc) basis. The Mitigation Fee Act (Gov. Code Section 66001(a)) provides that when development impact fees are imposed as a condition of approval, the public agency must identify the purpose of the fee and the use of which the fee will be put, and determine how there is a reasonable relationship between the development project the fee's use and the public facilities required by the project. The Sense of Place fees will fund bicycle and pedestrian improvements designed to reduce automobile transportation by workers and residents of Peery Park, thereby helping to mitigate the impact of the higher density development on traffic, greenhouse gases and noise. In addition, the MMRP, adopted with the Program EIR, requires each project to fund its fair share of improvements to water infrastructure needed to support the new development. The required findings for the Sense of Place and Water Infrastructure fees, including information to show how the fees were calculated are in Attachment 3.

### **PUBLIC CONTACT**

**Neighborhood Outreach Meeting:** A neighborhood meeting was held on September 21, 2017. No members of the public attended the meeting.

**Planning Commission Study Session:** A study session was held with the Planning Commission for this project on August 28, 2017. The Planning Commission commented on the site plan and architecture. In response to Planning Commission comments the applicant has removed lighting from the stairwell towers.

**Public Comments Received:** As of the date of staff report preparation, staff has received three

comments from the neighbors that are included in Attachment 10. The comment expresses concern about the proposed development and increased traffic.

**Notice of Public Hearing, Staff Report and Agenda:**

- Published in the Sun newspaper
- Posted on the City of Sunnyvale's Web site
- Agenda made available at the Reference Section of the City of Sunnyvale's Public Library
- Agenda posted on the City's official notice bulletin board
- 4,008 notices were sent to property owners and tenants within 1,000 feet of the project site
- Notices were mailed to four neighborhood associations: Charles Street 100 Neighborhood Association, Sunnyvale West Neighborhood Association, Lowlanders Neighborhood Association, and the Heritage District Neighborhood Assoc. (HDNA).
- A copy of the report was made available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website

**ALTERNATIVES**

1. Make the required Findings in Attachment 3 to approve the California Environmental Quality Act determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; make the Findings in Attachment 3 for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee; and approve the Peery Park Plan Review Permit subject to PPSP Mitigation Monitoring and Reporting Program in Attachment 6 and recommended conditions of approval set forth in Attachment 4.
2. Alternative 1 with modified conditions of approval.
3. Do not make the CEQA Findings and direct staff as to where additional environmental analysis is required.
4. Deny the Peery Park Plan Review Permit and provide direction to staff and applicant on where changes should be made.

**STAFF RECOMMENDATION**

Alternative 1: Make the required Findings in Attachment 3 to approve the California Environmental Quality Act determination that the project is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required; make the Findings in Attachment 3 for the Peery Park Plan Review Permit, Sense of Place Fee and Water Infrastructure fee; and approve the Peery Park Plan Review Permit subject to PPSP Mitigation Monitoring and Reporting Program in Attachment 6 and recommended conditions of approval set forth in Attachment 4.

As envisioned for the PPSP Mixed Industry Core subdistrict, the proposed project allows for an intensification of the site with a more efficient site layout and high quality building design which will contribute to an improved visual and pedestrian experience.

Prepared by: Shétal Divatia, Senior Planner  
Reviewed by: Amber Blizinski, Principal Planner  
Reviewed by: Gerri Caruso, Principal Planner

**ATTACHMENTS**

1. Vicinity and Noticing Map
2. Project Data Table
3. Recommended Findings
4. Standard Requirements and Recommended Conditions of Approval
5. CEQA Checklist for PPSP EIR Compliance
6. PPSP EIR - Mitigation Monitoring and Report Program (MMRP) for Project
7. Proposed Community Benefits Plan
8. Traffic Impact Analysis
9. Proposed Traffic Demand Management Plan
10. Public Comments Received
11. Site and Architectural Plans (Booklet for PC)