



File #: 18-0557, Version: 1

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: General Plan Amendment Initiation to consider amending the Lawrence Station Area Plan (LSAP) to expand the boundary of the plan area to include 932 and 950 Kifer Road (APNs 205-49-005 and 205-49-012).

File #: 2018-7447

Locations: 932 Kifer Road (APN 205-49-005); 950 Kifer Road (APN 205-49-012); 945 Kifer Road (APN 205-40-002); and 955 Kifer Road (APN 205-40-001).

Applicant/Owner: Intuitive Surgical, Inc.

Environmental Review: The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 (a).

Project Planner: George Schroeder, (408) 730-7443, gschroeder@sunnyvale.ca.gov

REPORT IN BRIEF

Intuitive Surgical, Inc. (ISI) has submitted a General Plan Amendment Initiation (GPI) request to include three sites into the Lawrence Station Area Plan (LSAP). Two sites are located immediately west of the LSAP boundary; one site (which is two assessor parcels) is immediately to the north of the boundary, near the other two sites. These three sites were not originally included in the LSAP because they are outside of the half -mile radius to the Lawrence Caltrain Station. The half-mile metric was used in developing the plan boundary because that is considered a “walkable” distance from the Caltrain station; properties on the eastern edge of the LSAP are over a half-mile from the train station.

The applicant is interested in expanding their existing presence in Sunnyvale along Kifer Road by adding new industrial, office, and R&D uses at 932 and 950 Kifer Road and at the private park at 945-955 Kifer Road (while retaining significant park area). ISI has expressed a desire to develop to floor area ratios (FAR) found in the LSAP (up to 100% FAR). The applicant recently developed and occupies an office building at 1020 Kifer Road and is currently constructing an office/R&D campus at 1050-1090 Kifer Road, and would like to consolidate operations near this new campus. The site directly across the street from the existing LSAP boundary includes a large private park for employees. See map in Attachment 5 for zoning and LSAP boundary; and Attachment 2 for sites owned by ISI.

ISI has a specific need for office and R&D space only, and it is intended that the subject properties not be available for residential uses.

Staff recommends that all properties (932 and 950 Kifer Road and the park property at 945-955 Kifer Road) be included in a specific plan amendment study given their location immediately adjacent to the existing LSAP boundary, and given the potential to have a campus for a Sunnyvale-based

company within one planning area.

The staff recommendation is based on:

- The subject sites are closer to the train station than the current eastern boundary of the LSAP.
- There would be no increase in net new square footage of non-residential development as there is existing zoning capacity and LSAP office/R&D development capacity available to support the proposed FAR. It is not necessary to raise the development capacity for office area in the LSAP for the requested plan boundary extension.
- The City is currently studying an amendment to the LSAP to increase housing potential, and given the alignment of timing, this request could be included in the project description for a more efficient amendment process.
- If more housing potential is allowed in the LSAP, ensuring office and R&D space elsewhere in the plan area would balance the diverse land use pattern envisioned in the plan area.
- Inclusion of these sites would allow the applicant to expand business operations in Sunnyvale and provide needed community benefits that are identified in the LSAP.

BACKGROUND

General Plan Amendment Initiation (GPI) requests are considered on a quarterly basis by the Planning Commission and City Council. The process for considering a General Plan Amendment (GPA) begins with a written request from a property owner or applicant. If the Council approves the GPI, a formal application for a GPA can be filed by the property owner/applicant. The approval of a GPI does not commit the City Council to approving a proposed GPA, or subsequent project proposal.

Staff received the GPI request from the applicant, Intuitive Surgical, Inc., on June 6, 2018. ISI is a robotic-assisted surgery company headquartered in Sunnyvale, and owns 11 different properties totaling 82 acres in the Lawrence Station Area Plan (LSAP) district (see Attachment 2). The applicant is requesting to amend the LSAP to expand the western and northern boundary of the plan area to include two properties on the south side of Kifer Road (932 and 950) and the private park site on the north side of Kifer Road (945-955). If the GPI is authorized, the applicant would need to submit an application to amend the General Plan and LSAP to include these sites, and request a Rezoning (RZ) to an LSAP-specific zoning designation.

The applicant envisions redevelopment of these sites with new office/R&D/industrial uses under the existing floor area ratio (FAR) allowances in the LSAP, which allows a range of nonresidential FARs from 35 to 150 percent, depending on zoning district, and incorporation of zoning incentives. The applicant indicates that development of these sites would allow Intuitive Surgical to remain and grow in Sunnyvale, and consolidate business operations to the west of Lawrence Expressway to create a more cohesive complex (see Attachment 4 for the applicant's GPI request letter). The applicant has not submitted a conceptual development proposal. This GPI request is for consideration of an amendment to the LSAP (and General Plan) to include these sites in the plan boundaries to allow the applicant to propose a development with higher FARs than those allowed in the current zoning district.

The GPI request has been submitted at a time when the City is considering an amendment to the LSAP to increase housing potential throughout the plan area. On June 26, 2018, the City Council selected the preferred housing study alternative to increase the density allowance for MXD-I and MXD-II zoned areas and to expand the area allowed for housing in two districts of the LSAP with up

to 100 dwelling units per acre in the current M-S/LSAP area (see RTC No. 18-0505 for more information). At that same hearing, the Council adopted the FY 2018/19 Budget, which includes funding needed for the LSAP housing study. If the ISI GPI request is approved, the study could be included in the project description for the housing study, which has yet to begin environmental review and analysis of plan amendment details. If the Council authorizes the subject plan amendment study there may be potential cost and time savings to the City to coordinate the ISI GPA application with the LSAP housing amendments study. Staff could include the expanded boundary as requested in the other effort to amend the LSAP to consider more housing opportunities because the request would not require adding office and commercial building area to the plan.

The City Council is scheduled to consider this item on August 14, 2018.

EXISTING POLICY

Below are key policies from the General Plan and LSAP that apply to the GPI request. See Attachment 3 for a full list of goals and policies.

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, it provides direction for decision-making on City services and resources. The Land Use and Transportation Element (LUTE) within the General Plan anticipates that the proposed GPI sites would experience minor infill, improvements, and redevelopment up to 35 percent FAR with a theoretical buildout year of 2035.

Land Use and Transportation Chapter

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.

Regional Approach to Providing and Preserving Open Space

Policy LT-10.2: Support public and private efforts in and around Sunnyvale to acquire, develop and maintain open space and recreation facilities and services for public use.

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.

GOAL LT-14 Special and Unique Land Uses to Create a Diverse and Complete Community -

Provide land use and design guidance so that special and unique areas and land uses can fulfill their distinctive purposes and provide a diverse and complete community fabric.

Specialized Plans and Zoning Tools

Policy LT-14.1 Provide existing businesses with opportunities to grow in Sunnyvale and provide opportunities to expand into new technologies.

Existing Plans

Policy LT-14.2 Support the following adopted specialized plans and zoning tools, and update them

as needed to keep up with evolving values and new challenges in the community: Downtown Specific Plan, Lakeside Specific Plan, Arques Campus Specific Plan, Lawrence/101 Site Specific Plan, Precise Plan for El Camino Real, Moffett Park Specific Plan, Peery Park Specific Plan, and Lawrence Station Area Plan.

Lawrence Station Area Plan

The following key goals and policies from the LSAP are shown for reference purposes, should the GPI sites be considered for inclusion in the LSAP.

GOAL LU-G6: Provide a flexible land use pattern that provides the desired balance of employment and residential uses in order to create an active daytime and nighttime environment.

Policy OSP-1: Strive to provide a total of 32.5-39.0 acres of new open spaces and plazas open to the public throughout the plan area.

Policy D-P3: Encourage development at the maximum intensities allowable with incentives in order to maximize the provision of neighborhood-serving amenities, support services and infrastructure improvements.

General Plan Land Use Map

The subject sites have a General Plan designation of Industrial. The two properties south of Kifer and are zoned M-3 (General Industrial) and the site north of Kifer is zoned M-S (Industrial and Service). The General Plan designation provides for research and development, manufacturing, office, and heavy industrial uses. Attachment 5 is a General Plan land use map of the vicinity.

Zoning Standards

The M-3 zoning district is intended for the heaviest industrial uses in the City, and is the smallest industrial zoning district at approximately 150 acres. By comparison, the M-S zoning district, which is intended for lighter industrial uses, is approximately 690 acres. The key difference between the two zoning districts is that the M-3 district allows for consideration of heavy manufacturing uses. Those types of uses do not currently operate on the GPI sites, and therefore a potential rezoning would not make existing uses onsite nonconforming. The M-3 zoning district is confined to a small geographic area of the City (along the rail corridor) which includes the Northrup Grumman Hendy Iron Works site; parcels on the south side of Kifer Road between Fair Oaks Avenue and 950 Kifer Road; and a 7-acre industrial-to-residential site (currently Pine Cone Lumber) near the intersection of Wolfe Road and Evelyn Avenue.

The M-3 and M-S zoning districts allow a maximum FAR of 35 percent (unless a Green Building Incentive or Use Permit are approved for higher FAR), with building heights up to 75 feet and eight stories. An additional 10 percent FAR can be earned by exceeding the minimum standards in the City's Green Building program. Requests for FAR beyond 45 percent require a Use Permit with Planning Commission review and City Council approval, and are subject to the review criteria for higher intensity industrial development.

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 amendments and associated rezoning would be subject to the provisions of CEQA. If the City Council authorizes a GPA application, staff would include the sites in the appropriate CEQA document for the LSAP Housing Study for efficiency reasons, and to avoid dual environmental documents. If the GPI sites are included with the LSAP Housing Study CEQA document, the applicant would be responsible for its pro rata share of the study preparation costs attributable to its project.

DISCUSSION

Site Location and Characteristics

Two of the GPI sites are located on the south side of Kifer Road, adjacent to the western boundary of the current LSAP. The existing land uses onsite and in the immediate vicinity are industrial and office/R&D. The Fortinet office/R&D campus, where a GPA/RZ application (file no. 2017-7802) has been submitted to consider 100 percent FAR is northwest of the 932 Kifer Road property. There are existing medium density residential uses to the south across the railroad tracks.

The park site at 945-955 Kifer Road is located immediately north of the current LSAP boundary and immediately west of the City of Santa Clara border. Texas Instruments owns many of the properties along the north side of Kifer Road adjacent to the park site; these properties are near the City of Santa Clara Lawrence Station Area Plan boundary.

The furthest corner of the sites is 0.7 miles from the Lawrence Caltrain station. Although this is not considered within customary walking distance to the station, it is a shorter distance than the eastern end of the LSAP on Uranium Drive at 0.8 miles to the station. The properties included in the GPI request would benefit from an approved pedestrian/bicycle path on another Intuitive Surgical site that is under construction at 1020 and 1050-1090 Kifer Road. The path would provide a direct route from the current western end of the LSAP on Kifer Road to the train station. Below is more information on the site-specific characteristics.

932 Kifer Road

The 9.89-acre site is located at the terminus of Commercial Street at Kifer Road. The site was developed in 1955 with a chemical plant. Offices and outdoor storage areas were added in the 1970s. There is approximately 52,900 square feet of building area onsite (approximately 12.3% FAR), which currently sits vacant. Mohawk Laboratories was the previous tenant of the site, operating for about 50 years. Intuitive Surgical acquired the property last year.

The site is known to have contaminated soil and groundwater due to the use of the land for chemical storage. Remediation measures have been in place since 1993, and the California Regional Water Quality Control Board is the lead agency overseeing the cleanup at this site. There is a deed restriction recorded on the site that restricts development to industrial, commercial, or office space. Residential, hospitals, schools, child day cares, senior care facilities are prohibited.

950 Kifer Road

The 6.93-acre site abuts the current western boundary of the LSAP. The site was originally developed in 1964 with offices and manufacturing facilities. Redevelopment occurred in 1986 with a one-story,

105,000-square foot office/R&D building (approximately 35% FAR). The building is currently occupied by Intuitive Surgical, which has operated onsite since 2002.

945-955 Kifer Road

The 15.58-acre private park was developed in 1985 as a recreational area for employees of National Semiconductor, Inc., which was later acquired by Texas Instruments. The applicant purchased the site in 2014 and continues to use the park for their employees' exclusive use. The applicant has also indicated they have plans to construct a new office building on this site, while preserving a substantial portion of the existing open space. The applicant is not proposing public access on the park and intends to continue restricted access for security reasons.

Proposed Inclusion of Sites in LSAP

The current western boundary of the LSAP is a half mile from the Caltrain station, approximately midway between Lawrence Expressway and Wolfe Road. The proposed inclusion of 932 and 950 Kifer Road would bring the LSAP edge to the rear of the properties that front San Lucar Court, a small industrial cul-de-sac on the south side of Kifer Road. This is an appropriate boundary because the San Lucar Court properties do not relate to Kifer Road, but to San Lucar Court.

The current LSAP boundaries were formed by drawing a half-mile radius around the Lawrence Caltrain Station, and excluded the existing low and medium density residential uses south of the rail line and properties outside the City boundaries. The half-mile radius represents a ten-minute walk for the average pedestrian, which is the typical distance that pedestrians are willing to walk on a regular basis to access a transit station. Although the area east of Calabazas Creek is more than a half-mile from the Caltrain station, it was included in the LSAP because the properties relate more to the properties west of the creek. Also, that area is surrounded on three sides by the City of Santa Clara, and excluding the area would make it an "island" with little long term vision for development. It was desirable to include this area in the LSAP to integrate it better with the land use patterns and future circulation improvements in the LSAP. Also, depending on the outcome of the concurrent LSAP Housing Study, residential uses may be introduced to this area.

The potential allowance of residential uses in the area east of the creek could result in the conversion of industrial land. A benefit of including the three western GPI sites in the LSAP boundaries is that it would help balance the probable loss of industrial land to residential uses at the eastern side of the plan area. The applicant does not intend to develop residential uses on the western GPI sites (in fact, those sites may not be available for residential uses given past businesses located on those sites). Staff finds that residential uses would not be appropriate there, and the sites could be zoned to prohibit residential uses, similar to the existing M-S/LSAP zoning.

Additionally, the applicant owns four other properties in the LSAP east of Lawrence Expressway, and has expressed intent to consolidate operations to the west of Lawrence Expressway. If this comes to fruition, the applicant could sell the parcels on the east side and allow potential for office/R&D or residential development by others.

Inclusion of Private Park Site at 945-955 Kifer Road

Prior to receiving the GPI application, the City staff discussed with ISI whether to include the park property in the GPI request. Given the common ownership of the park with the properties across Kifer Road in the LSAP area, and its proximity to the plan boundary, staff supports including the private park site at 945-955 Kifer Road in the GPI request.

The private park site is located on the north side of Kifer Road, directly across the street from the 950 Kifer Road GPI site. The frontage width of the park site also spans in front of 960 Kifer Road, which is the site at the far west end of the LSAP. Moreover, the furthest end of the private park site is located 0.6 miles from the Lawrence Caltrain station, which is closer than the furthest end of the other GPI sites. Given its adjacency to the existing LSAP boundary, and similar proximity to the station, staff finds that this site warrants consideration in the LSAP.

Other areas adjacent to or near the GPI sites that were considered, but are not proposed for inclusion are the following:

- Properties along San Lucar Court - These four industrial sites are oriented along this cul-de-sac, which is adjacent to the 932 Kifer Road site on the east and Wolfe Road on the west. These sites are not recommended for inclusion because of the increased distance to the station (0.9 miles, which is further away from the station than the M-S/LSAP district), and because the properties do not relate to the adjacent eastern Kifer Road properties, with the properties' backs to the adjacent ISI property. There are also policies to retain industrial parcels for smaller companies to locate and expand. Including these in the LSAP could encourage higher intensity uses and/or parcel consolidation to a larger corporate campus, given the higher FARs allowed.
- Properties along Commercial Street - There are existing industrial properties on either side of Commercial Street, which terminates at the middle point of the 932 Kifer Road site. Fortinet Inc. owns the properties on the west side of Commercial Street and has an active redevelopment application in for review as well an approved GPI to study higher intensity office uses. The east side of the street has a variety of different property owners and is an ideal location for smaller industrial tenants to continue to operate. There is a similar concern for parcel consolidation if this area were to be included in the LSAP. Additionally, staff had previously proposed including this area as part of Fortinet's GPI request last year. The City Council ultimately decided to exclude this area from Fortinet's project, in part, because of the company's timing concerns.

Development Capacity Available in the LSAP

Staff analyzed whether there is enough office/R&D development capacity in the LSAP to support increased FAR on the GPI sites. The adopted LSAP allows for a maximum development capacity of 1.2 million net new square feet of office/R&D development. This buildout level was studied in the LSAP environmental impact report (EIR) to ensure that long-term development within the plan area would not adversely impact the environment or exceed the capacity of infrastructure systems necessary for the growth.

Since adoption of the plan, two large projects were approved in the LSAP area: a new office campus for Intuitive Surgical at 1050-1090 Kifer Road, which used square footage from the LSAP development reserve; and a residential/commercial mixed-use project at 1120-1130 Kifer Road by Greystar, which added back square footage due to demolition of the existing office/R&D building. The current office/R&D development reserve balance is 908,378 square feet. The undeveloped potential at the sites (up to 35% FAR) could transfer over to the LSAP. There would be enough capacity to allow both GPI sites to redevelop to 100 percent FAR, and the 945-955 Kifer Road site to redevelop to 45 percent FAR with a remaining balance of approximately 370,000 square feet. Currently, staff is unaware of any other LSAP office/R&D projects in the development potential. Therefore, the LSAP development cap does not need to be raised to accommodate the ISI request. There has been

tremendous interest by residential developers in property in the LSAP, and if any properties convert from office/R&D/industrial to a residential use, the square footage of the existing office/industrial use would be returned to the LSAP office/R&D development reserve for use elsewhere in the plan area. It should be noted that access to the balance in the development capacity is granted on a first-come, first-serve basis as individual projects are granted entitlement approvals.

Project Name or Address	Office/R&D Net Change (SF)	LSAP Office Cap Balance
WITHIN CURRENT LSAP BOUNDARY		
Adopted Office Development Cap LSAP	N/A	1,200,000
1050-1090- Kifer ISI campus under construction	-392,465	807,535
Greystar residential/retail	+100,843	908,378
IF ADDED TO LSAP BOUNDARY		
Residual Development Capacity (undeveloped potential on 932, 945-955, and 950 Kifer)	+ 335,000	1,243,378
932 Kifer- ISI 100% FAR	-375,000	868,378
950 Kifer- ISI 100% FAR	-200,000	668,378
945-955 Kifer- ISI 45% FAR	-300,000	368,378

In addition to the overall LSAP development cap, there is a periodic consideration of the office/R&D development capacity in the LSAP to provide an opportunity to ensure a balance of use types. The program requires staff to advise the City Council as development nears or reaches the temporary cap; providing the Council an opportunity to review use types and consider amending the cap to ensure an appropriate balance of uses. The current interim office/R&D capacity is 650,000 square feet, and if all ISI projects were submitted at the same time, the interim capacity would be exceeded. Council would not need to act on the interim cap now, since the request is to only amend the LSAP boundary. The interim cap would be considered as projects are approved and as new applications are submitted.

If Not Included in the LSAP Boundary

If Council decided not to include 932, 950 and 945-955 Kifer Road in the LSAP boundaries, the applicant could still request higher density development projects, but they would be considered on a case-by-case basis as stand-alone properties. In those cases, any building area approved greater than 35% (or 45% with green building incentives) would require Council action and the City-wide development capacity would be used (there is currently 955,000 square feet of office/R&D capacity available). Due to the recent (April 2017) adoption of the Land Use and Transportation Element, staff has advised property owners to explore a General Plan Amendment for high intensity industrial/office development on large sites.

By not including the properties in the LSAP boundaries, aspects of the Plan would not be available for use in reviewing future projects. Aspects such as incentive zoning, extending circulation elements throughout the plan area, and incorporating the upcoming Sense of Place plan would not be required for any project. Also, by including the ISI properties in the LSAP boundary, CEQA review for future

development proposals can be included in the LSAP amendment EIR, which would streamline project review and provide a more comprehensive understanding of the impacts associated with the projects and the existing Plan area.

FISCAL IMPACT

There are no fiscal impacts associated with initiating a General Plan Amendment study. If the request is granted, ISI would be required to pay for any cost for a study or plan preparation. The applicant would also be responsible for a proportionate share for any combined effort (e.g., CEQA review, Sense of Place plan amendment, infrastructure analysis, etc.) of the already initiated LSAP plan 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 300 feet of the sites (1,128 notices) (Attachment 6); email messages with notices were sent to the Ponderosa Park neighborhood association and the LSAP interested party list.

ALTERNATIVES

Recommend to the City Council:

1. Initiate the General Plan Amendment to add the properties at 932, 950, 945-955 Kifer Road in the Lawrence Station Area plan boundaries and direct staff to include these amendments in the LSAP residential study currently underway.
2. Initiate the General Plan Amendment with modifications (such as fewer properties, expanded boundaries, additional floor area) and direct staff to include these amendments in the LSAP residential study currently underway.
3. Do not initiate the amendment to add the 932, 950, 945-955 Kifer Road GPI properties in the Lawrence Station Area Plan boundaries, which would retain the current General Plan designation as Industrial and zoning as M-3 and M-S.

STAFF RECOMMENDATION

Alternative 1: Initiate the General Plan Amendment to add the properties at 932, 950, 945- 955 Kifer Road in the Lawrence Station Area plan boundaries and direct staff to include these amendments in the LSAP residential study currently underway.

Staff finds that studying amendments to the LSAP boundaries to include the subject sites could lead to a more consistent approach to planning for this area. The applicant owns several parcels in the LSAP boundaries, and inclusion of these additional sites would provide the applicant the opportunity to meet their business expansion needs in the City. The GPI area adjoins the current western boundary of the LSAP, and is in closer proximity to the train station than the current eastern boundary. If more housing potential is allowed as a result of the concurrent LSAP Housing Study, these subject sites could help with the land use balance as future development would be restricted to industrial, office, or R&D. The existing LSAP office/R&D development capacity could accommodate higher intensity development on these sites. Higher intensity development would also be subject to the LSAP incentive program, which could provide needed community benefits to the area. Staff is not recommending an increase to the LSAP-wide office/R&D capacity.

The timing of the GPI application with the selection of the LSAP Housing Study preferred alternative

permits the City to combine both amendments into an efficient review process with coordinated land use and environmental analysis. Additionally, the applicant would be responsible for their share of the consultant costs associated with amending the boundary to include their sites. Also, inclusion of the ISI properties would allow the environmental impacts to be considered for all future development on the ISI sites, which would save staff and time and provide a more comprehensive review of the possible impacts from the increased residential and expanded boundaries.

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Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. *Not Used, Reserved for Report to Council*
2. Map of Intuitive Surgical Properties in LSAP
3. Key Goals and Policies from the General Plan and LSAP
4. Applicant's GPI Request Letter and Map
5. General Plan and Zoning Maps of the Vicinity
6. Noticing Map