



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 18-0999, Version: 1

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### REPORT TO THE ZONING ADMINISTRATOR

**File #:** 2018-7452

**Location:** 893-909 Kifer Road (APN 205-42-011), 917 Kifer Road (APN 205-42-008), 133-135 Commercial Street and 919-921 Kifer Road (APN 205-42-007), 155 Commercial Street (APN 205-42-006), 165 Commercial Street (APN 205-42-010), 167- 171 Commercial Street (APN 205-42-012), 181 Commercial Street (APN 205-42-003), 183 Commercial Street (APN 205-42-004), 193 Commercial Street (APN 205-42-002), No address (APN 205-42-001)

**Applicant / Owner:** Sares Regis (applicant) / Fortinet, Inc. (owner)

**Proposed Project:**

**DESIGN REVIEW** to redevelop nine industrial properties totaling 6.88 acres. Demolish nine existing industrial/office/R&D buildings (totaling 117,812 square feet) and construct a new four-story, office/R&D building totaling 172,740 square feet and 45% floor area ratio (FAR). The existing 161,800 square foot office/R&D building at 899 Kifer Road will remain.

**VESTING TENTATIVE PARCEL MAP** to merge ten existing lots into one.

**Environmental Review:** The project is consistent with the Land Use and Transportation Element (LUTE) of the City's General Plan and no additional environmental review is required pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3.

**Reason for Permit:** A Design Review permit is required for new construction of a permitted land use. A Vesting Parcel Map is required to merge the existing lots.

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

**Issues:** Traffic

**Recommendation:** Approve with conditions

### PROJECT DESCRIPTION

#### **Background**

Fortinet is a network and content security company headquartered in Sunnyvale at 899 Kifer Road. The applicant, Sares Regis, representing Fortinet, is proposing to redevelop several adjacent parcels with a new office/research and development (R&D) building to accommodate the company's anticipated growth. Fortinet also applied for a General Plan Amendment and Rezoning application (2017-7802) to consider development of up to 100 percent floor area ratio (FAR) for a future master plan on certain parcels they own on Kifer Road. The application was made following the City Council's action to initiate a study on August 22, 2017 (RTC 17-0826). The Council also provided further direction on the scope of the study area on December 19, 2017 (RTC 17-1194). No public hearings have been scheduled for the proposed General Plan Amendment and Rezoning application. Fortinet is pursuing development of the single office/R&D building to address immediate expansion needs and will further evaluate the need for the master plan.

#### **Proposed Project**

The applicant is proposing to demolish nine existing industrial/office/R&D buildings totaling 117,812

square feet and construct a new four-story office/R&D building totaling 172,740 square feet, along with a new surface parking lot, landscaping, open space, and circulation improvements (see Attachment 5 for the proposed plans). The area of work would occur on nine existing industrial parcels (zoned M-S) totaling 6.88 acres. The applicant is also proposing to merge the existing Fortinet headquarters parcel at 899 Kifer Road with the nine other parcels (referred to as 901 Kifer Road) into one site totaling 17.07 acres. The existing 161,800 square foot headquarters building would remain as part of the project, and the overall FAR on the merged site would be 45 percent. The proposed demolition and new construction would result in a net increase of 54,928 square feet. The combined site is bounded by Central Expressway to the north, Kifer Road to the south, Commercial Street to the east, and generally, by San Lazaro Avenue to the west (except for seven parcels along the east side of San Lazaro). The adjacent Moose Lodge site at 905 Kifer Road is not included in the area of work.

The proposed project complies with all applicable development standards in the Sunnyvale Municipal Code (SMC), such as lot coverage, setbacks, parking, height, and landscaping. The Project Data Table in Attachment 2 summarizes the project's compliance with code standards. The required Findings are included in Attachment 3.

### Design Review

The M-S zoning district allows new construction of permitted uses (such as office/R&D) up to 35 percent FAR with a Design Review permit. The Design Review is required to confirm that the project's site and architectural design will conform with applicable City design guidelines. The City's Green Building Program allows projects to increase FAR by 10 percent by achieving LEED Gold with U.S. Green Building Council certification. The applicant is proposing to utilize the green building incentive to achieve the proposed 45 percent FAR with the Design Review permit. The applicant submitted a preliminary checklist within the plan set demonstrating that the project can meet LEED Gold standards, and will provide refinements prior to the issuance of building permits and prior to final occupancy.

Per Section 19.80.040 of the SMC, the Design Review is reviewed by the Director of Community Development without a public hearing or noticing, because it is not adjacent to a residential zoning district. However, the project must be reviewed at a Zoning Administrator hearing, because of the proposed Vesting Tentative Parcel Map included in the application.

### Vesting Tentative Parcel Map

Given the size and number of existing parcels in the project area, a Tentative Parcel Map is used as the instrument to reflect the lot merger into one parcel, and to document other easements. The Tentative Map shows the location of the lot lines, easements, and other improvements (see Attachment 5). The applicant is proposing a Vesting Tentative Parcel Map to vest their right to build the project for the life of the map and secure the project against future SMC amendments that might otherwise affect the project. The Final Map is approved by the Director of Public Works and must be in substantial conformance with the Vesting Tentative Parcel Map.

### **Existing Sites and Vicinity**

The project site is surrounded by industrial uses. The current Lawrence Station Area Plan (LSAP) boundary and the City of Santa Clara border are located 0.2 miles to the east. The Central and Wolfe office project (100 percent FAR) and Arques Site Specific Plan (up to 73 percent FAR) are located to the north across Central Expressway. The nearest residential uses are single-family homes on

Bartlett Avenue 0.3 miles to the west. There are also multifamily residential uses 0.4 miles to the south at Wolfe Road and Evelyn Avenue. The project site is located one mile from the Lawrence Caltrain station and 1.4 miles from the Sunnyvale Caltrain station.

The nine existing buildings proposed for demolition were originally constructed on former agricultural land between 1955 and 1975. The existing headquarters building to remain was built in the 1960s. The project's historic evaluation found that none of the buildings to be demolished have any historic or cultural significance. The existing buildings are rectangular in form with little architectural variety. Most existing sites are accessed by one or two driveways with several surface parking lots. There is minimal landscaping and trees. There are no public sidewalks along the project frontages on Commercial Street, Kifer Road, and San Lazaro Avenue.

Since the original development of the sites in the project area, there have been many staff-level permits approved for minor site and architectural modifications, signs, ground/rooftop equipment screen waivers, and tree removals. There have also been several minor/major permits approved at public hearings for religious facilities, unenclosed industrial uses, auto repair, and storage of hazardous materials.

The project area of work surrounds the Moose Lodge parcel at 905 Kifer Road on three sides, which is not part of this application. The Moose Lodge is currently sharing parking with Fortinet's property at 165 Commercial Street, which would be redeveloped as part of the proposed project. Fortinet intends to continue a shared parking arrangement with the Moose Lodge following construction of the new surface parking lot, given the complementary peak parking demand times. A pedestrian connection to the Moose Lodge parcel from the new parking lot is also proposed.

### **Site Layout and Circulation**

The merged site as a result of the proposed project would consist of the existing Fortinet headquarters building and parking lot on the western half of the site. The proposed four-story office/R&D building and new surface parking lot is positioned on the eastern half. The two parking lots would be linked together with a new internal driveway connection. There will also be a new internal walkway to connect the two buildings together. No other changes are proposed to the existing headquarters site or building, with the exception of public frontage improvements discussed later in the report.

The proposed building is oriented in a north-south manner, similar to the existing building, with the long end facing Commercial Street. An emergency vehicle access (EVA) driveway separates the building from the Kifer Road and Commercial Street frontages, and a single row of parking is provided in front of the building on the Commercial Street side. A substantial landscaped area is provided at the corner of Kifer Road and Commercial Street to serve as the focal point of the site from street view. A large surface parking lot is provided on the north and westerly sides of the building. Per the Citywide Design Guidelines, landscaped islands and buffers are provided throughout the parking lot to minimize the visual extent of paving, provide shade, and treat stormwater runoff. The loading area, trash enclosure, and transformer enclosure is located behind the long end of the building and is setback substantially behind the Moose Lodge parcel. A large landscaped plaza buffers the rear of the Moose Lodge parcel and links the existing and proposed building together.

Vehicular access is provided through two new driveways along Commercial Street. All eight of the

existing driveway approaches on Commercial Street would be removed. The driveway throat clearance for the main driveway on Commercial Street exceeds the depth recommended by the City's Traffic and Transportation Division, which further ensures safety and minimization of vehicle spillback onto the road. There is an EVA-only driveway approach proposed on Kifer Road, and the existing three driveways would be removed. Vehicles can also access the project area of work from existing driveways on the western half of the site due to the proposed internal driveway connection. Internal drive aisles are of sufficient size to accommodate adequate access for emergency vehicles, refuse trucks, and loading trucks.

Pedestrians can access the proposed building from walkways on both street frontages directly from the building entrances to new public sidewalks. There are points of access on all four sides of the building. Onsite walkways are also proposed around the perimeter of the building, in the new parking lot, and to the Moose Lodge parcel. Decorative paving is provided on walkways that cross drive aisles.

### **Architecture**

The architectural style is modern in nature with high quality materials indicative of other recently constructed Class A office buildings in the City. The applicant worked extensively with staff on the architectural design, primarily to treat the long building facades resulting from the rectangular floor plan. The design incorporates the principles of the Citywide Design Guidelines by breaking up the long ends of the building into smaller segments. There are similar horizontal and vertical proportions, with a distinctive horizontal base, middle, and top to the building as well as a vertical central entry feature and symmetrical glass components on either side. This treatment is applied on all sides of the building. Building entries are inset within the wall planes with metal canopies over the doors. The rectangular facades are further articulated through changes in wall planes and colors/materials between the different building components, as well as fin system applied on the glass façades of the building.

The roofline heights vary with different "floating" elements including projecting glass curtain walls, canopies at either end of the building, and a main entry roof element that also serves as the rooftop mechanical screen. Rooftop terraces are also carved out into the edges of the building.

Proposed building materials include precast concrete for the base and central entry feature; different types of glass for the main facades; steel canopies; and aluminum columns and window fins. Bird-safe measures have been incorporated through non-reflective mullions, fins, and shadow boxes; and low-reflectivity glass with fritting applied in key locations.

The proposed building height is 75 feet, which is the maximum allowable height in the M-S zoning district. The SMC allows architectural projections, equipment screens, and machinery penthouses not exceeding 25 percent of the roof area to extend above the maximum height limit by an additional 25 feet. The proposed elevator machinery penthouse, skylights, and roof canopies would project above the height limit with a maximum projection of 10 feet. The total area of the projection is within 25 percent of the roof area, consistent with the code allowance.

The project's solar shading analysis demonstrates that shadows cast by the proposed building does not shade more than ten percent of the roof area on existing buildings on nearby properties during the hours of 9 AM to 3 PM during the solar cycle, which is consistent with the SMC requirement.

## **Parking**

The parking requirement is assessed for the existing building to remain and the proposed office/R&D building. Table 19.46.100 (b) of the SMC requires a minimum vehicular parking ratio of 2 spaces/1,000 square feet for corporate office/R&D uses, which results in a minimum requirement of 670 vehicular spaces. The maximum allowable parking ratio is 4 spaces/1,000 square feet, or 1,339 spaces. There are 772 surface parking spaces proposed, which includes the 479 existing spaces on the 899 Kifer parcel and 293 new spaces in the project area of work. Therefore, the proposed parking supply is consistent with code requirements.

Bicycle parking is required at five percent of vehicular spaces provided. Based on 772 vehicle spaces, a minimum of 39 bicycle spaces are required - of which 30 must be secured. The project includes 46 bicycle parking spaces (36 secured) to encourage biking as an alternative mode of travel to and from the site. Bicycle parking is provided behind the long end of the building near the rear entrance. Showers and locker facilities intended for bicycle commuters are proposed within the new building.

## **Traffic and Off-site Improvements**

### Traffic

A Transportation Operations Analysis (TOA) was conducted to identify potential near-term traffic impacts related to the proposed project (Attachment 7). The project generates less than 100 net new peak hour trips, and does not require a detailed transportation impact analysis (TIA). The intersection level of service (LOS) analysis concluded that the project would generate a significant intersection impact at the unsignalized intersection of Commercial Street and Kifer Road during the PM peak hour. The recommended mitigation measure to reduce the impact to less than significant would be to install a traffic signal at that same intersection. The Department of Public Works will require the applicant to provide funding for the cost of design and construction for the signal, and will monitor the status of the intersection for a period of 10 years. The City will install the signal if deemed necessary; otherwise the funds will be refunded (Condition EP-36).

The applicant is proposing a new right turn pocket on Commercial Street that would lead into a new driveway to the main employee parking lot. The purpose is to improve the flow of southbound traffic coming from Central Expressway into the site and minimizing queuing issues. The right turn pocket would be located in the public right-of-way, and given that the lane primarily serves the project site, the applicant is responsible for paying a one-time maintenance fee to cover the ongoing costs for the City to maintain the paving area (Condition EP-35).

### Other Offsite Improvements

There are no existing public sidewalks on the project frontages. As such, the project is required to install new curbs, gutters, and sidewalks along the Kifer Road and Commercial Street frontage, as well as a portion of San Lazaro Avenue along the existing headquarters parcel. New street lighting and street trees will be provided along the new sidewalks. An ADA-compliant curb ramp will also be installed at the northwest corner of Kifer Road and Commercial Street.

There is an existing Class II bicycle lane along the Kifer Road frontage, and it will be upgraded to include green striping near the intersection with Commercial Street for safety and visibility purposes.

### Transportation Demand Management

The project is required to provide a Transportation Demand Management (TDM) plan, because it is utilizing the green building incentive. A final TDM plan is required prior to building permit issuance and there will be annual reporting requirements per the City's TDM Program once the building is occupied. The TDM plan must demonstrate that peak hour vehicle trip rates are not greater than the number that would be generated by a 35 percent FAR project. The TDM plan may include a shuttle bus service to either or both the Sunnyvale Caltrain station and Lawrence Caltrain station, as recommended by the TOA.

### **Open Space/Landscaping and Tree Preservation**

The proposed plans show 33 percent of the project area of work to have open space or landscaping where a minimum of 20 percent is required. These areas include rooftop terraces, landscaping around the perimeter of the building, landscaped frontage strips, a central plaza with outdoor dining for employees, and the large landscaped area at the corner of the site, where the required public art piece is envisioned. A new wood fence with a pedestrian access gate is proposed along the side and rear of the Moose Lodge parcel. There are extensive landscaped islands and perimeter landscaping buffers in the surface parking lot that exceed minimum parking lot landscaping and shading requirements. Decorative paving surfaces are provided at driveway entries and key pedestrian paths. The proposed landscaping concept will also reduce impervious surface area by 12 percent over existing site conditions.

There are 42 existing trees within the project area of work, with the most common species being Flowering Plum, Coast Redwood, and Crape Myrtle trees. Most of the existing trees are along the Commercial Street and Kifer Road frontages, and others are primarily located along the perimeter of two interior parcels. Of the 42 trees surveyed, 19 are considered "protected" per SMC Chapter 19.94. A total of 17 protected trees are proposed for removal, while one will remain and the other will be transplanted from the Commercial Street to Kifer Road frontage. The trees proposed for removal are either within the proposed improvement area or have low to moderate suitability for preservation. The City Arborist and Planning Division and Public Works Department staff walked the project area to verify proposed removals and concur with the proposed course of action. The project is subject to the City's Tree Preservation Ordinance and replacement tree policy and proposes 306 new trees to be planted in a variety of 24-inch, 36-inch, and 48-inch box container sizes.

### **Development Pool**

The City maintains a limited amount of available office/industrial square footage (Citywide Development Pool) that may be applied to projects with square footage above the 35 percent baseline FAR in M-S and M-3 zoning districts. This square footage is subtracted from the balance remaining in the Citywide Development Pool. The current balance of the pool is 955,185 square feet and with the project, the new balance would be 880,862 square feet.

### **ENVIRONMENTAL REVIEW**

A Program-level EIR was prepared for the City's Land Use and Transportation Element (LUTE) in 2017 which identified broad environmental impacts resulting from the proposed buildout in the overall LUTE. Certification of the EIR included a Mitigation Monitoring and Reporting Program (MMRP) with provisions to reduce the potentially significant impacts to a less than significant level, although some impacts will remain significant and unavoidable after mitigation. A Statement of Overriding Considerations was adopted in conjunction with the adoption of the LUTE in acknowledgment of the presence of the remaining significant and unavoidable impacts. The adopted Statement of Overriding

Considerations is deemed by the certification of the EIR to be applicable to subsequent projects that are consistent with or that implement the LUTE's goals and objectives.

The project is within the scope of the LUTE EIR because it is consistent with the land uses and development intensity planned onsite and is therefore exempt from additional CEQA review per California Environmental Quality Act (CEQA) Guidelines Section 15183 and Public Resources Code Section 21083.3. These sections provide that if an environmental effect of a project is not peculiar to the parcel or the project, has been addressed as a significant impact in the EIR, or can be substantially mitigated by the imposition of uniformly applied development standards or policies, then an additional EIR need not be prepared on the basis of that effect.

The City has completed an environmental review checklist and determined that the Project will not have any new or more severe impacts, including off-site and cumulative impacts, than were analyzed in the LUTE EIR, with the exception of a transportation impact at the intersection of Kifer Road and Commercial Street. This impact can be substantially mitigated through signalization of the intersection pursuant to uniformly applied development policies or standards previously adopted by the City, including without limitation, LUTE Policy LT-3.24 and Council Policy 1.2.2, which provide that it is City policy to ensure safe and effective traffic flows and to require new development to equitably fund new traffic facilities, including signals, in order to mitigate negative impacts on the transportation system. As a result, the Project meets the criteria in CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3 (see checklist in Attachment 6). Compliance with all applicable mitigation measures in the Program EIR MMRP has been included in the recommended conditions of approval (Attachment 4).

## **PUBLIC CONTACT**

### **Neighborhood Outreach Meeting**

The applicant held two neighborhood outreach meetings (one in the afternoon and the other in the evening) at the Fortinet headquarters building on November 8, 2018. The applicant gave a brief presentation before a breakout into an open house format. Approximately eight members of the public attended the meetings, including nearby residents and representatives of the Moose Lodge. There were questions about the anticipated number of employees in the new building, the construction timeframe, and traffic impacts.

### **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
- 3,152 notices were sent to property owners and tenants within 2,000 feet of the project site (see Attachment 1 for a map of the mailing area for notices)
- Email notices sent to interested parties
- A copy of the report was available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website

As of the date of staff report preparation, and since the mailing of notices, staff has received no comments from the public.

## **ALTERNATIVES**

1. Make the required Findings in Attachment 3 to approve the CEQA determination that the project is consistent with the Land Use and Transportation Element (LUTE) of the City's General Plan and no additional environmental review is required pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3; and approve the Design Review and Vesting Tentative Parcel Map with the recommended Conditions of Approval noted in Attachment 4.
2. Alternative 1 with modifications.
3. Do not make the CEQA Findings and direct staff as to where additional environmental analysis is required.
4. Deny the Design Review and Vesting Tentative Parcel Map and provide direction to staff and the applicant on where changes should be made.

## **RECOMMENDATION**

Alternative 1. Make the required Findings in Attachment 3 to approve the CEQA determination that the project is consistent with the Land Use and Transportation Element (LUTE) of the City's General Plan and no additional environmental review is required pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3; and approve the Design Review and Vesting Tentative Parcel Map with the recommended Conditions of Approval noted in Attachment 4.

Prepared by: George Schroeder, Senior Planner

Approved by: Ryan Kuchenig, Senior Planner

## **ATTACHMENTS**

1. Vicinity and Noticing Map
2. Project Data Table
3. Recommended Findings
4. Standard Requirements and Recommended Conditions of Approval
5. Site and Architectural Plans
6. CEQA Checklist for Land Use and Transportation Element (LUTE) EIR Compliance
7. Transportation Operations Analysis (TOA)