



# City of Sunnyvale

## Agenda Item

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14-0030

Agenda Date: 4/28/2015

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### REPORT TO COUNCIL

#### **SUBJECT**

Peery Park Specific Plan - Draft Project Description, Draft Vision, Guiding Principles, Goals and Policies and Conceptual Policy Framework Diagrams and Maps

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#### **REPORT IN BRIEF**

The goal of the Peery Park Specific Plan (PPSP) is to physically reshape Peery Park over time through a program of public improvements and private investments in redevelopment to create a thriving workplace district that also provides benefits for the surrounding area.

The next step in the process is to obtain direction from the City Council on the project description and conceptual policy framework so that a draft Specific Plan and draft Environmental Impact Report (EIR) can be developed for further public review.

Staff is recommending Alternative 1 - that the City Council direct staff to move forward with the draft Specific Plan and draft EIR based on the draft project description (Attachment 2), draft vision, guiding principles, goals and policies (Attachment 3) and conceptual policy framework diagrams and maps (Attachment 4). Once Council gives staff direction, the draft Specific Plan and draft EIR will be developed. It is expected that these items would be available for public review in summer 2015 and would return to the Council in fall 2015.

This item was considered by the Planning Commission on April 13, 2015. The Planning Commission recommended seven additional considerations/modifications to the staff recommendation. Staff has included six of the seven recommendations into the attached draft documents. The seventh consideration/modification was to add a provision that any project's TDM goal may be increased 10-15% over the current recommendation of 20-35%. Staff rationale for not modifying the draft documents to reflect this recommendation is included in the Staff Recommendation section of this report.

#### **BACKGROUND**

Preparation of the PPSP has been a longstanding uncompleted study issue; the attached study issue paper (Attachment 1) discusses the original rationale for the specific plan. The study issue was highly ranked by the City Council in 2009, but was deferred in subsequent years when the budgeted funds were transferred to update the Land Use and Transportation Element (LUTE) and to prepare the Climate Action Plan (CAP).

With the economic downturn in 2008 and the lack of significant development activity in Peery Park, it

was not urgent to begin work on the specific plan at that time. However, this situation has changed considerably in the past three years. Interest in higher density Class 'A' office buildings has intensified throughout the City and particularly for properties in Peery Park. The proposed (and recently approved) projects indicate a high interest in Class 'A' office space with a higher floor area ratio (FAR) than what is currently allowed with the base zoning in the industrial zoning district. At the same time, Peery Park is still an important location for research and development/industrial buildings that occupy the existing Class 'B' and 'C' buildings that were mostly built in the 1960s and 1970s.

The City Council approved the budget for the PPSP on October 16, 2012 and Freedman, Tung & Sasaki were chosen as the PPSP consultants in early 2013. Preliminary preparation of the PPSP began shortly after the selection of the consultant and included community outreach, traffic analysis and stakeholder discussions.

## **EXISTING POLICY**

### **General Plan**

#### **Land Use and Transportation Element**

**Goal LT-4 Quality Neighborhoods and Districts** - Preserve and enhance the quality character of Sunnyvale's industrial, commercial and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.

**Goal LT-6 Supportive Economic Development Environment** - An economic development environment that is supportive of a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal and land use constraints.

## **ENVIRONMENTAL REVIEW**

Preparation of the PPSP includes preparation of an Environmental Impact Report (EIR). It is anticipated that the Draft EIR (DEIR) and draft Specific Plan will be released for public review in summer 2015.

Obtaining feedback on the preliminary policy framework and project description from the Planning Commission and City Council does not commit the City to a definite course of action with regard to the Specific Plan, nor does it foreclose consideration of any alternatives or mitigation measures including the option ultimately to reject the Specific Plan. (CEQA Guideline 15352(a).) As such, environmental review is not required at this step of the process. Rather, the preliminary recommendations and outcome from these public hearings will be further developed in the Specific Plan and analyzed in the EIR. Action on the Specific Plan would only occur after an EIR has been circulated and certified.

## **DISCUSSION**

The purpose of the PPSP is to guide future development of the existing industrial business park, addressing the type, location, intensity, and design of industrial and commercial buildings, as well as transportation and infrastructure improvements. The Plan would include land use changes to allow for redevelopment of under-utilized or under-developed industrial properties to provide new commercial, industrial, and research and development space for technology-based business development, as well as supporting uses within defined activity centers, such as mixed commercial and residential uses along San Aleso on the east side of Mathilda. The Specific Plan would include development policies, land use regulations, design standards, a capital improvement program and a

financing program concisely within a single document to define and guide development within the Project area over the next 10-20 years. The Specific Plan may also include amendments to the Sunnyvale General Plan and the Sunnyvale Municipal Code.

The goal of the PPSP is to physically reshape Peery Park over time through a program of public improvements and private investments in redevelopment to create a thriving workplace district. A mixture of complementary innovation companies will be encouraged that includes both knowledge and production uses. Additionally, a well-integrated district is envisioned that accommodates both larger scale campuses and sites for smaller companies. The regulations would allow redevelopment of Peery Park properties to replace or modify existing one- and two-story structures with four- to six-story Class 'A' office and technology-based industrial buildings. New development would include functional open space to serve employee recreation demands and parking structures, including potentially subterranean structures.

Based on community feedback, stakeholder workshops and internal staff work, a vision, guiding principles, goals and conceptual policy framework have been created for the PPSP. It is important at this point in the process to confirm that the Council conceptually supports the draft policy framework and project description before staff and consultants expend budgeted funds to prepare the draft PPSP and draft EIR and prior to conducting further public outreach.

### **Overview of the PPSP Area**

The Peery Park District is approximately 407 net acres and is made up of more than 180 properties, consisting of over 77 percent industrial uses, 12 percent commercial and less than 1 percent residential. The Project area has approximately 6.6 million sq. ft. of existing development with remaining buildout potential (under current zoning) of approximately 2.2 million sq. ft. (0.9 million sq. ft. is already under construction). The current predominate zoning for Peery Park is MS (Industrial and Service) with a maximum 35 percent floor area ratio (FAR). Combining Districts occur on select parcels in the Peery Park District and provide for potential increases in FAR (up to 100 percent on some parcels). FARs higher than that "maximum" may be approved through a Use Permit, or with the City Green Building density bonus. Currently, an average FAR of 34 percent exists throughout Peery Park's industrial properties. The typical industrial lot is a one to two-story concrete tilt-up structure with surface parking and ornamental landscaping, accessed primarily from commercial/industrial collector streets and internal networks of driveways and drive aisles.

### **Project Development Capacity, Environmental Project Description and Project Alternatives**

The planned development capacity is based first on a market analysis projecting demand for 645,000 sq. ft. of office, 553,000 sq. ft. of industrial and 137,000 sq. ft. of retail within Peery Park over 10 years. This is the project area's capture (based on historic trends) of anticipated regional growth. Then, given various economic trends, the current increased level of development activity, and a new vision and regulations that could permit increase development capacity, the Plan anticipates that Peery Park will capture a larger share of that growth than projected in the market analysis. The planned development capacity for the Peery Park Specific Plan (that will be evaluated in the DEIR) was based on the following:

	Workplace (msf)	Housing Units	Workplace FAR	Housing du/ac
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Existing (2013)	6.6	3	0.34	0
Under Construction	0.9	0	0.4 - 0.96	0
Net Growth	2.2	215	0.4 - 1.0	20-30
<b>Planned Development Capacity</b>	<b>9.7</b>	<b>215 - 218</b>	<b>0.5</b>	<b>30</b>

More development beyond the planned development capacity is theoretically possible under the project's proposed land use and development regulations. However, the intent of the Plan was to project a reasonable scenario within a reasonable time horizon for Specific Plans. This allows the project to identify impacts due to development, identify realistic mitigations for those impacts, and if necessary, set reasonable caps on development capacity based on the magnitude of the impacts and the timing of mitigations. It also anticipates monitoring Plan implementation over time and adjusting the development capacity or mitigation measures as necessary in response to actual impacts. Exceeding the development capacity would require an amendment to the Specific Plan and further environmental analysis. Ultimately, development capacity is a balance between developer/property owner interest in redevelopment and the City/community's concerns about traffic and other environmental impacts. Additional information on the development potential for Peery Park can be found in Attachment 5.

The environmental consultants for the PPSP, AMEC Environmental, have prepared a draft project description for the PPSP project (Attachment 2) which will be used in the DEIR. In addition to the project description, AMEC has also suggested project alternatives to the Peery Park Specific Plan Project (Attachment 6) for consideration by the Planning Commission and City Council. These project alternatives or variations thereof will be evaluated in the DEIR along with the project described in the project description. Environmental analysis and impacts of all of the alternatives will be clearly defined in the DEIR.

### **Visioning, Goals and Guiding Principles**

The following vision statement, goals and guiding principles were created through the community workshops, stakeholder discussions and internal dialog between City Departments. Detailed information on each of the following guiding principles and further policies for each of the goals can be found in Attachment 3, staff will continue to develop these concepts further as the plan moves forward.

#### **PPSP Vision Statement**

*A cutting edge workplace district that has been physically re-shaped to align with 21st century workplace trends and the innovation economy*

#### **PPSP Guiding Principles**

1. Innovation
2. Connectivity
3. Transportation Demand Management (TDM)
4. Environmental Sustainability and Resilience

5. Public Spaces
6. Complementary Uses, Diverse Job Opportunities and Businesses
7. Economic Vitality
8. Respect Nearby Neighborhoods
9. Quality Design
10. Healthy Lifestyles
11. Community Benefits

**Goals of the PPSP**

1. Align both public and private interests with workplace and market trends.
2. Make Peery Park a center of knowledge and innovation.
3. Allow innovative businesses and workers to thrive.
4. Foster a dynamic mix of buildings and uses.
5. Provide settings that bring people together.
6. Provide new district amenities and uses.
7. Contribute to community sustainability.
8. Protect adjacent neighborhoods.
9. Place priority on TDM and alternative transportation.
10. Enable feasible development and provide clear direction for investors.

**Key Implementation Concepts**

1. Transportation Demand Management
2. Transportation Management Association
3. Parking Ratios
4. Community Benefits/Specific Plan Fees

**Conceptual Policy Framework Maps and Diagrams**

The following diagrams and maps can be found in Attachment 4 to illustrate the conceptual policy framework for the PPSP:

- Preliminary District Regulations Map
- Connectivity/Street Improvements Map
- Retail/Activity Uses Map
- Signature Space - Pastoria Avenue
- Streetscape Design Diagram
- District Streetscape and Public Space Concepts

**Planning Commission Recommendations**

The Planning Commission's motion at its April 13, 2015 meeting included seven additional considerations/modifications to the staff recommendation. A few of these items were already being considered but the Planning Commission felt that further defining them in the draft Goals and Policies (Attachment 3) would be beneficial. Staff has included six of the seven recommendations into the draft documents. These six modifications are:

1. Show building height ranges (in feet) without including the maximum height allowance for roof screens, mechanical equipment, etc.

In the version of the draft project description that went to the Planning Commission, staff

showed the corresponding height of the four to six-story buildings as 75 to 115 feet which includes the provision that allows up to an additional 25 feet on a building for roof screens, mechanical equipment, etc. The Planning Commission asked that we list the building height in the project description excluding the additional provision for these roof materials because it would appear that developers would then be entitled to the full 25 feet on top of the building height when 25 feet is not always necessary. This has been adjusted in the draft project description (Attachment 2) to reflect that four to six-story buildings would be 60 to 90 feet in height without the additional allowance of up to 25 feet for rooftop equipment.

2. Consider moderate to low impact intersection designs that would increase safety for pedestrians or bicyclists.

Staff has added a sentence to Goal 7(a)(ii) (Attachment 3) in response to this recommendation.

3. Consider adding language that encourages land owners to site buildings in a way that would promote larger open space areas along/across adjacent property lines.

In response to this Planning Commission recommendation, staff has added a new policy (d) under Goal 5 (Attachment 3).

4. Consider the bike/pedestrian connection to Moffett Park in the draft Environmental Impact Report.

Staff has added language in regards to a bike/pedestrian connection from Peery Park to Moffett Park under Goal 9, Policy b, iii (Attachment 3).

5. Add language in the policy document to encourage sidewalks to be routed around trees in an effort to preserve the healthy mature trees.

A new policy line (vi) has been added to Goal 7, Policy a in response to this Planning Commission recommendation.

6. Consider the expansion of the City's recycled water lines (purple pipes) into Peery Park.

While the staff is generally in favor of the use of recycled water and the expansion of existing recycled water lines, current discussion that is occurring between the City's Environmental Services Department and the Santa Clara Valley Water District on efforts to treat even more of the City's water for reuse make this topic one that needs additional discussion before including specific requirements. In an effort to address the Planning Commission's recommendation in the short term, staff has added a policy (a.vii) under Goal 7 that encourages the use of alternative sources of water.

The seventh recommendation that the Planning Commission made is to modify the draft documents to add a provision that any project's TDM goal may be increased 10-15% over the current recommendation of 20-35%. Explanation of why staff did not modify the draft documents to reflect this recommendation can be found below in the staff recommendation section.

**Next Steps**

Once the Council provides direction to staff on the draft project description and conceptual policy framework, work will begin on the draft Specific Plan and DEIR. It is expected that these documents will be available for public review in summer 2015 through additional community and stakeholder meetings. Planning Commission and City Council public hearings on the Peery Park Specific Plan and Final EIR would be held in fall of 2015.

It is important to note that all of the concepts discussed in the project description and framework will be evaluated in the DEIR. If significant impacts are found, the project may change to mitigate potential impacts. It is also important to note that Council direction on the policy framework and project description for the PPSP does not bind the Council to approve the Specific Plan.

**FISCAL IMPACT**

There is no fiscal impact from obtaining preliminary feedback on the policy direction of the PPSP. Detailed fiscal analysis and market information will be included with the draft Specific Plan when it is released for public review and comment.

**PUBLIC CONTACT**

Public contact on this item consisted of:

1. Posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website;
2. Publication in the *Sun* newspaper, at least 10 days prior to the hearing;
3. Mailed notices to property owner's, at least 10 days prior to the hearing;
4. E-mail notification of the hearing dates sent to all interested parties and Sunnyvale neighborhood associations;
5. Three community workshops held in October 2013, December 2014 and January 2015; and
6. Two stakeholder workshops held in January and February 2015.

**Community Workshops**

Three community workshops were held at the Washington Park Community Room to discuss the PPSP and present the project information. All three community workshops included a Q&A segment and a group exercise.

**Community Workshop #1: October 16, 2013**

The first community workshop included discussion of existing district issues and opportunities, economics and workplace trends. This workshop included an interactive exercise where community members commented on the preliminary framework maps and existing conditions diagram. Meeting notes from this workshop can be found in Attachment 7.

**Community Workshop #2: December 3, 2014**

The second community workshop included discussion of anticipated development types, public spaces and amenities, including an overview of the preliminary land use concepts. The workshop also included a group exercise to receive ideas and gain knowledge about the community's priorities, the concepts discussed in the meeting, traffic concerns and transportation demand management. Meeting notes from this workshop can be found in Attachment 8.

**Community Workshop #3: January 21, 2015**

The third community workshop included discussion and presentation of the preliminary traffic impacts, transportation demand management and the preliminary framework for the specific plan. This workshop also included two group exercises; one to help develop the guiding principles for the specific plan and the second to allow participants to comment on the conceptual policy framework diagrams and maps. Meeting notes from this workshop can be found in Attachment 9.

**Summary of Community Workshops**

The most prominent concerns raised at the community workshop by residents were traffic impacts and the compatibility of the industrial development with the adjacent and nearby residential neighborhoods. As shown in the conceptual framework, the plan proposes to lower maximum heights in the neighborhood transition, grand boulevard, and innovation edge sub-districts that are nearest to the single-family neighborhoods and Mathilda Avenue. Traffic impacts will be fully evaluated in the EIR; however, strong transportation demand management strategies have already been discussed with the community and Peery Park property owners.

**Discussions with Peery Park Property Owners**

City staff conducted interviews with major Peery Park property owners in late 2013 to understand the demand for development in the Peery Park area. The property owners confirmed that trends are a demand for higher FAR, need for a mix of industrial and office space and the desire for district-wide improvements. These trends were incorporated into the workshops and visioning for the PPSP. In January and February 2015, two workshops were held with property owners that focused on the comments from the earlier interviews. At the second workshop staff shared a handout of discussion points (Attachment 10) that highlighted the need for a strong TDM program and introduced the concepts of a Transportation Management Association and a shuttle bus system. A letter (Attachment 11) has been submitted by Irvine Company, the major property owner in Peery Park that provides comments on the handout distributed at the stakeholder workshop.

Details of the Transportation Demand Management (TDM) program and other transportation/transit improvements will continue to be a focus of the draft plan and EIR and staff will continue to work with the stakeholders on this topic.

**Study Session with the City Council and Planning Commission**

On February 24, 2015 a joint study session with the Planning Commission and City Council was held to introduce the conceptual policy framework. The meeting summary for that study session can be found in Attachment 12. Many of the topics that the Council and Commission were most concerned about will be further vetted in the DEIR, draft plan and fiscal analysis; however, staff has already developed additional information on a few of the topics:

- Potential bike connection from the Peery Park area to the Moffett Park area - shown in Attachment 4;
- Additional buildout information - discussed above and in Attachment 5; and
- Pedestrian Connection from SNAIL neighborhood to San Aleso - shown in Attachment 4.

**Planning Commission Hearing**

The Planning Commission considered this item at their April 13, 2015 meeting, more information on their recommendations can be found within the discussion and recommendation sections and also in the meeting minutes (Attachment 13). During the public hearing, 10 members of the community



(residents of nearby neighborhoods) gave feedback on the draft information and concepts, their comments are detailed in the meeting minutes.

### **ALTERNATIVES**

Recommend that Council:

1. Direct staff to prepare the draft Specific Plan and draft EIR based on the draft project description (Attachment 2) and conceptual policy framework (Attachments 3 and 4).
2. Direct staff to prepare the draft Specific Plan and draft EIR based on the draft project description (Attachment 2), the conceptual policy framework (Attachments 3 and 4) and incorporating all of the Planning Commission recommendations.
3. Direct staff to prepare the draft Specific Plan and draft EIR with specific modifications to the draft project description and conceptual policy framework.

### **STAFF RECOMMENDATION**

Alternative 1: Recommend that Council direct staff to prepare the draft Specific Plan and draft EIR based on the draft project description (Attachment 2) and conceptual policy framework (Attachments 3 and 4).

Considerable time has been spent discussing the concepts and framework with the community, stakeholders and internally among City Departments. The concerns and issues that have come out of these meetings have been used to create the policy framework and preliminary ideas for the PPSP. Further environmental analysis will help refine the policies, goals, development standards, and planned development capacity for Peery Park, and will identify the significant impacts associated with the PPSP and feasible mitigation measures.

The high demand levels for new development in the Peery Park area emphasize the need for the completion of the Specific Plan for the area. The PPSP will help facilitate new development while also keeping the communities' desires and concerns in mind. While many details are pending further analysis and discussion, preliminary direction from the Planning Commission and City Council is important at this stage in the planning process prior to preparing a draft plan for public review.

Staff has incorporated six of the seven Planning Commission recommended modifications into Alternative 1 and the attachments. The only Planning Commission recommendation that has not been included is a policy or procedure that would allow a hearing body to increase a project's TDM requirement above that shown in the TDM table (Attachment 3) by 10-15%. The staff recommendation of 20-35% is consistent with the TDM requirement for the recently approved 770,000 square foot Central and Wolfe project which requires a TDM goal of 35%, but is more aggressive than the TDM goal of 30% in Moffett Park for peak hour traffic. A TDM goal of 20-35% is also comparable with the requirement for recently approved projects in adjacent cities.

Staff recommends that in order to create a document with clean expectations, policies and development standards, the TDM goals should be clearly defined and consistently applied. Staff believes that a TDM goal of up to 35% is aggressive for Peery Park, but that in the future more options may be available to reduce vehicle trips in this area. Staff has added language to periodically evaluate and adjust the TDM goal during plan implementation to determine the feasibility of achieving a higher goal. As an alternative, the City Council may wish to consider an additional tier such as 40% TDM for projects over a specific size (e.g., 1,000,000 s.f.).

### **BOARD / COMMISSION RECOMMENDATION**

The Planning Commission considered this item at its regular meeting on April 13, 2015, meeting minutes can be found in Attachment 13. The Planning Commission made a motion that was passed with a 7-0 vote to recommend the staff recommendation with the following modifications (discussed in detail above):

1. Show building height ranges (in feet) without including the maximum height allowance for roof screens, mechanical equipment, etc.
2. Consider moderate to low impact intersection designs that would increase safety for pedestrians or bicyclists.
3. Consider adding language that encourages land owners to site buildings in a way that would promote larger open space areas along/across adjacent property lines.
4. Consider the bike/pedestrian connection to Moffett Park in the draft EIR.
5. Add language in the policy document to encourage sidewalks to be routed around trees in an effort to preserve the healthy mature trees.
6. Consider the expansion of the City's recycled water lines (purple pipes) into Peery Park.
7. Add a provision that the TDM requirement may be increased 10-15% above what is shown in the table in Attachment 3 as deemed necessary for projects within Peery Park.

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Overall Planning Commissioners expressed an eagerness for the plan to be further developed as they are aware of the high demand for office space within the Peery Park Specific Plan area and want an area plan in place to provide direction for these pending projects. The Planning Commission shares the community's concerns about traffic and is in favor of aggressive TDM requirements. The Commission is also interested in project sustainability, pedestrian and bicyclist access and safety, and re-use of water in the plan area.

Prepared by: Amber El-Hajj, Senior Planner

Reviewed by: Trudi Ryan, Planning Officer

Reviewed by: Hanson Hom, Director, Community Development

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

## **ATTACHMENTS**

1. Study Issue Paper
2. Draft Project Description
3. Draft Vision, Guiding Principles, Goals, Policies and Key Implementation Concepts
4. Conceptual Policy Framework Diagrams and Maps
5. Specific Plan Buildout Information
6. Environmental Project Alternatives Memorandum from AMEC
7. Meeting Notes from the October 16, 2013 Community Workshop
8. Meeting Notes from the December 3, 2014 Community Workshop
9. Meeting Notes from the January 21, 2015 Community Workshop
10. Discussion Points Handout from the February 11, 2015 Property Owners Workshop
11. Public Comment
12. Meeting Summary from the February 24, 2015 Joint Planning Commission/City Council Study Session
13. Excerpt of Planning Commission Minutes from the April 13, 2015 Meeting
14. Link to the Peery Park Specific Plan Webpage: [PeeryPark.InSunnyvale.com](http://PeeryPark.InSunnyvale.com)

