



DATE: October 23, 2018

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **1255 Pear Avenue Mixed-Use Development Project, Summary Vacation of Public Easements, and Direction Regarding Potential Amendments to the Parkland Dedication Ordinance**

RECOMMENDATION

1. Approve the Initial Study of Environmental Significance for the mixed-use multi-family and office development project at 1255 Pear Avenue, pursuant to Section 15168 of the California Environmental Quality Act (CEQA) (Attachment 1 to the Council report).
2. Adopt a Resolution Conditionally Approving a Planned Community Permit and a Development Review Permit for a New Mixed-Use Development Consisting of a 231,210 Square Foot Office Building and 635 New Multi-Family Residential Units, Retaining an Existing 156,317 Square Foot Office Building and Demolishing an Existing 103,513 Square Foot Industrial Building at the Site, and a Heritage Tree Removal Permit to Remove 84 Heritage Trees at 1255 Pear Avenue, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution Conditionally Approving a Tentative Subdivision Map at 1255 Pear Avenue, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Ordering the Summary Vacation of Public Easements at 1255 Pear Avenue, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Direct staff to review the Parkland Dedication Ordinance to develop a framework of credits for publicly accessible private open space, and provide Sobrato a credit for this project if it qualifies.

BACKGROUND

Site Location and Characteristics

The following map shows the location of the proposed project (outlined in red), including surrounding streets and land uses:

Map 1: Project Site



Project Summary Description

The following summarizes key elements of the proposed mixed-use project:

- A new 231,000 square foot office building is proposed next to the existing office building on Inigo Way.

- 635 new multi-family, market-rate units (415 of the units on the north part of the project, 220 units in the south parcel area) – 22 of the units (3.5 percent) are studios; 356 (56 percent) are 1-bedrooms; and 257 (40 percent) are 2-bedrooms.
- To comply with the North Bayshore Precise Plan Bonus FAR requirements, the project proposes the following:
 - Dedication of a 1.4-acre parcel, as shown on the site plan, to the City in lieu of providing on-site affordable units. No specific affordable housing project is proposed with this application. This site has the potential for 100 to 140 affordable housing units. The number of affordable housing units above the 15 percent (or 95 units) requirement is considered a community benefit.
 - A long-term (to 2036) below-market lease to support small businesses (Center of Balance Yoga and Pear Avenue Theater) at the adjacent parcel at 1110 La Avenida.
 - A financial contribution to the local school districts.
- The project requires the extension and dedication of Inigo Way, per the Precise Plan, which is a key infrastructure improvement to help improve vehicle circulation in the area.
- The project includes several bicycle and pedestrian pathways to support nonauto travel in the area.

Previous Public Hearings and Meetings

Gatekeeper

The project began in 2015 with Council Gatekeeper approval to allow a rezoning of the site to residential. Since that time, the North Bayshore Precise Plan was adopted which allows residential uses; therefore, the Gatekeeper request was no longer required.

The project was initially reviewed by the EPC and City Council at Study Sessions, as summarized below.

EPC Meeting Summary – January 20, 2016

The Environmental Planning Commission (EPC) reviewed the proposed project at a Study Session on January 20, 2016 (See Attachment 10). The EPC was generally supportive of the redevelopment of the project site with a new mixed-use project; however, they raised issues with the scale of the project and recommended changes or more studies to ensure circulation and building massing is appropriately addressed.

- Public comments touched on the need to separate bicycles and pedestrians from cars; need to balance jobs and housing in area; concern over sixth-floor office and blocking views; meets General Plan goals; support unbundled parking; housing is important; add more trees.
- Comments from Santiago Villa Mobile Home Park residents:
 - Pear Avenue/North Shoreline Boulevard intersection is congested.
 - Concern over pedestrian pathways from project into mobile home park.
 - Emergency access is concern due to Shoreline Boulevard congestion.
 - Concern that concert-goers will use project's open space areas.
 - Traffic a concern; not all future residents will work in North Bayshore.
 - Buildings are too massive.
 - Shuttles needed for residents to get to downtown Transit Center.
- EPC comments included:
 - They need to do more outreach with mobile home park.
 - Buildings/design needs to be more “distinctive,” “unique.”
 - New office design needs to welcome people to area, not tower over.
 - Sixth-floor exception request: they want to be “wowed” with exception/offering; what is the community benefit—need to justify; look at adding ground-floor area instead of sixth floor.

- Concern over massing/compatibility with mobile home park – move massing away, use step-backs, setbacks, design.
- Need to break up south residential parcel (large parking garage).
- North parcel needs to be more open to public, less private.
- Pathways need to be publicly accessible.
- Questions on how trip cap works/“self-mitigation” of vehicle trips.
- Want more info on any habitat enhancements.
- BMR portion good.

City Council Meeting Summary – March 1, 2016

- Public comments included support for BMR component; concern about using nonunion labor for the project; better civic open space needed; community benefit of BMR units justifies sixth floor; support for unbundled parking; scatter BMR units throughout project.
- Council comments included:
 - Developer should work with the mobile home residents regarding traffic, dust, and noise controls during construction.
 - Okay with either stand-alone BMR or BMR units mixed within project.
 - Meets Precise Plan principles.
 - Support for unbundled parking at the project; need more information on this.
 - Concern over traffic on Inigo Way; make sure it is safe for bikes and pedestrians.
 - Size of office building and number of stories okay.
 - A “role model” for future development in North Bayshore.

- Need a good demarcation between office and residential buildings.
- Need logistics to manage shared parking.
- Allow pedestrian access to mobile home park.
- Concern over site plan and massing; wrap garage seems odd.
- Residential buildings are very “blocky”; need more distinction among buildings, too repetitive.
- Okay with sixth floor on office.
- Consider art at the corner of Inigo Way and La Avenida.
- Balconies and “step-backs” are important.
- Use architectural elements to make buildings beautiful.
- Concern over long wall adjacent to mobile homes; break this up.

Neighborhood Meetings

The developer also sponsored meetings on May 25, 2016 and April 19, 2018 with residents of the Santiago Villa Mobile Home Park. Some of the comments from these meetings included potential pedestrian access between this project and the mobile home park; concerns over the noise, dust, and vibration during construction; timing and schedule of the construction, including Inigo Way, and who to contact during construction; where construction workers and new residents will park, including if there will be street parking permits; percentage of new residents who will work in North Bayshore; if the greenway will include trash cans, etc., so it will be functional; amount of affordable housing in development; and support for the design of the project.

Development Review Committee (DRC)

The project was reviewed by the Development Review Committee (DRC) at four meetings between 2016 and 2018. Public comments from these meetings are included in Attachment 7 to the report.

Revisions were made to the project design and the DRC recommended approval of the project to the Zoning Administrator, with design comments noted in the Analysis section of this report.

Administrative Zoning/Subdivision Committee Public Hearing

On October 10, 2018, the Zoning Administrator and Subdivision Committee recommended conditional approval of the project to the City Council. Two members of the public attended the hearing, but there were no public comments.

Following the hearing, the City received a letter from Lozeau Drury, attorneys, on behalf of the Laborers' International Union of North America Local Union No. 270 requesting that a project-level EIR be completed for the project (see Attachment 5).

September 4, 2018 City Council Meeting

On this date, the City Council reviewed information on the cost of residential development in North Bayshore. A key outcome from the meeting and staff and consultant analysis on the issue was that land and construction costs and development requirements such as park fees and school contributions have made residential development increasingly difficult. Council expressed a willingness to consider modifications to the Parkland Dedication Ordinance and also indicated that they did not expect developers to pay the entire cost of new schools. These issues are discussed later in the Analysis section of this report.

September 11, 2018 City Council Meeting

At this meeting, the City Council directed that the project, as proposed, continue forward in the development review process. By a 4-3 vote, the Council did not support alternative project proposals that subdivided the site and preferred the original Gatekeeper proposal. This issue is discussed later in the Analysis section of this report.

ANALYSIS

General Plan Conformance

The City's General Plan designates the project site as **North Bayshore Mixed-Use**. This designation allows a mix of land uses, including residential and office.

The **North Bayshore Mixed-Use** designation also allows office intensities up to 1.50 Floor Area Ratio (FAR) and residential intensities greater than 1.0 FAR if consistent with the North Bayshore Precise Plan affordable housing strategies. The site as a whole includes an FAR of 2.02, with the office component at 0.59 FAR, and the residential portion is 1.43 FAR. The North Bayshore Mixed-Use designation allows buildings up to eight stories.

The General Plan also includes key form and character guidance for new development in terms of bicycle and pedestrian environment (smaller blocks; strong bike network; pedestrian and bike street improvements); site layout and design (sustainable features; buildings close to the street; plazas, paths and green between buildings; driveways/parking designed to limit conflicts with pedestrians and bikes); plazas and shared space (paths and trails connecting key destinations); and building street relationship (pedestrian-oriented building frontages; visible doors and windows; entrances facing street).

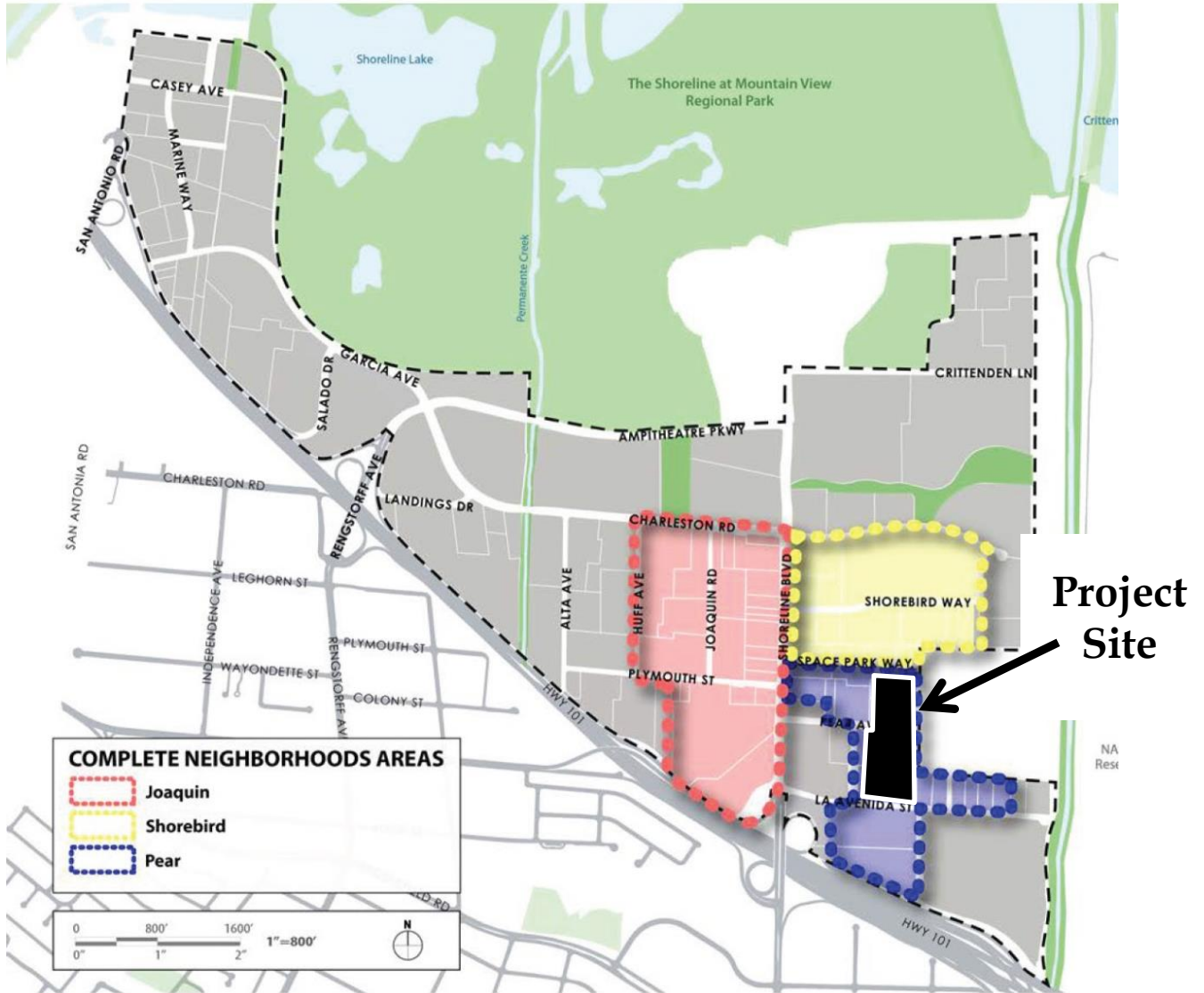
The project conforms to the General Plan land use designation, FAR (discussed later in the report), and form and character intent for North Bayshore.

Precise Plan Conformance

Complete Neighborhoods

The Precise Plan includes a strategy for North Bayshore to develop complete neighborhoods in the three areas noted below.

Map 2: Complete Neighborhood Areas



Each of these complete neighborhoods includes land use “targets.” These targets allow the City to monitor and evaluate how new development is contributing to the desired mix of uses in these areas over time.

The project is located in the Pear complete neighborhood area. Table 2 below compares the Pear complete neighborhood targets with the proposed project.

Table 2: Complete Neighborhoods Analysis: Pear Neighborhood and Project

	Pear Neighborhood Land Use Data/Targets	Proposed Project	Percentage
Size	43 acres	15 acres	35%
Residential Units*	2,950 units	635 units	21%
Affordable Housing Units**	590 units	100 to 140 units	17% to 24%
Employment***	1,000,000 sf	387,000 sf	38%
Retail and Entertainment****	35,000 sf	N/A	N/A
Hotel	200 rooms	N/A	N/A
Public Open Space (minimum)	Neighborhood park	Publicly accessible paseos/greenways	N/A

*Plan mix is 40% micro units; 30% 1-bedroom; 20% 2-bedroom, 10% 3-bedroom.

**Assumes 20% affordable units.

***Includes office, R&D, industrial, and service uses (existing and new).

****Includes retail, restaurant, and movie theater uses (existing and new).

Precise Plan Urban Design Principles

The project substantially complies with the Precise Plan’s urban design principles as described below with text and graphics.

Table 1: Precise Plan Urban Design Principles Analysis

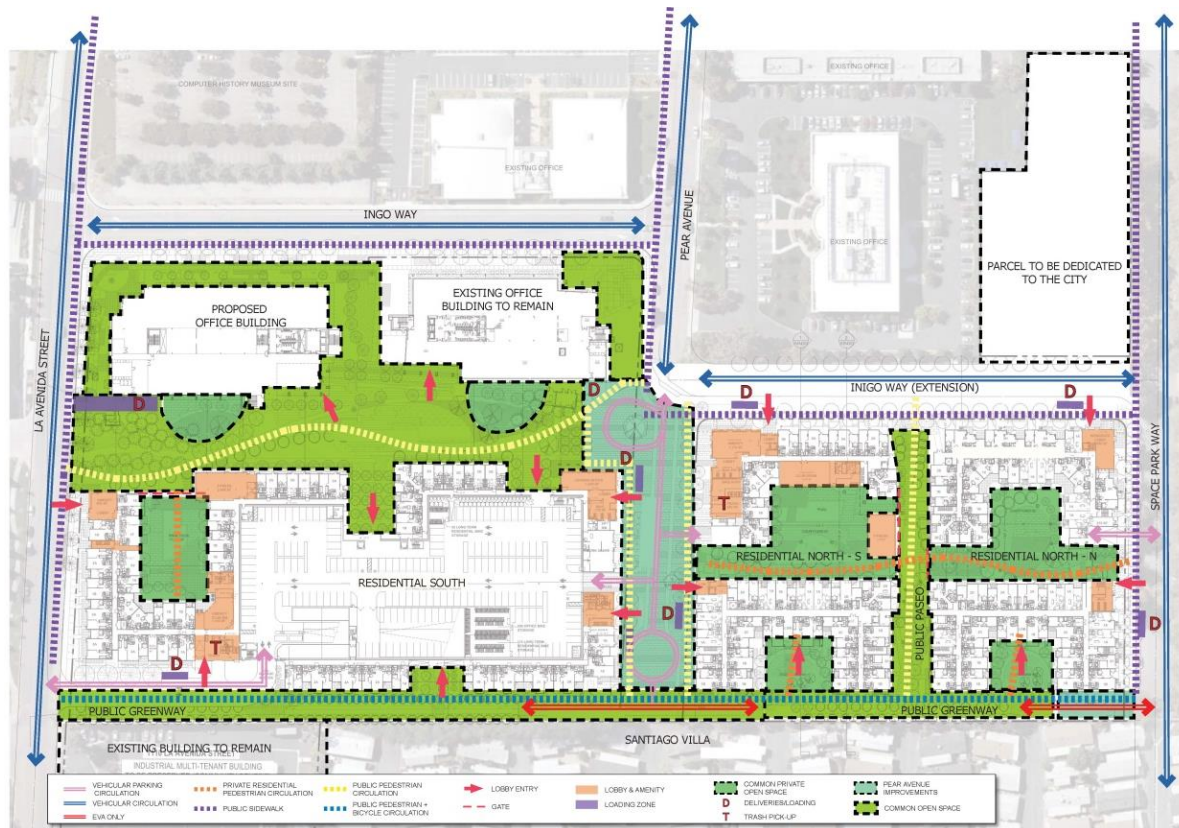
Precise Plan Principle	Proposed Project
1. Develop a connected network of pedestrian-oriented blocks	The project “breaks up” the large parcel with smaller buildings, a new street extension, and bike and pedestrian pathways.
2. Create high-quality public frontages	The project’s public street frontages are well designed to include street trees, landscaping, and pedestrian-oriented elements.

Precise Plan Principle	Proposed Project
3. Orient buildings towards streets and shared open spaces	All of the project’s buildings are oriented to streets and open space areas, and are placed close to the street to create a strong “street wall” feel.
4. Vary building massing to shape space and enhance building and neighborhood character	The buildings use design strategies such as varied height, breaks, recesses, step-backs, and projections such as bay windows and balconies to create interest and variety throughout the project.
5. Integrate frontage design and ground-floor uses to generate active ground-floor frontages	The project’s ground floors include visible entries, lobbies, outdoor seating areas, stoops, and entries to support pedestrian activity.
6. Articulate building facades to create human-scale buildings	The buildings include a solid base element with pedestrian-oriented features such as windows and entries, including bay windows and balconies on upper floors.
7. Distinguish North Bayshore as a unique, urban district through architecture and building design	The building designs are similar in design and use of materials as recent multi-family developments, but also use higher-quality metal canopies and louvers, glass railings, and brick exteriors in some facades.
8. Design corner buildings to emphasize an entry, shape a public space, or provide a unique building image	Most buildings include corner elements with entries, lobbies, or unique architectural elements, with some opening up to pedestrian areas.
9. Create high-quality on-site open space	The site includes shared private open space between the office and residential buildings on the south parcel, and private open space areas for the north parcel with paseos, passive open space areas, pools, and an active greenway along the eastern project boundary.

Precise Plan Principle	Proposed Project
10. Design sites and buildings adjacent to natural open areas to reflect the unique natural setting and ecosystem of North Bayshore	The buildings include bird-friendly facade designs.
11. Integrate sustainable building design and technologies to generate highly sustainable urban neighborhoods	The project includes a LEED Platinum office building design and required Precise Plan residential green building strategies.

The following images graphically illustrate how the project proposal complies with several of the key urban design principles noted above.

Principle No. 1: Connected Network of Pedestrian-Oriented Blocks. *The project “breaks up” the large parcel with smaller buildings, a new street extension, and bike and pedestrian pathways.*



Principle No. 2: Create high-quality public frontages. *The project's public street frontages are well designed to include street trees, landscaping, and pedestrian-oriented elements.*



VIEW OF SECONDARY LOBBY MID BLOCK ON PEAR AVE
N.T.S. 2



VIEW OF TYPICAL STOOP ON GREENWAY
N.T.S. 1



VIEW OF AMENITY SPACE AT CORNER OF PEAR AND INIGO WAY
N.T.S. 3



VIEW OF A TYPICAL STOOP ON INIGO SOUTH
N.T.S. 4

Principle No. 4: Vary building massing to shape space and enhance building and neighborhood character. *The buildings use design strategies such as varied height, breaks, recesses, step-backs, and projections such as bay windows and balconies to create interest and variety throughout the project.*



Principle No. 8: Design corner buildings to emphasize an entry, shape a public space, or provide a unique building image. *Most buildings include corner elements with entries, lobbies, or unique architectural elements, with some opening up to pedestrian areas.*



VIEW OF MAIN LOBBY AT THE CORNER OF INIGO WAY AND SPACE PARK
 N.T.S.

Discussion

The DRC recommended approval of the project, noting that it successfully implements the Precise Plan’s design goals and standards. The project includes strong urban

elements, such as continuous “street walls” with building facades located close to the street that help frame the street experience for street users. This will provide a very urban experience for pedestrians – with landscaping, entries, windows, balconies, bay windows, and stoops all very close to the sidewalk – and without excessive curb cuts and surface parking lots found in many suburban settings. This will make the pedestrian experience more comfortable and engaging, and will help enliven the public streetscape, while also allowing pedestrians easy access to the street from their units and to new pedestrian connections to the site.

The project design successfully breaks up the very urban character of the buildings through changes in building heights, setbacks, projecting elements such as balconies and “pop-outs” and frequent breaks in the building massing; upper-story “step-backs”; pedestrian-oriented elements as noted above to create visual interest; and high-quality materials such as plaster, metal panels, and brick and details such as railings, cornices, and trellises. As noted earlier, the project also includes substantial amounts of landscaping and pedestrian connections throughout the site.

The DRC requested that additional design modifications be completed prior to issuance of building permits. These are listed in Condition No. 10 and include recommendations such as continuing to refine the Inigo Way office building frontage with additional pedestrian-oriented furnishings and landscape improvements.

Bonus FAR Request: Residential

The residential portion of the project is voluntarily requesting a **Precise Plan Tier I Bonus FAR** (up to 2.50). As noted, the proposed residential FAR is 1.4.

The Precise Plan does not include specific requirements based on detailed FAR levels other than broad Tier I (up to 2.50 FAR) and Tier II (up to 3.50 FAR) categories. This allows the City Council discretion and flexibility to grant Bonus FAR requests, besides certain mandatory requirements, based on the amount of proposed FAR and community benefits. Table 4 below compares the Tier Bonus FAR requirements and the residential project proposal. Sobrato is requesting a relatively low FAR and Council can factor that in, if it chooses, when determining the appropriate level of community benefits.

Table 4: North Bayshore Tier I Bonus FAR Compliance (Residential)

Tier I Bonus FAR Requirement	Proposed Project
15% affordable units (95 units)	Proposed dedication of 1.4-acre parcel, which could accommodate approximately 100 to 140 affordable units in the future.
Local School Strategy	Proposed financial contribution to local school districts. The amount will be memorialized in an agreement between the developer and school district, and will be paid prior to building permit issuance, and is noted in Condition No. 94, or as amended, of the Findings Report.
Community benefit	Proposed long-term (to 2036) below-market rent to local small businesses (Center for Balance Yoga and Pear Avenue Theater). Also, any affordable units greater than the required 95 units on the dedicated 1.4 acre is considered a community benefit.
Green building <ul style="list-style-type: none"> • 120 Green Point Rating • Water Use (install Energy Star appliances) • Landscape Design (reduce heat island effect) • Energy (submeter units) 	<ul style="list-style-type: none"> • 120 Green Point Rating • Energy Star appliances • New trees and over 3 acres of open landscaped areas • Submeters

Local School Strategy

Staff is requesting Council direction on the applicant’s compliance with the Precise Plan’s Local School Strategy requirement, which will confirm the amount of the voluntary financial contribution from the project applicant to the Mountain View Whisman School District (“MVWSD”) and the Mountain View Los Altos High School District (“MVLAHSD”) in exchange for greater FAR. The involved parties, along with Google, due to their interest in future development in the area, have been negotiating details and assumptions regarding future growth and school needs in North Bayshore over many months. To date, no agreement has been reached between Sobrato and the

school districts, despite numerous meetings and urging from the City to come to an agreement prior to the Sobrato project being considered by the City Council.

The most recent correspondence from the school districts on this matter is attached to this report for additional information (see Attachment 8). According to the districts, based on their projected student generation from growth in North Bayshore, they have a long-term need for two elementary schools, one middle school, and one high school. MVWSD has estimated the cost to construct the elementary and middle schools would be \$84 million. MVLAHSD estimates the cost for a high school would be \$109 million. The school districts together are requesting a total of \$24.4 million from Sobrato as the developer's pro-rata share of this cost. Sobrato is proposing \$7.25 million to the two school districts (which includes approximately \$2.2 million for the State-mandated school fee and approximately \$5 million in additional funds). One significant factor in the differences is disagreement over the student generation rate.

At the September 4 Study Session regarding the cost of residential development in North Bayshore, the City Council noted that a financial contribution covering 100 percent of the school district's stated costs was not expected, but did not specify an amount or percentage to be paid by the developer. Council also asked staff to explore the contribution on a per-square-foot basis, as the State fee is calculated. At that meeting, the Council also expressed openness to granting credit for publicly accessible private open space in the Parkland Dedication Ordinance, as noted elsewhere in this report. The following discussion provides some context for staff's recommendation regarding the local school strategy.

Discussion

There is no "right" cost allocation based on the known information at this time. After extensive conversation with all parties and recognizing the need to move forward, staff recommends that Sobrato provide \$12 million, or approximately 50 percent, of the school district's \$24.4 million request. Specifically, \$5.5 million to MVWSD and \$6.5 million to MVLAHSD. This is based on the following factors:

1. No consensus on student generation numbers has been reached between the parties, which makes it difficult to accurately determine a contribution amount.
2. Sobrato is the first project and not guided by any formal City study or analysis on this topic. Once units start being occupied, all parties will have a better sense of the actual generation rates.

3. The Precise Plan includes a long-term maximum buildout of up to 9,850 residential units, which will take many years to implement, and it is reasonable to assume that the North Bayshore Area would initially have at least one new “urban” elementary school (i.e., a smaller land area of approximately five acres, with a multi-story structure). Sobrato could help contribute to the funding of an elementary school and a share of a Citywide contribution to a Citywide new high school as a “first phase” in this ultimate buildout.
4. The State may provide additional funds to the cost of construction for new schools with bond revenue.
5. The potential to use Transfer of Development Rights (TDRs) exists and can be a useful tool to help the local school districts. For example, a “sending” site in North Bayshore that could accommodate a new elementary school could transfer a portion of their unused FAR to a site outside of North Bayshore. Staff estimates that the value of TDR could range between 15 percent and 40 percent of the cost of the overall school district’s projected school development needs, depending on if the TDR was for residential or office uses. This could significantly help reduce the difference between the school districts and Sobrato amounts.
6. Master Plans in North Bayshore offer the opportunity for new schools to be included within these areas by shifting FAR in an efficient and integrated way within a larger area as it is proposed for redevelopment.
7. In the future, more funding for new schools could be shifted over to office development since office uses can more easily absorb this cost than residential uses and that office uses generate housing demand and, therefore, school demand.
8. Schools have other tools to fund capital expenditures (i.e., bonds).

Staff notes that planning for schools is an important community goal, and the City can provide funding for shared open space for use between the City and school facilities to help reduce the financial burden on new development. There may also be opportunities for joint use facilities that will further reduce district costs. The City also acknowledges that more planning and funding for additional schools is needed. Council could direct staff to share the cost of a consultant to complete an evaluation of school needs, student generation rates, and funding sources prior to the entitlement of the next office or residential development in North Bayshore.

Bonus FAR Request

To satisfy the applicant's Tier I Bonus FAR requirement, Project Condition No. 90, or as amended, details the timing of when the 1.4-acre parcel will be dedicated to the City. The condition requires that any potential environmental contamination be remediated prior to the parcel dedication to the City through removal of contaminated soil and/or project design that could include elements such as vapor barriers to mitigate vapor intrusion.

Condition No. 90 notes that if, after further environmental testing, the site is deemed unsuitable for residential development, then the applicant would satisfy their Tier I affordable housing obligation by providing 95 affordable units on-site (15 percent of the total 635 proposed units) instead of on the 1.4-acre parcel. The 1.4-acre parcel would then be dedicated to the City for use as a public park, if environmental screening levels support use of the site as a park, and the applicant would receive parkland dedication credit.

The project is requesting a North Bayshore Bonus FAR for the office component of the project. The proposed office FAR is 0.59. The Precise Plan does not include specific Bonus FAR office requirements based on detailed FAR levels other than broad FAR Tier categories (0.45 to 0.75, and 0.75 to 1.0 in the General Character area).

As with the residential Bonus FAR structure, this allows the City Council discretion and flexibility to grant Bonus FAR requests, besides certain mandatory requirements, based on the amount of proposed FAR and community benefits. Table 5 below compares the Bonus FAR requirements and the office project proposal.

Table 5: North Bayshore Bonus FAR Compliance (Office)

Bonus FAR Requirement (General Character Area – Above 0.45 FAR)	Proposed Project
<ul style="list-style-type: none"> • LEED Platinum • Public benefit, focusing on transportation 	<ul style="list-style-type: none"> • LEED Platinum building • Long-term affordable lease to small businesses; more than the required 95 affordable housing units from the 1.4-acre parcel. No transportation public benefits proposed, although the project is satisfying Precise Plan requirements for a new Inigo Way extension and a new greenway on the east side of the project.

Precise Plan Development Standards

Table 3 compares how the proposed project complies with key Precise Plan development standards.

Table 3: Key Precise Plan Development Standards and Compliance Analysis

	Precise Plan Standard	Proposed Project	Compliance?
General Character Area	<ul style="list-style-type: none"> • Mixed-use development • Shared open space • New streets to break up blocks • Active ground floors • Bike/ped connections • Screened parking 	<ul style="list-style-type: none"> • Office/residential proposed • Shared open space areas • New Inigo Way extension • Buildings include stoops, entries along streets • Bike/ped connections proposed between buildings, including new greenway adjacent to mobile home park • Parking is hidden – either below grade or “wrapped” with units 	Yes

	Precise Plan Standard	Proposed Project	Compliance?
Building Height	Office: 5 stories or 95' Residential: <ul style="list-style-type: none"> • 8 stories or 95' • 4 stories or 55' (adjacent to mobile home park) 	Office: 6 stories (92'6")' Residential: <ul style="list-style-type: none"> • 6 stories (57' to 74') • 4 stories (38' to 58') 	Yes Yes Yes (see mobile home below)
Floor Area Ratio	3.50, with the nonresidential less than 1.0	Total FAR: 2.02 Office: 0.59 Residential: 1.4	Yes Yes Yes
Lot Coverage	– Building: 70% max (office and residential) – Paving: 10% max – Landscaping: 20% to 25% min	– Building: 52% (office and residential) – Paving: 2% max – Landscaping: 45% min	Yes Yes Yes
Mobile Home Adjacency	Building volumes adjacent to mobile homes must remain within a 45-degree daylight plane	Buildings proposed within this daylight plane	Yes

The applicant is requesting an exception to the Precise Plan development standard for block length.

The Precise Plan requires that block lengths in the General Character area not exceed 400' in length. This requirement to “break down the blocks” in North Bayshore encourages more convenient pedestrian and bike travel throughout the area.

The South parcel includes a block length of 670' while the North parcel has a block length of 500', both of which exceed the 400' maximum allowed block length. However, each of these new blocks include substantial north-south and east-west pedestrian and bicycle pathways or paseos between proposed buildings on each of these blocks to facilitate circulation, although the South parcel's parking garage location and size is the only structure in the project that does not allow a bike/pedestrian connection. See the Urban Design Principle 1 graphic showing block lengths and the site's pedestrian and bicycle pathways.

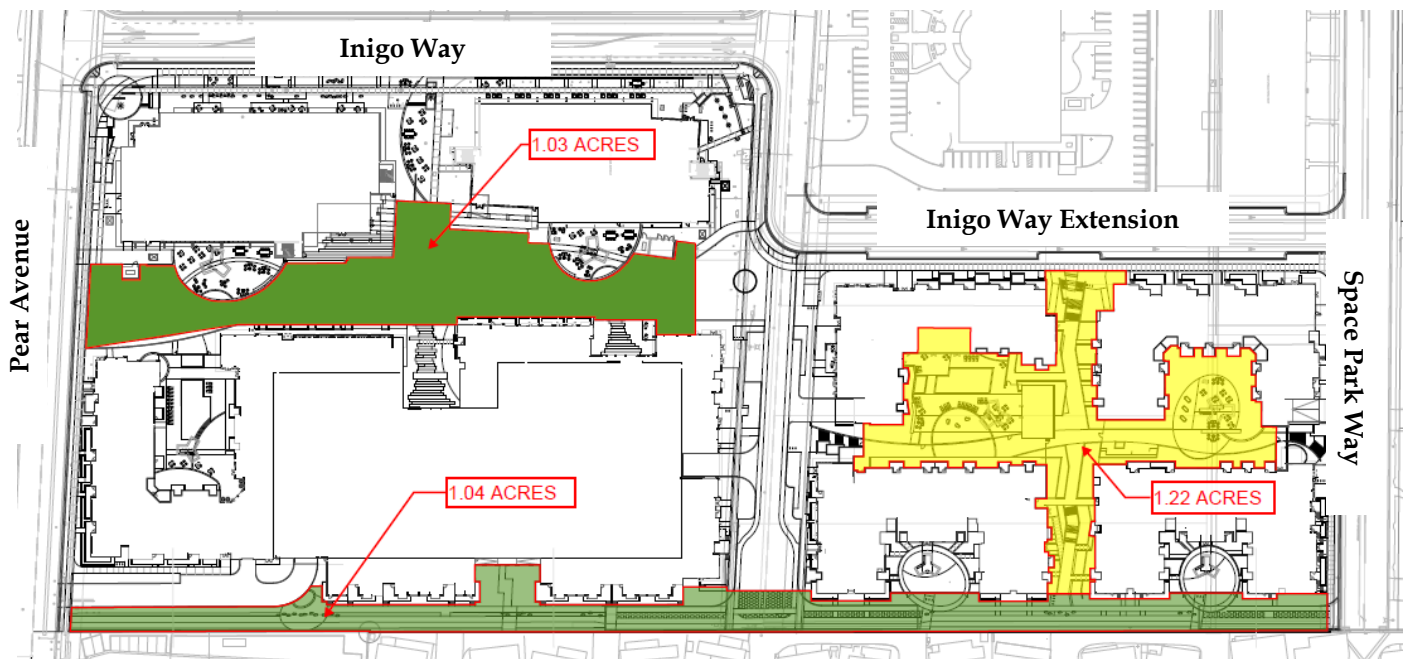
Overall, the new blocks and site plan are effective in advancing the larger goal of supporting pedestrian and bicycle travel in North Bayshore, which is a key General Plan and Precise Plan goal. Therefore, staff supports the exception to this development standard, as noted in the Findings Report.

Parkland Dedication Ordinance

At the September 4, 2018 City Council Study Session on North Bayshore residential development feasibility, parkland dedication fees were discussed as a key constraint to development, along with increased construction costs. To address this concern, the City Council signaled interest in amending the City's Parkland Dedication Ordinance regarding how potential parkland credit is determined. The ordinance amendment process could consider how credit is determined for publicly accessible private open space, and create a more certain, earlier time for locking in the fee amount.

To receive private open space credit, the current ordinance requires that any private open space be designed for active uses, be at least 1.0 contiguous acre, and include four of the following seven elements: turfed play field; children's play equipment; landscaped, park-like quiet area; family picnic area; game court area; swimming pool; recreation center buildings and grounds.

Map 3: North Parcel Open Areas



The project applicant proposes 1.03 acres on the south parcel with landscaped, park-like features (shown in Map 3 as dark green) and 1.22 acres of private open space within the North parcel with a family picnic area, swimming pool, and recreation center building (shown in Map 3 as yellow). Staff has determined that these areas do not count towards

private open space credit under the current ordinance, because the areas include a significant amount of walkways, court areas, and landscaping that effectively break up the minimum contiguous 1-acre open area requirement. Additionally, the ordinance states that private open space shall be devoted to active recreational uses, and these spaces appear to function more as passive uses.

The proposed project is required to dedicate 3.81 acres or pay an in-lieu fee of approximately \$38 million. However, if the current ordinance was amended, and if the project was given some credit for their existing open areas, the project could potentially be given some credit against the parkland dedication fee. Sobrato would pay the fee and any potential credit could potentially be applied “retroactively” to Sobrato if supported by the City Council, and once the ordinance was amended.

To give a rough idea of what could potentially be considered credit for publicly accessible private open space, the 1.03-acre area (27 percent of the parkland dedication requirement) could potentially be granted a credit of between \$2.5 million and \$5.1 million if the credit for the land value was determined at either 25 percent or 50 percent, respectively. The 1.22-acre area (32 percent of the parkland dedication requirement), which includes private amenities and public walkways, could potentially be granted between \$3.1 million and \$6.1 million if the credit for the land value was determined at either 25 percent or 50 percent, respectively. The totals, using this rough methodology, could potentially result in a credit of \$5.6 million and \$11.2 million in parkland fee credits.

These are approximations, and further analysis of any revisions to the Parkland Dedication Ordinance would be required, with opportunity for additional community, PRC, and City Council input and direction. The credit criteria and levels could vary substantially from what is presented here.

The recommendation is to direct staff to return with potential revisions to the City’s Parkland Dedication Ordinance regarding credits for publicly accessible private open space. If Council wishes staff to explore credits for private open space, that direction could also be given.

Transportation

North Bayshore Precise Plan Trip Cap

The project is subject to the North Bayshore Precise Plan districtwide trip cap policy. This policy requires that the City monitor the number of vehicles that enter North

Bayshore to ensure that the number of morning and peak-hour vehicle trips do not exceed the vehicle capacity of the North Bayshore gateways (Shoreline Boulevard, Rengstorff Avenue, and San Antonio Road).

The Precise Plan specifically exempts residential uses from the trip cap policy, in recognition of the value of new residential uses in the area and the potential for future residents to work in North Bayshore and not have to cross the three North Bayshore gateways. The proposed 231,000 square foot commercial office building, however, is subject to the trip cap policy. Recent City trip cap monitoring indicates that Shoreline Boulevard is at capacity.

To address this issue, Project Condition No. 190 notes that since the office building will produce additional vehicle trips at the gateways, priority transportation improvements are needed to accommodate any additional office gateway trips. These improvements include the Shoreline Boulevard/Highway 101 (NB) Off-Ramp and the Plymouth Street Realignment are identified in the North Bayshore Precise Plan and are capital improvement projects. Condition No. 190 also states that no building permit will be granted for the office portion of this project until either these improvements are completed, OR the applicant can demonstrate that the office portion of the project will not create any additional vehicle trips beyond the NBS Gateway capacity.

The applicant has indicated that Google may occupy the office building. Google's Charleston East project, currently under construction, includes an employee "head count" restriction on the total number of Google employees permitted in North Bayshore. This restriction, along with the transportation improvements noted above, allowed the Charleston East project to be approved. Should Google occupy the proposed office building, this same overall employee head count would apply and should, therefore, not exceed the North Bayshore Precise Plan trip cap policy.

Parking

The new office building proposes a parking ratio of 2.7 spaces per 1,000 square feet, which complies with the Precise Plan.

The residential portion of the project proposes 1.0 parking space per unit (635 parking spaces). Based on the project's unit mix, the Precise Plan allows a maximum of 446 parking spaces for the 635-unit project. The Precise Plan goal is to reduce the amount of parking to help reduce the number of private vehicle trips and to support multi-modal transportation options. During previous review of this project, the City Council supported the concept that the first North Bayshore residential projects could exceed

the Plan’s maximum residential parking standards until further multi-modal improvements are completed. Based on this direction, the proposed number of parking spaces would be acceptable. Staff notes that over time, as more multi-modal transportation options become viable in North Bayshore, any excess parking spaces at the project site may be removed in the future. The timing and amount of any parking spaces that could be removed would be based on recommendations from annual TDM reports for the site. For example, if the project was not complying with its project trip cap (discussed below), then conversion of the project site’s parking spaces could be one strategy that could be used to help a project meet its project trip cap.

TDM (Transportation Demand Management)

Project Condition No. 99 details the project’s trip cap and TDM program. The office building has a project-level trip cap of 332 a.m. peak-hour vehicles while the residential portion of the project has a project-level trip cap of 134 a.m. peak-hour vehicles.

The applicant is required to submit a TDM plan for both the office and residential parts of the project that will demonstrate how their TDM measures will comply with their trip caps. These TDM measures will include things such as bicycle parking, transit passes for employees for the office use, and unbundled parking and car-share membership for the residential use.

Annual TDM reports will be submitted to the City to document if the project is meeting their trip caps. If the trip caps are exceeded, financial penalties will be assessed on the property owner according to the rates noted below:

<i>Southern Parcel (Mixed Use)</i>		
<i>Penalty Structure</i>		
Percentage Exceeding Vehicle Trip Cap	Penalty Amount (Office Trips)	Penalty Amount (Residential Trips)
1%	\$100,000	\$50,000
Each additional 1%	\$50,000	\$25,000

<i>Northern Parcel (All Residential)</i>	
<i>Penalty Structure</i>	
Percentage Exceeding Vehicle Trip Cap	Penalty Amount

<i>Northern Parcel (All Residential) Penalty Structure</i>	
Percentage Exceeding Vehicle Trip Cap	Penalty Amount
1%	\$50,000
Each additional 1%	\$25,000

As with other recent projects in Mountain View, any financial penalty would be paid to the Mountain View Transportation Management Association to promote alternatives to single-occupancy vehicle use.

Heritage Trees

The site includes 91 Heritage trees and proposes to remove 81 of these trees. To mitigate the removal of 81 Heritage trees, 162 replacement trees are required to be planted at the site (a ratio of two replacement trees for each removed tree).

Three Heritage trees are proposed for temporary relocation and then replanted later on-site as they were deemed to be significant specimens worthy of preservation by the City’s consulting arborist. Two of these (No. 216 and No. 217) are Coast live oaks, while No. 222, a Cork oak shown below, is the largest one. The trees are listed in fair condition.



Condition of Approval No. 46 requires that these relocated trees be boxed, temporarily stored off-site, and maintained monthly under the supervision of the project arborist before being replanted on-site.

Street and Easement Vacations

The applicant has requested the City vacate unused or relocated public street right-of-way and easements for street, public services, and sidewalk located over the property to allow the proposed development (see Attachment 3). The streets and easements have either been unused for more than five consecutive years or will be relocated at the time of the vacation, and are not needed by the City for present or prospective public use.

In accordance with the Streets and Highways Code, if the City wishes to give up rights in street or easement dedicated to the City, they are to be vacated and all property rights returned to the underlying property owner. If the street or easement has not been used for their intended purpose for five consecutive years immediately preceding the proposed vacation or is superseded by relocation, a summary vacation may be ordered by the City.

The applicant will dedicate new public street and sidewalk easements to replace the service and sidewalk easements to be vacated on the final map. Portions of the unused public service easements will be vacated to create Inigo Way Extension and Pear Avenue as public street easements. Public sidewalk easements will be vacated to either create a public street easement, a larger public sidewalk easement, or are no longer needed as part of the new development.

Staff will request approval of a summary vacation of this easement with the request for Council acceptance of the improvements at a future Council meeting.

Environmental Review

The North Bayshore Precise Plan EIR is considered a program EIR and comprehensively evaluated the environmental impacts of the North Bayshore Precise Plan. The Mountain View City Council certified the North Bayshore Precise Plan EIR and approved the North Bayshore Precise Plan in December 2017.

Subsequent activities which are analyzed in a program EIR may be determined to be adequately evaluated under CEQA, with no further environmental documents required, if it is found that no new environmental effects will occur and no new mitigation measures would be required for the subsequent development activity. An

Initial Study of Environmental Significance was prepared for this project to evaluate whether any new environmental effects would occur as a result of the project which were not already examined under the Precise Plan's program EIR and whether any new mitigation measures would be required. Project-specific technical studies or compliance analyses were also prepared to provide technical guidance in the areas of utilities, air quality, noise, transportation, Heritage trees, and greenhouse gas compliance.

The Initial Study found that with implementation of the North Bayshore Precise Plan standards and guidelines, State regulations, and mitigation measures identified in the Precise Plan EIR and the 2030 General Plan and GGRP EIR, City standard conditions of approval, and project-specific conditions of approval, the proposed project would not result in any new environmental impacts beyond those evaluated in these EIRs, and that no further documentation is needed.

Following the Zoning Administrator hearing, the City received a letter from the Lozeau Drury law firm on behalf of a labor union, opining that the project could have significant environmental impacts associated with the removal of the Heritage trees, potential environmental contamination on the site, indoor air pollution from construction materials, and bird strikes. The letter further asserted that because the North Bayshore Precise Plan EIR found significant and unavoidable impacts would result for air quality, biological resources, greenhouse gases, hazards, noise, and traffic, the City must prepare an EIR to consider the site-specific impacts of the project relating to these issues.

In response, staff notes that the letter does not provide any substantial evidence grounded in facts or expert opinion; rather, the law firm's allegations are broad and unsubstantiated. Attached is a detailed response from the City and the City's environmental consultant, David J. Powers, to each of the points raised in the law firm's letter (see Attachment 9).

FISCAL IMPACT

If approved, the project will replace the existing industrial buildings at the site, although the recently constructed office building at Pear Avenue/Inigo Way will remain. Redevelopment of the site with 635 market-rate apartments and a new 231,000 square foot office building will result in a net annual property tax increase of approximately \$4.2 million to the City's Shoreline Regional Park Community Fund. As per the North Bayshore Precise Plan, the school districts will get their full share of

property tax from the residential units if the districts sign an amendment to the JPA agreement.

As noted earlier, the estimated Park Land Dedication In-Lieu Fee will be approximately \$38 million in accordance with Chapter 41 of the City Code. However, if directed by Council, future changes to Chapter 41 could result in parkland in-lieu fee credits being applied retroactively to the project. This would reduce the total \$38 million park in-lieu fee due for this project. The exact amount of this credit would be determined once Chapter 41 is amended and the project was compared against the new ordinance.

The project would be subject to the City's Housing Impact Fee, which would total approximately \$3.2 million. The project is also subject to the North Bayshore Development Impact Fee of \$30 per net new square foot of building area which will result in an estimated payment to the City of approximately \$3.9 million.

CONCLUSION

This began as a Gatekeeper and is the first residential project proposed in North Bayshore, which has led to unique challenges. The proposed project is consistent with the North Bayshore Precise Plan and furthers the vision and goals for developing the area with residential and mixed-use development. The site and architectural design comply with the North Bayshore Precise Plan Urban Design Principles. Additionally, approval of the project would not result in any new or previously unconsidered significant environmental impacts with implementation of the project conditions of approval; therefore, the project would not have a significant impact on the environment.

The project has been previously reviewed by the City Council and Environmental Planning Commission, as well as the DRC and Zoning Administrator (ZA). The ZA finds the proposed project is consistent with the 2030 General Plan, the North Bayshore Precise Plan, and the Heritage Tree Ordinance and recommends the City Council conditional approve the Initial Study of Environmental Significance for the project; the Planned Community Permit, Development Review Permit, Tentative Map, and Heritage Tree Removal Permit, including the Summary Vacation of Public Easements.

ALTERNATIVES

1. Modify the proposed conditions of approval to approve the Planned Community Permit, Development Review Permit, Heritage Tree Removal Permit, Tentative Map, and Summary Vacation of Public Easements.
2. Refer the project back to the DRC or Zoning Administrator for consideration of specific land use or design-related issues.
3. Refer the Tentative Map back to the Subdivision Committee for consideration of specific subdivision-related issues.
4. Deny the Planned Community Permit, Development Review Permit, Heritage Tree Removal Permit, and Tentative Map applications, Summary Vacation of Public Easements, finding the site is not suitable for the proposed development.
5. Provide other direction.

PUBLIC NOTICING

The meeting agenda and Council report were posted on the City website and announced on cable television Channel 26. All property owners within a 500' radius, including residents of the Santiago Villa Mobile Home Park, and other interested stakeholders were notified of this meeting.

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MA-SW/2/CAM
891-10-23-18CR

- Attachments:
1. Initial Study of Environmental Significance
 2. Resolution Conditionally Approving a Planned Community Permit, Development Review Permit, and Heritage Tree Permit
 3. Resolution Conditionally Approving a Tentative Map
 4. Resolution Ordering the Summary Vacation of Public Easements
 5. Letter from Lozeau Drury
 6. Project Plans
 7. DRC Public Comments Summary
 8. School District Letter
 9. David J. Powers Letter
 10. January 20, 2016 EPC Report