



DATE: November 1, 2016

CATEGORY: Public Hearing

DEPT.: Community Development

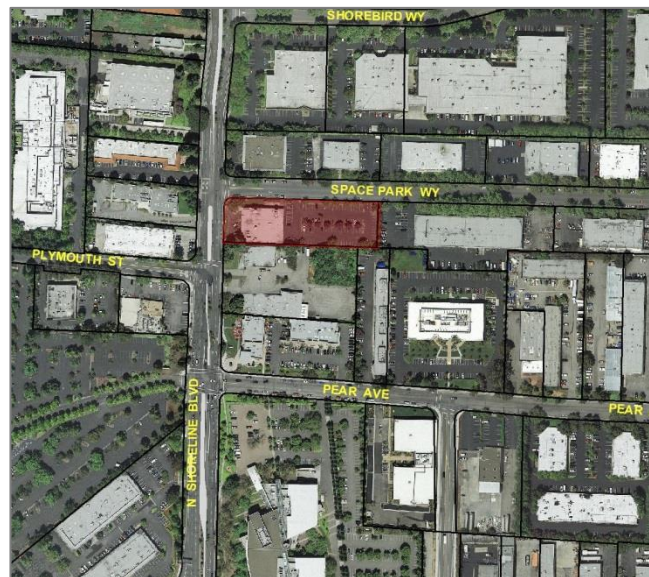
TITLE: 1625 North Shoreline Boulevard

RECOMMENDATION

1. Approve an Initial Study of Environmental Significance for the 1625 North Shoreline Boulevard hotel project, 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 Development Review Permit to Construct a Five-Story, 104,750 Square Foot, 200-Room Hotel with a Five-Level Parking Structure to Replace an Existing 12,100 Square Foot Commercial Building, and a Heritage Tree Removal Permit to Remove Two Heritage Trees, on a 1.39-Acre Project Site Located at 1625 North Shoreline Boulevard, to be read in title only, further reading waived (Attachment 2 to the Council report).

BACKGROUND

The project site is located on the southeast corner of North Shoreline Boulevard and Space Park Way in the P-39 (North Bayshore) Precise Plan. The site is developed with a single-story commercial building which is currently used as a gym ("Overtime Fitness") and two surface parking lots, one located in front and one located behind the building. Surrounding uses are one- and two-story light industrial and office buildings.



Project Location

Project Description

The applicant, Shashi Group, LLC, proposes to demolish the existing commercial building and construct a five-story, 104,750 square foot hotel building with 200 rooms and a five-level parking structure (see Attachment 3 – Project Plans).

Bonus Floor Area Ratio (FAR) Allocation

This project was part of the Bonus FAR allocation process in 2015 (see Attachment 5 – North Bayshore Precise Plan Bonus Floor Area Ratio Applications Council Report – May 5, 2015). The City’s General Plan and North Bayshore Precise Plan Environmental Impact Reports (EIRs) studied a maximum of approximately 3.4 million net new square feet of development within the North Bayshore Area. Of that, about 2.2 million square feet were available through the Bonus FAR allocation process due to previous allocations in the North Bayshore Area. The City Council authorized five applicants to move forward with submitting development applications for bonus floor area: Shashi Group, Broadreach Capital Partners (1625 Plymouth Street), Google (10 and 20 Landings Drive), LinkedIn/SyWest* (1431 Plymouth Street/1400 and 1500 North Shoreline Boulevard), and Rees Properties (2629 Terminal Boulevard).

This is the second of the Bonus FAR projects to be considered by the City Council. Broadreach Capital Partners’ application for a new office building at 1625 Plymouth Street was approved by the Council on June 21, 2016.

In order to meet the requirements for Bonus FAR under the North Bayshore Precise Plan, projects must include enhanced features such as highly sustainable buildings and public benefits or district improvements. At the time of the Bonus FAR allocation hearing in May 2015, Shashi Group did not make a specific public benefit offering but stated the Transient Occupancy Tax (TOT) from the proposed hotel would be a significant financial benefit to the City. The Council directed Shashi Group to develop a program of public benefits in addition to TOT revenues, such as provisions for public art, in order to earn the required public benefit FAR bonus. While the Mountain View City Code does not have a requirement for public art, nearby jurisdictions with public art programs typically set the required value at approximately 1 percent of construction value. Using this practice as a guideline, Shashi Group is offering a \$315,000 cash contribution (approximately 1.5 percent of the estimated construction value), to be used for public art or other projects in the area at the City’s discretion. In addition, Shashi Group is offering complimentary use of the hotel’s meeting and event space up to twice a month for nonprofit or governmental organizations.

* This site in the Gateway Character Area is now controlled by Google.

Public Hearings and Meetings

Development Review Committee

The project was reviewed by the Development Review Committee (DRC), which provided design recommendations on several iterations of the project design. The project received a recommendation of approval from the DRC on April 6, 2016, with several recommended design modifications which have been incorporated as conditions of approval (see Attachment 2—Resolution Approving the Planned Community Permit, Development Review Permit, and Heritage Tree Removal Permit with Conditions). These include continuing to work with staff on details, colors, materials, and signage.

Administrative Zoning Public Hearing

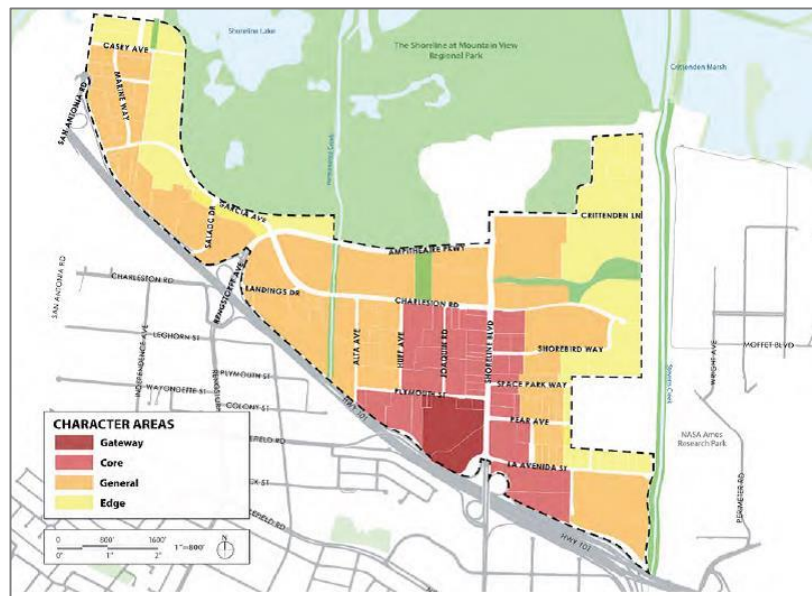
The project was considered by the Zoning Administrator at a public hearing on September 28, 2016. One written comment from a member of the public was received prior to the hearing (see Attachment 6—Public Comment). No one provided comment during the hearing. The Zoning Administrator recommended approval of the project to the City Council, subject to the recommended Conditions of Approval in the attached Resolution (see Attachment 2).

ANALYSIS

This report outlines the project's consistency with the North Bayshore Precise Plan; describes the proposed development; evaluates the project architecture, open space, landscaping, trees, sustainability, and transportation; and provides a summary of the environmental review process which was completed for the project.

North Bayshore Precise Plan

The project site is located in the Core Character Area of the North Bayshore Precise Plan (Precise Plan) which was adopted by the City Council in November 2014. The Core Character Area is similar to the Gateway Area



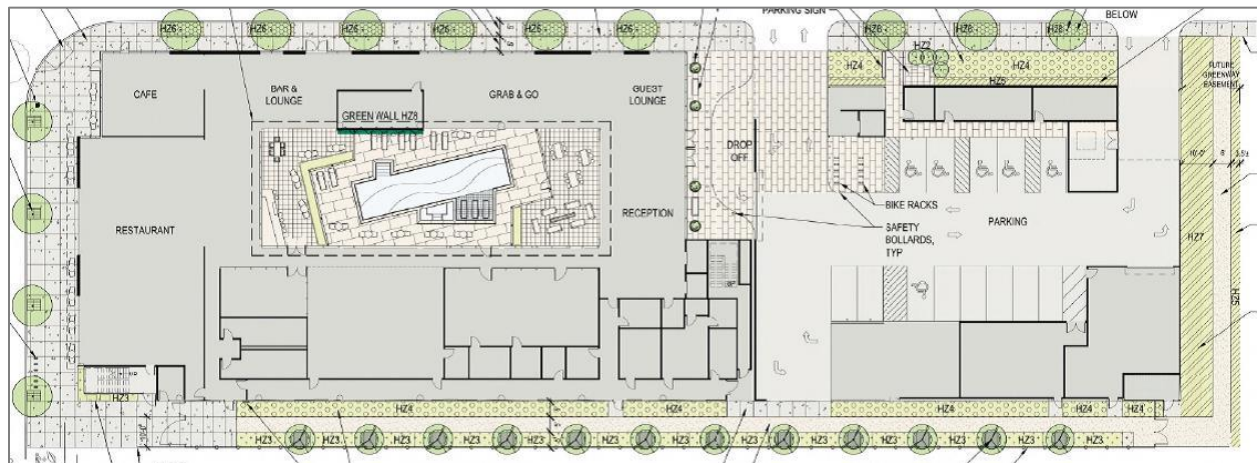
Character Area Map

which supports a broad range of office, entertainment, retail, service, and hotel uses, but at a somewhat lower intensity. The Core Area envisions more fine-grained blocks with a network of pedestrian and bicycle connections resulting in a more pedestrian-oriented environment. New buildings will have smaller setbacks, active ground-floor frontages, and parking located away from the street. The maximum development intensity in the Core Character Area is 1.5 FAR, except for hotel uses where up to 1.85 FAR may be allowed at the discretion of the City Council. The maximum building height is six stories or 110'.

The project complies with the development standards and guidelines of the Precise Plan, including FAR, lot coverage, building placement, building massing, and height, with three minor exceptions requested by the applicant: a driveway curb cut wider than 22', a building located less than 10' from the edge of greenway, and roof equipment located less than 30' from the edge of the roof. The Precise Plan provides flexibility in meeting the development standards if this results in a superior project design which meets the intent of the Precise Plan. These findings to grant the requested minor exceptions can be made, as discussed in further detail later in this report.

Project Overview

The applicant proposes development of a five-story, 104,750 square foot, 200-room hotel with a five-level parking structure. The proposed hotel building would be located at the front (west side) of the project site, fronting on North Shoreline Boulevard, with the parking garage located at the rear (east side) of the site.



Site Plan

The ground floor of the proposed hotel includes a café and restaurant at the front of the building facing North Shoreline Boulevard, a bar/lounge and a grab-and-go food

station on the north side of the building facing Space Park Way, and a guest lounge and reception/lobby at the rear of the building facing toward the parking structure. On the south side of the ground floor are supportive uses such as meeting spaces, a fitness center, hotel offices, restrooms, and locker rooms. A pool terrace is proposed in a central courtyard. Guest rooms are located on the second through fifth floors.

Access to the parking structure would be taken from Space Park Way via two new driveways, each with two-way traffic access. The driveway near the west side of the garage is intended as the project's main entrance and includes a drop-off lane in front of the hotel's reception area. The driveway near the east side of the garage would be used for staging of trash collection and service vehicles, as well as to facilitate traffic flow.

The proposed parking structure provides 160 parking spaces for use by employees and guests. The Precise Plan does not have a minimum requirement for vehicle parking; instead, parking shall not exceed the peak demand per the Institute of Transportation Engineers (ITE's) Parking Generation manual. Based on ITE generation rates, the peak parking demand for a 200-room hotel project is estimated at 240 spaces on Saturdays and 161 spaces on weekdays; therefore, the project complies with the maximum parking requirement. A parking study evaluated conditions at similar hotels in the area, as well as the expected effects of the project's Transportation Demand Management (TDM) Plan, and found actual parking demand is estimated to be no more than 160 spaces even during periods of 100 percent occupancy; therefore, the project provides sufficient vehicle parking. The project would also provide 12 short-term bicycle parking spaces in racks along the project's North Shoreline Boulevard frontage, 20 short-term bicycle parking spaces in racks on the ground floor of the parking structure visible from the lobby area, and a secured storage room in the parking structure for long-term bicycle parking. Shared bicycles for employee or guest use will be provided in the secure bicycle parking room as part of the project's TDM program, which is discussed later in this report. In addition, staff recommends installing a public bike-share station along one of the project frontages should the City move forward with a regionwide bike-share program. Staff and the Zoning Administrator did not initially recommend installation of a public bike-share station at the project site given the uncertain status of the City's bike-share program. An additional recommended condition of approval has been provided requiring the applicant to identify an appropriate location for a public bike-share station should the City desire it (Attachment 7—Additional Recommended Conditions of Approval).

In order to implement the transportation vision of the North Bayshore Precise Plan and the Shoreline Corridor Transportation Plan, a 64' area at the front of the project site will be required to be dedicated to the City for future right-of-way expansion. A public access agreement for a 19' area along the rear property line will also be required to

accommodate a public pedestrian/bicycle greenway. Since construction of the hotel is likely to be completed prior to the infrastructure improvements for North Shoreline Boulevard, the applicant has proposed a temporary plan for use of the dedication area in the interim period (Attachment 4—Plans for Temporary Condition Prior to Street Dedication). This plan depicts temporary pathways, groundcover, and potted landscaping to be installed and maintained by the applicant and removed at the City’s request. Staff supports the concept of interim improvements in this area to ensure an attractive streetscape, but recommends conditions of approval limiting the design and use to a passive open space area with no outdoor dining (see Attachment 2 – Resolution Approving the Planned Community Permit, Development Review Permit, and Heritage Tree Removal Permit with Conditions).

Architecture

The proposed architectural design is modern in style, with materials consisting of cement plaster walls, metal wall panels, metal frames and trim, wood, and glass curtain walls. The hotel building is rectangular in shape and located close to streets, with upper stories overhanging the ground floor slightly to create a pedestrian arcade. Along North Shoreline Boulevard, upper-story building walls are located approximately 1’ from the property line, with ground-floor setbacks ranging from 5’ to 12’. Along Space Park Way, upper stories are set back approximately 2’ from property lines with ground-floor setbacks of approximately 5’. This is



View to the Southeast from North Shoreline Boulevard



View to the Northeast from North Shoreline Boulevard

consistent with the Precise Plan's vision for smaller setbacks and active ground-floor frontages in the Core character area.

The most prominent architectural feature is a corner element consisting of glass curtain walls at the corner of North Shoreline Boulevard and Space Park Way. Other key architectural features include a glass-front stairway tower at the southwest corner of the building and a series of vertical architectural "frames" located along the street-facing facades to break up the massing of the building. On the south facade, color variation and architectural reveals provide visual relief, along with operable metal louvers over south-facing guest room windows. Most fifth-floor rooms on street-facing facades have additional setbacks within the architectural frames to provide covered balconies, which reduces massing at the upper story. Along the ground-floor arcade, a mix of decorative ipe wood paneling and storefront windows provide an attractive and welcoming pedestrian experience.

Materials for the parking structure include cement plaster, horizontal steel guardrails, and a system of vertical panels consisting of corrugated perforated metal for screening. The metal frame material used on the hotel's street-facing facades is carried to the parking structure, where it is used horizontally to suggest longer and



Hotel and Parking Garage Entries Viewed from Space Park Way

lower massing, visually emphasizing the hotel building. The parking structure's stairwell located near the main entry driveway is enclosed with metal mesh to be painted a dark orange-red color. The upper deck of the parking structure is partially covered by a photovoltaic sunshade. The parking structure is set back 11' from the back of the sidewalk, providing space for a landscaped buffer and stormwater treatment area.

Open Space and Landscaping

The project proposes 27 percent open area, which complies with the minimum requirement of 20 percent per the Precise Plan. The primary open space area for the project is a courtyard at the center of the hotel building, which is open to the sky and

designed as a pool terrace. Proposed amenities in this area consist of a swimming pool and spa with lounge seating, a landscaped “green wall” feature, an outdoor patio for the bar/lounge, and a fireplace feature with surrounding seating.

Open areas along the project street frontages are consistent with an urban streetscape, featuring outdoor dining and pedestrian walkways. In-ground plantings in these areas are limited to street trees and intermittent landscape buffers given the minimal building setbacks and the Precise Plan’s recommended streetscape design. An 11’ landscaped setback area is proposed in front of the parking garage building along Space Park Way. Additional landscaping is recommended in aboveground planters or pots along street-facing ground-floor areas to enhance project frontages (see Attachment 2 – Resolution Approving the Planned Community Permit, Development Review Permit, and Heritage Tree Removal Permit with Conditions).

A linear landscaped open space is shown along the south property line. The trees proposed along this property line will be planted in large pots due to a 10’ utilities easement which prohibits the planting of in-ground trees. Low-growing landscaping such as shrubs and groundcover is permitted in the easement and is proposed on both sides of a pedestrian walkway. In addition, a landscaped public greenway will be developed on the rear 19’ of the property. A detailed landscaping plan for the greenway will be prepared as the City’s standards for greenways are further developed. At a minimum, trees will be required along the east wall of the parking garage to screen it from the greenway (see Attachment 2).

The proposed landscaping has been designed to consist entirely of native plants and trees found along the San Francisco Bay shoreline, with the exception of the green wall feature in the courtyard. Proposed plant species have low water use demands, exceeding the City’s Water Conservation in Landscaping requirements. On-site pedestrian pathways connect to public sidewalks and to the greenway.

Trees

Arborist reports were prepared by John H. McClenahan of McClenahan Consulting, LLC, and by Raymond J. Morneau to evaluate the existing trees on-site and consider options for preservation. The site has 24 trees, including 4 Heritage trees. Most are smaller specimens in fair to poor condition which are located in the surface parking lot to the rear of the building. These trees conflict with the footprint of the proposed hotel building and cannot be retained. The site’s four Heritage trees are cedars located along the North Shoreline Boulevard frontage in the area to be dedicated for future right-of-way. These trees are in fair condition. Three non-Heritage pear trees are also located in the future dedication area and are in fair condition. Per the arborist report prepared by Raymond Morneau, two of the four Heritage cedars and all three non-Heritage pears in

the dedication area could be preserved during construction with appropriate tree protection measures in place. The other two Heritage cedar trees are too close to the existing and proposed building walls and would be destabilized by demolition and construction activities. Since the dedication area will ultimately be part of an expanded roadway, all trees in that area will most likely need to be removed by the City at the time of constructing road improvements. Some may be suitable for long-term preservation depending on the final design of lanes and medians, and the condition of the trees at that time. Given the unknown timing and pending final design of roadway improvements, the applicant will preserve these five trees at least in the short term to avoid unnecessary or premature tree removal.

Approximately 25 California native and region-appropriate trees are proposed to be planted on the project site and along the project street frontages. The final selections for street tree species will be identified by the City's arborists. On-site trees will be planted in pots given the constraints associated with utility easements.

The existing tree canopy coverage is approximately 9 percent of the site. Given the reduced size of the property after dedications, the project's proposed FAR of 1.72, and existing utility easements which prohibit the planting of in-ground trees, the options for planting large trees to expand the site's tree canopy are limited. The anticipated mature tree canopy coverage after project construction (15 years) will be approximately 12 percent of the site.

Sustainability Features

The applicant is proposing a LEED® Gold-designed hotel with sustainable building and site features, including, but not limited to: roof-mounted photovoltaic panels; solar water heating systems; high thermal performance and heat-island reducing roof materials; high-efficiency HVAC systems; 100 percent shaded parking areas; use of recycled water for irrigation; and native and drought-tolerant plantings with specific plant types that are both low water-using and support the ecology of the local environment.

Shashi Group initially proposed a dual plumbing system to use recycled water within the building for toilet flushing and other nonpotable uses. However, the applicant is no longer proposing dual plumbing based on concerns about cost and water quality. The applicant is concerned there may be recycled water quality issues resulting in odor or coloration of water in toilets, which could be detrimental to hotel business, even if temporary in nature. Staff is not aware of any issues with our recycled water supply, although there have been issues with some other suppliers. At the time of the Zoning Administrator hearing, it was unclear if the State Water Resources Control Board would

approve the use of dual plumbing on the site given the proposed mix of uses. After further discussion with the State agency, it appears likely dual plumbing could be approved on this site with appropriate design of the systems. As a result, staff recommends the applicant be required to install a dual plumbing system at the time of construction even if recycled water will not be used in the building at this time. Options for advanced filtration are being studied and the quality of the recycled water supply is likely to improve over time. Retrofitting the building for dual plumbing at a later date would be difficult and most likely cost-prohibitive; therefore, it is preferable to install the infrastructure now if feasible. An additional recommended condition of approval requiring installation of a dual plumbing system has been provided in Attachment 7.

The applicant hired H.T. Harvey & Associates Ecological Consultants to provide an avian collision risk assessment for the proposed project. In consultation with the wildlife ecologist and the requirements of the Precise Plan, the applicant has incorporated bird-safe building design features into the building and site design, including treating glass corner features with UV-etched patterns which allow birds to perceive the glass as an obstruction to be avoided; internal and external lighting designs, including occupancy sensors to minimize overall lighting intensities; and a food-waste handling plan to minimize the attraction of nuisance and predatory wildlife. The property owner will also be required to develop and maintain a bird strike monitoring program to track the frequency of avian collisions and identify whether additional bird-safe measures may need to be added in the future during project operations.

Transportation

Gateway Trip Monitoring

The trip generation analysis for the project identified that vehicle trips associated with the proposed hotel would utilize the North Shoreline Boulevard and Rengstorff Avenue entrances to the North Bayshore Area, adding the following trips in the a.m. peak period (7:00 a.m. to 10:00 a.m.):

- North Shoreline Boulevard: 151 inbound (northbound) trips
- Rengstorff Avenue: 38 inbound (northbound) trips

The most recent gateway trip monitoring report from March 2016 identified an available vehicle capacity of 1,000 new a.m. peak period inbound trips at the North Shoreline Boulevard gateway and 3,330 new trips at the Rengstorff Avenue gateway.

Broadreach Capital Partners' application for a new office development at 1625 Plymouth Street was approved by the City Council in June 2016, contributing 338 trips to the North Shoreline Boulevard gateway and 113 trips to the Rengstorff Avenue gateway. The remaining capacity of 662 trips at the North Shoreline Boulevard gateway and 3,217 trips at the Rengstorff Avenue gateway is sufficient to accommodate the new trips associated with Shashi Group's proposed project.

Traffic Study

A site-specific traffic analysis was prepared by Fehr & Peers for the proposed project and provides a supplemental traffic analysis which builds upon the Precise Plan environmental analysis certified in November 2014 and the Gateway Analysis currently being prepared by the City. Trip generation for the project was based on the Institute of Transportation Engineers *Trip Generation Manual*.

Roadway traffic operations were evaluated for the peak a.m. and p.m. commute hours during a typical midweek day during the morning (7:00 a.m. to 10:00 a.m.) and evening (4:00 p.m. to 7:00 p.m.) peak periods at 7 study intersections. The morning peak hour was found to be 8:30 a.m. to 9:30 a.m. and the evening peak hour was found to be 5:00 p.m. to 6:00 p.m. Vehicle trip distribution was completed considering the project's intended customer base (primarily corporate guests arriving from airports) as well as the City of Mountain View travel demand model, which incorporates information about the residential origins of employees working in the North Bayshore Area based on employer surveys and U.S. Census and California Household Travel Survey data.

The results of the traffic analysis show the following two intersections would be significantly impacted by the estimated traffic from the project:

- North Shoreline Boulevard/La Avenida-U.S. 101 Northbound Ramps (a.m. and p.m. peak hours)
- North Shoreline Boulevard/Plymouth Street (a.m. and p.m. peak hours)

The traffic analysis does not recommend this project provide specific improvements for either of the impacted intersections identified above. For the intersection of North Shoreline Boulevard/La Avenida-U.S. 101 Northbound Ramps, operations will be addressed as part of the priority projects within the Precise Plan Transportation Improvement Project List, which are currently being defined in the Gateway Analysis. For the intersection of North Shoreline Boulevard/Plymouth Street, impacts to this intersection were also identified as part of the 1625 Plymouth Street project which was recently approved by the City Council in June 2016. The North Bayshore Precise Plan

Transportation Improvement Projects list calls for the realignment of Plymouth Street to connect to Space Park Way at North Shoreline Boulevard, with a signal at the new intersection, which would address operational issues. The timing of the realignment is not known at this time. In the interim, short-term operational improvements were identified, including installing a new traffic signal to allow protected left turns from North Shoreline Boulevard onto Plymouth Street and addressing queuing deficiencies of the existing lane. These improvements were imposed as a condition of approval for the 1625 Plymouth Street project and will be implemented with construction of that project, for which building plans are currently under review. As a result, no additional operational improvements have been identified for the proposed hotel project.

Transportation Demand Management Plan

The Precise Plan requires employers in North Bayshore to develop and implement TDM plans to reduce vehicle trips associated with new development. Office uses are required to achieve a specific mode split including a maximum of 45 percent single-occupant vehicle trips and a minimum of 10 percent carpool trips. For nonoffice uses, no specific mode split target is identified, in part due to the difficulty of influencing travel behaviors of retail customers, hotel guests, and other users of nonoffice projects. Instead, the North Bayshore TDM Guidelines Addendum directs nonoffice uses to identify an a.m. peak period trip cap equal to three times their estimated a.m. peak hour trip generation rate. This requirement results in a trip cap of 188 a.m. inbound peak period trips generated by the hotel project.

Shashi Group has prepared a TDM plan to reduce vehicle trips associated with the project and to ensure the vehicle trip cap is not exceeded. The TDM plan will apply to hotel employees as well as employees of tenants who are expected to operate the on-site restaurant and café. In addition, several of the TDM measures encourage participation by hotel guests to further reduce vehicle trips.

The following is the list of proposed TDM measures for the project:

- Priority parking for carpools and vanpools
- On-site transportation coordinator
- Bicycle parking, showers, and changing facilities
- Bicycle sharing
- Flexible Work Schedule program, include staggered shift schedules to avoid peak periods
- Guaranteed Ride Home Program
- Membership in the Transportation Management Association (TMA)
- On-site bicycle repair facilities
- On-site amenities and service
- Bicycling incentives
- Public transit shuttle services
- Pretax commuter benefits
- Subsidized or free transit passes
- Marketing and information
- Shuttle services
- Rideshare matching services

Given the difficulty in predicting participation by hotel guests, the TDM plan does not identify a specific percentage trip reduction which is expected to result from the program. Instead, a vehicle trip cap has been identified as directed by the North Bayshore TDM Guidelines Addendum. Nonetheless, the applicant is proposing substantial TDM measures which are expected to result in trip reductions. To ensure the long-term effectiveness of the TDM plan and its ability to meet trip cap requirements, a monitoring program will be established for the site. Failure to meet the established trip cap would result in corrective actions being required and may result in fines.

Requested Exceptions

As noted previously in this report, the applicant requests three minor exceptions from the development standards set forth in the Precise Plan. Flexibility can be provided in meeting these standards if the result is a superior project design which meets the intent of the Precise Plan:

1. Driveway Curb Cut—The project's main driveway has a curb cut width of 24.5' where 22' is the maximum width for a two-way driveway per the Precise Plan. The applicant requests a wider curb cut to reduce potential queuing impacts near

the reception drop-off area. The project has been designed to minimize driveways, removing both of the existing curb cuts on North Shoreline Boulevard. The relocated driveways along Space Park Way are appropriately situated away from the street intersection to minimize traffic conflicts. The requested exception is not expected to have a negative impact on the streetscape or pedestrian environment and is consistent with the intent of the Precise Plan.

2. **Setback from Greenway**—The Precise Plan calls for buildings to be set back a minimum of 10' from a greenway. The applicant requests an exception to allow the parking structure to be located at the edge of the greenway with no setback. The required 64' dedication at the front of the property and the required 19' public access area at the rear of the property substantially reduce lot depth and create challenges in accommodating the hotel and parking garage within the remaining area. The requested exception is reasonable given the site constraints, provided screening landscaping is located in the greenway adjacent to the parking garage to soften the appearance of the garage wall.
3. **Roof Equipment Setbacks**—The Precise Plan requires rooftop mechanical equipment, solar collectors, and equipment screens to be set back at least 30' from roof edges. The applicant requests an exception to allow photovoltaic panels on the parking garage sunshade with no setback from the edge of the structure, and to allow mechanical equipment and screens on the roof of the hotel with setbacks fewer than 30' from roof edges. Given the small size and reduced lot depth of this property, the hotel building has been designed with a narrow, linear orientation. The central courtyard feature further reduces the size of roof areas. This layout makes it infeasible to locate the necessary roof equipment while meeting the setback requirement. Proposed equipment is appropriately located near the southeast corner of the hotel, meeting the intent of minimizing visibility from adjacent roadways. The Precise Plan encourages all top-deck parking stalls in garages to be covered with shades which may include solar collectors or photovoltaic trellises, and also encourages on-site renewable energy generation to enhance sustainability; therefore, the proposed solar sunshades are consistent with the intent of the Precise Plan.

Staff believes these requested exceptions would result in superior project design given the proposed use and the physical constraints of the property, and the resulting design is consistent with the intent of the Precise Plan.

ENVIRONMENTAL REVIEW

The North Bayshore Precise Plan EIR is considered a program EIR and comprehensively evaluated the environmental impacts of implementing the North

Bayshore Precise Plan, which allowed an increase in the intensity of office and commercial uses within the area up to a maximum of approximately 3.4 million square feet of net new floor area, which includes the 92,650 net new square feet proposed for this project (104,750 gross square feet). The City Council certified the North Bayshore Precise Plan EIR and approved the North Bayshore Precise Plan in November 2014.

Subsequent activities which were included in the scope of a program EIR may be determined to be adequately evaluated under CEQA and no further environmental documents may be required if it is determined that no new or substantially increased environmental effects will occur and no new mitigation measures would be required for the subsequent activity.

An Initial Study of environmental significance was prepared to evaluate whether any new environmental effects would occur as a result of the proposed project which were not already examined under the program EIR and whether any new mitigation measures would be required (see Attachment 1—Initial Study of Environmental Significance for the 1625 North Shoreline Boulevard Hotel Project). Project-specific technical studies were also prepared to provide technical guidance in the areas of utilities and transportation.

The Initial Study prepared for the project found that with implementation of the North Bayshore Precise Plan standards and guidelines, State regulations, mitigation measures identified in the North Bayshore Precise Plan EIR and the 2030 General Plan and Greenhouse Gas Reduction Program EIR, and the City's standard conditions of approval, the proposed addition of a 104,750 square foot hotel would not result in new or substantially increased environmental impacts beyond those evaluated in the EIRs and that no further documentation is necessary.

FISCAL IMPACT

The Shoreline Community Fund's current share of the property taxes is approximately \$71,000 per year. If the site were redeveloped with the proposed project, the Shoreline Community Fund would receive additional property taxes and the City's General Fund would receive TOT generated by hotel operations. Based on the construction value information provided by the developer and expected room rates and occupancy rates, the City is estimated to receive approximately \$1.8 million in additional annual tax revenues from these combined sources (after a three-year stabilization period). Actual TOT revenues will vary depending on room rates and occupancy rates in any given year, and tend to be cyclical, dropping during an economic downturn.

The project is subject to the City's Affordable Housing Program, specifically the Commercial Housing Impact Fee. An estimated fee of \$219,611 would be paid to the City prior to issuance of building permits to satisfy this requirement.

The project is subject to the North Bayshore Development Impact Fee ("nexus fee") for infrastructure improvements within the overall Precise Plan area. Based on the fees set by the City Council in February 2016, the applicant would be required to pay the City a nexus fee of \$6,636 per hotel room prior to issuance of building permits, resulting in an estimated payment of \$1,327,200.

As part of the Bonus FAR allocation process, Shashi Group has also offered a \$315,000 cash contribution to the City as a public benefit, which has been included as a condition of approval of the project and would be paid prior to issuance of building permits. These funds may be used to support a public project within the North Bayshore Area to benefit the community, such as public art or transportation improvements.

CONCLUSION

The proposed redevelopment of the project site with a five-story, 104,750 square foot, 200-room hotel and five-level parking structure is consistent with the North Bayshore Precise Plan and would result in a project which furthers the vision and goals for development of the North Bayshore Area. The site layout and architecture of the hotel building and parking structure, including colors, materials, and architectural elements, are well-designed and compatible with the surrounding area. Additionally, approval of the project would not result in significant environmental impacts with implementation of the conditions of approval; therefore, the proposed project would not have a significant impact on the environment. The Zoning Administrator has reviewed the project and recommends approval to the City Council, subject to the recommended conditions of approval in Attachment 2.

ALTERNATIVES

1. Approve the project applications with modified conditions of approval.
2. Refer the project back to the DRC and/or the Zoning Administrator.
3. Deny the project applications, finding the site is not physically suitable for the type of development.

PUBLIC NOTICING

The meeting agenda and Council report were posted on the City website and announced on cable television Channel 26. All property owners and tenants within a 300' radius, the residents and owner of the nearby mobile home park, and other interested stakeholders were notified of this meeting.

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Approved by:

Randal Tsuda
Community Development Director

Daniel H. Rich
City Manager

MH-TB/3/CAM
802-11-01-16CR-E

- Attachments:
1. Initial Study of Environmental Significance for the 1625 North Shoreline Boulevard Hotel Project
 2. Resolution Approving the Planned Community Permit, Development Review Permit, and Heritage Tree Removal Permit with Conditions
 3. Project Plans
 4. Plans for Temporary Condition Prior to Street Dedication
 5. North Bayshore Precise Plan Bonus Floor Area Ratio Applications Council Report – May 5, 2015
 6. Public Comments
 7. Additional Recommended Conditions of Approval