



DATE: November 17, 2020

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **600 Ellis Street Office Development Project**

RECOMMENDATION

1. Approve an Initial Study of Environmental Significance for the 600 Ellis Street Project, pursuant to Section 15168 of the California Environmental Quality Act (CEQA) (Attachment 1 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Conditionally Approving a Planned Community Permit and Development Review Permit for a New, 259,095 Square Foot, Six-Story Office Building and Eight-Level Parking Structure; 80,000 Square Feet of Transfer of Development Rights from 2535 California Street, 506 Showers Drive, and 350 Showers Drive to 600 Ellis Street in Relation to the Los Altos School District TDR Program; and Heritage Tree Removal Permit to Remove 23 Heritage Trees Located at 600 Ellis Street, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Introduce an Ordinance of the City of Mountain View Approving a Development Agreement for 600 Ellis Street and 636 Ellis Street, Mountain View, California, to be read in title only, further reading waived, and set a second reading for December 8, 2020 (Attachment 3 to the Council report).

BACKGROUND

Project Site

The approximately 4.45-acre project site is located on the southwest corner of Fairchild Drive and Ellis Street in the East Whisman Precise Plan (EWPP) area. Surrounding land uses include office and Research and Development buildings to the east, west, and south, and U.S. 101 to the north.

The project site consists of three parcels that would be combined for the project and is currently developed with 3 two-story office buildings totaling 77,828 square feet. Two of the office buildings (totaling 63,216 square feet) would be demolished and replaced with the proposed buildings. The third building (approximately 15,000 square feet and two stories) would remain at the corner of Fairchild Drive and Ellis Street.

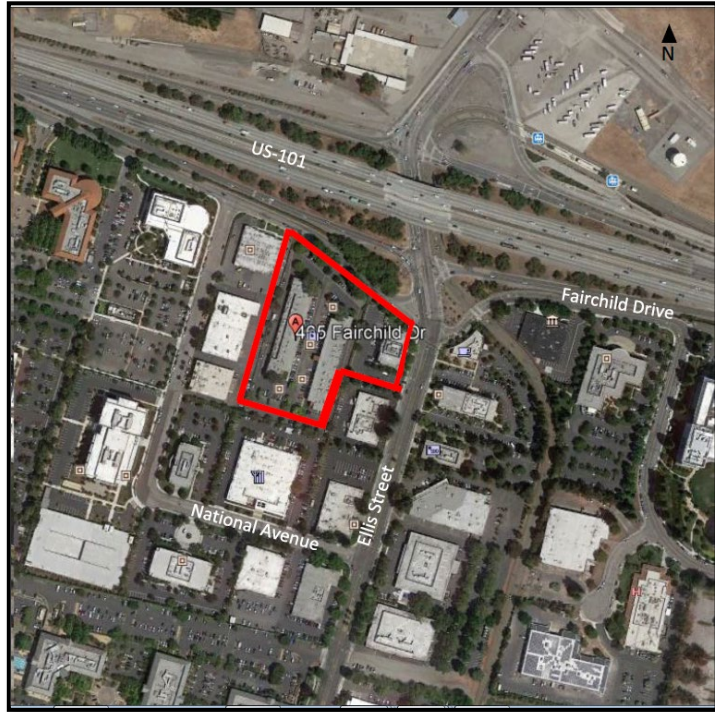


Figure 1: Location Map

Project Description

The project includes a request to redevelop the project site by demolishing two existing office buildings and constructing an approximately 259,095 square foot, six-story office building and eight-level parking structure (See Attachment 4 – Project Plans).

Prior Meetings and Hearings

Gatekeeper Authorization

On January 16, 2018, the City Council held a public hearing to discuss the Los Altos School District's (LASD) proposed Transfer of Development Rights (TDR) program. The City Council authorized City staff to implement the TDR program through a

Memorandum of Understanding (MOU) and begin review of six Gatekeeper requests for development projects proposing to utilize available TDR square footage.

The program stems from years of coordination between the City and LASD on opportunities to support a new school site in the San Antonio Precise Plan (SAPP) area, including adopted policies in the SAPP for measures like the TDR program. This project was one of the six receiving sites for the LASD TDRs, which received Gatekeeper authorization in January 2018 (see Attachment 5 – [Gatekeeper Application Council Report](#)). The project applicant proposes to purchase and use 80,000 TDR square feet as part of the proposed development.

As part of the Gatekeeper application review, staff was supportive of the request since the project site was located in an area designated for higher-intensity office development, is adjacent to the freeway, is not in close proximity to residential land uses, and the proposed land use and height are consistent with the vision of the draft East Whisman Precise Plan (EWPP) and would be compatible with future development in the area. Council authorized the Gatekeeper request, allowing the applicant to submit for development review prior to final consideration of the EWPP.

Environmental Planning Commission Study Session

The Environmental Planning Commission (EPC) reviewed the project at a Study Session on September 4, 2019 (see Attachment 6 – [EPC Study Session Staff Report](#)). The EPC provided input on topics identified by staff based on inconsistencies with the draft EWPP and DRC/design review, including usable open space requirements, key corner elements, office building entrance/lobby, building massing, and parking structure screening. The EPC supported staff's recommendation to remove the surface parking lot on Fairchild Drive and to look into programming the Stormwater Protection areas to meet the open space requirement. The EPC also recommended improving the building design through deeper/proportional overhangs on all elevations, enhanced pedestrian entries, creating a more interesting and complementary parking structure, and improvements to the corner of the site with enhanced landscaping and architectural features.

Development Review Committee

The project was reviewed by the Development Review Committee (DRC) three times. The DRC provided design recommendations on several iterations of the project design, and the project received a final recommendation of conditional approval in November 2019.

Based on the earlier direction from EPC, staff and the DRC worked with the applicant to enhance the key corner, study design screen pattern for the parking structure, and add a deeper overhang depth to continue the expression around the building. The applicant has addressed DRC recommendations in the current plans.

Environmental Planning Commission Public Hearing

The EPC held a public hearing to review the project on October 21, 2020 (see Attachment 7 – [EPC Public Hearing Staff Report](#)) where the EPC unanimously recommended approval of the project to the City Council. The EPC concluded that the project's design, sustainability elements, TDM plan, community benefits, and off-site improvements were sufficient to support a 1.33 FAR.

One resident spoke at the EPC meeting and expressed concern with bike paths in the area, proposed street tree species as they relate to bicycle safety, and protection of migration paths for birds. An Initial Study of Environmental Significance was performed that concluded the project would not result in any significant impacts to avian migratory paths and the proposed street trees would be safe for bicyclists as they are not a variety that drops seeds or cones.

Administrative Zoning Public Hearing

The Zoning Code requires Development Agreements (DA) be reviewed by the Zoning Administrator at an Administrative Zoning Public Hearing and a recommendation forwarded to Council. The Zoning Administrator reviewed the draft DA at the Administrative Zoning Hearing on October 28, 2020 and recommended approval to Council. No one from the public spoke on the item at the public hearing (see Attachment 8 – [Administrative Zoning Hearing Findings Report](#)).

ANALYSIS

East Whisman Precise Plan

On November 5, 2019, the City Council adopted the EWPP and incorporated this property into the boundaries of the Precise Plan.

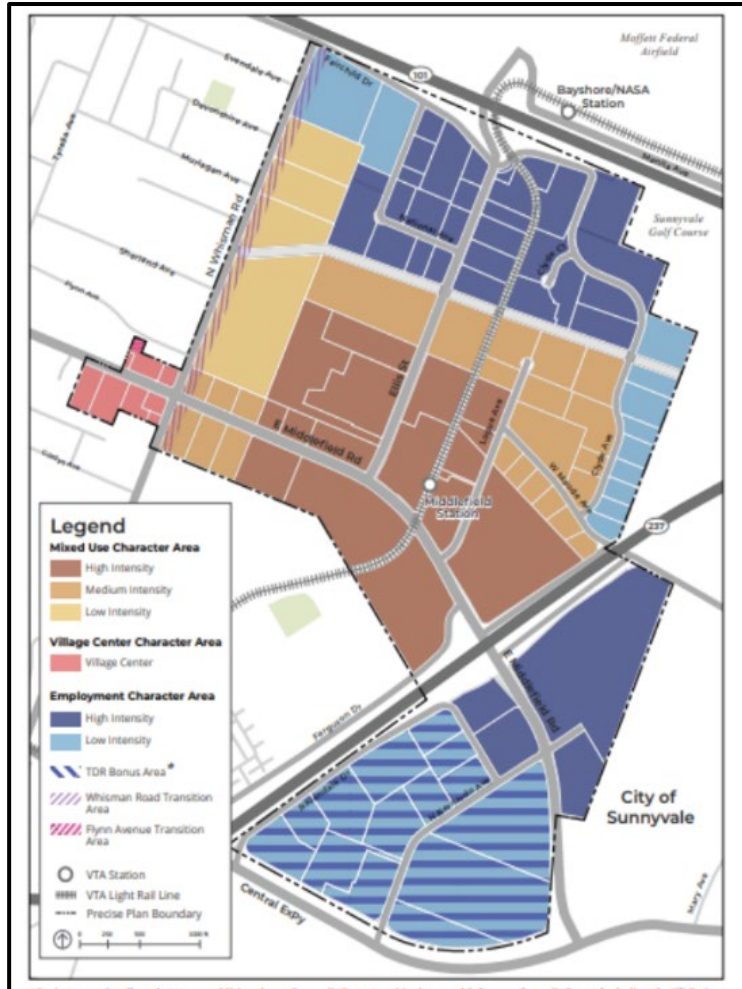


Figure 2: EWPP Character Area Map

The project site is in the northern portion of the EWPP area in the Employment Character Area (North). The site is designated High Intensity, which allows a base floor area ratio (FAR) of 0.40 and up to 1.0 FAR with a Bonus FAR.

The project is requesting a Bonus FAR to allow 1.0 FAR. In requesting the Bonus FAR, the applicant is required to provide additional benefits to the project beyond those required for a baseline project. Community/Public Benefits are required in the EWPP Bonus FAR program. The public benefit value based on the EWPP is \$25 per square foot of Bonus FAR, excluding the 80,000 square feet of LASD TDRs. The estimated public benefit contribution for this project's net "bonus" of 116,379 square feet is approximately \$2,909,475.

The project exceeds the Precise Plan's 1.0 FAR limitation with the inclusion of the 80,000 square feet being purchased through the LASD TDR program. The total proposed FAR is 1.33, which is discussed later in this report. The project complies with the development standards and guidelines of the Precise Plan, including height and FAR (with TDR), streetscapes and frontages, building massing, and open space.

Project Overview

The project proposes to redevelop the project site by demolishing two existing office buildings totaling 63,216 square feet and constructing an approximately 259,095 square foot, six-story office building and eight-level parking structure. An existing approximately 15,000 square foot office building would remain on the site near the corner of Ellis Street and Fairchild Drive. The office building and parking structure would be connected via a multi-level suspended pedestrian bridge. The parking structure would provide 698 vehicle parking stalls and serve both the proposed office building and the existing office building. Forty-five (45) surface parking spaces would also be available to office occupants and visitors and are located between the new and existing office buildings and along the driveway from Ellis Street. Two points of vehicle access to the parking garage would be provided from a driveway on Fairchild Drive and from Ellis Street.



Figure 3: Site Plan

The architectural design of the proposed building and parking structure is modern, and the site layout and massing composition were designed to respond to the site's context, orientation, and boundaries. The design utilizes a simple form with deep overhangs of the floor slabs at each level. The building overhangs protect the building with a depth defined by a varied solar orientation. The placement of the parking structure has been purposely placed at the rear of the site to diminish its visibility from the street.



Figure 4: View from Northeast

- **Key Corner.** The project is located on a prominent corner in the East Whisman area, where Ellis Street is anticipated to be a main gateway street. Per the EWPP, projects should design key corners with enhanced landscape design and/or enhanced architectural features such as emphasized entries, distinctive corner articulation, visually interesting materials, etc.

The project is in compliance with these requirements. The applicant has worked to make the key corner appear distinctive and welcoming through planting of a large specimen tree as a focal point to the corner, adding sculptural seating, pedestrian-scaled landscaping, and special paving material.

- **Building Massing.** The EWPP provides direction on building orientation and design toward City streets but also considers how projects near freeways should reflect positively on Mountain View and East Whisman, presenting a dynamic skyline, interesting facades, and high-quality materials. The project site is considered a “gateway” site, and, though set back, will have high visibility from both adjacent City streets and U.S. 101.

The building mass was previously adjusted based on initial feedback from the DRC to better emphasize the linear expression of the deep overhangs, which are the prominent accent feature of the building. Modifications to the building, including changes to the varying depths of the building overhangs to a consistent depth of 5’ on all sides of the building, have been incorporated.

- **Parking Structure.** As discussed in the EWPP, garages should blend into the overall design of the building or site when not buffered by other uses or buildings. While

the proposed parking garage is appropriately located, behind the office building in the rear of the project site, it will be highly visible given the scale of the structure as compared to surrounding development.

The parking structure, as designed with the mesh screening and artful pattern/texture to the exterior wall portions, add visual interest and complement the building. Trees have also been incorporated to provide a softer landscape buffer.

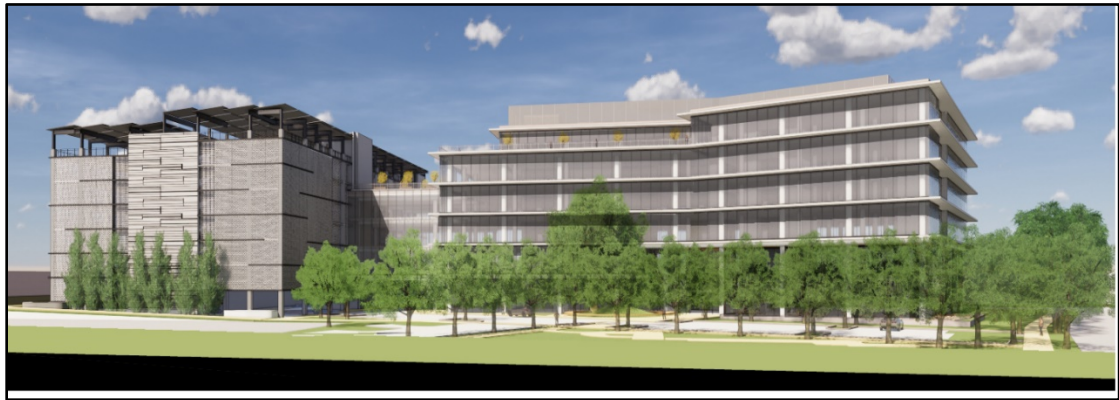


Figure 5: East Elevation

- **Lobbies and Entries.** As discussed in the EWPP, buildings should have one main entrance for staff, visitors, and the public, accessible from streets and other public areas. Building entries should provide a distinctive architectural expression and should be coordinated with the frontage improvements. Building entries should be clearly articulated and include an inviting, well-lit, transparent, and secure lobby that is clearly visible from the outside, both day and night.

The lobby is designed with glazing/material expression to better frame the entrance through step-backs at the top level and high-volume recesses at ground level. To achieve a more pedestrian-friendly main entrance, the entry includes a wood soffit, large specimen-size tree and landscaping, and benches.

Open Space and Landscaping

The project proposes 46,464 square feet of open space, which conforms to the minimum 38,864 square foot open space requirement (150 square feet per 1,000 square feet of building). The proposed project includes common usable open areas in multiple locations, including a private outdoor dining area adjacent to the main entrance, an entry plaza, a private Zen garden, key corner passive open space, and a private rooftop terrace. These areas range in size from 977 square feet to 9,035 square feet. The applicant also

removed some of the surface parking lot on Fairchild Drive to meet the open space requirement and to address EWPP direction to discourage surface parking lots.

The project site contains a total of 68 trees, including 36 Heritage trees. The project proposes the removal of 39 on-site trees (including 23 Heritage trees) and proposed to plant 100 new trees on the project site and along the two street frontages.

The 23 Heritage trees proposed for removal are in poor-to-fair condition. They are proposed to be removed either because of their health or their location within the footprint of the proposed buildings or site improvements.

The existing tree canopy coverage is approximately 8 percent of the site. After project construction and the planting of the proposed landscape improvements, the anticipated tree canopy coverage will be approximately 5 percent at five years and approximately 21 percent at 15 years (full maturity).

Transportation

As part of this project, a transportation study was prepared by Fehr & Peers transportation consultants. The EWPP Final Environmental Impact Report (FEIR) identified a project-level and cumulative-level VMT impact due to Precise Plan project-generated vehicle miles traveled (VMT) on both a Citywide and Countywide basis. Project-level VMT per service population was calculated in the Precise Plan FEIR to be 35.93, which is greater than the Countywide threshold of 26.68. This impact was covered by the Statement of Overriding Considerations adopted for the Precise Plan FEIR. According to the transportation study prepared for the proposed project, the project would have a project-generated VMT of 24.81 on both a Citywide and Countywide scale, which would be less than the project-level VMT estimates included in the EWPP FEIR and less than the Citywide threshold of 30.86. However, it would be greater than the Countywide threshold of 22.67. Furthermore, although implementation of the proposed TDM program would reduce project-generated vehicle trips, spread demand across time, and make efficient use of the alternative circulation system, project-generated VMT would remain significant and unavoidable. For these reasons, the project would not result in new or more severe impact than was identified in the Precise Plan FEIR. The project is consistent with the EWPP FEIR (See Exhibit 3 – Site-Specific Transportation Analysis).

Transportation Demand Management

The EWPP requires that projects implement TDM plans and that office projects limit the number of a.m. and p.m. peak hour trips to an area-wide average of 0.95 trip and 0.88 trip

per 1,000 square feet, respectively. Subtracting assumptions for legacy sites (i.e., sites that are not anticipated to redevelop or have TDM programs), this project's trip cap is 0.83 a.m. trip and 0.72 p.m. trip per 1,000 square feet.

The purpose of the proposed TDM plan is to reduce employees' peak-hour single-occupancy vehicle (SOV) commute trips and to meet the trip limits defined in the EWPP. The TDM measures to be implemented for the office development include measures, such as:

- Priority parking for carpools and vanpools
- On-site transportation team
- Bicycle parking, showers, and changing facilities
- Bicycle sharing
- Telecommuting/Flexible Work Schedule Program
- Guaranteed Ride Home Program
- Membership in the Transportation Management Association (TMA)
- Rideshare matching services
- Marketing and information
- Commuter shuttle services
- G-Ride on-demand services
- On-site amenities and services
- Parking Management Program (incorporating incentives and policies to manage daily parking demand)
- Pretax commuter benefits
- Subsidized or free vanpools or carpools
- Subsidized or free transit passes
- Biking incentives
- On-site bicycle repair facilities
- Bike Buddy Program
- Bike Giveaway Program
- Expanded carpool matching
- Car sharing

To ensure the long-term effectiveness of the TDM plan and its ability to provide a trip reduction, an annual monitoring program will be established for the site. Failure to meet the established trip reduction requirement would result in fines as outlined in the conditions of approval.

Parking

The parking requirement for the project is defined as a parking maximum per the EWPP. For office developments, this is a maximum of 2.9 spaces per 1,000 square feet of gross building floor area, or a maximum of 751 spaces. The project's proposed 743 vehicle parking spaces would meet the EWPP off-street parking standards by being below the maximum of 751 spaces.

The required bicycle parking for office developments per the EWPP is one bicycle space per 20,000 square feet for short-term parking, and one bicycle space per 2,000 square feet for long-term parking. The project will need to provide at least 13 short-term bicycle parking spaces and 130 long-term bicycle parking spaces to meet the EWPP Bicycle Parking Standards, which have been included in the proposed project. The project meets the Precise Plan's bicycle parking requirements.

Transfer of Development Rights

This project is one of seven LASD TDR projects authorized by the City Council to participate in the program with the purchase of 80,000 square feet. This purchase will provide \$10,400,000 in funds for the LASD school project in Mountain View. In exchange, the applicant received authorization to proceed through the development review process and apply prior to the adoption of the EWPP, and the option for development exceptions as identified in the Precise Plan.

The project is not proposing to invoke any specific exceptions to development standards identified in the Precise Plan for TDR projects. A condition of approval of the project requires the applicant to provide proof of purchase for the TDR square footage, prior to the issuance of the first building permit, and the TDR square footage would be memorialized through a legal agreement recorded on the property.

Development Agreement

To allow for flexibility in the timing and phasing of this project, The Sobrato Organization is requesting approval of a Development Agreement (DA). The requested term for the DA is seven years, and the applicant is proposing \$200,000 in community benefit funds and payment of the estimated future East Whisman Development Impact fees for transportation and utility improvements, for which a nexus study is in process but has not yet been adopted by the City. In addition, the applicant has agreed to pay the estimated fee of \$16.61 per net new square foot, a total of \$3,253,550 (see Attachment 3—Ordinance Approving a Development Agreement and Development Agreement). Community benefits for DAs are negotiated between the City and developers, and there

is no set formula to determine the type and amount of benefits for a particular development. In this case, staff recommends the proposed community benefits as they are in keeping with relatively recently DAs approved by the City, including 700 East Middlefield Road – LinkedIn project and 2600 Marine Way – Intuit project.

The extended entitlement period is being requested by the applicant due to the uncertainty of the COVID-19 pandemic. The DA would allow for flexibility in the timing and phasing of the project, which would otherwise exceed the City's standard approval and potential permit extension period that would otherwise total four years.

The proposed DA complies with the California Development Agreement Statute, Government Code Sections 65864-65869.5, and City Code Sections 34.50-34.50.40, and must be approved via Ordinance.

ENVIRONMENTAL REVIEW

The EWPP Integrated FEIR comprehensively evaluated the environmental impacts of the EWPP, which allowed up to 2.3 million square feet of net new office uses, 100,000 square feet of retail uses, 200 hotel rooms, and 5,000 multi-family residential units.

The City Council certified the EWPP FEIR and approved the EWPP in November 2019. 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 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 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 600 Ellis Street Office Project). Project-specific technical studies were also prepared to provide technical guidance in the areas of air quality and greenhouse gas, trees, bird-safe design, Phase 1, utilities, and transportation. The Initial Study prepared for the project found that, with implementation of the EWPP standards and guidelines, State regulations, and mitigation measures identified in the EWPP EIR and the 2030 General Plan and Greenhouse Gas Reduction Program EIR, the proposed addition of 259,095 square feet of office and associated improvements would not result in any new environmental impacts beyond those evaluated in these EIRs.

FISCAL IMPACT

The subject site currently has a total assessed value of approximately \$33 million. The City's share of property tax is approximately \$53,000 per year. If the site were developed as proposed, the City would receive approximately \$346,000 per year in additional property tax revenue.

The project is subject to the City's Below-Market-Rate (BMR) Ordinance, specifically the nonresidential (commercial) Housing Impact Fee. Payment of the required BMR In-Lieu Fee on the net new square footage, including the 80,000 square feet of TDRs, would result in an estimated payment to the City of \$5.13 million.

In compliance with the EWPP, the applicant is required to provide community benefit in exchange for additional development intensity in the form of a payment for an estimated total contribution of \$2,909,475.

For the Development Agreement, the applicant will pay \$200,000 in community benefit fees and payment of the estimated future East Whisman Development Impact fees in the amount of \$3,253,550.

Additionally, the applicant will be required to pay a proportionate fair-share contribution to the City to upsize the sanitary sewer pipeline in the system to achieve appropriate performance and capacity estimated at \$68,100.

Finally, the project is subject to the Citywide Transportation Impact Fee (TIF) estimated at \$1,028,364, unless the project is issued the building permit which grants final occupancy before January 1, 2021.

CONCLUSION

The proposed development of a new 259,095 square foot, six-story, office building and eight-level parking structure is consistent with the EWPP and implements a project that furthers the vision and goals for the development of the East Whisman Area. The site design and architectural design of the office 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.

ALTERNATIVES

1. Approve the project with modified conditions of approval.
2. Refer the project back to the EPC and/or the DRC for additional consideration.
3. Deny the project.

PUBLIC NOTICING

The City Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All property owners and tenants within a 750' radius and other interested stakeholders were notified of this meeting.

Prepared by:

Margaret Netto
Senior Planner

Stephanie Williams
Planning Manager/
Zoning Administrator

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Kimbra McCarthy
City Manager

MN-SW/2/CAM
813-11-17-20CR
200379

- Attachments:
1. Initial Study of Environmental Significance for the 600 Ellis Street Project
 2. Resolution Conditionally Approving a Planned Community Permit, Development Review Permit, and Heritage Tree Removal Permit
 3. Ordinance Approving a Development Agreement and Development Agreement
 4. Project Plans
 5. [Gatekeeper Application Council Report](#)
 6. [EPC Study Session Staff Report](#)
 7. [EPC Public Hearing Staff Report](#)
 8. [Administrative Zoning Hearing Findings Report](#)