



Agenda Report

21-112

Agenda Date: 4/14/2021

REPORT TO PLANNING COMMISSION

SUBJECT

Action on a Rezone from Planned Development (PD) to Planned Development (PD) of a property located at 2905 Stender Way to allow development of a four-story Data Center building (CoreSite SV9)

BACKGROUND

on September 18, 2019, CoreSite Real Estate SV9 L.P. ("Applicant") filed an application for the 3.9-acre site at 2905 Stender Way that is currently developed with a single-story light industrial building that is subdivided into commercial condominiums.

The proposed project includes a Rezone from Planned Development (PD) to Planned Development (PD) to allow for reduced parking (CEQ2020-01075, PLN2019-14118). A Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program were prepared to fulfill the California Environmental Quality Act (CEQA) requirements for the project. The rezoning includes architectural design approval for new construction and would allow development of a 250,000 square-foot four-story data center including 19,600 square-foot office space for the data center tenants, a new electric power substation, equipment yards and onsite improvements (SV9) with 48-megawatt (MW) connections to Silicon Valley Power (SVP) service on a 3.9-acre site. Site improvements would include the new SV9 data center building, a covered loading dock, exterior lighting, gated driveway access, parking lot, and perimeter landscaping.

The project site is located at the intersection of Stender Way and Central Expressway. The project site is bound by a parcel developed with industrial uses to the north, Stender Way to the west, San Tomas Aquino Creek to the East and Central Expressway to the South. The assessor's parcel number is 216-29-108. CoreSite's SV3, SV4, SV5, SV6, SV7 & SV8 data centers are immediately west of the project site along Stender Way and Coronado Drive. Corporate offices for ON Semiconductor (Semiconductor supplier) are immediately to the north while San Tomas Aquino Creek and bike trail is to the east. There are various offices for Allegion, Crystal Instruments, Acculmage and Sentek Dynamics further to the east across the creek on Owen Street.

Land use zoning designations surrounding the project site consist of Light Industrial and Planned Industrial to the west, south, and east, Low Intensity Office/Research and Development to the north, and High Intensity Office/Research and Development farther to the west.

Existing Site Conditions:

The project site is developed with a single-story light industrial building and surface parking lot. The existing building is set back from the roadway and parcel lines on all sides, and is surrounded on the west, north, and eastern sides with surface parking. The southern side of the building is set back from Central Expressway with landscaping, trees and a paved pedestrian walkway. As part of the

project, the existing single-story building would be demolished, and the associated parking lot would be removed. The current PD Zoning on the site was established in order to facilitate an industrial condominium development with an intended subdivision for multiple condominium lots. However, the previous owner decided not to move forward with the piecemeal sale of the property as the market demand from small business owners desiring to own their office was lower than expected at the time of the prior PD Rezoning.

DISCUSSION

While the development of data centers is typically permitted through a staff administered design review hearing process, the subject project includes rezoning of the property and thus requires City Council action. Per the Zoning Ordinance, the Planning Commission is to make a recommendation on the rezoning action to the City Council. The primary issues for the Planning Commission to consider are: 1) consistency with the City's General Plan; 2) the appropriateness of the proposed Planned Development zoning district standards; and 3) quality of project architecture and site design.

General Plan Conformance

The General Plan land use designation for the project site is Light Industrial. This classification is intended to accommodate a range of light industrial uses, including general service, warehousing, storage, distribution and manufacturing. Data centers are an intended use for the Light Industrial land use designation

Employment density at the proposed facility would be relatively low, which is consistent with the intent of the Light Industrial General Plan Land Use designation. The General Plan provides maximum floor area ratios (FAR) for industrial uses in the City ranging from 0.45 for heavy industrial uses to 2.0 for high-intensity office/research and development uses. The maximum FAR for light industrial uses is 0.6. These floor area ratios reflect intended employment intensities assumed in the General Plan rather than assumptions or requirements for open space around industrial buildings. The City however considers data center development to be low intensity in terms of employment and traffic generation. Thus, while the FAR for the proposed SV9 data center building would be 1.47, and therefore greater than the 0.6 FAR maximum standard for light industrial uses in the General Plan, it would not conflict with the uses or assumed employment intensity for the Light Industrial land use designation because the use is a low employment density use, and thus a very low traffic generator as measured by Vehicle Miles Travelled (VMT) generated by the project.

There are no residential uses in the immediate vicinity of the project site. The closest residential uses are approximately a 2,100 feet distance from the project site and are separated by multiple intervening industrial properties. These residential uses include the apartments at Santa Clara Square to the north and a townhouse development just south of the Caltrain rail tracks. Surrounding development consists of one- to five-story industrial buildings with large surface parking lots. Nearby uses include data centers, research and development buildings, biotech companies and other digital technology-oriented uses.

The proposed project would support the City's ongoing economic development, provide fiscal benefits to the City, and incorporate site improvements such that it also would implement the following General Plan Policies:

General Land Use Policies

5.3.5 G2 Sufficient industrial land that meets the demand for local employment and retains the City's economic base.

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5.3.5 G4 Heavy and Light Industrial areas that reduce exposure to hazardous materials by precluding sensitive receptors and places of assembly.

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5.3.5 P11 Construct sidewalks in industrial areas, with priority along streets served by existing or planned transit services.

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5.3.5 P12 Promote development, such as manufacturing, auto services and data centers, in Light and Heavy Industrial classifications to compliment employment areas and retail uses.

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5.3.5 P14 Prohibit Data Centers from properties designated High Intensity Office/Research and Development except as support to the primary use on the property.

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Proposed Zoning District Standards

The Project applicant is proposing to rezone the subject property to the City's Planned Development Zoning district to accommodate an industrial use. Historically, the project site was zoned Light Industrial, and is surrounded by industrial development. The site was however rezoned in 2006 from Light Industrial to Planned Development (PD) in order to facilitate the conversion an existing industrial building into 35 condominiums with retail and service uses so that the current zoning is not conducive to other industrial uses, including the proposed data center. The current proposal to redevelop the site as a data center can be implemented by rezoning the site from Planned Development (PD) to Planned Development (PD).

Chapter 18.54 establishes a process and requirements for the establishment of Planned Development Zoning districts. Planned Development Zoning districts are intended to allow for creative design solutions and land uses not otherwise allowed in standard zoning districts while maintaining compatibility with the existing community and allowing for greater community ownership. The proposed Planned Development Zoning would establish standards for the data center development, which are compatible with existing and approved land uses and development surrounding the project site. In addition to removing the obsolete industrial condominium zoning standards, the proposed PD Zoning would establish zoning standards that are consistent with the standards of the Light Industrial zoning district, with an exception for parking (which is discussed further below).

The underlying General Plan designation of Light Industrial land use classification is intended to provide an optimum general industrial environment.

Site Design and Architecture

The SV9 data center would be steel frame construction enclosed by an exterior aluminum composite panel system with materials chosen to match the texture and finish of the adjacent CoreSite data centers. While the proposed use necessitates a large warehouse type building, the building facades would be articulated with details and materials to reduce the visual impact of the overall building mass and provide an attractive appearance consistent with an industrial setting. The façades of the proposed buildings would consist primarily of insulated metal panel and glass siding materials, in varying shades of gray, blue and white colors, as depicted in the colored elevations included with the

attached development plans.

The height of the proposed buildings would be 87-feet to the tops of the primary roof parapets and would be approximately 102 feet to the tops of the metal roof screens and mechanical penthouses. As this is a PD rezone, the height limit for the Project will be whatever is established by this rezoning process, rather than the height limits set for other districts contained in the Zoning Ordinance. Nevertheless, it is worth noting that Zoning Code section 18.64.010(a) provides that the height limitations contained in those other district regulations do not apply to spires, belfries, cupolas, antennas, water tanks, ventilators, chimneys, or other mechanical appurtenances usually required to be placed above the roof level and not intended for human occupancy or to be used for any commercial or advertising purposes.

The proposed PD zoning standards for this Project are largely consistent with the ML district standards, with the exception of height (the limit in ML is 70 feet) and parking (discussed below).

Rooftop equipment and the rooftop staircase access and elevator would be screened from view from the surrounding area by a louvered screenwall system. The screenwall would be set back from the roof edge. Backup generators for the SV9 data center would be housed at grade adjacent to both the SV9 build and new substation.

Circulation and Parking

The standard required on-site parking supply for the proposed data center development is one space per 4,000 square feet of gross building floor area in accordance with the City Zoning Ordinance. Based on this ratio, a total of 62 parking spaces would normally be required for the development. However, the applicant has provided information to support a lower anticipated parking demand for the proposed data center use and is proposing to provide 26 parking spaces on the site in a surface lot located to the south of the proposed building. In particular, the standard ratio does not account for a diminishing per square foot parking demand as the data center increases in size. The applicant is proposing through the requested PD Zoning to establish a lower parking requirement for the site. A Parking Study, prepared by Kimley Horn, is attached to this report and supports the number of parking spaces as proposed.

The site plan reserves space for an additional 24 parking spaces which would be constructed in the event building use is eventually converted to another use with higher parking demands. The land bank spaces are located in areas on the site that will be occupied by equipment such as chiller enclosures or generators for the data center use and which could be removed to provide additional spaces if needed for an alternative use of the building.

As discussed in the Parking Study, it is anticipated the data center will be staffed 24-hours, 7 days a week by three shifts (day, mid, and swing) each day. The day shift will have more employees compared to both the mid and swing shift. It is anticipated that a maximum of 10 employees and 15 visitors will be on the site on a given day and less may be present during certain time periods throughout the day (e.g. day versus night shift). It should be noted that the number of employees and visitors may change depending on building occupancy and other factors.

Tree Replacement and Landscaping

Development of the project would require removal of 39 trees on site. The project includes planting

new landscaping around the perimeter of the site, along the street frontage, and near the building, including 39 new 36-inch box sized trees. The City's General Plan (Policy 5.3.1-P10) requires new development to include new street trees and replacement of existing trees removed at a ratio of at least a 2:1 with two new 24-inch box sized trees on- or off-site added for each tree removed, or alternatively, where it is not possible to meet this policy, the City has allowed replacement tree planting sizes at 36-inch box at the replacement ratio of one new tree planted for each existing tree removed, provided that sufficient trees are planted offsite to still meet the 2:1 requirement. The proposed project would thus need to plant a minimum of 78 24-inch box size replacement trees, or 39 36-inch size replacement trees. Because of the number of trees involved and the limited site area available, the project will conform to this requirement through the latter provision, and provide additional trees offsite. Tree selections will provide year-round shade for sidewalks and will act as a wind buffer.

Perimeter landscaping surrounding the existing building would be removed and partially replaced. New landscaping is proposed at the ends of the parking bays and replacement landscaping would be installed around the entire property boundary using a variety of tree, shrub and grass species. Vines and shrubs would be trained along the western and southern substation walls to provide additional buffer and increase aesthetic appeal.

Conclusion

The proposed project would implement specific goals and policies of the City's General Plan and result in land development that is compatible with City standards, surrounding land uses, and the overall General Plan strategies, goals and policies.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration (MND) was prepared for the project by the environmental consultant firm Circlepoint, in accordance with the California Environmental Quality Act (CEQA). The MND and Notice of Availability were posted on the City's website at www.santaclaraca.gov/ceqa and circulated for 30-day review on July 29, 2020 and closed on August 28, 2020, in accordance with CEQA requirements. The Planning Department received comments in response to the MND from the Bay Area Air Quality Management District (BAAQMD). In addition, the City received comments from the law firm Adams Broadwell Joseph & Cardozo, on behalf of "Santa Clara Citizens for Sensible Industry," a group associated with labor unions. Those letters are attached, along with the response to comments to this staff report for review. No other comments on the MND were received by staff.

The MND examined environmental impacts associated with project development and identified potential air quality, biological, cultural resources, geology and soils, hazardous materials, and noise impacts that with incorporation of mitigation measures into the project would reduce all potential impacts to less than significant. A detailed discussion of the potential impacts and mitigation measures to be applied to the project are specified in the MND and would be implemented through project conditions of approval and the Mitigation Monitoring and Reporting Program (MMRP) for the proposed project.

An errata Memorandum is prepared and attached to this report. As originally proposed, the applicant would have rezoned the property from Planned Development (PD) to Light Industrial (ML). After the MND was distributed, the Applicant asked to modify the application so that the rezoning would go from Planned Development to Planned Development, to accommodate the reduced parking and increased height. The MND assumed that the structure would be approximately 85 feet tall, so the 87

foot height is consistent with the MND, and the amount of parking is not a CEQA impact by itself. Since this minor process change is not going to affect any of the MND's impacts, an errata Memorandum was prepared.

FISCAL IMPACT

There is no fiscal impact to the City for processing the requested application other than administrative staff time and expense typically covered by processing fees paid by the applicant.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

on April 1, 2021, the notice of public hearing for the April 14, 2021 Planning Commission meeting for this item was posted in three conspicuous locations within 300 feet of the project site and was mailed to property owners within a 1,000-foot radius of the project boundaries.

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>

ALTERNATIVES

1. Adopt a resolution to recommend the City Council adopt the Mitigated Negative Declaration and the Mitigation Monitoring and Reporting Program for the 2905 Stender Way project.
2. Adopt a resolution to recommend the City Council approve a rezoning from Planned Development (PD) to Planned Development (PD) to allow development of a 250,000 square-foot four-story data center, a new substation, equipment yards and onsite improvements (SV9).
3. Recommend the City Council deny the rezoning from Planned Development (PD) to Planned Development (PD) to allow development of a 250,000 square-foot four-story data center, a new substation, equipment yards and onsite improvements (SV9).

RECOMMENDATION

Alternatives 1), and 2): That the Planning Commission adopt resolutions for the 2905 Stender Way Project recommending that the City Council:

1. Approve a Mitigated Negative Declaration and the Mitigation Monitoring and Reporting Program for the 2905 Stender Way project.
2. Approve a rezoning from Planned Development (PD) to Planned Development (PD) to allow development of a 250,000 square-foot four-story data center, a new substation, equipment yards and onsite improvements (SV9).

Reviewed by: Andrew Crabtree, Director of Community Development

Reviewed by: Alexander Abbe, Assistant City Attorney

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP)

2. Comment Letters Received on the MND
3. MND Erratum
4. Resolution Recommending Council to the Adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program
5. Resolution Recommending Council Approve the Rezoning
6. Conditions of Rezoning Approval
7. Development Plans
8. Project Data Sheet
9. Parking Study