



**COMMUNITY DEVELOPMENT DEPARTMENT**

CITY HALL

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**CITY COUNCIL STAFF REPORT**

Meeting: August 1, 2017

Subject

A proposal to demolish two commercial buildings and construct a new full-service boutique hotel with 185 rooms and conference space and restaurant at the Cupertino Village that requires City Council authorization for formal submission of General Plan Amendment applications. (Application No.(s): GPA Auth-2017-03; Applicant: Michael Strahs (Kimco Realty); Location: 10765 N. Wolfe Road; APN(s): 316-45-017).

Recommended Action

Determine if the proposal is authorized to move forward to apply for the proposed General Plan Amendments.

Discussion

Background

As previously stated, on September 1, 2015, the City Council adopted procedures for considering future General Plan Amendments. Additional details on the process are available in the cover staff report for this item. The Analysis section below reviews the project based on the evaluation criteria set forth in the procedures adopted by the Council.

Analysis

*Introduction*

The proposed redevelopment is for a portion of the Cupertino Village shopping center currently occupied by two retail buildings. The authorization request is for a General Plan Amendment application to facilitate the development of a new 185-room, five-story hotel, measuring approximately 60 feet in height, with a 2,502-square-foot restaurant, and 5,568 square feet of meeting space (see Attachment 16A.1).



*Figure 1: Rendering of proposal.*

*Note: For illustrative purposes only. May change upon further review.*

### *Project Location and Surrounding Uses*

The project is located on an approximately 1.72 acre site on the west side of N. Wolfe Road between Pruneridge Avenue and Homestead Road in the North Vallco Gateway within the North Vallco Park Special Area. The General Plan identifies this area as a mixed-use corridor with a neighborhood center. The North Vallco Special Area allows a mix of residential, commercial, office, and hotel uses along North Wolfe Road between Highway 280 and Homestead Road. The site currently hosts the Duke of Edinburgh Pub and Restaurant that measures 3,385 square feet, and 10,044 square feet of empty commercial space. Access to the site is provided via a driveway between Cupertino Village Shopping Center and the project site, and a driveway off Pruneridge Avenue.

Surrounding uses include the existing Cupertino Village shopping center to the north, a three-story apartment complex on a partially-submerged podium, measuring approximately 45 feet, to the west, a five-story hotel, measuring approximately 55 feet, to the south, and the new Apple Campus to the east across North Wolfe Road.

### *Project Data*

Table 1 below indicates the proposed project data along with requested General Plan amendments, or variances, requested and/or required.

**Table 1: Cupertino Village Project Data**

<u>Requirement/Standard</u>	<u>Allowed/Required/ Existing</u>	<u>Proposed</u>	<u>Comments</u>
General Plan designation	Commercial/Residential	No change	-
Zoning designation	P (CG, Res) – Planned Development with General Commercial and Residential uses	No change	<i>Hotel uses permitted with a Conditional Use Permit.</i>
Development allocation			
Hotel	<b>None available</b>	<b>185 rooms</b>	<i>GPA requested.</i>
Commercial	<i>Existing</i> – 13,429 s.f.	8,070 s.f.	<i>No allocation needed.</i>
<i>Restaurant</i>	3,385	2,502 s.f.	
<i>Conference Facilities</i>	-	5,568 s.f.	
Height	<i>60 feet</i>	<i>60 feet</i>	-
Slope line from the face of curb (setback : height)	<i>1:1</i>	<i>1:1</i>	-
Setbacks			
<i>Front</i>	No specific setbacks required (other than General Plan slope line requirements. Other setback requirements include: – Insure sufficient space for adequate light, air and visibility at intersections; – Assure general conformity to yard requirements of adjacent or nearby zones, lot or parcels; – Promote excellence in development.	50 feet 6 inches (60 feet from face of curb)	<i>The Planned Development zoning district allows deviation from development standards. However, projects are required to meet strict findings of high quality, context and relationship with adjacent properties in addition to other issues.</i>
<i>Side (North)</i>	No specific side or rear yard setbacks required unless lot abuts any residential or agricultural – residential zone. The project site does not abut a residential or agricultural zone.	12 feet 6 inches	
<i>Side (South)</i>		10 feet 6 inches	
<i>Rear</i>		90 feet	

<b><u>Requirement/Standard</u></b>	<b><u>Allowed/Required/ Existing</u></b>	<b><u>Proposed</u></b>	<b><u>Comments</u></b>
Building area	<i>Existing – 13,429 s.f.</i>	Proposed – 122,519 s.f.	-
Floor Area Ratio (FAR)	<i>0.17 FAR</i>	1.63 FAR	<i>No specific requirements.</i>
Lot coverage	<i>Existing – 15%</i>	Proposed – 34.1%	<i>No specific requirements. However, projects have to comply with C.3 (storm water treatment requirements)</i>
Parking			
<i>Vehicles - 1/room + 1/employee</i>	251 spaces	251 spaces	<i>Consistent with City requirements</i>
<i>Bikes – 1/20,000 sq. ft.</i>	7	0	<i>Project will have to meet or exceed Bike parking requirements</i>

### Evaluation Criteria Discussion

The following is a discussion of the project relative to the evaluation criteria established by City Council procedure for General Plan Amendment authorization requests. For details on the criteria, please see the Cover Report.

#### *Site and Architectural Design and Neighborhood Compatibility*

It should be noted that at this time, the design is not being reviewed and will likely need to be modified to ensure architectural and site plan expectations of high quality, consistency with applicable regulations and requirements from different departments and agencies. The comments below provide a high level review of the project.

- While the project seeks to activate the frontage along North Wolfe Road through the incorporation of outdoor seating for the restaurant as well as meeting room break-out areas, additional interior modifications will be required to ensure that inactive uses are moved away from the central lobby area facing the street. Access to the restaurant is provided through the interior of the hotel as well as from a walkway adjacent to the face of the property along North Wolfe Road that also connects the outdoor restaurant seating and outdoor meeting room break-out area. By maintaining a portion of the existing trees along the street frontage, a buffer is provided for the outdoor uses. The property also seeks to utilize a portion of the rooftop as an outdoor rooftop bar that will require additional review and entitlements. In addition, the design would be

required to activate the area between the shopping center and the hotel to create a strong pedestrian linkage to the retail uses and a cohesive site design.

- The height of the building and number of stores is similar to that of the surrounding properties with the exception of the existing buildings at the Cupertino Village Shopping Center. However, the overall design of the building and materials will be reviewed and may need additional revisions to meet the high quality expectations through the design and planning review process.
- The project provides the potential to reevaluate circulation in the project vicinity in the interests of enhancing circulation efficiency. The current location of the north driveway is at a location that is inefficient. Design alternatives that may be studied include:
  - An alternative to widen and move the north driveway southward to align with the Apple campus driveway to allow full access to the site at a controlled intersection. This alternative may consider narrowing Pruneridge Avenue; and,
  - Closure of the northern driveway to address illegal left-turn concerns.
- Circulation of the site will require further examination. The service dock location may create conflicts in terms of circulation with the adjacent property.

#### *Net Fiscal Impacts*

- The applicant has estimated a total annual Transient Occupancy Tax (TOT) revenue to the City in the amount of \$2,255,875 with an 80% occupancy rate. However, a fiscal analysis prepared by EPS, the City's third-party consulting firm, estimates a more conservative net revenue to the City's General Fund of between \$1.2-1.8 million based on a 70% occupancy rate and an average room rate of between \$200 and \$300 per night (Attachment 16A.2).
- Existing uses on site create a net positive fiscal impact to the City's General Fund of about \$12,000 per year. The analysis assumes that the vacant retail spaces can be re-tenanted and occupied.
- The proposed project could help diversify the City's economic base and capture a greater share of business travelers visiting the Apple Campus 2 directly across N. Wolfe Road.

#### *Provision of Affordable Housing*

- The proposal does not include any affordable housing. However, the applicant will be required to pay any applicable housing mitigation fees.

### *Environmental Sustainability*

- The project will be required to extend a reclaimed water main from the intersection of Wolfe Road and Homestead Road to Pruneridge Avenue, and incorporate the use of reclaimed water for the project's irrigation and toilet flushing.
- The proposed shuttle service for guests would reduce vehicle miles traveled (VMT) and greenhouse gas emissions. This type of service is typical of a hotel and would possibly be a Transportation Demand Management (TDM) mitigation measure for hotel guests. However, the proposed expansion of use to the nearby residents and the general public, subject to availability, would help to further reduce VMT and greenhouse gas emissions and may be considered a project amenity. In addition, the hotel offers to provide an annual contribution toward the operation of a Transportation Management Association (TMA) and a community shuttle service, if and when the City decides to move forward with such a program. A number of other projects including the Marina and Hamptons will be contributing to such a program.
- A TDM program would likely be required as a mitigation measure as part of approval of the project. The TDM program could include services for guests such as pre-loaded clipper cars for transit access, a car share program, and a bike share program. For hotel employees, TDM strategies could include subsidized transit passes, cash allowances for not using single-occupancy vehicles, and an emergency ride home program.
- The project will be required to achieve a LEED Silver, or Alternative Reference Standard, consistent with the City's requirements. Sustainability features such as using environmentally-preferable building products, solar hot water panels, and electric vehicle charging stations proposed by the project will assist in meeting this requirement. The Council could require the project to meet a higher LEED certification as part of the community benefits strategy.

### *General Plan Amendments Requested*

The applicant is requesting one general plan amendment for the proposed project – an increase in the General Plan hotel allocation of 185 rooms (where currently none are available).

### *Voluntary Community Amenities Proposed*

Table 2 below lists the proposed community amenities by the applicant and staff's analysis of the proposal.

**Table 2: Proposed Voluntary Community Amenities**

<b>Categories</b>	<b>Proposed</b>	<b>Beneficiary</b>	<b>Value</b>	<b>Comments</b>
<b>School resources</b>	Non-paid educational internship	N/A	\$0	Cannot be accurately quantified due to lack of program details and interest.
<b>Public open space</b>	None	N/A	\$0	<i>See Community Amenity Funding item for additional information.</i>
<b>Public Facilities</b>	Complementary use of conference and meeting space to certain groups (subject to availability)	City of Cupertino, qualified non-profits, school association and other similar community-serving groups	\$0	The value of the proposed amenity cannot be accurately quantified due to the lack of program details. <i>See Community Amenity Funding item for additional information.</i>
<b>Transportation Facilities</b>	Extended hotel-run shuttle services	Guests and general public when available	\$0	Cannot be accurately quantified due the lack of program details and uncertainty of availability. <i>See Community Amenity Funding item for additional information.</i>
<b>Transportation Facilities</b>	Annual membership in the local Transportation Management Agency (TMA)	City of Cupertino	\$10,000/yr	The value the amenity would only be realized once a TMA has been established.
<b>Community Amenity Funding</b>	Flexible Community Amenity Funding to any of the following: transportation facilities, TMA, public facilities and public open space.	City of Cupertino	\$1.85 million	Applicant requests that these funds be spent in the vicinity of the Cupertino Village shopping center.

Categories	Proposed	Beneficiary	Value	Comments
Other	Seek out and give preferential treatment to Cupertino residents for Front-of-House and Back-of-House positions.	City of Cupertino	\$0	Cannot be accurately quantified due to lack of program details and interest.
Other	Local Negotiated Rates (LNRs) for dignitaries visiting Cupertino for governmental or cultural business (subject to availability).	City of Cupertino	\$0	Cannot be accurately quantified due to lack of program details and interest.
<b>Total Value of Qualified Amenities</b>			<b>\$1.85 million + \$10,000/yr</b>	
<b>Total Value/square foot</b>			<b>\$15.09 + \$0.08/yr</b>	

As part of the community amenities, the applicant proposes to enter into a five-year Development Agreement with the City. The terms of this agreement and amenities would be refined during the entitlement process should the project be authorized for a General Plan Amendment.

### ***Staff Time and Resources***

The Planning Division will dedicate a project manager (either staff or consultant based on availability) to guide the project through the entitlement process appropriate environmental and city related reviews. It is estimated that approximately 0.3 FTE hours will be required for processing this application. Staff time and consultant costs will be paid for by the applicant.

### ***Public Noticing and Outreach***

See Cover Report for details on noticing and outreach. As of publication of this staff report on July 25, 2017, staff has received no comments regarding the proposal.

### ***Fiscal Impact***

The project net fiscal impact to the City's budget has been discussed previously in the "Net Fiscal Impacts" section above.



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Approved for Submission by: David Brandt, City Manager

Attachments:

16A.1 - Proposed Plans and Project Description for Cupertino Village site

16A.2 - Fiscal Analysis prepared by Economics and Planning Systems, Inc for Cupertino Village site