



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION**

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CITY COUNCIL STAFF REPORT

Meeting: September 18, 2018

Subject

Vallco Town Center Special Area: Specific Plan and associated amendments to the General Plan, Zoning Map, and Municipal Code, to establish and modify development standards, including heights, density, and residential, commercial, and office development allocations; CEQA environmental review of project impacts and mitigation; Development Agreement.

The Specific Plan provides for two Tiers of development that include the following development allocations: Tier 1 - up to 2,034 residential units, up to 750,000 sq.ft. of office development, and minimum of 600,000 sq.ft. of commercial development; and Tier 2 - with community benefits, up to 2,923 residential units, up to 1.5 million sq.ft. of office development (with an additional 250,000 sq.ft. of office amenity space) and a minimum of 485,000 sq.ft. of commercial development which includes civic spaces. The Development Agreement provides community benefits, including a new City Hall (warm shell), a Performing Arts Center (warm shell), affordable housing to moderate income households, and financial and in-kind contributions toward local transportation improvements and public schools. Planning Commission recommendations are included in the report, and include a middle tier, between Tier 1 and Tier 2 development, with 2,923 residential units, reduced office allocation and a commensurate reduction in community benefits. Application Numbers: GPA-2018-02, Z-2018-01, SPA-2017-01, MCA-2018-01, DA-2015-02 (EA-2017-05); Applicant(s): City of Cupertino (Specific Plan, General Plan Amendments, Zoning, Municipal Code Amendments and Environmental Review) and Vallco Property Owner, LLC (Development Agreement); Location: 10101 to 10333 North Wolfe Road; APN: 316-20-080, 316-20-081, 316-20-103, 316-20-107, 316-20-101, 316-20-105, 316-20-106, 316-20-104, 316-20-088, 316-20-092, 316-20-094, 316-20-099, 316-20-100, 316-20-095)

Recommended Action

That the City Council conduct a public hearing, consider the Planning Commission's recommendations, and:

1. Adopt Draft Resolution No. 18-084, certifying the Final Environmental Impact Report (FEIR), adopt CEQA findings, a Statement of Overriding Considerations and adopting and incorporating the mitigation measures into the Project, and adopting a Mitigation Monitoring and Reporting Program (Attachment A)
2. Adopt Draft Resolution No. 18-085, approving General Plan amendments required to implement the Specific Plan (Attachment B)
3. Adopt Draft Resolution No. 18-086, approving the proposed Vallco Town Center Specific Plan, and associated clarifying/supplemental language (Attachment C),
4. Conduct the first reading of Ordinance No. 18-2177: "An Ordinance of the City Council of the City of Cupertino Amending the Municipal Code to Allow Adoption and Implementation of Vallco Town Center Specific Plan" (Attachment D)
5. Conduct the first reading of Ordinance No. 18-2178: "An Ordinance of the City Council of the City of Cupertino Rezoning the Parcels within the Vallco Special Area" (Attachment E)
6. Conduct the first reading of Ordinance No. 18-2179: "Ordinance of the City Council of the City of Cupertino Approving a Development Agreement by and Between the City of Cupertino and Vallco Property Owner LLC for the Development of Vallco Town Center" (Attachment F).

Discussion

Project Data:

General Plan Designation	Commercial/Office/Residential		
Special Area	Vallco Town Center		
Zoning Designation with adopted specific plan	Vallco Town Center		
Current Zoning Designation, prior to adopted specific plan	Planned Unit Development District (Regional Shopping) and Planned Unit Development District (General Commercial)		
Plan Area	58.1 acres		
Base Density	35 units/acre (no change)		
Development Allocation	Tier 1	Tier 2	
		Vallco Property Owner LLC	Simeon + KCR
Commercial (sq.ft.)	600,000	485,000 (85,000 cultural/civic)	-
Residential (units) - Base	2,034	1,779	255
Maximum Possible State Density Bonus	35%	35%	35%

Community Benefits Density Bonus <i>(alternative to State Density Bonus)</i>	Not available	50%	Not available
Maximum Residential yield including bonus	2,746	2,668	255
Office (sq.ft.)	750,000	1,500,000	-
Office Amenity Space (sq.ft.)	-	250,000	-
Hotel	339	191	148
Building Height – varies by location	45'-120'	45'-150'	45'-75'
Open Space acres	6	6	Per CMC

Background:

The Vallco Town Center Specific Plan (“Specific Plan” or “SP”) covers properties located adjacent to and south of I-280, along the west and east side of the intersection of Wolfe and Stevens Creek Blvd. The properties, owned by three different owners, comprise of: (A) Simeon Properties, 5.16 acres north of Perimeter Road, adjacent to and southwest of I-280; (B) Vallco Property Owner LLC, 50.82 acres; and (C) KCR Properties, 2.12 acres, the site of the Hyatt Hotel currently under construction and adjacent to the I-280 southbound on ramp. The surrounding existing uses are I-280 to the north, a single family neighborhood to the west, commercial/office/residential uses to the south and office uses to the east. Within the General Plan, community and development/ownership history of the subject properties, this area has been referred to as Vallco, Vallco Mall, Vallco Fashion Park, Cupertino Square and Vallco Shopping District. For the purpose of this Specific Plan, the terms Vallco Special Area and Vallco Town Center are being used to refer to the properties described above.

While the property has a history of multiple ownerships, additions and remodels since opening of the Vallco Mall in 1976, the following are recent, previous, proposals for redevelopment the Vallco Mall property under the current ownership of the 50.82 acres owned by Vallco Property Owner LLC:

- The Hills at Vallco in October 2015; review process not completed due to ballot measures described below.
- 2016 Ballot Measure C, a citizen initiative to amend the General Plan to disallow redevelopment of the site as a mixed use site; Measure C received 39.12% yes votes and 60.88% no votes.
- 2016 Ballot Measure D, a property owner initiative to allow redevelopment of the site as a mixed use site with a specific plan, similar to the Hills at Vallco application submitted in October 2015, which proposed 800 housing units, 2 million sq.ft. of office and 600,000 sq.ft. of retail. Measure D received 45.17% yes votes and 54.83% no votes.

- Request in October 2017 from Sand Hill Property Company to initiate the specific plan process as a City-led project.
- SB 35 application in March 2018. The SB 35 project is a separate application process and is not being evaluated within the Specific Plan process.

Why a specific plan? The Vallco Special Area was included as a Housing Element site that permits residential development up to 35 dwelling units per acre and was provided an allocation of 389 residential units, 600,000 square feet of commercial (retail/entertainment) use and 2 million square feet of office space as part of the General Plan and Housing Element updates in 2014 and 2015 respectively. The General Plan had a number of requirements for the Vallco Special Area, including the preparation of a specific plan, before development could occur to define development standards that would foster revitalization of the Special Area as a mixed-use "town center" environment.

A specific plan allows for a focused and customized approach to a particular neighborhood or plan area to accomplish broad policy goals, predictable growth and development standards to be tailored to the community vision for a special area. When adopted, a specific plan would establish objective standards, such as a development program, heights, setbacks, parks and open space, street standards, allowed land uses, traffic/mobility provisions, infrastructure requirements, expected review processes and many other key standards and function as the primary regulatory document governing future development within the Plan Area. A large plan area may, over the long-term, have partner ownerships or developers based on expertise by construction type. For example, housing development has different needs and requirements than retail or commercial development. Below market rate housing ("BMR" or "affordable housing,") likewise, is a category of development that requires specialty knowledge of construction, financing and regulatory complexities. Therefore, with the adopted standards for a plan area, a specific plan would help the city manage future development in a more predictable way, regardless of ownership.

In October 2017, Sand Hill Property Company requested that the City initiate the process of preparing a specific plan and in November 2017, the Council authorized the preparation of the Specific Plan, consultant team and outreach program.

Community outreach. The path to a draft specific plan started in January 2018 with the launch of the project website, www.envisionvallco.org. It was, and is, the city's objective to facilitate civil dialogue, information access, and a diverse offering of types of participation. The city sought to reach a wide demographic across the Cupertino community. To that end, there were a variety of venues in which to receive information or have a conversation: by email, online, by US mail, in-person, formal presentations, informal presentations, staff access, consultant access, open house style, sign-in optional

(charrettes), sign-in required (online), weekdays during business hours, evenings after business hours, weekend, small group, large group and individual correspondence. The website launch and city-wide postcard notice were followed by a series of public events and a variety of communications including:

- 14 small group interviews
- 2 week-long charrettes featuring a total of 8 presentations, 5 open studio, 3 brown bags & 3 open houses
- 3 EIR scoping and comment meetings
- 2 student/youth on-campus
- 2 public hearings (final PC & CC)
- 1 Environmental Review Committee meeting
- 1 City Council study session
- 1 online civic comment opportunity
- 1 Fine Arts Commission check-in/update
- 1 Housing Commission check-in/update
- 1 Parks & Recreation Commission check-in/update
- 1 Teen Commission check-in/update
- 1 Economic Development Committee check-in/update
- 1 Block Leaders check-in/update
- Project website with urban design information, online engagement, updated documents, presentation videos, time lapse 3-D models
- Multiple individual email correspondence
- Multiple press releases
- Multiple social media postings
- 2 city-wide post card notices
- Updates in Cupertino Scene

The most common themes and concerns emerging from the conversation include:

- Housing needs – The Plan Area provides a unique opportunity to provide more housing of different sizes and types, from micro-units to larger units, from rental to for-sale. The diversity of types of housing could be one factor in creating affordability.
- Traffic – Community members expressed concern that the project would add to traffic congestion. Those who were interested in seeing redevelopment were interested in ensuring that the project contributed to traffic solutions and created a walkable, bikeable environment that reduced reliance on single-occupancy automobiles.
- Retail – There is a desire for local retail so that residents do not need to drive to other cities to shop. Many residents expressed the memories they had of Vallco Mall and view a new retail center as a social gathering space for people of all ages.
- Parks and open spaces – There is a desire for public parks and open space, particularly at the street/grade level.
- Walkable and bikeable – Community members want the shopping and neighborhood areas to feel safe for pedestrians and those on bicycles, and to allow these modes of transportation to be viable and safe options.
- School enrollment – There is concern about impacts of additional housing on schools.

- Medical office and other service office – Opportunities to provide resident-serving office is important to some in the community, who requested that the code reflect that flexibility.
- Massing of buildings - Residents are concerned about the impact of new development on privacy and buildings looming over their home and/or creating an overly-massive effect on public streets.

Charrettes. Outreach efforts before and during the charrettes yielded guiding principles and performance metrics. With the guidance of those principles, metrics and known topics of concerns, the city hosted two week-long charrettes in April and May 2018, where the city planning and urban design consultants, Opticos Design, lead the visual exploration of the basic building blocks of creating a plan: buildings, public space, land use, street systems, transportation, parking and economic/fiscal impacts. Opticos created renderings, a 3-D model with time lapse photography, and preference images to distill three to four plan options, which continued to be refined over the weeks that followed the initial detailed studies. During both charrettes, interviews and meetings, there were 928 in-person participants. Additional comments were received throughout the process online and by email. In addition, the consultant team also reached out to the Plan Area owners. Local public agencies also participated in the charrettes. The resulting draft plan options made every effort to balance the various, strong points of view from owners and community members, while creating standards for a feasible plan that is expected to be built over an approximate 10-15 year timeframe.

Study Session. A study session in June 2018 with City Council assisted the city staff and consultants in focusing efforts to complete the draft Specific Plan. Feedback and discussion occurred on key topics including:

- More housing and more affordable housing than the city's current requirement
- Parks and open space
- Mix of housing types to include for sale and rental
- Community benefits – consider items such as performing arts center, city hall
- Work with schools collaboratively and provide space, if requested
- Concern about jobs/housing
- Concern about heights (staff to verify heights for various housing options)

Analysis:

Specific Plan

Key issues. The following are key issues within the Specific Plan and the associated community benefits through a development agreement. The discussion regarding each key chapter is expanded on these topics but are summarized here:

1. ***Development allocation.*** Chapter 3.4 outlines the approach to the development program in two tiers: Tier 1 and Tier 2. Tier 1 is the base program that runs with the Plan Area with no community benefits. Tier 2 is the larger development program that addresses the key topics while allowing a “community benefits density bonus” as an alternative to the state Density Bonus.
2. ***Edges/height treatment.*** Chapters 3.8 and 6.2.203 illustrate the height treatments in various street cross sections, a height map and height adjacent to open space. Both chapters show the comparison between Tier 1 (45 feet to 120 feet range) and Tier 2 heights (45 feet to 150 feet range), where Tier 2 has higher heights to account for a larger program to allow community benefits. Both tiers maintain the same lowest heights of 45 feet along the western edge and 60 feet along Stevens Creek Boulevard.
3. ***Open space approach.*** Chapter 3.3 discusses parks and open space as one of the special design areas, and Chapter 6.2.202 outlines the standards for open space. The plan requires six acres of open space at grade level and allows a menu of park/open space types (with required minimum standards) that may count toward the total acreage requirement.
4. ***Community benefits.*** While the Specific Plan allows the Tier 2 development when a development agreement with certain community benefits are proposed, the list of community benefits that were negotiated are not in the Specific Plan. The terms of the development agreement are items specific to Vallco Property Owner LLC, and not the Specific Plan in general. The list of community benefits are discussed in greater detail in the development agreement section of this report.

Public Review Draft Specific Plan. (See Attachment C – Exhibit SPA-1) The city worked closely with Opticos, Fehr and Peers and EPS, in an iterative process, on all key topics to decide where flexibility and predictability could be reasonably balanced for effective implementation. To that end, several reports were generated to assist and inform the preparation of the specific plan (see Attachment G.) While all chapters of the proposed Specific Plan are essential, the following is an executive summary of the key chapters containing the Plan's vision, goals, policies, and development standards:

Vision (Chapter 3)

The community's concerns and wishes shaped six guiding principles for the vision for the Plan Area. They are the basis for the vision, which then shapes the development program, design guidelines and recognizing three distinct areas with the Plan Area:

1. A vibrant mixed-use district providing goods, services and entertainment for all ages.

2. Transportation solutions that support walkable, bikeable, transit-oriented neighborhoods.
3. Parks, greens and plazas link the district's individual places.
4. Diverse housing choices for all incomes and abilities.
5. Robust public and cultural amenities create a unique identity.
6. Thoughtful physical transitions to context.

To start carrying out this vision, the proposed SP creates three districts within the Plan Area:

- *Neighborhood/Mixed-use District* in the northwest plan area. This area is next to the existing, single family neighborhood in the Portal Avenue area. The intensity of development in this district is lower. For example, the first 56 feet adjacent to the property line wall is a no-build zone where Redwood trees would be preserved and a multi-use path and/or greenway would act as a buffer between the two areas. The feeling and aesthetics in this district would be predominantly residential.
- *Retail & Entertainment/ Mixed-use District* in the southwest plan area, generally south of the existing pedestrian bridge and west of the intersection of North Wolfe Road and Stevens Creek Blvd. This district is intended to be the lively core of the Plan Area, intended to create new shopping, entertainment and gathering spaces, organized around a Town Square.
- *Office/ Mixed-use District* in the northeast plan area, at the corner of Vallco Parkway and North Wolfe Road. This is the district that would accommodate corporate office, highest heights closer to the freeway and other existing office uses, with activated spaces organized around an East Plaza within the block. It is envisioned that the uses facing Vallco Parkway would knit together other existing mixed use or commercial centers such as 19800 and Main Street with the Retail & Entertainment/Mixed-use District at the Vallco Town Center.

Each district is meant to have a distinct look and feel, with varying uses and intensity of development to create a more engaging environment, rather than one monolithic development. To accomplish this goal, the Specific Plan organizes blocks based on district character, which is defined through allowed land uses, street types and frontage requirements.

Within the three districts, the Plan identifies "special design areas" within the public realm that will further help contribute to the distinct look and feel of the Vallco Town Center:

- *Town Square and East Plaza* – the two main open spaces create a heart in each respective district.

- *District edges* – North Wolfe Road, Stevens Creek Boulevard and Vallco Parkway are given extra attention because these are the areas with the greatest public visibility. Buildings are required to step down in height toward these three streets. A boulevard concept is envisioned along the Vallco Special Area frontage to allow three through lanes in each direction along North Wolfe Road, to allow through traffic the opportunity to get through the area and a separate slower frontage road along the Vallco frontages, east and west of North Wolfe Road, would create safer pedestrian and bike facilities, separated from fast moving vehicles, and allow uses along those building frontages to be active and more pedestrian facing. This concept also creates a tree lined barrier and additional setback for buildings.
- *Vallco Gateway* – The intersection of Vallco Parkway and North Wolfe Road is considered a gateway to this Special Area and slightly taller elements are allowed here to allow a distinct visual identity.

Throughout the planning process, the community conveyed the desire to balance the scale of the project with feasibility, specifically that the plan would create parameters for a project where vision meets reality. There was an emphasis on planning for transitions in development intensity, so that new buildings will be sensitive to the overall existing context. In response, the plan permits the most intense building size and scale, and the tallest building heights, in the Office/Mixed-use District in the northeastern portion of the Plan Area, away from existing lower density residential development. Buildings are required to decrease in height, mass, and scale (while distance from the sidewalks, setbacks, and landscaping buffers are increased) as development approaches the existing residential neighborhoods along the Plan Area's western boundary.

General Plan strategies implemented by these specific plan policies include:

- Taller buildings should provide appropriate transitions to fit into the surrounding area (*Strategy LU-19.1.9: Building Form*) and
- Buffers such as setbacks, landscaping and/or building transitions to buffer abutting single-family residential areas from visual and noise impacts (*Strategy LU-19.1.14: Neighborhood Buffers*).

Development Allocation

The Specific Plan contemplates two potential levels of development: Tier 1 and Tier 2. No changes are proposed to the Land Use residential density in the General Plan in either Tier of development. The following table indicates the two tiers of development proposed in the Specific Plan

	Tier 1	Tier 2	
		Vallco Property Owner LLC	Simeon and KCR
Commercial	600,000	485,000 (85,000 for cultural/civic)	-
Residential Density (no change)	35 du/acre	35 du/acre	35 du/acre
Residential yield (base)	2,034	1,779	225
Maximum Possible State Density Bonus	35%	35%	35%
Community Benefits Density Bonus (alternative to State Density Bonus)	Not Available	50% (534)	Not Available
Total Maximum Residential Density with Bonus	47.25 du/acre	52.5 du/acre	47.25 du/acre
Total Residential Yield	2,746	2,668	304
Height			
West of N. Wolfe Road	45' – 97'	45' – 120'	45' – 75'
East of N. Wolfe Road	60' – 120'	75' – 150'	75'
Open Space	6	6	Per CMC

The Tier 1 program is base density allowed by right under the Specific Plan. It retains the existing residential density of 35 dwelling units an acre, minimizes office uses, and maximizes commercial development. The commercial square footage was derived from the minimum required in the General Plan and the office square footage responded to requests to consider reduced office and identifies the minimum amount needed for economic feasibility, assuming that the majority of residential units are for sale. There are no community benefits associated with Tier 1. The BMR units would be 15% of the residential units. Of the total BMR units, rental would be required to be 60% for very low income and 40% low income. For ownership units, 50% each would be required to be for median and moderate income.

The Tier 2 program includes a "community benefits density bonus," as an alternative to the State Density Bonus Law (which allows a maximum residential density bonus of 35% above the base density). Tier 2 provides a project applicant with the ability to increase the residential density to 50% above the base density of 35 units an acre (52.5 dwelling units an acre) and a modification to the non-residential allocations, in exchange for more affordable housing, than required by the City's Below Market Housing program, and community benefits discussed later.

A key requirement for Tier 2 is the requirement to dedicate at least 11% of the base density (or 7.34% of max. residential yield under the bonus density) for below market rate housing affordable to very low income households (which is the minimum percentage of units required under State Density Bonus Law), in addition to affordable housing beyond the City's standard requirement of 15% of the total development program. The ability to apply for additional incentives, concessions, or waivers for applicable development standards under State Density Bonus Law was a key issue that came up during discussions with members of the public and the strategy for Tier 2 addresses this issue. However, because the community benefits density bonus is offered by the City as an alternative to the State Density Bonus Law, an applicant would not be permitted to apply for additional incentives, concessions, or waivers for applicable development standards, such as increased heights, reduced setbacks or further increase or decrease the development capacity allowed and/or required under Tier 2.

In addition to the increased affordable housing component, the Tier 2 program requires a number of additional community benefits that are discussed later in this report. The community benefits would have to be memorialized in a development agreement. The proposed community benefits are discussed in more detail below. To help ensure that the Tier 2 program is feasible with the community benefits (including an increased affordable housing component) incorporated, the amount of office development permitted under Tier 2 would be increased from 750,000 square feet to 1.5M square feet (with an additional 250,000 square feet of office amenity space for non-employee generating uses such as labs, anechoic chambers, fitness areas, etc.) and the amount of commercial uses would be decreased from 600,000 square feet to 485,000 square feet (including civic/educational uses). Tier 2 development standards also allow increased heights to accommodate the additional density and development allocation. However, as noted earlier an applicant would not be able to use state density bonus law to get additional incentives, concessions, or waivers to applicable development standards or further increases and/or reductions to the development capacity.

Mobility (Chapter 4)

This chapter provides strategies for managing how people move to, from and around the Plan Area. The policies in this chapter, which includes a menu of transportation demand management (TDM) options, also relates to the parking standards within Chapter 6. Consistent with General Plan strategies, the districts promote streets and blocks laid out in a grid to slow down traffic and provide multiple connectivity points (rather than one way in, one way out).

The following is a menu of realistic options to manage traffic and allow for a more comfortable environment for walking and biking and encourages owners to create a program tailored to future visitors, residents and employees:

- TDM goal to achieve a 34% non-SOV rate for office (trip cap with penalties)
- Transportation Management Association for the plan area
- Mobility hub
- Community shuttle pilot connecting to high schools and/or nearest transit station
- Potential additional VTA routes
- Maximum parking standards to ensure that people are not encouraged to drive
- Transit passes for employees and residents
- Shared parking to maximize use of existing parking and promote a successful retail center
- Parking wayfinding

There are also additional provisions allowed for residential units, such as unbundling of parking, to promote other transit choices and reduce housing cost.

Development Standards (Chapter 6)

The objective development standards in Chapter 6 address the concerns of many community members and help translate the vision and policy direction from earlier chapters and represent established urban design principles.

- Land uses – the land use table connects with the expectation for each district. Uses are also organized so they can be most successful. For example, while allowing some flexibility, the most active uses have predictable locations to create a lively atmosphere in the most logical places: around the plazas, along Stevens Creek Boulevard, North Wolfe Road and Vallco Parkway.
- Open space – Six acres meeting one of four main open space types (greenway, neighborhood park, plaza/square/ and pocket parks) are required at the ground level, while owners are incentivized and allowed to create additional spaces at other levels or locations to serve residents of the plan area.
- Building heights – On the western edge, no build zone of 56 feet adjacent to the shared property line. Then, heights are the lowest (45 feet) at the western edge of the plan area, step up to 75 feet and then higher towards the center (Tier 1 – 85 feet and Tier 2 – 120 feet) (better than a 1:1 setback). Building heights would then have to step down toward the public streets - Stevens Creek Boulevard and North Wolfe Road. On the east side, buildings are lower along public streets (Vallco Parkway and North Wolfe Road) and taller towards the center and the east (Tier 1-120 feet and Tier 2 - 150 feet).
- Façade Articulation – Heights and perception of massing are managed through the requirement for special frontages types and articulation of the architecture to

prevent blocky and flat structures. These treatments also create more interest at the pedestrian level, so that the scale can feel more human and approachable.

- Screening – Unsightly but necessary mechanical, trash and utility are required to be screened and located appropriately.
- Bird-safe design – measures are in place to protect birds.

Administration and Implementation (Chapter 7)

This chapter outlines the application process for permitting, related applications, findings and process within the Vallco Town Center zoning district. Prior to development on the site, a Master Site Development Permit is required to allow appropriate review of the final site plan and location of uses. The Planning Commission and City Council will review the future Master Site Development Permit. Further architectural review will be reviewed at the administrative level since there would already be an approved Master Site Development Plan Permit and a clear form-based code (the specific plan) on development standards. Other processing criteria include provisions to allow:

- Adjustments of development standards (not including than heights and setbacks abutting the western edge) by 10% or less and transfers of development allocation by up to 25% at an administrative level.
- Adjustments of development standards (not including than heights and setbacks abutting the western edge) by more than 10% and transfers of development allocation by more than 25% with Planning Commission review.
- Any amendments proposed to building heights and setbacks abutting the western edge requires a Specific Plan amendment with Planning Commission review and City Council approval.
- Any other application type would be processed per the existing Municipal Code requirements.

Supplemental language/Errata. Some edits that are required of the draft Specific Plan to provide greater clarity and consistency, or to correct errors, are included with Attachment C (See Attachment C – Exhibit SPA-2). In addition to the errata provided at Planning Commission, additional language is provided to clarify the envisioned heights within the plan and to clarify street sections. The changes since the Planning Commission hearing have been highlighted.

Sustainability. The proposed Specific Plan is consistent with General Plan goals in that it will increase the number of places to live within the Plan Area. The plan supports infill development, conversion of vacant and outdated buildings, location of housing near employment centers to reduce the use of single occupancy cars, increase commute choices, reduce long commutes, reduce the use of fossil fuels, improve energy efficiency, reduce carbon dioxide emissions, and help meet air quality standards.

General Plan and Zoning

General Plan Policy. The Vallco Town Center Specific Plan is generally consistent with the policies and strategies in the General Plan, and it would allow for the systematic implementation of the General Plan's vision for the Plan Area. Notwithstanding the fact that the Specific Plan implements the General Plan's key policies, some modifications to the Development Allocations, Community Form Diagram, and Vallco-specific policies are required to ensure vertical consistency between the General Plan and the Specific Plan (See Attachment B).

The proposed Vallco Town Center Specific Plan would be consistent with the City's goals and policies as established in the General Plan and have been translated into objective development standards including these key policies and strategies:

- **LU-8.1 Fiscal Impacts.** Evaluate fiscal impacts of converting office/commercial uses to residential use, while ensuring that the city meets regional housing requirements.
 - Both Tier 1 and Tier 2 development programs contemplated under the Specific Plan have been tested for economic feasibility, and the mix of residential and office/commercial uses is calibrated so that the project is economically feasible. Both the Tier 1 and Tier 2 projects permit more housing than was assumed would develop in the Housing Element, which will help the City make progress towards achieving its RHNA allocation, thereby advancing the Housing Element's goals.
- **LU-8.2 Land Use.** Encourage land uses that generate City revenue.
 - The core of the Plan Area is anchored by shopping streets of neighborhood-serving, community-serving and destination retail, restaurants and entertainment, which contributes to a more vibrant retail environment, sized to meet the standards of the current market. As stated above, both Tier 1 and Tier 2 development programs contemplated under the Specific Plan have been tested for economic feasibility, and the mix of residential and office/commercial uses is calibrated so that the project is economically feasible for long-term viability.
- **LU-8.3 Polices for Reinvestment.** Provide incentives for reinvestment in existing, older commercial areas.
 - The Specific Plan creates polices and standards to support the goals of a vibrant mixed-use district, improved mobility and adaptability, a network of high quality streets and public spaces, diverse housing choices and integrated community amenities. All are in support of reinvestment and acknowledgment of current market conditions, including increased housing units, refinement of parking standards and flexibility in types of

land uses which removes barriers to reinvestment for older commercial areas.

- LU-9.2 Work Environment. Encourage the design of projects to take into account the well-being and health of employees and the fast-changing work environment.
 - The Specific Plan includes a mobility strategy to improve transportation choices, proximity of proposed housing to existing places of employment, and contributions to the transportation impact fee for improving all modes of transportation. Chapter 6 of the Specific Plan also includes allows flexibility for service offices to serve residents and a definition of active ground floor uses to include amenities for employees so that buildings along public streets have an active face, while acknowledging that employee amenities that are more easily accessed add to the well-being and health of employees.
- LU-19.1 Specific Plan. Create a Vallco Shopping District Specific Plan prior to any development on the site that lays out the land uses, design standards and guidelines, and infrastructure improvements required. The Specific Plan standards proposed is based on and consistent with the following General Plan strategies:
 - Master Developer
 - Parcel Assembly
 - Complete Redevelopment of “town center” plan
 - Variety of land uses: retail, entertainment, hotel, residential, office
 - “Town Center” Layout.
 - Complete street grid hierarchy of streets, boulevards and alleys that is pedestrian-oriented, connects to existing streets, and creates walkable urban blocks for buildings and open space.
 - Incorporate transit facilities
 - Provide connections to other transit nodes
 - Coordinate with the potential expansion of Wolfe Road bridge over I-280
 - Contribute towards a study and improvements to a potential I-280 trail along the drainage channel south of the freeway and provide pedestrian and bicycle connections from the project sites to the trail.
 - LU-19.1.7: Existing Streets. Improve Stevens Creek Blvd and North Wolfe Rd to become more bike and pedestrian-friendly with bike lanes, wide sidewalks, street trees, improved pedestrian intersections to allow connections to 19800 Vallco Parkway/Rosebowl and Main Street.
 - LU-19.1.8: Open Space. Open space in the form of a central town square on the west and east sides of the district interspersed with plazas and “greens” that create community gathering spaces, locations for public art, and event space for community events.
 - LU-19.1.9: Building Form. Standards for Building Form

- LU-19.1.10: Gateway Character. Standards for Gateway Character
- LU-19.1.11: Phasing Plan.
- LU-19.1.12: Parking. Limited surface parking. Underground parking beneath buildings is preferred
- LU-19.1.13: Trees. Retain trees along the I-280, Wolfe Road and Stevens Creek Boulevard to the extent feasible, when new development proposed.
- LU-19.1.14: Neighborhood Buffers.

However, General Plan amendments are necessary to update to reflect the allowed development program in Table LU-1, and appropriate development standards in Figure LU-2 in the General Plan (See Attachment B – Exhibit GPA-1.) In addition, other general plan amendments are needed to the following strategies identified in Table 1 below:

Table 1: Key General Plan Amendments

<i>Current General Plan</i>	<i>Amended</i>
LU-19.1.2 - Parcelization discouraged	Parcelization discouraged unless required to facilitate senior housing, affordable housing or if demonstrated to be necessary for financing reasons
LU-19.1.4 - Minimum of 600,000 square feet of retail	Minimum of 600,000 square feet of retail in Tier One and 485,000 square feet in Tier Two
LU-19.1.4 - Entertainment uses may be included but shall consist of no more than 30 percent of retail uses.	No cap on entertainment uses. This change is being recommended to reflect the changing nature of retail and entertainment uses. For example, traditional retail stores are merging digital and offline shopping to deliver a better experience and theaters are including restaurants and services.
LU-19.1.4 - Encourage high-quality office space arranged in a pedestrian-oriented street grid with active uses on the ground floor, publicly-accessible streets and plazas/green space.	Under Tier 2 and with community benefits, a single corporate user in the Office Mixed-Use District, may use bollards, gates or fencing at the interior street to reserve them for private access for security purposes, subject to the City's design review. Bollards, gates and fencing must be removable to allow the site to revert back to public access, in the event that the tenants become multi-users. The fences, bollards shall be artistically integrated subject to design review and shall be located in the private portion of the streets. The surrounding streets (Perimeter Road, frontage road along Wolfe Road and street around the East Plaza) and the East Plaza shall

	<p>remain accessible to the public and ground floor uses around the East Plaza must incorporate active uses.</p> <p>Buildings in the office/mixed-use district are allowed to connect via overhead bridges, as long as the bridges are above the third story, subject to design review and so that the ground level streets are not substantially covered by the overhead bridges.</p>
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In addition to the text edits identified, the General Plan Land Use Map must be amended to reflect the adoption of the new specific Plan (see Attachment B – Exhibit GPA-2).

Municipal Code Amendments. The Municipal Code must be amended to ensure implementation of the specific plan is possible. Amendments have been identified in Chapter 19.16 (to establish the Vallco Town Center Zone), Chapter 19.12 (to recognize the permits in the Vallco Town Center Specific Plan) and Chapter 20.04 (to allow designation of the specific plan area zoning designations in the Zoning Code) (see Attachment D.)

Zoning Map Amendments. The Zoning Map must also be amended to ensure implementation of the specific plan is possible. The parcels within the Plan area are zoned “Vallco Town Center” and the zoning map is amended to reflect this change as well (see Attachment E.)

Development Agreement. As described above, the proposed Specific Plan provides that the Tier 2 program may be developed, if the developer enters into a Development Agreement with the City which provides for certain community benefits. Vallco Property Owner LLC (“Developer”) has proposed to provide certain community benefits and to develop the Tier 2 program in accordance with the Specific Plan (see Attachment F.)

- ***How the community benefits package was developed.*** Since the kick-off meeting in February 2018 through to the drafting of the Specific Plan and development agreement, city staff and consultants have been collecting issues, concerns and wish lists from members of the community, including residents, commissioners and council members. Staff received additional input at the City Council in a study session in June 2018. There was senior management staff follow up with individual council members to further focus the list of community benefits. The community benefits package was then developed based on council input.

City staff and the Developer have negotiated the terms of a proposed Development Agreement (“DA”), which would vest the rights of the Developer for 11 years (plus a possible 5 year extension) to develop the Tier 2 Specific Plan program and provide limited

vested rights as to the Tier 1 Specific Plan program for 5 years. By vesting the Specific Plan as discussed, the City would be bound by the terms of the Specific Plan in processing subsequent approvals, such as the Master Site Development Permit (MDSP), including permitted uses, densities, heights and other development standards.

The proposed Development Agreement provides that once vertical construction on the site begins, Developer would be required to commit to develop the SB35 project, the Tier 2 program (with community benefits) or the Tier 1 program. The Development Agreement would be consistent with and implement the provisions of the Specific Plan regarding the Tier 2 program and the community benefits density bonus, as well as the provisions of the General Plan, as amended. The vesting provisions of the Development Agreement would also provide a greater degree of certainty in the development of the project.

The list of community benefits is detailed in the development agreement and generally include:

- Below Market Rate Units – total 20% of units (7.34% VLI, 7.66% LI, 5% Mod). Also provides flexibility to developer to locate VLI and LI BMR housing in separate buildings to qualify for low income housing tax credit financing. The moderate income units will be distributed throughout the project.
- A 60,000 square foot Performing Arts Center in the Retail and Entertainment Mixed/Use District (cash value upon election by City at \$22.8M)
- Building a 40,000 square foot City Hall at Civic Center (cash value \$30M)
- Community Shuttle
- \$11M for Hwy 280/Wolfe Road interchange city fair share and Junipero Serra Trail
Currently, there is a provision in the development agreement that, in the event of a delay caused by litigation or referendum, the transportation benefits would be reduced from \$11M to \$5.5M and the community shuttle would be reduced from one-year pilot and \$750K for nine years to one-year pilot and four years.

With respect to the findings set forth in the proposed ordinance approving the Development Agreement, the Development Agreement would be consistent with and implement the provisions of the Specific Plan regarding the Tier 2 program and the community benefits density bonus, as well as the provisions of the General Plan, as amended. The Development Agreement would be compatible with and implement the uses and regulations set forth in the Specific Plan. Further, the Development Agreement is in conformity with and will promote public convenience, general welfare and good land use practice as it will vest certain provisions of the Specific Plan and provide community benefits, including affordable housing, and transportation and civic benefits. The Development Agreement will not be detrimental to the health, safety or general welfare and will not adversely affect the orderly development of property or the preservation of property values as the agreement will provide the community benefits described above. Further, the agreement sets forth provisions regarding the long-term development of the site in accordance with the Specific Plan. Lastly, the vesting provisions of the Development Agreement would also provide a greater degree of certainty in the development of the project.

Environmental Review Committee (ERC). On August 31, 2018, the ERC reviewed the Final Environmental Impact Report for the Vallco Specific Plan ("EIR"), received testimony from staff and consultants, and recommended on a 5-0 vote that the City Council certify the EIR (See Attachment H.) Six community members spoke at the ERC meeting. Draft minutes (see Attachment I) and a summary of the comments received (see Attachment J) is attached.

Planning Commission. On September 4, 2018, the Planning Commission held a public hearing to review the draft Vallco Town Center Specific Plan. The Commission's six-plus hour meeting included public comment from 35 speakers, some speaking in support of the Specific Plan and others expressing either opposition to the project or concerns with details regarding project implementation. Planning Commission voted for the item to proceed to Council and recommended changes for Council consideration, which are reflected in the resolutions included in Attachments K.1 through K.6. The draft action minutes are attached as Attachment L. A summary of public comments is included as Attachment M. During public comment, speakers raised concerns about the project not including extremely low-income (ELI) units, proposed building heights, the amount of office permitted in the proposed development mix, impact to schools and the amount of open space that would be available. In addition, speakers commented on issues addressed in the Environmental Impact Report (EIR) for the project, including traffic generation, air quality impacts, and potential soil contamination from hazardous materials. Comments in support of the project focused on the need to produce housing

at all income levels and a desire to see the underutilized area revitalized with a mix of uses.

There was discussion among the Planning Commissioners about the amount of benefits provided to Cupertino Union School District, and the possibility of increasing benefits. CUSD participated in the city's community events regarding Vallco in February and April 2018 and a meeting was held with the City and school superintendents in July 2018 to encourage the school districts to coordinate their preferred community benefits with the property owner. The development agreement terms regarding CUSD reflect the property owner's separate discussions with CUSD. As of the publication of this report, the property owner is in the process of additional outreach to the CUSD and updates will be provided at the Council meeting. The Commission discussed the addition of 40 extremely low-income (ELI) units in the BMR component (within the 20% amount), as well as clarifying the litigation challenge provision in the development agreement relative to reduction of community benefits for transportation (mentioned earlier in the DA section of this report).

The Planning Commission unanimously recommended that the City Council certify the Final EIR and adopt the proposed zoning and municipal code amendments to implement the Specific Plan. By a vote of four in favor and one opposed, the Planning Commission further recommended that the City Council adopt the proposed Specific Plan, General Plan amendments, and Development Agreement, and consider its recommendations.

Planning Commission recommendations included adding a new "Tier 1.5" development program in the General Plan and Specific Plan that would allow development at a level between that permitted under Tier 1 and Tier 2 proposed in the Specific Plan and changing the Specific Plan's community benefits density bonus to provide an option to develop the same amount of housing as permitted in Tier 2, but with reduced office development and a commensurate reduction in community benefits. The Commission did not recommend a reduction in height between the Tier 2 and Tier 1.5 program. Other recommendations included a prioritization of community benefits to include in the Development Agreement: 1) increasing benefits for CUSD, 2) maintaining benefits to FUHSD, 3) providing 20% of the total housing as BMR units, and converting 40 VLI units to ELI units, 4) making financial contributions for traffic reduction, 5) reconstructing City Hall, and 6) developing a Performing Arts Center in the Plan Area. The Planning Commission's recommendation to approve the Development Agreement included the same identification of community benefit priorities, and they recommended that the Development Agreement be modified to reflect the "Tier 1.5" development program if City Council adopts that option. In addition, the Planning Commission recommended

that clarifying language be considered in the Development Agreement regarding Section 9.3.4 (Effect of Litigation Challenge on Developer Obligations).

The Planning Commission also recommended revisions to General Plan Table LU-1 to correct numerical errors in the Development Allocations and modifications to General Plan Policy LU-19.1.2 to permit greater flexibility when considering parcelization in the Plan Area to promote a range of housing types, including opportunities for ownership and rental units.

There was one vote against recommending approval of the Specific Plan, General Plan amendments, and Development Agreement. Although there was expressed support for the Specific Plan's development standards, the program permitted under Tier 1 and a potential Tier 1.5 that would reduce office allocation with a commensurate reduction in community benefits, the Commissioner did not support the recommended Tier 1.5 motion and inclusion of Tier 2.

Extremely Low Income Units (ELI Units). Supporters of ELI units included advocates for the developmentally disabled and for the homeless. Approximately six speakers testified at the Planning Commission to discuss the need for ELI units and comment about their disappointment that there were no ELI units proposed. The following are staff notes regarding ELI units for City Council consideration:

- ELI units are reserved for households earning zero to 30% of the Area Median Income.
- ELI units often include supportive services integrated within the housing, and many funding sources for ELI units require services.
- Measure A can be a source of funds that are used to offset the increased costs of providing ELI units. The program has its own wait list and eligibility requirements.
- Any preferences for ELI units must comply with state and federal fair housing laws and may not discriminate against individuals on the basis of membership within a protected class, including any form of disability.
- If ELI units were to be required under Tier 1, an economic feasibility study would be recommended to demonstrate that the requirement meets legal standards. ELI units can be provided as a community benefit under a development agreement memorializing the Tier 2 development standards if the parties to the development agreement mutually agree. The City's economic consultant analysis estimates the cost of providing 40 ELI units at approximately \$13.5 million (see Attachment N).

Environmental Review:

In compliance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the Final EIR provides objective information regarding the significant

environmental effect of the proposed project. The Final EIR also identifies mitigation measures and alternatives to the proposed project intended to reduce or avoid significant environmental impacts. The Final EIR is intended to be used by the City and responsible agencies in making decisions regarding the project.

Pursuant to CEQA Guidelines Section 15090(a), prior to approving a project, the lead agency must certify that:

1. The final EIR has been completed in compliance with CEQA;
2. The final EIR was presented to the decision-making body of the lead agency, and that the decision-making body reviewed and considered the information contained in the final EIR prior to approving the project; and
3. The final EIR reflects the lead agency's independent judgment and analysis.

The final EIR consists of:

1. The May 2018 Draft EIR (Attachment O), which reviewed the proposed project and four alternatives to the project (described further below);
2. The July 2018 EIR Amendment (Attachment P), which reviewed an additional alternative to the proposed project (the Housing Rich Alternative);
3. The August 2018 Final EIR Volume (Attachment Q), which reviewed a revised project and contains responses to comments on the Draft EIR and the EIR Amendment as well as text revisions;
4. The August 2018 Supplemental Text Revisions to the Final EIR (Attachment R); and
5. The September 2018 Supplemental Text Revisions to the Final EIR (Attachment S).

Project, Alternatives and Impacts

The Draft EIR studied the following:

- Revised Project – Studied in the Final EIR, is closest to the anticipated development program under the Tier 2 option in the specific plan.
- Previous Project – Identified as the preferred project in the Draft EIR. This alternative is consistent with the development allocation in the current General Plan and assumes that residential development on the site is limited by the City's current residential allocation for the site.
- General Plan Buildout with Maximum Residential – This alternative is consistent with the current General Plan except that it assumes residential development on the site is not limited by the City's current residential allocation for the site and that development may occur at the maximum residential density currently allowed on the site.
- Occupied/Re-tenanted mall – This alternative is consistent with the current General Plan and assumes that the mall would undergo a minor facelift and could be repurposed and re-tenanted as a mall.

- **Housing Rich** – This alternative was identified based on input received from the City Council at its June 4, 2018 session in order to expand the development program to meet all of the objectives identified by the Council, including additional housing opportunities with substantial community benefits (as previously described).

Another alternative that is required to be studied under CEQA is the No Project alternative, which assumes that the mall continues to operate at its current occupancy level (~15%) and no financial investment is made to the site. However, because the No Project alternative is an existing, ongoing use and has no impacts under CEQA, this alternative is not discussed further in this staff report, but is discussed in the EIR.

Table 2 below indicates the development program for each of the alternatives analyzed in the Final EIR (including May Draft EIR, July EIR Amendment, August Final EIR, and the August and September Supplemental Text Revisions memos).

Table 2: Comparison of Development Program by Specific Plan Tiers & EIR Alternatives

	Land Uses					
	Commercial (sq.ft.)	Office (sq.ft.)	Hotel (rooms)	Residential (units)	Civic Space (sq.ft.)	Green Roof (acres) †
Specific Plan:						
Tier 1	600,000	750,000	339	2,034	0	-
Tier 2	460,000	1,500,000	339	2,923	25,000	-
EIR						
Revised Project *	460,000	1,750,000	339	2,923	35,000	30
Previous Project**	600,000	2,000,000	339	2,640	65,000	30
General Plan Buildout with Maximum Residential Alternative**	600,000	1,000,000	339	2,640	65,000	30
Retail and Residential Alternative**	600,000	0	339	4,000	0	0
Occupied/Re-Tenanted Mall Alternative **	1,207,774	0	148	0	0	0
Housing Rich Alternative ***	600,000	1,500,000	339	3,250	65,000	30
Notes: † No value in this column does not mean a green roof is disallowed. * Revised project identified and analyzed in the Final EIR ** Project and project alternatives analyzed in the Draft EIR						

*** Project alternative analyzed in the EIR Amendment upon City Council input at June 4, 2018 study session

Table 3 below, which is based on Table 2.1-12 in the Final EIR, compares the impacts of each alternative to the Revised Project, as required by CEQA, for each environmental topic.

Table 3: Comparison of Impacts by Alternative

Topic	Revised Project (Closest to Tier 2 in Specific Plan)	Previous Project (Current General Plan)	GP Buildout with Maximum Residential Alternative	Retail and Residential Alternative	Occupied/ Re- Tenanted Mall Alternative (Informational only)	Housing Rich Alternative
Aesthetics	LTS	LTS	LTS	LTS	LTS	LTS
Agricultural Resources	NI	NI	NI	NI	NI	NI
Air Quality	SU/M	SU/M	SU/M	SU/M	LTS	SU/M
Biological Resources	LTS	LTS	LTS	LTS	LTS	LTS
Cultural Resources	LTS/M	LTS/M	LTS/M	LTS/M	LTS	LTS/M
Energy	LTS	LTS	LTS	LTS	LTS	LTS
Geology, Soils & Mineral Resources	LTS	LTS	LTS	LTS	LTS	LS
GHG Emissions	LTS/M	LTS/M	LTS/M	LTS/M	SU	LTS/M
Hazards & Hazardous Materials	LTS/M	LTS/M	LTS/M	LTS/M	LTS	LTS/M
Hydrology & Water Quality	LTS	LTS	LTS	LTS	LTS	LTS
Land Use & Planning	LTS	LTS	LTS	LTS	LTS	LTS
Mineral Resources	NI	NI	NI	NI	NI	NI
Noise	SU/M	SU/M	SU/M	SU/M	SU	SU/M
Population & Housing	LTS	LTS	LTS	LTS	LTS	LTS
Public Services & Recreation	LTS	LTS	LTS	LTS	LTS	LTS
Transportation & Traffic	SU/M	SU/M	SU/M	SU/M	SU	SU/M
Utilities & Service Systems	LTS/M	LTS/M	LTS/M	LTS/M	LTS	LTS/M

Notes: NI – No Impact; LTS - Less-than-significant impact; LTS/M - Less-than-significant with mitigation; SU/M – Significant and unavoidable with mitigation; SU - Significant and unavoidable.

As shown above, the impacts of the Revised Project, which includes the Tier 2 development anticipated in the Specific Plan, as well as the previous project, General Plan Buildout with Maximum Residential, Retail and Residential and Housing Rich alternatives, show similar levels of impacts within each resource category as a whole, but in varying degrees. Each of the alternatives lessens at least one impact of the Revised Project. The EIR studied impacts of the buildout of the Revised and Proposed Projects and alternatives over a 10-year period as well as the cumulative build-out in the region. The results indicate that the difference between the impacts of the various alternatives is not very significant, in the context of the cumulative impacts of regional plans over a 10-year period.

In general, the EIR finds significant and unavoidable impacts to Noise, Air Quality and Transportation and Traffic related to the Proposed and Revised Projects and the General Plan Buildout with Maximum Residential, Retail and Residential and Housing Rich alternatives. In some cases, the significant impacts have been determined to be significant and unavoidable because the mitigation measures require approval from a governmental agency other than the City of Cupertino (e.g. Caltrans), are not within the responsibility and jurisdiction of the City, and need approval from the other agencies for implementation. In other cases, a significant impact is unavoidable because the significant impact would not be fully mitigated even though mitigation measures have been identified and would be implemented.

In some cases (such as air quality, cultural resources and utilities and service systems), the impacts of the Occupied/Re-tenanted mall are less than the other alternatives, but other impacts are greater (such as Transportation, Greenhouse Gases and Noise) because the mall can be re-tenanted without discretionary approvals and the City could not be able to require implementation of mitigation measures.

The other alternatives have higher impacts than the Occupied/Re-Tenanted Mall Alternative in the following environmental topics:

- Air Quality: Since the mall is a permitted land use and re-tenanting may occur without any extensive construction or discretionary approvals that involve CEQA review, the impacts are considered Less than Significant. On the other hand, all of the other alternatives anticipate excavation, making the air quality impacts Significant and Unavoidable, even with required mitigation measures being implemented.
- Cultural Resources: Since no excavation is anticipated with the re-tenanting of the mall, the impacts to Cultural Resources is considered to be Less than Significant. However, for all the other alternatives the anticipated excavation could result in the finding of cultural resources. However, with the implementation of identified mitigation measures, the impact for the other alternatives is also Less than Significant.

- Utilities and Service Systems: Since the re-tenanting of the mall would not require any upgrades to the sewer lines/system, the impact is Less than Significant. On the other hand, in each of the other alternatives, upgrades are required to the sewer facilities. However, with implementation of the required mitigation, these impacts are Less than Significant.

The Occupied/Re-Tenanted Mall Alternative has higher impacts than the other alternatives in the following environmental topics:

- Greenhouse Gas (“GHG”): For the Occupied/Re-Tenanted Mall alternative, the annual GHG emissions would be significantly higher than any of the other alternatives. While required mitigation measures may be required and implemented in the approvals for future projects under the other alternatives, which would reduce the impact to Less than Significant, they cannot be required for the Occupied/Re-Tenanted Mall.
- Noise: Since the Occupied/Re-Tenanted Mall alternative may be occupied without any further discretionary approvals, the increase in ambient noise from operations at the site would not be mitigated. However, for the other alternatives, while the increase in ambient noise would be similar, mitigation measures can be required to mitigate the increase.
- Transportation: Since the mall may be re-occupied without the implementation of any transportation mitigation measures, the impacts are considered Significant and Unavoidable. On the other hand, for all the other alternatives, mitigation measures are available which may alleviate the impacts even if not to Less than Significant levels in some cases. The implementation of required mitigation measures, such as the formation of a Transportation Management Agency (TMA) that would support the users of the site to implement a Transportation Demand Management (TDM) program that will help reduce the number of trips to the site. The TDM goal is to reduce the number of Single Occupancy Vehicles to the site by 34% by encouraging office employees to use carpools, vanpools, shuttles or other modes of transportation. The effectiveness of the TDM program will be monitored annually with penalties associated with failure to meet the established trip caps for the office portion of the project. In addition, the mixed use nature of the site in the other alternatives would reduce the number of trip both to and from the site.

A project developed under this EIR would have to implement all mitigation measures identified in the EIR and adopted and incorporated into the Project. Mitigation measures have been identified in the following environmental topics:

- Air Quality: Mitigation measure include the implementation of Bay Area Air Quality Management District recommended measures to control dust, particulate matter and

diesel exhaust emissions during construction and include both basic and enhanced measures. These includes wet vacuuming streets, watering the site multiple times a day, reducing idling times for equipment, requiring newer construction equipment.

- Cultural Resources: Mitigation measures include the retention of qualified personnel to assess archaeological resources, cultural remains or human remains found during demolition, excavation and construction and determine ultimate resolution upon review and approval of the appropriate authorities.
- Greenhouse Gas Emissions: Mitigation measures include the preparation and implementation of a GHG Reduction Plan to offset the increase in GHG emissions above the thresholds of significance.
- Hazardous Materials: Mitigation measures include the preparation, review and approval of appropriate plans for the review and approval of the Santa Clara County Department of Environmental Health and the Santa Clara County Fire District, the demolition and removal of equipment and facilities related to the Sears and JC Penney Automotive Centers, including remnant piping, below ground oil-water separators, a potential Underground Storage Tank, lift casings and associated piping etc. and other mitigations related to lead and asbestos removal and potential pesticide contamination.
- Noise: Mitigation measures include the implementation of the City's Noise Control Ordinance, a construction noise control plan to be review and approved by the City, which would include the designation of a disturbance coordinator responsible for implementing the plan, specific implementation actions related to the reduction of construction noise and vibration.
- Transportation: Mitigation measures are two prong and include reduction of trips to the site and the expansion or improvement of facilities to accommodate the increase in traffic. Notably, the project applicant would have to implement a robust Transportation Demand Management (TDM) plan (as previously mentioned – the goal would be to reduce the number of office trips to be 34% non-SOV, i.e., use other modes of transportation) with associated penalties if the project is unable to meet the established trip caps for office employees. The TDM program will also support the other users of the site and may use a multitude of strategies to reduce the number of trips including providing fewer parking spaces, unbundling parking spaces (thereby charging for a parking stall), providing transit passes to employees and residents, potentially providing a fixed route shuttle system within the City and to transit stations, such as Caltrans. In addition, in order to increase the capacity of existing roadways or improve existing facilities, project applicants would be required to pay the Transportation Impact Fee (TIF) to allow the City to implement identified improvement projects and pay their fair-share toward impacts on facilities within other jurisdictions. For e.g., fair share contributions will be paid for improvement

projects on I-280, Lawrence Expressway and for signal timing improvements within the City of Santa Clara.

- Utilities and Service Systems: Mitigation measures include upgrades to the sewer lines on North Wolfe Road and potential limitation on the number of building permits issues depending on the results of modeling to ensure that the contracted flow rates are not exceeded from the Cupertino Sanitary District system flowing into the City of Santa Clara system

Agency Comments

Public agencies such as Fremont Union High School District, Cupertino Union, VTA, Santa Clara Valley Fire District, Cupertino Sanitary, and local cities either attended public events, met with staff to discuss relevant topics or provided comment letters. All comments have been addressed in the Final EIR and Responses to Late Comments (see Attachments T and U). Any letters received after the publication of the agenda packet will be forwarded to the City Council for its review.

Public Noticing and Outreach

The following table is a brief summary of the noticing done for this project:

Public Notice	Agenda
<ul style="list-style-type: none">▪ Site Signage (<i>14 days prior to the hearing</i>)▪ Legal ad placed in newspaper (<i>at least 10 days prior to the hearing</i>)▪ Public hearing notices mailed to property owners within 300 feet of the project site (<i>10 days prior to the hearing</i>)	<ul style="list-style-type: none">▪ Posted on the City's official notice bulletin board (<i>one week prior to the hearing</i>)▪ Posted on the City of Cupertino's website (<i>one week prior to the hearing</i>)

A summary of comments from community outreach efforts is included (see Attachment V.) Public comments received after the posting of the public review draft as of the date of production of this staff report, are also included (see Attachment W). Within the comments received, the topics raised include requested support for a particular retailer, questions about process, pollutants the project will produce annually, lack of parkland in the east side, and Phase II Environmental Site Assessment. It should be noted that the city does not regulate private party agreements between property owners and prospective retail tenants. The specific plan addresses park land and the FEIR addresses the environmental issues.

Fiscal Impact

The city's economics consultant, EPS, completed a report and findings which are in Attachment N of this report. In summary, the analysis finds that:

- Tier 1 is in the realm of feasibility assuming that the majority of the residential units are developed as for-sale units.
- Tier 2 is generally feasible within a range and can generate significant community benefits for the city discussed in the development agreement portion of the staff report.

The analysis also provides several caveats including the following:

- For example, if the project underperforms its market potential, or if construction costs are higher than anticipated, or if macroeconomic conditions erode in the future, then the projected feasibility of development will weaken accordingly.
- While there certainly is great economic potential for Vallco redevelopment, the size and complexity of the site, environmental mitigations, and community benefits requirements serve as potential barriers to development.
- The analysis provides a planning-level assessment of overall feasibility at buildout, which is ideal for the initial consideration of alternatives, but is insensitive to phase-level economics (i.e., the timing of revenues and costs).

Next steps

Ordinances shall be effective in thirty days following a second reading. Resolutions are in effect upon adoption.

Permit Streamlining Act

Legislative actions are not subject to the Permit Streamlining Act (Government Code Section 65920 – 65964).

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Reviewed by: Piu Ghosh, Principal Planner

Approved by: Benjamin Fu, Assistant Director of Community Development

Aarti Shrivastava, Assistant City Manager

Amy Chan, City Manager

ATTACHMENTS:

- A. Draft Resolution No. 18-084 – Certification of Final Environmental Impact Report (FEIR), adoption of CEQA findings and Statement of Overriding Considerations, adoption and incorporation of mitigation measures into project and adoption of a Mitigation Monitoring and Reporting Program
- B. Draft Resolution No. 18-085 - General Plan amendments (text and map)
- C. Draft Resolution No. 18-086 - Draft Vallco Town Center Specific Plan, and associated clarifying/supplemental language/errata
- D. Draft Ordinance No. 18-2177 - Municipal Code amendments

- E. Draft Ordinance No. 18-2178 - Zoning Map amendments
- F. Draft Ordinance No. 18-2179 - Development Agreement between the City and Vallco Property Owner LLC
- G. Supplemental Reports by Opticos Design, EPS and BKF Engineers
- H. Environmental Review Committee's Recommendation regarding certification of the EIR dated August 31, 2018
- I. Draft ERC Minutes from its August 31, 2018 meeting
- J. Summary comments from ERC meeting dated August 31, 2018
- K. Planning Commission Resolutions
 - K.1 Resolution No. 6860 (EA-2017-05)
 - K.2 Resolution No. 6861 (GPA-2018-02)
 - K.3 Resolution No. 6863 (SPA-2017-01)
 - K.4 Resolution No. 6864 (MCA-2018-01)
 - K.5 Resolution No. 6862 (Z-2018-01)
 - K.6 Resolution No. 6865 (DA-2015-02)
- L. Draft Planning Commission Minutes from its September 4, 2018 meeting
- M. Summary comments from Planning Commission meeting dated September 4, 2018
- N. Financial Feasibility Report by EPS
- O. Draft EIR – May 2018
- P. EIR Amendment – July 2018
- Q. Final EIR – Response to Comments and Text Revisions – August 2018
- R. Supplemental Text Revisions – August 2018
- S. Supplemental Text Revisions – September 2018
- T. Responses to Late Comments memo dated September 4, 2018
- U. Responses to Late Comments memo dated September 12, 2018
- V. Summary of comments during public engagement
- W. Public comments received after public review draft Specific Plan published