CITY OF SUNNYVALE
ADMINISTRATIVE HEARING

MINUTES
Wednesday, March 2, 2005

2005-0029 – Arc Tec [Applicant] **Gdi Gibraltar LLC** [Owner]: Application for a Parcel Map to merge two 1.7-acre sites (2.4-acre total) to allow the subdivision of two existing industrial buildings into eight individual industrial condominium units on one common lot. The properties are located at **256 and 292 Gibraltar Drive** in an MP-TOD (Moffett Park Transit Oriented Development) Zoning District.

In attendance: Jim Fulton; Applicant; Terry Deveau, Louis Steinberg, Greg Galasso, Dean Chesnut, Ron Duhamel, Mike Ma; Gerri Caruso, Administrative Hearing Officer; Diana O'Dell, Senior Planner; Debbie Gorman, Administrative Aide; Joey Mariano, Staff Office Assistant

Ms. Gerri Caruso, Administrative Hearing Officer, on behalf of the Director of Community Development, explained the format that would be observed during the public hearing.

Ms. Caruso announced the subject application.

Diana O'Dell, project planner, stated that the subject site consists of two adjacent parcels with a one-story building on each parcel which is surrounded by parking and landscaping. The applicant proposes subdividing the existing two buildings into 4 units in each building, for a total of 8 industrial condominium units on one common lot. Other proposed improvements include installation of a sidewalk along Gibralter Drive and upgrading of the landscaping. Staff is recommending denial of the proposed application. Staff recommended denial of the Parcel Map subject to the findings.

Ms. Gerri Caruso stated that she had read and reviewed the report including the supplemental information provided by the applicant.

Ms. Caruso opened the public hearing.

Ron Duahamel noted that the building site has been vacant for two years and there has not been a proposal to re-occupy the site except for their proposal. He noted that he had met with the City of Sunnyvale prior to purchasing the property and that the only concern from staff was regarding the sidewalks. He noted that a Preliminary Review was submitted to the Planning Division in November of last year. He noted that their proposal today addresses current site constraints, market conditions, the MPSP (Moffett Park Specific Plan), TDR (Transfer Development Rights), and the cost constraints of the subject site. He noted that the 1.7-acre parcel is the smallest lot in the MP-TOD zoning district. He noted that the site's size and location is ideal for Class A office space and explained the need of these types of development within larger industrial sites. He noted that the feasibility analysis study calls for more parking. He noted that the vacancy rates have been consistent since 2001. He noted that current lease rates show value for these smaller industrial sites. He noted that

the City should support these types of development to help the viability of the City's economy. He noted that the concept of the MPSP was during a different market condition. He described some examples of neighboring sites that are similar to the proposal. He noted that the TDR supports these types of development. Mr. Duhamel further noted that the surrounding area is Class B office space. He noted that they are helping the vacancy rate by lowering it and that even though the site is relatively small; they are still occupying a vacant site and are creating jobs in the city.

Terry Deveau, with Cornish & Carrey Commercial Real Estate had a chance to read the report and noted some key issues and staff responses from page seven. He noted that, according to his firm, that there are 41 Class B & C office spaces in the area ranging from 1,000 square feet to 5,000 square feet including this subject site. He noted that the proposed site is composed of industrial buildings but is considered to be office space. He also stated that Class B Office developments do not become obsolete and a reason why he invested in this project is that the buildings are in near market condition. He further stated that the area needs mixed uses to cater for the surrounding industrial area. He noted that the buildings have value and will continue to gain value in the future. He stated that the high tide floats all boats as a metaphor to the growing economy in relation to small businesses owners sharing the same economy with the larger corporations. He noted that the site is not Class A office, but in the same family of products. He stated that the site fits the need of what the MPSP states regarding mixed use.

Greg Galasso, Colliers International, stated that he is the broker of the property. He noted that page seven of the staff report stated that the City encourages reinvestment of Class B & C office space for start-up companies and support services. He further stated that the proposed site is not prime office space. He asked Ms. Caruso what defines Class A office space. Ms. Caruso clarified the definition of Class A office space. He noted that there are needs for Class B office space in the particular area to service larger corporations. Ms. Caruso asked if more assembly would be needed to make it a prime office space. Mr. Gallasso noted that the whole site would need to be replaced and presented a map diagram of the site to further explain. He noted some aspects of the building site and other areas in Moffett Park.

Ms. Caruso noted the parking constraints and stated that the site is on a flood plain. She further noted that the bigger picture is that land would assemble over the 20 years which is conjunction to the MPSP (Moffett Park Specific Plan).

Ms. Caruso asked that applicants when the building was built. They replied that the buildings were built around the 1980's. She asked Mr. Deveau if he thinks that the buildings are sound enough to have 20 years of life in them. He answered that yes, they may have 40-50 years of life and be in compliance with all the current codes. Mr. Steinberg noted that the life span of the buildings is 50 years.

Ms. Caruso noted that the current plans are for eight spaces and that having this many of owners may create difficulties for assembly in the future. Mr. Steinberg answered that in terms of assembling the buildings, more adjacent properties would be needed to work together anyway. He noted that the realty is that in order to make a site economically viable, the cost of assembling is not recommended. He noted some economics of assembling smaller sites for the marketability of the area as a whole.

Mr. Steinberg noted that the whole concept of TDR is to allow ~~density of the entire~~ project.

Greg Galasso noted a map of the area what they think is considered Class A buildings around the Moffett Park Area.

Ms. Caruso closed the public hearing.

Ms. Caruso took the item under advisement until Friday, March 4 2005 for the final decision.

Ms. Caruso asked who the contact person would be. They responded that Ron Duhamel would be the contact for the outcome of the final decision. Ms. Caruso noted that the 15-day appeal period starts when the decision is determined on Friday.

The meeting was adjourned at 2:50p.m.

ADDENDUM

March 7, 2005

The Administrative Hearing Officer denied the Parcel Map to merge two 1.7-acre sites (2.4-acre total) to allow the subdivision of two existing industrial buildings into eight individual industrial condominium units on one common lot due to the inability to make the required findings.

The applicant has 15 days from the date of this approval to appeal the decision to the Planning Commission.

Minutes approved by:

Gerri Caruso, Principal Planner