

# LANDBANK

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**PLANNING DIVISION**

May 30, 2014

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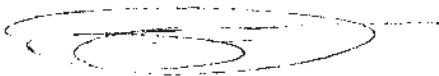
Project Applicant comments to the DEIR for the Central & Wolfe Campus

Dear Mr. Hogan,

Attached to this letter are the Project Applicant's comments to the DEIR for the Central & Wolfe Campus. The include the following:

1. Table of comments
2. Updated images in print and digital CD format
3. Central & Wolfe Fiscal and Economic Impact Analysis Report
4. BAAMQD Construction Health Risk Screening Table

All the best,



Scott Jacobs  
CEO

Central & Wolfe Project  
 Comments to the DEIR  
 June 2, 2014

Comment Number	DEIR Page	Section/Paragraph/Line	Comment	
1	Cover		Image should be replaced with the updated image named "Central & Wolfe Street Level" provided by Project Applicant on March 14, 2014 and with these comments.	E-1
2	S-2	S.3 Project Objectives	<p>It should be noted that in addition to the Project Objectives mentioned in S.3 of the Draft EIR, the Project Applicant also has the following additional Project Objectives:</p> <ul style="list-style-type: none"> <li>• Develop a Class A, headquarter-style campus of sufficient size (with as large a total occupiable building space as possible to accommodate technology tenants that demand large magnitude campus developments such as Apple [3,000,000 sf], NetApp [2,500,000 sf], Juniper Networks [1,600,000 sf], VMware [1,500,000 sf], Google [1,100,000 sf], NVIDIA [1,000,000 sf], and Facebook [1,000,000 sf], with sufficient growth flexibility, ample parking, and of a superior quality that will attract and accommodate large-scaled leading edge technology tenants requiring large, contiguous floor plates (similar in magnitude to those found at the new Apple, Google, NVIDIA, and Facebook campus developments), that allow maximum efficiency and flexibility, while accommodating tenants growth needs, allowing them to easily scale up or down.</li> <li>• Develop a campus that satisfies single entity, large-scaled leading edge technology tenants' demands for next generation workplace environments with ample, safe and conveniently located underbuilding and structured parking, abundant on-site amenities, such as fitness, convenience retail, personal services, food serving facilities, rooftop gardens and abundant useable open space in order to deliver an enhanced user experience while also reducing trip generation to and from the site throughout the day.</li> <li>• Develop a campus of a sufficient size and density with ample parking and of a superior quality that is economically feasible, produces a sufficient return on investment for the project applicant and that will easily attract investment capital and construction financing.</li> </ul>	E-2
3	S-3	S.5/lines 14-18	Clarify for Impact TR-1, TR-2 and CUM-TR, that it is just ONE intersection in which the traffic volumes would increase, and that such single intersection currently operates at an unacceptable LOS	E-3
4	S-5	line 14	Incorrect statement; the applicant's goal is 20% per the TDM submitted by Project Team on 02-10-2014	E-4
5	S-7	Impact TR-1	Clarify for Impact TR-1 that it is just ONE intersection in which the traffic volumes would increase, and that such single intersection currently operates at an unacceptable LOS	E-5
6	S-8	Impact TR-2 Line 4	Clarify for Impact TR-2 that it is just ONE intersection in which the traffic volumes would increase, and that such single intersection currently operates at an unacceptable LOS	E-6
7	S-9	Column 1, Line 1	"Impact TR-9 cont'd" should be "Impact TR-8 cont'd"	E-7

Central & Wolfe Project  
 Comments to the DEIR  
 June 2, 2014

Comment Number	DEIR Page	Section/Paragraph/Line	Comment	
8	S-9	Column 2, Line 2	It should be noted that the Project Applicant will work with the City to establish an "easement" and not a "dedication" to accommodate the widening of E. Arques for a bicycle lane.	E-8
9	S-12	Impact BIO-2	It should be noted that the project will comply with "Bird Safe Building Design Guidelines" as adopted by the City of Sunnyvale, specifically items #3, 4, 5, and 6	E-9
10	S-17	Impact CUM-TR	Clarify for Impact CUM-TR that it is just ONE intersection in which the traffic volumes would increase, and that such single intersection currently operates at an unacceptable LOS	E-10
11	2-5	Figure 2-4	Image should be replaced with the updated image named "Central & Wolfe Site Plan" provided by Project Applicant on March 14, 2014 and with these comments.	E-11
12	2-6	Figure 2-5	Image should be replaced with the updated image named "Central & Wolfe Street Level" provided by Project Applicant on March 14, 2014 and with these comments.	E-12
13	2-7	Figure 2-6	Image should be replaced with the updated image named "Central & Wolfe Aerial" provided by Project Applicant on March 14, 2014 and with these comments.	E-13
14	2-16	Line 3-4	It should be noted that the outdoor amphitheatre is only for use by the tenants during normal business hours between 9:00 a.m. and 5:00 p.m. and will comply with all City ordinances. Use will be enforced by building security.	E-14
15	2-22	Section 2.7	Add Tree Removal Permit	E-15
16	Fig. 3.3-4		All views should note the "Project Site"	E-16
17	Fig. 3.3-5		All views should note the "Project Site"	E-17
18	Fig. 3.3-6		All views should note the "Project Site"	E-18
19	Fig. 3.3-9		All views should note the "Project Site"	E-19
20	Fig. 3.3-10		All views should note the "Project Site"	E-20
21	Fig. 3.3-11		All views should note the "Project Site"	E-21
22	3.3-21	Impact AES-2	The impact discussion of potential degradation of visual character concludes that compliance with the City of Sunnyvale's formal Design Review Process would offset this potential impact. The conclusion should be amended to include a discussion of the components of the Design Review process and how conformance or compliance with the process would offset the impact.	E-22
23	3.3-21	Impact AES-3	Line 11: REVISE "...(LEED) standard for night lighting." TO READ "... (LEED) light pollution reduction standard." Final lines on page: REVISE "Achievement of the LEED standard for night lighting would avoid creating a new substantial source of light." TO READ "Achievement of the LEED light pollution reduction standard would reduce input power of all non emergency interior luminaires with a direct line of site to any openings in the envelope by at least 50% between 11 PM and 5 AM. Exterior lighting will be designed with high performance light fixtures that meet the Code and provide sufficient lighting for safety and comfort but do not exceed lighting power density per ANSI/ASHRAE/IESNA Standard 90.1-2007 for the classified project lighting zone."	E-23

Central & Wolfe Project  
 Comments to the DEIR  
 June 2, 2014

Comment Number	DEIR Page	Section/Paragraph/Line	Comment	
24	3.3-22	Mitigation Measure AES-4	It should be noted that the Project Applicant will provide a glare study, modeling the façade of the building, in order to ensure that the building design will NOT create a new source of glare that is concentrated and projected such that it would cause damage to property or persons.	E-24
25	3.4-7	Transit Service Para 1, line 4	Description should note the Sunnyvale Caltrain station, which is about the same distance from the project site as the Lawrence Station; note the end destinations of the ACE connection	E-25
26	3.4-8	Fig. 3.4-1	Add Duane Avenue Caltrain Shuttle to the map	E-26
27	3.4-16	Para 7, lines 1-3	It should be noted that the City does have a Traffic Impact Fee program, and that this project will be contributing its fair share. This should be included in the Regulatory Setting section on pages 3.4-11 & 12	E-27
28	3.5-15	Impact AIR-2	If the threshold of significant impact is determined by the BAAQMD's Construction Health Risk Screening Table (copy attached), which has been invalidated in an appellate court decision under review by the State Supreme Court, then a quantitative construction Health Risk Assessment should be prepared for commercial development projects, such as the project, of 500,000 SF or larger or 17.6 acres or larger where a sensitive receptor is within 200 – 225 meters. Per the DEIR, the nearest sensitive receptor is the apartment complex which is 575 feet (175 meters) from the project site. If the BAAQMD standards are used as guidance, a Health Risk Assessment should be prepared. The project will include a requirement for Level 3 or Tier 3 diesel emission controls and that mitigation measure should be taken into account in the Health Risk Assessment.	E-28
29	3.5-18	Impact AIR-5 Paragraph 2, line 4	It should be noted that the following should be revised: Line 4: REVISE "...impacts, the Project would result in significant and unavoidable air quality impacts." TO READ "...impacts, the Project would NOT result in significant and unavoidable air quality impacts."	E-29
30	3.6-14	Impact GHG-1	It should be noted that construction traffic has been discussed in Appendix C, Traffic Technical Appendix, and should be brought forward into the document.	E-30
31	5-3	Reduced Development Alternative: last paragraph	It should be noted that this alternative would not avoid a significant and unavoidable traffic impact	E-31
32	5-6	Para 4, line 6	It should be noted that the one intersection referenced, Commercial-Central Expressway, is already at LOS F	E-32

Central & Wolfe Project  
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 June 2, 2014

Comment Number	DEIR Page	Section/Paragraph/Line	Comment
33	5-10	Column 4, Rows 2 and 7	It should be noted that the Reduced Development Alternative does NOT meet the DEIR project objectives #2 and #7, nor does it meet the Project Applicant's three added Project Objectives noted in Comment #2 of this list. The reduction of occupiable floor space within the buildings to 582,877 SF does not meet the demands of large technology companies. Per the "Central Sunnyvale Campus Fiscal and Economic Impact Analysis" dated February 13, 2014, and submitted by the Applicant in support of this Project, the Reduced Development Alternative would reduce the net contribution of the project to city revenues, would result in fewer jobs and associated benefits, and would generate fewer development impact fee proceeds available to fund capital facilities for the City. The applicant believes that the Reduced Development Alternative would make the Project infeasible.
34	5-10	Column 5, Rows 2 and 7	It should be noted that the Alternative Transportation Alternative does NOT meet the DEIR project objectives #2 and #7, nor does it meet the Project Applicant's three added Project Objectives noted in Comment #2 of this list. The reduction of parking by 16% to a 2.75 ratio of parking spaces per 1000 SF of occupiable space does not meet the demands of large technology companies. The applicant believes the Alternative Transportation Alternative would make the Project infeasible.

E - 33

E - 34



Central & Wolfe Street Level



Central & Wolfe Aerial



E-35  
cont.



Central & Wolfe Site Plan

E-35  
cont.

**Report**

**Central Sunnyvale Campus Fiscal  
and Economic Impact Analysis**

E-36

*The Economics of Landmarks*



Prepared for:

Landbank Investments LLC

Prepared by:

Economic & Planning Systems, Inc.

May 30, 2014

EPS #131067

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Table of Contents

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1.	INTRODUCTION AND FINDINGS .....	1
	Key Findings .....	2
2.	PROJECT DESCRIPTION AND KEY ASSUMPTIONS .....	3
	Project Description .....	3
	Key Assumptions .....	3
3.	ECONOMIC IMPACT ANALYSIS .....	8
	Silicon Valley Economic Overview .....	8
	Existing Project Site Uses .....	9
	Proposed Project .....	10
4.	FISCAL IMPACT ANALYSIS .....	15
	Budget Overview .....	15
	General Fund Revenues .....	15
	General Fund Expenditures .....	22
	Net Fiscal Impact on General Fund .....	26
5.	RELATIONSHIP TO THE SUNNYVALE GENERAL PLAN .....	29

List of Tables

---

Table 1	Central Sunnyvale Campus Project Description and Daytime Population .....	5
Table 2	Sunnyvale Citywide Assumptions, 2013 .....	6
Table 3	Central Sunnyvale Campus Assessed Value .....	7
Table 4	Industry Employment at Project Site (2011).....	9
Table 5	City of Sunnyvale Industry Specialization, 2011 .....	11
Table 6	Estimated Distribution of Project Employment by Industry .....	11
Table 7	Annual Direct Economic Impacts of Project Tenants’ Business Operations.....	12
Table 8	Estimated Annual Total Economic Impacts of Project Tenants’ Operations .....	13
Table 9	Estimated Total Economic Impacts of Project Construction .....	14
Table 10	Estimated City Development Impact Fees.....	14
Table 11	Budget Summary and Estimating Factors .....	16
Table 12	Property Tax and Property Tax In Lieu of VLF Tax Estimate .....	18
Table 13	Sales Tax Estimate .....	19
Table 14	Construction Tax Estimates .....	20
Table 15	Other Revenue Estimates .....	21
Table 16	Expenditure Estimates .....	23
Table 17	Fiscal Summary at Buildout .....	27
Table 18	Annual Fiscal Summary.....	28

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## 1. INTRODUCTION AND FINDINGS

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Landbank Investments LLC (the Developer) proposes to redevelop an 18-acre site consisting of 262,000 square feet of tilt-up industrial and R&D buildings located at the intersection of Wolfe Road and Arques Avenue in the City of Sunnyvale. The development proposal envisions a new 777,170-square foot high-tech corporate office campus consisting of four connected buildings. The Project's campus layout, design, and amenities will be designed to promote innovation and high-tech activity on the site. The new development will generate positive fiscal and economic impacts that are summarized in this analysis.

This fiscal impact analysis compares the potential additional costs incurred by the City from providing public services to the Project with the additional tax and other revenues that it generates and indicates whether the Project can be expected to have a positive or negative overall effect on the General Fund. The impacts are evaluated during construction, at stabilized occupancy after buildout, and 20 years after the Project is completed. It should be noted that fiscal results (annual surpluses or deficits) are simply indicators of fiscal performance; they do not mean that the City will automatically have surplus revenues or deficits because it must have a balanced budget each year. Persistent shortfalls shown in a fiscal analysis may indicate the need to reduce service levels or obtain additional revenues, while surpluses will provide the City with resources to improve service levels or reduce liabilities such as deferred maintenance.

While the fiscal impact analysis focuses on the City's General Fund, this analysis also evaluates the Project's impact on the local economy. The economic impact analysis utilizes an industry standard Input-Output (I/O) analysis framework that considers direct, indirect, and induced effects on employment, employee compensation, and spending.<sup>1</sup>

This report is based on a number of sources including the City of Sunnyvale's 2013-2014 Adopted Operating Budget; Federal, County and State data sources; IMPLAN 2010 data for Santa Clara County; data provided by HOK and Landbank Investments LLC; and EPS's experience in the City and in comparable jurisdictions. The estimates in this analysis depend on factors such as timing of development, market performance, tenanting, economic conditions, and City budget practices. Changes to such factors would require revisions to the fiscal results. All results are expressed in constant 2013 dollars.

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<sup>1</sup> Direct impacts refer to employment, income, and revenue generated by the Central Sunnyvale Campus. Indirect impacts represent economic effects on industries that supply the Central Sunnyvale Campus with goods and services. Induced impacts represent economic effects that result from personal and household spending. **Chapter 3** provides detailed discussion of I/O analysis.

**Key Findings**

1. **The Central Sunnyvale Campus is well-positioned to support Sunnyvale’s established role in high technological innovation industries.** Located in the heart of the Silicon Valley, Sunnyvale has developed a substantial high-tech cluster that requires specialized but often undersupplied work space. The type and scale of space planned at the Central Sunnyvale Campus Project will provide opportunities to expand existing high-tech firms and attract new tenants to the City.
2. **The Project will accommodate 2,500 workers on-site at buildout and create demand for an additional 4,350 workers elsewhere in Santa Clara County.** Primary economic impacts will include direct jobs, wages, and salaries, as well as the multiplier effects among Sunnyvale retailers and service providers offering goods and services to new employees and businesses. New jobs are expected to provide the higher end of the salary range due to the Project’s orientation towards specialized knowledge-based innovation uses. A portion of the 4,350 jobs and associated benefits generated by the Central Sunnyvale Campus will be captured in the City. These impacts are expected to remain stable after buildout.
3. **Construction of the Central Sunnyvale Campus will generate about 1,850 job-years on site and 1,080 job-years elsewhere in Santa Clara County.** Development of the Project will result in considerable one-time construction impacts, including creation of new jobs and wages. The Project will also generate substantial development impact fee proceeds to the City that would be available to fund capital facilities.
4. **After paying for General Fund-based public services associated with the Project, significant excess revenues will be available to the City during construction and after completion of development.** The Project is shown to generate significant fiscal surpluses to the Sunnyvale General Fund during construction, at buildout, and after completion. In any given period, the Project is estimated to generate General Fund revenues significantly above the level of expenditures required to provide General Fund services. These surpluses will be available to fund additional and improved services elsewhere in the City and are expected to remain stable after buildout.
5. **At buildout, the Project will generate an ongoing, annual net increase of approximately \$870,000 to the City’s General Fund.** The largest revenue contributors include property taxes and sales taxes, which account for 85 percent of the increase in General Fund revenues. These revenues are directly attributable to the significant new property value expected from the development, as well as spending by new high-tech employees attracted to the City by the Central Sunnyvale Campus.
6. **In addition to the fiscal and economic impacts described above, the Project will result in environmental and visual benefits to the City associated with its design and architectural elements.** While these benefits are difficult to quantify, they are expected to include LEED platinum construction with on-site water retention, as well as elimination of surface parking, promotion of connectivity through open space and bicycle trails, and potential landscaping of one mile of Central Expressway.



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E-37

## 2. PROJECT DESCRIPTION AND KEY ASSUMPTIONS

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This chapter provides a description of the proposed Project, and key assumptions used as the basis for the economic and fiscal impact analysis.

### Project Description

The Central Sunnyvale Campus Project is envisioned to include a new 777,170-square foot high-tech corporate office campus consisting of four connected buildings. The Project will feature an amenity-rich environment, high-end building finishes, and platinum LEED-based design standards designed to attract a major Fortune 500 tenant or multiple tenants to the site. While no particular tenant has been identified, this analysis is based on the general high-tech corporate headquarters orientation of the Project towards an information and communication technology (ICT) tenant. ICT firms span industries concentrated in computers, chips, software, networking, telecommunications, and internet, which are the activities envisioned to be supported by the campus orientation, amenities, and design.

The Project's campus layout, large open floor plans, open space features, and other amenities are designed to promote innovation and activity beyond typical business hours. Amenities are envisioned to include a cafeteria, fitness center, coffee bar, grab-and-go meals, general store, barber shop, bike repair shop, banking, dry cleaning pickup, health and wellness center, food truck access, an amphitheater (300 to 500 person capacity), sports courts, potential conference center, executive briefing center, and training center. While some amenities are designed to provide services primarily to employees, others may stimulate industry events that could attract visitors to the site. For example, a potential conference center or an amphitheater could draw off-site visitors for specific entertainment or business venues.

### Key Assumptions

#### Project Employment and Daytime Population

The Central Sunnyvale Campus will support 2,500 employees on-site assuming a typical office density of 300 square feet per employee. Given the current on-site employment estimate of approximately 560, this translates into a net new increase of 1,940 jobs associated with the Project (see **Table 1**). It is worth noting that many ICT firms obtain employment densities as high as 100 square feet per employee by encouraging telecommuting, flexible floor design, and flexible work hours. These strategies improve utilization of work space and support job densities above those estimated in this analysis.

Daytime population is a typical measure commonly used to combine job and residents for the purpose of allocating service demand and associated costs. Daytime population for the City of Sunnyvale is derived based on a weighting of residents relative to nonresident employees. These calculations are shown in **Table 2**. The increase in employment from the Project translates to the equivalent of 1,250 daytime population or a net new increase of 970 daytime population.

E-38

**Assessed Value**

A direct Project development cost of \$246 million is based on a Webcor Builders bid with a contingency factor. EPS assumes an indirect cost factor of 20 percent with additional tenant improvements<sup>2</sup> and personal property value applied to determine the total assessed building cost. The analysis also includes a land value of \$90 per square foot based on an estimate by Jones Lang Lasalle. These assumptions result in the total assessed value of approximately \$471 million at Project buildout, as shown in **Table 3**.

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cont.  
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<sup>2</sup> A tenant improvement cost estimate of \$50 per square foot assumed in this analysis reflects the developer's portion with end users likely to incur an additional tenant improvement cost estimated as high as \$50 per square foot above the developer's estimate. As such, the partial tenant improvement cost used in this analysis is conservative.

**Table 1**  
**Central Sunnysvale Campus Project Description and Daytime Population**  
**Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Total Program #	Units	On-Site Employment	Daytime Population (1)
<b>New Project (2)</b>				
Office Campus				
Office Space	747,170	square feet		
Amenities (3)	30,000	square feet		
Parking	2,541	spaces		
<b>Total (net of parking)</b>	<b>777,170</b>	<b>square feet</b>	<b>2,500</b>	<b>1,250</b>
<b>Existing Uses (4)</b>	<b>258,279</b>	<b>square feet</b>	<b>563</b>	<b>282</b>
<b>Net New Increase</b>	<b>518,891</b>	<b>square feet</b>	<b>1,937</b>	<b>969</b>

(1) Reflects a standard public-service demand estimate in which employees are weighted 50 percent of residents because of more limited service requirements.  
 (2) The Project is assumed to be developed during a 2-year period with stabilized occupancy in year 3.  
 (3) Potential on-site amenities include cafeteria, fitness center, coffee bar, grab-and-go meals, general store, barber shop, bike repair shop, banking, dry cleaning pickup, health and wellness center, food truck access, an amphitheater (300 to 500 person capacity), sports courts, conference center, executive briefing center, and training center.  
 (4) Reflect 1-story industrial tilt-up buildings with employment based on the On The Map 2011 primary job data. All existing leases are short-term.

Sources: HOK, Webcor Builders, On The Map Census data, and Economic & Planning Systems, Inc.



**Table 2  
Sunnyvale Citywide Assumptions, 2013  
Central Sunnyvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Amount	Sources
Housing Units	56,898	DOF 2013
Occupied Households	54,443	DOF 2013
Population	145,973	DOF 2013
Persons/Household	2.67	DOF 2013
Jobs	82,030	OnTheMap
Daytime Population (1)	186,988	OnTheMap/DOF 2013

(1) Reflects a public service demand in which employees are given one-half the weight of residents because of more limited service requirements.

Sources: OnTheMap; Department of Finance; Economic & Planning Systems, Inc.



**Table 3**  
**Central Sunnyvale Campus Assessed Value**  
**Central Sunnyvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Assumption	Total Cost	Source
<b>New Project Size (sq.ft.)</b>	777,170		
<b>Land Market Value</b>	\$90 per sq.ft.	\$69,945,300	Jones Lang Lasalle
<b>Assessed Value</b>			
Direct Development Cost	\$317 per sq.ft.	\$246,000,000	Webcor Builders/Landbank
Indirect Development Cost	20% of direct cost	\$49,200,000	EPS
Tenant Improvements (1)	\$50 per sq.ft.	\$38,858,500	HOK/Landbank
Personal Property Value (2)	20% of real property value	\$66,811,700	
Subtotal		\$400,870,200	
<b>Total New Assessed Value</b>		<b>\$470,815,500</b>	

(1) Reflects the estimated landlord share of the overall tenant improvements; excludes additional Tis that would likely be put in by tenants which could be significant.

(2) Assumed at 20% of real property based on the 50-State Property Tax Comparison Study for commercial properties, conducted by the Minnesota Taxpayers Association.

Sources: HOK, Webcor Builders, Minnesota Taxpayers Association, On The Map Census data, and Economic & Planning Systems, Inc.



### 3. ECONOMIC IMPACT ANALYSIS

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This chapter describes the regional economic context and provides the analysis of the Project's economic impacts. These impacts include direct, indirect, and induced jobs and value added from construction and long-term operation of the Central Sunnyvale Campus.

#### **Silicon Valley Economic Overview**

Silicon Valley is located in the southern part of the San Francisco Bay Area with its core represented by Santa Clara County and San Mateo County, the Alameda County cities of Fremont, Newark, and Union City, as well as the Santa Cruz County community of Scotts Valley also within the Valley's expanding reach. Sunnyvale is centrally located in the heart of the Silicon Valley. The defining characteristics of Silicon Valley are its interrelated industries and economic activities that create a region recognized worldwide as a leader in technological innovation and progressive corporate culture. Silicon Valley is home to the headquarters of numerous internationally prominent information technology companies such as Facebook, Apple, NetApp, IBM, Cisco, Hewlett Packard, Google, and Intel. In addition, the region is home to many small and/or start-up firms that are equally responsible for the region's reputation. According to the recent data from the Association of Bay Area Governments, Silicon Valley includes 1.3 million jobs, 38 percent of the Bay Area total and has a high concentration of manufacturing, wholesale, and transportation jobs, with many in Santa Clara County.

Over the past several decades, Silicon Valley has developed one of the strongest information and communication technology (ICT) industry clusters in the world. ICT employees receive an average wage of over \$182,000 per year, significantly above a regional average wage of \$106,000, according to the *Silicon Valley in Transition* publication. The high-tech economy is fundamental to prosperity with the presence of innovative industries that generate wealth and new opportunities for the region. Silicon Valley is at the forefront of the emerging green/clean tech industry and the ongoing convergence of the biotech, nanotech, and infotech fields. The development and upgrading of these clusters is an important goal for local and regional governments.

Venture capital funding is critical to the creation and success of innovation-oriented technology businesses. Proximity to venture capital funding is an important location decision for technology firms given their innovation-oriented nature, and for small and young companies, which are typically more reliant on venture capital investment. Silicon Valley's proximity to venture capital funding has contributed to the successful establishment of a network of technology and innovation-oriented startups and developing companies. While Silicon Valley historically has captured around half of all venture capital funding in the United States, the fiscal year 2012-13 was a three year high with 900 deals worth over \$8 billion according to data from CB Insights and Thomson Reuters. This investment activity reflects continued growth prospects of the tech sector, and Silicon Valley's desirability due to its proximity to major venture capital funding sources.

E-38  
cont.

Demand for quality work space in the Silicon Valley has been driven by ICT tenants that seek desirable locations with specialized building amenities. According to the *Silicon Valley in Transition*, there are 7,460 ICT companies in the Silicon Valley that employ one-third of the ICT labor force in the State. This cluster has experienced a strong recovery after the Great Recession with the region identified as one of the top tech employment growth areas in the country by EMSI.<sup>3</sup> As this cluster continues to strengthen, demand for ICT-oriented building space is expected to remain strong.

**Existing Project Site Uses**

The Project site is developed with about 260,000 square feet of commercial and light industrial tilt-up buildings. According to employment data from the U.S. Census Local Employment Dynamics (LED) program, in 2011 the site supported employment of about 563 workers with over 98 percent in four major industry sectors: Manufacturing (31 percent), Wholesale Trade (34 percent), Information (5 percent), and Professional, Scientific, and Technical Services (29 percent). An online survey of actual businesses onsite showed that semiconductor and other electronic manufacturing comprise most of the manufacturing employment, while medical and hospital equipment wholesalers are the majority of employers in the wholesale trade sector. Software publishing comprises the bulk of employment in the information sector while custom computer programming and system design services are the main activities in the professional, scientific and technical services sector. **Table 4** summarizes the existing employment composition of the Project site.

**Table 4 Industry Employment at Project Site (2011)**

Industry Sector	2011 Jobs <sup>1</sup>	% of Total
Utilities	2	0.4%
Manufacturing	174	30.9%
Wholesale Trade	191	33.9%
Transportation and Warehousing	2	0.4%
Information	28	5.0%
Professional, Scientific, and Technical Services	164	29.1%
Administration & Support, Waste Management and Remediation	1	0.2%
Accommodation and Food Services	1	0.2%
<b>Total Industry Employment</b>	<b>563</b>	<b>100.1%</b>

[1] Data extracted using LED's OnTheMap application based on a freehand drawn polygon approximating the boundaries of the Project site.

Source: U.S. Census LED OnTheMap.

<sup>3</sup> Reflects the MSA growth for between 2010 and 2013, <http://www.economicmodeling.com/2013/09/13/the-role-of-the-tech-sector-for-metros-with-vibrant-economies/>



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cont.

EPS estimates that existing uses generate about \$148.5 million in annual sales/revenues. Of this amount, approximately \$64.9 million is paid in employee income, an average of \$115,300 per employee. These results are based on the distribution of industry employment and output ratios from IMPLAN.

**Proposed Project**

The Project envisions intensification of the site from about 260,000 square feet to 777,170 square feet of office and ancillary uses at buildout with an associated increase in employment to about 2,500 jobs envisioned to be concentrated in the ICT sector as described in the Project Description. The net addition of 1,937 jobs at Project buildout would represent an increase of 340 percent over existing employment. In addition, the Project’s vision for a high-tech corporate campus attracting ICT sector tenants is likely to increase the site’s support of high value jobs. According to data from the Quarterly Census of Employment and Wages, most industries in the ICT sector targeted by the Project have annual payrolls in excess of \$170,000 per employee in Santa Clara County, which is significantly higher than existing average salary of \$115,300 per employee.

**Estimated Project Employment Distribution by Industry**

In order to estimate the future economic impacts of the Project, EPS analyzed recent employment data for the City and the County and regional employment projections prepared by the California Employment Development Department (EDD). Based on 2011 industry employment, the City is more specialized relative to the region in three major industry sectors as measured by location quotients.<sup>4</sup> **Table 5** illustrates the City’s industry specialization. A location quotient greater than 1 indicates higher local specialization relative to the region.

The Project’s vision for a high-tech corporate campus focuses on the ICT sector, including seven industries in the three specialized sectors note above. Regional employment growth forecasts within the ICT sector are allocated to the City proportionate to the city’s current share of regional jobs. The Project’s jobs are assumed to follow a similar distribution. Employment by industry in the region based on EDD forecasts is shown in **Table 6**.



E-38  
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<sup>4</sup> Location quotients (LQs) measure the concentration of employment in an industry within a specific area (City) relative to the larger region (County). If an area has a proportionally larger share of employment in a given industry than the region, then the area is considered more specialized in that particular industry.

**Table 5 City of Sunnyvale Industry Specialization, 2011**

NAICS Industry Sector	City Jobs		County Jobs		City Location Quotient
	Count	% of Total	Count	% of Total	
Formula:	A	B	C	D	E = B/D
Agric., Natural Resources, & Mining	42	0.1%	3,259	0.4%	0.1
Utilities	93	0.1%	3,384	0.4%	0.3
Construction	1,056	1.3%	30,718	3.5%	0.4
Manufacturing	25,147	30.7%	154,198	17.8%	1.7
Trade, Transportation, and Warehousing	10,499	12.8%	130,460	15.1%	0.8
Information	8,226	10.0%	36,781	4.2%	2.4
Financial Activities	1,694	2.1%	32,808	3.8%	0.5
Professional, Scientific, and Technical Services	16,984	20.7%	114,051	13.2%	1.6
Management of Companies and Enterprises	352	0.4%	10,235	1.2%	0.4
Admin. & Support, Waste Mgmt. and Remediation	3,405	4.2%	51,613	6.0%	0.7
Education and Health Care Services	6,886	8.4%	160,892	18.6%	0.5
Leisure and Hospitality	4,594	5.6%	75,960	8.8%	0.6
Other Services	2,331	2.8%	38,878	4.5%	0.6
Public Administration	721	0.9%	22,489	2.6%	0.3
<b>Total Jobs</b>	<b>82,030</b>	<b>100.0%</b>	<b>865,726</b>	<b>100.0%</b>	

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics.

**Table 6 Estimated Distribution of Project Employment by Industry**

NAICS Sector/ Industry Description	2012 Regional Employment <sup>1</sup>	Projected 10-year Growth <sup>2</sup>	Regional Projected Employment	Sunnyvale Jobs as % of County <sup>3</sup>	City Projected Employment	
					No. of Jobs	Percent Distribution
<b>Manufacturing</b>						
Computers and Peripheral Equipment	37,406	35%	50,457	16%	8,115	21%
Semiconductor and Electronic Components	42,689	16%	49,682	16%	7,990	20%
<b>Information</b>						
Software Publishers	13,853	54%	21,322	22%	4,757	12%
ISPs, Search Portals, & Data Processing	6,124	55%	7,959	22%	1,776	4%
Internet Publishing, Broadcasting, Web Search	20,584	46%	29,962	22%	6,665	17%
<b>Professional, Scientific, and Technical Services</b>						
Custom Computer Programming Services	30,795	34%	41,125	15%	6,113	15%
Computer Systems Design Services	20,326	34%	27,144	15%	4,035	10%
<b>Total ICT Sector</b>	<b>170,777</b>		<b>227,651</b>		<b>39,470</b>	<b>100%</b>

[1] Quarterly Census of Employment and Wages, Industry Employment - 2012 Annual

[2] 2010-2020 Industry Employment Projections for the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.

[3] Based on 2011 Employment by Place, U.S. Census LED OnTheMap.

Source: California EDD; U.S. Census LED; and Economic & Planning Systems.

E-38  
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**Direct Economic Impacts**

Based on the estimated buildout employment of 2,500 jobs and the distribution of these jobs within the ICT sector shown in **Table 6**, EPS estimated the direct economic impacts of Project tenants' business activities summarized in **Table 7**. As shown, the Project will generate more than \$1.0 billion in direct economic output (sales/revenue) at buildout, with about \$739.6 million in value added and approximately \$425.8 million in income to employees. This represents an increase of about 600 percent in direct economic output, 574 percent in value added, and about 560 percent in employee income over existing uses. These increases are greater than the percentage increase in jobs (344 percent) and suggest that the productivity of future employment at the Project would improve.

**Table 7 Annual Direct Economic Impacts of Project Tenants' Business Operations**

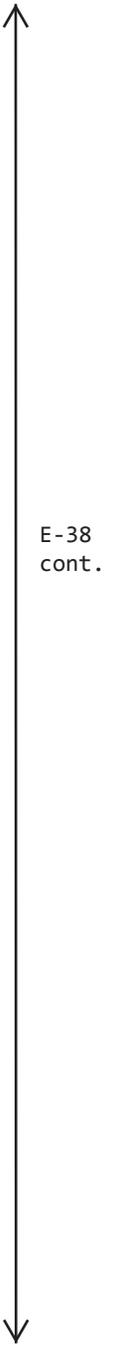
NAICS Sector/ Industry Description	Percent Employment by Industry		Industry Sales	Valued Added	Employee Income
		Employment			
<b>Manufacturing</b>					
Computers and Peripheral Equipment	21%	514	\$176,870,864	\$123,677,682	\$87,246,962
Semiconductor and Electronic Components	20%	506	\$336,282,144	\$232,533,758	\$90,182,932
<b>Information</b>					
Software Publishers	12%	301	\$173,169,264	\$144,815,144	\$66,151,873
ISPs, Search Portals, & Data Processing	4%	112	\$60,482,612	\$47,922,689	\$18,304,938
Internet Publishing, Broadcasting, Web Search	17%	423	\$185,942,496	\$115,411,374	\$95,244,593
<b>Professional, Scientific, and Technical Services</b>					
Custom Computer Programming Services	15%	387	\$72,617,904	\$52,718,667	\$41,961,170
Computer Systems Design Services	10%	256	\$33,092,860	\$22,474,257	\$26,688,585
<b>Total Project at Buildout</b>	<b>100%</b>	<b>2,500</b>	<b>\$1,038,458,144</b>	<b>\$739,553,571</b>	<b>\$425,781,053</b>
Less Existing Uses		563	\$148,454,231	\$109,762,317	\$64,909,900
<b>Net Project Impacts</b>		<b>1,937</b>	<b>\$890,003,913</b>	<b>\$629,791,254</b>	<b>\$360,871,153</b>
% Increase over Existing		344%	600%	574%	556%

Source: IMPLAN 2010, U.S. Census LED, and Economic & Planning Systems.

**Multiplier Effects in the Regional Economy**

The direct impacts generated by the Project's tenants shown in **Table 7** will result in additional multiplier effects in the regional economy defined as Santa Clara County. Multiplier effects consist of indirect effects and induced effects. Indirect effects are generated from subsequent rounds of transactions within the supply chain initiated by initial purchases (new demand) from Project tenants. Induced effects are generated by employees' personal consumption expenditures supported by income earned directly and indirectly from the Project.

Using an input-output regional model for Santa Clara County (IMPLAN 2010), EPS estimates that the Project's multiplier effects will support about \$753.7 million in additional sales/revenues (output) in other businesses countywide. This activity is expected to support approximately 4,350 jobs, as shown in **Table 8**.



**Table 8 Estimated Annual Total Economic Impacts of Project Tenants' Operations**

Impact Type	Employment	Economic Output	Value Added	Employee Income
Direct Impacts	2,500	\$1,038,458,139	\$739,553,572	\$425,781,053
<b>Multiplier Effects</b>				
Indirect Effects	1,682	\$344,043,733	\$237,124,510	\$127,742,403
Induced Effects	<u>2,669</u>	<u>\$409,662,535</u>	<u>\$280,978,212</u>	<u>\$116,620,437</u>
Subtotal Multiplier Effects	4,351	\$753,706,268	\$518,102,722	\$244,362,840
<b>Total Economic Impacts</b>	<b>6,851</b>	<b>\$1,792,164,407</b>	<b>\$1,257,656,294</b>	<b>\$670,143,893</b>

Source: IMPLAN 2010; and Economic & Planning Systems.

**Total Ongoing Annual Economic Impacts**

This analysis estimates that including direct and multiplier effects, the Project's tenant businesses will support a countywide total of about 6,850 jobs, \$1.8 billion in annual sales/revenues, and an annual contribution of approximately \$1.3 billion (value added) to the County's gross regional product as shown in **Table 8**.

**Short-Term Economic Impacts of Construction**

Construction of the Project could potentially occur over a two-year period. Based on the Project pro forma cost estimates and EPS research, the Project's construction cost is estimated at approximately \$334 million, including tenant improvements and is shown in **Table 3**. Based on this cost estimate and the County's IMPLAN input-output model, EPS estimated the total economic impacts that will be generated during construction.

As shown in **Table 9**, the Project will generate nearly \$510 million in economic output in the County and support about 2,930 construction-related jobs both on site and in other related industries through multiplier effects over the construction period. The Project's total economic output will add a total of about \$291.8 million in gross regional product (value added) to the County's economy with approximately \$193 million going to employees as compensation (salaries/wages and benefits).

The Project will also generate one-time development impact fee proceeds to the City. These fees will include transportation and housing, as shown in **Table 10**.



E-38  
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**Table 9 Estimated Total Economic Impacts of Project Construction**

Impact Type	Employment	Economic Output	Value Added	Employee Compensation
Direct (Project)	1,852	\$334,059,000	\$174,695,000	\$127,036,000
Indirect	381	\$68,357,000	\$43,329,000	\$29,226,000
Induced	701	\$107,520,000	\$73,764,000	\$36,747,000
<b>Total Economic Impacts</b>	<b>2,934</b>	<b>\$509,936,000</b>	<b>\$291,788,000</b>	<b>\$193,009,000</b>

Source: IMPLAN 2010; and Economic & Planning Systems.

**Table 10 Estimated City Development Impact Fees**

Item	Fee Schedule	Total
Transportation Impact (1)	\$2,074 per peak hour trip	\$4,017,338
Housing Mitigation	\$9.27 per sq.ft.	\$4,810,120
<b>Total</b>		<b>\$8,827,458</b>

\*Note: building permits and plan check fees are assumed to be cost recovery and are excluded from this analysis; the art in-lieu fee is assumed to be addressed by public art on site.

(1) Assumes one new peak hour trip per employee.

Sources: City of Sunnyvale and Economic & Planning Systems, Inc.



E-38  
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## 4. FISCAL IMPACT ANALYSIS

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The Project will generate new revenues and incur additional costs to the City of Sunnyvale's General Fund. EPS has used several approaches in calculating the impact from the Central Sunnyvale Campus development on the City's key revenues and expenditures. The forecasting approach is shown in **Table 11**. For each item, EPS used the most appropriate forecasting methodology and applied it to the project description.

- **Per Daytime Population.** The relative impacts of employment are compared to residents and used to estimate a common measure, total daytime population. An employee is only likely to access services during non-work hours and therefore has a lower impact than the residential population. For departments affected by daytime population, EPS assumes that the cost to provide services to one worker is equivalent to half of the cost of providing the same service to one resident.
- **Not Affected.** Some budget items, such as Interest and the Real Property Transfer tax, are not estimated because certain City revenues and expenditures are not affected by new development associated with this Project.
- **Other.** A case study approach is used to calculate budget items for which none of the above approaches is deemed appropriate, such as property and sales taxes.

### Budget Overview

As this Fiscal Impact Analysis is being assembled, the U.S. economy is recovering from the Great Recession but the municipal finance sector remains below its 2007 peak. Like many parts of the State, Santa Clara County and Sunnyvale are rebounding from weakened home values and retail expenditures. The most recent FY2013-14 Adopted Budget used in this analysis is considered conservative for forecasting purposes. Over time, it is likely that net revenues will improve relative to the FY2013-14 that is the basis for the forecast. The budget summary is shown in **Table 11**.

### General Fund Revenues

This section describes the methodology and assumptions used for each revenue item estimated in this analysis. Several General Fund revenue items are not forecasted because the Project is not expected to affect them.

#### Property Tax

Property taxes are based on the assessed value of land and improvements of new development. Property tax of 1.0 percent of assessed value is collected by Santa Clara County. Of this amount, the City of Sunnyvale receives 12.8 percent of the total property tax base from the Project area.<sup>5</sup> This share typically does not change significantly over time. The Project will

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<sup>5</sup> Based on the City's General Fund share of property tax generated for TRA 009-002. Percentage provided by Santa Clara County Controller's Office.

E-38 cont.

**Table 11**  
**Budget Summary and Estimating Factors**  
**Central Sunnyvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	FY2013-14 Total	% Variable (1)	Allocation Factor
<b>General Revenues</b>			
Property Tax	\$37,025,936		12.8% of 1% of base assessed value
Property Tax In Lieu of VLF	\$11,999,226		1.49% of citywide assessed value
Utility User Tax	\$6,954,918		\$37.19 per daytime population
Franchise Fees	\$6,559,287		\$35.08 per daytime population
Fines and Forfeitures	\$1,115,936		\$5.97 per daytime population
Permits and Licenses	\$6,871,518		\$36.75 per daytime population
Sales and Use Tax	\$32,236,373		1.00% of estimated taxable sales
Business License	\$1,500,000		\$18.29 per employee
Transient Occupancy	\$8,588,303		\$45.93 per daytime population
Gas Tax (operating portion)	\$992,000		\$5.31 per daytime population
Construction Tax (2)	\$1,903,384		0.54% of construction value
Real Property Transfer Tax	\$854,916		- not affected
Public Safety Sales Tax	\$1,406,785		- not affected
Interfund Revenue	\$5,657,789		- not affected
Services Fees	\$7,904,183		- not affected
Interest	\$529,611		- not affected
Miscellaneous	\$143,417		- not affected
Rents and Concessions	\$2,362,637		- not affected
Intergovernmental	\$1,277,713		- not affected
Other Revenue (3)	\$16,211,575		- not affected
<b>Total Revenues</b>	<b>\$152,095,507</b>		
<b>General Fund Expenditures</b>			
General Government (4)	\$17,411,883	20%	\$18.62 per daytime population
Public Works	\$18,859,115	80%	\$80.89 per daytime population
Gas Tax Fund Operations	\$3,486,283	58%	\$10.83 per daytime population
Library and Community Services	\$16,653,456	50%	\$44.53 per daytime population
Community Development	\$5,551,974	50%	\$14.85 per daytime population
Public Safety			
Police and Fire	\$53,674,561	90%	\$256.34 per daytime population
Other (5)	\$22,841,357	10%	\$12.22 per daytime population
Other Expenditures (6)	\$1,464,044		- not affected
<b>Total Expenditures</b>	<b>\$139,942,673</b>		

Note: excludes transfers.

- (1) EPS assumption; reflects percentage of costs that are population-dependent, as opposed to fixed costs.
- (2) Includes construction tax, building permits, and development-related fees. Only the construction tax portion is estimated in this analysis with one-time development fees estimated separately and permits excluded due to the cost recovery factor.
- (3) Includes a one-time sale of property and interest on the sale, in-lieu charges, transfers from other funds, and other taxes.
- (4) Includes City Attorney, City Manager, Finance Department, and Human Resources Department.
- (5) Includes Public Safety Administrative, Investigation, Community Safety, Communication, Records Management and Property, Fire Prevention, and Personnel and Training Services.
- (6) Includes Budget Supplements, Public Safety Recruitment Projects, Projects and Project Administration, Project Operating Costs, Payments, and Council Service Level Set Aside.

Sources: City of Sunnyvale Recommended Budget and Resource Allocation Plan FY 2013/14; Economic & Planning Systems, Inc

E-38  
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include 777,170 square feet of office space in a high-tech campus setting. The Project's net increase in assessed value is estimated at \$443 million at buildout (see **Table 12**).

**Property Tax In-Lieu of Vehicle License Fees**

In 2004, the State of California adjusted the method for sharing vehicle license fees (VLF) with local jurisdictions. Recent state budget changes replaced the VLF with property tax, which grows proportionate to increases in assessed value of the City. The Project will add nearly 1.5 percent to the current assessed value in Sunnyvale (assuming no other assessed value growth) and will generate the same increase in percentage of in-lieu VLF revenues (see **Table 12**).

**Sales Tax**

Sales tax generation estimate in this analysis is based on typical employee incomes in the high-tech sector as reported by IMPLAN, estimated at \$170,000 per year. The Project will support new employment in the City that will generate new sales and sales tax. To estimate the level of new sales, spending on taxable items by Project employees is considered along with the share of spending likely to occur in the City (see **Table 13**). About 50 percent of total taxable expenditures are likely to be captured by retailers in Sunnyvale, resulting in new sales tax proceeds to the City's General Fund. These retailers will include sales on site from uses like a cafeteria, coffee bar, grab-and-go meals, general store, and food truck sales.

**Construction Tax**

The City of Sunnyvale collects construction tax that consists of the tax on construction as well as development impact fees, building permits, and plan check fees. Development impact fees are evaluated under the economic impact analysis described above, while building permits and plan check fees are assumed to be cost recovery and are excluded from this analysis.

The City charges construction tax based on 0.54 percent of construction cost. Direct construction cost value is capped at \$90 per square foot for office space development based on the City's policy. Additionally, the tax is assumed to be charged on the tenant improvements portion of construction. The resulting tax estimate is shown in Construction Tax (see **Table 14**).

**Utility User Tax**

The City collects Utility User Fees for utility use such as gas, electric and intrastate telephone usage. The net increase in Utility User Fees associated with the Project is estimated at \$37 per daytime population based on the City's budget. This revenue is shown in **Table 15**.

**Franchise Fees**

The City collects Franchise Fees for cable services, gas, electric, and solid waste which would be increased because of the Project development. The net increase in fees is estimated at approximately \$35 per daytime population, as shown in **Table 15**.



E-38  
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**Table 12  
Property Tax and Property Tax In Lieu of VLF Tax Estimate  
Central Sunnyvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Assumption / Factor	Construction		Buildout Year 3 - 20
		Year 1	Year 2	
New Project Value (1) Existing Uses	see Table 3	\$0	\$0	\$470,815,500
Net Value Increase		\$28,567,851	\$28,282,172	\$27,999,351
Property Tax	1.0%	\$0	\$0	\$442,816,149
<b>Sunnyvale General Fund Share</b>	12.8% of the new value increase	\$0	\$0	\$4,428,161
<b>Sunnyvale General Fund Share</b>		\$0	\$0	<b>\$567,800</b>
<u>Property Tax In Lieu of VLF</u>				
Existing Citywide Property Tax in Lieu of VLF	\$11,999,226			
Citywide Assessed Value (2)		\$29,250,000,000	\$29,250,000,000	\$29,693,000,000
Project Net Assessed Value Increase (3)		0.00%	0.00%	1.49%
<b>Net New Property Tax In Lieu of VLF (4)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$178,946</b>

(1) New Project's reassessment is assumed to be triggered in the end of the construction period and would register on the City's tax roll the following year; subj Given that this analysis is conducted in constant dollar terms, the assessed value growth is assumed at negative 1%, the difference between Prop 13 cap and Net FY2013-2014 value based on the Santa Clara County Assessor Annual Assessor's Report. Rounded, only captures growth associated with the Project.  
 (2) Net FY2013-2014 value based on the Santa Clara County Assessor Annual Assessor's Report. Rounded, only captures growth associated with the Project.  
 (3) Calculated by dividing net value increase by citywide assessed value.  
 (4) Calculated by multiplying existing property tax in lieu of VLF by project net assessed value increase.

Sources: City of Sunnyvale; Economic & Planning Systems, Inc.



**Table 13**  
**Sales Tax Estimate\***  
**Central Sunnyvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Assumptions	Construction		Buildout Year 3 - 20
		Year 1	Year 2	
<b>Employee Sales</b>				
Net New Employees		0	0	1,937
Average High Tech Employee Annual Salary (1)	\$170,000			
Taxable Sales (2)	22.6%	\$0	\$0	\$74,296,754
Annual Taxable Employee Expenditure		\$0	\$0	\$37,148,377
Expenditures per New Employee Captured by Sunnyvale (3)	50% of taxable expenditures	\$0	\$0	\$0
<b>Total Sales Tax Generated by New Employees</b>	<b>1.0% of taxable sales</b>	<b>\$0</b>	<b>\$0</b>	<b>\$371,484</b>

\*Note: this analysis does not include the business to business sales likely to be generated and potential point of contact sales that could be generated by the Project. These items vary significantly based on a specific tenant.

- (1) Based on the high tech average salary reported by Impian for Santa Clara County. Does not include benefits or stock options.
- (2) Based on Bureau of Labor Statistics Consumer Expenditure Survey of consumer units with annual incomes in the \$120,000 to \$149,000 range.
- (3) Assumes 50 percent of taxable retail spending by Sunnyvale employees is captured by the retailers within the City, based on amount and range of retail located in City as well as retail space on site.

Sources: State Board of Equalization, U.S. Bureau of Labor Statistics; Economic & Planning Systems, Inc.



**Table 14**  
**Construction Tax Estimates\***  
**Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Assumption	Total
<u>Eligible Construction Cost</u>		
Shell Cost (1)	\$90 per sq.ft.	\$69,945,300
Tenant Improvements	\$50 per sq.ft.	\$38,858,500
<b>Total</b>		<b>\$108,803,800</b>
<b>Construction Tax</b>	<b>0.54% of construction value</b>	<b>\$587,541</b>

\*Note: generated during construction only; building permits and plan check fees are assumed to be cost recovery and are excluded from this analysis.

(1) While the actual building construction cost is likely to exceed \$90 per square foot, the City applies a cost of up to \$90 for office construction space.

Sources: City of Sunnysvale and Economic & Planning Systems, Inc.



**Table 15  
Other Revenue Estimates  
Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Estimating Approach	Total
<b>New Growth From the Project</b>		
Employees		1,937
Daytime Population		969
<b>New Revenues</b>		
Utility User Fees (1)	\$18.60 per daytime population	\$18,011
Franchise Fees	\$35.08 per daytime population	\$33,974
Fines and Forfeitures	\$5.97 per daytime population	\$5,780
Permits and Licenses	\$36.75 per daytime population	\$35,591
Business License (2)	\$18.29 per employee	\$35,420
Transient Occupancy	\$45.93 per daytime population	\$44,483
Gas Taxes	\$5.31 per daytime population	\$5,138

21

(1) Discounted by 50% to reflect the below average utility use associated with platinum LEED standard improvements.

(2) Will vary based on company size.

Sources: City of Sunnysvale and Economic & Planning Systems, Inc.



**Fines and Forfeitures**

The City’s General Fund receives proceeds from Fines and Forfeitures. The net increase in these proceeds associated with the Project is estimated at about \$6 per daytime population. This revenue is shown in **Table 15**.

**Permits and Licenses**

The Project is expected to result in Permits and Licenses proceeds to the City. These proceeds are estimated at \$37 per daytime population based on the existing citywide average, as shown in **Table 15**.

**Business License**

New Business License fees will be generated by the businesses that would be supported by the Project. These proceeds are estimated at \$18 per employee based on the City’s budget and is shown in **Table 15**.

**Transient Occupancy Tax**

The Project will generate Transient Occupancy Tax proceeds to the City from the commercial activity generated by the Project. These proceeds are estimated at \$46 per daytime population based on the existing citywide average. The forecasting methodology is shown in **Table 15**.

**Gas Taxes**

The Project will increase Gas Taxes to the City from the increase in employment and sales. These proceeds are estimated at \$5 per daytime population based on the City’s budget and are shown in **Table 15**.

**Other Revenues**

The City collects other revenues that impact the General Fund. These revenues include Real Property Transfer Tax, Public Safety Sales Tax, Interfund Revenue, Services Fees, Interest, Miscellaneous, Rents and Concessions, Intergovernmental, and Other Revenue. The amount of development in the Project is not anticipated to generate additional resources to these sources; therefore, their impact is not calculated.

**General Fund Expenditures**

The Project will require additional City services. This section describes the methodology and key assumptions used for calculating various General Fund expenditure items. Certain expenditures, such as General Government, Community Services, and others, consist of both fixed and variable costs. While fixed costs are independent of new development, variable costs are assumed to increase based on new growth in the City. Only variable costs are used to project the General Fund expenditures in this analysis, as shown in **Table 11**. The General Fund cost estimates generated by the Project are shown in **Table 16**. Several items are not forecasted because they are not expected to be affected by the proposed Project.



E-38  
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**Table 16**  
**Expenditure Estimates**  
**Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	% Variable	Estimating Approach	Total
New Daytime Population			969
<b>New Expenditures</b>			
General Government	20%	\$18.62 per daytime population	\$18,037
Public Works (1)	77%	\$91.52 per daytime population	\$88,633
Library and Community Services	50%	\$44.53 per daytime population	\$43,128
Community Development	50%	\$14.85 per daytime population	\$14,378
Police and Fire	90%	\$258.34 per daytime population	\$250,206
Other Public Safety	10%	\$12.22 per daytime population	\$11,831

(1) Includes a portion of operation funded by gas taxes.

Sources: City of Sunnysvale and Economic & Planning Systems, Inc.



**General Government**

The City's General Government includes the following categories:

- City Attorney
- City Manager
- Finance
- Human Resources

Based on EPS's research in similar jurisdictions, new development of the Project's scale typically affects administrative and legislative government costs only a small portion of the department's operating budgets. As a result, EPS assumes that 20 percent of the cost of general government services are variable and will be affected by new development; the remaining 80 percent represents fixed costs and services that will not be affected by the proposed Project. The portion of general government costs assumed to be affected by new development is estimated at \$19 per daytime population.

**Public Works**

This category includes costs associated with neighborhood parks and open space management; pavement, traffic signs and markings, street sweeping, and roadside easement; golf course operations; transportation and traffic services; street tree services; land development/engineering; street lights; administration; concrete maintenance; and downtown parking lot maintenance. Additional staff and equipment could be necessary to provide maintenance services throughout Sunnyvale associated with increased daytime population at buildout. The cost associated with Public Works is estimated to be 80 percent variable based on the Department's budget. This approach yields a cost of \$81 per-daytime population. This estimate is conservative as any on-site maintenance cost is envisioned to be covered by the Project itself, limiting the City's share paying only for the off-site cost effects.

A portion of the Public Works Pavement Operations program is supported by the Gas Tax Fund and is excluded from this analysis. Approximately \$2 million out of the \$3.5 million cost is assumed to be variable and yields a citywide average cost of \$11 per daytime population.

**Library and Community Services**

The Library and Community Services Department operates a library and maintains a variety of outdoor recreation spaces; offers swimming, dance, health and therapeutic classes; and runs programs for youth and adult sports in Sunnyvale. The cost associated with Community Services is assumed to be 50 percent variable with expenditures related to Youth and Family Services, Neighborhood Parks and Open Space Management, Department Management, and a portion of the Columbia Neighborhood Center. A combined cost of \$45 per daytime population is estimated for the Project.

**Community Development**

The Community Development Department is responsible for land use planning and zoning and oversees physical development in the City. For this department, 50 percent of the expenditures are assumed to be variable with expenditures associated with Community

E-38  
cont.

Development net of Building Safety Administrations, Policy Planning, Planning Administration, and Department Management not likely to be affected by the Project. This results in a per-daytime population cost of \$15.

**Public Safety**

The Public Safety Department in the City of Sunnyvale has a unique structure with police officers and firefighters cross-trained in order to be able to cross-over roles in cases of emergency. This system provides more streamlined responses to public safety emergencies. Police, Fire and EMS departments and associated methodologies are described in detail below.

**Police and Fire Services**

The Police Services Program includes activities such as police protection and traffic enforcement in the City of Sunnyvale. The City also has many special teams such as Traffic Safety Education and Enforcement, the Gang Enforcement Team, and Special Weapons and Tactics (SWAT) that are part of this department. In addition to traditional policing services, Sunnyvale police officers participate in firefighting activities during emergencies.

The Sunnyvale Fire Department provides fire protection, emergency response, and environmental and safety management services. Because this department's cost are closely related to the size of the population it serves, variable costs are estimated at 90 percent of total costs.

The total costs of this department are about \$53.7 million based on the FY2013-14 budget. New employment supported by the development will increase demand for additional law enforcement officers and fire prevention efforts and their associated staff time and equipment. This analysis assumes that variable portion of police and fire services expenditures, affected by new daytime population, are 90 percent of expenditures. This approach yields an average cost of \$258 per service population.

**Other Public Safety**

This category includes expenditures associated with Public Safety overhead with 10 percent of other public safety costs assumed to be variable. Other public safety costs include Community Safety Services, Personnel and Training, Investigation Services, Communication Services, Public Safety Administration Services, and Records Management and Property Services. These costs are not likely to be significantly impacted by the Project.

**Other Expenditures**

This category includes expenditures associated with the Budget Supplements, Public Safety Recruitment Projects, Projects and Project Administration, Project Operating Costs, Equipment, Lease Payments, and Council Service Level Set Aside. The amount of development in the Project is not anticipated to cause a significant net impact in expenditures associate with these uses of funds.



E-38  
cont.

## Net Fiscal Impact on General Fund

### Buildout

Based on the assumptions and analysis described above, the annual net fiscal impact associated with the proposed development is estimated at approximately \$851,000 at buildout, as summarized in **Table 17**. The Project is estimated to generate about \$1.3 million in General Fund revenues compared to \$426,000 in General Fund costs. Actual fiscal impacts may be different because of the timing of Project buildout and changes in economic and budgetary conditions.

### Annual Impact

In addition to the fiscal impacts at Project buildout, this analysis also evaluates fiscal impacts from the Project during construction and after stabilization in constant 2013 dollars. As shown in **Table 18**, the Project is estimated to result in net fiscal benefits to the City's General Fund during construction. The costs estimated at \$71,000 in year 1 and \$141,000 in year 2 will be offset by construction tax that would be generated during these two years. As described above, the Project's fiscal benefits will increase and stabilize once construction is completed and the space is occupied.

This analysis also evaluates the Project's fiscal performance in year 5 and year 20 (2 years after buildout and 17 years after buildout, respectively). The Project's fiscal benefit is estimated to remain positive over time with annual proceeds to the City remaining similar to those at buildout in constant dollar terms. This assumption is conservative as potential growth in the high-tech industry will likely outperform cost escalation over long-term. Of course, long-term fiscal performance estimate is difficult to project given a range of variables that could change substantially over time. These variables include local and State budgetary conditions, market factors, and broader economic and political trends.



E-38  
cont.

**Table 17  
Fiscal Summary at Buildout  
Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Buildout (1)
<b>General Revenues</b>	
Property Tax	\$567,800
Property Tax In Lieu of VLF	\$178,946
Sales and Use Tax	\$371,484
Utility User Fees	\$18,011
Franchise Fees	\$33,974
Fines and Forfeitures	\$5,780
Permits and Licenses	\$35,591
Business License	\$35,420
Transient Occupancy	\$44,483
Gas Taxes	<u>\$5,138</u>
<b>Total Revenues</b>	<b>\$1,296,627</b>
<b>General Expenditures</b>	
General Government	\$18,037
Public Works	\$88,633
Library and Community Services	\$43,128
Community Development	\$14,378
Police and Fire	\$250,206
Other Public Safety	<u>\$11,831</u>
<b>Total Expenditures</b>	<b>\$426,212</b>
<b>NET ANNUAL FISCAL SURPLUS</b>	<b>\$870,415</b>

(1) Reflects stabilized occupancy after buildout assumed to occur 2 years after initial construction.

Sources: City of Sunnysvale and Economic & Planning Systems, Inc.



**Table 18  
Annual Fiscal Summary  
Central Sunnysvale Campus Fiscal and Economic Impact Analysis; EPS #131067**

Item	Construction (1)		Buildout (2) Year 3-20
	Year 1	Year 2	
<b>General Revenues</b>			
Property Tax	\$0	\$0	\$567,800
Property Tax In Lieu of VLF	\$0	\$0	\$178,946
Sales and Use Tax	\$0	\$0	\$371,484
Construction Tax (3)	\$377,705	\$209,836	\$0
Utility User Fees	\$0	\$0	\$18,011
Franchise Fees	\$0	\$0	\$33,974
Fines and Forfeitures	\$0	\$0	\$5,780
Permits and Licenses	\$0	\$0	\$35,591
Business License	\$0	\$0	\$35,420
Transient Occupancy	\$0	\$0	\$44,483
Gas Taxes	\$0	\$0	\$5,138
<b>Total Revenues</b>	<b>\$377,705</b>	<b>\$209,836</b>	<b>\$1,296,627</b>
<b>General Expenditures (4)</b>			
General Government	\$4,509	\$9,018	\$18,037
Public Works	\$0	\$0	\$88,633
Library and Community Services	\$0	\$0	\$43,128
Community Development	\$3,595	\$7,189	\$14,378
Police and Fire	\$62,551	\$125,103	\$250,206
Other Public Safety	\$0	\$0	\$11,831
<b>Total Expenditures</b>	<b>\$70,655</b>	<b>\$141,310</b>	<b>\$426,212</b>
<b>NET ANNUAL FISCAL SURPLUS</b>	<b>\$307,049</b>	<b>\$68,526</b>	<b>\$870,415</b>

(1) The Project is assumed to be built out over a 2-year period.

(2) Reflects stabilized occupancy after buildout.

(3) Construction tax on the shell is assumed to be generated in year 1 and tax on the tenant improvements in year 2.

(4) EPS assumes that general government, community development, and policy and fire costs will be incurred initially with 25% of the buildout total during year 1 of construction and 50% of the total during year 2, while other city costs will begin after buildout of the Project.

Sources: City of Sunnysvale and Economic & Planning Systems, Inc.

Economic & Planning Systems, Inc. 2/12/2014

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## 5. RELATIONSHIP TO THE SUNNYVALE GENERAL PLAN

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Silicon Valley's economic success is partially attributed to attraction and expansion of industry clusters with high paying innovation-based jobs in the professional, scientific, and technical services, and information. "The high concentration of venture capital in the region supports new companies and ideas and account or a large share of national and global venture investment. This not only supports new company formation locally, but also helps attract innovative young companies from elsewhere in the country and around the world to locate here." (The Bay Area Regional Economic Assessment, October 2012). The publication provided a recommendation to focus economic development efforts on the higher concentration of industries that are highly competitive that include computer systems design and equipment, semiconductors, and other electronic equipment. These industries support jobs throughout the region at all levels of the economy and include the high quality of the labor force, an entrepreneurial culture, and the high amenities available in the region. New space could encourage new business formation and increase survival rates for existing businesses, as well as lower the cost of doing business in the region.

Approval of the Project will meet many of the City's economic development policy goals as outlined in the 2011 General Plan. Specifically, key policy goals that will be advanced by the Project include the following:

- LT-1.7a Locate higher intensity land uses and developments so they have easy access to transit services.
- LT 2.2b Encourage development of diversified building forms and intensities.
- LT-4.2a Integrate new development and redevelopment into existing neighborhoods.
- LT-4.14d Encourage employers to provide on-site facilities such as usable open space, health club facilities, and child care where appropriate.
- **LT-6 An economic development environment that is supportive of a wide variety of businesses and promotes a strong economy within existing environment, social, fiscal and land use constraints.**
- LT-6.2 Promote Business opportunities and business retention in Sunnyvale
- LT-6.4 Encourage sustainable industries that emphasize resource efficiency, environmental responsibility, and the prevention of pollution and waste.
- **LT-7 A balanced economic base that can resist downturns of any one industry and provides revenue for City services.**
- LT-7.1 Maintain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy.

E-38  
cont.

- LT-7.1a Promote a variety of commercial, retail, industrial uses, including Neighborhood Shopping, General Business, Clean Technology, an Industrial/Research and Development.
- LT-7.5 Encourage the attraction and retention of businesses that provide a range of job opportunities.

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BAAMQD Construction Health Risk Screening Table

Table 2. Draft Construction Health Risk Screening Table

Project Scenario			Minimum offset distance (meters) from the project fence line to ensure that a sensitive receptor would have a less than significant impact <sup>1</sup>					Offset Required for Combined Risk w/ ASF <sup>3</sup>
Type	# of Units or Square Feet	Project Site Acres	DPM		PM2.5	Acrolein <sup>2</sup>		
			Cancer Risk w/ ASF <sup>3</sup>	Chronic Hazard Index	Annual Average Concentration (µg/m <sup>3</sup> )	Acute Hazard Index	Chronic Hazard Index	
Residential	5	1.7	95	7	75	55	1	95
	10	3.3	100	7	75	55	1	100
	25	8.3	125	16	100	85	6	125
	50	16.7	150	18	125	90	8	150
	100	33.3	175	20	150	90	11	175
	250	83.3	300	25	250	150	12	300
	500	166.7	400	35	300	150	20	400
	1,000	333.3	500	40	600	175	25	600
	2,000	666.7	700	45	900	225	25	900
5,000	1,666.7	1,000	40	800	225	25	1,000	
Commercial	5,000	0.2	100	8	75	55	1	100
	10,000	0.5	100	8	75	55	1	100
	30,000	1.4	100	8	80	55	1	100
	60,000	2.8	100	9	85	55	1	100
	100,000	4.6	150	19	125	85	8	150
	300,000	13.8	200	25	150	85	13	200
	500,000	23.0	225	19	175	85	8	225
	1,000,000	45.9	300	25	200	90	14	300
	3,000,000	137.7	500	35	400	150	20	500
7,000,000	321.4	600	35	400	175	20	600	
Industrial	5,000	0.2	100	10	85	55	2	100
	10,000	0.5	100	10	85	55	2	100
	30,000	1.4	100	10	90	55	2	100
	60,000	2.8	100	11	95	55	2	100
	100,000	4.6	175	20	125	85	10	175
	300,000	13.8	200	25	175	85	15	200
	500,000	23.0	250	20	175	85	9	250
	1,000,000	45.9	300	25	200	90	15	300
	3,000,000	137.7	500	35	400	150	20	500
6,000,000	275.5	600	35	400	150	19	600	

Notes:  
<sup>1</sup> The District thresholds are an increased cancer risk of 10 in a million, a hazard index of 1, and a PM2.5 annual average concentration of 0.3 µg/m<sup>3</sup>.  
<sup>2</sup> The OEHHA proposes weighting cancer risk by a factor of 10 for exposures that occur from the third trimester of pregnancy to 2 years of age, and by a factor of 3 for exposures that occur from 2 years through 15 years of age. These factors are called Age Sensitivity Factors (ASF). The methodology for applying ASF to cancer risk is discussed in the documentation sections above.  
<sup>3</sup> Acrolein was chosen because it has greatest non-cancer health risks for toxic air contaminants contained in diesel exhaust.

E-38 cont.

## Letter E. Landbank (Project Applicant), Scott Jacobs

- E-1 The new images provided by the Project applicant are included in the comment letter. Please see Comment E-35.
- E-2 The City acknowledges that the Project sponsor may have additional objectives for the Project, other than those described in the Draft EIR. The objectives included in Draft EIR Chapter 2, Project Description reflect the Project sponsor's and the City's mutual objectives for the Project.
- E-3 Please see the full text of Impacts TR-1 and TR-2 in Draft EIR Section 3.4, Traffic and Transportation, and Impact CUM-TR in Chapter 4, Cumulative and Growth-Inducing Impacts.
- E-4 The cited page is in the Summary chapter of the Draft EIR, and as such summarizes the full text about the Alternative Transportation Alternative (DEIR page 5-4). It is acknowledged that the Project applicant has prepared a TDM Program that establishes a goal of 20% reduction in peak-hour vehicle trips, but as stated on DEIR page 3.4-15 and in footnote 2 on DEIR page 5-4, the applicant's TDM Program merely selects recommended measures that are consistent with the TDM goal. The Project applicant will be required to submit a final TDM Plan for approval by the Community Development and Public Works Departments.
- E-5 Please see response to Comment E-3.
- E-6 Please see response to Comment E-3.
- E-7 The typographical error pointed out by the commenter is noted, and the correction provided in the comment (changing "Impact TR-9 cont'd" to "Impact TR-8 cont'd") is appreciated.
- E-8 The text of Mitigation Measure TR-8c in Section 3.4, Traffic and Transportation, is modified as shown in the response to Comment C-2.
- E-9 Please see the discussion of Impact BIO-2, on pages 3.8-10 and 3.8-11 of the Draft EIR. Compliance with the City's Bird Safe Building Design Guidelines is assumed for the Project.
- E-10 Please see response to Comment E-3.
- E-11 The new images provided by the Project applicant are included in the comment letter. Please see Comment E-35.
- E-12 The new images provided by the Project applicant are included in the comment letter. Please see Comment E-35.
- E-13 The new images provided by the Project applicant are included in the comment letter. Please see Comment E-35.

- E-14 Based on the new information provided by the Project applicant, the third paragraph on page 2-16 of the Draft EIR is modified as follows:

The entrances to the office buildings and the amenities would face onto the 1.38-acre central quad. The site plan includes trails for pedestrians and bicycles to access the quad (**Figure 2-13**). Food trucks would also have access to the quad. The quad area ~~could~~ would include a 300-500 ~~person~~ seat outdoor amphitheater. The amphitheater would be intended for use only by site tenants between 9:00 a.m. and 5:00 p.m., and in compliance with all City ordinances. ~~While this feature is included in the project described in the EIR, it has not yet been included on the preliminary plans at this time.~~

- E-15 Page 2-22 of the Draft EIR is modified as follows:

The following City of Sunnyvale approvals may be required for the Project:

1. Amend the Precise Zoning Plan (Map) for the City of Sunnyvale to rezone the site to the Industrial and Service Zone (M-S) FAR 100% (Industrial and Service Zone, allowable FAR of 100%) or approve a use permit to authorize a FAR of 100%.
2. Major Design Review for a 777,170 square foot office complex and associated parking structure, and on-site amenities
3. Approval of a vesting tentative map.
4. Approve a Development Agreement between the City of Sunnyvale and Landbank Investments, LLC.
5. The vacation of an existing public right of way for Santa Ana Court.
6. Demolition permits.
7. Grading permits.
8. Building permits.
9. Encroachment permits.
10. Tree removal permit.

- E-16 through E-21 Figures showing existing views of the Project site in Section 3.3, Aesthetics, have been modified as suggested to indicate the location of the Project site in each image. Revised figures are included in Chapter III, Revisions to the Draft EIR.

- E-22 The Design Review process ensures that projects are consistent with the City's Design Guidelines. The Citywide Design Guidelines may be accessed at the City's website: <http://sunnyvale.ca.gov/Portals/0/Sunnyvale/CDD/Non-Residential/CityWideDesignGuidelines.pdf>

- E-23 Impact AES-3 is revised as suggested:

**Impact AES-3: The Project would create a new source of light which could adversely affect nighttime views in the Project area. (Less than Significant)**

The Project site is within a developed and urbanized area where nighttime lighting is part of the environment. Vehicle headlights, street lighting at intersections and along streets, parking lot lighting, security lighting, and building lighting as well as various other sources of light from surrounding urban uses characterize current nighttime conditions. Once constructed, the proposed new buildings would be prominent new features. Given the height of the buildings, nighttime lighting of the buildings could become a relatively more prominent visual presence than is currently the case and could affect nighttime views in the vicinity of the Project site. The proposed parking garage would be partially enclosed, and so garage lighting and headlights from vehicles moving within the structure at night would not create a new source of light. As stated in the Project Description, the Project applicant has committed to meeting the Leadership in Energy and Environmental Design (LEED) light pollution reduction standard for night lighting. The standard is intended to minimize “light trespass” from a building and site, reduce sky-glow to increase night sky access, improve nighttime visibility through glare reduction, and reduce development impact from lighting on nocturnal environments (U.S. Green Building Council, 2009). ~~Achievement of the LEED standard for night lighting would avoid creating a new substantial source of light.~~ Achievement of the LEED light pollution reduction standard would include dimming all non-emergency interior luminaries with a direct line of sight to any openings in the building envelope by at least 50%, between the hours of 11 p.m. and 5 a.m. Exterior lighting will be designed with high performance light fixtures that meet City Code and provide sufficient lighting for safety and comfort but do not exceed lighting power density per ANSI/ASHRAE/IESNA Standard 90.1-2007 for the classified Project lighting zone. Given the applicant’s commitment to meeting this standard and the fact that the Project would be subject to Design Review, this impact would be less than significant.

**Mitigation:** None required.

- E-24 The glare study, including modeling of the façade of the proposed building as described by the commenter, is consistent with the intent of Mitigation Measure AES-4.
- E-25 The text on page 3.4-7 of the Draft EIR is revised as follows:

The Project site is served by public transportation (as shown in **Figure 3.4-1**). The VTA, which operates bus and light rail service within Santa Clara County, runs multiple transit routes through the study area. The Project site is also approximately 1.3-mile walking distance from the Lawrence Caltrain Station, which is longer than the VTA CMP guideline of 2,000 feet reasonable walking distance to a transit stop. The Sunnyvale Caltrain Station is slightly farther away from the Project site, as shown in Figure 3.4-1.

VTA serves the Project study area with five fixed-route bus lines. The Project site is situated near existing bus stops at the intersection of East Arques Avenue / North Wolfe Road. At this intersection, VTA Route 304 stops along westbound East Arques Avenue. At the intersection of East Arques Avenue and Commercial Street, approximately 1/10-mile east of the Project site, VTA Route 304 stops along both eastbound and westbound East Arques Avenue.

In addition to the VTA bus routes, Altamont Commuter Express (ACE) Shuttle Route 822 operates in the vicinity of the Project site, stopping at the East Arques Avenue / North Wolfe Road intersection along southbound North Wolfe Road and the East Arques Avenue / Commercial Street intersection along westbound East Arques Avenue. ACE provides connections to the BART system and provides service to the Livermore-Amador Valley and San Joaquin Valley.

- E-26 Figure 3.4-1 already shows the route of the Duane Avenue Caltrain shuttle from the Lawrence Caltrain station past and around the Project site (the yellow line on the map).
- E-27 The text of the Draft EIR on page 3.4-16 already states that the City has a Traffic Impact Fee program, and that the Project will be required to contribute its fair share to this program.
- E-28 A quantitative health risk assessment (HRA) was not conducted in preparation of the Draft EIR. In Draft EIR Section 3.5, Air Quality Impact AIR-2, regarding construction-related health risk; and Impact AIR-4, regarding operation-related health risk both conclude that Project health risks would be less than significant. As stated in the impact discussion, the basis for the conclusion of less-than-significant for Impact AIR-2 was based on the following:
- distance to sensitive receptors;
  - closest sensitive receptors are upwind of the site (prevailing winds);
  - projected emissions of PM<sub>2.5</sub> are relatively low compared to the BAAQMD threshold (about 1/10 of threshold – see Table 3.5-5). Since Diesel Particulate Matter (DPM), the principal TAC of concern, is a subset of PM<sub>2.5</sub>, this indicates DPM emissions would also be relatively low;
  - relatively short construction period (cancer risk is a function of pollutant concentration and time length of exposure);
  - professional judgment based on the EIR preparers' experience that construction projects of this scale rarely result in a significant health risk impact.

The basis for the conclusion of less-than-significant for Impact AIR-4 was based on the following:

- The only TAC source is the diesel-powered emergency backup generator;
- The proposed location of the generator is at considerable distance from the nearest sensitive receptors – BAAQMD method indicates substantial decrease (90% decrease) in TAC concentrations at this distance;

- Mitigation Measure AIR-3 requires use of a low emission (Tier 3) generator – this would greatly reduce TAC emissions compared to a lower standard or older generator.

The BAAQMD document referenced in the comment, and included as an attachment to this comment letter, is a draft document that is not in general use as a screening tool for HRAs.

Nevertheless, to confirm the findings that health risks of the Project would be less than significant, a quantitative HRA was prepared for this Final EIR. The results of the HRA are included in Appendix B. The quantitative HRA confirmed the conclusions of less-than-significant health risks associated with Project and cumulative construction (Impact AIR-2) and operation (Impact AIR-4).

The HRA examined health risks for the nearest sensitive receptors: monks living in the planned residences at the Chung Tai Zen Center, located across North Wolfe Road from the Project site, and residents of the Parkside Apartment Homes, located northwest of the Project site. Using conservative assumptions, the HRA found that the maximum lifetime cancer risk, the acute risk, and the chronic risk due to TAC emissions from project construction plus operations would be below the BAAQMD’s significance thresholds for both project-level and cumulative impacts, as shown in **Table II-2**, below. Please refer to Appendix B for further discussion of this topic.

**TABLE II-2  
HEALTH RISK ASSESSMENT RESULTS**

<b>A. Health Risk: Chung Tai Zen Center Residences</b>	<b>Cancer Risk</b>	<b>Chronic Hazard</b>	<b>PM2.5</b>
<b>Health Risk from Project Construction plus Operation</b>	<b>1.58</b>	<b>0.00281</b>	<b>0.0853</b>
Threshold	10	1	1
Exceed Threshold?	No	No	No
Health Risk from Cumulative Sources	80.31	0.056	0.444
<b>TOTAL - Project plus Cumulative</b>	<b>81.89</b>	<b>0.06</b>	<b>0.53</b>
Cumulative Threshold	100	10	0.8
Exceed Cumulative Threshold?	No	No	No
<b>B. Health Risk: Parkside Apartment Homes</b>	<b>Cancer Risk</b>	<b>Chronic Hazard</b>	<b>PM2.5</b>
<b>Health Risk from Project Construction plus Operation</b>	<b>4.06</b>	<b>0.00071</b>	<b>0.0210</b>
Threshold	10	1	1
Exceed Threshold?	No	No	No
Health Risk from Cumulative Sources	80.31	0.056	0.444
<b>TOTAL - Project plus Cumulative</b>	<b>84.37</b>	<b>0.06</b>	<b>0.47</b>
Cumulative Threshold	100	10	0.8
Exceed Cumulative Threshold?	No	No	No

SOURCE: Appendix B

- E-29 The comment points out a typographical error in the DEIR text. To correct the error, Impact AIR-5 is revised as follows:

**Impact AIR-5: The Project could conflict with or obstruct implementation of the applicable air quality plan. (Less than Significant)**

The most recently adopted air quality plan in the San Francisco Bay Area Air Basin is the BAAQMD's 2010 Clean Air Plan (2010 CAP) (BAAQMD, 2010). The 2010 CAP is a roadmap showing how the San Francisco Bay Area will achieve compliance with the State one-hour ozone standard as expeditiously as practicable, and how the region will reduce transport of ozone and ozone precursors to neighboring air basins. The control strategy includes stationary source control measures to be implemented through BAAQMD regulations; mobile source control measures to be implemented through incentive programs and other activities; and transportation control measures to be implemented through transportation programs in cooperation with the MTC, local governments, transit agencies, and others. The 2010 CAP also represents the Bay Area's most recent triennial assessment of the region's strategy to attain the State one-hour ozone standard.

BAAQMD guidance states that "if approval of a project would not result in significant and unavoidable air quality impacts, after the application of all feasible mitigation, the project would be considered consistent with the 2010 CAP." As indicated in the discussion of the previous impacts, the Project would not result in significant and unavoidable air quality impacts. As discussed in **Impact AIR-4**, the proposed Project would have a less than significant operational impact on air quality after implementation of feasible mitigation measures. Consequently, based on BAAQMD guidance, the Project may also be considered consistent with the 2010 CAP (the applicable air quality plan). This would be a less-than-significant impact.

**Mitigation:** None required.

- E-30 The Traffic Impact Study (Appendix C in the Draft EIR) on page 63 of the study does not quantify construction-related traffic, but only states that it would be less than the operational traffic generated by the Project, and therefore would have a lesser effect on intersection level of service. Impact GHG-1 in Section 3.6, Climate Change and Greenhouse Gas Emissions, relies on emissions modeling using the CalEEMod emissions program, which estimates construction-related GHG emissions, including emissions from on-road vehicles.
- E-31 Table 5-1 on page 5-5 of the Draft EIR compares impacts of the Project as proposed with those of the alternatives examined, and states that both the Reduced Development Alternative and the Alternative Transportation Alternative would result in a significant and unavoidable Transportation and Traffic impact. Please see also the response to Comment C-2.

- E-32 The commenter's requested text change to DEIR page 5-6 is not needed, as it is the Project's significant impact that is being discussed, not whether the Project's impact would be at an intersection already operating at LOS F.
- E-33 Table 5-2 in Draft EIR Chapter 5, Alternatives, notes that the Reduced Development Alternative would only partially meet the second and seventh objectives. "Partially meets" is intended to convey that the alternative does not fully or completely meet the objective. The smaller size of the development under this alternative is the reason for the conclusion that it would only "partially meet" these objectives. The City does not recognize the additional objectives provided by the commenter in Comment E-2. The CEQA *Guidelines* state:
- Because an EIR must identify ways to mitigate or avoid the significant effects that a project may have on the environment (Public Resources Code Section 21002.1), the discussion of alternatives shall focus on alternatives to the project or its location which are capable of avoiding or substantially lessening any significant effects of the project, *even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly.* (CEQA *Guidelines*, Section 15126.6 (b); emphasis added)
- The City acknowledges that the Reduced Development Alternative would not provide the same level of financial and employment benefits as the Project as proposed; however, economic comparison of alternatives with the Project is beyond the scope of an EIR. Please see also the response to Comment E-36, below.
- E-34 The commenter does not state why they believe that the Alternative Transportation Alternative does not meet the second and seventh objectives. The City does not recognize the additional objectives provided by the commenter in Comment E-2. Please see the response to the previous comment regarding requirements for alternatives under CEQA.
- E-35 This comment provides new visual simulations of the Project.
- E-36 The report provided by the applicant discusses an analysis of the fiscal and economic impact of the Project. City staff have not reviewed the methodology or validated the results of the fiscal impact analysis. Other than as stated in the following comment and response, the report does not address environmental issues or the environmental analysis contained in the Draft EIR.
- E-37 It is noted throughout the EIR that the Project applicant intends to seek LEED Platinum certification for the Project. Pedestrian and bicycle access are discussed in Impact TR-8 in Draft EIR Section 3.4, Transportation and Traffic. Visual impacts are discussed in Draft EIR Section 3.3, Aesthetics. Landscaping of Central Expressway is not included in the Project.
- E-38 Please see the response to Comment E-36.
- E-39 Please see the response to comment E-28.