



SUBJECT

Preliminary Review of a Major Site Plan Review Application to Construct a Three-Story Data Center, Generator Yards, Substation, Switching Yard, and Related Accessory Structures on an Approximately 11-Acre Site Located at 26062 Eden Landing Road (Assessor Parcel Nos. 461-0085-052-01 and 461-0085-016-00). Application SPR-23-0036; Miles Kersten for STACK Infrastructure (Applicant) on behalf of SI SVYL3 LLC (Owner).

RECOMMENDATION

That the Planning Commission review and provide general feedback to the applicant and staff on the proposed Major Site Plan Review application along with specific direction on the various policy issues identified in the Staff Analysis section of this report.

SUMMARY

This Work Session provides the Planning Commission and members of the public an opportunity to review the preliminary plans for a proposed data center campus on an 11-acre site on Eden Landing Road. The proposed development includes the demolition of nine single story industrial and office buildings totaling approximately 165,000 square feet and the construction of a three-story 310,000 square foot data center building, two single story accessory buildings totaling 1,700 square feet, two generator yards, an on-site substation and switching yard, and related site improvements.

As the site exceeds 10 acres, Major Site Plan Review is required. In addition, the applicant is requesting consideration of a building height increase to 100 feet for the primary data center building. While the proposed height exceeds the maximum allowable height of 75 feet, the Zoning Ordinance allows the approving authority to permit greater heights when it is found that the increase is necessary to provide a more beneficial site layout or if it will result in public amenities that could not otherwise be achieved under current zoning standards. The applicant is also requesting a reduction in the amount of required parking due to the low staffing needs of a data center use.

No formal action is being requested at this time. The Commission will have another opportunity to consider and make a final determination on the project at a future date once the application review process and environmental analysis are complete.

BACKGROUND

Existing Conditions. The proposed project site is located at 26062 Eden Landing Road, immediately south of Highway 92. It is comprised of two parcels on approximately 11 acres. The site is currently the location of the Eden Landing Business Park, which consists of nine

single story buildings, totaling approximately 165,000 square feet, that house office and light industrial uses. Surrounding land uses include manufacturing, biotech, contractor services, offices, and other types of industrial uses to the south, east and west. A thin strip mall with food and personal service uses is located directly to the north, between the site and Highway 92.

HASPA Board of Directors Meeting. A brief overview of the proposed development was presented to the Hayward Area Shoreline Planning Agency (HASPA) at their February 8, 2024, meeting. As shown in the meeting's draft minutes (Attachment VII), the Trustees suggested that the applicant contribute toward the renovation of the Hayward Shoreline Interpretive Center as part of their proposed Public Benefits Package (Attachment IV). In addition, they showed support for the inclusion of public art and improved connections to the nearby shoreline trails.

Council Economic Development Committee (CEDC) Meeting. An overview of the project was also presented to the Council Economic Development Committee (CEDC) at their June 3, 2024, meeting.¹ The CEDC praised the initial public benefits package proposal of \$1.1 million but recommended that it be expanded to include a food truck court in the project vicinity, a contribution to the Stack Community Center project, and additional small business support. The Committee also requested that the project further enhance its artistic and architectural aspects, particularly those that are visible from Highway 92, such as the project's screening around the substation and switching yard. The meeting minutes are included as Attachment VIII.

Public Outreach: On November 14, 2023, a Notice of Receipt of Application was mailed to 242 property owners, residents and business owners within 300 feet of the project site. In response, staff received feedback from two members of the public. The first was an email from a business owner located on a neighboring property, expressing support for the proposed development. The second was a series of emails from a business owner located within the Eden Landing Business Park, who would be displaced as a result of this project. This business owner expressed concern that the postcard mailing was the first they were hearing of the proposed development and that they would be unable to find another tenant space with affordable rent given current market conditions.

On September 27, 2024, a Notice of this work session was mailed to all property owners, residents and business owners within 300 feet of the project site and a notice was published in the Daily Review. As of the writing of this staff report, no additional correspondence from the public has been received.

PROJECT DESCRIPTION

Proposed Project: The project proposes to demolish all nine of the existing buildings on site to construct a new data center campus with a three-story 310,000 square foot data center building, two accessory buildings totaling approximately 1,700 square feet, two generator yards with 28 diesel generators, and an on-site substation and switching yard. In addition, site improvements include new landscaping, stormwater infrastructure, site circulation and parking. The project plans are included as Attachment II.

¹ Council Economic Development Committee Meeting, June 3, 2024:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6709379&GUID=041273F6-B3EE-479B-908B-DF6930A8CE7D&Options=&Search=>

Architectural Design. The proposed architectural style of the primary data center building is modern with a combination of boxy and flat planes and a mix of concrete, metal panels, perforated screens, and architectural louvers. Special attention is paid to the building's main entrance, which is orientated towards Investment Boulevard, through the incorporation of a large awning, a recessed entryway, and varying wall planes and heights that break up the overall massing of the 100-foot-tall building.

Screening. Significant screening will be required around the generator yards, substation, and switching yard that face Production Avenue, Eden Landing Road, and Highway 92. At this early phase of the review process, the applicant has provided conceptual designs for potential screening options, which are included in Attachment III. The initial options considered include artistic blue and grey metal slats that are designed to look like waves, suggestive of the Hayward shoreline and hills.

Parking. The proposed project includes a total of 63 parking stalls across the site. Twenty-one of the spaces will be equipped with EV charging infrastructure. In addition, a total of five bicycle parking spaces will be provided. Additional parking information is provided in the Parking Memo (Attachment V).

Landscaping and Open Space. As shown in Attachment II, there are currently 50 trees with a total value of \$168,080 on site. All of the existing trees are proposed to be removed as part of the new development. The loss of these trees will be partially mitigated by the planting of 55 new trees with a total value of \$17,129. The remaining mitigation balance of \$150,951 will potentially be mitigated off site, in compliance with the requirements of the City's Tree Preservation Ordinance.² In addition to the new trees, the proposed development includes a variety of new shrubs, ground covers, landscaped bioretention areas, and an outdoor employee amenity area with tables, chairs, and umbrellas. There are also benches located near the site's bioretention areas providing for additional outdoor seating for employees of the project.

Sustainability Features. A Sustainability Plan was required for the project (Attachment VI), which indicates the project will meet the requirements of CALGreen and the California Energy Code standards for energy efficiency. It will also be required to meet the City's requirements with respect to water efficient landscaping and the Municipal Regional Stormwater Permit requirements regarding storm water runoff prevention and treatment. Throughout the project review process, the applicant will be working with the City's Environmental Services Division to revise and finalize this plan.

POLICY CONTEXT AND CODE COMPLIANCE

Hayward 2040 General Plan: The project site has an *Industrial Corridor* land use designation in the *Hayward 2040 General Plan*, which allows for a range of primary uses, including professional offices, corporate campuses, research and development, warehousing and logistics, manufacturing, biotechnology and high technology uses.³ As proposed, the project

² HMC Chapter 10, Article 15, Tree Mitigation:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART15TRPR

³ Hayward 2040 General Plan: https://www.hayward-ca.gov/sites/default/files/documents/General_Plan_FINAL.pdf

meets the general intent of the Industrial Corridor land use designation. In addition, the proposed project will support the following *Hayward 2040 General Plan* goals and policies:

- Policy LU-1.4 Revitalization and Redevelopment. The City shall encourage property owners to revitalize or redevelop abandoned, obsolete, or underutilized properties to accommodate growth.
- Goal LU-6 Industrial Technology and Innovation Corridor. Enhance the Industrial Technology and Innovation Corridor to expand the economic and employment base of Hayward and to achieve a healthy balance between a manufacturing-based economy and an information- and technology-based economy.

Zoning Ordinance: The project site is located in the Industrial Park (IP) zoning district.⁴ The IP zoning district is intended to provide areas for high technology, research and development, and industrial activities in an industrial park or campus-like atmosphere. Data centers are considered office uses per the Zoning Ordinance definitions,⁵ and thus are allowed by right in the IP district. The proposed project is generally consistent with the requirements of the IP zoning districts, with two exceptions:

1. *Building Height.* The applicant is seeking a height of 100 feet for the primary data center building (108 feet up to the rooftop for mechanical equipment), which exceeds the 75-foot height limit in the IP zoning district. Section 10-1.1604 of the Hayward Municipal Code⁶ allows for increased building heights within the IP zoning district through Major Site Plan Review where the approving authority finds that the increase is necessary to provide a more beneficial site layout or will result in public benefits/amenities that could not be achieved under current zoning standards.

As shown in Attachment IV, the applicant's proposed Public Benefits Package includes a \$1,300,000 contribution to various funds, projects, and programs, including the Gateway Marker Project (\$300,000), City Park Contribution Match (\$300,000), Small Business Grant Program (\$200,000), Hayward Area Shoreline Planning Agency (\$100,000), HUSD STEAM Showcase (\$100,000), City Sustainability Goals and Awareness (\$100,000), Hayward STACK Community Center (\$100,000), and Eden Landing Ecological Reserve Activation (\$100,000).

2. *Parking.* The applicant is also requesting to deviate from Off-Street Parking Requirements of the HMC. As previously mentioned, data centers are considered an "office use", which requires a parking ratio of 1 space per 250 gross square feet.⁷ Based on the total square footage of the proposed buildings on site, this would result in a total

⁴ Hayward Municipal Code Section 10-1.1600, Industrial Districts:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1Z00R_S10-1.1600INDI

⁵ Hayward Municipal Code Section 10-1.3500, Definitions:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1Z00R_S10-1.3500DE

⁶ HMC Section 10-1.1604, Development Standards:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1Z00R_S10-1.1600INDI_S10-1.1604DEST

⁷ Hayward Municipal Code Section 10-2.340, Office, Retail, and Service Uses:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IIR_ERAPASP_S10-2.340OFRESEUS

of 1,311 required parking spaces. However, Section 10-2.420(1)⁸ of the Hayward Municipal Code allows for exceptions to the required ratio of parking spaces when there is an unusually low number of employees for a given use.

As shown in the proposed plans, the project proposes only 68 parking spaces. A Parking Memo (Attachment V) provides justification that the proposed amount of parking is appropriate for the development, given the unique nature of the data center use which involves dedicating significant portions of buildings to computers, servers, telecommunications, and related equipment. Per the applicant, the proposed data center campus is projected to have a maximum of 33 employees and 12 visitors daily, which would be easily accommodated by the proposed number of parking spaces. In addition, the applicant has provided an alternative parking plan that demonstrates that additional parking spaces could be added to the site should the use change in the future.

Industrial Design Guidelines. The project site is subject to the City's Industrial District Design Guidelines⁹, which support coordinated landscaping along frontages, safe and clearly demarcated pedestrian connections, prominent entries with articulation and detailing, loading docks at the side or in the rear, and amenities such as recreational facilities, open space, benches, shelter, and other features that enhance the employee experience. As shown in the project plans (Attachment II), the project proposes elements that meet Design Guidelines. The primary building features enhanced architectural treatments at the entrance facing Investment Boulevard, which includes varied materials and architectural projections. In addition, the proposed artistic screening, located in front of the substation and switching yard along Eden Landing Road, would add design interest and articulation to the building as well as be visible from Highway 92. A rendering of the proposed screen is included as Attachment III.

STAFF ANALYSIS

To date, this application has completed several rounds of review by City staff and remains under review due to a number of outstanding items that need to be addressed before bringing this back to the Commission for consideration. The project plans, included as attachments to this report, reflect the last submission from the applicant received in mid-August. At this early stage in the review process, staff is requesting feedback from the Commission on the following:

1. Building Height Increase. As noted above, the applicant is seeking a height of 100 feet for the primary data center building, which exceeds the maximum allowable height in the IP zoning district of 75 feet. Per the Zoning Ordinance, the approving authority may allow for increased building heights if it deems that the increase is necessary to provide a more beneficial site layout or will result in public benefits/amenities that could not be achieved under current zoning standards.

⁸ HMC Section 10-240, Exceptions:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART20REPREP_IVEXREEXAP_S10-2.420EX

⁹ City of Hayward Industrial District Design Guidelines: <https://www.hayward-ca.gov/sites/default/files/Industrial%20Design%20Guidelines.pdf>

The applicant has worked extensively with staff, the HASPA Board of Directors, and the CEDC in honing the Public Benefits Package. As a result, staff generally supports the current version of the proposal, with the following two additional suggestions:

- *Eden Landing Ecological Reserve.* While staff appreciates the applicant's willingness to include a contribution towards the Eden Landing Ecological Reserve parking lot located two blocks west of the project site, staff believes these funds may be more impactful if used to host an ongoing food truck event elsewhere in the Industrial area or as a further contribution to HASPA toward the planned Shoreline Interpretive Center renovation.
- *Contribution toward Public Infrastructure:* Staff recommends replacing the broad "Sustainability Goals and Awareness" contribution with a contribution of \$350,000 toward specific public infrastructure improvements, including \$200,000 for the 1.4-megawatt Phase 2B solar power project at the City's Water Resource Recovery Facility, and \$150,000 towards expanding bicycle and pedestrian projects that enhance connectivity to the Bay Trail and the Hayward shoreline. These efforts include a new greenway along Eden Landing Road, new bicycle and pedestrian facilities along Point Eden Way, including connections to the pedestrian overpass at Highway 92 and the Bay Trail, and contributions towards general bicycle and pedestrian safety improvements at various intersections and locations adjacent to or near the project site.

Staff is requesting feedback from the Planning Commission on which of the applicant's and/or staff's proposed benefits should be included in the final Public Benefits Package to justify the requested height increase of the data center building.

2. Parking Reduction. As proposed, the development would require an exemption from the required parking ratio. As explained in the Zoning Ordinance section above, exceptions from parking requirements are permitted for industrial uses where the approving body determines that the proposed use requires an unusually low number of employees. Staff is supportive of the applicant's proposed parking reduction given the low employee staffing at the data center, and the ability of the site to accommodate additional parking in the future if the use changes. However, given the substantial amount of parking reduction requested, staff would like the Commission's input on this request.
3. Design. As described above, the proposed modern architectural design features boxy and flat planes that are differentiated by varied materials, particularly at the building entrance. Staff is generally supportive of the design style. However, given the high visibility of the site from Highway 92, Eden Landing Road, Production Avenue, and Investment Boulevard, staff would like the Planning Commission's feedback on the proposed architecture. In addition, staff would appreciate any feedback the Commission has on the conceptual designs for artistic screening around the substation, switching yard, and generation yards.

ENVIRONMENTAL REVIEW

The proposed project is subject to the California Environmental Quality Act (CEQA). A CEQA document is being prepared for the project by the California Energy Commission (CEC), who is considered the lead agency. The CEC has the exclusive authority to certify all thermal power plants (50 megawatts and greater) and related facilities proposed for construction in California. The proposed project is considered to be a thermal power plant by the CEC, given the large diesel generator yards on site. The Small Power Plant Exemption process, which the project applicant is pursuing, allows applicants to obtain an exemption from the CEC's jurisdiction and proceed with local permitting. The CEC can grant an exemption if it finds that the proposed facility would not create a substantial adverse impact on the environment or energy resources.

The California Public Resources Code¹⁰ designates the CEC as the lead agency for CEQA documents prepared for facilities seeking a Small Power Plant Exemption. The CEC does not have the authority to approve the construction of the project (that authority remains with the City), but rather only to certify the CEQA Document and determine whether the project qualifies for the Small Power Plant Exemption. CEC staff and City staff are in coordination regarding the environmental review process, and members of the Hayward community will have the opportunity to review and provide comment on draft documents once released. The CEC maintains a webpage¹¹ for this project's Small Power Plant Exemption application, which includes regularly updated information about the status of the CEQA analysis.

NEXT STEPS

Following the Planning Commission work session, and following completion of the application and environmental review process, staff will return to the Planning Commission for a final determination at a public hearing, currently expected in 2025.

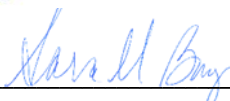
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¹⁰ Public Resources Code, Section 25519(c):

https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=PRC§ionNum=25519.

¹¹ California Energy Commission Project Page for STACK SVY03A Data Center Campus: <https://www.energy.ca.gov/powerplant/backup-generating-system/stack-svy03a-data-center-campus>