



SUBJECT

Proposed Industrial Campus with Three Speculative Industrial Buildings and a Three-Story Data Center on an Approximately 26-Acre Site Located at 25800 Clawiter Road (Assessor Parcel Nos. 439-0080-003-07, 439-0080-003-12, 439-0080-010-00, 439-0080-005-02, and 439-0080-003-10) Requiring Approval of Major Site Plan Review and Conditional Use Permit Application No. 201906718 and Adoption of a Mitigated Negative Declaration with Mitigation Monitoring and Reporting Program (MMRP); Teresa Goodwin for HPA Architecture (Applicant) on behalf of Janet Galvez for Hines (Owner).

RECOMMENDATION

That the Planning Commission approve the proposed Major Site Plan Review and Conditional Use Permit to allow three speculative industrial buildings and a three-story data center based on the analysis set forth in this report and the required Findings (Attachment II) and subject to the Conditions of Approval (Attachment III) and adopt a Mitigated Negative Declaration with Mitigation Monitoring and Reporting Program (Attachment VII) prepared pursuant to the California Environmental Quality Act.

SUMMARY

The applicant, Hines, is seeking approval of Major Site Plan Review and Conditional Use Permit to construct an industrial campus on a 26-acre site consisting of six parcels along Clawiter Road. The proposed development includes construction of three speculative buildings ranging from 56,000 to 214,000 square feet and a three-story data center containing approximately 279,000 square feet. Future tenant improvements also include the addition of a transformer yard that will serve the data center and transmission lines connecting to an off-site PG&E substation. The applicant is also proposing numerous site improvements and public benefits, including a financial contribution towards the construction of bike infrastructure on Clawiter Road, new art pieces commissioned by a local artist, and an outdoor plaza that could be used for food truck gatherings and other similar events.

As the site exceeds 10 acres, Major Site Plan Review is required. A Conditional Use Permit is also required given that one of the speculative buildings (Building 3) exceeds 150,000 square feet in size. In addition, the applicant is requesting consideration of a height increase to 88 feet (108 feet to the top of the mechanical screening) for Building 4, the data center. While the proposed height exceeds the maximum height allowed in the General Industrial zoning district, the Zoning Ordinance allows the approving authority to allow greater heights through the Major Site Plan Review process 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 be achieved under current zoning standards.

BACKGROUND

The project site is located at 25800 Clawiter Road, immediately north of Highway 92. It is comprised of six parcels on approximately 26 acres. The site was previously being used by Gillig for a bus manufacturing factory until 2017, when Gillig relocated their facility to another city. Currently, the site contains several vacant manufacturing buildings, which would be demolished to allow for the construction of the new industrial campus.

In October 2018, the Council Economic Development Committee reviewed a preliminary proposal for this project.¹ The CEDC expressed a desire for flexible spaces that would attract commercial, office, advanced manufacturing, and/or research and development uses rather than warehouses to this “highly visible, gateway site,” particularly to portions of the site fronting Highway 92. Regardless of the use, it was recommended that the overall look of the project reflect commercial/office characteristics with “a lot of glass, not just at the [building] corner.” In response to these comments, the applicant made changes to the site layout, creating buildings in a range of sizes, and altered the architecture to include more detail and office-like features. Site design and building architecture of the proposed project is described in further detail below under the Project Description.

In February 2020, the Planning Commission held a work session on the project.² At this session, the Commission directed the applicant to enhance the architectural design of prominent facades of the project, increase the community benefits to a level that would warrant the proposed height increase of Building 4 (data center), incorporate an art component that potentially connects to Hayward’s history, improve bike infrastructure to and from the site, and explore the addition of walking paths and amenities for workers. In advance of this session, a member of the public provided a letter to the Commission to express a desire for enhanced bicycle infrastructure along Clawiter Road in order for employees commuting by bicycle to better access the site. No members of the public elected to speak at the meeting. In response to the Commission’s direction at the work session, the applicant worked with staff to incorporate several of the recommended public benefits into the project, including improvements related to bicycle infrastructure, public art, outdoor spaces, and sustainability. These benefits are detailed below under the Project Description.

On January 14, 2021, the Hayward Area Shoreline Planning Agency (HASPA) reviewed the project and provided general feedback regarding bicycle and pedestrian connectivity within the site and from the project site to the shoreline park areas. To improve off-site bicycle facilities, the applicant worked with City staff to determine how best to support the City’s plans for expanded bicycle infrastructure in the area, which is discussed below.

Public Outreach: On October 29, 2019, a Notice of Receipt of Application was mailed to all property owners, residents, and business owners within 300 feet of the site, as well as interested parties in the project vicinity. Following that notice, one member of the public asked to review the plans at the Permit Center but provided no feedback on the project.

¹ CEDC Special Meeting Minutes, October 29, 2018:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3711406&GUID=11E98E24-25F8-4571-8339-AA917C671D0D>

² Planning Commission Work Session, February 27, 2020:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4340917&GUID=38A02235-062B-43E3-84D6-C0AA35C91033>

On February 14, 2020, notice of the Planning Commission work session was mailed to all property owners, residents, and business owners within 300 feet of the project site, as well as interested parties in the project vicinity.

On December 4, 2020, notices of the public review period for the Mitigated Negative Declaration were sent to all property owners, residents, and business owners within 300 feet of the project site, was posted at the Alameda County Clerk Recorder's Office, and was published in *The Daily Review*. In response to the request for comments, the City received four letters from members of the public regarding possible construction impacts, alignment with State mandates, environmental oversight, impacts to sensitive receptors, and the analysis methodology regarding air quality, greenhouse gas emissions, and biological resources. These comments as well as responses to comments provided from Rincon are included in Attachment VII. As indicated in the Final IS/MND, slight revisions to the text and analysis were made in response to the comments received, but none of the revisions resulted in a greater number of impacts or impacts of a substantially greater severity than those set forth in the Draft IS/MND. A few weeks after the public comment period closed, the City received two additional comment letters on the IS/MND: One letter from one of the original commenters stating that they no longer had concerns or questions about the analysis provided in the IS/MND; and the second letter from a interested stakeholder expressing concern about the flexibility built into Mitigation Measure GHG-1 regarding development of a Greenhouse Gas Reduction Plan. Both letters are included as Attachment VIII.

On January 29, 2021, notice of this public hearing was mailed to all property owners, residents, and business owners within 300 feet of the project site, as well as interested parties. In addition, notice of this public hearing was published in *The Daily Review* on the same date. No additional comments have been received as of the writing of this staff report. Any additional comments that are received before the Planning Commission hearing will be forwarded and/or presented to the Commission for consideration.

PROJECT DESCRIPTION

Existing Conditions: The proposed 26-acre site is generally flat and located just east of Clawiter Road and north of Highway 92. A Union Pacific railroad spur bisects the site, creating an approximately 17-acre northern portion of the site and an 8-acre southern portion of the site. The northern portion of the site contains a vacant manufacturing building and four smaller accessory buildings, while the southern portion is vacant and partially paved. There is existing vehicular access to both parts of the site from Clawiter Road, with the southern portion having access via a non-exclusive easement for ingress and egress which passes through an adjacent property (Attachment IV, Sheet DAB-A1.1). The northern portion of the site is primarily visible from its frontage along Clawiter Road, while the southern portion has a significant visual presence along the Highway 92 corridor. The northern half of the project site is currently zoned General Industrial (IG), while the southern portion of the site is zoned Industrial Park (IP).

Surrounding land uses include food manufacturing, auto repair, warehousing, and other types of industrial uses to the north and west; a Union Pacific railroad line and the Mt. Eden Business Park to the east; and Highway 92 to the south.

Proposed Project: The applicant is requesting approval of Major Site Plan Review and a Conditional Use Permit to allow for the demolition of all existing structures on the 26-acre site and redevelopment into an industrial campus. On the northern portion of the site would contain an approximately 214,000 square foot industrial speculative building fronting Clawiter Road and a 279,000 square foot three story data center. The northeast corner of the site is reserved for a future tenant transformer yard that will service the data center. The transformer yard will connect to an existing off-site PG&E substation via transmission lines. The southern portion of the site would feature two additional speculative industrial buildings approximately 56,000 and 66,000 square feet in size. Due to the Union Pacific railroad spur that bisects the site, there is no connectivity between the northern and southern portions of the site, other than for emergency vehicle access.

Architectural Design. The proposed architectural style is modern with a combination of boxy and flat planes, and a mix of wood, concrete, glass, and metal elements. Building corners and entrances are emphasized by projecting elements, wooden features, large expanses of glass, and metal awnings. In response to direction received from the CEDC and Planning Commission, the building facades facing Clawiter and Highway 92 were revised to include additional architectural details and redesigned to be visually appropriate to accommodate a wide range of uses in the future, including R&D, manufacturing, biotech, or warehousing.

Vehicular and Bicycle Parking. The proposed project includes a total of 320 parking stalls across the site, with parking generally surrounding each of the four proposed buildings. While a total of 381 spaces is required across the site, the applicant is requesting a reduction in the parking requirements for Building 4, the data center. Pursuant to HMC Section 10-2.350, the minimum parking requirement for wholesale, manufacturing, storage, transportation, and similar uses is one space for each 2,000 square feet of gross floor area for buildings that are 20,000 square feet or greater.³ The proposed development includes 50 total parking spaces for Building 4, where 140 parking spaces is required based on the proposed size of the building. The applicant has provided justification that the proposed amount of parking is appropriate for the proposed data center, given the unique nature of the use which involves dedicating significant portions of the building to computers, servers, telecommunications, and related equipment. Per the applicant, the proposed data storage center is anticipated to have three employee shifts which will be scheduled to begin and end during off-peak hours, with a maximum of 30 employees during the largest shift. In addition, the applicant has provided an alternative parking plan (Attachment IV, Sheet DAB-4-A1.1-ALT) that demonstrates the additional required parking spaces could be added to the site should the use change in the future. HMC Section 10-2.420 grants the approving body the authority to make an exception to the required parking requirements in a case such as this, when an “unusually low number of employees” is required for a given use.⁴

³ HMC Section 10-2.350 (Required Parking Ratios for Wholesale, Manufacturing, Storage, Transportation, and Similar Uses): https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IIIR_ERAPASP_S10-2.350WHMASTTRSIUS

⁴ HMC Section 10-2.420 (Exceptions): https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IVE_XREEXAP_S10-2.420EX

In addition, the applicant will be providing 45 stalls across the site, measuring 10 feet by 55 feet, for trailer parking and a total of 40 long- and short-term bike storage spaces for employees, which exceed the 36 required bicycle parking spaces.

Site Access and Circulation. Autos, trucks, bikes, and pedestrians will all access the site from Clawiter Road. As shown in the Conceptual Circulation Plan included with the project plans (Attachment IV), all modes will primarily access each building on its southern side, with trucks and autos having additional access to loading docks and parking areas located on other sides of the structures. Building 1 will have 11 dock doors for trucks, while Building 2 will have 9 and Building 3 will have 26.

As conditioned, and in response to comments received from the Planning Commission and HASPA, the applicant will contribute approximately \$50,000 to support the cost of adding bike lanes to a significant stretch of Clawiter Road between Industrial Blvd and Middle Lane as part of the City's planned infrastructure improvements. This will not only benefit employees biking to and from the site, but it will also benefit the larger community by providing safe routes for cyclists along this central employment corridor.

Landscaping and Open Space Areas. The General Industrial zoning district requires a total of at least five percent of the project site to be landscaped, while the Industrial Park district requires a total of 15 percent landscaping. The proposed project greatly exceeds these requirements, providing 17 percent landscaping on the northern portion of the site, zoned General Industrial, and 22 percent landscaping on the southern portion of the site, zoned Industrial Park. The project would require the removal of 67 protected trees, while preserving 45 protected trees. To mitigate this, 250 new trees would be planted throughout the site.

The proposed development includes three different outdoor open space areas. The applicant is proposing an outdoor plaza to be located in the southern portion of the site between Buildings 1 and 2 that will feature a range of seating clusters and benches, shaded canopy areas, scooter parking, and a small vegetable garden. The northern portion of the site features an exercise path around the southern portion of Building 3 with seating clusters, pergolas, and stretching/workout stations. In addition, there will be a smaller outdoor seating cluster and break area outside Building 4. All of the proposed outdoor employee areas are shown on the project site plan and break area diagrams (Attachment IV).

Public Art. In response to the comments received by the Planning Commission during the February 2020 work session, the applicant has brought on Artsource Consulting to assist in commissioning site-specific piece(s) of artwork by a local artist. The consultant will lead a directed search using an RFP process to find an artist that lives and works in Alameda County. To encourage Hayward artists to apply, the consultant will tap into local resources, such as the Cal State East Bay University Art Gallery and the Hayward Arts Council. The selected artist will create a site-specific work of art of appropriate scale and placement, likely sited between Buildings 1 and 2 to increase visibility from Highway 92. Possible pieces could include a free-standing sculpture, a unique wall treatment, innovative hardscaping, or a combination of all three. Artwork will be selected based on the artist's response to site-specific conditions and unique community context. For more on the proposed art selection process as well as samples of work commissioned for other projects, see Attachment V.

Sustainability Features. The project's Sustainability Plan (Attachment VI) describes the project's proposed sustainability measures. Currently, the proposed Sustainability Plan includes the pursuit of LEED certification for Building Design and Construction for Core and Shell, preferred parking for carpool vehicles to encourage carpooling among commuters, bicycle parking at all buildings and shower facilities at Building 4, and an outdoor plaza that could accommodate food trucks which would reduce lunchtime vehicle miles traveled. The Building 4 tenant has also expressed a commitment to achieve 100 percent renewable energy usage by 2025 and a net-zero carbon footprint by 2040. In addition, the data center's cooling system will utilize real time weather data to optimize efficiency, reducing both energy and water demand. The Building 4 tenant has also been in active communication with the City's Utilities Division about extending recycled water infrastructure to the site in the future, which would significantly reduce the amount of potable water used on site. Extension of this infrastructure could similarly reduce the potable water usage of other tenants on site and nearby businesses that opt to tap into the future purple lines. Additional sustainability measures to reduce energy and water usage are detailed further in Attachment VI.

POLICY CONTEXT AND CODE COMPLIANCE

Hayward 2040 General Plan: The project site has an *Industrial Corridor* General Plan land use designation, which allows for a range of primary uses, including professional offices, corporate campuses, research and development, warehousing and logistics, manufacturing, bio-technology and high-technology uses.⁵ As proposed, the project meets the general intent of the applicable land use designation in that it includes construction of three speculative industrial buildings and a data center. In addition, the proposed project will support the following *Hayward 2040 General Plan* goals and policies:

- Policy LU-1.1 Jobs-Housing Balance. The City shall support efforts to improve the jobs-housing balance of Hayward and other communities throughout the region to reduce automobile use, regional and local traffic congestion and pollution.
- 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 northern half of the project site is located within the General Industrial (IG) zoning district, while the southern portion of the site is in the Industrial Park (IP) zoning district.⁶ The IG zoning district is intended to accommodate a wide variety of industrial uses, including heavy industrial and warehousing/distribution uses. The IP zoning district is

⁵ Hayward 2040 General Plan: https://www.hayward-ca.gov/sites/default/files/documents/General_Plan_FINAL.pdf

⁶ Hayward Municipal Code Section 10-1.1600 (Industrial Districts):

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI

intended to provide areas for high technology, research and development, and industrial activities in an industrial park or campus-like atmosphere. Warehousing and distribution uses are allowed in the IP district, provided buildings and site development are designed with an office appearance from the right-of-way, or with flexibility to transition to a manufacturing or research and development use.

The proposed project is consistent with the basic requirements of the IG and IP zoning districts. However, the applicant is seeking a height of 88 feet for Building 4 (108 feet to the top of the mechanical screening), which exceeds the 75-foot height limit in the IG zoning district. Section 10-1.1604 of the Hayward Municipal Code⁷ allows for increased building heights through Major Site Plan Review approval where the approving authority finds that the increase is necessary to provide a more beneficial site layout or will result in public benefits or amenities that could not be achieved under current zoning standards. As stated above, the applicant is providing a number of public benefits and amenities, including financial backing for new bicycle infrastructure along Clawiter Road, public art featuring a local artist, and an outdoor plaza that could be used for food trucks and other events. In addition, the Building 4 tenant has been actively working with the City to extend recycled water infrastructure to the site, which would benefit all future tenants as well as nearby businesses wishing to tap into a non-potable water source.

Major Site Plan Review and Conditional Use Permit. Per the HMC, the Planning Commission may conditionally approve a Major Site Plan Review and Conditional Use Permit application when all of the required Findings pursuant to Sections 10-1.3081 and 10-1.3225 of the Hayward Municipal Code are met. The required Findings are listed below:

Major Site Plan Review Required Findings

- The proposed development is consistent with the General Plan, Zoning Ordinance, Design Guidelines, and any other applicable plan or program;
- The proposed development is consistent with the purpose, intent, and standards of the applicable zoning district and General Plan or Specific Plan designation and applicable design guidelines;
- The subject site is physically suitable for the type and intensity of the land use and development being proposed;
- The proposed development will be compatible with the planned land use character of the surrounding area and make a positive impact to the site and surrounding area; and
- The proposed development will not have a substantial adverse effect on surrounding development and land uses.

Conditional Use Permit Required Findings

- The proposed use is desirable for the public convenience or welfare;
- The proposed use will not impair the character and integrity of the zoning district and surrounding area;

⁷ HMC Section 10-1.1604 (Development Standards):

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI_S10-1.1604DEST

- The proposed use will not be detrimental to the public health, safety, or general welfare; and
- The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

Further analysis related to the required Findings is included in the Staff Analysis section below and contained in Attachment II, Findings.

Industrial Design Guidelines. The project site is subject to the City of Hayward Industrial District Design Guidelines.⁸ Generally, the Industrial District Design Guidelines 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 IV), the proposed project includes multiple features that reflect the Industrial District Design Guidelines. Each building features enhanced architectural treatment at entrances/corners that includes the use of varied materials and projecting shapes. A gateway element is proposed at the northwest corner of the site that incorporates the City's branding, shown in Perspective 3 in Attachment IV. Employee amenities include an outdoor plaza, clusters of seating, and a walking path with stretching/exercise stations. In addition, the future commissioned art piece will add aesthetic enjoyment for employees and vehicles driving by alike.

STAFF ANALYSIS

The proposed development is seeking approval of a new industrial campus on a prominent, highly visible catalyst site. In fact, the impending redevelopment of this site was a key contributor to the City deciding to undertake the recent update to the Industrial District zoning regulations and the development of the new Industrial District Design Guidelines. The proposed project is consistent with both the new zoning regulations and Industrial District Design Guidelines, providing a model of what future new large-scale development in the industrial area could look like.

The proposed industrial campus was carefully crafted in close collaboration with the applicant and the City's Planning Division and Economic Development staff to be attractive to a wide range of employers throughout the region, consistent with the direction provided by the CEDC. The architectural design of the site's buildings as well as the range in sizes from 56,000 to over 200,000 square feet and the high-quality outdoor employee amenity spaces could potentially attract research and development, advanced manufacturing, biotechnology, and other uses befitting of what the General Plan designates as the City's Industrial Technology and Innovation Corridor.

Additionally, staff regards the project's requested height increase for Building 4 as justified given the range of public benefits and amenities that the project includes, which would not

⁸ City of Hayward Industrial District Design Guidelines:
<https://www.hayward-ca.gov/sites/default/files/Industrial%20Design%20Guidelines.pdf>

have otherwise been required. A number of these benefits were incorporated in direct response to the Planning Commission's comments at the February 2020 work session, including the commissioned public art component, financial contribution to expand bicycle infrastructure along Clawiter Road well beyond the project frontage, plaza space suitable for food trucks and other events, a walking and exercise path around Building 3, and significant sustainability measures such as the commitment for the data center to achieve 100 percent renewable energy usage by 2025, having a net-zero carbon footprint by 2040, and active conversations with the City regarding the extension of recycled water infrastructure.

ENVIRONMENTAL REVIEW

An Initial Study evaluating the potential environmental impacts of this project was prepared in accordance with the California Environmental Quality Act (CEQA). The Initial Study found that the proposed project would result in potential impacts in the areas of Air Quality, Biological Resources, Cultural Resources, Geology/Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, and Tribal Cultural Resources, and contains standard or project-specific mitigation measures reducing the identified impacts to a level of less than significant.

A Notice of Intent to Adopt a Mitigated Negative Declaration (NOI) was filed with the Alameda County Clerk on December 4, 2020. The NOI and Initial Study were posted on the City's website. Notices were sent to interested parties and property owners within 300 feet of the project site on December 4, 2020. The public comment period for the proposed Mitigated Negative Declaration and Initial Study ran from December 4, 2020 to January 4, 2021.

As discussed in the Public Outreach section above, the City received four comment letters during the public comment period regarding construction impacts, alignment with State mandates, environmental oversight, impacts to sensitive receptors, and the analysis methodology regarding air quality, greenhouse gas emissions and biological resources. Some revisions were made in response to these comments, but none resulted in a greater number of impacts or impacts of a substantially greater severity than those set forth in the Draft IS/MND. As a result, a Mitigated Negative Declaration is the appropriate level of environmental review for this project.

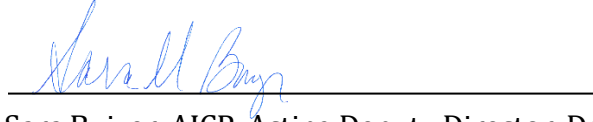
A copy of the Initial Study/Mitigated Negative Declaration (IS/MND) and related appendices are attached to this report for the Commission's review and consideration (Attachment VII). The Commission must consider these documents prior to issuing a determination on the proposed project.

NEXT STEPS

If the Planning Commission approves the Conditional Use Permit, then a 10-day appeal period will commence from the date of decision. If no appeal is filed, then the decision will be deemed final. If an appeal is filed within the 10-day time frame, then the application will be heard by the City Council for final disposition.

Prepared by: Elizabeth Blanton, AICP, Associate Planner

Approved by:

A handwritten signature in blue ink, appearing to read "Sara Buizer", is written over a horizontal line.

Sara Buizer, AICP, Acting Deputy Director, Development Services

A handwritten signature in black ink, appearing to read "Laura J. Simpson", is written over a horizontal line.

Laura Simpson, AICP, Development Services Director