



## Planning Commission Staff Report

September 23, 2015

Item 6.a.

<b>SUBJECT:</b>	<b>PUD-105 and P14-0852</b>
<b>APPLICANT:</b>	City of Pleasanton
<b>PROPERTY OWNERS:</b>	Multiple
<b>SUBJECT:</b>	Public hearing to receive public and Planning Commission comments on the Draft Supplemental Environmental Impact Report (DSEIR) for the Johnson Drive Economic Development Zone (JDEDZ).
<b>LOCATION:</b>	7106 through 7315 Johnson Drive and 7035 and 7080 Commerce Circle
<b>GENERAL PLAN:</b>	Business Park (Industrial/Commercial and Office) and General and Limited Industrial
<b>ZONING:</b>	Planned Unit Development-General and Light Industrial (PUD-G&LI), Planned Unit Development-Industrial/Commercial-Office (PUD-I/C-O) and General Industrial (I-G-40,000)
<b>EXHIBITS:</b>	A. <a href="#">DSEIR dated September 2015</a> (previously distributed) B. <a href="#">Johnson Drive Economic Development Zone Location Map</a> C. <a href="#">Location and Notification Map</a>

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### BACKGROUND

In 2009, the City approved an update to its General Plan, including an Economic and Fiscal Element that contained an aggressive program of business retention and expansion. To promote this program, on April 15, 2014, the City Council established an Economic Development Zone Program that would designate opportunity sites that could be redeveloped with uses that would add value to the properties, and promote long-term economic stability for the community. As part of this program, the City Council also initiated a pilot economic development zone on an approximately 40-acre project area

near the intersection of Johnson Drive and Stoneridge Drive, referred to as the Johnson Drive Economic Development Zone or JDEDZ.

Generally speaking, the establishment of the JDEDZ would expand the range of permitted and conditionally permitted uses over the approximately 40-acre project area (12 parcels), with the intent of encouraging commercial uses to locate within the project area. The ultimate goal of the JDEDZ is to transform the project area into a thriving commercial corridor that capitalizes on its location at the nexus of the I-580 and I-680 freeways. Establishing the JDEDZ would require the approval of a General Plan amendment to amend the current land use designation from Business Park (Industrial/Commercial and Office) and General and Limited Industrial to Retail/Highway/Service Commercial, Business and Professional Offices, and a rezoning from Planned Unit Development-General and Light Industrial (PUD-G&LI), Planned Unit Development-Industrial/Commercial-Office (PUD-I/C-O) and General Industrial (I-G-40,000) to a commercial PUD zone for all 12 subject parcels. The PUD would outline a list of permitted and conditionally permitted uses for the project area, as well as provide development standards and site/architectural/landscape design guidelines for the project area. Existing uses would be “grandfathered” and continue to operate until redevelopment activities are proposed for a specific parcel within the project area.

As part of the scope of work for the establishment of the JDEDZ, a Draft Supplemental Environmental Impact Report (DSEIR) for the JDEDZ was prepared by the City’s consultant, Environmental Science Associates (ESA), in compliance with the California Environmental Quality Act (CEQA). The DSEIR, which is programmatic in nature since no specific development proposals are being considered within the JDEDZ at this time, is a supplement to the EIR prepared for the Pleasanton 2005-2025 General Plan and certified in July 2009, as well as the SEIR prepared for the more recent Housing Element Update and Climate Action Plan, certified in 2011. These documents did not evaluate the establishment of the JDEDZ at the time of certification, but anticipated substantial development City-wide, including development for purposes of economic development. The DSEIR evaluates the specific environmental impacts that would occur from the General Plan Amendment and PUD rezoning and focuses on the physical changes to the environment resulting from likely redevelopment of the JDEDZ project area. It should be noted that fiscal/economic impacts of development are not considered physical environmental impacts and are not analyzed in the DSEIR.

The DSEIR is now available for public review and is before the Planning Commission for review and comment. Comments should be limited to those relating to the completeness and adequacy of the DSEIR as opposed to the merits of the project. The Commission’s comments on the completeness and adequacy of the DSEIR, as well as those provided by the public during the public hearing and the on-going 45-day public review period, which concludes on October 30, 2015, will be addressed in the Final Supplemental Environmental Impact Report (FSEIR). Subsequently, the Commission will be asked to make a recommendation to the City Council on certification of the FSEIR and approval of the JDEDZ and all associated documentation.

## **JDEDZ PROJECT AREA DESCRIPTION**

The JDEDZ area consists of 12 parcels located at 7106-7315 Johnson Drive and 7035 and 7080 Commerce Circle (see Exhibit B), comprising approximately 40 acres and currently containing a mixture of land uses, including industrial, office, retail, and institutional uses. The area is bounded by a fitness center and parking uses on the north; industrial, wastewater treatment, and Park and Ride uses to the east; Stoneridge Drive and the I-680 interchange to the south; and I-680 to the west. The JDEDZ area currently contains 224,688 square feet of building space, not including the recently demolished former Clorox buildings along Johnson Drive.

## **PROJECT DESCRIPTION**

The JDEDZ entails the implementation of rules, regulations, and guidelines (Appendix D of Exhibit A) to allow for and facilitate future development and redevelopment within the JDEDZ project area. As part of the proposed JDEDZ, the City would also: specify fees and fee credits for prospective uses; specify off-site improvements; and execute one or more Development Agreements with identified property owners.

The mix of uses expected to occur within the JDEDZ project area with full buildout includes club retail (also known as warehouse club), hotel, recreational, and general retail establishments. Existing uses within the JDEDZ project area would be “grandfathered” and operate until redevelopment activities are proposed for a specific parcel within the project area.

With development of the JDEDZ, the project area could contain up to 509,990 square feet of occupied building space, a net increase of 285,302 square feet over the existing occupied buildings within the JDEDZ project area (demolished buildings on the former Clorox site are not included). It is assumed that development of the JDEDZ project area would occur in two or more phases, including an initial phase (Phase I) during which Parcels 6, 9 and 10 would be developed with hotel (88,000 square feet), club retail (148,000 square feet), and general retail (23,500 square feet) uses; and one or more future development phases.

Please refer to Chapter 3 of the attached DSEIR (Exhibit A) for the detailed project description. Also, for a list of uses that would be permitted or conditionally permitted within the JDEDZ project area, see Appendix B of Exhibit A.

## **PROJECT OBJECTIVES**

The objectives of the proposed JDEDZ and associated General Plan amendment and PUD rezoning are to:

1. Provide a consistent framework for the City’s review and approval of new uses and projects in the JDEDZ project area, encouraging investment in and adding value to these properties;

2. Maximize the benefits of the location of the JDEDZ project area as an infill site located along transportation corridors and near transit by encouraging the development of both locally and regionally accessible uses in the JDEDZ project area; and
3. Encourage the development of a diverse mix of uses in the City that would promote long-term economic growth by generating substantial new revenues for the City.

While not specifically identified as a project objective, it should be noted that the JDEDZ is the first economic development zone proposed by the City and is anticipated to be a model for future economic development zones.

## **DSEIR DESCRIPTION**

As discussed above, the proposed JDEDZ builds on, supplements, and refines portions of the General Plan, specifically the Economic and Fiscal Element. Based on an initial review of the proposed JDEDZ and the criteria set forth in CEQA Guidelines Section 15162, the City determined that the proposed JDEDZ may result in new significant impacts that were not addressed in the General Plan EIR or the SEIR prepared for the Housing Element Update and Climate Action Plan. The City also determined that the proposed JDEDZ would be a substantial change from the project evaluated in the prior EIRs because of the JDEDZ's potential to result in new significant environmental effects, or a substantial increase in the severity of previously identified significant environmental effects.

A SEIR augments previous environmental documentation prepared for a prior project to address any project changes or changed circumstances since the time the prior EIR was certified. In the case of changes to a previously approved project, as is the case here, the purpose of a SEIR is to provide the additional analysis necessary to make the previous EIR adequately apply to the project as modified. Accordingly, the SEIR need contain only the analysis necessary to respond to the proposed change in the project that triggered the need for additional environmental review.

Approval of the proposed JDEDZ would amend the adopted General Plan and result in other land use changes. The remainder of the General Plan would remain in effect as previously adopted. Based on the scope of the JDEDZ, the City determined that an addition to the previously certified EIRs was necessary to implement the JDEDZ, but much of the analysis in the previously certified EIRs did not need to be changed. Therefore, the proposed JDEDZ does not require a major revision to the previously certified EIRs, and a SEIR is the appropriate document to analyze these project changes.

The purpose of the SEIR is to provide the City, public agencies, and the public in general with detailed information about the environmental effects of construction and operation activities that would take place after implementation of the JDEDZ, to examine and institute methods of mitigating any adverse environmental impacts should the JDEDZ be approved, and to consider alternatives to the JDEDZ as proposed.

The lead agency, the City of Pleasanton, is the public agency that has the principal responsibility for carrying out or approving the JDEDZ. CEQA provides that public agencies should not approve a project until all feasible means available have been employed to avoid or substantially lessen the significant environmental effects of the project. "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time taking into account economic, environmental, legal, social, and technological factors. The City will use the SEIR, along with other information and public processes, to determine whether to approve, modify, or disapprove the proposed JDEDZ, and to specify any applicable environmental mitigations or other conditions of approval as part of approvals for the JDEDZ.

The purpose of the analyses contained in the SEIR is not to assess whether the proposed JDEDZ is desirable but rather to evaluate the environmental impacts that would result from construction and operation activities within the JDEDZ project area. Future development proposals for areas within the JDEDZ (should it be adopted) would be required to adhere to the applicable regulations adopted for the JDEDZ PUD and incorporate the mitigation measures identified in the SEIR, as well as applicable provisions of the City's General Plan, Municipal Code, and any applicable design guidelines document.

The City, in its initial review, determined that the proposed JDEDZ may result in new and/or substantially more severe effects in the specific topic areas analyzed within the DSEIR, compared to the impacts identified in the previous EIR's. These topic areas include: changes to the aesthetic environment; impacts on air quality resulting from construction and operation activities that would take place within the JDEDZ area; noise impacts from construction and operation activities; and impacts related to increased traffic to and from the JDEDZ project area. Environmental topics also discussed, and analyzed at a lesser level of detail, include: agriculture and forestry resources; biological resources; cultural resources; geology and soils; greenhouse gas emissions; hazards and hazardous materials; hydrology and water quality; land use and planning; mineral resources; population and housing; public services and utilities systems; and recreation.

## **EIR PROCESS**

The process for requiring, preparing and adopting a SEIR is outlined in the CEQA Guidelines. It consists of the following primary steps that have either been conducted to date by the City or are scheduled for the future:

1. Distribute the Notice of Preparation of an EIR to agencies and interested parties – Comment period: August 25 through September 25, 2014

2. Prepare the DSEIR – September 2014 through September 2015
3. Publish the DSEIR – released for public review on September 14, 2015
4. Public and Agency Comment on the DSEIR – September 14 through October 30, 2015
5. Public meeting convened by the Planning Commission to receive comments from the public and the Planning Commission on the DSEIR – September 23, 2015
6. Prepare a Final SEIR – To be determined (TBD)
7. Hold Public Hearings to consider certification of the Final SEIR and take action on the associated General Plan Amendment, PUD Rezoning, and Development Agreement – Planning Commission recommendation and action by the City Council – TBD

A 45-day comment period for agencies and members of the public to submit written comments on the DSEIR extends through October 30, 2015. Responses to all verbal comments received at the September 23, 2015 Planning Commission meeting and all written comments will be addressed in the Final SEIR, which will be published prior to the Planning Commission and City Council hearings.

## **ENVIRONMENTAL ISSUES**

As described above, the DSEIR addresses a wide range of potentially significant environmental impact areas. The DSEIR describes impacts in each of the topical areas and summarizes the impacts in the Summary chapter of the DSEIR (see Chapter 2, Exhibit A). Analysis of the impacts of the proposed JDEDZ indicated potentially significant and unavoidable impacts on air quality and transportation and traffic. The following paragraphs describe the eight significant and unavoidable impacts which are identified in the DSEIR (i.e., impacts that cannot be reduced to a less-than-significant level with mitigation):

### ***Significant and Unavoidable Air Quality Impacts***

The information provided below is intended to provide an overview of the anticipated air quality impacts and mitigation measures resulting from the implementation of the JDEDZ. For more detailed information, please refer to Chapter 4.B of the DSEIR (Exhibit A).

The JDEDZ will generate significant and unavoidable air quality impacts as follows:

**Impact 4.B-2:** The JDEDZ would generate operational emissions that would result in a considerable net increase of criteria pollutants and precursors (Nitrogen Oxides (NO<sub>x</sub>) and Particulate Matter less than 10 microns (PM<sub>10</sub>) for which the air basin is in nonattainment status under the ambient air quality standards. Although Mitigation Measure 4.B-3 would reduce total criteria pollutants that would be generated (primarily from mobile vehicular emissions), the reduction is anticipated to be minor relative to overall emissions and would not reduce emissions to less-than-significant levels.

**Impact 4.B-3:** Operation of uses within the proposed JDEDZ area would conflict with or obstruct implementation of the applicable air quality plan. Because the JDEDZ would cause operational emissions that would result in a considerable net increase of NO<sub>x</sub> and PM<sub>10</sub>, even with implementation of Mitigation Measure 4.B-3, the proposed JDEDZ would still conflict with or obstruct implementation of Bay Area Air Quality Management District's (BAAQMD) 2010 Clean Air Plan, and this impact would be significant and unavoidable.

**Impact 4.B-6:** The JDEDZ would generate operational emissions that would result in cumulative criteria air pollutant (NO<sub>x</sub> and PM<sub>10</sub>) air quality impacts, when combined with past, present and other reasonably foreseeable development in the vicinity.

The air quality impacts listed above are primarily a function of the size of the project. Although the DSEIR includes Mitigation Measures requiring dust control and other construction-period pollution reduction measures, and implementation of Transportation Demand Management (TDM) measures, these measures would not be sufficient to reduce the air emissions of the JDEDZ to a less-than-significant level.

### ***Significant and Unavoidable Transportation and Traffic Impacts***

The information provided below is intended to provide an overview of the anticipated traffic impacts and mitigation measures resulting from the implementation of the JDEDZ. For more detailed information, please refer to Chapter 4.D of the DSEIR (Exhibit A).

The JDEDZ will generate increased traffic, affecting the levels of service for freeway ramps along I-680 and surface streets in and around the project area as described below. It should be noted that proposed mitigations in the DSEIR would result in acceptable levels of service (i.e., duration of delay in traveling through an intersection), acceptable vehicle queue spillback (i.e., backed-up traffic potentially affecting operation of an upstream intersection), and acceptable freeway ramp operations. However, the impacts below have been identified as significant and unavoidable for CEQA purposes, as the proposed mitigations will require Caltrans approval, and thus are outside the control of the City of Pleasanton.

**Impact 4.D-1:** Development facilitated by the proposed JDEDZ would affect levels of service at the local study intersections (Commerce Drive at Johnson Drive, Johnson Drive at Owens Drive, and Johnson Drive at Stoneridge Drive) under Existing plus Project conditions. This impact also includes vehicle queue spillback on Johnson Drive and Stoneridge Drive.

**Impact 4.D-2:** Development facilitated by the proposed JDEDZ would affect levels of service at the local study intersections (Commerce Drive at Johnson Drive, Johnson Drive at Owens Drive, Johnson Drive at Stoneridge Drive, and Johnson Drive at the City park and ride entrance intersection) under Near-term plus Project conditions. This impact also includes vehicle queue spillback on Johnson Drive and Stoneridge Drive.

**Impact 4.D-3:** Development facilitated by the proposed JDEDZ would affect levels of service at the local study intersections (Commerce Drive at Johnson Drive, Johnson Drive at Owens Drive, Johnson Drive at Stoneridge Drive, Hopyard Road at Owens Drive, and Johnson Drive at the City park and ride entrance intersection) under Far-term (Cumulative) plus Project conditions. This impact also includes vehicle queue spillback on Johnson Drive and Stoneridge Drive.

**Impact 4.D-5:** Development facilitated by the proposed JDEDZ would affect levels of service for freeway ramps at merge/diverge areas within I-680 under Existing plus Project conditions.

**Impact 4.D-7:** Development facilitated by the proposed JDEDZ would affect levels of service for freeway ramps at merge/diverge areas within I-680 under Far-term (Cumulative) plus Project conditions.

The following transportation improvements are the most substantial of the proposed mitigation measures to be implemented as part of the JDEDZ. Please refer to Chapter 4.D of the DSEIR for a complete list of the mitigation measures.

*Stoneridge Drive and Johnson Drive Improvements:*

1. Modify the Stoneridge Drive at Northbound I-680 off-ramp to provide a northbound right-turn overlap phase.
2. Construct a second southbound left-turn lane from Johnson Drive to Stoneridge Drive.
3. Extend the existing westbound right-turn pocket at the Johnson Drive and Stoneridge Drive intersection approximately 800 feet east by widening Stoneridge Drive and convert the resulting lane into a through-right-shared lane. Install lane markings in the curb lane and adjacent lane indicating I-680 Northbound Only to reduce lane changes between Johnson Drive and the northbound on-ramp.
4. Construct a second on-ramp lane to northbound I-680 from the westbound Stoneridge Drive approach.

*Stoneridge Drive and Johnson Drive Intersection Improvements:*

1. Construct a third eastbound left-turn lane from Stoneridge Drive to Johnson Drive in conjunction with an additional northbound receiving lane on Johnson Drive.
2. Construct an additional southbound right-turn lane on Johnson Drive.
3. Rebuild Johnson Drive as a six to seven lane road with three or four southbound lanes and three northbound receiving lanes for a minimum of 700 feet north of Stoneridge Drive. This improvement would require widening of Johnson Drive north of Stoneridge Drive by up to 36 feet and widening of Johnson Drive south of Stoneridge Drive a commensurate amount to align travel movements through the intersection.

Johnson Drive Improvements:

1. If a club retail use is proposed for Parcel 6, signalize one or more entrances at Parcel 6 and widen Johnson Drive at this location to accommodate a southbound left-turn pocket and a northbound right-turn pocket.
2. Widen Johnson Drive to provide up to two vehicle travel lanes in each direction from Stoneridge Drive to the main entries of sites with traffic-intensive uses.
3. Implement other improvements as needed at major driveways (signal control, provision of left-turn or right-turn pockets) to provide additional capacity.
4. Final design of all improvements along Johnson Drive shall maintain or enhance existing bicycle, transit, and pedestrian facilities, and shall ensure bicycle and pedestrian facilities and access to the Alamo Canal Trail at the signalized crossing at Commerce Circle and any other signalized locations on Johnson Drive.

Other Improvements:

1. Install a traffic signal and construct a southbound left-turn lane to Commerce Drive at the Commerce Drive and Johnson Drive intersection.
2. Install a traffic signal at the Johnson Drive at Owens Drive (North) intersection.
3. Final design of all improvements along Stoneridge Drive shall maintain or enhance existing bicycle and pedestrian facilities.

Other impacts from the JDEDZ on aesthetics, air quality, biological resources, cultural resources, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, population and housing, public services and utilities systems, transportation and traffic, and recreation would be mitigated (when appropriate) to less than significant levels. The mitigation measures are generally typical of measures applied to development in Pleasanton, such as dust control during construction; pre-construction surveys to avoid impacts on birds, bats or burrowing owls; protection of waterways and riparian vegetation; archaeological monitoring for archaeologically sensitive sites; Phase 1 environmental assessments required to assess and remediate any hazardous materials on sites; a limitation on the hours of construction; and vibration and acoustical studies to determine appropriate construction techniques and sound mitigation for new buildings.

## **ALTERNATIVES**

As required by CEQA, Chapter 5 of the DSEIR (Attachment A) analyzes a range of reasonable alternatives to the proposed JDEDZ, including the No Project Alternative, the Reduced Retail Alternative, and the Partial Buildout Alternative. Each alternative is summarized below.

Alternative 1: No Project

The No Project alternative assumes that JDEDZ adoption would not occur but some development consistent with the project area's existing land use regulations would be undertaken. Under the No Project alternative, the project area of the proposed JDEDZ would be developed with some general retail uses but mostly office uses, with approximately 383,000 square feet of new building area, including 338,000 square feet

of office uses and 45,000 square feet of general retail uses. No club retail or hotel uses are assumed under this alternative. The No Project alternative would not meet most of the objectives of the proposed JDEDZ as outlined in the DSEIR. Although it would not meet any of the objectives of the proposed JDEDZ, the No Project alternative would be feasible, and would avoid significant air quality impacts of the proposed JDEDZ. This alternative would also, however, generate a volume of traffic trips to the JDEDZ project area based on the allowed level of development under the existing underlying zoning that would further degrade operations of freeway ramps that are already operating at unacceptable levels, and would not lessen other significant traffic impacts of the proposed JDEDZ.

#### Alternative 2: Reduced Retail Alternative

The Reduced Retail alternative would include some of the same uses as the proposed JDEDZ, including general retail and a hotel use, but would not include club retail uses. Under the Reduced Retail alternative, the project area of the proposed JDEDZ would be developed with approximately 259,500 square feet of new building area, including approximately 171,500 square feet of general retail uses and 88,000 square feet of hotel uses. The Reduced Retail alternative would meet most of the objectives of the JDEDZ as outlined in the DSEIR but would do less to promote long-term economic growth. The Reduced Retail alternative would be feasible, and would avoid a significant air quality impact (related to operational PM10 Emissions) of the proposed JDEDZ. This alternative would also, however, generate a volume of traffic trips to the JDEDZ area that would further degrade operations of freeway ramps that are already operating at unacceptable levels, and would also not lessen other significant traffic impacts of the proposed JDEDZ.

#### Alternative 3: Partial Buildout (Phase I Only)

The Partial Buildout alternative assumes that the JDEDZ would be adopted, and that only the uses anticipated for Phase I of the JDEDZ would be developed, and no other development would take place within the JDEDZ project area. This alternative includes a club retail use, a hotel use, and some general retail uses, with approximately 259,500 square feet of building area, including 148,000 square feet of club retail, 23,500 square feet of general retail uses, and 88,000 square feet of hotel uses. The Partial Buildout alternative would meet most of the objectives of the JDEDZ as outlined in the DSEIR. Similar to the Reduced Retail alternative, the Partial Buildout alternative would be feasible, and would avoid a significant air quality impact (related to operational PM10 Emissions) of the proposed JDEDZ. This alternative would also, however, generate a volume of traffic trips to the JDEDZ project area that would further degrade operations of freeway ramps that are already operating at unacceptable levels, and would also not lessen other significant traffic impacts of the proposed JDEDZ.

## **PUBLIC COMMENT**

Notices of this application were sent to surrounding property owners and tenants within a 1,000-foot radius of the site. Staff has provided the location and noticing maps as Exhibit C for reference. In addition, notices were sent to four interested parties that

requested to be notified of the DSEIR availability during the Notice of Preparation (NOP) process. At the time this report was published, staff had not received any public comments about the project.

## **STAFF RECOMMENDATION**

Staff recommends that the Planning Commission take the following actions:

1. Receive comments from the public regarding the completeness and adequacy of the DSEIR; and
2. Provide Planning Commission comments with regard to the completeness and adequacy of the DSEIR.

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