

August 16, 2016  
Community Development Department  
Planning Division

**TITLE: CONSIDER SUPPLEMENTAL REPORT ON EFFECTS OF INITIATIVE PETITION LIMITING RETAIL USES TO LESS THAN 50,000 SQUARE FEET IN THE JOHNSON DRIVE ECONOMIC DEVELOPMENT ZONE**

**SUMMARY**

The Alameda County Registrar of Voters has certified the "Citizens for Planned Growth in the Johnson Drive Economic Development Zone" initiative that would restrict retail uses to footprints of less than 50,000 square feet in the Johnson Drive area. At its July 19, 2016 meeting, the Council elected to submit the initiative to the voters and directed staff to prepare a supplemental report comparing the effects of the initiative project to the effects of the City's proposed economic development zone.

**RECOMMENDATION**

Accept the supplemental report comparing the effects of the proposed Johnson Drive Economic Development Zone (Zone) to the effects of the initiative project.

**FINANCIAL STATEMENT**

All costs associated with the supplemental report (primarily specialized professional services) are paid in full by Nearon Enterprises, pursuant to the approved reimbursement agreement. Planning Division review and administration of the supplemental report was conducted by staff and is part of the FY 2016/17 budget.

## **BACKGROUND**

In March 2016, a group calling itself “Citizens for Planned Growth in the Johnson Drive Economic Development Zone” filed a Notice of Intent to Circulate Petition with the City Clerk. The proponents of the initiative submitted their petition in June 2016. After examination, the County Registrar of Voters certified that the petition contains the required number of signatures.

The initiative proposes a General Plan amendment for the Johnson Drive Economic Development Zone area. The Johnson Drive area comprises 12 parcels comprising over 40 acres generally east of Johnson Drive and north of Stoneridge Drive. The initiative would add a new program to the Land Use Element of the General Plan that would: (a) encourage retail uses less than 50,000 square feet, highway and service commercial uses, and business and professional offices in the Johnson Drive area; and (b) prohibit retail uses (including club retail) 50,000 square feet or greater in the Johnson Drive area.

As stated in the initiative's Notice of Intent, the initiative is in response to the City's consideration of the Zone. The Zone is being studied based on the City's Economic Development Zone Program adopted in April 2014. Consideration of the Zone has been proceeding with preparation and circulation of environmental documents, community meetings, and a joint Council and Planning Commission workshop. The City's public process for the Zone includes the study of potential General Plan amendments, rezoning, a planned unit development, development agreement, and other actions to allow retail, including a possible Costco, hotels, and other uses. If the initiative were to be adopted, a potential Costco (about 148,000 square feet in size) would not be permitted in the Johnson Drive area.

On July 19, 2016, the City Council voted to accept the Alameda County of Registrar of Voters Certification of Sufficiency regarding the signatures, and decided to put the matter on the November 8, 2016 ballot.

## **DISCUSSION**

The Council requested a supplemental report which is the same as a Section 9212 Elections Code report, but on a different schedule, to evaluate the initiative. The supplemental comparative analysis report provides analyses of the following topics:

- Fiscal Impact
- Economic Impact
- Aesthetics/Community Character
- Traffic
- Air Quality
- Noise
- Other Environmental Topics
- Consistency with General Plan

The supplemental report focuses specifically on the differences between the proposed Zone as described in the Supplemental Environmental Impact Report (SEIR) for the Zone, and a theoretical but possible project (the Initiative Project) that would be implemented consistent with the initiative.

The Zone proposed by the City and evaluated in the SEIR would involve a build out of the Johnson Drive area with up to 535,490 total square feet of building space, with 148,000 square feet of this area anticipated to comprise club retail uses, such as a Costco. The possible Initiative Project described in the supplemental report and compared to the Zone proposed by the City would have the same size and scope of development as the proposed Zone, but retail footprints would be limited to less than 50,000 square feet within the Johnson Drive area. Effectively, this would prohibit the establishment of large-format retail stores, such as a club retail use (e.g., Costco) or big box retail stores (e.g., Target or Best Buy) within the Johnson Drive area.

While the two potential economic development zone projects would involve the same total square footage of building space, by replacing club retail with general retail uses and restricting individual retail use footprints to less than 50,000 square feet, the impacts of the Initiative Project would be different from those of the Zone in a number of ways. Among these differences:

- *Traffic Impacts.* Although the Initiative Project would generate fewer vehicle trips to the Johnson Drive area, it would result in the same significant and unavoidable near-term and long-term transportation impacts that would result from the proposed Zone. In addition, funding of traffic improvements would likely be more difficult due to the smaller-footprint retail composition of the Initiative Project, in turn diminishing the feasibility of the Initiative Project.
- *Air Quality Impacts.* Air emissions from operation of the Initiative Project would be lower than for the Zone. However, it is likely that operational emissions from the Initiative Project would, like the Zone, exceed Bay Area Air Quality Management District thresholds of significance.
- *Noise Impacts.* Noise impacts resulting from construction and operation of the Initiative Project would be similar to that of the Zone.
- *Economic Impact.* The Initiative Project would capture more market demand locally compared to the Zone (which would draw more market demand from the overall region). Thus the Initiative Project would result in substantially more impacts on existing retailers in Pleasanton and nearby, with the potential to cause more retailers to experience sales declines, possibly to the extent of resulting in store closures. The Initiative Project would divert \$5.7 million of sales from local businesses per year at buildout in 2028, compared to \$1.3 million of sales impacts per year at buildout under the Zone.

- *Fiscal Impact.* The Initiative Project would result in reduced taxable sales, higher property values, and higher employment compared to the Zone. The overall result is that the net fiscal benefits of the Initiative Project are expected to be lower than for the Zone. The Initiative Project would result in a net fiscal gain for the City of \$1.9 to \$2.1 million/year at buildout, compared to a net fiscal gain of \$2.3 to \$2.5 million/year under the Zone at buildout in 2028.
- *General Plan Consistency.* Though the Initiative Project would not be explicitly inconsistent with policies in the General Plan, it would not promote some individual General Plan policies and programs to the same extent as the Zone.
- *Market Feasibility.* Uncertainty of project financing and lack of tenant commitments make the Initiative Project less likely to be constructed, and more likely to be infeasible, than the proposed Zone. It could be more difficult to secure multiple tenant commitments to the site sufficient to secure project financing for the Initiative Project, which has no major tenant commitments nor expressed interest from tenants, than it would be to secure financing for a project like the proposed Zone, which benefits from the expressed interest of one major club retail business. Therefore, the likelihood of retail development occurring in the Johnson Drive area and the attendant fiscal benefits to the City of Pleasanton is greater for the Zone than for the Initiative Project.

For more detailed information, please see the Executive Summary and all other sections of the supplemental report (Attachment 1).

## CONCLUSION

Staff recommends that the Council accept the supplemental report on the effects of the initiative. This report can be used by community members and other groups to inform their decision in advance of the November election.

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Attachments:

1. Supplemental Report dated August 2016