

**JOHNSON DRIVE ECONOMIC DEVELOPMENT ZONE**  
**FREQUENTLY ASKED QUESTIONS**  
**Updated August 2017**

The Johnson Drive Economic Development Zone (JDEDZ) Frequently Asked Questions (FAQs) were last updated in November 2015. A year later, the JDEDZ was on the ballot, and on November 5, 2016, 63 percent of Pleasanton voters expressed support for the City advancing the JDEDZ. New details about the JDEDZ are included throughout the FAQs (below); however, here is a brief summary of key changes taking place in 2017:

- Nearon Enterprises still owns property in the JDEDZ, although Costco may have an interest in purchasing approximately 15 acres of the 20 acres currently owned by Nearon;
- City staff continued to refine and evaluate the concept-level design of the transportation improvements, which would be necessary to facilitate a wider range of new land uses in the JDEDZ (note that some transportation improvements are necessary without the JDEDZ moving forward);
- City staff continued to develop possible financing scenarios to pay for the necessary transportation improvements; and
- The proposed financing options will be presented to the City Council and the public at a meeting scheduled for August 29, 2017 (City Council Chambers – 200 Old Bernal Avenue). Under all of the financing options being considered, the City would benefit financially, with a majority of new sales tax and other revenues accruing to the City.

Please review the remainder of the FAQs for more specific information and for an overview of the purpose of the JDEDZ, location, background, public outreach, and technical review (environmental and fiscal analysis) that has been conducted to-date.

***1. What is the Johnson Drive Economic Development Zone (JDEDZ)?***

The JDEDZ is a proposal to spur investment in 40 acres of mostly underutilized vacant land situated along Johnson Drive near I-680 and Stoneridge Drive. The EDZ concept was endorsed by the Pleasanton City Council in April 2014, at which time the City Council also initiated the pursuit of a pilot project EDZ along Johnson Drive. The property has long been used for industrial purposes, serving as a key site for Clorox Company.

The goal of the JDEDZ is to:

- transform the area into a thriving commercial corridor that capitalizes on its location at the intersection of the I-580 and I-680 freeways; and
- create opportunities for new uses and services in the community, generating new tax revenue to support City services and programs without increasing anyone's taxes by broadening the City's economic activities.

Similar to other City planning efforts, the JDEDZ will employ a combination of changes in land use rules and design guidelines to ensure high-quality development and comprehensive transportation improvements (including pedestrian and bike access).

### Aerial Photo of Johnson Drive Economic Development Zone



### 2. Why is the City interested in creating an EDZ?

The City is interested in exploring options that will develop this vacant land to its full potential and add value to the existing businesses within the EDZ. The City is seeking to change the land use rules that govern development on the site, all of which is consistent with various policies in the City's General Plan, which seek to:

- encourage comprehensive planning of underutilized areas (Land Use Element, Policy 6);
- enhance Pleasanton's economic base (Economic and Fiscal Element, Goal 2, Policy 1); and
- maintain a diverse and stable revenue system (Economic and Fiscal Element, Policy 18).

### **3. How were the boundaries of the JDEDZ drawn?**

Staff evaluated sites throughout the City to determine whether they would be suitable for an EDZ, and quickly focused on Johnson Drive as the most appropriate area because of its large cluster of available properties suitable for new business growth, its location near a major freeway interchange, and the fact that it is not immediately adjacent to a residential neighborhood, thus minimizing impacts on residents.

Also, interest in the former Clorox site, vacated in 2013, presented an opportunity to be more proactive in the City's planning process. The JDEDZ boundaries were identified based on existing land use conditions and consultation with property owners. The overall size and scale of the JDEDZ were intentionally limited in order to focus on properties with the most potential for change, and to reflect the desire of the City to proceed in a cautious and thoughtful manner.

### **4. Wasn't there a citizen's initiative concerning the JDEDZ site?**

Yes, in June 2016, a group known as "Citizens for Planned Growth" submitted an initiative measure that would prohibit retail uses of 50,000 square feet or greater within the JDEDZ, effectively precluding the establishment of Costco or another club retail use. On July 12, 2016, the Alameda County Registrar of Voters certified that the measure contained the necessary signatures to qualify for the November 2016 ballot. On July 19, 2016, the City Council voted to accept the Alameda County Registrar of Voters Certification of Sufficiency regarding the signatures and decided to put the matter on the November ballot. At that time the City also undertook a [Supplemental Comparative Analysis](#) comparing the environmental, fiscal and economic effects of the EDZ to the program that would be implemented as part of the initiative measure. The measure was ultimately defeated by voters (approximately 63 percent of voters voted to reject the measure) on November 8, 2016, potentially allowing the JDEDZ to move forward if supported by Council.

### **5. What types of development may be allowed in the JDEDZ? Will there be a Costco? Hotel?**

The intent of the JDEDZ is to transform the underlying land use rules and transportation infrastructure in the area to attract different types of businesses than are currently allowed. The existing "General and Light Industrial" zoning allows primarily for warehousing and light-industrial uses, with some limited office development – uses that were once more popular in the area but that don't realize the potential of the site's highly-visible and freeway-accessible location. The proposed JDEDZ would allow for the development of a broader range of retail, visitor-serving, and office uses, including hotels, bookstores, department stores, food markets, gymnasiums, specialty stores, and club retail uses. The City has been in conversations with Costco, which is interested in building a retail warehouse in the JDEDZ and in helping to pay for needed transportation improvements, although Costco has not yet submitted a formal development application to the City. Major hotel operators have also expressed interest

in developing hotels within the JDEDZ area, but have not submitted an application to the City.

## **6. *What is the approval process for specific development projects within the JDEDZ?***

The draft JDEDZ includes a list of land uses that will be permitted by right (i.e., allowed to operate on the site, subject to set performance standards regarding traffic, parking, landscaping, design, etc.) or conditional use permit (subject to review and approval by the Planning Commission and possibly the City Council).

As currently proposed within the JDEDZ:

- Permitted uses include department stores, hardware stores, offices, club retail, and some restaurants which could be approved at the City staff level, but would be appealable to Planning Commission and ultimately City Council.
- Conditionally permitted uses include churches, assisted living facilities, gymnasiums, and some financial services institutions. Planning Commission approval of conditional uses may be appealed to City Council.

As currently proposed, the list of permitted uses has been crafted to attract types of businesses that are highly desirable in the area, consistent with the objectives of the JDEDZ, and which could be discouraged from locating in the JDEDZ area by a longer entitlement process. As part of the planning process, the City is also evaluating a higher level of review for some or all potential uses to allow for additional input on the part of the Planning Commission and/or City Council. This will be discussed further by two bodies as part of deliberations on the project.

Existing uses would be permitted to operate as they do today and undertake improvements without being subject to the new land use rules and performance standards of the JDEDZ.

## **7. *Who is funding the various JDEDZ studies?***

In cities across California, including Pleasanton, the development community is expected to help pay for the cost of processing development proposals. To ensure that the largest property owner in the proposed EDZ contributed to the costs of the planning review process, the City signed an agreement requiring Johnson Drive Holdings I, managed by Nearon Enterprises, to pay for all consultant costs accrued by the City in evaluating the fiscal, economic, transportation, engineering, and environmental implications of the JDEDZ, through July 2016. Under this agreement, Nearon turned over the necessary consultant fees to the City, allowing all consultant work to be solely managed, directed, and peer-reviewed by the City. This same process has been undertaken by the City for other major development projects requiring extensive technical studies.

**8. Will existing businesses within the JDEDZ be affected?**

The JDEDZ is being developed to ensure that property owners within the JDEDZ will be able to continue leasing and operating existing businesses for as long as desired. Protecting existing businesses is a primary goal of the proposed JDEDZ, and existing land uses are “grandfathered” in as part of the overall proposal. The currently-proposed JDEDZ allows for some degree of expansion or replacement of existing businesses that do not conform to the uses desired as part of the JDEDZ, while still retaining the JDEDZ’s redevelopment and growth potential.

**9. Will the City be offering incentives to promote redevelopment of the JDEDZ?**

A portion of the new City revenues projected to be generated by new business activities within the JDEDZ may be used to fund transportation improvements along Johnson Drive, Stoneridge Drive, and I-680. The City currently estimates that the cost of these improvements may total \$21.5 million, including design, construction, and right-of-way acquisition. Combining funds to be provided by major developers within the JDEDZ, like Costco, and City contributions, would allow these traffic improvements to be built. The City explored various financing options that will be presented to and considered by the City Council. City staff is recommending a combination of a sales tax sharing agreement with Costco, contribution of City Traffic Impact Fees (TIF) collected from developers in the City, and a direct cash contribution from Costco. Under a sales tax sharing agreement, Costco would front a portion of the transportation improvement costs, and then be reimbursed by the City a percentage of the sales tax generated by the Costco warehouse every year. Under all of the financing options being considered, the City would benefit financially, and realize new sales tax revenues. Please refer to the [City Council agenda report](#) for the August 29 meeting for more information about the potential financing options.

**10. What are some potential benefits of the JDEDZ?**

The JDEDZ would allow for reuse of this highly visible and underutilized area, which could have positive effects on the City’s tax base. The [Fiscal Impact Analysis](#) prepared for the project indicates that existing development in the JDEDZ site provides minimal net fiscal benefit to the City (\$84,800 annually) due to old buildings, vacant land, and uses that do not generate high levels of tax revenue. In addition, developing the site in accordance with existing land use rules would also generate minimal net fiscal benefit to the City (\$338,500 annually), chiefly because these rules do not allow for high-revenue-generating uses.

The Fiscal Impact Analysis results indicate that on a worst-case basis, the JDEDZ is anticipated to generate a projected \$1.4 to \$1.7 million<sup>1</sup> annual contribution to the City’s General Fund at the completion of the first phase (which includes club retail and hotel uses). This net revenue estimate (taking into account both sales tax and property tax, and added costs to the City, such as for law enforcement and emergency services)

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<sup>1</sup> In 2015 dollars.

increases to \$2.1 to \$2.3 million annually upon full buildout of the JDEDZ. At full buildout, these net fiscal revenues represent an annual contribution equivalent to approximately 2.1 percent to 2.3 percent of the City's General Fund expenditures. These revenue estimates do not include any City contributions to the transportation improvements required by the JDEDZ.

In addition, the [Economic Impact Analysis](#) prepared for the JDEDZ indicates that the JDEDZ is not expected to result in the closure of existing stores or businesses in Pleasanton due to the limited variety and bulk nature of club retail stores (an attribute which reduces direct competition with grocery stores), the size and vibrancy of the local retail market, and natural growth in demand for consumer goods. Similarly, shops in downtown Pleasanton are expected to experience very limited impacts, if any, due to the JDEDZ, primarily because of the distance between the JDEDZ and the downtown shopping area, and the unique offerings and experiences offered by downtown businesses.

#### ***11. What are some of the potential impacts of the JDEDZ?***

The City analyzed the potential environmental effects of the JDEDZ in the [Draft Supplemental Environmental Impact Report \(DSEIR\)](#), which was published in July 2015 and the [Response to Comments Document](#), which was published in March 2016. These documents evaluate the potential effects of the JDEDZ in a range of impact areas. Most impacts (aesthetics, noise, biological resources, cultural resources, geology and soils, hazards and hazardous materials, land use and planning, population and housing, public services and utilities, and recreation) would not be substantial. However, like most sizable land use changes in the Bay Area, the JDEDZ is expected to exceed air pollution levels established by the Bay Area Air Quality Management District. Similarly, without mitigation, the JDEDZ would result in traffic congestion in the area. Although these impacts are typical of large development projects in the region, the City is exploring all feasible means of mitigation, including transportation demand management programs to reduce overall vehicle emissions and traffic.

#### ***12. How will the City ensure that required transportation improvements are implemented?***

As identified in the DSEIR, the JDEDZ will require construction of transportation system improvements, including new through and turn lanes along Stoneridge Drive and Johnson Drive and an expanded I-680 northbound on-ramp. The financial responsibility for these improvements will be identified in a Development Agreement (DA), an agreement between a property owner and/or applicant and the City that specifies future investments to be made by the applicant in exchange for a right to develop a project. Because some of the freeway-related improvements require Caltrans (State) approval, the City will work closely with Caltrans to ensure the improvements are adequately designed and progress expeditiously through the approval process.

### **13. How is the City involving the public in decision-making about the JDEDZ?**

The City has been undertaking an extensive public involvement effort to get input on the proposed JDEDZ. In addition to direct mailers, newspaper articles, Twitter notifications, Facebook posts, Nextdoor.com notifications, flyers posted at public facilities, verbal reminders at public meetings, and updates on the City's website, there have been and will be many opportunities to learn about and provide comments on the JDEDZ. Previous and prospective meetings include:

- [April 15, 2014](#) – City Council hearing to authorize initiation of the Economic Development Zone Program and pilot program on Johnson Drive
- [September 23, 2015](#) – Planning Commission hearing to receive comments on the DSEIR
- [October 22, 2015](#) – Neighborhood Meeting on the JDEDZ
- [November 12, 2015](#) – Community Meeting on the JDEDZ
- [April 12, 2016](#) – Joint Planning Commission/City Council Workshop on JDEDZ
- [July 19, 2016](#) – City Council hearing at which Council authorized submitting the initiative for the Johnson Drive area to voters and ordered a supplemental report on the effects of the initiative
- [August 16, 2016](#) – City Council hearing considering a supplemental report on the initiative for the Johnson Drive area
- August and September 2017: City Council hearings to consider financing and phasing options for JDEDZ transportation improvements
- *Tentative (pending Council direction)* Fall 2017 – Planning Commission(s) hearing regarding JDEDZ/Final SEIR adoption and certification
- *Tentative (pending Council direction)* Fall 2017 – City Council hearing(s) regarding JDEDZ/Final SEIR adoption and certification

Comments or questions about the project can also be directed to Eric Luchini, Associate Planner, by phone at (925) 931-5612, by e-mail at [eluchini@cityofpleasantonca.gov](mailto:eluchini@cityofpleasantonca.gov), or by mail at City of Pleasanton Planning Division, P.O. Box 520, Pleasanton, CA 94566.

### **14. How do I get more information?**

Please visit the project webpage, which links to information about the project, and notices of upcoming meetings: [www.cityofpleasantonca.gov/JDEDZ](http://www.cityofpleasantonca.gov/JDEDZ)

Sign up for email notifications about JDEDZ-related meetings and information [here](#).

Project meetings will also be announced on the City's Twitter account (@pleasantonca) and on Facebook (<https://www.facebook.com/CityofPleasanton>).

*Also, please be sure to check back to this page from time-to-time for updates to the FAQs.*