

Planning Commission Agenda Report

December 11, 2019

Item 5

- SUBJECT:** P14-0852 and PUD-105
- APPLICANT:** City of Pleasanton
- PROPERTY OWNER:** Multiple
- PURPOSE:** Consider recommending the following actions to the City Council: (1) certifying the Revised Final Supplemental Environmental Impact Report (RFSEIR); (2) approval of a General Plan Amendment to change the land use designation of the project site from Business Park (Industrial/Commercial and Office) and General and Limited Industrial to Retail/Highway/ Service Commercial; Business and Professional Offices; and (3) approval of a Planned Unit Development (PUD) Rezoning to rezone the project site from Planned Unit Development-General and Light Industrial (PUD-G&LI) District, Planned Unit Development-Industrial/Commercial-Office (PUD-I/C-O) District, and General Industrial (I-G-40,000) District to Planned Unit Development – Commercial (PUD-C) District on 12 parcels at 7106 through 7315 Johnson Drive and 7035 and 7080 Commerce Circle, comprising approximately 40 acres known as the Johnson Drive Economic Development Zone (JDEDZ).
- LOCATION:** 7106 through 7315 Johnson Drive and 7035 and 7080 Commerce Circle
- GENERAL PLAN:** Business Park (Industrial/Commercial and Office) and General and Limited Industrial
- ZONING:** Planned Unit Development-General and Light Industrial (PUD-G&LI) District, Planned Unit Development-Industrial/Commercial-Office (PUD-I/C-O) District, and General Industrial (I-G-40,000) District
- EXHIBITS:**
- A. Draft Resolution recommending certification of the JDEDZ SEIR
 - B. Draft Resolution recommending approval of the JDEDZ General Plan Amendment with land use designation map
 - C. Draft Resolution recommending approval of the JDEDZ PUD Rezone with Draft PUD Rezoning land use designation map, Conditions of Approval, uses list and JDEDZ Development Standards and Design Guidelines dated March 2017

- D. The following documents were previously distributed and/or can be found using the following link:
<http://www.cityofpleasantonca.gov/jdedz>
1. Draft Supplemental Environmental Impact Report (DSEIR) dated September 14, 2015, FSEIR dated March 21, 2016, RFSEIR dated November 20, 2019, and Comparative Analysis dated August 2016
 2. Supplemental recirculated environmental documents prepared in 2019 including:
 - Supplemental Recirculation Memo (July 2019)
 - Health Risk Assessment (January 2019)
 - Updated Air Quality Analysis (July 2019)
 - Greenhouse Gas Analysis (July 2019)
 - Energy Resources Analysis (July 2019)
 - Economic Impact Analysis (March 2016)
 3. April 15, 2014 City Council agenda report – EDZ program establishment
 4. September 23, 2015 Planning Commission agenda report – DSEIR workshop
 5. April 12, 2016 Joint City Council/Planning Commission agenda report – EDZ workshop
 6. July 19, 2016 City Council agenda report – Referendum public hearing and request for Comparative Analysis
 7. August 16, 2016 City Council agenda report – Presentation of Comparative Analysis Findings
 8. August 29, 2017 City Council agenda report – Policy discussion introduction regarding the traffic and transportation mitigation improvements phasing and financing plan options
 9. September 18, 2017 City Council agenda report – Provide direction on the transportation mitigation improvements phasing and financing plan options
- E. Economic Vitality Committee meeting minutes from October 5, 2017
- F. Location and Notification Map

STAFF RECOMMENDATION

Staff recommends the Planning Commission consider adopting resolutions recommending to the City Council: (1) certifying the SEIR; (2) approval of a General Plan Amendment to change the land use designation of the project site from Business Park (Industrial/Commercial and Office) and General and Limited Industrial to Retail/Highway/ Service Commercial; Business and Professional Offices; and (3) approval of a Planned Unit Development (PUD) Rezoning to rezone the project site from Planned Unit Development-General and Light Industrial (PUD-G&LI) District, Planned Unit Development-Industrial/Commercial-Office (PUD-I/C-O) District, and General Industrial (I-G-40,000) District to Planned Unit Development – Commercial (PUD-C) District on 12 parcels at 7106 through 7315 Johnson Drive and 7035 and 7080 Commerce Circle, comprising approximately 40 acres known as the JDEDZ, subject to the conditions of approval, uses list and JDEDZ Development Standards and Design Guidelines in Exhibit C.

Staff further recommends the Planning Commission forwards the applications to the City Council for consideration.

EXECUTIVE SUMMARY

The JDEDZ involves changing the existing General Plan land use designations and zoning to spur investment in approximately 40 acres of mostly underutilized land primarily fronting Johnson Drive near Interstate 680 (I-680) and Stoneridge Drive. Costco and brand name hotels have expressed interest in properties within the proposed JDEDZ; however, all development applications have been placed on hold pending final determination on the environmental documentation and proposed applications described in this report.

BACKGROUND

Consistent with several General Plan policies, the JDEDZ concept was endorsed by Council in April 2014. At that time, Council also initiated the evaluation of a pilot EDZ along Johnson Drive. Property in the area has long been used for industrial and limited office purposes, and was/is occupied by the Clorox Corporation, as well as AT&T, FedEx, and other businesses. Over 20 acres of the JDEDZ area are currently vacant because of Clorox's departure.

Key goals of the JDEDZ include:

- Transforming the area into a thriving commercial corridor that capitalizes on its location at the intersection of the I-580 and I-680 freeways;
- Creating opportunities for new land uses and services in the community to broaden the City's economic base, thereby generating new tax revenue to support City services and programs; and
- Streamlining the development review process for new land uses through completed California Environmental Quality Act (CEQA) documentation and in most cases staff-level review processes.

As currently recommended, the allowed land uses in the area would be greatly expanded to include a wider range of commercial uses. Existing uses would be permitted, conditionally permitted, or otherwise protected by "grandfather" provisions, meaning existing businesses in the JDEDZ will be allowed to operate, undertake modest expansions, and potentially relocate within the JDEDZ.

The JDEDZ has been subject to detailed evaluation of environmental, economic, and fiscal impacts, and many public meetings have been held on the proposal. To evaluate the potential environmental effects of changes to the General Plan land uses and zoning districts for the area, the following documents were initially prepared and circulated for public comment (Exhibit D):

- DSEIR (September 2015)
- FSEIR (March 2016)
- Economic Impact Analysis (March 2016)
- Comparative Analysis (August 2016)

The City also held two community meetings, a Planning Commission workshop, and a joint Planning Commission/City Council workshop on the JDEDZ in order to foster public input. The City Council decided to place a citizen-sponsored initiative measure related to the proposed

project on the November 2016 ballot asking the voters to determine whether retail uses greater than 50,000 square feet should be prohibited within the JDEDZ. That initiative was ultimately defeated by 63 percent of the voters so as to support the project moving forward. In August and September 2017, the City Council discussed financing the transportation improvements required to support the JDEDZ and the possibility of phasing future development. In October 2017 the Planning Commission unanimously recommended approval of the proposed project to the City Council. The City Council certified the SEIR and approved the project in November 2017.

In December 2017, a group of citizens filed a lawsuit challenging the adequacy of the SEIR. The group alleged that insufficient information was provided in the SEIR regarding air quality effects of the JDEDZ on the Stoneridge Apartment complex, located at 6259 Stoneridge Mall Road, across I-680; and more time should have been provided for public consideration of the Economic Impact Analysis, which concluded the new hotels, a Costco, other retail and offices would not adversely impact other similar uses that exist in the community.

At its meeting on September 18, 2018, the City Council voted to rescind the SEIR certification and JDEDZ approvals. The City Council also directed staff to conduct additional environmental review to address the concerns expressed with the proposed project in the lawsuit and to avoid further delays and costly litigation. This supplemental environmental work was completed throughout 2019 and was circulated for public comment for 45 days beginning on July 10, 2019 and ending on August 23, 2019. The following documents were prepared and circulated for public comment (Exhibit D):

- Supplemental Recirculation Memo (July 2019)
- Health Risk Assessment (January 2019)
- Updated Air Quality Analysis (July 2019)
- Greenhouse Gas Analysis (July 2019)
- Energy Resources Analysis (July 2019)

Responses to the public comments were prepared in October and November 2019 as a second FSEIR for the proposed project (Exhibit D).

The JDEDZ and associated documentation is now before the Planning Commission for review and recommendation to the City Council for final consideration and action.

TIMELINE

The following is a brief summary of the JDEDZ formulation and review process to-date:

- 2013 – Clorox vacates campus along Johnson Drive
- April 2014 – City initiates JDEDZ
- May 2014 to March 2016 – CEQA and Public Process
 - DSEIR released and public comment period
 - Neighborhood and community workshops
 - City releases first FSEIR
- April 2016 – Joint City Council/Planning Commission Workshop
- July 2016 through November 2016 – Initiative Process

- City Council directs staff to stop work on the JDEDZ pending results of initiative to limit the size of buildings within the JDEDZ to 50,000 square feet or less
- Initiative defeated by 63 percent of the voters
- January 2017 to September 18, 2017
 - City staff re-engages work on JDEDZ project activities
 - City Council policy discussion, introduction and direction on the required transportation mitigation improvements phasing and financing options
- September 19, 2017 through December 2017 – Public Review and Approval
 - Economic Vitality Committee
 - Planning Commission
 - City Council
- December 2017 – Citizen’s group challenges adequacy of SEIR
- September 2018 – City rescinds SEIR certification and JDEDZ approvals
- October 2018 to November 2019 – City prepares supplemental environmental analyses, releases documents for public comment and prepares response to comments (RFSEIR)

PROJECT AREA DESCRIPTION

The JDEDZ project area consists of 12 parcels located at 7106 through 7315 Johnson Drive and 7035 and 7080 Commerce Circle, comprising approximately 40 acres and currently containing a mixture of land uses, including some office, retail, and institutional uses (Figure 1). However, the predominant uses for the past several decades have been light industrial uses, and the economic potential of the area has not been realized due to aging infrastructure and restrictive zoning.

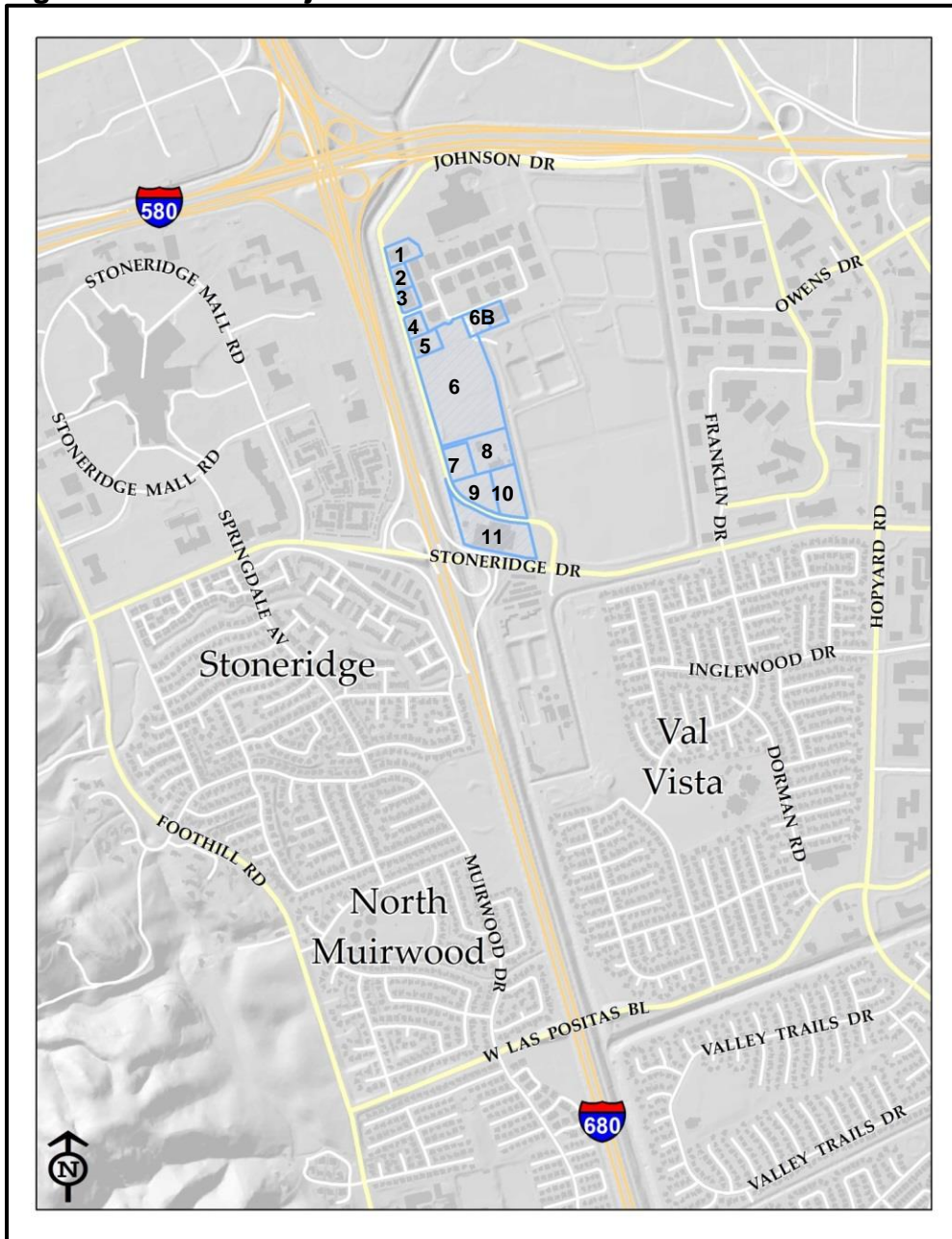
The area is bounded by a fitness center, hotel and parking uses on the north; industrial, wastewater treatment, and Park and Ride uses to the east; Stoneridge Drive and the I-680 interchange to the south; and Alamo Canal and I-680 to the west. The JDEDZ area currently contains 224,688 square feet of building space, not including the demolished former Clorox buildings. In 2014, Nearon Enterprises purchased six parcels (5, 6, 6B, 9, and 10 on Figure 1) within the project area, comprising approximately 27 of the 40 acres, which, at the time, housed Clorox campus buildings that were in poor condition. The City granted a demolition permit for the buildings, and work was completed in early 2015. Costco subsequently purchased five parcels from Nearon (Parcel 5 on Figure 1 excluded). Other existing uses within the proposed JDEDZ project area include FedEx, AT&T, Black Tie Transportation and Valley Bible Church.

PROJECT OBJECTIVES

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

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

Figure 1: JDEDZ Project Area



ANALYSIS

General Plan

The project area currently has two General Plan land use designations: Business Park (Industrial/Commercial and Office) and General and Limited Industrial, which do not allow for the expanded range of retail, commercial, and hotel uses proposed by the JDEDZ. Therefore, a General Plan Amendment is proposed to change the project area's land use designation to Retail/Highway/Service Commercial; Business and Professional Offices.

Staff believes the JDEDZ is consistent with the General Plan Land Use Policies and Programs listed below, as the project would: (1) Transform the project area into a thriving commercial corridor with a diverse mix of uses, while retaining, and in some cases allowing for expansion of existing uses within the project area; (2) Create new land uses and services in the

community that would promote long-term economic growth by generating substantial new revenues for the City; (3) Maximize the development potential on an infill project area located along transportation corridors and near transit by encouraging the development of both locally and regionally accessible uses; and (4) Streamline the development review process for new land uses through completed CEQA documentation and in most cases staff-level development review processes.

General Plan - Land Use Element

- Program 2.2: Encourage the reuse of vacant and underutilized parcels and buildings within existing urban areas.
- Policy 5: Evaluate land-use changes in the context of overall City welfare and goals, as well as the impacts on surrounding neighborhoods.
- Program 5.1: When evaluating development proposals or changes in land use consider General Plan policies, zoning ordinance standards, existing land uses, environmental impacts, safety, and resident, merchant, and property owner concerns.
- Program 5.2: Consider surrounding land uses and potential impacts when changing land-use designations.
- Policy 13: Ensure that neighborhood, community, and regional commercial centers provide goods and services needed by residents and businesses of Pleasanton and its market area.
- Policy 15: Encourage industrial, commercial, and office development which is compatible with environmental constraints in Pleasanton.
- Policy 26: Encourage the participation and collaboration of Pleasanton residents and businesses in land-use planning and decision making.

General Plan – Economic and Fiscal Element

- Goal 2: Sustain the community’s quality of life with a vigorous and diverse economy.
- Policy 1: Enhance Pleasanton’s diversified economic base through an aggressive business retention and expansion program.
- Policy 3: Strengthen the retail sector.
- Goal 4: Maintain a diverse and stable revenue system.
- Policy 8: Undertake programs which will diversify and help to keep the City’s revenue system stable from short-term fluctuations in any one revenue source.
- Program 8.1: Promote a varied mix of land uses to ensure a broad revenue base through proactive land use planning and zoning.
- Program 8.2: Continue to investigate and utilize potential new revenue sources, particularly those which will not add to the tax burden of residents and local businesses.
- Program 18.1: Promote a diverse economic base by implementing the Economic Development Strategic Plan.

The proposed General Plan amendment would reduce the total acreage of privately-owned, potentially developable sites in the City with the Business Park (Industrial/Commercial and Office) and General and Limited Industrial land use designations by approximately 40 acres. This change would effectively reduce the amount of land in the City available for light industrial uses. There are other properties in the City that have a General Plan land use designation of Business Park (Industrial/Commercial and Office) or General and Limited Industrial. The proposed General Plan amendment to change the land use designation for the project area to Retail/Highway/Service Commercial; Business and Professional Offices would not eliminate

new opportunities for industrial development. Therefore, staff believes there would be adequate remaining land in the City to accommodate industrial development opportunities consistent with the existing General Plan land use designations; especially within the nearby areas to the north of the project area on Commerce Circle, east of the project area on Owens, Franklin, and Johnson Drives, and farther to the east within Hacienda.

As indicated above, the project would promote goals, policies, and programs related to encouraging appropriate infill development, allowing reuse of vacant and underutilized parcels, and promoting the Economic Development Strategic Plan.

Zoning and Uses

The parcels within the project area are zoned PUD-G&LI District, PUD-I/C-O District, and I-G-40,000 District. The 12 parcels in the JDEDZ would be rezoned to PUD-C District, which would establish a list of permitted and conditionally permitted uses that would allow a wide range of commercial uses. The proposed list of uses (Exhibit C) do not necessarily emulate any one existing commercial zoning district within the Pleasanton Municipal Code; rather, they were selected to allow for commercial diversity and to promote vitality within the project area. Each use was evaluated and selected to ensure a mix of uses with both local and regional market draw potential to capitalize on the project area location along both local arterial streets and regional transportation corridors. The proposed uses include, but are not limited to, club retail, hotels, restaurants, bars and brewpubs, microbreweries, food stores, department stores, gymnasiums, and offices. Staff believes these uses will achieve the desired commercial character described in the project goals and objectives above and, accordingly, is recommending approval of the proposed rezoning to PUD-C, subject to the proposed list of uses.

As stated above, one of the primary goals of the JDEDZ is to streamline the development review process for new land uses through both completed CEQA documentation and staff-level review processes. Accordingly, staff is proposing the majority of the proposed uses within the JDEDZ be permitted (as opposed to conditionally permitted), with any new construction associated with those permitted uses subject to staff-level Design Review and verification of compliance with the recommended design guidelines (Exhibit C). Staff believes those uses identified as permitted do not represent uses the City would typically place operational controls on due to significant noise, objectionable odors, or activities that could be detrimental to the general health, safety, and welfare of the public and/or to surrounding uses. Moreover, the recommended design guidelines would ensure desirable and attractive buildings, adequate landscaping and site amenities, and signage criteria consistent with typical City development standards. By approving the majority of the proposed uses as permitted and, if necessary, subject to staff-level Design Review, the entitlement process for many types of projects would be shortened (with potential reductions of 2-6 months off the typical approval process). The streamlined approval is designed to incentivize the development of new businesses within the JDEDZ – a primary objective of the proposal.

As permitted uses, applicants would simply be required to obtain approval of a zoning certificate from the Planning Division (over the counter and typically subject to one-day processing), and, if necessary, submit a staff-level Design Review application which are processed in approximately two to three weeks after receipt of a complete application. Uses that would require a Conditional Use Permit require a public hearing and typically take approximately six to twelve weeks to process after receipt of a complete application.

ENVIRONMENTAL ASSESSMENT

Environmental Review Background

The DSEIR for the JDEDZ was completed and circulated for public comment on September 14, 2015. To allow adequate time for public review, staff extended the public comment period beyond the required 45 days required by State law. The comment period closed on November 23, 2015. Because the proposed JDEDZ would change land use policies and regulations, and does not entail a specific development plan, the DSEIR analyzed the physical effects of a reasonable development scenario based on the potential underlying land use changes. In this case, the reasonable development scenario includes club retail (148,000 square feet), hotel (132,000 square feet), and general retail (43,903 square feet) uses.

As indicated in the Background section above, the City held multiple community meetings, a Planning Commission workshop, and a joint Planning Commission/City Council workshop on the JDEDZ to foster public input. The City prepared the FSEIR, including responses to 94 written comments, in March of 2016. The City Council then directed the CEQA process be paused pending consideration of the voter initiative that had been placed on the November 8, 2016 ballot. The City then resumed the CEQA and planning process after the voters rejected the initiative measure by 63 percent (thereby signaling their support for the JDEDZ project). In October 2017, the Planning Commission unanimously recommended approval of the JDEDZ to the City Council, and the City Council certified the FSEIR and approved the JDEDZ in November 2017.

Following the City's certification of the FSEIR and approval of the JDEDZ, "an unincorporated association" of persons calling themselves Pleasanton Citizens for Responsible Growth (the "Petitioners") filed a lawsuit asking the court to rescind the City Council's JDEDZ approvals due to alleged violations of the California Environmental Quality Act (CEQA). Petitioners alleged the FSEIR had an incomplete air quality analysis related to the Stoneridge Apartment Community (located on the west side of I-680 near Stoneridge Mall at 6259 through 6450 Stoneridge Mall Road). In September 2018, the City and Costco agreed to rescind the JDEDZ approvals and FSEIR certification in order to perform supplemental air quality analysis for the JDEDZ. In return, Petitioners dismissed the lawsuit. At its meeting on September 18, 2018, the City Council voted to rescind the SEIR certification and JDEDZ approvals. The City Council also directed staff to conduct additional environmental review to address the concerns expressed with the proposed project in the lawsuit and to avoid further delays and costly litigation. This supplemental environmental work was completed throughout 2019 and was circulated for public comment for 45 days beginning on July 10, 2019 and ending on August 23, 2019. The following documents were prepared and circulated for public comment (the "Partial Recirculated Draft Supplemental Environmental Impact Report" [RDSEIR]):

- Supplemental Recirculation Memo (July 2019)
- Health Risk Assessment (January 2019)
- Updated Air Quality Analysis (July 2019)
- Greenhouse Gas Analysis (July 2019)
- Energy Resources Analysis (July 2019)

The Supplemental Recirculation Memo summarizes the methodology and findings of the other four documents that comprise the RDSEIR. The Supplemental Recirculation Memo also included a summary of the findings of the Economic Impact Analysis from 2015.

The City received nearly 300 public comments during the period the RDSEIR was recirculated, though only 14 letters raised substantive comments on the adequacy of the RDSEIR, and most expressed support for or opposition to the project (with approximately 85 percent in favor and 14 percent in opposition). The City prepared responses to those comments in October and November 2019. Those responses, together with the DSEIR and the FSEIR (including all previous responses to comments prepared prior to the original approval of the JDEDZ), comprise the new Revised FSEIR (“RFSEIR”) for the proposed project.

The JDEDZ and the RFSEIR is now before the Planning Commission for review and recommendation to the City Council for final consideration and action.

Draft Supplemental Environmental Impact Report (DSEIR) Conclusions

Analysis of the impacts of the proposed JDEDZ indicated potentially significant and unavoidable impacts on air quality and transportation and traffic. The DSEIR found seven significant and unavoidable impacts (i.e., impacts that cannot be reduced to a less-than-significant level with mitigation). The DSEIR found three significant and unavoidable impacts related to air quality:

- **Impact 4.B-2:** The JDEDZ would generate a considerable net increase of criteria pollutants and precursors for which the air basin is already in nonattainment status under the existing ambient air quality standards. Mitigation Measure 4.B-3 would slightly reduce total criteria pollutants but not reduce emissions to less-than-significant levels.
- **Impact 4.B-3:** Due to an increase of criteria pollutants and precursors, operation of uses within the proposed JDEDZ area would conflict with or obstruct implementation of the 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 air quality impacts, when combined with past, present and other reasonably foreseeable development in the vicinity.

As explained in the following section (“Partial Recirculated Draft Supplemental Environmental Impact Report Conclusions”), the RDSEIR later found the above significant and unavoidable air quality impacts identified in the DSEIR are either less than significant or less than significant with mitigation.

The DSEIR also found four significant and unavoidable impacts related to transportation and traffic. To summarize, the DSEIR found 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. It should be noted that proposed transportation mitigation improvements 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, traffic impacts are characterized as significant and unavoidable because some of the needed improvements require approval by Caltrans and thus are outside the immediate control of the City. The graphics below (Figures 2 and 3) are intended to provide an overview of the required transportation mitigation improvements resulting from the implementation of the JDEDZ. For more detailed information, please refer to Chapter 4.D of the DSEIR (Exhibit D).

The DSEIR concluded that 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.

The DSEIR analyzed three alternatives (No Project, Reduced Retail, and Partial Buildout), which can be found in Chapter 5 of the DSEIR. The DSEIR found that none of the alternatives completely achieve the desired project objectives nor do any of these alternatives completely reduce all significant but unavoidable impacts.

Figure 2: Required JDEDZ Transportation Mitigation Measures

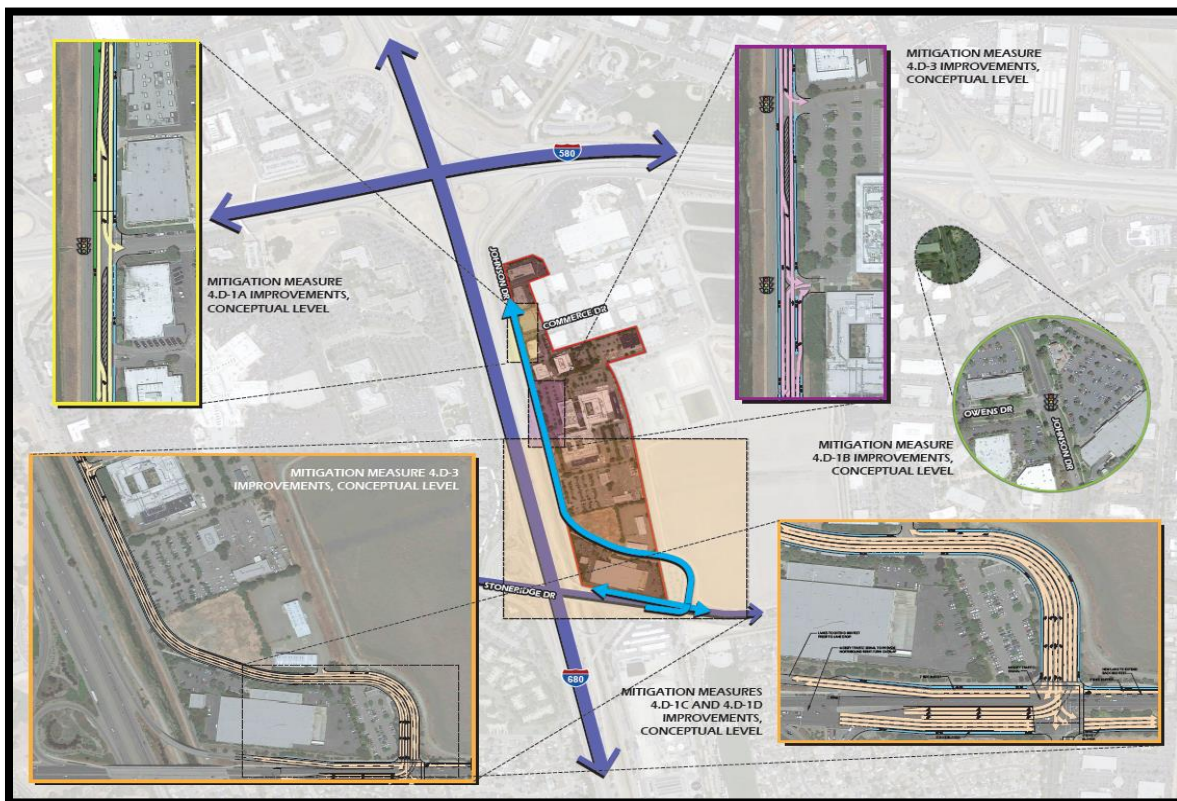
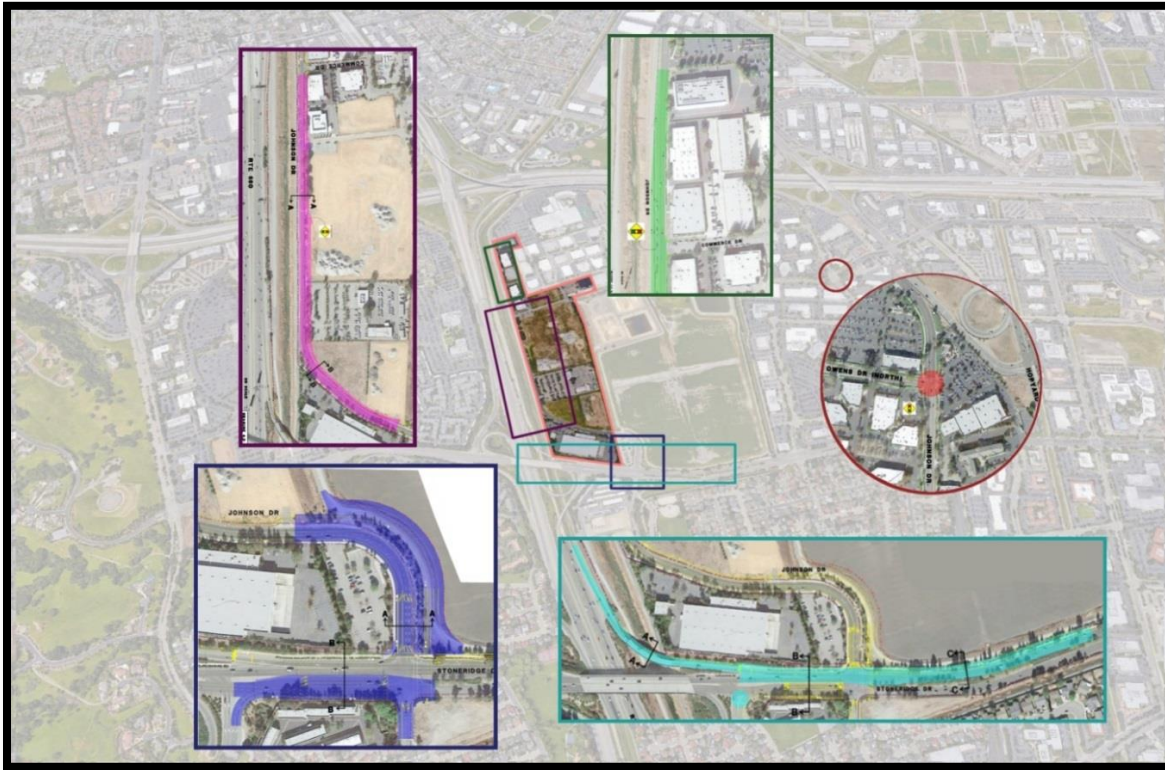


Figure 3: Conceptual Designs for the JDEDZ Transportation Mitigation Measures



Partial Recirculated Draft Supplemental Environmental Impact Report (RDSEIR) Conclusions

As explained in the Environmental Background section above, the documents comprising the RDSEIR were prepared to update and expand upon analysis in the DSEIR. During the time between publication of the DSEIR and preparation of the RDSEIR, the JDEDZ project description and project details were refined. These refinements, along with updated analysis and methodologies, resulted in changes to the conclusions in the DSEIR related to air quality impacts only. The RDSEIR found that certain less than significant air quality impacts could be potentially significant, but they could be mitigated to less than significant levels with an identified, new mitigation measure. The RDSEIR found the three air quality impacts that the DSEIR previously identified as significant and unavoidable are actually *all less than significant*.

The rest of the conclusions in the DSEIR and FSEIR remain the same. The Supplemental Recirculation Memo (Exhibit D) explains and summarizes the RDSEIR conclusions as follows:

- The Health Risk Assessment found less than significant project-level and cumulative impacts due to exposure of sensitive receptors to toxic air contaminants.
- The Updated Air Quality Analysis found that changes to the JDEDZ project details could increase construction-related criteria pollutant emissions, but those emissions could be reduced to a less than significant level with mitigation (i.e. new Mitigation Measures M-AQ-1 and M-AQ-2).
- The Updated Air Quality Analysis found that conclusions regarding all three previously identified significant and unavoidable air quality impacts related to JDEDZ operations are less than significant.
- The Greenhouse Gas (“GHG”) Analysis found that the JDEDZ would not have significant GHG-related impacts.

- The Energy Resources Analysis found that the JDEDZ would not have significant energy-related impacts.

In summary, the RDSEIR did not change any conclusions in the DSEIR or FSEIR except impacts related to construction-related criteria pollutants and significant and unavoidable impacts due to JDEDZ operations. The only significant and unavoidable impacts for the JDEDZ project that remain are the transportation and traffic impacts identified in the DSEIR and summarized in the section above. A Revised Mitigation Monitoring and Reporting Program (RMMRP) has been prepared and is included with the RFSEIR.

Public Comments on RDSEIR

The City received nearly 300 comment letters during the RDSEIR comment period, the majority of which expressed support for (about 85 percent) or opposition to (about 14 percent) the JDEDZ. No public agencies submitted comments.

CEQA Guidelines section 15088 requires the City to respond to comments that address environmental issues or the substance of the RDSEIR. And CEQA Guidelines section 15088.5(f)(2) only requires the City to respond to comments concerning the *recirculated* portions of the Draft SEIR. Nonetheless, the City provided responses to other comments received during the comment period for informational purposes.

While the responses to comments on the RDSEIR resulted in some changes to the modeling and figures used in the Updated Air Quality Analysis and the Health Risk Assessment, the only change to a RDSEIR conclusion is noted in Chapter 3 (Responses to Comments), which notes that new Mitigation Measure M-AQ-2 relating to requiring low-VOC architectural coatings is actually not required to reduce the potential operational air quality impact to a less than significant level.

Revised Final Supplemental Environmental Impact Report (RFSEIR)

The complete RFSEIR includes:

- The DSEIR;
- The FSEIR as previously certified (including all written responses to comments received during the DSEIR comment period, revisions to the DSEIR, and the Economic Impact Analysis);
- The RDSEIR;
- All written responses to comments received during the RDSEIR comment period; and
- A Revised Mitigation Monitoring and Reporting Program (RMMRP).

JDEDZ TRANSPORTATION FEE

To recoup infrastructure costs borne by the City, staff has been directed by Council to provide a methodology and structure for a possible JDEDZ Transportation Fee. The new fee would be assessed on new development within the project area at the construction permitting stage. The City will use the proceeds from the new fee to reduce the amount owed to Costco through the proposed sales tax sharing agreement which, in turn, will reduce the years in which the City would be required to share the sales tax generated from the Costco store with Costco. A general description of that fee methodology and structure is provided below.

Staff has developed a proposal to allocate the \$8.4 million of costs not contributed by Costco to the future developments based on the percent of total trips at build-out by land use (based

on building square footage that would be allowed under JDEDZ zoning). This methodology results in a \$28.28 per building square foot fee for retail uses and a \$13.70 per building square foot fee for hotels. Figure 4 shows how that methodology would result in potential fees by parcel within the project area.

Figure 4: Table of Potential JDEDZ Fees by Parcel

JDEDZ Transportation Fee by Parcel					
Projected Phase I Development (excluding Costco)					
Parcel	Use	Building Size [1]	Parcel Size [3]	Transportation Fee per GSF	Total Fee
Parcel 9/10	Retail	5,000	NA	\$28.28	\$141,397
Parcel 9	Hotel	66,000	105,851	13.70	904,200
Parcel 10	Hotel	66,000	123,710	13.70	904,200
Totals		137,000	229,561	NA	\$1,949,797
Projected Phase II Development					
Parcel	Use	Building Size [2]	Parcel Size [3]	Transportation Fee per GSF	Total Fee
Parcel 1	Retail	19,210	64,033	\$28.28	\$543,246
Parcel 2	Retail	12,153	40,511	28.28	343,689
Parcel 3	Retail	12,023	40,075	28.28	339,990
Parcel 4	Retail	12,284	40,946	28.28	347,379
Parcel 5	Retail	12,284	40,946	28.28	347,379
Parcel 6b	Retail	12,153	40,511	28.28	343,689
Parcel 7	Retail	25,483	84,942	28.28	720,635
Parcel 8	Retail	47,045	156,816	28.28	1,330,402
Parcel 11	Retail	76,840	256,133	28.28	2,172,992
Totals		229,474	764,913	NA	\$6,489,403
Total All Phases		366,474	994,474	NA	\$8,439,200

FISCAL IMPACT

ALH Economics, an urban and regional economic consulting firm under contract to the City, prepared a fiscal impact analysis (Exhibit D.1.) of the JDEDZ based upon the methodology and assumptions included in a fiscal impact study prepared for the JDEDZ in February 2015.

The February 2015 study was updated to take into account the City’s Fiscal Year 2015/16 budget, as well as operating characteristics specific to the JDEDZ, such as likely taxable sales and sales that could be diverted from existing businesses in the market area.

The fiscal impact analysis results indicate on a worst-case basis, assuming all diverted sales (i.e., sales accruing to the club retail use as opposed to existing retailers in the area) are diverted from Pleasanton retailers (as opposed to retailers outside of Pleasanton), the JDEDZ is anticipated to generate a projected \$1.4 to \$1.7 million annual contribution to the City’s General Fund at the completion of the first phase (which includes the club retail and hotel uses). This net revenue estimate 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. Please note these revenue estimates do not include any City contributions to the traffic improvements required by the JDEDZ.

Please refer to Exhibit D.1. for a summary of the Annual Net Fiscal Impact Analysis. In addition to the revenue shown (which focuses on City revenues and expenditures), property taxes generated from the JDEDZ would provide approximately \$277,440 in annual revenue to the Pleasanton Unified School District (PUSD) and approximately \$30,440 in annual revenue to other schools. The JDEDZ would also generate one-time supplemental taxes of approximately \$42,725 to PUSD and \$4,690 to other schools.

ECONOMIC VITALITY COMMITTEE

The Economic Vitality Committee (EVC) met on October 5, 2017, to review and provide a recommendation to the Council for the JDEDZ. Two members of the public spoke on the project, and all comments were supportive of the project. The Committee focused its discussion on the proposed uses list and ensuring those uses met the intent of the Economic Development Strategic Plan. After listening to public testimony and discussing the project, the Committee unanimously voted to recommend approval of the project to the City Council. Please see Exhibit E for more details related to public testimony and EVC discussion.

PUBLIC NOTICE AND COMMENTS

Notices of these applications were sent to surrounding property owners and tenants within a 1,000-foot radius of the site, all property owners and tenants within the Val Vista, Stoneridge, and North Muirwood neighborhoods, and to all interested parties that have contacted staff directly at the various community meetings/public hearings and/or by email/phone. Staff has provided the location and noticing maps as Exhibit F for reference. At the time this report was published, staff had not received public comments regarding these applications.

SUMMARY/CONCLUSION

The JDEDZ involves changing the General Plan land use designations and zoning designed to spur investment in 40 acres of mostly underutilized land. Consistent with several General Plan policies as stated in this report, the JDEDZ has undergone substantial public vetting, resulting in the project presented in this report. As proposed, staff believes the stated goals and objectives within this report will be achieved and the expanded range of proposed uses will greatly enhance the development potential and economic vitality for the parcels within the project area, while also adequately protecting existing uses that wish to remain and continue to operate unchanged. Staff believes adequate CEQA analysis has been conducted to identify and mitigate any potentially significant impacts. Therefore, staff recommends the General Plan amendment and PUD Rezoning merit a favorable recommendation to the City Council from the Planning Commission.

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