



DATE: November 10, 2020

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT: Proposed Development of a Fuel Facility with Related Site Improvements at the Costco Business Center Located at 22330 Hathaway Avenue (Assessor Parcel No. 429-0082-003-00) Requiring Approval of a Major Modification to an Existing Planned Development Zoning District (Application No. 201706217) and Adoption of a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program. Barghausen Engineering on Behalf of Costco Wholesale Corporation (Applicant/Owner)

RECOMMENDATION

That the Council adopts a resolution (Attachment II) and introduces an Ordinance (Attachment III) approving the Major Modification to an Existing Planned Development District; and adopting a Mitigated Negative Declaration with Mitigation Monitoring and Reporting Program for the proposed development.

SUMMARY

The applicant, Costco Wholesale Corporation, is requesting approval of a major modification to an existing Planned Development (PD) District to allow for the use and development of a 12-dispenser (with 24 fueling positions) gas station at the northern corner of the Costco Business Center site located at 22330 Hathaway Avenue, Assessor Parcel No. 429-0082-003-00. The project will require the demolition of the existing 8,850 square-foot tire center and the construction of a 9,350 square-foot canopy comprised of 12 dispensers (24 fueling positions) with related site improvements, including new landscaping, stormwater management, and modified site circulation. The project site is located within a Planned Development (PD) zoning district with a Mixed Industrial (MI) land use designation in the *Hayward 2040 General Plan*.

BACKGROUND

Site History. In 1983, the City Council adopted Ordinance No. 83-019 and companion Resolution No. 83-256¹ to conditionally approve Zone Change Application No. 83-10 from the

¹ Ordinance No. 83-019 and Resolution No. 83-256: <https://www.hayward-ca.gov/sites/default/files/pdf/pd-zc-83-10.pdf>

Price Company (parent company of Price Club) to change the zoning of the property at 22300 Hathaway Avenue from Industrial ("I") District to PD District. In 1992, the City Council adopted Resolution No. 92-016² to conditionally approve Zone Change Application No. 90-6 from the Price Company to modify the existing PD to construct a new, approximately 105,000 square-foot, a semi-public warehouse (retail/wholesale center), enlarge the existing tire center, and remodel the existing warehouse structure to permit indoor employee parking on a 16.61-acre site.

Previous Applications. On November 18, 1999, the Planning Commission denied Zone Change Application No. 99-190-03 requesting permission to construct a self-service gas station for Costco members at the prominent corner of West "A" Street and Hathaway Avenue. The Planning Commission denied the application on the following grounds: 1) that there are already plenty of gas stations in the area, and 2) the site should be left open for future development opportunities at that prominent corner aligned with the vision of the Downtown Redevelopment Area, General Plan, and Cannery Area Neighborhood Plan³.

On December 19, 2002, the Planning Commission denied Application PL-2002-0003/0002 for a Modification to the Planned Development requesting permission for the development of a fully automated self-serve fueling facility for Costco members inclusive of 3 islands with 6 multi-product dispensers (12 fueling positions) covered by a 32-foot by 88-foot canopy at the corner of West "A" Street and Hathaway Avenue. The Planning Commission denied the application on the following grounds: 1) that there was no need for additional gas stations based on those that already exist in the area, 2) that Costco was not considered a big box retailer and thus the site would be underutilized with the development of the fuel facility, 3) that the establishment of a Costco fuel facility would result in the closure of other gas stations in the area, and 4) that the project would preclude the construction of a neighborhood serving business in an attractive building that anchors the prominent corner.

Planning Commission Hearing. On November 14, 2019, the Planning Commission held a public hearing (staff report, meeting minutes, video⁴) and voted 4:3 to recommend denial of the proposed project to the City Council. One member of the public (Mr. Daljit Singh, owner of a nearby gas station/car wash) spoke in opposition to the proposed development citing issues with potential traffic generation, impacts to residents, air quality impacts, and how said development would severely impact existing gas stations and small businesses.

Commissioners who voted to recommend denial of the proposed gas station cited concerns related to the potential increase of traffic congestion along A Street and the left turn lane, the lack of EV chargers and solar panels proposed at the site, the potential negative impact on existing small businesses – specifically other gas stations along the A Street corridor. In addition, the Commissioners also stated their concerns about exposing the community to increased health risks by adding another gas station especially since the needs of the community may be currently met by the existing gas stations. The applicant has prepared a

² Resolution No. 92-016: <http://citydocuments.hayward-ca.gov/WebLink/DocView.aspx?id=41954&dbid=0&repo=COHDATA>

³ Cannery Area Neighborhood Plan: <https://www.hayward-ca.gov/sites/default/files/documents/CanneryAreaStudy.pdf>

⁴ November 14, 2019 Planning Commission Meeting: <https://hayward.legistar.com/MeetingDetail.aspx?ID=729838&GUID=3D5CA277-A270-498A-A7FA-55E7D967E0AE&Options=info|&Search=>

response memorandum to the Planning Commission comments along with a Market Analysis, prepared by ALH Economics, of the impact onto adjacent gas stations as Attachment VII.

City Council Hearings. On July 21, 2020, the City Council held a public hearing⁵ (Meeting Minutes, Attachment VIII) and reviewed the proposed project with one City Council member was absent. One member of the public spoke during the public comment period in favor of the development stating that there would be an increase in sales tax for the City and the EV chargers would be an asset for the neighborhood area. Following a full and fair public hearing, several motions were made by the members of the City Council; however, none of the motions garnered four affirmative votes. Because four affirmative votes were not reached on any motion, all failed, and the application was deemed denied.

On September 22, 2020, the City Council subsequently held a public hearing⁶ and voted 5-2 to approve a motion to renew debate on this referenced application at a future duly noticed public hearing, which has been scheduled for tonight's agenda on November 10, 2020. A Motion to Renew is a procedural device that allows continued debate on a previously heard item. A vote to renew did not constitute a vote in favor of the project. Rather, an affirmative vote merely expresses a willingness to continue debate on the matter. A motion to renew differs from a motion to reconsider, as a motion to reconsider typically occurs at the same or next meeting.

DISCUSSION

Existing Conditions. The project site is located on a portion of the property located at 22330 Hathaway Avenue (APN 429-0082-003-00) at the northeastern corner of the West A Street and Hathaway Avenue intersection. The 10.87-acre business center property is bounded by commercial uses to the north, Union Pacific Railroad tracks to the north and east, West A Street to the south, and Hathaway Avenue to the west. Costco Business Center is situated about a quarter-mile away from the Interstate 880 (Nimitz Freeway) on-ramp along West A Street, an arterial street, which provides regional access to the project site.

The property is currently developed with the existing 115,000 square-foot Costco Business Center warehouse building, an 8,850 square-foot detached single-story structure, a total of 503 existing parking spaces for standard and heavy vehicles, and related site improvements that include existing trees and vegetation, as well as bioretention areas. The detached, single-story structure was previously operated as a tire center that operated in conjunction with the business center; however, the building is currently vacant. The area where the fuel facility is proposed is located at the northernmost corner of the site that is generally L-shaped and containing approximately 2.1-acres, of which 1.74-acres is developed and improved. The project area is relatively flat and requires the removal of 105 parking spaces.

Operationally, the site operates as a Costco Business Center, which differs from typical Costco Wholesale establishments. Business centers provide bulk business item shopping for paid small- to medium-sized businesses and retail members only; however, regular members are also allowed to patronize business center locations. In addition, Costco Business Center

⁵ July 21, 2020 City Council Hearing: <https://hayward.legistar.com/MeetingDetail.aspx?ID=793413&GUID=5BF48901-43A7-4AA0-9181-11C18CA64A37&Options=info&Search=>

⁶ September 22, 2020 City Council Hearing: <https://hayward.legistar.com/MeetingDetail.aspx?ID=802894&GUID=16AD41AF-0512-4A81-AC4E-B8D0A7284084&Options=info&Search=>

locations do not include personal-oriented services, such as optometrists, pharmacies, photos and photo development, or travel agent services.

Proposed Project. The project involves the demolition of the existing, vacant tire center and related parking and landscaped area to accommodate a new gas station with 12 dispensers (24 fueling positions) covered by a 9,346 square-foot freestanding canopy, which will be approximately 17'-6" tall. To accommodate the new fuel facility, the proposal also includes modified parking and site circulation, landscaping and tree plantings, and utility improvements which are further described below.

Redevelopment of the 2.1-acre area would result in the construction of a fuel facility with a total of three covered fueling bays, each with four fuel dispensers which may contain up to four vehicles on each side. The fuel facility would have six stacking lines – each with approximately 126-feet in length that will allow for approximately 35 vehicles to queue at any time which is in addition to the 24 vehicles at the fueling positions; thus, allowing for total of 59 vehicles to be accommodated. In addition to the approximately 9,350 square-foot canopy, a 112 square-foot controller enclosure will be situated on the eastern portion of the fuel facility that encompass control and mechanical equipment. The dispensers will be fully automated and self-service for Costco members only. An attendant will be present to oversee operations and assist members to ensure proper queueing of vehicles.

The fuel facility also includes the installation of three underground storage tanks (USTs) with a capacity of 40,000 gallons of fuel each and one UST with a capacity of 3,500 gallons. Hours of the facility are dictated by the needs of the members; however, like other facilities in the area, the gas station will be open between 6:30 a.m. and 9:30 p.m., Monday through Friday, and 6 a.m. to 8 p.m. on Saturdays and Sundays. The fuel facility at the Costco Wholesale site in Hayward at 28505 Hesperian Boulevard is open from 6:30 a.m. to 9:30 p.m., Monday through Friday, 6 a.m. to 8 p.m. on Saturday, and 7 a.m. to 7 p.m. on Sundays. Fuel would be delivered to the facility as required for member needs and facility operation.

In addition, fuel truck size would be dictated by the needs of the facility and local, State, and federal regulatory requirements. Prior and during operation of the facility, the operator would be required to meet the requirements of local, State, and Federal agencies, including the Hayward Fire Department, the Alameda County Department of Environmental Health, the Bay Area Air Quality Management District (BAAQMD), the State Water Resources Board (Bay Regional Water Quality Control Board), the California Environmental Protection Agency (CalEPA), the United States Environmental Protection Agency (EPA); whom will review specific safety and design features related to the operation of the facility.

Site Circulation and Parking. Vehicular access to the fuel facility and property are to be maintained via Hathaway Avenue as there is no direct access and/or driveways from West A Street. Customers will access and queue into the proposed facility from the west side of the project site either utilizing the existing non-signalized driveway or the signalized intersection, then will exit eastbound toward the Union Pacific Railroad tracks. Circulation for large box trucks and semis traveling to the rear of the warehouse building for loading and unloading is not anticipated to be altered and/or changed and will not impact the circulation of gas station customers.

As part of the development of the fuel facility, the proposed project would include restriping a total of 72 spaces, resulting in a net loss of 105 parking spaces on-site for the entire business center. Upon completion, the project site will have a total of 398 parking spaces. Per the HMC, retail establishments characterized by hand-carried merchandise are required to provide four spaces per 1,000 square-feet of building area, which equates to a minimum parking requirement of 463 spaces – a 65 space deficit in parking. The applicant's traffic and transportation consultant, Kittelson & Associates, conducted a parking needs assessment of the entire project site during the weekday from 7 a.m. to 3 p.m. and Saturday, from 9 a.m. to 3 p.m. The analysis concluded the peak demand at its busiest time, mid-day Saturdays, would require 2.61 spaces per 1,000 square-feet; whereas, the proposed parking ratio post parking completion will be 3.44 spaces per 1,000 square-feet of building area. As stated previously, business centers operate differently than Costco Wholesale sites because they target small- to medium-sized businesses versus regular customers, which in turn generate less demand and visits to this Costco Business Center location. In comparison to standard gas stations, this ancillary gas station will not include an accompanying service station, car wash, convenience store/mini-market, and will generally align with similar hours of the Business Center, 7 a.m. to 7 p.m. In addition, Costco and its fuel facilities are for members-only which limits the amount of people who can patronize this site.

Landscaping and Tree Removals. The project plans (Attachment IV) include preliminary landscape and irrigation plans for the proposed development which consist of the new trees, shrubs and groundcovers to be planted at the site in compliance with City's Bay Friendly Water Efficient Landscape Ordinance (WELO)⁷. WELO requires new development with landscape areas greater than 500 square-feet to prepare water budget calculations and design for drought-tolerant, native trees and plantings appropriate for the project climate to ensure sustainable and water efficient landscaping and irrigation practices.

Of the 45 existing trees on the project site, 17 would be removed in order to accommodate the proposed facility. An Arborist Report was prepared by a certified arborist (Arborwell, 2018) which evaluated and appraised the on-site trees at the project site in accordance with the City's Tree Preservation Ordinance⁸ for a total valuation of \$14,220. The Tree Preservation Ordinance requires all protected trees that are removed to be replaced with like-size, like-kind trees or an equal value tree or trees. The proposed project would include the planting of 21 trees valued at \$15,380 to properly mitigate for the loss of the removed trees. As conditioned, the landscaping and irrigation plans will be reviewed in greater detail during the building permit phase to ensure that all mitigation is adequate. Additionally, the City Landscape Architect will inspect the construction site to verify the trees are planted correctly with proper irrigation that will maximize the health of the trees.

Hayward 2040 General Plan. The project site is designated Mixed-Industrial ("MI")⁹ in the *Hayward 2040 General Plan* which allows up to a maximum floor area ratio (FAR) of 0.8. Based on the existing and proposed structures to be located on-site post-project completion,

⁷ Chapter 10, Article 12 of the Hayward Municipal Code – Bay Friendly Water Efficient Landscape Ordinance:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART12BIEWAEFLAOR

⁸ Chapter 10, Article 15 of the Hayward Municipal Code – Tree Preservation Ordinance:

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART15TRPR

⁹ Hayward 2040 General Plan: <https://www.hayward2040generalplan.com/land-use/mixed>

the development and site will not exceed the maximum square-footage development potential of 378,797 square-feet. In 1983, the general plan land use designation was changed from industrial to commercial, and subsequently in 1986 the land use designation was altered again from commercial to mixed-industrial. The MI land use designation and allowed/supporting uses were further updated in 2014 with the adoption of the Hayward 2040 General Plan. As stated, the MI land use designation generally applies to older industrial properties within the central part of the city. These properties are typically located near railroad tracks and are generally surrounded by residential neighborhoods and commercial uses. Typical building types include warehouses and light industrial buildings. Future changes to mixed-industrial areas are expected to include building and landscaping improvements, additional infill development on vacant lots, and the redevelopment of underutilized properties. However, the MI land use designation does specify “automobile service and repair stations” as an allowed use within this land use designation. In addition, the proposed project will include landscaping improvements associated with the infill development of a gas station of the underutilized parking lot area at the northernmost corner of the project site. As such, the proposed project will be consistent with numerous goals and policies of the General Plan that are listed below:

- Goal Economic Development-1. Diversify the economic base of Hayward to support a robust and stable economy with a diverse range of employment, shopping, and cultural opportunities for local residents.
- Economic Development Policy-1.3: Commercial and Industrial Development. The City shall encourage commercial and industrial development by ensuring the availability of suitable sites for development and providing appropriate zoning.
- Economic Development Policy-1.11: Local-Serving Retail. The City shall encourage the establishment and expansion of commercial businesses that increase local spending within Hayward and provide needed goods and services to local residents and businesses.
- Economic Development Policy-1.13: Regional-Serving Retail. The City shall encourage private-sector investment to physically upgrade existing regional shopping centers and to create new centers at key retail opportunity sites.
- Goal Economic Development Goal-3. Grow the local economy and employment base by supporting efforts to expand and retain local businesses.
- Land Use Policy -1.4: Revitalization and Redevelopment. The City shall encourage property owners to revitalize or redevelop abandoned, obsolete, or underutilized properties to accommodate growth.
- Land Use Policy -5.1: Mix of Uses and Activities. The City shall encourage a mix of retail, service, dining, recreation, entertainment, and cultural uses and activities in regional and community centers to meet a range of neighborhood and citywide needs.

Planned Development District Modification. A modification to the existing PD district is required because the development of a fuel facility was not originally envisioned when the original PD was approved in 1983. As such, the project is required to undergo a major modification to the existing PD to allow the land use and change of the original preliminary development plan. Major modifications are processed as the same procedure that is required in the initial review and approval process of the PD. Therefore, the decision-making body is

required to make the required findings contained in Section 10-1.2535 of the Hayward Municipal Code¹⁰ to approve.

In exchange for the reduction and deficit of parking provided at the site and in response to the comments received by the Planning Commission on November 14, 2019, the applicant has proposed the following updated sustainability amenities for the commercial site:

- 1) Rehabilitation and conversion of 5,750-square-feet of existing landscaping, beyond the immediate development area, to be updated to be in compliance with WELO which would not otherwise be required.
- 2) Installation of eight (8) electrical Shore Power stations with the capacity to charge sixteen (16) refrigerated commercial delivery trucks to avoid idling vehicles which reduces vehicle emissions and noise generation.
- 3) Conversion and retrofit of all parking lot lighting fixtures for the entire Costco Business Center site, beyond the project area, to LED fixtures for energy efficiency and reduction of light pollution (dark-sky friendly).
- 4) Installation of five (5) electrical vehicle charging stations with capacity to accommodate up to ten (10) vehicles/parking spaces.
- 5) A Transportation Demand Management (TDM) program for Costco Business Center employees that will include offering subsidized transit passes to AC Transit, encourage vanpooling/carpooling, and promote ride matching services.

Implementation of these amenities will be verified for compliance within the Precise Development Plan prior to the issuance of building permits. Staff has provided a more detailed analysis on the required Planned Development findings in Attachment III.

Environmental Review. Pursuant to CEQA Guidelines Section 15220, an Initial Study was prepared for this project with the finding that an MND was appropriate because all potential impacts could be mitigated to a level of less than significant with the implementation of mitigation measures. The Initial Study found that the project would result in potential impacts to Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hydrology/Water Quality, Noise and Mandatory Findings of Significance. With mitigation, any potential impacts would be reduced to a level of less than significant. A copy of the Initial Study and Mitigated Negative Declaration (IS/MND) have been included in this report as Attachments V. A Notice of Intent to Adopt the MND was filed and posted with the Alameda County Clerk on September 27, 2019 for a twenty (20) day public comment period, which expired on October 17, 2019 at 5 p.m. As of date, the City has received one (1) e-mail from a business owner along A Street with questions on the environmental document as well as expressing opposition to the proposed project, and one (1) letter from the East Bay Municipal Utilities District (EBMUD) stating that the project is outside of their service boundary. Responses have been provided by LSA, the City's CEQA consultant, for all correspondence received during the comment period. The response to comments has been included as Attachment VI. The proposed IS/MND were posted and available for public review at City Hall, the City's website, the Main Library, and delivered to Hayward Weekes Library.

¹⁰ Chapter 10, Article 1, Section 10-1.2500 (Planned Development):

https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1Z00R_S10-1.2500PLDEDIPD_S10-1.2535FIRE

Staff Analysis. Staff believes that the City Council can make the required Findings for the Major Modification of the existing PD district to allow for the land use and development of a 12-dispenser fuel facility as a supporting operation to the existing Costco Business Center. Contrary to the previous applications that were denied by the Planning Commission, the proposed fuel facility will be located at the northernmost corner of the project site (closest to the railroad tracks) away with reduced visibility from the prominent corner of West A Street and Hathaway Avenue. The revised location provides enhanced site circulation and queueing for the gas station, where previous locations would have been too close to the existing ingress/egress access points. The development area for the fuel facility also occupies the most underutilized area of the property comprising of the vacant tire center building and portion with the least used parking during peak hours, and is also the furthest away from residential uses providing an adequate buffer of surface parking and landscaping from the street. In 2002, there were eight gas stations present along A Street; however, today there are only seven stations, which includes one Valero station, two Mobil stations, two Chevron stations, and two 76 gas stations. Staff believes that although there are currently seven existing gas stations along “A” Street – that A Street serves an arterial street with a regional draw due to its direct access to the Interstate 880 freeway. As the site is located about a quarter-mile from the Interstate 880 freeway, the proposed development is complimentary to the area and introduces variety along the A Street corridor for gas fulfillment.

Furthermore, the addition of a fueling station at the Costco Business Center will have a positive economic impact for the City. The City’s sales tax consultants have reviewed the proposal and based on data from other jurisdictions that have added a fueling center to a Costco facility, it is anticipated that the store will see an increase between 10–20% in sales due to the development of the fuel facility. While the individual facility will experience the increase, the overall net impact to the city will be slightly less, in that some sales will be transferred from other fueling centers in the city, including the existing Costco Wholesale fuel facility located on Hesperian Boulevard; however, new revenue will come from those outside the City who will now purchase gas at the Costco Business Center due to its regional draw and proximity to Interstate-880 resulting in reduced sales tax leakage.

Lastly, the project site is no longer located within the Expanded Downtown Redevelopment Area as that vision was superseded by the City’s Downtown Specific Plan that was adopted last year in April 2019. The redevelopment plan was cited in the original denials of the project as the City envisioned a neighborhood-serving commercial building at the corner of A Street and Hathaway Avenue on Costco’s property given its visibility from an arterial street. The Cannery Area Design Plan also conceptually designated the two parcel north of the project site to be developed with “big box” retail stores with 100,000 square-feet each; however, these sites are already development with existing industrial warehouse developments and the properties, including Costco’s site, are both zoned PD with the land use designation of MI. The MI land use designation, per the Hayward 2040 General Plan, focuses on warehousing, logistics, and automobile-related services as allowed uses and manufacturing and wholesale services and supporting uses which is inconsistent with the vision of the Cannery Area Design Plan.

ECONOMIC IMPACT

The applicant submitted an Economic Analysis completed by ALH Economics (see Attachment VII), which reviewed the impact of the new proposed station at the Business center. The report was peer reviewed by Economic Development Division staff who concurred with the study's findings. Key conclusions of the analysis are as follows:

1. The Business Center's primary market area includes Hayward, San Leandro, and San Lorenzo. The secondary market area accounts for more than 50% of the store's customers, who will likely bring new gasoline demand to the Business Center and would not therefore be diverting sales away from existing Hayward gas stations.
2. Hayward achieves significant retail sales attraction in gasoline sales, amounting to 42% of all sales. This is the City's third strongest retail sales attraction category, indicating that Hayward's gasoline sales base is one of Hayward's relatively strongest performing retail sectors, clearly satisfying regional demands in excess of local needs.
3. Only Costco members can purchase gas at Costco gas stations, where only regular and premium octane gasoline is sold. The proposed Business Center gasoline station will also sell diesel. The nine nearby gas stations all have access to a broader customer base because they do not have a customer membership requirement. Any consumer can purchase gas at the nine nearby gas stations.
4. All of the nearby existing gas stations have more product and service offerings than the proposed Costco gas operation. These stations offer the full range of fuel products types, are open longer hours and for more days of the week and sell on-site convenience store products. Many stations have customer restrooms, which are not a Costco gas station feature. In some cases, nearby gas stations also provide expanded automobile care and car wash services.
5. The study estimates the initial sales impact on gas stations city-wide will to be 2 percent. This impact is forecast to span six months as the market adjusts to the introduction of the proposed Costco gas station after which sales will stabilize based on the trends in gasoline pricing.
6. Case studies of California cities where a Costco gas station was added to the community, such as Santa Maria, Eastvale and Ukiah, showed no decline in the number of gas stations in those communities. In fact, some cities experienced an increased in the number of gas stations or planned expansions.

While the economic analysis was completed in April, at the start of the Shelter in Place (SIP) order caused by the COVID-19 virus, Economic Development staff does not believe that significant changes to the analysis would occur due to the on-going orders. There are conflicting projections about the state of fuel demand going forward from different economists. While fuel spending is currently down due to the SIP, many transportation economists see demand increasing exponentially given commuters will be hesitant to use public transportation due to the potential for increased exposure to the virus. Others believe that employers may change and allow more employees to work from home, which

may drop demand. While others say that more people will travel by vehicle for vacations rather than flying to destinations. Either way, a fuel station added to this location will ultimately have a positive economic impact for the City of Hayward with increased sales as identified in the provided economic analysis.

In addition, the proposed project would result in the redevelopment of the now vacant tire center building and underutilized customer parking areas on the site to be replaced with a new fuel facility ancillary to the Costco Business Center operation. Existing and new Costco members will have convenient access to the new fuel facility along A Street given its proximity to the arterial "A" Street and the Interstate 880 on- and off-ramp. The fuel facility will make a higher and better use of the land beyond passive parking and a vacant tire and service building and will provide stimulus for new and existing jobs and services in the City's economy. In addition, the establishment of the gas station will support the ongoing operation of the Costco Business Center which services many small to medium businesses in the city of Hayward and regionally.

FISCAL IMPACT

The addition of a fueling station at the Costco Business Center will have a positive fiscal impact for the City. The City's sales tax consultants have reviewed the proposal and based on data from other jurisdictions that have added a fueling center to a Costco facility, it is anticipated that the store will see an increase between 10–20% in sales due to the development of the fuel facility. While the individual facility will experience the increase, the overall net impact to the city will be slightly less, in that some sales will be transferred from other fueling centers in the city, including the existing Costco Wholesale fuel facility located on Hesperian Boulevard; however, new revenue will come from those outside the City who will now purchase gas at the Costco Business Center due to its regional draw and proximity to Interstate-880 resulting in reduced sales tax leakage.

STRATEGIC ROADMAP

This item is not specifically related to a project identified in the Strategic Roadmap; however, the agenda item supports the Strategic Priority of Growing the Economy by retaining businesses in the City of Hayward in order to stimulate a vibrant economy, provide high paying jobs, and ensuring a strong business community.

SUSTAINABILITY FEATURES

The project will be required to be designed to meet all applicable California Building Code and CalGreen Standards, which require a minimal level of energy efficiency, conservation, material recycling, and air quality, for new construction. In addition, the landscaping areas and irrigation system will be compliant with Bay Area-Friendly Water Efficient Landscape Ordinance, which requires the use of drought tolerant planting with water-efficient irrigation systems. The applicant has also proposed to rehabilitate approximately 5,000 square-feet of additional landscaping beyond the project minimums to further beautify the site and incorporate additional vegetation on site. The project will also include Transportation Demand Management (TDM) measures that will encourage use of public transportation and carpooling to reduce employee vehicle usage to/from the site. As stated previously, since the Planning Commission hearing, the applicant has included more on-site sustainability

measures as amenities and offsets to their parking reduction request which includes the installation of 5 EV charging stations to serve parking 10 electric vehicles, the installation of 8 electric shore power stations with the capacity to charge 16 refrigerated commercial delivery trucks, as well as retrofitting all parking lot lighting fixtures on the site to LED.

PUBLIC CONTACT

On November 9, 2017, a Notice of Application Receipt was sent to 212 addresses including property owners, businesses, and residents within a 300-foot radius of the project site, and interested parties including the Santa Clara Neighborhood Task Force. On September 27, 2019, a Notice of Public Hearing for the Planning Commission public hearing and Notice of Intent to Adopt a Mitigated Negative Declaration was circulated to all property owners, businesses, residents and interested stakeholders within a 300-foot radius of the project site as well as published within The Daily Review newspaper as a Legal Ad. To date, staff has received one comment letter in opposition to the proposed project and with comments on the Initial Study/Mitigated Negative Declaration which has been attached to this email.

On July 10, 2020, a Notice of Public Hearing for the City Council public hearing was posted at City Hall and circulated to all property owners, businesses, residents and interested parties within a 300-foot radius of the project site as well as published within The Daily Review newspaper as a Legal Ad.

On October 30, 2020, a subsequent Notice of Public Hearing for this City Council public hearing was posted, following an approval for a Motion to Renew Debate, at City Hall and circulated to all property owners, businesses, residents and interested parties within a 300-foot radius of the project site as well as published within The Daily Review newspaper as a Legal Ad.

NEXT STEPS

Should the City Council grant approval on this application, the Ordinance approving the major modification to the existing Planned Development will return to the City Council for a second reading, after which the applicant may proceed with submitting a Precise Development Plan and grading permit plans to the City for review.

Prepared by: Marcus Martinez, Associate Planner

Recommended by: Laura Simpson, Development Services Director

Approved by:

A handwritten signature in dark ink, appearing to read 'Kelly McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager