

# City Council Regular Meeting

April 18, 2024

## FRESNO CITY COUNCIL



### Public Comment Packet

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#### ITEM(S)

**9:25 A.M. (ID 24-487)** HEARING to Consider Plan Amendment and Rezone Application No. P21-01960, Conditional Use Permit Application No. P21-01959, Conditional Use Permit Application No. P21-03251, Planned Development Permit Application No. P21-03252 and related Final Environmental Impact Report (FEIR), State Clearinghouse (SCH) No. 2021100443 pertaining to ±22.4 acres of property located on the northeast corner of West Herndon Avenue and North Riverside Drive (Council District 2) - Planning & Development Department.

[TITLE TRUNCATED FOR SUPPLEMENTAL PACKET COVER PAGE]

**Contents of Supplement:** Public comment emails, PowerPoint

#### Item(s)

##### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

##### **Americans with Disabilities Act (ADA):**

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week

April 16, 2024

City of Fresno City Council  
2600 Fresno Street  
Fresno, CA 93721  
Via e-mail

**Re: April 18, 2024 Agenda Item ID 24-487  
Responses to Public Comment on the Fresno Costco Commercial Center  
Final EIR (State Clearinghouse Number 2021100443)**

Dear President Perea and Honorable Councilmembers:

We represent Costco Wholesale (“Costco”), the applicant for a new commercial development project including a members-only wholesale warehouse with an integrated market delivery operation component; a fuel facility; a car wash; and associated on- and off-site improvements (the “Project”). As required by the California Environmental Quality Act (“CEQA”),<sup>1</sup> the City of Fresno (“City”) has prepared an Environmental Impact Report (“EIR”) that analyzes the Project’s environmental effects, identifies mitigation measures that would reduce such effects to the greatest extent feasible, analyzes a reasonable range of alternatives to the Project, and discloses significant and unavoidable environmental effects that would result from Project construction and operation.

Shortly before the City Council’s first hearing regarding the Project on March 7, 2024, Mr. Daniel Brannick submitted a comment letter to the City purporting to respond to information published in the Final EIR released on February 9, 2024. Mr. Brannick then resubmitted his March 7, 2024 letter with minor updates on April 15, 2024 (collectively, the March and April letters are referred to as the “Comment Letter”). The Comment Letter fails to identify new information or raise issues beyond those that were fully addressed in the EIR. However, for the sake of completeness, we provide this response to the Comment Letter to explain and amplify the EIR’s analysis.

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<sup>1</sup> The statutory elements of CEQA are found at Pub. Res. Code § 21000 *et seq.* and the adopted regulations pertaining to CEQA implementation (“CEQA Guidelines”) are located at 14 Cal. Code Regs § 15000 *et seq.*

April 16, 2024

Page 2

In essence, Mr. Brannick claims that: (1) the Project's operational characteristics are inconsistent with the proposed General Plan and Zoning designations for the site; (2) the EIR did not properly analyze transportation and GHG impacts; and (3) the EIR did not properly analyze alternatives to the Project. As explained in more detail below, each of these claims lacks merit, and the EIR fully satisfies CEQA's requirements without further revision.

**I. The Project is Consistent With the Proposed General Plan and Zoning Designations.**

The Project is proposed to be located on a 22.4-acre site located at the northeast corner of the intersection of West Herndon Avenue and North Riverside Drive in the City (the "**Project Site**"). The General Plan and Zoning currently designate the Project Site for "Community Commercial" uses, which "is intended for commercial development that primarily serves local needs such as convenience shopping and offices." (Fresno Municipal Code ("**FMC**") § 15-1201.) Although the Community Commercial zone allows service stations and large-format retail uses with approval of a use permit, it prohibits car washes. (FMC § 15-1202.) Accordingly, the Project proposes to change the Project Site's General Plan and Zoning designation to "General Commercial," which allows large-format retail as a use by right and conditionally permits service stations and car washes. (FMC § 15-1202.) The City properly concluded that the Project would be consistent with the General Commercial designation.

The Comment Letter repeats claims that the author raised on the Draft EIR, and Response to Comment I103-3 in the Final EIR includes a detailed response. The Comment Letter asserts that the Project's market delivery operation component ("**MDO**") is a "Warehousing, Storage, and Distribution" use. Because Warehousing, Storage, and Distribution uses are not allowed in the General Commercial designation, the Comment Letter concludes that the MDO would not be consistent with the General Commercial designation.

The Comment Letter incorrectly assumes that the MDO is a separate use from the warehouse itself. Based on this faulty premise, the Comment Letter necessarily reaches an incorrect conclusion about the proposed use. As noted above, large-format retail uses are allowed by right in the General Commercial designation. (FMC § 15-1202.) Such uses are defined as "a single tenant that occupies a minimum of 80,000 square feet" (FMC § 15-2737) in a zone designed to accommodate "a range of retail and service uses that are not appropriate in other areas because of higher volumes of vehicle traffic and potential impacts on other uses." (FMC § 15-1201.) As explained in Final EIR Response to Comment I103-3, the MDO is functionally integrated into the physical form and operations of the warehouse. The MDO serves the warehouse by allowing Costco to rotate stock from the MDO area to sales floor, giving members the opportunity to see goods in person before ordering them and receiving them from the MDO. The MDO and the sales floor share employees and are fully integrated in one warehouse building, with a single lighting, HVAC, security, and utility system.

April 16, 2024

Page 3

Although the Comment Letter correctly notes that members would not have direct access to the MDO component of the warehouse, this does not transform the MDO into a separate use. As a permitted large-format retail use, it is entirely consistent to have stockrooms, storage, and receiving/delivery areas that are accessible only to the retailer, rather than customers. Contrary to the Comment Letter's assertion, the fact that the MDO would serve this function does not transform the MDO into a Warehousing, Storage, and Distribution use. The City defines Warehousing, Storage, and Distribution as a use that includes "storage and distribution facilities without sales to the public on-site or direct public access." (FMC § 15-6705.) As noted above, Costco would rotate stock from the MDO area to sales floor, allowing members of the public to purchase the goods on-site. Therefore, the Project does not meet the definition of Warehousing, Storage, and Distribution, and the City has properly classified the use as large-format retail.

Although the MDO would be fully integrated into the warehouse as part of the allowed large-format retail use, the Final EIR explains that in the alternative, the MDO would be allowed as an accessory use to the permitted retail use. The Comment Letter disputes that the MDO would be an accessory use, again because Warehousing, Storage, and Distribution is not permitted in the General Commercial designation. The Comment Letter attempts to draw an analogy between the MDO and the car wash, which would not be permitted on the Project Site under the existing Community Commercial designation. The Comment Letter again fails to recognize that the MDO is fully integrated into the warehouse, both physically and operationally. By contrast, the car wash would be a stand-alone structure developed on a newly-created legal parcel with separate utility systems from the warehouse. It functions as a stand-alone use in a way that is wholly distinguishable from the MDO operations, which is why the City required a General Plan and Zoning amendment to allow the car wash but not the MDO.

The Comment Letter takes its reasoning to the extreme, arguing that if the MDO is viewed as an accessory use to the large-format retail operation of the Costco warehouse, then the author should be permitted to open and operate a car dealership as an accessory use to his home in an entirely residential zone. This strained analogy is absurd on its face. As already established, the MDO portion of the warehouse is physically and functionally unified with the other activities and uses proposed within the warehouse and is consistent with the overall commercial character allowed within the land use designation. Viewing the MDO as a component of a large-format retail operation is in no way comparable to expanding a private residence to include a car dealership or other large scale commercial activity wholly unrelated to the purpose of the land use designation. Accordingly, the Comment Letter's concerns about land use consistency are misplaced.

The entire Project, including the warehouse and its interdependent uses, the fuel facility, and the car wash are permitted within the proposed General Commercial district. No revisions to the Project, the requested entitlements, or the EIR are required in response to the Comment Letter's assertions.



April 16, 2024

Page 4

## **II. The EIR Properly Analyzes Transportation and GHG Impacts.**

The Comment Letter repeats concerns raised on the Draft EIR regarding transportation and GHG, each of which were fully responded to in Final EIR Responses to Comments I103-3 through I103-7. Further discussion is provided below.

### **A. The EIR Identifies All Feasible Mitigation Measures in Response to Transportation Impacts.**

The Comment Letter correctly notes that the EIR identifies a significant and unavoidable transportation impact due to traffic hazards resulting from increased queue lengths. However, the Comment Letter misunderstands the nature of the impact, incorrectly attributing the safety concern to the proximity to the railroad tracks. Based on the misunderstanding, the Comment Letter incorrectly concludes that “it is highly likely that the adverse project impact is attributable to the specific site being proposed for development.”

As discussed on page 3.13-20 of the Draft EIR and in Response to Comment I103-7 in the Final EIR, the safety hazard is unrelated to the location of the Project Site or the railroad. Under existing conditions, westbound traffic on Herndon Avenue queues at the intersection with Golden State Boulevard across the rail crossing. The Project would not affect this existing condition, though trips associated with the Project would add to the queue length such that the queue could extend into the intersection with North Weber Avenue. The EIR does include Mitigation Measure 3.13-3 to reduce queue blockage of the Herndon Avenue/North Weber Avenue intersection, which would reduce the severity of the impact, though it would not fully eliminate the impact. Because the rail crossing is part of the High Speed Rail project, there is not available right of way to increase space for additional queuing, which makes further mitigation infeasible.

The Comment Letter confuses these facts, alleging without support that the Project would exacerbate hazards at the rail crossing itself. The Comment Letter requests that the Project be conditioned on creating a grade separated rail crossing to avoid hazards from the rail crossing. However, this mitigation measure is unnecessary, because the rail crossing is not the source of the impact. The Comment Letter’s proposed condition would not affect the queue length at the Herndon Avenue/North Weber Avenue intersection where the impact is identified. The Comment Letter asserts that it is “plainly evident” how grade separation between the rail crossing and Herndon would avoid or reduce safety impacts, but this is merely the author’s unsubstantiated, non-expert opinion. Argument, speculation, unsubstantiated opinion and narrative, and/or expert opinion not supported by facts do not constitute substantial evidence. (Pub. Res. Code § 21082.2; CEQA Guidelines § 15384.) By contrast, the City’s conclusion that the Project does not create or contribute to a hazardous condition associated with the rail crossing is based on the expert analysis of the City’s public works staff, its CEQA consultant, and the professional transportation engineering firm that prepared the City’s transportation

April 16, 2024

Page 5

analysis. Accordingly, there is substantial evidence to support the City's conclusion that the Comment Letter's suggestions would not mitigate the identified operational impact.

Moreover, as discussed in final EIR Response to Comment I103-7, the Comment Letter's proposed condition would be infeasible. The suggested improvements would be within the jurisdiction of the California High Speed Rail Authority, not the City or Costco. The City and Costco would have no control over the timing or outcome of the improvements, so the suggested mitigation measure would introduce unreasonable uncertainty. In the context of CEQA, "feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors. (CEQA Guidelines, § 15364.) The condition proposed by the Comment Letter has no ability to be implemented within a reasonable period of time. If the condition were implemented, Costco would be forced to acquire land then wait for an undetermined period of time for the chance to develop the Project if the rail improvements ever materialize. This makes no economic sense, and would result in the Project being abandoned, costing the City an economic development opportunity. Therefore, economic and social factors make the Comment Letter's proposed condition infeasible to implement.

The Comment Letter compares a condition previously imposed by the City to delay buildout of a residential project until the completion of City-led improvements of Herndon Avenue. As an initial matter, the Comment Letter's characterization of this past condition of approval appears to be incorrect. The Comment Letter does not specify which project it references, but given the size, use, and location, it is most likely the Parc West project by Granville Homes, which was approved by the Fresno City Council on January 28, 2021 to allow up to 844 single family homes to be developed in phases. Mitigation Measure TRA-2 from the Parc West EIR requires that project to pay its fair share cost percentages and/or construct a series of recommended improvements identified in the Parc West EIR, including a contribution to improvements at the Veterans Boulevard interchange. As long as the Parc West project made its fair share contributions, development was not actually delayed. Here, the Project does not have impacts related to the rail crossing. Therefore, there is no basis to condition the project on fair share contributions to improvements at the rail crossing, let alone prohibit development of the Project until such improvements are completed.

Moreover, even assuming *arguendo* that the City had imposed a condition on another project delaying its implementation until after the completion of certain City improvements, this would not support a condition delaying the current Project until a grade separated rail crossing is constructed here. As previously noted by the City, unlike in the Comment Letter's proffered comparison, the Comment Letter's proposed improvements would not be in the City's control, and there is no foreseeable timeframe for when the High Speed Rail project would complete the improvements. The Comment Letter proposes to fully halt the Project until such improvements are implemented, which – given the uncertainty and lack of control surrounding those

April 16, 2024

Page 6

improvements – would render the Project infeasible. Therefore, there is no basis to impose such a condition here.

The Comment Letter misapplies the EIR's conclusions in an attempt to justify a condition delaying (and possibly completely foreclosing) Project construction. However, there is no evidence that the Comment Letter's condition would reduce the Project's impact, because the EIR concluded that the impact was unrelated to the rail crossing. Moreover, the condition could not feasibly be implemented in a reasonable time. Therefore, CEQA does not require or allow that the condition be imposed as a mitigation measure, and no revisions to the EIR are required.

B. Publicly-Available Supplemental Traffic Analysis Shows the EIR Relied on Conservative "Worst-Case" Assumptions.

The Comment Letter references information shared by Kittelson & Associates during the Project's February 2, 2024 community meeting that referenced supplemental traffic analysis. The Comment Letter asserts that any supplemental traffic analysis must be made available for public review.

Kittelson & Associates prepared the Fresno Costco Relocation Transportation Impact Analysis report using data collected in September 2021. On Tuesday, November 21, 2023, the newly constructed US 99 interchange at N. Veterans Boulevard became operational. Kittelson collected traffic data on W. Herndon Avenue between the N. Golden State Boulevard and N. Riverside Road intersections on Wednesday, January 17, 2024 to determine how traffic volumes have changed as a result of these transportation improvements and documented its findings in a memorandum to Costco dated March 5, 2024.

The supplemental traffic analysis showed a decrease in traffic volume of more than 50% in 2024 as compared to the 2021 conditions and concluded that even with increased traffic associated with Costco, traffic volume in the vicinity of the Project Site would be less than the levels analyzed in Transportation Impact Analysis report using data collected in September 2021. In other words, the Transportation Impact Analysis report's conclusions – and by extension, the EIR's conclusions – are conservative and likely overstate the traffic effects that would occur during Project operations.

On March 6, 2024, Costco provided Kittelson's analysis to the City Council and City staff. This material was also made available to the public prior to the March 7, 2024 hearing, and the public has had ample opportunity to digest the supplemental analysis in the intervening six weeks. Moreover, the EIR does not rely on the supplemental analysis, nor are any of the EIR's conclusions based on the information therein. Therefore, no modifications to the EIR are required, nor is further time needed for public review.

April 16, 2024

Page 7

C. The EIR's Transportation Analysis Includes Projected Traffic Volumes From Nearby Developments.

The Comment Letter claims that the nearby Raising Canes project currently under construction will create an additional volume of traffic that will exacerbate an existing circulation bottleneck, and that this “high-volume drive-thru” use in the vicinity of the Project Site was not considered in the EIR. This conclusion is inaccurate. The Fresno Costco Relocation Transportation Impact Analysis report did incorporate into its analysis projected traffic from the allowable uses on the site where Raising Canes is located, and any impacts were accounted for as part of the Project’s cumulative analysis.

Moreover, the Comment Letter’s concern is focused on issues related to traffic congestion, which is beyond the scope of CEQA. Congestion-based metrics, such as auto delay and level of service, are no longer used as the basis for determining significant impacts under CEQA. The EIR properly evaluates the VMT impacts of the Project. As noted above, development of the Raising Cane’s site was included in the Project’s cumulative analysis such that there is no basis for the Comment Letter’s conclusion that the EIR understates impacts.

D. The EIR Properly Analyzes Greenhouse Gas Emissions (“GHG”) Impacts.

The EIR includes both quantitative and qualitative analyses of the Project’s GHG emissions. Because the Project would incorporate GHG reduction measures and comply with advancing emissions-control regulations, the EIR concludes that the Project would be consistent with applicable GHG policies and would not result in a significant impact. Despite this analysis, the Comment Letter includes four assertions that claim the Project would result in a significant and unavoidable GHG impact. Each assertion is incorrect, as discussed below.

As an initial matter, the Comment Letter’s assertions are based on the faulty premise that because the Project would result in a significant and unavoidable VMT impact, it necessarily must also result in a significant and unavoidable GHG impact. Although GHG emissions analysis relies upon information that may also be used in the transportation impacts analysis (i.e., VMT is a contributing piece of information to GHG emissions analysis), an increase in VMT alone does not indicate a significant GHG impact. In the transportation context, a commercial retail project results in a significant and unavoidable impact with respect to VMT unless there are zero new miles traveled. Because the Project would increase regional VMT, the EIR properly concludes that this impact would be significant and unavoidable. By contrast, GHG impacts are evaluated using a comparison to existing plans and policies, as well as existing emissions. Notably, to calculate GHG emissions, VMT is only one variable that informs what the mobile GHG emissions may be, as the emission factor (or fuel efficiency) also affects GHG emissions.

April 16, 2024

Page 8

For example, increased VMT from an electric vehicle would result in a significant transportation impact, but not a GHG impact. Likewise, a project that invests in other GHG-reducing measures may result in a less than significant GHG impact despite an increase in VMT. This is precisely the case here; as explained in Tables C-1 and C-2 of Appendix F in the Draft EIR and Final EIR Response to Comment I103-5, the Project includes a number of on-site and off-site improvements to encourage pedestrian activity and other active modes of transportation in the area. These enhancements are meaningful contributions by the Project sponsor to address consistency with the state and City's efforts to address GHG emissions.

As explained in Final EIR Response to Comment I103-5, VMT as a metric does not account for vehicle characteristics, fuel type, emission standards, and fleet-level standards, all of which directly influence GHG emissions. The EIR's analysis uses VMT as one of its inputs, but it also accounts for these other factors in the preparation of its GHG inventory. This is because the purpose of analyzing VMT varies in each section where VMT is used in the EIR. Transportation VMT thresholds are focused on reducing vehicle miles overall, regardless of type. In the Air Quality analysis, VMT is used as an input to analyze regional air quality impacts. In the Greenhouse Gas Emissions and Climate Change section, VMT is used as an input to derive transportation related GHG emissions to gauge consistency of the Project with GHG goals and policies. Therefore, the EIR properly analyzes and discloses impacts related to the Project's GHG emissions.

First, the Comment Letter asserts that the Project is inconsistent with Item 1(h) of the City of Fresno Greenhouse Gas Reduction Plan ("GHGRP") because the Project would increase VMT. Because the GHGRP includes multiple references to VMT, the Comment Letter asserts that the Project cannot be consistent with the GHGRP if it increases VMT. As discussed above, these conclusions are based on the faulty premise that VMT is the sole determinant for GHG significance. Due to this mistaken premise, the Comment Letter misunderstands how a project can demonstrate consistency with the GHGRP. The GHGRP includes numerous other policies, which, as explained in Table C-2 of Appendix F in the Draft EIR, the Project satisfies. Moreover, because the Project would increase VMT, and therefore was not consistent with one component of the GHGRP, the EIR also included a numerical inventory of the City's GHG emissions with the Project to analyze the Project's emissions relative to the GHGRP's goals.

The EIR's analysis of the GHG inventory demonstrates overall emissions that are consistent with the GHGRP's requirements (see Table 5-1 in Appendix F of the EIR and discussion in Section 5.2.3 of the Appendix F in the EIR [GHG Technical Report]). Therefore, the Project would be consistent with the GHGRP, even with the Project's increased VMT. Accordingly, it is appropriate for the City to conclude that the Project is consistent with the GHGRP.

Second, the Comment Letter asserts that CEQA Guidelines Section 15061.4(b) (defining VMT thresholds for transportation impacts) should also be used to determine significant GHG

April 16, 2024

Page 9

impacts. This logic improperly conflates VMT as used alone for transportation purposes with VMT as one input to an overall analysis of GHG impacts. As noted above, these inputs are used for different purposes in different sections of the EIR's analysis. Final EIR Response to Comment II03-5 explains the distinction between the EIR's methodology to evaluate transportation and GHG impacts. The Comment Letter implores the City to invent a new threshold of significance to evaluate GHG impacts using the same thresholds that are used to evaluate transportation impacts. However, the City properly evaluated GHG emissions using thresholds consistent with CEQA Guidelines Appendix G and applicable policies and plans related to GHG emissions. No further analysis is required.

Third, the Comment Letter asserts that the EIR fails to provide the public and decision makers with adequate information because it discloses a significant and unavoidable VMT impact but not a GHG impact. As discussed above, the transportation and GHG sections are two distinct evaluations, with two distinct significance thresholds, and the conclusion regarding transportation VMT impacts is not synonymous with the conclusion regarding GHG impacts. As further discussed above, the EIR's analysis demonstrates that there would be no significant GHG impact, notwithstanding the fact that the Project would result in a significant and unavoidable transportation impact regarding VMT. Accordingly, the EIR clearly and accurately informs the public about the Project's environmental effects.

Finally, the Comment Letter shares the author's layperson opinion interpreting the 2022 Scoping Plan to mean that the City's GHGRP should not be used in connection with analysis of GHG impacts. By contrast, the EIR's GHG analysis was prepared by the City's expert consultant, Ascent Environmental, based on technical reports prepared by Ramboll, a national leader in air quality and climate change analysis. As explained on page 3.7-13 of the Draft EIR, the 2022 Scoping Plan supports the use of local CAP consistencies and does not support the Comment Letter's conclusion (i.e., the 2022 Scoping Plan does not disqualify existing CAPs). Therefore, continued reliance on the City's GHGRP is permitted.

As discussed above, the City properly analyzed the Project's GHG impacts and correctly concluded that there will be no significant GHG impacts. As such, the City does not need to revise and/or recirculate the EIR for additional public review in response to the Comment Letter.

### **III. The EIR Analyzes a Reasonable Range of Project Alternatives.**

In addition to the No Project alternative and a no development alternative, the EIR fully analyzes a reduced size alternative and a mixed-use Costco alternative. The EIR also examines three off-site alternatives; however, because none of the off-site alternatives would be feasible to develop with the Project and there is no evidence that such off-site alternatives would reduce environmental impacts as compared with the Project, the City rejected these alternatives for further study.

April 16, 2024

Page 10

An EIR must consider a “reasonable range of potentially feasible alternatives.” (CEQA Guidelines, § 15126.6(a).) There is no ironclad rule governing the nature or scope of the alternatives to be discussed other than the rule of reason. (*Id.*) The range of potential alternatives to the proposed project shall include those that could feasibly accomplish most of the basic objectives of the project and could avoid or substantially lessen one or more of the significant effects. (CEQA Guidelines, § 15126.6(c).) Every conceivable alternative need not be considered, and an EIR is not required to consider alternatives that are infeasible. (CEQA Guidelines, § 15126.6(a).) If project alternatives are infeasible due to specific economic, social, or other conditions, the project can be approved as proposed. (Pub. Resources Code, § 21002.)

“Feasible” means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors. (CEQA Guidelines, § 15364.) Among the factors that may be taken into account when addressing the feasibility of alternatives are site suitability, economic viability, availability of infrastructure, general plan consistency, other plans or regulatory limitations, jurisdictional boundaries (projects with a regionally significant impact should consider the regional context), and whether the proponent can reasonably acquire, control or otherwise have access to the alternative site (or the site is already owned by the proponent). (CEQA Guidelines, § 15126.6(f)(1).)

The Comment Letter claims that the EIR should have considered alternative project sites in greater detail, in particular two locations on Veterans Blvd. Final EIR Response to Comment I103-8 includes an in-depth discussion as to why these locations would not be feasible and would not necessarily reduce the Project’s significant environmental effects. The Comment Letter insists that these off-site alternatives should be considered anyway, and that the only issues with the alternative sites is that they consist of multiple parcels and they are not under the immediate control of the applicant. This is incorrect.

While the Comment Letter would like to downplay the issue of separate ownership, such considerations clearly render the alternative sites infeasible. Both of the alternative sites identified in the Comment Letter consist of multiple parcels under separate ownership. Expecting Costco to acquire land not within its control from multiple sellers and subsequently merge the parcels would be costly and is not something that can be accomplished in a successful manner within a reasonable period of time. In addition to these issues, the Comment Letter fails to acknowledge other meaningful differences between the Project Site and the alternative sites. First, the site located west of Bullard Avenue and south of Veterans Boulevard, as well as the site located at the southeast corner of West Herndon Avenue and Hayes Avenue, contain parcels that are currently zoned for residential uses. Rezoning these sites to accommodate a commercial use would create a potential “no net loss” housing issue for the City, and further affect the feasibility of the Project on the identified site. Second, the site located west of Bullard Avenue and south of Veterans Boulevard has easements across it for power lines, such that the Project

April 16, 2024

Page 11

could not adequately fit on the site. This physical constraint alone is sufficient to remove the alternative site from further consideration. Finally, as the City has explained in Final EIR Response to Comment I103-8, none of these off-site alternatives would clearly address the Project's significant environmental effects. Taken together, all of these aspects of the alternative sites render the off-site alternatives infeasible.

The Comment Letter mentions that multiple comments on the Draft EIR also suggested alternative sites. This is irrelevant, as the off-site alternatives remain infeasible and would not necessarily address the Project's significant environmental effects. In fact, no site could address the VMT impacts, because any of the sites identified would increase VMT to a similar extent as the Project. Moreover, the EIR already includes a reasonable range of alternatives in compliance with CEQA's requirements. No further revisions to the EIR or its alternatives analysis are required.

\* \* \*

In sum: (1) the Project is consistent with the proposed General Plan and Zoning designations for the site; (2) the EIR properly analyzes the Project's Transportation and GHG impacts; and (3) the EIR properly analyzes a reasonable range of Project alternatives. The EIR is well-crafted and technically sound, and it does not need to be revised or recirculated for additional public review.

We respectfully request that the City Council certify the EIR, adopt findings as required by CEQA, and approve the Project at its April 18, 2024 hearing.

Sincerely,

BURKE, WILLIAMS & SORENSON, LLP



Anna C. Shimko







April 17, 2024

City Council Members  
City of Fresno  
2600 Fresno Street  
Fresno, CA 93721

**Re: Costco Wholesale -7120 N Riverside Drive**

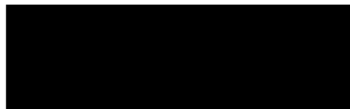
Dear Council Members,

Please find two supplemental items for your review:

- (1) Part B of the Supplemental Packet we transmitted on April 4, 2024. This packet provides responses and information related to the City Council's questions related to Costco's impact on adjacent home values and the project's economic benefits.
- (2) An Economic Impact Study prepared by the Fresno County EDC that supports the economic and revenue benefit findings we included in the Supplemental Packet. The EDC staff will be present at the hearing on Thursday in case the Council has questions.

We look forward to the April 18th meeting. Please do not hesitate to let staff know if any additional information is needed from the Costco team in advance of the meeting on the 18th.

Sincerely,



Pari Holliday  
RE Development Director



**COSTCO WHOLESALE RELOCATION – N. Riverside Drive**

**CITY COUNCIL SUPPLEMENTAL PACKAGE PART B**

**APRIL 17, 2024**



1. Economics and Community Benefits
2. Off-Site Improvements

## City Council Questions/Requests

- Does Costco have any data on how a new store may impact adjacent home values?

## ECONOMICS AND COMMUNITY BENEFITS

### Impact on Adjacent Home Values

- Costco does not regularly collect data regarding adjacent home values following the opening of a new Warehouse. However, in response to Council's questions, the Costco team obtained data regarding **home values in the vicinity of the new Clovis warehouse** that opened in 2019.
- The data show **the homes closest to Costco increased in value at a greater rate** than homes appreciated in the area generally.
  - In the three years after the Clovis Warehouse opening, home values within ¼ mile of the Costco increased 40.4%.
  - By comparison, in the three years after the Clovis Warehouse opening, home values within 1 mile of the Costco increased 34.4%.
- The Clovis example is an **apt comparison**, because:
  - Clovis is part of the same regional real estate market as Fresno;
  - The Clovis Warehouse site was zoned for commercial uses before Costco was approved, as is the proposed Fresno location; and
  - There are adjacent single-family homes to both locations.
- The increased home values in Clovis are **consistent with Costco's experience.**
  - Residential property owners in other markets anecdotally report property value increases following Costco opening.
  - Residential developer Darius Assemi of Granville Homes is currently developing housing across the street from the proposed Costco site in Fresno.
  - Mr. Assemi wrote to the City in support of Costco's proposal to "welcome the choice of shopping it brings to northwest Fresno residents" as an amenity that positively effects property value.



## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### Economic Benefits

- **Costco's \$98 million investment** to relocate the Shaw Avenue Costco to N. Riverside and W. Herndon within City limits will **bring significant economic benefits to the City** directly and indirectly during **project construction and operation**.
  - The **Fresno County EDC prepared an Economic Impact Analysis** to assess the scale of economic benefit that would result from the relocated Costco. The analysis is based on general assumptions aligned with typical Warehouse Clubs and Supercenters as historical and projected revenues specific to Costco (and other businesses) are proprietary. The analysis is intended to be illustrative and is conservative. A copy is attached, and EDC staff will be present at the City Council Meeting to answer questions.
  - Additionally, Costco prepared a preliminary assessment of **increased revenues associated directly with the increased property value**.

## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### EDC – Economic Impact Analysis

#### Construction Economic Impacts

- Economic benefit/contribution to gross regional product (GRP)
  - **\$151.76 million** economic benefit **over a 6-month construction duration**.
  - Every **construction \$ spent equals \$1.55 in economic output** for the region.
  - Employing up to **100 temporary workers** at its peak.
  - Utilizing **local city of Fresno General Contractor** – helping to keep the dollars in Fresno.
- Tax Revenue
  - Approximately **\$12.95 million** across federal, state, and local tax instruments.
  - Approximately **\$3.09 million** (or 23.8 percent) will stay within Fresno County.

## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### EDC – Tax Revenue Analysis

#### Operation Annual Economic Impacts

- Economic benefit/contribution to gross regional product (GRP)
  - Estimated **\$55.82 million annual** economic benefit representing the project's overall gross regional product (GRP) contribution to the regional economy.
  - **Net increase of \$4.06 million+** (approximately 7.84%) annually over the existing location on Shaw Avenue.
  - **289 direct full-time equivalent** (FTE) employees (net increase of approximately 21 FTEs).
  - Plus **116 indirect/induced jobs**.
- Tax Revenue
  - **\$15.21 million annually** across federal, state, and local tax instruments with a net increase over 1.11 million based a 7.84% increase.
  - Approximately **\$4.37 million (or 28.7 percent) annually will stay within Fresno County.**
  - Costco expects that the projected tax revenue is underestimated given our sales have increased an **average of 15%** at other recent relocations.



## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### Economic Benefits – Property Tax Local Revenue

Costco prepared a preliminary assessment of **revenues changes associated directly with an increased property value** (for the warehouse).

- **Property tax revenue specific to increased property value is estimated at over \$1 million annually** (shared between the County and City).
  - Property Value estimated from **\$1.4 million** to **\$98 million**
  - Property Tax Revenue (base tax of 1%) from **\$14,000** to **\$980,000** **+\$965,000 per year** to City/County combined
    - City portion from **<\$5,000** to **between \$200,000 to \$300,000 per year\***
  - **CUSD bond** revenue from **<\$3,000** to over **\$210,000**

\* The City and County split the one percent and we were not able to get the specific split.



## City Council Questions/Requests

- Confirm **no delivery trucks** will utilize **N. Riverside Drive**.
- Request additional **traffic calming measures** on **Spruce** particularly at **Hayes and Polk**.

## OFF-SITE IMPROVEMENTS

### TRUCK ACCESS + SPRUCE AVE

- Costco will not allow delivery trucks to utilize N. Riverside Drive
  - Delivery trucks will utilize Arthur Avenue via W. Herndon Avenue for site access and egress. The fuel trucks will loop onto Spruce Avenue to exit onto Arthur Avenue; they will be restricted from utilizing N. Riverside.
  - The southern most driveway on N. Riverside has been modified to **be right in only** to not accommodate trucks entering the site or any vehicle existing the site. This driveway shift also allows landscaping the full length of the west elevation of the MDO.
  - Our off-site improvement plans also include signage to direct all deliveries to Arthur Avenue.
- Spruce traffic calming measures
  - Costco has reviewed the additional measures proposed by City Public Works Staff and are amenable to implementing as project conditions.



# Costco Relocation Project

## Economic Impact Analysis



### Prepared by:

Spencer Bremer, Research Analyst

Ross Williams, Research Analyst





This report outlines the economic impacts to be generated by the construction and future operations of the Costco Commercial Center relocation proposed for Northwest Fresno. The construction phase of this project is estimated to generate an economic impact of \$151.76 million throughout its 170-day duration. Similarly, future operations of the new facility are estimated to generate an annual economic impact of \$55.82 million, resulting in a net increase of \$4.06 million (approximately 7.84%) annually over the existing location on Shaw Avenue. These initial investments along with the facility's ongoing operations will create ripple effects throughout the regional economy, which is what this report aims to capture. Indirect effects can be attributed to business purchases taking place in the regional supply chain, whereas induced effects result from household spending of labor income.

Please note that the figures provided in this report do not take into account Costco's expected revenue projections, or any anticipated changes in intermediate inputs, as this information is proprietary. For wholesale and retail industries, the term *output* refers to the *gross margin*, or marginal revenue of a firm's operations, as opposed to its *gross sales*, or total revenue. As such, *direct output* represents the value of services provided by the establishment and does not include the cost of goods sold. In most cases, wholesalers and retailers do not engage in production activities onsite. Therefore, estimating the impact of Costco's manufacturing activities (such as the bakery) would require a separate industry event and knowledge of the facility-specific occupational breakdown. For these reasons, the direct output estimates provided in this report may deviate from either facility's actual bottom line.

**Proposed Costco Relocation Site**

Target

## Construction Phase

The expected construction cost of the new Costco Commercial Center proposed for the Northeast corner of W Herndon Avenue and N Riverside Drive is estimated at \$98 million. As such, we have set this figure as the direct output in the construction model, which assumes the selected contractor is located in Fresno County.<sup>1</sup> The project will also require a construction workforce, employing up to 100 temporary workers at its peak. Given that the length of construction is estimated at 170 days, we must adjust the employment figure accordingly, as the model interprets all input on an annual basis. By setting the direct employment figure at approximately 46.6, we are hypothetically extending the project timeline to one year, holding the amount of labor required constant. In other words, what would take a workforce of ~47 to accomplish in one year, can be done in 170 days with a workforce of 100.

We estimate that construction activities resulting from the proposed Costco relocation will generate a total economic impact of \$151.76 million throughout the 170-day construction period, after accounting for indirect and induced effects. Based on the original investment amount of \$98 million, this yields an output multiplier of 1.55, meaning every dollar spent on the construction of this facility will result in \$1.55 in economic output for the region. Furthermore, the construction phase will support an estimated 246 jobs through indirect and induced effects resulting from stimulated activity in the regional supply chain and consumer markets, respectively. This would generate an additional \$16.1 million in labor income separate from that of the construction workforce (i.e., through estimated indirect and induced effects on labor income).<sup>2</sup>

*Table 1 – Economic Indicators, Construction Phase*

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	46.58	186.10	60.09	292.76
Labor Income	\$ 3,733,385	\$ 12,755,945	\$ 3,345,666	\$ 19,834,996
Value Added	\$ 7,535,473	\$ 22,609,117	\$ 6,265,279	\$ 36,409,869
Output	\$ 98,000,000	\$ 43,393,570	\$ 10,366,289	\$ 151,759,859

Source: IMPLAN

Lastly, the project's construction activities will support \$36.41 million in gross regional product (GRP) to the regional economy throughout the construction period.

In terms of tax contributions, the construction phase of the new Costco facility is expected to generate \$12.95 million across federal, state, and local tax instruments. Of this amount, approximately \$3.09 million (or 23.8 percent) will stay within Fresno County.

<sup>1</sup> Estimates provided by IMPLAN are at the county-level. Therefore, it is assumed the selected contractor would be located in Fresno County. Selection of a Fresno-based contractor would very likely result in a higher concentration of impacts realized within the City of Fresno, holding the countywide figures constant.

<sup>2</sup> Detailed definitions of indirect and induced economic effects can be found on the IMPLAN website: <https://blog.implan.com/understanding-implan-effects>



Table 2 – Tax Summary, Construction Phase

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Sub County General	\$ 396,317	\$ 510,359	\$ 106,514	\$ 1,013,190
Sub County Special Districts	\$ 497,334	\$ 641,554	\$ 133,987	\$ 1,272,875
County	\$ 313,507	\$ 404,220	\$ 84,404	\$ 802,130
State	\$ 1,519,754	\$ 2,519,214	\$ 592,228	\$ 4,631,196
Federal	\$ 1,041,962	\$ 3,306,630	\$ 885,770	\$ 5,234,362
Total	\$ 3,768,875	\$ 7,381,976	\$ 1,802,902	\$ 12,953,753

Source: IMPLAN

## Operations Phase

The staffing of the new Costco Commercial Center will be comprised of approximately 289 full-time equivalent (FTE) positions, including 214 full-time and 123 part-time employees.<sup>3</sup> All employees are initially hired as part-time, and full-time employees are promoted from within the company. This figure is key to modeling the new facility's future operations, as well as labor income, which we estimated using industry staffing patterns for NAICS 455211 – Warehouse Clubs and Supercenters.

To estimate the direct labor income, we examined the top 35 occupations based on employment in the warehouse club industry in Fresno County. We then retrieved the average wage for each occupation from the California Employment Development Department's Q1 2023 OEWS dataset. After adjusting for inflation through Q4 2023, we calculated the weighted average wage from the list of occupations. Collectively, these occupations represent 96.8 percent of the total workforce in this industry regionally.

Table 3 – Industry Staffing Patterns, NAICS 455211, Top 5 Occupations<sup>4</sup>

SOC	Occupation Description	% of Industry Employment	Average Hourly Wage
53-7065	Stockers and Order Fillers	29.5 %	\$ 19.01
41-2011	Cashiers	21.8 %	\$ 16.58
41-2031	Retail Salespersons	15.5 %	\$ 18.72
41-1011	First-Line Supervisors of Retail Sales Workers	5.5 %	\$ 24.63
43-4051	Customer Service Representatives	4.9 %	\$ 23.40
...	...	...	...
	<b>Total</b>	<b>96.8 %</b>	<b>\$ 20.26<sup>5</sup></b>

Source: Fresno EDC

<sup>3</sup> Assumes part-time workers are employed two-thirds time (approximately 27 hours per week).

<sup>4</sup> Source: EDC's internal analysis using data from Lightcast and the California Employment Development Dept.

<sup>5</sup> Weighted average based on occupational share of employment in sector. Full table provided in Attachment A.

We then estimated the annual payroll of the new facility to be approximately \$12.18 million based on 289 FTEs, which was within a 1 percent margin of IMPLAN's original estimate. This figure serves as the direct labor income in the future operations model.

*Table 4 – Economic Indicators, Operations Phase*

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	289.00	60.95	55.02	404.97
Labor Income	\$ 12,180,250	\$ 3,375,846	\$ 3,070,401	\$ 18,626,497
Value Added	\$ 24,738,730	\$ 4,794,091	\$ 5,748,036	\$ 35,280,857
Output	\$ 36,568,408	\$ 9,745,807	\$ 9,508,520	\$ 55,822,735

Source: IMPLAN

Future operations of the proposed Costco Commercial Center in Northwest Fresno would have a total annualized impact of \$55.82 million on the regional economy, after accounting for indirect and induced effects, with \$35.28 million of this amount representing the facility's overall GRP contribution. In addition to the 289 full-time equivalents, the facility would support an estimated 116 jobs through stimulated economic activity in the supply chain and consumer markets.<sup>6</sup> Therefore, the facility's operations would support an estimated \$6.45 million in labor income in addition to its annual payroll.

The estimated incremental impact between the proposed facility and the current facility, located along Shaw Avenue, is shown below. To do this, we modeled the existing facility's operations based on its full-time equivalent employment and associated labor income, then compared the results to those of the future operations model. Across the board, we see a 7.84 percent increase in annualized economic impact between locations.<sup>7</sup>

*Table 5 – Incremental Impact, Operations Phase*

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	21.00	4.43	4.00	29.43
Labor Income	\$ 885,070	\$ 245,304	\$ 223,109	\$ 1,353,482
Value Added	\$ 1,797,624	\$ 348,360	\$ 417,677	\$ 2,563,661
Output	\$ 2,657,220	\$ 708,173	\$ 690,931	\$ 4,056,323

Source: IMPLAN

The proposed facility is expected to create 21 additional full-time equivalent positions, resulting in a net increase of \$885,000 in direct labor income. Factoring in indirect and induced effects, we see a total increase of 29 jobs and \$1.35 million in related labor income across the regional economy. Total regional output resulting from Costco's relocation is estimated to increase by approximately \$4.06 million annually, with \$2.56 million of this amount representing the new facility's net GRP contribution.

<sup>6</sup> i.e., through indirect and induced effects.

<sup>7</sup> Based on the projected increase in full-time equivalents (289/268). IMPLAN assumes constant returns to scale. More information can be found here: <https://blog.implan.com/implan-io-analysis-assumptions>



Table 6 – Tax Summary, Operations Phase

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Sub County General	\$ 1,295,289	\$ 40,451	\$ 97,797	\$ 1,433,537
Sub County Special Districts	\$ 1,625,331	\$ 51,183	\$ 123,022	\$ 1,799,536
County	\$ 1,024,588	\$ 32,188	\$ 77,497	\$ 1,134,273
State	\$ 4,921,371	\$ 334,952	\$ 543,572	\$ 5,799,895
Federal	\$ 3,412,368	\$ 820,596	\$ 812,822	\$ 5,045,786
Total	\$ 12,278,946	\$ 1,279,370	\$ 1,654,710	\$ 15,213,026

Source: IMPLAN

In terms of tax contributions, the future operations of the new Costco facility are expected to generate \$15.21 million annually across federal, state, and local tax instruments. Of this amount, approximately \$4.37 million (or 28.7 percent) will stay within Fresno County.<sup>8</sup>

Table 7 – Net Increase in Tax Revenue, Operations Phase

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Sub County General	\$ 94,121	\$ 2,939	\$ 7,106	\$ 104,167
Sub County Special Districts	\$ 118,104	\$ 3,719	\$ 8,939	\$ 130,762
County	\$ 74,451	\$ 2,339	\$ 5,631	\$ 82,421
State	\$ 357,608	\$ 24,339	\$ 39,498	\$ 421,446
Federal	\$ 247,958	\$ 59,628	\$ 59,063	\$ 366,649
Total	\$ 892,242	\$ 92,965	\$ 120,238	\$ 1,105,445

Source: IMPLAN

The estimated net increase in tax contributions between the proposed facility and the current facility located along Shaw Avenue, is shown above. As with the economic indicators, we see a 7.84% increase across the board, which equates to approximately \$1.11 million in annual tax revenue.

## About IMPLAN

IMPLAN (Impact Analysis for Planning) is a widely used economic modeling tool designed to assess the economic impacts of various events or policy changes within a specific region or industry. It utilizes input-output analysis to estimate how changes in one sector of the economy ripple through to affect other sectors, businesses, and households.

In relocation impact analysis, IMPLAN is used to evaluate the potential effects of relocating a business or industry from one area to another. Using inputs such as anticipated job creation, wages, and capital investments (project costs), IMPLAN can forecast how the relocation might impact local employment, labor income, tax revenues, and overall economic activity in both the origin and destination areas. This

<sup>8</sup> Amounts are inclusive of property taxes. Detailed tax breakdown provided in Attachment A.

information is valuable for all stakeholders, public and private, allowing them to weigh the potential benefits and drawbacks of relocation and make informed decisions regarding business expansion and/or economic development strategies. Overall, IMPLAN's prevalence in relocation impact analysis stems from its ability to provide comprehensive and reliable insights into the economic consequences of relocation decisions.



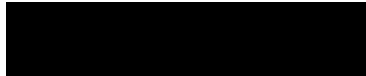


### **About the Fresno County Economic Development Corporation**

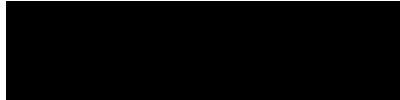
The Fresno County Economic Development Corporation is a private non-profit organization established to market Fresno County as the premier location for business prosperity. We facilitate site selection for new businesses and assist in the retention and expansion of local businesses within Fresno County.

To learn more, visit [www.fresnoedc.com](http://www.fresnoedc.com)

**Spencer Bremer, Research Analyst**



**Ross Williams, Research Analyst**



# COSTCO WHOLESALE RELOCATION – N. Riverside Drive

**CITY COUNCIL APRIL 18, 2024**



1. Off-Site Improvements
2. Site Specifics and Operations
3. Economics & Community Benefits



## City Council Questions/Requests

- What transportation improvements are being made?
- Request additional **traffic calming measures** on **Spruce** particularly at Hayes and Polk.

\**RIRO* = Right-in/Right-out

## OFF-SITE IMPROVEMENTS

### Off-Site Transportation Improvements



1. New traffic signal at W Fir Ave. and N Riverside Dr.
2. Upgrades to existing signal at N Riverside Dr. And W Herndon Ave.
3. New left turn pocket at Arthur from EB W Herndon Ave.
4. Construction of Arthur Ave.
5. Construction of W Spruce Ave connection
6. Expand NB lanes on N. Riverside Dr.
7. Underground overhead power lines on W Herndon Ave.
8. Underground overhead power lines on Arthur Ave.
9. Trail extension along W Herndon Ave and N Riverside Dr.
10. North Golden State Boulevard and West Herndon Avenue: Revise signal, add median, and reconstruct the median to extend the south bound dual left-turn.

- **Spruce traffic calming measures**
  - Costco has reviewed the additional measures proposed by City Public Works Staff and is amenable to implementing as project conditions.



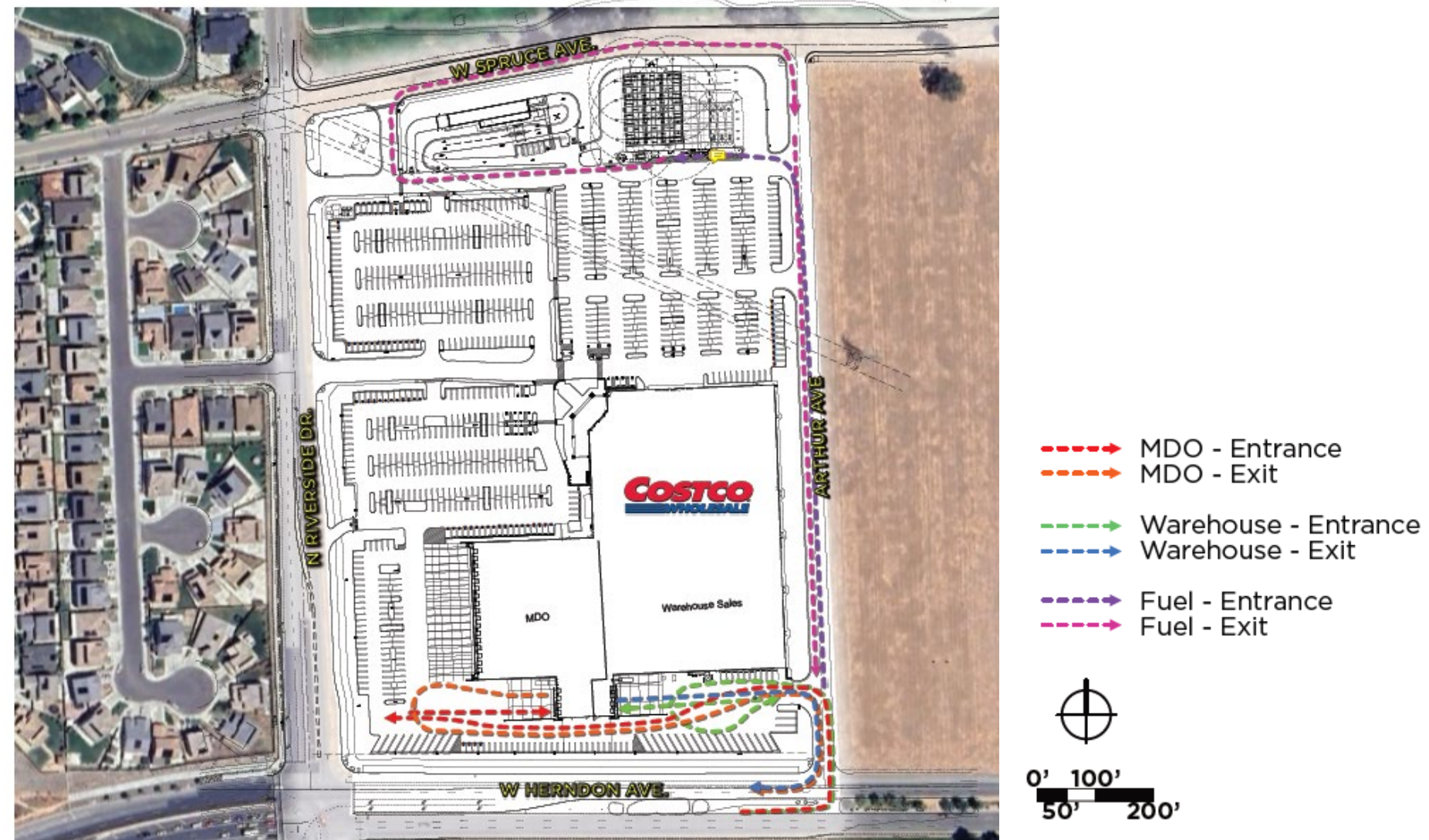
## City Council Questions/Requests

- Confirm no delivery trucks will utilize N. Riverside Drive.

## SITE SPECIFICS AND OPERATIONS

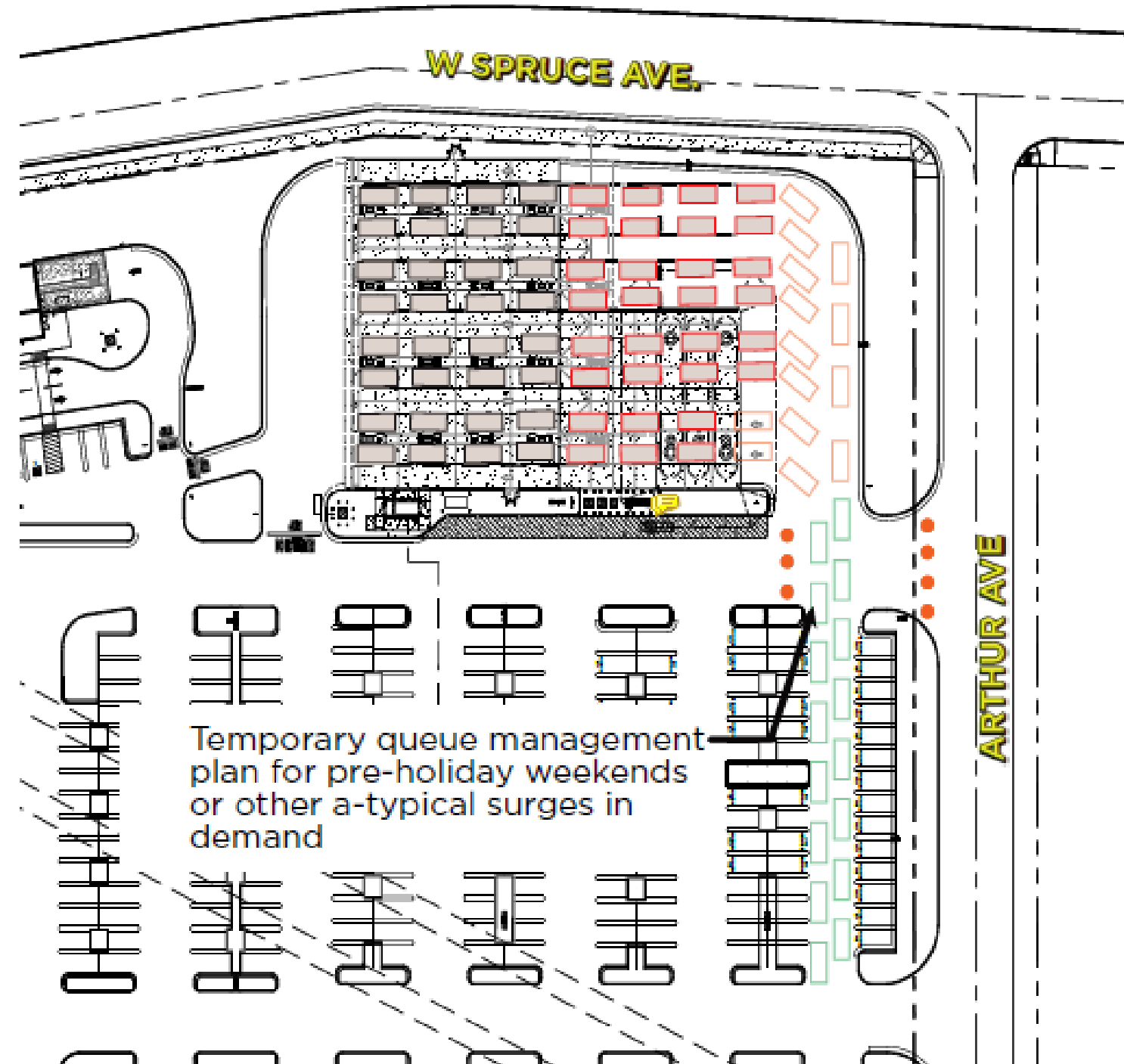
### Truck Routing

- Costco will not allow delivery trucks to utilize N. Riverside Drive
  - Delivery trucks will use Arthur Avenue via W. Herndon Avenue for site access and egress. The fuel trucks will loop onto Spruce Avenue to exit onto Arthur Avenue; they will be restricted from using N. Riverside.
  - The southernmost driveway on N. Riverside has been modified to **be right in only** and the design will physically prohibit trucks from utilizing this driveway. The driveway also shifted north to accommodate the landscaping along N. Riverside to extend the full length of the MDO's west elevation.
  - Our off-site improvement plans also include signage to direct all deliveries to Arthur Avenue.



## SITE SPECIFICS AND OPERATIONS

### Queue Management



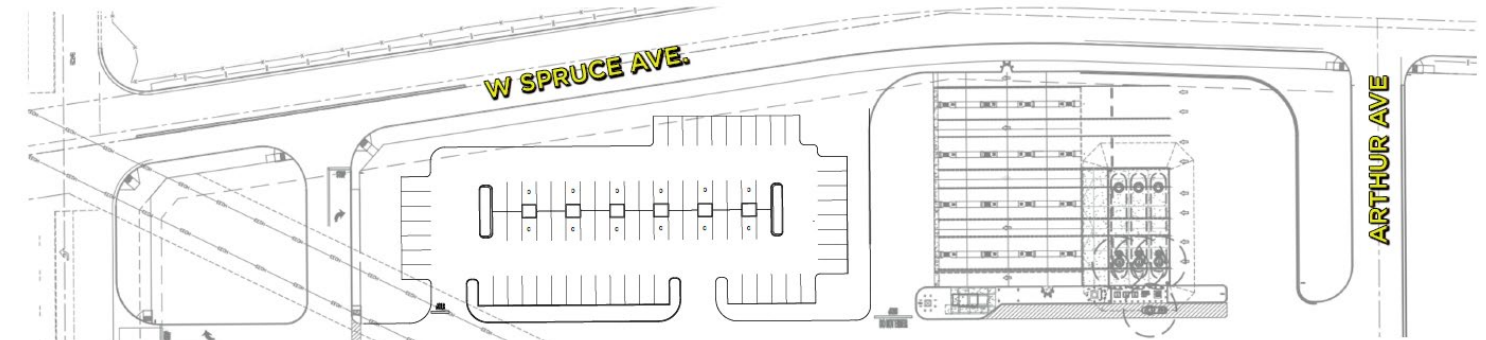
## City Council Questions/Requests

- Request for alternatives site concepts if the car wash is removed.

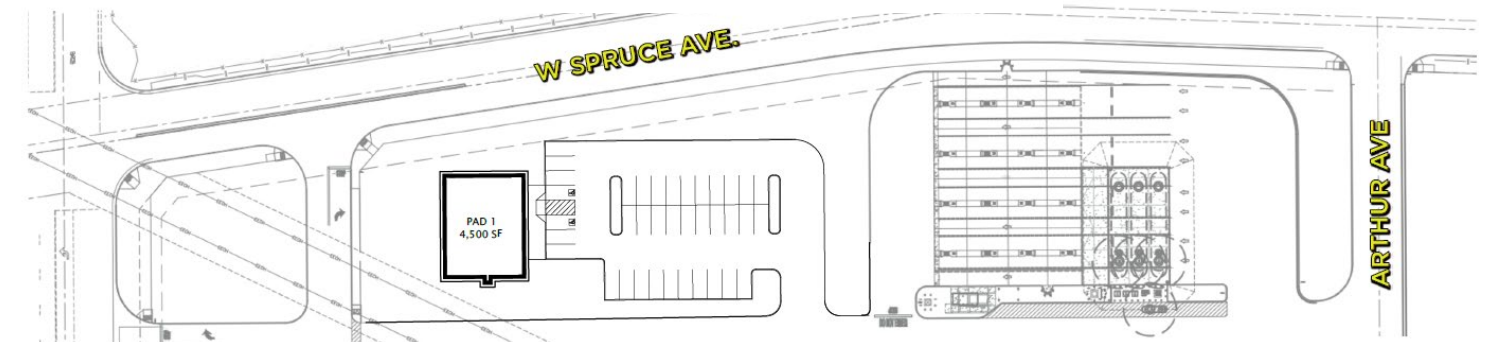
## SITE SPECIFICS AND OPERATIONS

### Concepts without Car Wash

- The Costco car wash program is being expanded nationally and there is demand for the service in California



① CAR WASH AS PARKING LOT



② CAR WASH AS OUTPARCEL

## City Council Questions/Requests

- What are the operating hours of the Costco?
- What are car wash hours?

## SITE SPECIFICS AND OPERATIONS

### Warehouse Operation

#### Warehouse and Car Wash Open:

- Monday through Friday from 9:00 a.m. to 8:30 p.m.
- Saturday and Sunday from 9:00 a.m. to 7:00 p.m.

#### Fuel Open:

- 5:00 a.m. to 10:00 p.m. daily
- The extended hours for fuel minimize demand during peak hours and spread activity across a longer period and reduce idling and queuing.
- School busses pick up in the area at approximately 7:15 am.



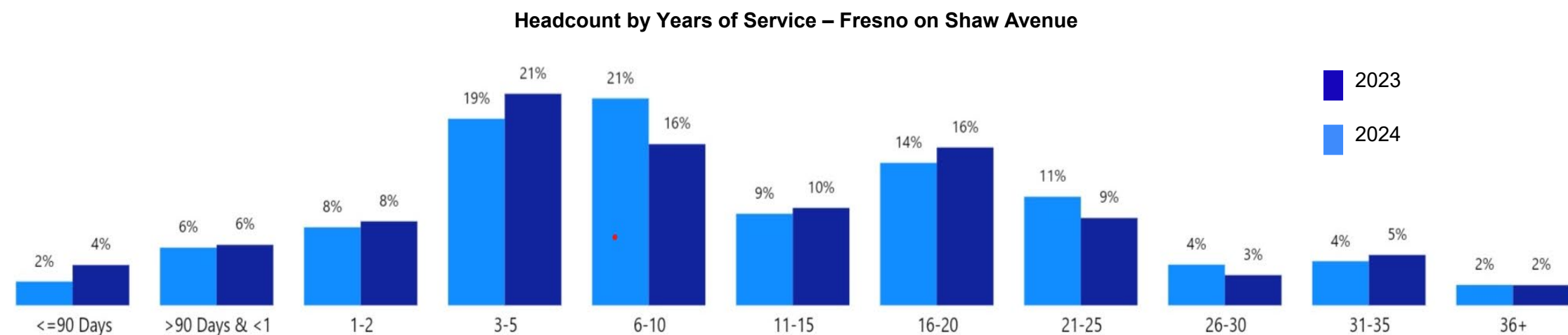
## City Council Questions/Requests

- How many jobs?
- Define part time.
- What is the average retention rate?
- Explain compensation package.
- Do part-time employees get benefits?

## ECONOMICS AND COMMUNITY BENEFITS

### EMPLOYEES - 90% live in Fresno

- ~ **37 new full-time equivalents (FTE)**
  - 15% more employees
  - Increase from 253 to 290 FTE
- **Full-time employees** are promoted from within
  - Initially all **employees hired as part-time**
  - **Part-time** is a minimum of **24 hours** per week
- **Benefits:** All employees receive a comprehensive benefit package after 90 days
- **Compensation:** \$18.50 to \$34.00 per hour
- **Retention Rate:** Turnover is less than 18% annually





## City Council Questions/Requests

- What are the specifics of Costco's charitable giving in Fresno?
- How much of the 1% pre-tax profit goes to charities in Fresno?

## ECONOMICS AND COMMUNITY BENEFITS

### Community Benefits

#### Charitable Giving

- **Local Programs** – Costco donated approximately \$80,000 cash in FY 22/23 to local organizations in Fresno including but not limited to Valley Children's Hospital, Holy Cross Ministries, Fresno Central Seventh Day Adventist, and Bowe's Animal Shelter.
  - For the Valley Children's Fundraising Campaign Area warehouses collectively **raised over \$9 Million during May 2023**
- **Costco's 1% pre-tax profit charitable giving** represents the company's total cash donations throughout the company, including cash donations made by individual warehouses.



## City Council Questions/Requests

- What schools got the backpacks, how many?
- What are the specifics of Costco's charitable giving in Fresno?

## ECONOMICS AND COMMUNITY BENEFITS

### Community Benefits – Local

#### Backpack Program

- 1,152 total backpacks donated in 22/23 - 768 backpacks to Jefferson Elementary 384 to Pinedale Elementary.
- Other schools that have participated in the program include Lawless Elementary and Madison Elementary.

#### Feeding America Donations

- The Fresno Shaw location donated over 203,000 lbs of food plus assorted items including clothing, to food banks in Fresno in FY23.

#### Reading Program

- 4 employees volunteer their time to read to students at a local elementary school.
- Last year's school was Lawless Elementary, and Polk Elementary has participated in the past.

#### New Partner with Central Unified School District

- Reading program will now include Central schools.
- Central students will benefit from back-to-school supplies.
- Food pantry will continue to support our families.
- Costco will participate in the CUSD's CTE Business/Entrepreneurship pathway program.
- Costco staff also expressed interest in being a guest speaker and participating in student job fair.

## City Council Questions/Requests

- Does Costco have any data on how a new store may impact adjacent home values?

## ECONOMICS AND COMMUNITY BENEFITS

### Impact on Adjacent Home Values

- Costco does not regularly collect data regarding adjacent home values.
- Costco team obtained data regarding **home values in the vicinity of the new Clovis warehouse** that opened in 2019.
- The data show **the homes closest to Costco increased in value at a greater rate** than homes appreciated in the area generally.
  - In the three years after the Clovis Warehouse opening, home values within ¼ mile of the Costco increased 40.4%.
  - By comparison, in the three years after the Clovis Warehouse opening, home values within 1 mile of the Costco increased 34.4%.

## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### Economic Benefits

- **Costco's \$98 million investment** to relocate the Shaw Avenue Costco to N. Riverside and W. Herndon within City limits will **bring significant economic benefits to the City** directly and indirectly during **project construction and operation**.
  - **Economic Impact Analysis** prepared by the County of Fresno Economic Development Corporation (EDC) to assess the scale of economic benefit that would result from the relocated Costco.
  - Additionally, Costco prepared a preliminary property tax assessment to understand the **increased revenues associated directly with the increased property value**.

## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### EDC – Economic Impact Analysis

#### Construction Economic Impacts

- Economic benefit/contribution to gross regional product (GRP)
  - **\$151.76 million** economic benefit **over a 6-month construction duration**.
  - Every **construction \$ spent equals \$1.55 in economic output** for the region.
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  - Approximately **\$12.95 million** across federal, state, and local tax instruments.
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- Economic benefit/contribution to gross regional product (GRP)
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  - **289 direct full-time equivalent** (FTE) employees (net increase of approximately 21 FTEs).
  - Plus **116 indirect/induced jobs**.
- Tax Revenue
  - **\$15.21 million annually** across federal, state, and local tax instruments with a net increase over 1.11 million based on a 7.84% increase.
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  - Costco expects that the projected tax revenue is underestimated given our sales have increased an **average of 15%** at other recent relocations.



## City Council Questions/Requests

- What are the economic benefits of Costco's new location?

## ECONOMICS AND COMMUNITY BENEFITS

### Economic Benefits – Property Tax Local Revenue

Costco prepared a preliminary assessment of revenues changes associated directly with an increased property value from the project site.

- **Property tax revenue specific to increased property value is estimated at over \$1 million annually** (shared between the County and City).
  - Property Value estimated change from **\$1.4 million** to **\$98 million**
  - Property Tax Revenue (base tax of 1%) change from **\$14,000** to **\$980,000** +\$965,000 per year to City/County combined
    - City portion change from <\$5,000 to **between \$200,000 to \$300,000 per year**\*
  - **CUSD bond** revenue change from <\$3,000 to over **\$210,000**

\* The City and County split the one percent and we were not able to get the specific split.

# EXTRAS - REFERENCE

## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

### Site Renderings - Intersection of W. Herndon & N. Riverside looking toward the new Costco.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

### Site Renderings - Looking toward the new Costco across N. Riverside.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

**Site Renderings** - Looking toward the new Costco across N. Riverside at the new signal.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

### Site Renderings - View of Costco and parking lot from Arthur entrance.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

**Site Renderings** - Looking across Spruce toward the car wash.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

**Site Renderings** - Looking across Spruce toward the fuel station.





## City Council Questions/Requests

- Request for visual simulations from several viewpoints around the site.

## SITE SPECIFICS AND OPERATIONS

### Site Renderings - View of Costco and parking lot from Arthur entrance.

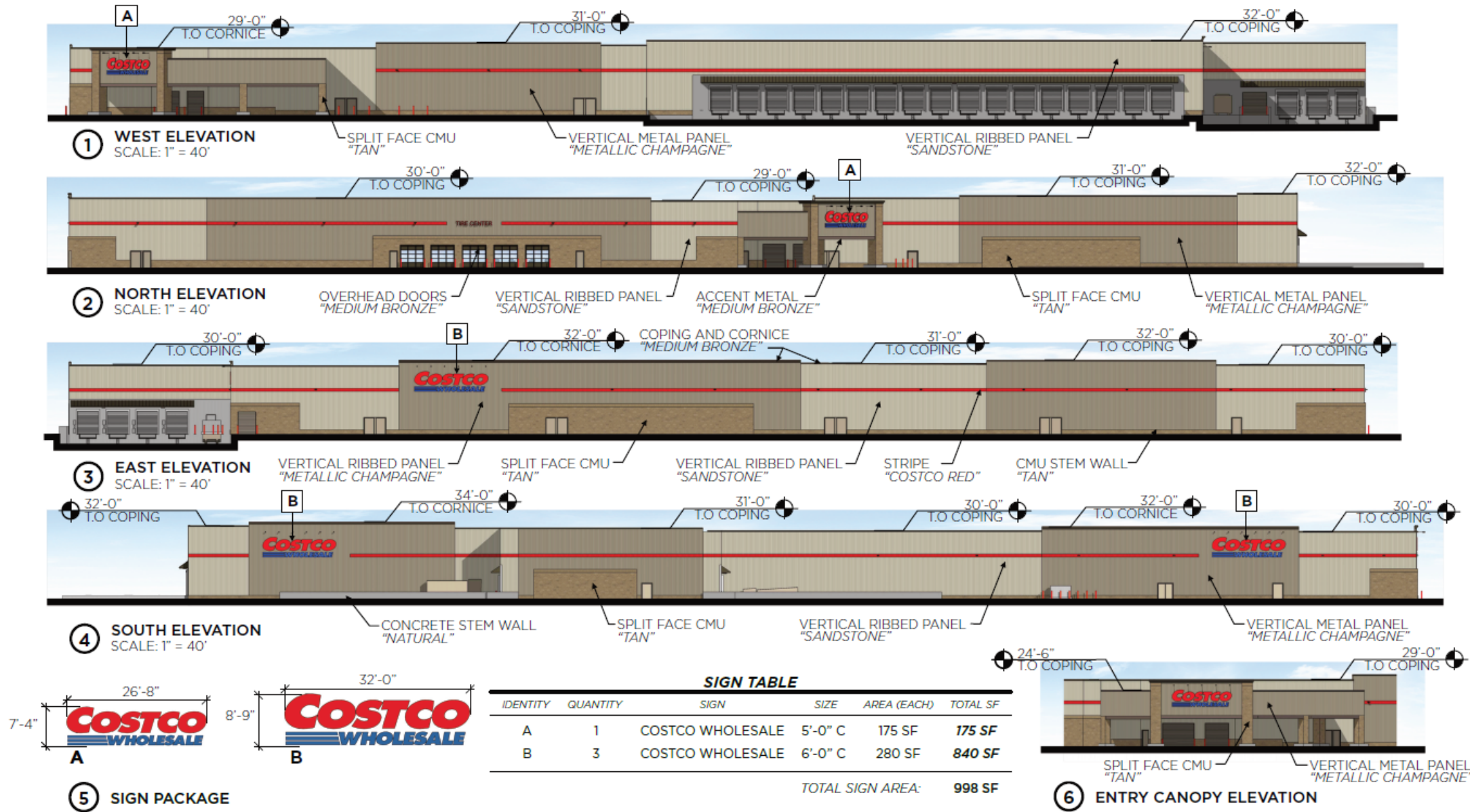


City Council  
Questions/Requests

- Project elevations as they were not provided in the City Council staff report

SITE SPECIFICS AND OPERATIONS

Warehouse Elevations



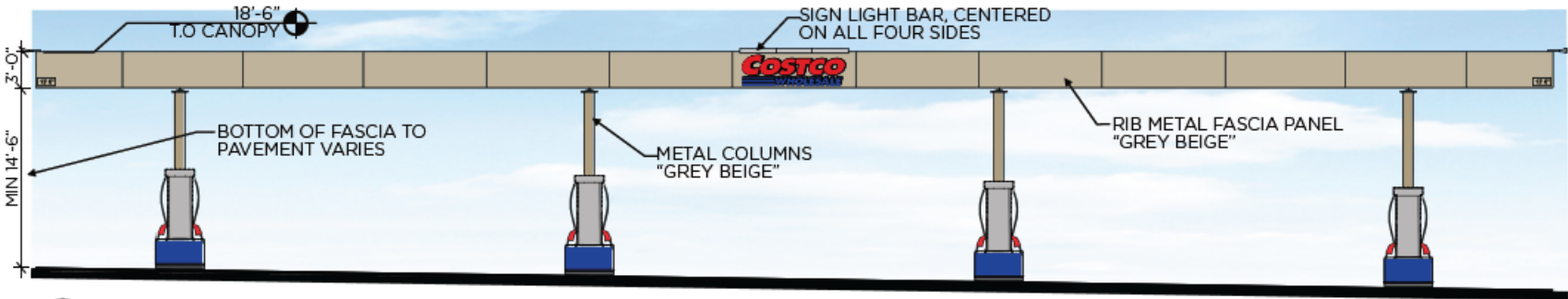


City Council  
Questions/Requests

- Project elevations as they were not provided in the City Council staff report.

SITE SPECIFICS AND OPERATIONS

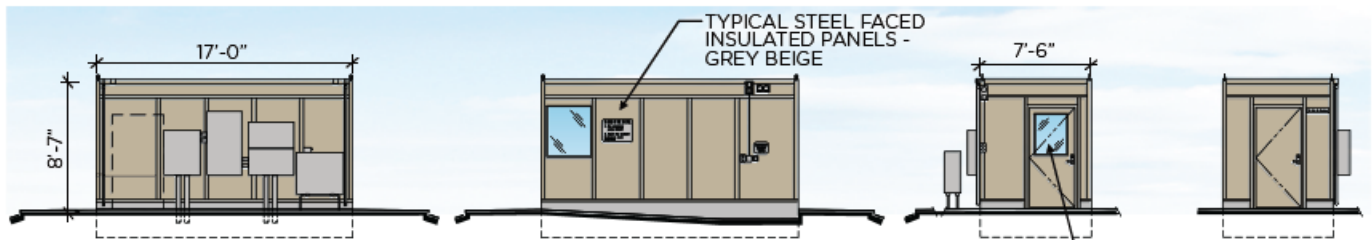
Fuel Station Elevations



1 EAST/ WEST ELEVATION  
SCALE: 1/8" = 1'-0"



2 NORTH/ SOUTH ELEVATION  
SCALE: 1/8" = 1'-0"



4 CONTROLLER ENCLOSURE ELEVATIONS  
SCALE: 1/8" = 1'-0"

SIGN TABLE				
QUANTITY	SIGN	SIZE	AREA (EACH)	TOTAL SF
4	COSTCO WHOLESALE	2'-5" x 8'-6"	21 SF	84 SF
TOTAL SIGN AREA:			84 SF	



5 CANOPY SIGNS  
SCALE: 1/4" = 1'-0"

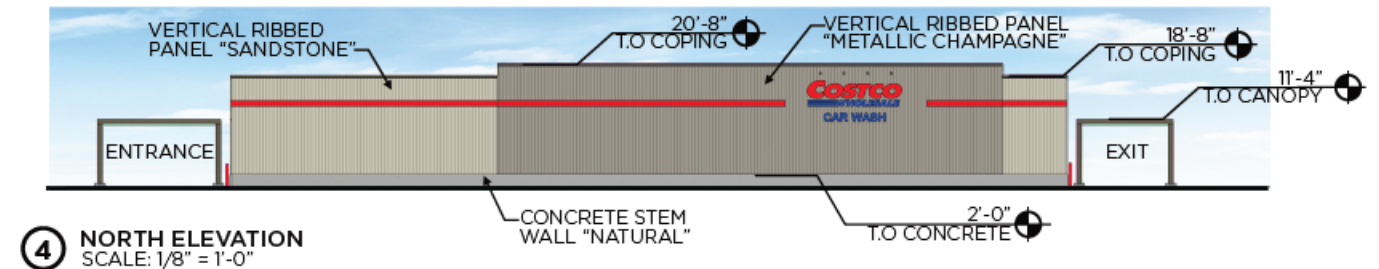
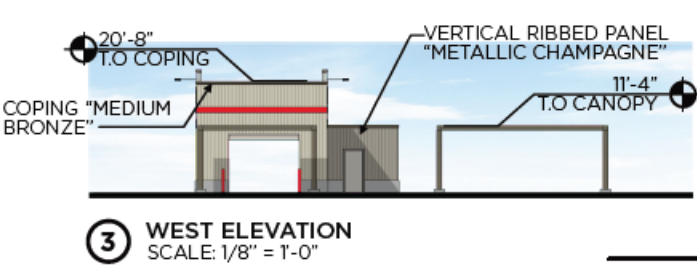
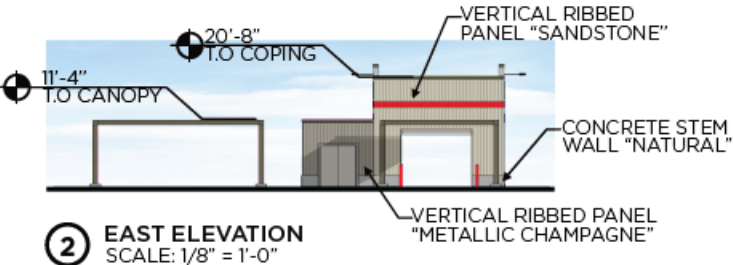
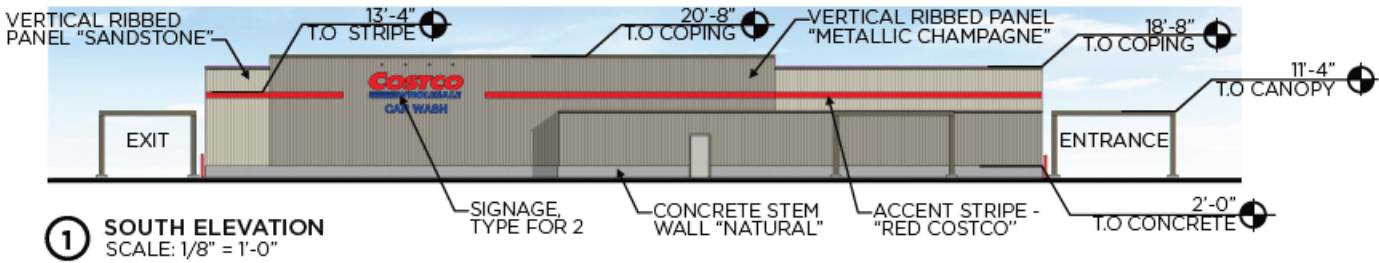


City Council  
Questions/Requests

- Project elevations as they were not provided in the City Council staff report.

SITE SPECIFICS AND OPERATIONS

Car Wash Elevations



SIGN TABLE				
QUANTITY	SIGN	SIZE	AREA (EACH)	TOTAL SF
2	COSTCO WHOLESALE	3'-6" x 10'-6"	37 SF	74 SF
TOTAL SIGN AREA:				74 SF





## City Council Questions/Requests

- How does this project not trigger the need for additional VMT mitigation?

## SITE SPECIFICS AND OPERATIONS

### Transportation VMT Mitigation (continued)

VMT Reduction Measures Costco will implement from Mitigation Measure 3.13-2 include:

- **Commute Trip Reduction Marketing** (up to ~4% employee VMT reduction) including the following features (or similar alternatives):
  - on-site or online commuter information services,
  - employee transportation coordinators,
  - on-site or online transit pass sales,
  - and guaranteed ride home service.
- **Ridesharing Program** (up to ~8% employee VMT reduction)
- **Subsidized or Discount Transit Program** (up to ~5.5% employee VMT reduction)
- **End-of-Trip Bicycle Facilities** (up to ~4.4% employee VMT reduction)
- **Improve Street Connectivity** (up to ~30 percent employee VMT reduction)
- **Pedestrian Network Improvements/Construct Bike Facilities/Expand Bikeway Network** (up to ~10% employee VMT reduction)

## City Council Questions/Requests

- What are all the Significant and Unavoidable Impacts associated with the project?

## SITE SPECIFICS AND OPERATIONS

### Significant and Unavoidable Impacts – VMT Project and Cumulative

***Impact 3.13-2 and 14-13: Conflict or Be Inconsistent with CEQA Guidelines Section 15064.3, Subdivision (b) Regarding Vehicle Miles Traveled for both the project and cumulative conditions.***

- As discussed above, The primary source of daily VMT is warehouse shopping by Costco members. Members purchase items in bulk at Costco facilities, making walking, biking, or transit trips to the warehouse impractical.
- Bulk shopping generally requires access to a personal automobile and is often a single-destination outing. Mitigation that would substantially reduce the VMT of Costco members is infeasible due to the nature of Costco's land use and business model, which is inherently auto-oriented.

## City Council Questions/Requests

- What are all the Significant and Unavoidable Impacts associated with the project?

## SITE SPECIFICS AND OPERATIONS

### Significant and Unavoidable Impacts — Hazards Due to a Geometric Design Feature

**Impact 3.13-3: North Golden State Boulevard and West Herndon Avenue intersection overflow** *Note: This is only a project impact as it is mitigated to a less-than-significant level under cumulative with other planned improvements including high-speed rail.*

- The southbound left-turn queue at the **North Golden State Boulevard and West Herndon Avenue** intersection **would overflow** the available storage for the turn pocket.
- As discussed in the EIR **constraints** including the existing roadway layout, limited right-of-way and approved projects such as Highspeed Rail in the area **preclude additional design features to fully address** this impact.
- Spillback condition would occur during the most congested period of the day and would not be a continuous condition.
- This would remain a transportation hazard with mitigation until the planned High Speed Rail improvements are constructed. (Draft EIR p. 3.13-21)

## City Council Questions/Requests

- Explain compensation package.
- Do part-time employees get benefits?

## SITE SPECIFICS AND OPERATIONS

### **EMPLOYMENT** - We take care of our employees!

#### **Benefits**

- **All Employees Eligible, 90 days after start date, including Full-time and Part-time employees**
- Medical, Dental, and Vision with low out-of-pocket premiums and copays
- Paid bonding leave
- Health care reimbursement account
- Dependent care reimbursement account
- Voluntary short-term disability
- Long-term disability
- Life insurance and AD&D insurance
- Employee assistance program
- Employee stock purchase plan
- 401(k) plan - match employee contributions up to 5k a year.
- Programs to support physical, emotional, and financial well-being

#### **Compensation**

- \$18.50 to \$34.00 per hour

#### **Paid Time-off**

- Paid sick and vacation time
- Eight paid holidays
- One paid floating holiday to allow employees to observe a day that's meaningful to them, e.g., Juneteenth, Indigenous Peoples Day, Veterans Day

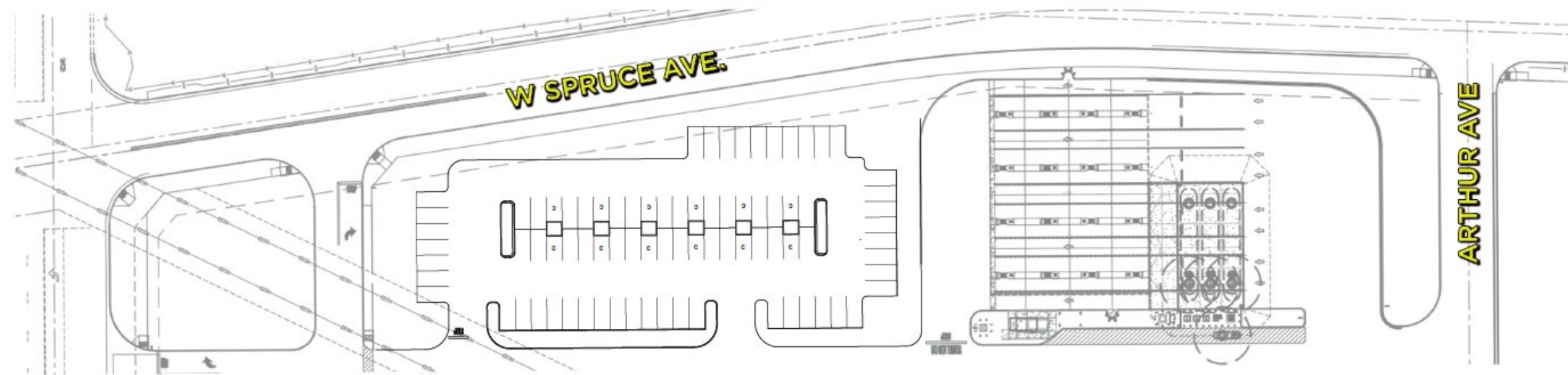


## City Council Questions/Requests

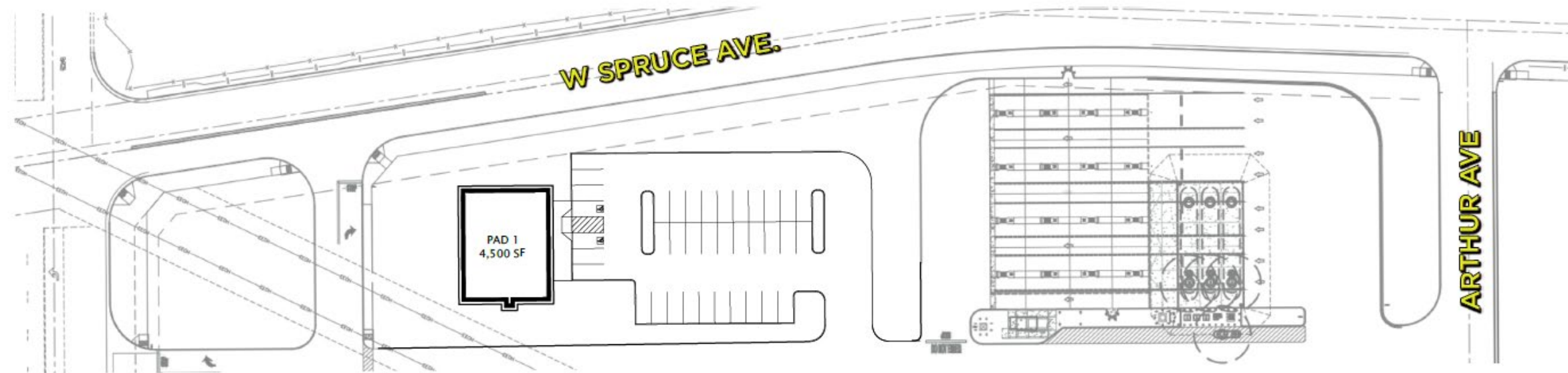
- Request for alternatives site concepts if the car wash is removed.

## SITE SPECIFICS AND OPERATIONS

### Concepts without Car Wash



① CAR WASH AS PARKING LOT



② CAR WASH AS OUTPARCEL

## City Council Questions/Requests

- How does this project not trigger the need for additional VMT mitigation?
- Does new store in Clovis have bike racks for customers and in stores?

## CEQA

### Transportation VMT Mitigation

*Impact 3.13-2: proposed project would result in a net increase of 129,326 regional daily VMT.*

- Costco will implement Mitigation Measure 3.13-2 as detailed in the Final EIR, prepared by Ascent, the EIR consultant hired and contracted with the City, which requires Costco to implement the listed VMT measures to reduce employee VMT by a minimum of 26 percent.
  - Employee trips account for less than 2 percent of the project's daily trips and less than 7 percent of the VMT (13,385 of 129,326 overall project VMT)
  - Reduction in employee VMT will have minimal impact on the overall increase in VMT. The mitigation measure will reduce the project's VMT by approximately 3,500 of 129,326 daily VMT.
- Given the limits of reducing members' VMT given the nature of Costco shopping, it is not possible to reduce VMT at a meaningful level and in any way that reduce this impact to a less-than-significant level.
- The project will provide bike parking as does the Clovis warehouse.

## City Council Questions/Requests

- For EIR Mitigation Measures with options, what option will Costco implement?
  - Applies to Mitigation Measure 3.11-5
  - No other mitigation measures list options that could stand alone from one another.
  - Note all text excerpted from the EIR is shown in *blue italic type*.

## CEQA

### EIR Mitigation Measure with Options

*Mitigation Measure 3.11-5: Implement noise reduction measures to ensure that exterior noise levels at residential land uses near the west side of North Riverside Drive do not exceed the City's 65 dB :*

- Pave the roadway segment with rubberized hot-mix asphalt or equivalent surface treatment with known noise-reducing properties on top of the roadway surface.*
  - Construct a sound barrier taller than the 6-foot cinderblock wall, of solid material.*
- Costco **will utilize rubberized hot-mix asphalt** (underlined above) if mitigation is needed to meet 65 dB SNEL
  - Given Costco has committed to requiring all delivery trucks to access the site from Arthur Avenue and not utilize N. Riverside east of W. Herndon Avenue, the noise associated with trucks and single event noise is not expected to exceed 65 dB SENL

## City Council Questions/Requests

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