

**WAL-MART EXPANSION**  
**CITY OF TRACY**  
**3010 W. GRANT LINE ROAD, TRACY**  
FINAL ENVIRONMENTAL IMPACT REPORT  
SCH No. 2004012040

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*PREPARED FOR:*

**CITY OF TRACY**  
PLANNING DIVISION  
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TRACY, CA 95376

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**MAY 2008**



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**MAY 2008**



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# **1.0 INTRODUCTION**

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This Final Environmental Impact Report (FEIR) was prepared in accordance with the California Environmental Quality Act (CEQA), the CEQA Guidelines (Section 15132), and the City of Tracy environmental review process. The City of Tracy is the lead agency for the environmental review of the Wal-Mart expansion (project) and has the principal responsibility for approving the project. This FEIR assesses the expected environmental impacts resulting from approval of the project and associated impacts from subsequent development, as well as responds to comments received on the Draft EIR and the Revised Draft EIR.

### 1.1 BACKGROUND AND PURPOSE OF THE EIR

#### OVERVIEW OF CEQA REQUIREMENTS FOR PREPARATION OF AN EIR

The City of Tracy (City), serving as the lead agency, has prepared the Draft EIR and Revised Draft EIR to provide the interested public and responsible and trustee agencies with information about the potential environmental effects of the Wal-Mart Expansion Project. The Revised Draft EIR for the proposed Wal-Mart Expansion project, in combination with the Draft EIR issued on October 3, 2005, constitutes the entire Draft EIR as required by CEQA.

As set forth in the provisions of CEQA and implementing regulations, public agencies are charged with the duty to consider the environmental impacts of proposed development and to minimize these impacts where feasible while carrying out an obligation to balance a variety of public objectives, including economic and environmental factors.

CEQA Guidelines Section 15121(a) states that an EIR is an informational document for decision-makers and the general public that analyzes the significant environmental effects of a project, identifies possible ways to minimize significant effects, and describes reasonable alternatives to the project that could reduce or avoid its adverse environmental impacts. Public agencies with discretionary authority are required to consider the information in the EIR, along with any other relevant information, in making decisions on the project.

CEQA requires the preparation of an environmental impact report prior to approving any project which may have a significant effect on the environment. For the purposes of CEQA, the term "project" refers to the whole of an action which has the potential for resulting in a direct physical change or a reasonably foreseeable indirect physical change in the environment (CEQA Guidelines Section 15378[a]). With respect to the Tracy Wal-Mart Expansion project, the City has determined that the proposed development is a "project" within the definition of CEQA.

#### BACKGROUND OF ENVIRONMENTAL REVIEW PROCESS OF THE PROJECT

The following is an overview of the environmental review process for the Tracy Wal-Mart Expansion project that has led to the preparation of this Final EIR (FEIR):

##### **Notice of Preparation and Initial Study**

In accordance with Section 15082 of the CEQA Guidelines, the City of Tracy prepared a Notice of Preparation (NOP) of a Draft EIR in January 2004. The City of Tracy was identified as the lead agency for the proposed project. The notices were circulated to the public, local, state, and federal agencies, and other interested parties to solicit comments on the proposed project. The January 12, 2004, NOP is presented in Appendix A of the Draft EIR. Concerns raised in response to the NOP were considered during preparation of the Draft EIR and are also presented in Appendix A of the Draft EIR.

## **1.0 INTRODUCTION**

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### **Draft EIR (DEIR)**

The Draft EIR (DEIR) was released for public and agency review on October 3, 2005; the public comment period ended on November 17, 2005. The DEIR contains a description of the project, description of the environmental setting, identification of project impacts, and mitigation measures for impacts found to be significant, as well as an analysis of project alternatives.

### **Revised Draft EIR (RDEIR)**

This Revised Draft EIR (RDEIR) was released for public and agency review on July 23, 2007; the public comment period ended on September 5, 2007. The RDEIR in combination with the previous Draft EIR constitutes the entire Draft EIR as required by CEQA for the proposed Wal-Mart Expansion project.

### **Final EIR**

During the public review period, the City received thirteen (13) individual comment letters from agencies, interest groups, and the public regarding the Draft EIR and five (5) individual comment letters from agencies, interest groups, and the public regarding the Revised Draft EIR, for a total of eighteen (18) letters. Additional comment letters were received after the close of the public comment period; the City made the determination to include and address these comment letters. None of the comments that were received triggered another re-circulation of the Draft EIR, as no new information was presented that required additional analysis. This document responds to the written comments received as required by CEQA. This document also contains minor edits to the Draft EIR and Revised Draft EIR, which are included in Section 4.0 (Revisions to the Draft EIR) and the final mitigation monitoring and reporting program (MMRP) for the project. No edits made to the Draft EIR and Revised Draft EIR are cause to require re-circulation of the document for further public review. All responses to comments made on the Draft EIR and Revised Draft EIR responded to questions of significant environmental issues per Section 15204 of the CEQA Guidelines, with a good faith effort at full disclosure. This document constitutes the Final EIR (FEIR).

### **Certification of the Final EIR/Project Consideration**

The City of Tracy will review and consider the FEIR. If the City finds that the FEIR is "adequate and complete," the City may certify the FEIR, at a public hearing. The rule of adequacy generally holds that the EIR can be certified if it: (1) shows a good faith effort at full disclosure of environmental information; and (2) provides sufficient analysis to allow decisions to be made regarding the project in contemplation of its environmental consequences.

Upon review and consideration of the Final EIR, the City may take action to approve, revise, or reject the project. A decision to approve the project would be accompanied by written findings in accordance with CEQA Guidelines Section 15091 and Section 15093. Public Resources Code Section 21081.6 also requires lead agencies to adopt a reporting and mitigation monitoring and reporting program to describe measures that have been adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment. The final mitigation monitoring and reporting program for the project is provided in this document as Section 5.0.

## **1.2 TYPE OF DOCUMENT**

The CEQA Guidelines identify several types of EIRs, each applicable to different situations and intended uses. This EIR has been prepared as a Project EIR pursuant to CEQA Guidelines Section 15161. Project EIRs are defined by the CEQA Guidelines as follows:

*The most common type of EIR examines the environmental impacts of a specific development project. This type of EIR should focus primarily on the changes in the environment that would result from the development project. The EIR shall examine all phases of the project including planning, construction, and operation.*

## **1.3 INTENDED USES OF THE EIR**

This EIR has been prepared in accordance with the California Environmental Quality Act (CEQA). The EIR is intended to evaluate the environmental impacts of the project to the greatest extent possible and to be used to modify, approve, or deny approval of the proposed project based on the analysis in the EIR. In accordance with CEQA Guidelines Section 15126, this EIR should be used as the primary environmental document to evaluate all subsequent planning and permitting actions associated with the project. Subsequent actions that may be associated with the project are identified in Section 3.0 (Project Description) of the Draft EIR.

## **1.4 ORGANIZATION AND SCOPE OF THE FINAL EIR**

This document is organized in the following manner:

### **SECTION 1.0 – INTRODUCTION**

Section 1.0 provides an overview of the EIR process to date and what the FEIR is required to contain.

### **SECTION 2.0 – EXECUTIVE SUMMARY**

Section 2.0 provides a brief project description and presents a summary table of probable environmental effects edited as a result of comments received on the Draft EIR and Revised Draft EIR and minor staff edits.

### **SECTION 3.0 – COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR AND REVISED DRAFT EIR**

Section 3.0 provides a list of commenters, copies of written comments (coded for reference), and the responses to those written comments.

### **SECTION 4.0 – ERRATA**

Section 4.0 consists of revisions to the Revised Draft EIR that are a result of responses to comments, as well as minor staff edits that do not change the intent or content of the analysis or mitigation measures.

### **SECTION 5.0 – FINAL MITIGATION MONITORING AND REPORTING PROGRAM**

Section 5.0 consists of the Final Mitigation Monitoring and Reporting Program for the project.



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## **2.0 EXECUTIVE SUMMARY**

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This section provides an overview of the project and the environmental analysis. For additional detail regarding specific issues, please consult the appropriate chapter of Sections 4.1 through 4.12 (Environmental Setting, Impacts, and Mitigation Measures) of the Draft EIR and Sections 4.1, 4.4, 4.6, and 4.13 of the Revised DEIR.

### 2.1 PURPOSE AND SCOPE OF THE ENVIRONMENTAL IMPACT REPORT

This Environmental Impact Report (EIR) will provide an analysis of the potential environmental effects associated with the implementation of the Wal-Mart expansion and associated parking and landscaping, pursuant to the California Environmental Quality Act (CEQA).

This EIR analysis focuses upon potentially significant environmental impacts arising from the project. The EIR adopts this approach in order to provide a credible worst-case scenario of the impacts resulting from project implementation.

### 2.2 PROJECT CHARACTERISTICS

Based upon the application submitted by Wal-Mart, the project would include the expansion and operation of an existing 125,689 square foot Wal-Mart store located at 3010 W. Grant Line Road, within the Tracy Marketplace Shopping Center in the City of Tracy. The expansion will increase the size of the retail business from 125,689 square feet by approximately 82,704 square feet, for a total retail area of approximately 208,393 square feet (219,425 square feet including existing garden center and garden center expansion). Approximately 33,928 square feet of the additional retail space will be devoted to grocery sales; the remaining space will be used for other uses, including a garden center, general retail, a snack bar, storage, and a vision center. The retail store will also have adjacent outdoor sales, which includes the existing garden center with expansion (totaling 11,032 square feet) and a 5,282 square foot outdoor sales area. Together, the garden center (existing plus expansion) and the outdoor sales area total 16,314 square feet. The complete development, including the existing building and parking lot, would be approximately 19.33 acres, or 842,000 square feet.

The principal objectives identified by the applicant (Wal-Mart) are to:

- Design a project consistent with the City of Tracy General Plan, I-205 Specific Plan, and Zoning Ordinance;
- Expand the existing facility to provide the region with an affordable shopping alternative to bring a wide variety of products to the City of Tracy as well as the surrounding communities;
- Achieve an architectural design that softens the scale and mass of the proposed building, as expanded, with features designed to blend with the surrounding area;
- Provide sufficient landscaping to soften the design and create a pleasant and attractive shopping appearance that unifies the old building with the new addition and complements the surrounding area;
- Minimize potential automobile and pedestrian conflicts through site planning that clearly separates automobile and pedestrian access areas;

## 2.0 EXECUTIVE SUMMARY

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- Minimize noise impacts to the surrounding uses by using structures such as sound walls and/or by placing potentially noisy activities such as loading and unloading deliveries and waste within the main structure (i.e., at loading docks);
- Provide sufficient off-street parking to ensure that adequate on-site parking is provided for store customers and employees; and
- Provide a retail element that will provide significant benefits to the City and community in terms of employment opportunities, sales tax revenues, shopping opportunities, and community programs.

## 2.3 AREAS OF CONTROVERSY

### DRAFT EIR

The City of Tracy (City) was identified as the lead agency for the proposed project. In accordance with Section 15082 of CEQA Guidelines, the City prepared and distributed a Notice of Preparation (NOP) for the Wal-Mart expansion Draft EIR that was circulated for public review on January 12, 2004. The NOP included a summary of probable effects on the environment of the implementation of the project. Written comments that expressed concerns and areas of controversy received on the NOP were considered in the preparation of the EIR. The actual NOP comments are included as Appendix A of the DEIR.

The following is a summary of areas of potential impact analyzed in the Draft EIR:

**Land Use/Agriculture/Economics:** This section addressed the land use and agricultural resources impacts associated with implementation of the project, including consistency with City land use goals and policies and consistency with applicable land use regulations contained in the I-205 Specific Plan and the Tracy Zoning Ordinance and Municipal Code. In addition, the section addressed the potential physical effects and possible urban decay related to the proposed Wal-Mart expansion and the cumulative impacts if both the Wal-Mart expansion and the WinCo Foods project are completed.

**Aesthetics/Visual Resources/Light and Glare:** This section assessed the overall increase in nighttime illumination produced by the project and the light intrusion into adjoining uses, as well as overall aesthetic impacts of the development and operation of the proposed project.

**Human Health and Hazards:** This section addressed the presence of hazardous conditions or materials on the site or associated with the project and the manner in which such hazards can be mitigated.

**Traffic and Circulation:** This section addressed the impacts on the local and regional road system. In addition, the section assessed the impacts on transit, bicycle, and pedestrian facilities.

**Noise:** This section examined noise impacts during construction and at project buildout, as related to potential noise generation from mobile and stationary sources.

**Air Quality:** This section discussed the local and regional air quality impacts associated with the proposed project.



**Hydrology, Groundwater and Water Quality:** This section examined the impacts of the project on local hydrological conditions, including drainage areas, groundwater, and changes in drainage flow rates. The section also addressed the potential impacts the project may have on soils, soil suitability for development, and seismic hazards.

**Geology and Soils:** This section discussed potential seismic hazards and soil conditions that may be affected by the proposed project.

**Biological Resources:** This section included a summary of a biological study of the project site. The project's impacts on biological resources are addressed.

**Cultural Resources:** This section addressed the potential impacts on archeological resources at the project site.

**Public Services:** This section addressed the project's impact on public services such as police and fire.

**Utilities and Service Systems:** This section addressed the impact of the project on the utilities, including the ability of the existing utility systems to provide service to the project.

The following issues were not examined further in the Draft EIR, as there was no impact to these resources based upon review of the Wal-Mart expansion:

### **Mineral Resources**

### **Population and Housing**

## REVISED DRAFT EIR

The Revised Draft EIR (RDEIR) was released for public and agency review on July 23, 2007; the public comment period ended on September 5, 2007. The RDEIR in combination with the previous Draft EIR constitutes the entire Draft EIR as required by CEQA for the proposed Wal-Mart Expansion Project.

Based on an initial review of the proposed project by City staff, the following issues were identified by the City of Tracy Planning Division as having potentially significant impacts and are examined in the Revised Draft EIR:

**Land Use/Agriculture/Economics:** This section addressed the land use and agricultural resources impacts associated with implementation of the project, including consistency with City land use goals and policies and consistency with applicable land use regulations contained in the I-205 Specific Plan and the Tracy Zoning Ordinance and Municipal Code. In addition, the section addressed the potential physical effects and possible urban decay related to the proposed Wal-Mart expansion and the cumulative impacts if both the Wal-Mart expansion and the WinCo Foods project are completed.

**Traffic and Circulation:** This section addressed the impacts on the local and regional road system. In addition, the section assessed the impacts on transit, bicycle, and pedestrian facilities.

**Air Quality:** Discusses the local and regional air quality impacts and greenhouse gas emissions associated with the proposed project.

## 2.0 EXECUTIVE SUMMARY

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**Energy Conservation:** Addresses the proposed project's impacts to energy resources. Energy consumption related to construction, operation, and maintenance of the proposed project is analyzed. Indirect energy consumption resulting from increased automobile trips to the Wal-Mart after the proposed expansion is also analyzed.

The following issues were not examined further in the Revised Draft EIR as there were no new significant impacts to be addressed:

***Aesthetics/Visual Resources/Light and Glare***

***Biological Resources***

***Cultural Resources***

***Human Health and Hazards***

***Noise***

***Hydrology, Groundwater and Water Quality***

***Geology and Soils***

***Public Services***

***Utilities and Service Systems***

### 2.4 PROJECT ALTERNATIVES SUMMARY

CEQA Guidelines Section 15126.6 requires that an EIR describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid and/or lessen any of the significant environmental effects of the project. The alternatives analysis provides a comparative analysis between the project and selected alternatives. Section 6.0 (Project Alternatives) of the DEIR evaluates the following alternatives:

- **No Project Alternative.** This alternative assumes development of the proposed project site consistent with the existing zoning and general plan designation. This alternative does not discuss a "no physical change" scenario because given the property's current commercial zoning and commercial general plan designation and its location, it is unrealistic that the site will remain undeveloped in the foreseeable future.
- **Grocery Only Expansion Alternative.** This alternative assumes expansion of the existing Wal-Mart with only the components related to the proposed grocery expansion. No other proposed project components would be constructed.
- **Chrisman Road Relocation Alternative.** This alternative assumes relocation and replacement of the existing Wal-Mart as a Wal-Mart Supercenter store with all components of the existing store and the proposed project at an approximately 112-acre City-owned site located north of Eleventh Street on Chrisman Road.

2.5 SUMMARY OF ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES

Table 2.0-1 displays a summary of impacts and proposed mitigation measures that would avoid or minimize potential impacts. In the table, the level of significance is indicated both before and after the implementation of each mitigation measure.

For detailed discussions of all project-level mitigation measures, refer to Sections 4.1 through 4.12 of the DEIR and Sections 4.1, 4.4, 4.6, and 4.13 of the Revised DEIR.

Section 7.3 (Significant Unavoidable Environmental Effects) of the DEIR contains a list of all significant and unavoidable impacts associated with the proposed project. Additionally, Section 7.3 (Significant Unavoidable Environmental Effects) of the Revised DEIR contains a list of all significant and unavoidable impacts associated with the proposed project identified in the DEIR and the RDEIR. All significant and unavoidable impacts anticipated through the completion of the Wal-Mart Expansion project are repeated below.

TRAFFIC AND CIRCULATION

Exceed, Either Individually or Cumulatively

**Impact 4.4.1** The addition of project traffic to the Grant Line Road/Byron Road intersection in the Existing plus Project scenario will add traffic to an intersection that is already operating at a deficient level of service. This would be considered a **significant impact**.

The Grant Line Road/Byron Road intersection is currently operating at LOS F with more than 50 seconds of average delay. Per the City of Tracy standards, the acceptable level of service standard for this intersection is LOS C. The intersection of Grant Line Road/Byron Road currently has northbound and southbound stop controlled and the westbound is free to limit the queuing across the railroad tracks. The intersection currently meets the peak hour volume signal warrant with or without the addition of project traffic. The addition of project traffic to this intersection would exacerbate an already deficient level of service.

Mitigation Measures

**MM 4.4.1** By signaling the intersection the average delay would be reduced to 30 seconds, an acceptable LOS C. In addition to the installation of a signal, signal preemption and coordination with the rail road crossing and detection system is also required.

~~This mitigation measure~~The affected study intersection is within the jurisdiction of San Joaquin County, which can and should complete such improvements. The City does, however, work with the County in addressing regional traffic problems through its participation in the Regional Traffic Impact Fee (RTIF) program. For each applicable project, fees are collected by the City, and forwarded to San Joaquin County and the San Joaquin County Council of Governments for their application to various regional traffic improvement projects. ~~and the City has no improvement plan for the affected intersection. Furthermore, there is no existing traffic impact mitigation fee program in place, and therefore, the mitigation cannot be implemented, and the impact would remain.~~ Until the improvements are made, the impact is **significant and unavoidable**.

### Substantially Increase Hazards Due to Design Features

**Impact 4.4.5** The addition of project traffic, along with other cumulative development traffic, to Grant Line Road/Corral Hollow Road intersection in the Cumulative plus Project scenario will add delay to an intersection that is already operating at a deficient level of service. This is considered a **significant impact**.

With the addition of project traffic, the delay at the Grant Line Road/Corral Hollow Road intersection is projected to increase from 41 seconds to 42 seconds, but the level of service will remain LOS D. The City of Tracy level of service standard for this intersection is LOS C. Although the City does not have a policy on determining what constitutes a project impact when an intersection is currently deficient, the additional 1 second of delay caused by the project would be considered to be a **significant impact**.

#### Mitigation Measures

**MM 4.4.5** Construction of a single-point urban interchange (SPUI) is recommended, along with the through traffic being grade separated allowing for free-flow along Grant Line Road. By grade separation of Grant Line Road, the average intersection delay would be reduced to an acceptable 22 seconds.

The City intends on making a finding that this mitigation is infeasible; therefore, the impacts will be **significant and unavoidable**.

### Exceed, Either Individually or Cumulatively

**Impact 4.4.6** The proposed Project, along with other Cumulative development traffic, would add traffic to the Eleventh Street/Corral Hollow Road intersection in the Cumulative plus Project scenario, contributing to an already deficient level of service at this intersection. This is considered a **significant impact**.

With the addition of Project traffic, the delay at the Eleventh Street/Corral Hollow Road intersection is projected to remain at 49 seconds (LOS D). The City of Tracy level of service standard for this intersection is LOS C. Although the City does not have a policy on determining what constitutes a project impact when an intersection is currently deficient, the additional traffic caused by the project would be considered a **significant impact**.

#### Mitigation Measures

**MM 4.4.6** Construction of a single-point urban interchange (SPUI) is recommended along with the through traffic being grade separated allowing for free-flow along Eleventh Street. By grade separation of Corral Hollow Road, the average intersection delay would be reduced to an acceptable 27 seconds (LOS C).

The City intends on making a finding that this mitigation is infeasible; therefore, the impacts will be **significant and unavoidable**.

AIR QUALITY

**Cumulative Regional Air Quality Impacts**

**Impact 4.6.5** This project in combination with other reasonably foreseeable projects would increase regional air emissions well beyond the SJVAPCD significance threshold. This cumulative impact is considered ~~significant and unavoidable~~ **cumulatively considerable and significant and unavoidable.**

The project is part of a pattern of rapid urbanization occurring in Tracy and western San Joaquin County. Several major developments are proposed or under construction in the project vicinity. Over the buildout period of the proposed project substantial foreseeable future development will be occurring in the project area. The project would therefore have a ~~significant cumulative impact~~ **cumulatively considerable and significant and unavoidable** impact on regional air quality.

Mitigation Measures

**MM 4.6.5** The project is subject to SJVAPCD Rule 9510 that would require the project to mitigate air quality impacts through onsite and/or offsite mitigation measures. In addition, To mitigate for cumulative impacts the following design features are recommended to help mitigate for cumulative impacts:

- Use energy efficient design including automated control system for heating/air conditioning and energy efficiency, utilize lighting controls and energy-efficient lighting in buildings and use light colored roof materials to reflect heat.
- ~~Plant deciduous trees on the south and westerly facing sides of buildings.~~

*Timing/Implementation:* Include as a requirement in plans.

*Enforcement/Monitoring:* City of Tracy Development and Engineering Services Department.

While the above measure would reduce project impacts, the project would have a **cumulatively considerable** and **significant and unavoidable** impact after implementation of mitigation.

Other irreversible changes resulting from the project would include the consumption of non-renewable building materials and energy resources during the construction phase and the ongoing consumption of energy for lighting, air conditioning, space and water heating, and for travel to and from the site during the life of the project.

Beneficial changes resulting from the project include the expanded choice and supply of retail goods and services, fiscal benefits from increased property and sales tax revenues, benefits to the local economy from business purchases of local goods, and the creation of employment opportunities.

**TABLE 2.0-1  
SUMMARY OF IMPACTS AND MITIGATION MEASURES**

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
<b>Land Use/Agricultural Resources/Economics</b>			
<b>Impact 4.1.1</b> Implementation of the proposed project would be consistent with the City of Tracy General Plan land use designations ( <del>a general plan update is in process and the project would be consistent with the land use designation in the proposed general plan update</del> ).	LTS	None required.	LTS
<b>Impact 4.1.2</b> Implementation of the proposed project would be consistent with the City of Tracy Zoning Ordinance.	LTS	None required.	LTS
<b>Impact 4.1.3</b> Implementation of the proposed project would be consistent with the City of Tracy I-205 Corridor Specific Plan and Specific Plan Amendment.	LTS	None required.	LTS
<b>Impact 4.1.4</b> Construction of the proposed project and associated infrastructure could produce short-term adverse effects on adjacent uses due to dust, noise, and construction-related activities.	PS	<b>MM 4.1.4a</b> Prior to commencement of any construction activities requiring complete or partial closure of existing public roadways surrounding the project site, the project applicant shall perform the following tasks to the satisfaction of the City of Tracy Development and Engineering Services Department: <ul style="list-style-type: none"> <li>• Obtain written approval from the Director of Public Works and/or City Engineer for the proposed temporary road closure or detour route;</li> <li>• Ensure access for any users onto the I-205 Interstate and Grant Line Road;</li> <li>• Provide written notice to property</li> </ul>	LTS

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p>owners along affected roadways one week prior to roadway closures (if closures are required);</p> <ul style="list-style-type: none"> <li>• Post notice of planned closure on affected roadways two weeks prior to roadway closures;</li> <li>• <u>Comply with the city's dust control requirements during construction activities;</u></li> <li>• To ensure public safety, clearly marked and secure roadway construction areas; and</li> <li>• Steel plates or other appropriate measures shall be placed over open trenches at the end of each workday to restore vehicle access to all residents and nearby commercial properties.</li> </ul> <p><i>Timing/Implementation: Prior to commencement of any construction activities requiring complete or partial closure of existing roadways surrounding the project site.</i></p> <p><i>Enforcement/Monitoring: City of Tracy <del>Public Works Department and Engineering Division</del> <u>Development and Engineering Services Departments.</u></i></p> <p><b>MM 4.1.4b</b> During construction activities, the project applicant shall limit the amount of daily construction equipment traffic by staging construction equipment and vehicles on the project site at the end of each workday rather than removing them. Construction staging areas shall be included on improvement and grading plans in a location acceptable to the City.</p> <p><i>Timing/Implementation: Prior to improvement plan</i></p>	

## 2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p><i>approval.</i></p> <p><i>Enforcement/Monitoring: City of Tracy <del>Department of</del> Development and Engineering Services <u>Department.</u></i></p>	
<p><b>Impact 4.1.5</b>    <u>The proposed expansion will be compatible with the existing and future development of the parcels near and adjacent to the Wal-Mart expansion project site.</u></p>	LTS	None required.	LTS
<p><b>Impact 4.1.6</b>    The proposed Wal-Mart expansion may conflict with some businesses and stores within the I-205 Corridor. The proposed project would not lead to physical degradation such as store vacancies or urban decay by causing a significant impact due to economic change.</p>	LTS	None required.	LTS
<b>Aesthetics/Visual Resources/Light and Glare</b>			
<p><b>Impact 4.2.1</b>    Implementation of the proposed project would not substantially alter the existing landscape characteristics of the project site from commercial/retail and vacant to a larger commercial/retail <del>warehouse</del> type building.</p>	LTS	None required.	LTS
<p><b>Impact 4.2.2</b>    Implementation of the proposed project would result in the introduction of glare sources in a previously undeveloped area.</p>	LTS	None required.	LTS
<p><b>Impact 4.2.3</b>    Development of the Wal-Mart expansion project would add to existing sources of nighttime lighting and glare, resulting in a minor increase to ambient nighttime lighting levels due to the expanded store hours (operating 24 hours per day, 7 days a week).</p>	LTS	None required.	LTS
<p><b>Impact 4.2.4</b>    The proposed project would not impact any existing scenic resources, as none are located on or near the project site.</p>	LTS	None required.	LTS



Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
<b>Human Health and Hazards</b>			
<b>Impact 4.3.1</b> The proposed project would include the limited transportation, handling, and use of hazardous materials that may result in adverse environmental impacts.	LTS	None required.	LTS
<b>Impact 4.3.2</b> Due to historical agricultural activities, the Wal-Mart expansion project site and surrounding vicinity is located in an area that may contain hazardous materials. Site reconnaissance indicated no environmental concerns; however, it is possible that agricultural chemicals were used on site.	PS	<p><b>MM 4.3.2</b> Prior to issuance of grading permits, the project area shall be surveyed to accurately identify areas where hazardous materials may be present. The applicant shall perform soil sampling if necessary to determine the potential of soil and groundwater contamination present on and adjacent to the project site. Any remediation or exporting of soils from the project site shall be undertaken in accordance with the requirements of the California Department of Toxic Substances Control (DTSC), the Regional Water Quality Control Board, and San Joaquin County Environmental Health Department (SCEHD).</p> <p><i>Timing/Implementation: Prior to issuance of grading permits.</i></p> <p><i>Enforcement/Monitoring: City of Tracy Department of Development &amp; Engineering Services</i></p>	LTS
<b>Impact 4.3.3</b> Implementation of the proposed project could result in exposure to existing hazardous materials substances or waste within one-quarter mile of an existing or proposed school.	LTS	None required.	LTS
<b>Traffic and Circulation</b>			
<b>Impact 4.4.1</b> The addition of project traffic to the Grant Line Road / Byron Road intersection in the Existing plus Project scenario will add traffic to an intersection that is already operating at	S	<p><b>MM 4.4.1</b> By signaling the intersection the average delay would be reduced to 30 seconds, an acceptable LOS C. In addition to the installation of a signal, signal preemption and</p>	SU

2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
a deficient level of service.		<p>coordination with the rail road crossing and detection system is also required.</p> <p><del>This mitigation measure</del>—The affected study intersection is within the jurisdiction of San Joaquin County, which can and should complete such improvements. The City does, however, work with the County in addressing regional traffic problems through its participation in the Regional Traffic Impact Fee (RTIF) program. For each applicable project, fees are collected by the City, and forwarded to San Joaquin County and the San Joaquin County Council of Governments for their application to various regional traffic improvement projects. <del>and the City has no improvement plan for the affected intersection. Furthermore, there is no existing traffic impact mitigation fee program in place, and therefore, the mitigation cannot be implemented, and the impact would remain.</del> Until the improvements are made, the impact is <b>significant and unavoidable</b>.</p>	
<p><b>Impact 4.4.2</b> The addition of project traffic to the Grant Line Road/Corral Hollow Road intersection would add traffic to the intersection that is already operating at a deficient level of service.</p>	PS	<p><b>MM 4.4.2</b> Creating an exclusive free-flow right-turn lane of 450 feet on eastbound Grant Line Road approaching the intersection with a receiving lane of 400 feet extending south from the intersection on Corral Hollow Road is recommended. <del>The City of Tracy shall be responsible for the intersection improvement and acquisition of right of way, both of which would be funded by the proposed project. With implementation of this mitigation, project impacts under Impact 4.4.2 would be reduced to less than significant.</del> <u>Optimizing the signal timing for Existing plus Project traffic volumes is also</u></p>	LTS

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p><u>recommended. These mitigations are expected to reduce the average intersection delay to 33 seconds in the PM peak hour.</u></p> <p><i>Timing/Implementation: The City of Tracy shall be responsible for the intersection improvement and acquisition of right-of-way, both of which would be funded by the proposed project. With implementation of this mitigation, project impacts under Impact 4.4.2 would be reduced to less-than-significant.</i></p> <p><i>Enforcement/Monitoring: The City of Tracy <del>Public Works Department</del> <u>Development and Engineering Services Department</u></i></p>	
<p><b>Impact 4.4.3</b> The addition of project traffic would increase the volume on I-205.</p>	LTS	None required.	LTS
<p><b>Impact 4.4.4</b> The addition of Project traffic, along with other cumulative development traffic, would result in unacceptable operations at seven of the ten study intersections with existing intersection geometries.</p>	PS	<p><b>MM 4.4.4</b> To mitigate its contribution to Cumulative traffic impacts, the proposed project would be responsible for participating in and funding a Roadway Finance and Implementation Plan to determine its fair share of required improvements.</p> <p><i>Timing/Implementation: Prior to issuance of any building permit for the Wal-Mart project, an update to the <u>Finance and Implementation Plans (FIPs) for the I-205 Corridor Specific Plan Area shall be completed in order to update the list of impacted intersections and estimates of the costs to make necessary roadway improvements as identified in Table 4.4-8. Wal-Mart shall be subject to its fair share of the increase in costs to roadway improvements that will result from the update of the FIPs. Wal-Mart shall pay its fair share of the increase in costs that result from the FIP update prior to issuance of any building permit. or certificate of occupancy for the proposed project. However, if such fees are not fully paid prior to issuance of a building permit, Wal Mart shall enter into an agreement with the City to pay the fees prior to issuance of a certificate of occupancy. The agreement shall contain a legal description of the property and shall be recorded in the Office of the County</u></i></p>	LTS

## 2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p><del>Recorder. The agreement shall be secured by a lien against the property and/or other security in a form acceptable to the City Attorney.</del></p> <p>Enforcement/Monitoring: City of Tracy Development and Engineering Services Department.</p>	
<p><b>Impact 4.4.4a</b> The addition of Saturday Project traffic, along with other Saturday cumulative development traffic, could result in unacceptable operations at three of the ten study intersections with existing intersection geometries.</p>	LTS	None required.	LTS
<p><b>Impact 4.4.5</b> The addition of project traffic, along with other cumulative development traffic, to Grant Line Road/Corral Hollow Road intersection in the Cumulative plus Project scenario will add delay to an intersection that is already operating at a deficient level of service.</p>	S	<p><b>MM 4.4.5</b> Construction of a single-point urban interchange (SPUI) is recommended, along with the through traffic being grade separated allowing for free-flow along Grant Line Road. By grade separation of Grant Line Road, the average intersection delay would be reduced to an acceptable 22 seconds.</p> <p>The City intends on making a finding that this mitigation is infeasible; therefore, the impacts will be significant and unavoidable.</p>	SU
<p><b>Impact 4.4.6</b> The proposed Project, along with other Cumulative development traffic, would add traffic to the Eleventh Street/Corral Hollow Road intersection in the Cumulative plus Project scenario, contributing to an already deficient level of service at this intersection.</p>	S	<p><b>MM 4.4.6</b> Construction of a single-point urban interchange (SPUI) is recommended along with the through traffic being grade separated allowing for free-flow along Eleventh Street. By grade separation of Corral Hollow Road, the average intersection delay would be reduced to an acceptable 27 seconds (LOS C).</p> <p>The City intends on making a finding that this mitigation is infeasible, therefore, the impacts will be significant and unavoidable.</p>	SU
<p><b>Impact 4.4.7</b> Result in a change in air traffic patterns, including either an increase in traffic levels</p>	LTS	None required.	LTS

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
or a change in location that results in substantial safety risks.			
<b>Impact 4.4.8</b> The proposed project would not result in inadequate emergency access.	LTS	None required.	LTS
<b>Impact 4.4.9</b> <del>The proposed project would not result in insufficient parking capacity.</del> The proposed project parking will meet the I-205 Corridor Specific Plan and Tracy Municipal Code requirements for the number, size, and design of parking areas.	LTS	None required.	LTS
<b>Impact 4.4.10</b> The proposed project would not conflict with adopted policies, plans, or programs supporting alternative transportation.	LTS	None required.	LTS
<b>Noise</b>			
<b>Impact 4.5-1</b> Project-related traffic is expected to result in no appreciable traffic noise level increase over no-project levels, as indicated by Table 4.5-5.	LTS	None required.	LTS
<b>Impact 4.5-2</b> During the construction phases of the project, noise from construction activities would generate noise, but that noise would be partially to completely masked by existing Highway 205 traffic noise.	LTS	None required.	LTS
<b>Impact 4.5-3</b> Noise generated by new loading dock activities and additional mechanical equipment is predicted to be well within compliance with City of Tracy noise standards, and well below existing background noise levels at the nearest residences to the project site.	LTS	None required.	LTS
<b>Impact 4.5-4</b> Cumulative plus project traffic is expected to result in traffic noise level increases over cumulative no-project levels of 0 to 1 dB Ldn	LTS	None required.	LTS

**2.0 EXECUTIVE SUMMARY**

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
(Table 4.5-6) on the roadways in the immediate project vicinity.			
<b>Air Quality</b>			
<b>Impact 4.6-1</b> Implementation of the proposed project would result in temporarily increased PM <sub>10</sub> levels in the immediate vicinity during construction.	PS	<b>MM 4.6.1</b> The following measures are appropriate dust control strategies to be implemented that go beyond the requirements of SJVAPCD Regulation VIII: <ul style="list-style-type: none"> <li>• Limit traffic speeds on unpaved roads to 15 mph.</li> <li>• Install wheel washers for all exiting trucks, or wash off all trucks and equipment leaving the site.</li> <li>• Suspend excavation and grading activities when winds exceed 20 mph.</li> <li>• Limit size of area subject to excavation, grading or other construction activity at any one time to avoid excessive dust.</li> <li>• Install sandbags or other erosion control measures to prevent silt runoff to public roadways from sites with a slope greater than one percent.</li> <li>• Expeditiously remove the accumulation of mud or dirt from adjacent public streets at least once every 24 hours when operations are occurring</li> </ul> <p><i>Timing/Implementation: During construction activities.</i></p> <p><i>Enforcement/Monitoring: City of Tracy <del>Public Works Department</del> <u>Development and Engineering Services Department</u>.</i></p>	LTS
<b>Impact 4.6.2</b> Traffic from the proposed project would result in an increase in carbon monoxide	LTS	None required.	LTS

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
concentrations.			
<b>Impact 4.6.3</b> The proposed project would result in a small increase in diesel truck trips to the loading dock area.	LTS	None required.	LTS
<b>Impact 4.6.4</b> Development of the project would result in increases in emission of both ozone precursors and PM <sub>10</sub> .	LTS	None required.	LTS
<b>Impact 4.6.5</b> This project in combination with other reasonably foreseeable projects would increase regional air emissions well beyond the SJVAPCD significance threshold.	SU	<p><b>MM 4.6.5</b> The project is subject to SJVAPCD Rule 9510 that would require the project to mitigate air quality impacts through onsite and/or offsite mitigation measures. In addition, <del>To mitigate for cumulative impacts</del> the following design features are recommended to help mitigate for cumulative impacts:</p> <ul style="list-style-type: none"> <li>• Use energy efficient design including automated control system for heating/air conditioning and energy efficiency, utilize lighting controls and energy-efficient lighting in buildings and use light colored roof materials to reflect heat.</li> <li>• <del>Plant deciduous trees on the south and westerly facing sides of buildings.</del></li> </ul>	SU
<b>Impact 4.6.6</b> <u>The project, in addition to existing, proposed and reasonably foreseeable development in the San Joaquin Valley Unified Air Pollution Control District, may contribute to an increase in Greenhouse Gas (GHG) emissions in the earth's atmosphere. Higher concentrations of GHGs have been linked to the phenomenon of climate change. This would be a <b>potentially less than cumulatively considerable</b> impact on the State's GHG reduction efforts.</u>	<del>PS</del> LTCC	None required. <del>Implementation of the mitigation measures identified in this section and in 4.13, Energy Resources will assist in further reducing the project's contribution to climate change. No additional mitigation is required.</del>	LTCC

## 2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
<b>Hydrology, Groundwater and Water Quality</b>			
<b>Impact 4.7.1</b> Construction of the proposed project has the potential to introduce constituents associated with construction activities into storm water runoff. When a site is disturbed for construction activity, there is a potential for pollutants to discharge from the site into downstream receiving waters; with the implementation of BMPs in compliance with the Clean Water Act.	LTS	None required.	LTS
<b>Impact 4.7.2</b> The proposed project has the potential to introduce constituents associated with post-construction activities into storm water runoff. When a project includes new impervious surfaces, there is a potential for pollutants to discharge from the site into downstream receiving waters; compliance with the City's Storm Water Management Plan	LTS	None required.	LTS
<b>Impact 4.7.3</b> According to Flood Insurance Rate Map (FIRM) Panel 060299 0705, effective April 2, 2002, published by the Federal Emergency Management Agency (FEMA) for San Joaquin County, California (Unincorporated Areas), the project site in its entirety is located outside the 100 -year flood zone.	LTS	None required.	LTS
<b>Impact 4.7.4</b> The proposed development must comply with applicable local, state, and/or federal policies and standards associated with hydrology and water quality.	LTS	None required.	LTS
<b>Geology and Soils</b>			
<b>Impact 4.8.1</b> Development of the project may expose the proposed building to seismic ground	PS	<b>MM 4.8.1</b> Construction and Design Recommendations: The latest edition of the California Building Code (CBC), and the grading and building	LTS



Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
shaking.		<p>ordinances of the City of Tracy and San Joaquin County shall be used as a minimum guideline for all development occurring within the <del>planning</del> <u>project</u> area. The applicant shall design project utilities and infrastructure to withstand expected seismic forces.</p> <p><i>Timing/Implementation: Prior to the issuance of building permits Applicant submittal of final site design and engineering plans to the City of Tracy.</i></p> <p><i>Enforcement: City Department of Development and Engineering Services.</i></p>	
<p><b>Impact 4.8.2</b> Surface soils on the site have a high shrink/swell potential and could result in differential settlement.</p>	PS	<p><b>MM 4.8.2</b> Highly expansive soils shall be removed or covered with non-expansive soils. Surface water control and specialized foundation systems shall be used as necessary.</p> <p><i>Timing/Implementation: Prior to the issuance of building permits.</i></p> <p><i>Enforcement: City Department of Development and Engineering Services.</i></p>	LTS
<p><b>Impact 4.8.3</b> Project development could result in increased erosion and/or loss of topsoil. The inclusion of erosion control Best Management practices (BMPs) in the project construction plans and implementation of these BMPs during project construction.</p>	LTS	<p><b>MM 4.8.3</b> Applicable erosion control BMPs for the construction phase of the project shall be implemented, including, but not limited to soil stabilization techniques, inlet protection at downstream storm drain outlets, and post-construction inspection and clearing of all drainage structures of debris and sediment.</p> <p><i>Timing/Implementation: During construction activities.</i></p> <p><i>Enforcement: City Departments of Development and Engineering Services and Public Works.</i></p>	LTS
<b>Biological Resources</b>			
<p><b>Impact 4.9.1</b> Construction may cause disturbance to</p>	LTS	None required beyond participation in the SJMSCP and	LTS

## 2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
Swainson's hawk and raptor nests within ½ mile of the construction site. The Swainson's hawk is a species covered by the SJMSCP.		payment of \$1,879.04 in accordance with City Council Resolution Number 91-298, which satisfies the requirements of the SJMSCP.	
<b>Cultural Resources</b>			
<p><b>Impact 4.10.1</b> Implementation of the proposed project could result in the potential disturbance of undiscovered cultural resources.</p>	PS	<p><b>MM 4.10.1a</b> If any prehistoric or historic artifacts, or other indications or archaeological resources are discovered during construction, all work in the immediate vicinity must stop and the City of Tracy shall be immediately notified. An archaeologist meeting the Secretary of Interior's Professional Qualifications Standards in prehistoric or historical archaeology, as appropriate, shall be retained to evaluate the finds and recommend appropriate mitigation measures.</p> <p><i>Timing/Implementation:</i> As a condition of project approval, and implemented during construction activities.</p> <p><i>Enforcement/Monitoring:</i> City of Tracy Planning Division.</p> <p><b>MM 4.10.1b</b> If human remains are discovered, all work must stop in the immediate vicinity of the find, and the County Coroner must be notified, according to Section 7050.5 of California's Health and Safety Code. If the remains are determined to be Native American, the coroner will notify the Native American Heritage Commission, and the procedures outlined in CEQA Section 15064.5(d) and (e) shall be followed.</p> <p><i>Timing/Implementation:</i> As a condition of project approval, and implemented during construction activities.</p> <p><i>Enforcement/Monitoring:</i> City of Tracy Planning Division.</p>	LTS
<b>Public Services</b>			

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
<p><b>Impact 4.11.1</b> The proposed project would increase the demands on existing police services, impairing their ability to respond to calls and ensure public safety.</p>	<p>PS</p>	<p><b>MM 4.11.1</b> Wal-Mart shall increase their in-house loss prevention and on-security presence to the appropriate levels for the proposed project expansion to ensure adequate coverage. Wal-Mart shall coordinate with the Tracy Police Department on their security plans, including but not limited to adequate security procedures and personnel, and parking lot lighting.</p> <p><i>Timing/Implementation: Prior to approval of development plans.</i></p> <p><i>Enforcement/Monitoring: City of Tracy Police Department.</i></p>	<p>LTS</p>
<p><b>Impact 4.11.2</b> The construction of the proposed project would not increase the demand for construction of additional police facilities.</p>	<p>LTS</p>	<p>None required.</p>	<p>LTS</p>
<p><b>Impact 4.11.3</b> The proposed project would not increase the demand for fire protection staff, services, and infrastructure.</p>	<p>LTS</p>	<p>None required.</p>	<p>LTS</p>
<p><b>Impact 4.11.4</b> The proposed project would result in an increased generation of solid waste and demand for municipal waste service.</p>	<p>PS</p>	<p><b>MM 4.11.4</b> The Tracy Delta Solid Waste Management Inc., shall be provided the opportunity to review development plans for the project site to ensure that the following items are addressed:</p> <ul style="list-style-type: none"> <li>• There is a sufficient plan for collecting, storing, and transporting recyclable and non-recyclable materials;</li> <li>• There are a sufficient number of receptacles placed throughout Wal-Mart that would encourage proper disposal of recyclable materials;</li> <li>• Acceptable means and method for pickup and transportation of solid waste shall be coordinated between Wal-Mart</li> </ul>	<p>LTS</p>

**2.0 EXECUTIVE SUMMARY**

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p style="text-align: center;">and TDSWM.</p> <p><i>Timing/Implementation: Prior to issuance of a building permit.</i></p> <p><i>Enforcement/Monitoring: City of Tracy Planning Division.</i></p> <p><b>MM 4.11.5</b> Wal-Mart project planners shall consult with the Tracy Delta Solid Waste Management Inc., regarding the timing of project development. A formal agreement between the Tracy Delta Solid Waste Management Inc., and Wal-Mart shall be developed that will specify how adequate solid waste disposal services, consistent with the TDSWM performance standards, would be provided. In addition Wal-Mart shall take all steps to ensure the store is equipped with a recycling program and moves toward reducing the amount of solid waste generated and disposed of.</p> <p><i>Timing/Implementation: Prior to issuance of a building permit.</i></p> <p><i>Enforcement/Monitoring: City of Tracy Planning Division.</i></p>	
<b>Impact 4.11.5</b> The construction of the proposed Wal-Mart expansion would increase the demand for the construction of additional school facilities.	LTS	None required.	LTS
<b>Impact 4.11.6</b> The proposed project would result in a slightly increased demand for parks and recreational facilities.	LTS	None required	LTS
<b>Utilities and Service Systems</b>			
<b>Impact 4.12.1</b> The proposed project would result in increased demand for treated water. Adequate infrastructure has been planned by	LTS	None required.	LTS

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
the City of Tracy to accommodate the uses identified for the Wal-Mart expansion project.			
<b>Impact 4.12.2</b> The proposed project would increase demand for water to irrigate landscaped areas and planters. Adequate infrastructure has been planned by the City of Tracy to accommodate the uses identified for the Wal-Mart expansion project.	LTS	None required.	LTS
<b>Impact 4.12.3</b> The project would not result in increased demand for wastewater treatment services.	LTS	None required.	LTS
<b>Impact 4.12.4</b> The proposed project would result in increased demand for electrical service.	LTS	None required.	LTS
<b>Impact 4.12.5</b> The proposed project would result in increased demand for natural gas service.	LTS	None required.	LTS
<b>Impact 4.12.6</b> The proposed project would result in increased demand for telephone service.	LTS	None required.	LTS
<b>Impact 4.12.7</b> The proposed project would result in increased demand for cable television service.	LTS	None required.	LTS
<b>Energy Conservation</b>			
<b>Impact 4.13.1</b> Construction of the proposed project could result in wasteful, inefficient consumption of energy resources.	PS	<b>MM ENE 4.13-1</b> The following measures shall be implemented during the construction of the proposed project. <ul style="list-style-type: none"> <li>• Limit idling of construction equipment and delivery vehicles.</li> <li>• Limit the vehicle trips of construction deliveries by consolidating material loads to the extent feasible.</li> <li>• Delivery of materials should take place during non-rush hours to the extent feasible,</li> </ul>	LTS

## 2.0 EXECUTIVE SUMMARY

Impact	Level of Significance Without Mitigation	Mitigation Measure	Resulting Level of Significance
		<p>in order increase vehicle fuel efficiency.</p> <ul style="list-style-type: none"> <li>• Provide opportunities for construction workers to carpool.</li> <li>• Gasoline and diesel-run equipment and machinery should be well maintained and in good working condition.</li> </ul>	
<p><b>Impact 4.13.2</b> Operation and maintenance of the proposed project could result in wasteful, inefficient consumption of energy resources.</p>	LTS	None required.	LTS
<p><b>Impact 4.13.3</b> Operation of the proposed project would increase vehicle trips to the project location resulting in increased consumption of energy resources by motor vehicles.</p>	LTS	None required.	LTS

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## **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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## 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

### 3.1 INTRODUCTION

No new significant environmental impacts or issues, beyond those already covered in the Draft EIR and the Revised Draft EIR for the project, were raised during the comment period, and the City of Tracy, acting as lead agency, directed that responses to both the DEIR and RDEIR comments be prepared. Responses to comments received during the last comment period do not involve any new significant impacts or "significant new information" that would require recirculation of the Draft EIR pursuant to CEQA Guidelines Section 15088.5.

### 3.2 LIST OF COMMENTERS

The following individuals and representatives of organizations and agencies submitted written comments on the Draft EIR:

Letter	Individual or Signatory	Affiliation	Date
A	Tom Dumas	California Department of Transportation Office of Intermodal Planning	11-21-05
B	Brett Stevens	California Regional Water Quality Control Board- Central Valley Region	11-17-05
C	Andrea Vallejo	San Joaquin County Public Works	11-14-05
D	Tom Dumas	California Department of Transportation Office of Intermodal Planning	8-31-07
E	Mark Hopkins	San Joaquin County Public Works	9-4-07
1	Jim Watt	Retail Strategies	11-21-05
2	Corey Krupp	Big O Tires	11-18-05
3	Dave Summers	Dave's Bass Shack	11-15-05
4	Melody Potter	The Fifth Season	11-10-05
5	Millie Comber	Miss Millie's Learning Loft	11-16-05
6	Taylor Vo	Taylor Salon	11-20-05
7	Verla Braun	Tracy Grocery Outlet	11-19-05
8	Alfonso Ybarra	Ybarro BROS Jewelers	11-08-05
9	James E. West	Kimley-Horn and Associates, Inc.	11-04-05
10	Neal K. Liddicoat, P.E.	MRO Engineers for Retail Strategies	03-08-06
11	Jonell and Bill Sutcliffe	Citizen	7-30-07
12	Antoinette E. Tull	SMS Management Company	11-17-07
13	David Summers	Tracy First	Date Unknown, Received by the City of Tracy 12-31-07

### 3.3 REQUIREMENTS FOR RESPONDING TO COMMENTS ON A DRAFT EIR

CEQA Guidelines Section 15088 requires that lead agencies evaluate all comments on environmental issues received on the Draft EIR and Revised Draft EIR and prepare a written response. The written response must address the significant environmental issue raised and must provide a detailed response, especially when specific comments or suggestions (e.g., additional

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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mitigation measures) are not accepted. In addition, the written response must be a good faith and reasoned analysis. However, lead agencies need only to respond to significant environmental issues associated with the project and do not need to provide all the information requested by commenters, as long as a good faith effort at full disclosure is made in the EIR (CEQA Guidelines 15204).

CEQA Guidelines 15204 recommends that commenters provide detailed comments that focus on the sufficiency of the Draft EIR and the Revised Draft EIR in identifying and analyzing the possible impacts on the environment and ways in which the significant effects of the project might be avoided or mitigated. CEQA Guidelines 15204 also notes that commenters should provide an explanation and evidence supporting their comments. Pursuant to CEQA Guidelines 15064, an effect shall not be considered significant in the absence of substantial evidence.

CEQA Guidelines 15088 also recommends that where response to comments results in revisions to the Draft EIR and the Revised Draft EIR, that those revisions be noted as a revision to the Draft EIR or in a separate section of the Final EIR.

#### **3.4 RESPONSES TO COMMENT LETTERS**

Written comments on the Draft EIR and the Revised Draft EIR are reproduced on the following pages, along with responses to those comments. To assist in referencing comments and responses, the following coding system is used:

- Public agency comment letters are coded by letters and each issue raised in the comment letter is assigned a number (e.g., Comment Letter A, comment 1: A-1).
- Individual and interest group comment numbers codes letters and each issue raised in the comment letter is assigned a number (e.g., Comment Letter 1, comment 1: 1-1).

Where changes to the Draft EIR text result in new text in the Revised Draft EIR, those changes are included in the response and demarcated with revision marks (underline for new text, ~~strike-out~~ for deleted text). Modifications to the text in the Revised Draft EIR are shown with a double underline and ~~double strikethrough~~.

Letter A

STATE OF CALIFORNIA—BUSINESS, TRANSPORTATION AND HOUSING AGENCY

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF TRANSPORTATION  
P.O. BOX 2048 STOCKTON, CA 95201  
(1976 E. CHARTER WAY/1976 E. DR. MARTIN  
LUTHER KING JR. BLVD. 95205)  
TTY: California Relay Service (800) 735-2929  
PHONE (209) 941-1921  
FAX (209) 948-7194



Flex your power!  
Be energy efficient!

November 21, 2005

10-SJ-205-PM5.3  
SCH 2004012040 (DEIR)  
Walmart Expansion

Victoria Lombardo  
City of Tracy  
520 Tracy Boulevard  
Tracy, CA 95376

Dear Ms. Lombardo:

The California Department of Transportation (Department) appreciates the opportunity to have reviewed the Draft Environmental Impact Report (DEIR) for the proposed 82,704 square foot expansion of an existing 125,689 square foot retail business located on Grant Line Road approximately 0.5 mile west of the from Interstate 205 (I-205) and the I-205/Grant Line Road interchange. The Department has the following comments:

Traffic Operations

- An encroachment permit will be required for any work to be done on the State's right-of-way. | A-1
- Traffic Operations agrees with the improvements listed on *Table 4.4-8 Wal-Mart Expansion Cumulative Intersection Improvements* for the westbound and eastbound I-205 ramp intersections with Grant Line Road. | A-2
- Collection of impact fees on a fair-share basis should to be calculated and approved by the Department. The Lead Agency should collect impact fees and submit permit application for improvements when cumulative conditions have been reached. | A-3

General

- It must be determined if grading would divert drainage from this proposed project and result in increased runoff to existing State facilities. This will not be allowed. | A-4

*"Caltrans improves mobility across California"*

Letter A Continued

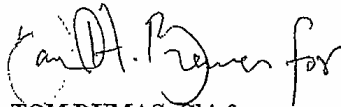
Ms. Lombardo  
November 21, 2005  
Page 2

- All lighting (including reflected sunlight) within this project should be placed and/or shielded so as not to be hazardous to vehicles traveling on State facilities. | A-5
- Given the importance of mobility options, the project should provide an assessment of how various transportation options will be incorporated into the site. Specifically, pedestrian and bicycle access to and through the subject site should be provided, and Transportation Demand Management strategies such as carpool and vanpool formation and parking addressed as well. The manner in which land is developed can have a profound effect on the viability of alternative transportation options. Compact, mixed-use “village” centers designed at a human (pedestrian / bicycle) scale enable residents and visitors to achieve a high level of mobility. The Department encourages the applicant to incorporate design features and siting which encourage walking and bicycling, vastly expanded public transit options, accessibility for children, the elderly, and persons with disabilities, and transit priority measures to make travel times competitive with the automobile. | A-6

We suggest that the City continue to coordinate and consult with the Department to identify and address potential cumulative transportation impacts that may occur from this project and other developments near this geographical location. This will assist us in ensuring that traffic safety and quality standards are maintained for the traveling public on existing and future state transportation facilities. | A-7

If you have any questions or would like to discuss our comments in more detail, please contact Dan Brewer at (209) 948-7142 (e-mail: [dan.brewer@dot.ca.gov](mailto:dan.brewer@dot.ca.gov)) or me at (209) 941-1921.

Sincerely,



TOM DUMAS, Chief  
Office of Intermodal Planning

c: SMorgan CA Office of Research and Planning

*"Caltrans improves mobility across California"*

Letter A Continued

Ms. Lombardo  
November 21, 2005  
Page 3

bc: TDumas    IGR  
     JMujica    Traffic Ops  
     TPadilla    Sys/Forecasting  
     AClark     Reg Planning

*"Caltrans improves mobility across California"*

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER A CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

- Response A-1: The City of Tracy will coordinate all efforts related to improvements within the Caltrans right of way with the Department of Transportation, including obtaining the appropriate permits as necessary at the applicant's expense.
- Response A-2: Comment noted.
- Response A-3: The project will be required to participate in a Finance and Implementation Plan to provide funding for improvements to the I-205/Grant Line Road interchange. The project will also participate in any regional fee programs adopted to address mitigations to I-205 mainline. The City of Tracy will coordinate with the San Joaquin Council of Governments with respect to adoption and application of the fee program and to establish the "fair share" fee for the project.
- Response A-4: As noted on page 4.7-5 of the DEIR, the City of Tracy has indicated that there is capacity in its Storm Water Management Plan for the project storm water runoff. Impact 4.7.2 states that the new impervious surfaces will be a less than significant impact. There will not be an increase in runoff to State Highway I-205. Additionally, the project will comply with Best Management Practices (BMPs) and the requirements of the City of Tracy's Stormwater Management Program.
- Response A-5: Caltrans is concerned about potential lighting impacts, including reflected sunlight, on travelers on State Highway I-205. The building expansion will not result in windows facing the highway. Page 4.2-16 of the DEIR, Impact 4.2-3, states that increased nighttime lighting would be a less than significant impact. Mitigation is also incorporated into the DEIR to ensure that lighting will be sufficiently shielded.
- Response A-6: Caltrans requested an assessment as to how various transportation options would be incorporated into the site. As the project is an expansion of an existing Wal-Mart within an established shopping center, it is not feasible to incorporate carpool and vanpool programs directly into the proposed project. Currently no bicycle facilities are provided in the immediate project area. Class II bike lanes do exist along Grant Line Road east of I-205 and connect to a system of bike lanes and bike routes within the existing City limits. Pedestrian facilities (i.e., sidewalks) are provided along the south side of Grant Line Road, adjacent to the Project site. The Project site is served by a fixed-route bus system termed Tracer, which is operated by the City of Tracy. Tracer follows a loop within the existing city limits and traverses Grant Line Road, Tracy Boulevard, West Eleventh Street, and Schulte Road. The endpoints for the route include City Hall and the West Valley Mall. Service is currently provided on 60-minute headways with operations beginning at 6:58 AM on weekdays and 8:58 AM on Saturdays. Service ends at 6:58 PM on weekdays and 4:58 PM on Saturdays. No service is provided on Sundays. The San Joaquin Regional Transit District (SJRTD) also operates a flexible fixed-route line, Route 90, within the City of Tracy. This route extends along Grant Line Road with stops at major locations including the Project site, West Valley Mall, the Naglee Park-and-Ride Facility, and the Prime Outlets on Pescadero

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

---

Avenue. Route 90 operates on 1-hour, 45-minute headways in the evenings with 2-hour headways on weekends and holidays.

Response A-7: The City will continue to coordinate with the Department of Transportation planning efforts related to development that would potentially impact transportation facilities within Caltrans right of way.

Letter B



Alan C. Lloyd, Ph.D.  
Agency Secretary

California Regional Water Quality Control Board

Central Valley Region

Robert Schneider, Chair



Arnold Schwarzenegger  
Governor

Sacramento Main Office  
11020 Sun Center Drive #200, Rancho Cordova, California 95670-6114  
Phone (916) 464-3291 - FAX (916) 464-4645  
<http://www.waterboards.ca.gov/centralvalley>

RECEIVED  
NOV 21 2005  
CITY OF TRACY

17 November 2005

Victoria Lombardo  
City of Tracy  
520 Tracy Boulevard  
Tracy, CA 95376

**PROPOSED PROJECT REVIEW, CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA),  
DRAFT ENVIRONMENTAL IMPACT REPORT FOR TRACY WAL-MART EXPANSION, STATE  
CLEARINGHOUSE #2004012040, TRACY, SAN JOAQUIN COUNTY**

As a Responsible Agency, as defined by CEQA, we have reviewed the Draft Environmental Impact Report for Tracy Wal-Mart Expansion. Based on our review, we have the following comments regarding the proposed project.

Construction Storm Water

A NPDES General Permit for Storm Water Discharges Associated with Construction Activities, NPDES No. CAS000002, Order No. 99-08-DWQ is required when a site involves clearing, grading, disturbances to the ground, such as stockpiling, or excavation that results in soil disturbances of one acre or more of total land area. Construction activity that involves soil disturbances on construction sites of less than one acre and is part of a larger common plan of development or sale, also requires permit coverage. Coverage under the General Permit must be obtained prior to construction. More information may be found at <http://www.swrcb.ca.gov/stormwtr/construction.html>

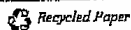
B-1

Post-Construction Storm Water Management

Manage storm water to retain the natural flow regime and water quality, including not altering baseline flows in receiving waters, not allowing untreated discharges to occur into existing aquatic resources, not using aquatic resources for detention or transport of flows above current hydrology, duration, and frequency. All storm water flows generated on-site during and after construction and entering surface waters should be pre-treated to reduce oil, sediment, and other contaminants. The local municipality where the proposed project is located may now require post construction storm water Best Management Practices (BMPs) pursuant to the Phase II, SWRCB, Water Quality Order No. 2003 – 0005 – DWQ, NPDES General Permit No. CAS000004, WDRS for Storm Water Discharges from Small Municipal Separate Storm Sewers Systems (MS4). The local municipality may require long-term post-construction BMPs to be incorporated into development and significant redevelopment projects to protect water quality and control runoff flow.

B-2

*California Environmental Protection Agency*





Letter B Continued

Victoria Lombardo

- 2 -

17 November 2005

Wetlands and/or stream course alteration

Section 401 of the federal Clean Water Act requires any project that impacts waters of the United States (such as streams and wetlands) to file a 401 Water Quality Certification application with this office. The project proponent must certify the project will not violate state water quality standards. Projects include, but are not limited to, stream crossings, modification of stream banks or stream courses, and the filling or modification of wetlands. If a U.S. Army Corp of Engineers (ACOE) permit is required for the project, then Water Quality Certification must be obtained prior to initiation of project activities. The proponent must follow the ACOE 404(b)(1) Guidance to assure approval of their 401 Water Quality Certification application. The guidelines are as follows:

1. **Avoidance** (Is the project the least environmentally damaging *practicable* alternative?)
2. **Minimization** (Does the project minimize any adverse effects to the impacted wetlands?)
3. **Mitigation** (Does the project mitigate to assure a no net loss of functional values?)

If, after avoidance and minimization guidelines are considered and wetland impacts are still anticipated:

- determine functional losses and gains (both permanent and temporal; both direct and indirect)
- conduct adequate baselines of wetland functions including vegetation, wildlife, hydrology, soils, and water quality
- attempt to create/restore the same wetland type that is impacted, in the same watershed
- work with a regional context to maximize benefits for native fish, wildlife, vegetation, as well as for water quality, and hydrology
- use native species and materials whenever possible
- document all efforts made to avoid the minimize adverse wetland impacts
- be prepared to develop performance criteria and to track those for between 5 to 20 years
- be prepared to show project success based on achieving wetland functions
- if the project fails, be prepared to repeat the same process (via financial assurance), with additional acreage added for temporal losses
- specify how the mitigation project will be maintained in perpetuity and who will be responsible for the maintenance

For more information regarding Water Quality Certification may be found at [http://www.waterboards.ca.gov/centralvalley/available\\_documents/wq\\_cert/application.pdf](http://www.waterboards.ca.gov/centralvalley/available_documents/wq_cert/application.pdf)

B-3

Letter B Continued

Victoria Lombardo

- 3 -

17 November 2005

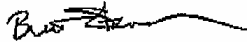
Dewatering Permit

The proponent may be required to file a Dewatering Permit covered under Waste Discharge Requirements General Order for Dewatering and Other Low Threat Discharges to Surface Waters Permit, Order No. 5-00-175 (NPDES CAG995001) provided they do not contain significant quantities of pollutants and are either (1) four months or less in duration, or (2) the average dry weaather discharge does not exceed 0.25 mgd:

- a. Well development water
- b. Construction dewatering
- c. Pump/well testing
- d. Pipeline/tank pressure testing
- e. Pipeline/tank flushing or dewatering
- f. Condensate discharges
- g. Water Supply system discharges
- h. Miscellaneous dewatering/low threat discharges

B-4

For more information, please visit the Regional Boards website at <http://www.waterboards.ca.gov/centralvalley/> or contact me at 916.464.4642 or by e-mail at [stevenb@waterboards.ca.gov](mailto:stevenb@waterboards.ca.gov).



BRETT STEVENS  
Storm Water Unit  
916.464.4642

cc: State Clearinghouse, Sacramento

#### **LETTER B CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD**

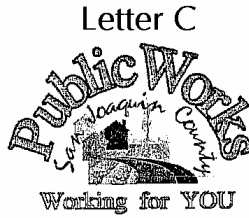
- Response B-1: The DEIR notes on page 4.7-5, Impact 4.7.2 that the project will have to comply with all applicable regulations to protect water quality. This would include complying with the NPDES General Permit for Storm Water Drainage Associated with Construction Activities.
- Response B-2: The DEIR notes on page 4.7-4, Impact 4.7.1 that the project contractor will be required to comply with Best Management Practices (BMPs) in compliance with the City of Tracy's Storm Water Management Program.
- Response B-3: As noted on page 4.9-12 of the DEIR, there are no jurisdictional areas nor wetlands on the project site, so there will be no project impact.
- Response B-4: The applicant may be required to file a Dewatering Permit under Waste Discharge Requirements General Order for Dewatering and Other Low Threat Discharges to Surface Waters Permit. Also, see Response B-1 above.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR



THOMAS M. GAU  
DEPUTY DIRECTOR  
MANUEL SOLORIO  
DEPUTY DIRECTOR  
STEVEN WINKLER  
DEPUTY DIRECTOR  
ROGER JANES  
BUSINESS ADMINISTRATOR

THOMAS R. FLINN  
DIRECTOR



P. O. BOX 1810 - 1810 E. HAZELTON AVENUE  
STOCKTON, CALIFORNIA 95201-3018  
(209) 468-3000 FAX (209) 468-2998  
www.sjgov.org

RECEIVED  
NOV 15 2005  
CITY OF TRACY

November 14, 2005

Ms. Victoria Lombardo  
City of Tracy  
520 Tracy Boulevard  
Tracy, California 95376

SUBJECT: TRACY WAL-MART EXPANSION PROJECT  
DRAFT ENVIRONMENTAL IMPACT REPORT

Dear Ms. Lombardo:

The San Joaquin County Department of Public Works has reviewed the above-referenced document and has the following comments:

From Traffic Engineering:

1. Page 4.4-1, Speed along Grant Line Road is 55 mph unless otherwise posted with a lower speed. This also applies to Byron Road. | C-1
2. Page 2.0-8 of the Executive Summary for Impact 4.4.1 states that the Grant Line Road and Byron Road intersection is in San Joaquin County (County) and the City of Tracy (City) has no improvement plan for the intersection, and therefore will remain a significant and unavoidable impact as the City cannot implement the mitigation. Per the California Environmental Quality Act as taken from the State of California's *A Guide to Planning In California* website, which states, "*When the decision-making body (the city council, board of supervisors, or other board or commission) approves a project, it must certify the adequacy of the environmental review. If its decision to approve a project will result in unavoidable significant impacts, the decision-making body must state, in writing, its overriding reasons for granting the approval and how the impacts are to be addressed.*" Therefore, the City, if it decides to leave this impact as Significant and Unavoidable, must state in writing its overriding reasons for granting the approval of this project and also state how the impacts to this intersection will be addressed. | C-2
3. Please provide a copy of the Traffic Analysis for the Grant Line Road and Byron Road intersection, including the electronic file(s) for the County's review. | C-3

From Transportation Planning:

4. Page 2.0-8 of the Executive Summary for Impact 4.4.1, the mitigation measure section states that the intersection of Grant Line Road and Byron Road lies within County and that there is no traffic | C-4

Letter C Continued

- 2 -

Ms. Victoria Lombardo  
TRACY WAL-MART EXPANSION PROJECT  
DRAFT ENVIRONMENTAL IMPACT REPORT

impact mitigation fee program. This is incorrect. Please correct to state that the County does have a Traffic Impact Mitigation Fee program, and the project shall pay traffic impact mitigation fees to the County, as determined by the County, prior to the issuance of a building permit by the City and encroachment permit by the County to mitigate its impacts to the County's transportation network. The mitigation section shall be further revised to reflect that the project shall pay its fair share to the County, as determined by the County, for the signalization of Grant Line Road and Byron Road, including the railroad pre-emption. This impact shall be mitigated to the Less Than Significant level, and cannot remain as Significant and Unavoidable.

C-4  
cont.

Pending the timing of the implementation of the Regional Transportation Impact Fee relative to the project's timing, the project may be required to pay Regional Transportation Impact Fees as determined by the City or the County.

5. Page 2.0-9 of the Executive Summary for Impact 4.4.4, the mitigation measure section shall be revised to require the payment of the project's fair share of the roadway improvement costs prior to the issuance of a building permit for the project.

C-5

6. Page 2.0-10 recommends, for Impact 4.4.5 and 4.4.6, that both the Grant Line Road/Corral Hollow Road and Eleventh Street/Corral Hollow Road intersections have Significant and Unavoidable impacts due to the project and should be reconstructed as Single Point Urban Interchanges along with the through traffic for Grant Line Road at the Grant Line Road/Corral Hollow road intersection be grade separated (MM4.4.5 and MM4.4.6, respectively). The document further states, however, that the City intends on making a finding that this mitigation for each of these two Impacts is infeasible. If this will be the City's determination, the City shall comply with the California Environmental Quality Act and state the overriding reasons for granting approval of the project and identify the impacts to these two intersections.

C-6

7. The list of study intersection on page 4.4-2 does not include the intersection of Grant Line Road and Lammers Road. Please add to the list of study intersections and identify the project's impacts to this intersection as well as any proposed mitigation to offset any identified impacts. Particularly, the document should address the intersection's existing and future (include cumulative): Level of Service; signal warrant analysis; geometrics analysis with respect to lane configuration(s); gap analysis of Grant Line Road for Lammers Road traffic; queues and storage needs.

C-7

8. The project does not fully address the proposed future Interstate 205/Lammers Road interchange project. The project traffic impact study analysis should be revised to address this important future interchange project and how this project (Wal-Mart) will be affected, as well as this project's fair share contribution toward the future interchange project. The City of Tracy shall collect this project's fair share contribution toward the future Interstate 205/Lammers Road interchange project.

C-8

9. Figure 4.4-4 appears to be incorrect. Grant Line Road west of Byron Road is offset to the north of Grant Line Road east of Byron Road. Please correct accordingly as Pavilion Parkway (as shown) appears to be incorrect where it ties into Grant Line Road west of Byron Road. Also, please verify whether the proposed over-crossing of Byron Road will be at Grant Line Road or Pavilion Parkway and revise the text on page 4.4-18 accordingly. Is Figure 4.4-18 showing the preferred or selected alternative of the Interstate 205/Lammers Road interchange, or is this just one of the possible alternatives?

C-9

**Letter C Continued**

Ms. Victoria Lombardo  
TRACY WAL-MART EXPANSION PROJECT  
DRAFT ENVIRONMENTAL IMPACT REPORT

- 3 -

10. The project shall be required to obtain an Encroachment Permit from the County for any work as well as any traffic control, including advanced warning signage within the County jurisdiction. Any plans for lane closures, road closures, or detours necessary for the project shall be submitted at least 60 days in advance to the County Traffic Engineer for prior approval. As applicable, Traffic Impact Mitigation Fees, project fair share costs, and Regional Transportation Impact Fees assessed to the project shall be paid in full to the County prior to issuance of an Encroachment Permit by San Joaquin County.

C-10

Thank you for the opportunity to comment. Should you have any questions or need additional information, please contact me at (209) 468-8494.

Sincerely,



ANDREA VALLEJO  
Assistant Transportation Planner

AV:rc  
TP-5K048-R1

c: Tom Okamoto, Traffic Engineer  
Michael Selling, Senior Civil Engineer  
Dwayne Sabiniano, Engineering Assistant II

#### LETTER C      SAN JOAQUIN PUBLIC WORKS DEPARTMENT

Response C-1:      The posted speed limit on Grant Line Road is 40 mph within the City limits. The speed limit on both Grant Line Road and Byron Road in the County is 55 mph.

Response C-2:      The recommended mitigation measure is within the jurisdiction of San Joaquin County, which can and should complete such improvements. The City does, however, work with the County in addressing regional traffic problems through its participation in the Regional Traffic Impact Fee (RTIF) program. For each applicable project, fees are collected by the City, and forwarded to San Joaquin County and the San Joaquin County Council of Governments for their application to various regional traffic improvement projects. Until the improvements are made, the impact is significant and unavoidable.

Response C-3:      The analysis for the Grant Line Road/Byron Road intersection is provided in the *Traffic Impact Study for the Wal-Mart Expansion Project* technical report Appendix (Fehr & Peers, September 2005) along with analyses for all of the study intersections. A copy of the report is on file at the City of Tracy DES Department.

Response C-4:      See Response C-2 above.

Response C-5:      To mitigate its contribution to cumulative traffic impacts, the proposed project would be responsible for participating in and funding a Roadway Finance and Implementation Plan to determine its fair share of required improvements.

Response C-6:      The City will comply with the California Environmental Quality Act when stating overriding reasons for granting approval of the project. The impacts at these locations are identified as Impacts 4.4.5 and 4.4.6 in the Draft EIR.

Response C-7:      The intersection of Grant Line Road/Lammers Road was not studied. Prior to beginning the traffic analysis, a screening process was employed to determine the extent of the study area and intersections requiring study within the study area. The screening process to determine study area was based on the level of service standards established by the City for City-controlled intersections and the County for intersections in the County. Study locations were selected based on the following screening criteria:

- Intersections that may become deficient with project trips adding 3% or more of total trips
- Freeway segments that have project trips adding 1% of total volume

The intersection of Grant Line Road/Lammers Road (north from Grant Line Road) did not meet the screening criterion for intersections needing study, as this intersection is currently operating well within acceptable standards and is not expected to become deficient in the future based on field observations of existing conditions and traffic model projections. Project trips are expected to add less than 3% to the total trips through the intersection.

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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- Response C-8: Please see response to comment C-7 for a description of the screening criteria employed to determine study locations. The Interstate 205/Lammers Road interchange was considered in determining project trip distribution under cumulative conditions. This interchange would not be heavily utilized by project traffic given the project's close proximity to the I-205/Grant Line Road interchange. The specific fair share responsibilities of the Project toward the interchange will be assigned in the Project Finance and Implementation Plan.
- Response C-9: A number of alignments are currently under consideration for Grant Line Road which would eliminate the offset between its east and west intersections with Byron Road. The maps included with the figures were specifically drawn "not to scale" for illustrative purposes only. The depiction of the Interstate 205/Lammers Road interchange on Figure 4.4-18 is just one of several possible alternatives under consideration.
- Response C-10: The City will coordinate improvements affecting County roadways with San Joaquin County, including securing the proper permits required for any traffic control, lane closures, road closures, or detours necessary.



**3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

Letter D

**RECEIVED**  
 SEP 04 2007  
**CITY OF TRACY**

STATE OF CALIFORNIA  
**FACSIMILE COVER**  
 10-2A-0049 (NEW 10/92)

<b>ATTENTION:</b>  Victoria Lombardo		<b>FROM:</b>  Annette Clark  Department of Transportation 1976 East Charter Way Stockton, CA 95205	
<b>UNIT/COMPANY:</b>		<b>DATE:</b> 8-31-07	<b>TOTAL PAGES (including Cover Page)</b>
		<b>FAX # (Include Area Code)</b> (209) 948-7194	<b>ATSS FAX</b> 8-423-7194
<b>DISTRICT/CITY</b> City of Tracy 520 Tracy Boulevard Tracy, Ca 95376		<b>PHONE # (&amp; Area Code)</b> (209) 948-3909	<b>ATSS</b> 8-423-3909
<b>PHONE # (&amp; Area Code)</b> (209) 831-	<b>FAX # (&amp; Area Code)</b> (209) 831-4606	<b>ORIGINAL DISPOSITION:</b> Destroy <input type="checkbox"/> Return <input type="checkbox"/> Call for Pickup <input type="checkbox"/>	

**COMMENTS:**

10-SJ-205-PM5.3  
 SCH 2004012040 (DEIR)  
 Walmart Expansion

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

#### Letter D Continued

STATE OF CALIFORNIA—BUSINESS, TRANSPORTATION AND HOUSING AGENCY

ARNOLD SCHWARZENEGGER, Governor

#### DEPARTMENT OF TRANSPORTATION

P.O. BOX 2048 STOCKTON, CA 95201  
(1976 E. CHARTER WAY/1976 E. DR. MARTIN  
LUTHER KING JR. BLVD. 95205)  
TTY: California Relay Service (800) 735-2929  
PHONE (209) 941-1921  
FAX (209) 948-7194



*Flex your power!  
Be energy efficient!*

August 31, 2007

10-SJ-205-PM5.3  
SCH 2004012040 (DEIR)  
Walmart Expansion

Victoria Lombardo  
City of Tracy  
520 Tracy Boulevard  
Tracy, CA 95376

Dear Ms. Lombardo:

The California Department of Transportation (Department) appreciates the opportunity to have reviewed the Re-circulated Environmental Impact Report (DEIR) for the proposed expansion of the existing Wal-Mart retail business to a Wal-Mart Super Center located on Grant Line Road approximately 0.5 mile west of the from Interstate 205 (I-205) and the I-205/Grant Line Road interchange. The Department has the following comments:

#### Traffic Operations

- An encroachment permit will be required for any work to be done on the State's right-of-way. | D-1
- Caltrans Traffic Operations agrees with the improvements listed on *Table 4.4-8 Wal-Mart Expansion Cumulative Intersection Improvements* for the westbound and eastbound I-205 ramp intersections with Grant Line Road and Naglee Road/Pavilion Parkway. | D-2
- This proposed development should pay a "traffic impact mitigation fee." The cumulative impacts of this and other existing and proposed land use development, in this area, will contribute to the degradation of the level of service on the State Highway System. This degradation will eventually require improvements to accommodate the increase in traffic volumes to the State Route 205 (SR-205) mainline, as well as the SR-205/Grantline Road intersection. Therefore, the Department recommends the City of Tracy collect a transportation impact mitigation fee on a "proportional share" basis from the developer to hold until the fee can be contributed towards the local portion of funding for future improvements to these State Highway facilities. | D-3

*"Caltrans improves mobility across California"*

Letter D Continued

Ms. Lombardo  
August 31, 2007  
Page 2

If you have any questions or would like to discuss our comments in more detail, please contact Annette\_Clark at (209) 948-3909 (e-mail: [Annette\\_Clark@dot.ca.gov](mailto:Annette_Clark@dot.ca.gov)) or me at (209) 941-1921.

Sincerely,



Tom Dumas, Chief  
Office of Metropolitan Planning

for

c: SMorgan CA Office of Research and Planning

*"Caltrans improves mobility across California"*

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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#### **LETTER D CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)**

Response D-1: The City of Tracy will coordinate all efforts related to improvements within Caltrans right of way with the Department of Transportation, including obtaining the appropriate permits as necessary at the applicant's expense.

Response D-2: Comment noted.

Response D-3: The project will be required to participate in a Finance and Implementation Plan to provide funding for improvements to the I-205/Grant Line Road interchange. The project will also participate in any regional fee programs adopted to address mitigations to I-205 mainline.

Letter E

Page 1 of 1

**Victoria Lombardo**

---

**From:** Ana Contreras  
**Sent:** Tuesday, September 04, 2007 4:01 PM  
**To:** Victoria Lombardo  
**Subject:** FW: Comments for Wal-Mart; Contact person Victoria Lombardo

---

**From:** Mark Hopkins [mailto:mhopkins@sjgov.org]  
**Sent:** Tuesday, September 04, 2007 3:20 PM  
**To:** Ana Contreras  
**Subject:** Comments for Wal-Mart; Contact person Victoria Lombardo

September 04, 2007

Draft

City of Tracy  
Development and Engineering Services Department  
Victoria Lombardo  
333 Civic Center Plaza  
Tracy, CA 95376

SUBJECT: Tracy Wal-Mart Expansion Project

The San Joaquin County Department of Public Works has reviewed the above-referenced document and our concerns, recommendations, and corrections submit the following comments:

Traffic Comments:

1. All construction related traffic control plan and road closures (effective within San Joaquin County Jurisdiction) shall be submitted to San Joaquin County Dept of Public Works for review and approval 6 weeks prior commencing work. All construction haul routes identified within San Joaquin County shall be part of the traffic control plan. | E-1
2. After the project is completed, all STAA routes (STAA delivery trucks to and from Wal-Mart) shall be identified and appropriate signage installed to discourage truck filtration within County jurisdiction not approved for STAA truck travel. | E-2

Thank you for the opportunity to be heard. Should you have questions or need additional information regarding the above comments, please contact me at (209) 468-3085.

Sincerely,

Mark Hopkins  
Environmental Coordinator

cc: Dodgie Vidad, Engineer IV

9/4/2007

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

---

#### **LETTER E      SAN JOAQUIN PUBLIC WORKS DEPARTMENT**

Response E-1:      The City will coordinate construction plans affecting County roadways with San Joaquin County, including securing the proper permits required for any traffic control, lane closures, road closures, or detours necessary.

Response E-2:      The truck activity at the project site would result in approximately 5-7 18-wheeler trucks per day and 10-12 smaller vendor trucks per day. The trucks would follow the existing designated truck circulation route which enters the project site from Grant Line Road via the shared drive aisle located between the Costco site and the Wal-Mart site.

Letter 1

**RETAIL STRATEGIES**

286 Grizzly Peak Blvd  
Kingsington, CA 94708  
(510) 525-2659

November 21, 2005

Mr. Alan Bell – Fax: (209) 831-4606  
Ms. Victoria Lombardo – Fax: (209) 831-4606  
City of Tracy – Planning Department  
520 Tracy Blvd.  
Tracy, CA 95376

RECEIVED  
NOV 21 2005  
CITY OF TRACY

RE: EIR Wal-Mart Expansion  
EIR WinCo Foods

Dear Alan and Victoria:

My firm has been asked to review the draft Environmental Impact Reports for the above referenced projects. The comments which follow are specifically directed to the Market Impact Analysis and Traffic Impact Study for each of these EIR's. Since the same consultants were used for the Market and Traffic impacts, and both reports are very similar, my comments apply to both EIR's.

I have over 40 years experience in the grocery business devoted to real estate negotiations and site location research. Until 2004, I served as V.P. of Real Estate for Save Mart Supermarkets and have held senior positions in both real estate and research capacities for Safeway, Albertson's and Lucky Stores. Due to my extensive contacts in the supermarkets industry I have access to confidential information on the performance of all five existing Tracy supermarkets (2 Save Marts, Food Maxx, Safeway and Albertson's). I also have an intimate knowledge of the development of Tracy and have participated in the real estate negotiations at three Tracy locations. I have a B.A. in economics plus and MBA, and have been a speaker and panelist at many meetings of the International Council of Shopping Centers.

It is my professional opinion that the subject EIR's do not provide adequate information upon which to evaluate the market impacts concerning store closures and the potential for urban decay, and that several aspects of the traffic analysis require further clarification. Please address the following issues:

**MARKET IMPACT ANALYSIS**

1. In the Executive Summary under Key Findings, BAE states the trend in grocery stores is to larger stores "with correspondingly larger trade areas". Does this mean that if WinCo and Wal-Mart are constructed they will serve a larger trade area for groceries than the existing supermarkets and therefore shoppers will be travelling longer distances?
2. In another part of the Key Findings, the statement is made that: "the level of total sales needed to sustain profitability is not known, and the fate of any individual store cannot be determined with certainty." While this statement may be true insofar as BAE's knowledge of the situation is concerned, the individual supermarket operators are very capable of making that assessment based on their knowledge of a stores performance. Therefore, if an individual store operator could satisfactorily demonstrate its store would likely close, shouldn't this be the basis of any determination of potential store closures?

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Letter 1 Continued

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| <p>3. Again, in Key Findings, BAE stated: “if sales were evenly distributed, all stores should be able to continue in operation, assuming they are currently profitable . . .” Since all stores are not performing at the same level, and 3 out of the 5 supermarkets operated at a loss in calendar year 2004 or 2005, would it be reasonable to assume that such stores would probably close if these two major competitors open?</p>  | <p>1-3</p>  |
| <p>4. When did BAE visit River Islands and Mountain House? Who did they talk to and what did they learn about development (both residential and commercial)?</p>   | <p>1-4</p>  |
| <p>5. Why did BAE include some, but not all, of the new Lathrop development on the West side of I-5 as part of their defined trade area?</p>   | <p>1-5</p>  |
| <p>6. BAE states the trade areas were defined based on potential shoppers going to the closest Supercenter and/or WinCo. Did BAE do a drive time analysis before defining a potential trade area? What did it show?</p>  | <p>1-6</p>  |
| <p>7. BAE has relied on Claritas to derive a trade area population of 113,501 by 2009. Since Claritas straight lines historical trends, should this data be relied upon given Measure A in Tracy and what is becoming significantly apparent as a likely slowdown in the housing market starting in 2006 as evidenced by a 5.6% drop in new housing starts nationwide in October and a 6.7% drop in building permits?</p>  | <p>1-7</p>  |
| <p>8. BAE estimates the trade area population will increase from 89,730 to 113,501 between 2004 and 2009. This 23,771 increase represents 7,182 new housing units based upon a household size of 3.31. This would be 1,436 new homes each year. Where will these homes be constructed?</p>   | <p>1-8</p>  |
| <p>9. How were supermarket sales of over \$150 million estimated when the majority of a supermarket’s sales are not taxable and cannot be precisely quantified from sales tax data? How were Costco supermarket type sales estimated when Costco sells much of this grocery type merchandise to both business establishments and individual customers? Why are Costco sales included in the analysis when Costco customers are buying bulk items not sold by WinCo, Wal-Mart or the existing supermarkets?</p>   | <p>1-9</p>  |
| <p>10. While the Urban Land Institute’s Dollar &amp; Cents of Shopping Center: 2004 collects shopping center data, the 2004 report is based on 2002 data. And, while the survey shows median <u>national</u> supermarket sales per square foot of \$390, it also shows that the median sales per square foot for the <u>Western</u> U.S. is \$482. Why isn’t the Western median used, especially when Table 8 uses Western median retail sales to calculate the square foot retail demand? Also, why aren’t the ULI 2002 per square foot sales inflated by about 6% to reflect 2004 estimates?</p>   | <p>1-10</p> |
| <p>11. BAE says existing sales per square foot are “well above minimum feasibility levels”. Table 10 says this “feasibility level” is \$275 per square foot based on BAE’s experience. How did BAE derive this “experience”? Moreover, in footnote (g) BAE states: “Many operators would likely consider this level unacceptable and unprofitable given their cost structure”. Therefore, doesn’t BAE give a very misleading impression in the Summary? By stating existing sales are above minimum feasibility levels and then burying in a footnote the fact that these sales levels are likely to be unacceptable and unprofitable.</p> | <p>1-11</p> |



#### Letter 1 Continued

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| <p>12. Why has BAE estimated sales for the new WinCo and Wal-Mart Supercenters based upon average sales per square foot estimates for existing stores? The January 24, 2005 issue of Supermarket News indicates sales for these stores are much higher. Progressive Grocer and Retail Forward also show much higher supermarket type sales for Wal-Mart than used by BAE. Why aren't these higher sales used in Tables 11 and 12?</p>   | <p>1-12</p> |
| <p>13. Why are all the sales of existing stores lumped together? Performance by store varies substantially and could mean some stores are currently at or below current levels of profitability. Why hasn't a store-by-store analyses been employed?</p>  | <p>1-13</p> |
| <p>14. Why are no competitors assumed to be entering the trade area? Did BAE investigate if any new supermarkets are in the planning stages?</p>  | <p>1-14</p> |
| <p>15. Tracy enjoys very high retail sales per capita because of its large retail base relative to nearby communities. Appendix C and D show that per capita total retail sales in San Joaquin County and Tracy are \$8,692 and \$11,513, respectively, or 32% higher in Tracy. Furthermore, these sales include Auto Dealers and Service Stations. Since Table 8 attempts to show demand for retail building space, BAE should base demand on the population increase times \$5,718 (\$8,692 less auto dealers of \$2,093 and gas stations of \$881). Why has this not been done?</p>  | <p>1-15</p> |
| <p>16. What ramifications will the planned major commercial developments in Manteca, Lathrop, Ripon and the Weston Ranch area of South Stockton have on the ability of Tracy retailers to continue to attract business from these areas? Assuming these developments proceed as planned will this reduce demand for retail in Tracy? Specifically, given Tracy's high retail sales base, is it likely these newly developing retail centers will pull business away from Tracy, causing a reduction in demand for retail space in Tracy?</p>  | <p>1-16</p> |
| <p>17. Although the BAE Market Impact Analyses for Winco and Wal-Mart are largely similar, there are a number of subtle differences. This raises the question of whether BAE submitted their Winco report to Wal-Mart for review and comment? Did BAE make changes at Wal-Mart's request, and, if so, what were they? Please provide any correspondence between Wal-Mart, BAE and PMC regarding discussions concerning the contents of the Market Impact Analysis.</p>  | <p>1-17</p> |
| <p>18. BAE estimates the amount of space in a Wal-Mart Supercenter that will be devoted to groceries will total 55,192 square feet, consisting of 33,928 square feet of sales space and 21,264 square feet of stockroom area. These calculations are shown on the store layout diagram identified as figure 3.0-6. Based upon floor plans of existing Supercenters, this 55,192 square feet area includes mostly the perishable food items found in all grocery stores, but does not include many common supermarket type items that are located elsewhere in the Supercenter – such as, baby foods and formulas, diapers, greeting cards and magazines, candy, health and beauty aids cosmetics, pet foods, floral, garden and barbecue supplies. It is estimated that these areas together with supporting storage space total at least 15,000 additional square feet. This would bring the total Supercenter space devoted to supermarket-type-merchandise to 70,000 square feet. BAE should explain why this area is not included, or if it is deemed to remain excluded then does BAE intends to make corresponding adjustments for existing supermarkets.</p> | <p>1-18</p> |

Letter 1 Continued

TRAFFIC IMPACT STUDIES


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| 1. The Traffic Study for WinCo has based trip generation on WinCo specific studies rather than ITE rates for a Discount Supermarket (854). By comparison, the Traffic Study for the Wal-Mart Supercenter uses ITE data. Why is there this inconsistency?  | 1-19 |
| 2. Both the Market Analysis and Traffic Study did not consider the 16,314 square feet of garden and outdoor sales area. Since all Tracy supermarkets offer floral and garden supplies, and these departments represent additional sales, why isn't this Wal-Mart square footage included for both the Market Analysis and Traffic Study?  | 1-20 |
| 3. Both Traffic studies under the heading "Trip Distribution and Assignment" make the following statement: "In the cumulative trip distribution, a higher percentage of trips will leave the study area to new residential developments to the south and east of the study area". Where are these developments located and how many units would be built to the south and east? | 1-21 |
| 4. Under Cumulative Setting the Traffic studies list a number of Tracy residential developments that total over 15,000 units. How can this many units be built under Measure A? Did the traffic analysis account for the 20-year buildout of Mountain House and River Islands with a combined development of 26,000 dwelling units?   | 1-22 |
| 5. Was any analysis done to determine the adequacy of the left turn pockets into the two projects? What mitigation measures, if any, are needed to facilitate access into and out of these projects?  | 1-23 |

CONSISTENCY BETWEEN THE MARKET IMPACT ANALYSIS AND TRAFFIC STUDY

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| 1. These two reports appear to draw different conclusions about growth – especially in the direction of Mountain House. How come?   | 1-24 |
| 2. The traffic study assumes the WinCo will be 95,900 square feet and the Market analysis assumes 92,000 square feet. The mezzanine used for offices and employee break rooms explains this difference. Since this area frees up area for selling merchandise (and is needed just like stockrooms), it should be included. Why was this not done? | 1-25 |
| 6. The WinCo Traffic study includes a mezzanine area of 3,900 square feet, but the Wal-Mart Market study does not. Please explain this inconsistency.   | 1-26 |

I will await the response to these questions before commenting further on the conclusions of these two EIR's.

Very truly yours,

  
Jim Watt

#### LETTER 1 – JIM WATT, RETAIL STRATEGIES

Response 1-1: The referenced study is a general reference to supermarket trade areas, rather than to the specific situation in Tracy, where many of the stores (e.g., Food Maxx) likely serve large trade areas rather than a section of the city. In fact, the WinCo and Wal-Mart may be more accessible to certain parts of their trade area (e.g., Mountain House) than any of the existing stores serving the area.

Response 1-2: Actual sales performance and profit margins are generally considered proprietary by the store owners; with the exception of Food 4 Less/Food Maxx as noted on Page 17 of the revised Market Impact Analysis, Tracy supermarket representatives were not willing to share store sales information with BAE, and declined to state their opinions regarding the potential impact of WinCo and the Wal-Mart expansion.

Response 1-3: The 2007 revised BAE Market Impact Analysis report for the proposed project indicated that the project, in combination with other planned supermarket or supermarket-type projects (i.e., WinCo project), could result in the closure of one or more supermarkets, with the Save Mart on 11<sup>th</sup> Street being most at risk.

Response 1-4: BAE conducted its field research in April 2005. BAE did not conduct additional field research for the 2007 revised BAE Market Impact Analysis report. The 2007 revised report incorporated additional information and new market conditions since the 2005 BAE Market Impact Analysis report was published.

In 2005 BAE visited Mountain House, where development was in very early stages. BAE did not actually visit the River Islands area of Lathrop; it was not yet under physical development at that time.

BAE contacted various store representatives, brokers, and the San Joaquin County Planning Department (for unincorporated Mountain House) and the City of Lathrop in their original research regarding projects in the Trade Area.<sup>1</sup> At that time, no proposals for specific projects had been put forth. In early January 2006, BAE again contacted the County Planning Department and the Lathrop's Community Development Director to confirm the previous information, and to get any updates.<sup>2</sup> In Mountain House, while there are land use approvals for various sites, no requests for permits for substantial retail projects have been requested. The only existing retail use is the convenience store. According to the San Joaquin County Planning Department,<sup>3</sup> plans have been submitted for the Mountain House Business Park at I-205, but no retail tenants have been identified.

Response 1-5: In the original report, BAE used census tracts as the best available method to bound the Wal-Mart and WinCo Trade Area, without introducing inaccuracies related to apportioning population within Census Tracts. In the revised report, BAE used a Trade Area that was defined using Traffic Analysis Zones, in large

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<sup>1</sup> Phone contacts with brokers (C.B. Commercial), store managers (Albertson's, Safeway, SaveMart), and web County and City in July 2004. Also consisted of Internet research for the stores and the County and City.

<sup>2</sup> January 5, 2006, phone conversations with Community Development Director of Lathrop, and staff of San Joaquin County Planning Department.

<sup>3</sup> January 5, 2006, phone conversations with staff of San Joaquin County Planning Department.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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part because they represented the smallest definable geographies for which reliable demographic estimates could be obtained. The Trade Area as defined in the 2007 revised report is somewhat smaller than that used in the previous report. Specifically, the River Islands proposed development in Lathrop has been excluded from this revised analysis for a number of reasons: first, the initial phases of the development during the time period under consideration in this analysis are in the westernmost portion of River Islands; second, the relative drive times to retail concentration in surrounding communities will depend in large part on the buildout of the road network connecting River Islands to the region; third, the Traffic Analysis Zones used for the population projections here do not provide estimates for subareas of River Islands, even though much of the development may be closer to the Tracy Wal-Mart and WinCo than to other proposed Wal-Mart Supercenters and the Save-Mart in Lathrop (which opened subsequent to BAE's previous analysis). Thus this revised analysis takes a more conservative approach and excludes River Islands from the Trade Area. Additionally, the 2007 revised BAE Market Impact Analysis report determined that because of the distance to Tracy, the presence of an existing regular Wal-Mart in Manteca, and the potential for Manteca and Lathrop residents to patronize the proposed Supercenter at French Camp in south Stockton, the Trade Area for the proposed Wal-Mart Supercenter in Tracy is assumed to exclude Lathrop.

Response 1-6: BAE drove the area around the City of Tracy and surrounding communities during investigations for the investigation for the original 2005 BAE Market Impact Analysis report. The field investigation included the WinCo in Brentwood (no other nearby Wal-Mart Supercenters were open at the time of BAE's research, although there was an approved Supercenter in Stockton, now open, and proposals in Antioch and Manteca) to determine approximate drive times to major retail nodes. The Trade Area was defined based on this fieldwork.

Response 1-7: As stated in *The Claritas Demographic Update Methodology*, Claritas takes into account current estimates from the U.S. Census, state demographers, and local sources:

At the national, state, county, and place levels, total population and household estimates are based on estimates produced by the Census Bureau, and in some cases by state demographers. At the census tract and block group levels, change is estimated based on sources including local estimates, trends in USPS deliverable address counts, and trends in consumer counts from the Equifax TotalSource database.

For 2005, national and state population estimates were based on Census Bureau estimates provided at those levels. County population estimates were based on Census Bureau county population estimates, combined with state-produced county estimates in selected states. Census tract and block group estimates were based on local estimates and post-2000 trends in USPS address counts and TotalSource consumer database households.<sup>4</sup>

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<sup>4</sup> Claritas' website, <http://www.claritas.com/collateral/econnect/demomethodology05.pdf>, accessed January 2006.

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The issue of Measure A's impact is discussed at length in BAE's original Market Impact Analysis report. See for instance, Footnote (a) in Table 10. While the projections from Claritas and the Research and Forecasting Center of the San Joaquin County Council of Government Projections available at the time of BAE's analysis did not take into account the mandated slowing of household growth in Tracy, these estimates do not account for the growth at Mountain House or River Islands.

As for building trends, one month of national trends are not necessarily an indicator of long-term trends in either the national or the local market. For November 2005, there was an *increase* of 5.3 percent in housing starts and an *increase* of 2.5 percent in building permits nationally from October. In November 2005, housing starts and building permits were above November 2004.<sup>5</sup>

Response 1-8: The commenter is referred to the 2007 revised BAE Market Impact Analysis report that now includes an Appendix B. This appendix discusses the methodology for deriving population estimates, including for areas that would expect new housing units and growth. New homes will be constructed in Tracy, Mountain House, River Islands, and other parts of the Trade Area.

Response 1-9: The problem of estimating total sales vis-à-vis taxable sales was discussed at length in the report. See Table 9 of the original Market Impact Analysis and Table 6 in the revised Market Impact Analysis for accompanying text, where data on total sales from the Economic Census are compared to taxable sales. Additionally, one store self-reported total sales, and provided estimates on total sales from other stores that were also compared to the confidential taxable sales data provided to BAE by the City of Tracy.

A certain proportion of Costco sales are to households. The proportion used here for supermarket-equivalent sales is 30 percent, as discussed in the Inventory of Competitive Outlets.

Response 1-10: For the 2007 revised BAE Market Impact Analysis report, the ULI 2004 publication was the most recent data and was based on data gathered throughout 2003 using the most recent fiscal year for the reporting centers. In most cases this corresponded to calendar year 2002, but some came from fiscal years ending in 2003.

According to the 2007 revised BAE report on Page 20:

"While ULI publishes a median sales volume for supermarkets in the Western United States only, the sample size for all centers surveyed in the West is only 67, and not all of these may have supermarkets. Nationally, there are only 149 supermarkets in a sample of 364 centers. While the ratio for the West is not stated, a similar ratio would indicate that the sample of supermarkets for the region is less than 30 stores. This is an extremely small sample and has been judged inadequate for use as a benchmark."

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<sup>5</sup> U.S. Census Bureau News, Joint Release, U.S. Department of Housing and Urban Development, "New Residential Construction in November 2005," <http://www.census.gov/indicator/www/newresconst.pdf>

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The data for the Western region likely includes a preponderance of centers in more highly urbanized areas, and may not be representative of the distribution of supermarkets in the Central Valley area, which has a greater mixture of suburban and rural market areas.

The U.S. annual average CPI for All Urban Consumers was 179.9 in 2002 and 188.9 in 2004 resulting in an inflation factor of five percent, rather than "about 6%." For the San Francisco Bay Area (which does not include Tracy), the inflation factor was only three percent. The difference using either of these numbers to inflate the benchmarks is negligible and would not change the findings of BAE's analysis.

Response 1-11: In the 2005 original BAE Market Impact Analysis report, it was concluded in the course of numerous retail studies, including but not limited to Eureka, Porterville, Morgan Hill, Redding, Bozeman (Montana), Antioch, San Jose, Santa Rosa, and Cotati, BAE has seen reported data (sometimes confidential) on sales from various supermarkets, where sales per square foot of \$275 are reported and the stores did not report imminent closure or did not subsequently close. In any case, the average sales per square foot at existing stores in Tracy are well above this level and are estimated to remain so even if both the WinCo and Wal-Mart expansion occur.

Furthermore, the footnote does not say that sales levels are "likely to be unacceptable and unprofitable," but rather that "many operators would likely consider this level unacceptable and unprofitable given their cost structure."

Response 1-12: In the 2005 original BAE Market Impact Analysis report, the higher numbers cited are not shown. Specific store performance for WinCo and Wal-Mart is not necessarily tied to chain-wide averages, as it is not necessarily tied to those averages for the other supermarkets in Tracy. BAE has estimated sales based on average location-specific conditions rather than national averages and considers this to be a reasonable approach.

Response 1-13: In the 2005 original BAE Market Impact Analysis report, the store-by-store data that were available were all confidential. Impacts on individual stores are discussed in the Retail Sales Analysis section of the report, where the stores estimated to be most likely to be impacted are indicated. The Food 4 Less/Food Maxx is the store indicated as most likely to be impacted. As the only store in this market niche in Tracy, and as indicated by number of customers at the time of site visits and confidential data, this store was reporting strong sales at the time of BAE's analysis.

Response 1-14: In the 2007 revised BAE Market Impact Analysis, the analysis of additional cumulative impacts on supermarkets considers the WinCo project, the supermarket at the Valpico Town Center, and the Raley's as being reasonably foreseeable supermarkets within the Wal-Mart Trade Area. Additionally, a Smart and Final had been opened; however, it was excluded from the analysis due to its small size and focus on bulk goods packaged for institutional use rather than everyday shopping needs.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

Response 1-15: In the 2005 original BAE Market Impact Analysis report, BAE estimated Trade Area per capita sales based on total taxable sales and population of the Trade Area. This estimate is conservative because it excludes some sales at outlets outside the City. There is no reason to use the County per capita estimates, since these do not represent sales in Tracy. However, this comment is correct in that it should probably exclude the automotive sector and service stations, even though these sectors may generate demand for retail space (e.g., auto parts stores). A revised Table 8 is shown here.

While this annual absorption of 100,768 square feet is below the previously stated figure of 163,770 square feet, it still "indicates a strong likelihood that existing spaces the size of current supermarkets can be re-tenanted should they become vacant through closure." This revision is not significant because the rate of absorption is still high enough to sustain reuse of a substantial amount of vacant space. The five existing supermarkets range in size from 65,715 square feet to 40,320 square feet of which is within the projected absorption range of 100,768 square feet, as roughly equivalent to the size of two large supermarkets. Thus the change does not affect the conclusions of the Draft EIR.

**Table 8, Revised: Calculation of Annual Demand for New Retail Space in Trade Area**

<b>2002</b>	
Total Taxable Retail Sales (a)	\$465,406,943
Trade Area Population (b)	79,141
Sales per capita	\$5,881
<b>2009</b>	
Trade Area Population, 2009 (c)	113,501
Estimated Total Taxable Sales (d)	\$667,468,865
Increase in Taxable Sales, 2002-2009	\$202,061,922
Sales per Square Foot, All Stores (e)	\$286.46
<b>Estimated Additional Annual Retail Square Feet Demand</b>	<b>100,768</b>

(a) From Appendix C. All amounts in 2003 dollars. Includes only taxable sales in Tracy, thus is a conservative estimate of total sales in Trade Area. Excludes automotive sector and service stations.

(b) Calculated using estimated annual average growth rate from 2000-2004 for Trade Area.

(c) From Table 1.

(d) 2009 population x per capita sales.

(e) Based on median sales per square foot for all stores in community shopping centers in the West, *ULI Dollars & Cents of Shopping Centers, 2004*.

Sources: BAE, based on data from Urban Land Institute, State Board of Equalization, and Claritas.

Response 1-16: In the 2005 original BAE Market Impact Analysis report and 2007 revised Market Impact Analysis report, BAE assumed that all of the locations mentioned (with the possible exception of parts of Lathrop) were outside the Trade Area for its analysis, so it is already assumed that for the supermarket sector under consideration, that shoppers from these areas would not be drawn to the WinCo or Wal-Mart Supercenter from these areas. Given continued growth in Tracy itself and within the Trade Area, it is unlikely that there will be an actual reduction in overall demand for retail space in Tracy.

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Response 1-17: For the 2005 original BAE Market Impact Analysis report, BAE did not submit its WinCo report to Wal-Mart for review and comment. BAE did not make changes to its WinCo report at Wal-Mart's request. The City did not engage in discussion with BAE on their analysis nor does it have any correspondence between Wal-Mart, BAE, and PMC regarding discussions concerning the contents of the Market Impact Analysis in its possession. No revision of the EIR is required to respond to this comment.

Response 1-18: In the 2005 original BAE Market Impact Analysis report, the non-grocery items are carried by Wal-Mart as general merchandise, and as such their sales do not represent a change in existing conditions; presumably the supermarket sales already show an adjustment due to the sales of these items at Wal-Mart, as well as other non-supermarkets outlets that carry them. The impact analysis relates to the change in sales due to the increased space in the store, which is for the most part related to grocery items. The increase in general merchandise space is discussed in the Wal-Mart report in the Retail Sales Analysis chapter.

Response 1-19: Trip generation of each of the respective projects was based on the best available data at the time the study was initiated. It is recommended practice by the Institute of Transportation Engineers to use project-specific data where available. A trip generation study was recently completed (2002) for WinCo Foods that is a better representation of the proposed WinCo Foods project than the more generalized Discount Supermarket rate found in ITE's *Trip Generation*. The Wal-Mart traffic study used ITE data because Wal-Mart specific data was not available and the ITE is the industry standard and Wal-Mart specific data from other areas does not apply here.

Response 1-20: Traffic generation for the Wal-Mart expansion project accounted for the total gross floor area of the supercenter, which is what the ITE trip generation rate is based on. The garden center is not included in the calculations as per the recommendation of the ITE manual.

Response 1-21: The following table summarizes the location and number of new dwelling units assumed in the City for the traffic analysis:

Area	New Dwelling Units
From Corral Hollow Road to Tracy Boulevard, Schulte Road to Eleventh Street	500
From Lammers Road to Corral Hollow Road, Byron Road to Schulte Road	1,050
East of Tracy Boulevard	3,650
South of Schulte Road	12,350

Response 1-22: The traffic analysis applied a conservative approach to development assumptions and included all reasonably foreseeable projects in the Cumulative condition. The City's Growth Management Ordinance limits the rate of growth, but does not dictate the ultimate level of growth that could occur in the cumulative future. The traffic analysis assumed build-out of approved projects in the City. Consistent with office forecasts by the San



### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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Joaquin Council of Governments, it also assumed 25-year development of Mountain House and River Islands.

Response 1-23: Two access driveways serve the project site, with a total combined left-turn storage of approximately 450 feet: 300 feet at the western (signalized) driveway, and 150 feet at the eastern (unsignalized) driveway. The Wal-Mart Expansion Project is expected to increase left turns from Grant Line Road into the project site by 80 vehicles during the critical PM peak hour. The estimated increase in left-turning vehicles due to the expansion project could potentially result in the need to extend one or both left-turn pocket(s) by a combined total of three vehicle lengths (75-90 feet). This could be accomplished within the available right-of-way in the center median. Specific left-turn access requirements are incorporated and addressed in the preparation of site plans for the project and are reviewed by the City's traffic engineer for the provision of sufficient length for left-turn storage into the project site. The site plans are included in the plan submittal that is being reviewed for approval by the City. The City Engineer will confirm that the plan is designed with adequate turning lanes for the project.

Response 1-24: The traffic analysis used the San Joaquin Council of Governments' (SJCOG) adopted forecasts for growth in the County, so as to fit within the larger regional traffic plan. The only new part of this 16,314 square feet is a 5,650 square foot expansion of the garden center; Wal-Mart already has an existing garden center and building, this expansion is insignificant and its additional sales could be absorbed quickly by Trade Area population growth.

For the 2005 original BAE Market Impact Analysis report, BAE based its estimates on the SJCOG Research and Forecasting Center projections available at the time of the original analysis. These estimates used by BAE were still available on the SJCOG website as of January 26, 2006.<sup>6</sup>

In the 2007 revised BAE Market Impact Analysis report, many of the population estimates and projection for Tracy and the Trade Area from the original 2005 Market Impact Analysis were determined to be problematic and potentially unreliable. As discussed in Appendix B in the 2007 revised BAE Market Impact Analysis report, this is due primarily to two underlying issues: first, the projections and estimates do not take into account Tracy's Measure A and the resulting slowing of growth in the City, particularly after projects that were already approved are built and the number of annual approvals declines to the 100 unit per year cap for market-rate units that will be in effect for several years; second, the projections do not take into account expected growth in unincorporated Mountain House and River Islands. To account for population growth in Mountain House and River Islands not included in the SJCOG projections, BAE adjusted the projections based on estimates from the Mountain House and River Islands Plans. BAE rejected the SJCOG predictions as suitable projections because they did not seem to incorporate Mountain House or River Islands. Appendix B discusses the revised methodology, including how the 2007 revised analysis took into account expected growth in Mountain House and the larger Trade Area. No revision of the EIR is required to respond to this comment.

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<sup>6</sup> [http://www.sjcog.org/sections/departments/planning/research/projections?table\\_id=140&section\\_id=36&historic=0](http://www.sjcog.org/sections/departments/planning/research/projections?table_id=140&section_id=36&historic=0)

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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- Response 1-25: For the 2005 original BAE Market Impact Analysis report, BAE used the estimated WinCo square footage as provided by the City at the time it undertook its analysis. The use of 92,000 square feet instead of 95,900 square feet for the WinCo building size would not result in any significant difference in the analysis or findings. The 2007 revised BAE Market Impact Analysis report now uses the 95,900 square feet for the WinCo building size, as stated on Page 27.
- Response 1-26: The WinCo traffic study included the mezzanine area in its calculations, while no mezzanine area was included in the Wal-Mart Traffic study. The Wal-Mart proposal is only to include the expansion of the store into grocery sales; it does not include the construction of a mezzanine. The traffic analysis included the full enclosed building square footage of the respective projects. Therefore no change to the EIR is necessary to respond to this comment.

Letter 2

**Big O Tires**

940 Central Ave  
Tracy, CA 95376  
(209) 836-2683

November 18, 2005

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

RECEIVED  
NOV 21 2005  
CITY OF TRACY

SUBJECT: Wal-Mart Supercenter & WinCo DEIRs

Dear Ms. Lombardo:

I am writing to urge you to vote against both the Wal-Mart expansion and the WinCo project. | 2-1

The EIR also claims the Super Wal-Mart and WinCo may cause the closure of the Tracy Food Maxx supermarket (this is contradictory to the conclusion that no stores will close), but it hardly considers other stores or our customers and employees. It's not just about "groceries," which seemed to be the thrust of the entire study. | 2-2

It's clear to me that the market analysis was not sufficiently thorough to include all the potentially affected local businesses and is, therefore, fatally flawed. I am requesting that you reject the conclusions of both DEIRs and have them redone considering all available information and all the businesses in Tracy. | 2-3

There are a number of excellent resources that can give the City insight into the potential harms that can result from these projects. One such study entitled, "The Economic Impact of Wal-Mart Supercenters On Existing Businesses In Mississippi," (Stone, Artz, Myles) concluded among other things that "...For every gain in sales by supercenter-related goods, there were corresponding losses in sales for businesses of these types..." I am requesting that this study (attached) be incorporated in its entirety by reference. | 2-4

In addition, our city recently spent a lot of money to revitalize the downtown business district. This is additional money that will go to waste if this project is approved. Those of us that are a part of the "Tracy First" campaign for local business believe it is obvious that this project deserves an unfavorable recommendation. | 2-5

Respectfully,

  
Corey Krupp

Attachment

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER 2 COREY KRUPP, BIG O TIRES

Response 2-1: Comment noted.

Response 2-2: The 2007 revised BAE Market Impact Analysis report states that Food Maxx sales are likely to be affected by the Wal-Mart and WinCo projects due to its position as a low cost supermarket and may be more directly competitive and see an impact greater than the average for all stores. Additionally, a Save Mart, the Albertsons, and the Food Maxx are at a high risk of closure, but as sales shift in the market and the stores respond in their marketing efforts, it is not possible to state with any certainty which of the these three additional stores is most at risk.

While the focus was more on grocery sales, potential impacts to existing retail stores were also addressed in the 2007 BAE revised Market Impact Analysis report, in particular in the section titled "Cumulative Impacts of Additional Retail Space in the Trade Area" beginning on Page 31. The report focused on groceries because the two proposals are either supermarkets or equivalent to supermarkets, and the impacts in other sectors would likely be scattered and not have the potential to lead to urban decay. Wal-Mart is already considered as a competitor in other retail sectors; that competition is an existing condition.

Response 2-3: The commenter is referred to Response to Comment 2-2 for a discussion of why other retail sectors were not discussed in greater detail in the DEIR.

Response 2-4: The study, by Kenneth Stone et al., "The Economic Impact of Wal-Mart Supercenters on Existing Businesses in Mississippi," analyzes Supercenter impacts in primarily rural areas with limited population growth, and lower income levels. Tracy and the Trade Area are more suburban and urban in character relative to the area addressed in the Stone study, already have many big box stores, and have a growing population base at a higher income level than in Mississippi; therefore, it is not appropriate to apply the data from that study to Tracy.

Response 2-5: The proposed WinCo and Wal-Mart expansion are competitive with other major supermarkets, not the current businesses downtown. The Tracy market has included numerous big-box retailers for many years, and the current mix of businesses in the downtown area reflects an adjustment to that competition. There are no competitive supermarkets in the downtown area, and given the limited availability of suitable large tracts of land and typical retail patterns in downtowns, there is not likely to be one in the future.

Letter 3

November 15, 2005

RECEIVED  
NOV 21 2005  
CITY OF TRACY

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

RE: Wal-Mart Supercenter DEIR

Dear Ms. Lombardo:

The San Joaquin Valley has some of the worst air quality in the nation. This project -- alone and along with the WinCo -- will create increased traffic that will further degrade our air quality but the EIR doesn't tell us how these impacts will affect our health. | 3-1

With all of the traffic generation from this Super Wal-Mart and other similar projects and the construction of tens of thousands of square feet of new retail space, the EIR should discuss reducing fuel consumption with energy-saving components of the project (Electric vehicle charging stations, solar energy and lighting, etc.)? | 3-2

What happens after Wal-Mart has forced other businesses to close and then in a few years, after the town has come to rely on them, they decide to leave as they have so many times before? According to Sprawl-busters.com, Wal-Mart Realty had a total of 356 empty stores for sale or lease as of March 2005. | 3-3

Don't let this happen to our community. Please deny this application. It is very important that we put our long term local interests in business, health, and quality of life, ahead of short term gains. That's why I'm pleased to be a backer of the "Tracy First" campaign. | 3-4

Very truly yours,



Dave Summers  
Dave's Bass Shack  
651-C West Grant Line Road  
Tracy, CA 95376  
(209) 835-6537

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER 3      DAVE SUMMERS, DAVE'S BASS SHACK

- Response 3-1:      Pages 4.6-8, 9, and 10 in the Revised Draft EIR discuss the health impacts associated with air pollutants. Impact 4.6.5, states that the project in combination with other reasonably foreseeable projects would increase air emissions well beyond the SJVAPCD significance threshold. This cumulative impact is considered significant and unavoidable. Mitigation Measure 4.6.5 includes a mitigation measure related to energy efficient project design. However, even with mitigation, there will be a significant and unavoidable impact on air quality.
- Response 3-2:      See Response 3-1 above. Additionally, the commenter is referred to the Revised Draft EIR Section 4.13, Energy Conservation, for discussion of energy conservation measures that the proposed project would implement. The Energy Conservation section discusses energy consumption from project construction, operations and maintenance, and the building envelope. The section also provides mitigation measures and energy efficient design measures including automated control system for heating/air conditioning and energy efficiency, utilize lighting controls and energy-efficient lighting in buildings, and use light-colored roof materials to reflect heat.
- Response 3-3:      The current Wal-Mart store has been in Tracy for several years, as stated in the report; retail vacancies are low, indicating a strong retail market for competitive outlets. In Tracy, Wal-Mart is not abandoning, but expanding, an existing store. For additional discussion related to potential urban decay, see Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department.
- Response 3-4:      The commenter notes he is a supporter of the "Tracy First" campaign for local businesses. Comment noted.

Letter 4

November 10, 2005

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

RECEIVED  
NOV 21 2005  
CITY OF TRACY

RE: Wal-Mart Supercenter DEIR

Dear Ms. Lombardo:

I would like to take this opportunity to comment on the Draft EIR for the Wal-Mart Supercenter project on Grant Line Road.

If this Wal-Mart Supercenter is allowed to be developed in Tracy, it may have serious negative implications for our local businesses and workers. The Draft EIR did not adequately address the economic impact on local business. It had a lot of tables and census data, but not much in the way of data showing the negative impact to small businesses in other communities where the Wal-Mart Supercenter projects have been approved.

4-1

A recent study by Stephan J. Goetz and Hema Swaminathan of the Department of Agricultural Economics and Rural Sociology, Pennsylvania State University found that "...After carefully and comprehensively accounting for other local determinants of poverty, we find that the presence of Wal-Mart unequivocally raised family poverty rates in US counties during the 1990s relative to places that had no such stores." I would like this study, which I have attached, incorporated into my comments by reference and considered in the review process.

4-2

The market analysis of the draft EIR did not address this potential problem. I hope you will not allow this project to proceed without requesting that the consultants do a more thorough examination including a full review of the literature until there is enough information to determine the real affects on other businesses in Tracy. I am proud to support "Tracy First" so that our local interests are protected.

4-3

Sincerely,



Melody Potter  
The Fifth Season  
31 West 10th Street  
Tracy, CA 95376  
(209) 835-3789

Attachment

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER 4 MELODY POTTER, THE FIFTH SEASON

Response 4-1: The Revised Draft EIR also includes the 2007 revised Market Impact Analysis report (Appendix A) and the best professional opinion contained within Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department. The literature on Wal-Mart impacts relates primarily to what happens when Wal-Mart enters a community (often a small rural town) for the first time. Tracy has had a Wal-Mart for several years, along with numerous other chain stores and big-box retailers, and small businesses have had to compete with the existing Wal-Mart and other big-box retailers for many years. Furthermore, CEQA analysis is limited to likely physical impacts, where the economic impact is part of a causal chain leading to urban decay Tracy is a thriving retail market and has a stable population base inclusive of recent housing market changes, the provisions in Measure A, and growth associated with prior development approvals. Even closures of some businesses, especially smaller ones, is not likely to lead to urban decay or other physical deterioration as discussed in the *Urban Decay Analysis Memo* (Lombardo 2007). Social impacts, such as possible changes in poverty rates, are not part of CEQA analysis.

The City of Tracy Planning Department compiled the following information in order to clarify the numeric trends for the previous, current and future housing market in Tracy. Housing starts through most of the 1990s were between 300 and 600 units per year. Housing starts were the highest in the late 1990s and early 2000s. It is important to note that the reduction in housing starts in Tracy occurred between 2004 and 2005, primarily due to Measure A, and not as a result of recent housing market changes. Once the majority of vested residential projects were completed, the number of housing starts decreased when the post-2000 projects had to comply with the new annual and averaging rules.

Year	Number of Housing Starts
1998	1078
1999	1322
2000	1500
2001	1444
2002	1375
2003	1265
2004	1254
2005	420
2006	206
2007	23
2008	0 as of March 2008

Currently, there are approximately 488 units (single- and multi-family) that have been approved but not yet built. Approximately one third of these units were vested prior to the passing of Measure A, which allows the developer to pull building permits. In contrast, the rest of the approved units are constrained by Measure A, which only allows 100 permits per year until the



### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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City reaches the average specified, which will probably be in the year 2014. Additionally, there are the Ellis, Tracy Hills, and the Homewood projects. These projects are all currently in pursuit of Development Agreements with the City to build all of the residential units, which combine to over 8,000 units. This is an indication the developers are still currently pursuing residential development entitlements in Tracy despite the recent housing market changes, although they probably won't be building a lot until the current housing market improves.

Response 4-2: The commenter has attached a recent study by Stephen J. Goetz on Wal-Mart impacts. The City staff acknowledges the study and notes that the Market Impact Analysis has been revised and updated.

Response 4-3: The commenter notes the inadequacy of the market analysis, which has been substantially revised by BAE. The commenter also notes he is a supporter of the "Tracy First" campaign for local businesses. Comment noted.

Letter 5

November 18, 2005

Miss Millie's Learning Loft  
903 Central Avenue  
Tracy, CA 95376  
(209) 833-9096

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

RECEIVED  
NOV 21 2005  
CITY OF TRACY

RE: Wal-Mart Supercenter DEIR

Dear Ms. Lombardo:

I am requesting that the City of Tracy deny the application for a Wal-Mart Supercenter.

The Wal-Mart EIR does not include the proposed Tracy WinCo in its list of related projects in the section called "Cumulative Impacts Summary" (page 5.02 and 5.03) nor does the Tracy WinCo EIR include the Super Wal-Mart project in its list of related projects (page 4-4). How can these projects ignore one another?

5-1

Also, the EIR ignores pending applications to build similar Supercenter projects in South Stockton (French Camp), Manteca, and Ripon. These should be included in the list of related projects.

5-2

Finally, the Market Impact Analysis fails to consider other sound research that contradicts their conclusions. Moreover, at least one study indicates that continued promotion of "chain" stores like Wal-Mart and WinCo will have a negative effect on the local economy as a whole. It is the "Andersonville Study," and I would like for it to be included and considered along with my comments

5-3

If this project is approved, it will only result in more closed businesses and displaced employees. Please protect our local businesses and deny this application. I am pleased to be a part of the "Tracy First" campaign for local businesses.

5-4

Thank you.

Sincerely,



Millie Comber

Attachment

#### LETTER 5      **MILLIE COMBER, MILLIE'S LEARNING LOFT**

Response 5-1:      Page 4.4-18 of the DEIR, under "Cumulative Traffic Volumes," states that "...the trips generated by the proposed WinCo Foods and the northern parcel on Pavilion Parkway were included in the Cumulative traffic volumes. For the Cumulative Baseline scenario, the existing Wal-Mart store was assumed."

The DEIR traffic analysis does include regional traffic through the cumulative traffic analysis. As stated on page 4.4-18 of the DEIR, under "Cumulative Traffic Volumes," "The Tracy General Plan traffic demand model (modified from the SJCOG model) was used as the basis for generating regional Cumulative traffic forecasts.

Response 5-2:      See Response 1-5 regarding the new Trade Area analyzed in the 2007 revised BAE Market Impact Analysis report. The list of pending applications considered relevant to the proposed project were those available for review at the time the Notice of Preparation was submitted and within the City's Sphere of Influence. In Manteca, there is currently no application for a Supercenter at a specific site, even though city representatives and local media reports indicate that Wal-Mart is actively seeking a site in Manteca. However, because of the distance to Tracy, the presence of an existing regular Wal-Mart in Manteca, and the potential for Manteca and Lathrop residents also to patronize the proposed Supercenter at French Camp in south Stockton, the Trade Area for the proposed Wal-Mart Supercenter in Tracy is conservatively assumed to exclude Manteca and Lathrop, even absent a Manteca Supercenter as a foreseeable project.

Response 5-3:      The 2005 and 2007 revised BAE Market Impact Analysis report analyzes the cumulative impacts of the WinCo on the Wal-Mart expansion and vice-versa. The other proposed Supercenter projects are outside the Wal-Mart Trade Area, which was drawn in large part on the assumption that Supercenters would be built in surrounding communities.

The Market Impact Analysis by BAE has been revised and updated to include a Trade Area based on Traffic Analysis Zones that includes a more conservative analysis than the previous report. The business district studied in the cited report (the "Andersonville" study) compares financial results from some surveyed businesses in an older established shopping district in Chicago with hypothetical results if a similar chain outlet were located in the area. The study uses different methodologies for the local merchants than for the chain outlets (local surveys as contrasted with top-down input-output modeling) and as a result the comparisons are questionable, sort of an apples-to-oranges comparison. Furthermore, the retail setting in Tracy, where chain stores are already present in large numbers, is not analogous to the Andersonville situation.

Response 5-4:      The commenter notes he is a supporter of the "Tracy First" campaign for local businesses. Comment noted.

3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

Letter 6

November 20, 2005

RECEIVED  
NOV 21 2005  
CITY OF TRACY

Ms. Victoria Lombardo  
City of Tracy Planning Department  
Tracy, CA 95376

Dear Ms. Lombardo,

I am writing to urge you to thoroughly consider the economic impacts before approving the Wal-Mart Supercenter and WinCo projects in Tracy. Both of these projects will have a ripple effect throughout our community and significantly impact our locally owned and operated businesses. The current DEIRs for these projects do not adequately address the economic impact on Tracy's small businesses.

6-1

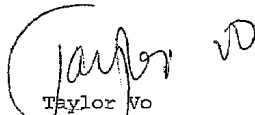
I have attached a study conducted by a recognized researcher at the University of California at Berkeley. This study serves as an excellent example of the hidden cost of bringing Wal-Mart, and other big box stores such as WinCo, into communities. These stores will affect the livelihood our local economy. On behalf of all of the business owners in Tracy, please conduct further research on to potential and probable economic effects of bringing these two retail giants into our community.

6-2

I'm proud to be a supporter of the "Tracy First" campaign for local businesses.

6-3

Respectfully,



Taylor Vo  
Taylor Salon  
2517 Tracy Blvd  
Tracy, CA 95376  
(209) 835-0888

**LETTER 6      TAYLOR VO, TAYLOR SALON**

- Response 6-1:      A 2007 revised BAE Market Impact Analysis report was prepared that fully addresses the impacts of the proposed project on existing retail outlets. In addition, an *Urban Decay Analysis Memo* was prepared by City staff that cites evidence that stores that may potentially close due to competition will be re-tenanted. The economic impacts of new retail businesses on small businesses that are not directly competitive with the supermarket expansion/addition are not likely to lead to urban decay.
- Response 6-2:      The study mentioned relates to impacts on jobs and social services; these impacts are beyond the scope of a CEQA economic impact analysis.
- Response 6-3:      The commenter notes he is a supporter of the “Tracy First” campaign for local businesses. Comment noted.

**3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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Letter 7

RECEIVED  
NOV 21 2005  
CITY OF TRACY

November 19, 2005

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

RE: Wal-Mart Supercenter DEIR and WinCo

Dear Ms. Lombardo:

I am writing in regard to the Draft Environmental Impact Report for the proposed Wal-Mart Supercenter. As a small business owner, my interest is in the economic health of local businesses and the quality of life in Tracy.

The EIR claims the Wal-Mart Supercenter and WinCo will not result in store closures in Tracy because they will draw shoppers from a regional area, but what will the impacts be to the regional area? The market area is much larger than the area studied for impacts such as economic impacts and traffic impacts.

7-1

The Market Impact Analysis contained in the EIR does not consider actual outcomes in other communities that have faced similar situations or included information from other studies that yield different results. In fact, a study from January 2004 entitled "Supercenters and the Transformation of the Bay Area Grocery Industry: Issues, Trends, and Impacts" found that the average grocery job in the Bay Area paid wages and benefits worth about \$42,552 per year, a third of which from benefits. This compared to a total compensation by Wal-Mart, including wages and benefits, estimated at \$21,000 less yearly per average grocery employee. I am requesting that this study be incorporated into my comments by reference.

7-2

If the Wal-Mart Supercenter and WinCo are allowed to be developed in Tracy, it will have serious negative implications for our local businesses and workers. It is my firm belief that the Draft EIRs failed to fully recognize these impacts. Our organized opposition to these projects, "Tracy First," will continue to work to see that our interests considered.

7-3

Sincerely,



Verla Braun  
Tracy Grocery Outlet  
825 West 11th Street  
Tracy, CA 95376  
(209) 836-2182

Attachment

#### LETTER 7      VERLA BRAUN, TRACY GROCERY OUTLET

Response 7-1:      The market analysis considered the impacts in the designated Trade Area. There are no significant retail concentrations outside the City of Tracy but still within the Trade Area to be impacted. See Response 1-5 regarding the 2007 revised BAE Market Impact Analysis report Trade Area analysis. In addition, see the *Urban Decay Analysis Memo* prepared by the staff of the City of Tracy Planning Division that discusses the ability of the City to re-tenant any potential vacant stores.

Response 7-2:      Case law, starting with *Citizens Association for Sensible Development of Bishop Area v. County of Inyo* (1985) 172 Cal. App. 3d. 151 (Bishop) establishes that Environmental Impact Reports are only required to cover the potential physical environmental impacts caused by a project. The impact on jobs is not covered, unless it can be linked to physical deterioration of the environment.

Vacancies and the resulting physical deterioration of the environment are not anticipated, even with the addition of the WinCo and Wal-Mart projects, because the population of Tracy and its surroundings would be able to support such growth and the overall demand for retail space in Tracy should prevent long-term vacancies (see Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department). The potential economic effects of the project on jobs are not within the scope of this CEQA-level analysis.

Response 7-3:      Comment noted. The Revised Draft EIR addressed many new issues raised during the public review period of the original Draft EIR regarding the market analysis, urban decay, air quality, traffic, and energy conservation. These issues have been comprehensively addressed in a 2007 revised BAE Market Impact Analysis report, additional traffic analysis, additional analysis for Greenhouse Gas Emissions and Energy Conservation and a memo from City staff on urban decay. City staff recommends no further amendments to the EIR analysis to address these impacts.

Letter 8

November 8, 2005

Ms. Victoria Lombardo, Planner  
City of Tracy  
Tracy, CA 95376

**RECEIVED**  
**NOV 21 2005**  
**CITY OF TRACY**

RE: Wal-Mart Supercenter & WinCo DEIRs

Dear Ms. Lombardo:

I am deeply concerned about the results or lack thereof contained in the Draft EIRs for the Wal-Mart expansion and the WinCo projects.

8-1

Both projects will be constructed on land at the city limits adjacent to unincorporated San Joaquin County. The County land is currently planned and used for agriculture, yet the EIRs do not discuss conflicts between agricultural uses and the proposed project. To assume that the land will one day be annexed to Tracy and urbanized is simply not good enough. The EIRs must discuss and mitigate impacts between development of these large retail projects adjacent to and in close proximity to working farm lands.

8-2

In fact, the San Joaquin County General Plan Agricultural Lands Policies 9 and 10 provide "Agriculture shall be protected from nuisance complaints from non-agricultural land uses by appropriate regulatory and land use planning mechanisms" and "Non-agricultural land uses at the edge of agricultural areas shall incorporate adequate buffers (e.g. fences and setbacks) to prevent conflicts with adjoining agricultural operations."

8-3

Finally, meaningful economic development would consist of projects and policies that would allow all of our downtown businesses to grow. No one will benefit from a Wal-Mart Supercenter and a WinCo when local businesses close and virtually all competition is eliminated. Dr. Kenneth E. Stone of Iowa State University conducted a study of the impact of Wal-Mart on rural communities, which I am attaching and requesting be included by reference as an addendum to my comments for the official record. He concluded that there is a "Wal-Mart Phenomenon" and that the effect on local businesses is substantial. The market impact analysis did not consider this effect on Tracy or how WinCo, as a large "big box" retailer may have a similar effect.

8-4

Thank you for your attention to this matter. I support the "Tracy First" campaign for local businesses.

Sincerely,



Alfonso Ybarra  
Ybarra BROS Jewelers  
3085 North Tracy Boulevard  
Tracy, CA 95376  
(209) 835-8865

Attachment



**LETTER 8      ALFONSO YBARRA, YBARRA BROS JEWELERS**

Response 8-1:      Comment noted.

Response 8-2:      The Wal-Mart property is not farmland, but is vacant, disturbed land that is separated from the County farmland by a major arterial (Grant Line Road), commercial business, and a large parking lot. Therefore this project would have no conflict between the project site and the farmland in the vicinity.

Response 8-3:      The Wal-Mart expansion would occur next to Highway I-205, not adjacent to an adjoining agricultural operation.

Response 8-4:      The study mentioned, by Kenneth Stone, is entitled "Impact of the Wal-Mart Phenomenon on Rural Communities." This study, published in 1997, relates to the impacts of Wal-Mart on small rural communities in the Midwest, not to a larger growing city such as Tracy where big-box stores such as Wal-Mart have been part of the landscape in that city and surrounding cities for many years.

Letter 9



RECEIVED  
NOV 23 2005  
CITY OF TRACY

November 18, 2005

17214

VIA EMAIL AND REGULAR MAIL

Victoria Lombardo  
Planning Department  
City of Tracy  
520 Tracy Boulevard  
Tracy, CA 95376

**Re: Tracy Wal-Mart Expansion Project**

Dear Ms. Lombardo:

On behalf of our client, Wal-Mart Stores, Inc., we are submitting the enclosed letter dated November 4, 2005 from Kimley-Horn and Associates, Inc.

Please feel free to contact me at (415) 403-3344 if you have any questions.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Judy V. Davidoff/mm".

Judy V. Davidoff

Encl.

cc: Caroline Schallhorn, Wal-Mart Stores, Inc.

17214:6479292.1

Letter 9 Continued



4 November 2005

Suite 410  
2000 Crow Canyon Place  
San Ramon, California  
94583

Victoria Lombardo  
City of Tracy  
520 Tracy Boulevard  
Tracy, CA 95376

Re: Comments on Tracy Wal-Mart Expansion Project Draft EIR

Dear Ms. Lombardo:

Kimley-Horn and Associates, Inc. was asked by Judy V. Davidoff at Steefel, Levitt, & Weiss to provide you with our evaluation of the feasibility of the proposed mitigation at the Grant Line/Corral Hollow and W. 11<sup>th</sup>/Corral Hollow intersections.

According to information contained in the traffic study, the two intersections are expected to operate at LOS D in the PM Cumulative and Cumulative Plus Wal-Mart scenarios, even after conventional mitigation to widen the intersections.

Mitigation assumed in the 2005 traffic study at both intersections included widening each approach to accommodate two left turn lanes, three through lanes, and one free right turn lane. Nevertheless, the traditional mitigation was not sufficient to raise traffic operations to LOS C, thus prompting the recommendation for grade separation.

It should be noted that justification for the radical grade separated mitigation measures has little connection with the proposed Wal-Mart expansion. According to the traffic report (compare Table 9 and Table 16), the expansion is estimated to increase average delay at the Grant Line/Corral Hollow intersection by only one second and cause zero increase in average delay at the W. 11<sup>th</sup>/Corral Hollow intersection. This clearly indicates that the future traffic deficiencies at the two intersections would occur regardless of the store expansion and that the Wal-Mart has negligible effect, especially when compared with other development projects in Tracy. Yet the impact study recommends that Wal-Mart contribute to the costs of expensive grade separated structures at the intersections.

9-1

9-2

K:\097027014 - Robert Karn - Tracy Walmart Peer Review - JEW\TracyWalMartPeerReview\08.GrdSepSummaryV2.doc

Letter 9 Continued

Tracy Wal-Mart, page 2



Grade Separated Single Point Urban Interchange



Grade separation would require that one of the major streets at each intersection be elevated or lowered to separate the major through traffic movements. The results would be similar to a single point urban interchange found on freeways. The

9-3

change would require significant retaining walls, long bridge spans, and would require one of the streets to be elevated or depressed by roughly 25 feet. If elevated above the existing grade, it would increase noise levels and block view corridors. If depressed it would require a pump station and special engineering to prevent flooding of the depressed street. Both options would significantly affect access to driveways near the intersection and would likely require some driveway closures to maintain adequate access management.

Rough order of magnitude costs for the interchanges and related improvements were estimated by Kimley-Horn at \$24-26 million per intersection. The costs are for the interchanges only. It is likely that right-of-way may be required and existing businesses and homes may also be affected which could significantly increase the estimated costs. Asking Wal-Mart to significantly contribute to such expensive projects for adding one or less seconds of average delay seems unjustified and out of proportion to the project impact.

9-4

In addition, the concepts appear inconsistent with the surrounding land uses and the need for convenient access to existing commercial parcels and residential neighborhoods. Furthermore, it would be impractical to construct the interchanges even if there was funding. Existing traffic volumes would need to be shifted to an alternative alignment or other city street which would result in massive congestion for the duration of the construction period.

9-5

ki097027014 - robert.kam - tracy walmart peer review - jcw\tracywalmartpeerreview08.gradesspsummaryv2.doc

Letter 9 Continued

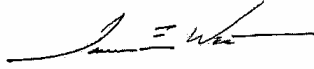
Tracy Wal-Mart, page 3



Based on our review of the traffic report, it is our professional opinion that the grade-separation mitigations are not feasible mitigations for the Wal-Mart project for the reasons stated above. Aside of the fact that the Wal-Mart's contribution to the level of service deficiency is negligible, the costs for the grade separated intersections are enormous, construction staging is unmanageable, and potential impacts to nearby businesses and residents are huge.

9-6

Very truly yours,  
KIMLEY-HORN AND ASSOCIATES, INC.,



James E. West, P.E.  
#C65854

k:\097027014 - robert.kam - tracy walmart peer review - jew\tracywalmartpeerreview08\_gradesepsummaryv2.doc

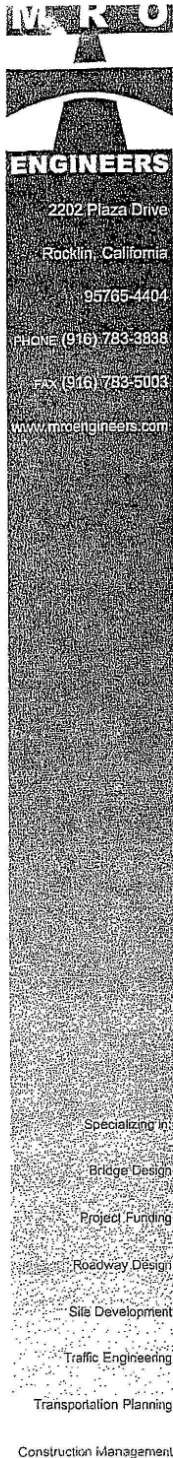
### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER 9 STEEFEL, LEVITT & WEISS/KIMLEY-HORN AND ASSOCIATES

- Response 9-1: The traffic study for the Wal-Mart Expansion project concluded that the intersections of Grant Line Road/Corral Hollow Road and Eleventh Street/Corral Hollow Road would operate at LOS D during the PM peak hour under cumulative conditions both with and without the proposed expansion project, even with full maximum at-grade improvements that would accommodate two left-turn lanes, three through lanes, and one free right-turn lane on all approaches.
- Response 9-2: The proposed project would add traffic to these intersections, exacerbating an already deficient condition. The project would be required to contribute its fair share toward improvements at the intersections to help mitigate cumulative deficiencies. Specific fair-share responsibilities will be determined for the project in a separate Finance and Implementation plan.
- Response 9-3: Grade separation does involve significant cost and require right of way that may significantly affect access to driveways near the intersection.
- Response 9-4: A separate study will be performed to determine the project's fair-share contribution toward cumulative improvements. The project would only be required to contribute proportionately to the cost of the improvement, as determined by the nexus study.
- Response 9-5: Existing land use around the intersections may preclude the construction of a grade separated single point urban interchange in the near-term.
- Response 9-6: The City will consider cost implications and potential impacts to nearby businesses and residents in its decision to implement any mitigation improvement, grade-separated or otherwise.

Letter 10



March 8, 2006

Mr. Jim Watt  
Retail Strategies  
286 Grizzly Peak Blvd.  
Kensington, California 94708

Subject: Review of Traffic Impact Analysis – Proposed Wal-Mart Expansion, Tracy, California  
(MRO Project No. 20601.00)

Dear Mr. Watt:

As requested, MRO Engineers, Inc., has completed a review of the traffic impact analysis completed with respect to the proposed Wal-Mart Expansion project in Tracy, California. The proposed project is the subject of a Draft Environmental Impact Report (DEIR), which was prepared for the City of Tracy by PMC - Pacific Municipal Consultants (Reference: *Wal-Mart Expansion - City of Tracy - 3010 W. Grant Line Road, Tracy - Draft Environmental Impact Report*, October 2005). The DEIR incorporates a traffic impact analysis prepared by Fehr & Peers (Reference: *Final Report - Traffic Impact Study for the Wal-Mart Expansion Project in the City of Tracy*, September 2005). Our review focused on the technical adequacy of the traffic impact analysis, including the appendices containing the intersection level of service calculations.

**Background**

According to the DEIR, the proposed Wal-Mart Expansion project would be located at 3010 West Grant Line Road, on the north side of Interstate 205 (I-205) between Naglee Road and Lammers Road, within the I-205 Corridor Specific Plan area in the City of Tracy. The proposed project would increase the size of the existing store from 125,689 square feet (SF) to 219,425 SF (including the expanded garden center); a 5,282 SF “outdoor sales area” is also part of the plan, resulting in a total of 224,707 SF of retail area.

The DEIR traffic impact analysis conducted by Fehr & Peers addressed potential impacts of the proposed project at nine existing intersections in the immediate vicinity of the project site, as well as one additional intersection that would be created in the future. Traffic operations on three segments of the Interstate 205 (I-205) freeway were also addressed.

**Traffic Impact Analysis Review**

Our review of the proposed project’s traffic impact analysis revealed a number of issues that should be addressed prior to approval of the project by the City of Tracy. These issues are summarized below.

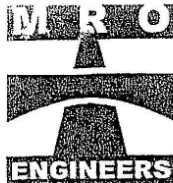
1. **Analysis Methods** – According to the DEIR (page 4.4-5), “[t]he analysis methods outlined in the *Highway Capacity Manual* (Transportation Research Board, 2000) were used in this study.” The HCM is generally accepted as the definitive resource for analysis of all types of roadway facilities. However, certain key aspects of the Wal-Mart Expansion traffic analysis did not conform to the HCM methodologies. In particular, neither the unsignalized intersection analyses nor the freeway segment analyses accurately reflect HCM procedures.

10-1

Construction Management

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Unsignalized Intersection Analyses

The analysis results reported for unsignalized intersections do not conform to the procedures established within the *Highway Capacity Manual*. Specifically, page 17-1 of the HCM states: "Level of service (LOS) for a TWSC [two-way stop-controlled] intersection is determined by the computed or measured control delay and is defined for each minor movement. **LOS is not defined for the intersection as a whole.**" [Emphasis added.]

In fact, page 4.4-6 of the DEIR includes the following statement, which accurately summarizes the key element of the HCM procedures for unsignalized intersections:

*For side-street stop-controlled intersections, delay is typically represented for each movement and reported for the worst movement from the minor approaches only.*

This is not the approach taken in the DEIR traffic analysis, however. In fact, the DEIR traffic analysis report presents two delay values for unsignalized intersections, neither of which is consistent with the HCM methodology. First, a delay value is provided for the worst-case intersection approach (i.e., a combination of lanes and associated traffic movements on a particular leg of the intersection). This would only accurately represent the HCM methodology in the case of single-lane approaches, where the one available lane would serve all possible movements (i.e., left turns, through movements, and right turns) and would, therefore, represent the entire approach.

In other cases, where multiple lanes are provided to accommodate the various traffic movements, the effect of reporting approach delays rather than worst-case movement delays is to understate the delay experienced by drivers on that critical movement, which is typically the left-turn movement from the side street. In effect, the delay value for the worst case movement is averaged with the other movements on the approach (which generally have lower delay values), which results in lower reported delay values.

10-1  
cont'd

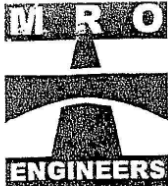
The second delay value reported for each unsignalized intersection is a single overall average delay value, which is intended to describe the operation of the intersection as a whole. This overall delay value represents a volume-weighted average of the individual delay values for all of the movements at each intersection. Because, for example, the uncontrolled through movements on the major street have delay values of zero, and because those movements typically represent the highest volume at such an intersection, the volume-weighted average delay value for the intersection as a whole is unrealistically low, by a substantial amount. Consequently, the reported delay results fail to indicate the frustration and inconvenience experienced by drivers who are directly affected by the STOP sign. In cases where these key side-street delay values are excessive, safety problems might occur, as frustrated drivers begin to accept less-than-adequate gaps in major street traffic and turn in front of oncoming vehicles.

In addition to being contrary to the analysis procedure set forth in the *Highway Capacity Manual*, this approach provides an overly optimistic view of intersection operations, masking individual movements that operate at higher levels of delay. As such, the DEIR traffic analysis provides a misleading indication of intersection operations at these locations and potentially fails to identify significant traffic impacts.

A key example of this is the future intersection of Auto Plaza Drive/Corral Hollow Road. According to Table 4.4-16 (page 4.4-55) in the DEIR, under Cumulative Plus Project conditions, that intersection will operate at LOS C on the worst case (eastbound) approach (average delay =



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19 seconds per vehicle) and LOS A overall (average delay = 2 seconds per vehicle). [Note that the worst case approach is incorrectly labeled as westbound in the table; the future T-intersection will have no westbound approach.]

Review of the intersection calculation worksheet contained in the appendix to the traffic study reveals that the eastbound left turn will represent the worst case movement (as called for by the HCM methodology), and it will operate at LOS D, with 30.7 seconds of delay per vehicle. This degradation in intersection operations represents a significant impact, as the intersection will be more than one-quarter mile from the freeway and will, therefore, have a level of service standard of LOS C. Consequently, mitigation is required at this location, although none is called for by the DEIR traffic analysis.

10-1  
cont'd

Freeway Segment Analyses

Both the DEIR "Traffic and Circulation" section and the Fehr & Peers report (presented as Appendix C to the DEIR) state that three individual segments of the I-205 freeway were analyzed using the applicable HCM method. As summarized in the reports, the HCM methodology measures freeway segment operations in terms of density (in passenger cars per lane per mile). In fact, page 4.4-7 of the DEIR states the following:

*The LOS for a freeway segment is based on the vehicle density (passenger cars/lane/mile) as shown in Table 4.4-3.*

However, the analyses themselves completely ignore the HCM methodology or any other meaningful form of analysis, and no further mention is made of the specific analysis segments. The "analysis" consists of a rather simplistic statement with regard to the incremental freeway traffic volume. As an example, page 4.4-50 of the DEIR contains the following statement:

*Within the 4:00-6:00 PM period, the project is estimated to increase the eastbound volume by up to 14 trips. This represents about 1% of the total eastbound volume on the freeway during this time period, which is below the significance threshold of 5%.*

10-2

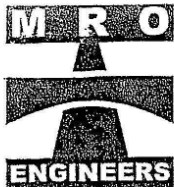
Given that the DEIR specifically states that, "[t]he analysis methods outlined in the *Highway Capacity Manual* (Transportation Research Board, 2000) were used in this study," and that freeway operations are measured in terms of density by the HCM procedures, the appropriate significance criterion must relate to freeway density, rather than simply to the incremental increase in traffic.

It should be noted that the only meaningful reference to the freeway's level of service is an unsubstantiated statement that I-205 currently operates at LOS F during the peak hour (DEIR page 4.4-50). We have found no reference at all in the DEIR to freeway operations under cumulative conditions, either with or without the proposed project. This lack of substantive information makes it difficult to evaluate the validity of the conclusions regarding the lack of freeway impacts.

The one-paragraph description of the "Existing Plus Project" freeway analysis results also contains the following erroneous statement:

*The actual peak hour of I-205 occurs at 5:00 AM, before the normal AM peak period, and before the project is expected to generate trips. [Emphasis added.]*

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According to the Project Description (DEIR page 3.0-3), the proposed store will be open 24 hours per day, 7 days per week. Thus, the proposed project will have impacts on the freeway during the 5:00 AM hour, which have not been addressed in the DEIR. 10-2 cont'd

2. *Level of Service Calculations* – Review of the traffic study appendix containing the detailed level of service calculation sheets raised questions with regard to the validity of certain analysis assumptions and results. Several areas of concern are discussed below.

Peak Hour Factor

One of the key parameters incorporated into the intersection level of service calculation procedure is the peak hour factor (PHF), which has two functions. First, it serves as an indicator of the uniformity of traffic flow throughout the peak hour period. The closer the PHF is to 1.00, the more uniform the flow. (Specifically, if the traffic volume is identical in each of the four 15-minute periods within the peak hour, the PHF will equal 1.00. Lower PHF values indicate that traffic volumes are more highly variable over the course of the hour.)

Second, and more important, application of the PHF in the level of service calculation provides an adjustment intended to represent operating conditions in the peak 15-minute period within the peak hour, thereby providing a conservative assessment of intersection operations. (Because of the way the PHF is applied, lower factors result in higher 15-minute traffic flow rates, which results in more conservative estimates of intersection delays. In this case, the traffic count data indicated that, in the AM peak hour, the PHF values on the study intersection approaches range from 0.733 to 0.972, while in the PM peak hour, these values are between 0.755 and 0.971.)

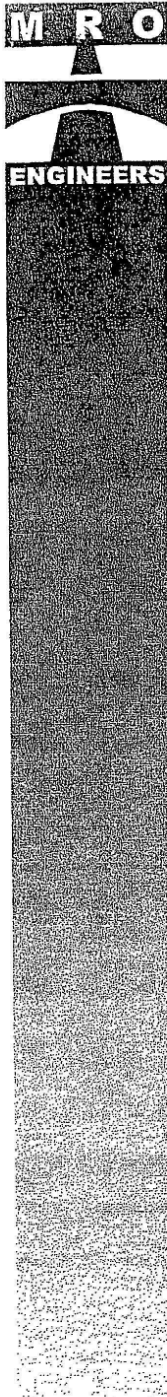
The intersection level of service calculations consistently used a peak hour factor of 1.00. In so doing, it is assumed that no variation in traffic flow occurs within the hour, and the analysis results represent an unrealistic “average” delay value for the hour as a whole, rather than a value that reflects operations during the critical period within the hour. 10-3

Referring to the *Highway Capacity Manual* (Transportation Research Board, 2000), Exhibit 10-12 (page 10-17) presents the “Required Data for Signalized Intersections,” including default values for key input variables. That exhibit indicates that a PHF default value of 0.92 should be used in the absence of actual values based on field data. (Of course, in this case, actual field values are available; they were simply ignored.)

Although a similar default value is not presented for unsignalized intersections, the *Highway Capacity Manual* states: “For the analysis to reflect conditions during the peak 15 min, the analyst must divide the full hour volumes by the peak-hour factor (PHF) before beginning the computations. If the analyst has peak 15-min flow rates, they can be entered directly with the PHF set to 1.0.” Since the DEIR traffic analysis was based on hourly volume figures, and not peak 15-minute flow rates, the analysis results for unsignalized intersections again represent average delay values for the entire hour, rather than for the peak 15-minute period.

In short, by using a PHF value of 1.00, the traffic impact analysis indicates lower intersection delay values than would be found by appropriately adjusting for traffic flow variations within the peak hour.

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Signalized Intersection Calculations

A number of the signalized intersection level of service calculations include unexplained adjustments that might cause the intersection delay value to be understated. Examples of this include:

- Grant Line Road/Corral Hollow Road – The eastbound right-turn volume was reduced by 25 percent (through application of a “growth factor” of 75 percent) under all analysis scenarios.
- Eleventh Street/Corral Hollow Road – The eastbound right-turn volume was reduced by 20 percent under all analysis scenarios.

10-4

The rationale (if any) for these assumed reductions in traffic volumes must be described.

Mitigated Intersection Calculation – Grant Line Road/Byron Road

The “Existing Plus Project” mitigation measure at the intersection of Grant Line Road/Byron Road calls for installation of a traffic signal and coordination of that signal with the detection system at the nearby at-grade railroad crossing. The analysis indicates that implementation of this measure will result in operation of the intersection at LOS C, with delay of 30.1 seconds per vehicle. However, this calculation does not appear to consider the effects of added delays associated with activation of the gate arms at the at-grade rail crossing. When a train approaches and the gate arms go down, no movement to or from the east leg of the intersection will be possible. This will result in substantially higher delays for drivers on the westbound left- and right-turn movements, as well as the northbound right turns and the southbound left turns. The detrimental effect on intersection operations associated with passing trains must be considered in the analysis.

10-5

Also, we note that the mitigated level of service analysis for this intersection assumes that the southbound left turn will operate as a “permitted” movement rather than the more-typical “protected” movement. This means that drivers turning left will not have the benefit of a green arrow to protect them during the turn. Instead, they will be required to turn left during the green signal phase for northbound and southbound through traffic, meaning that they will be required to identify adequate gaps in oncoming traffic in which to perform this maneuver. Because this form of left-turn signal phasing is somewhat unusual in California, drivers may be unaccustomed to making such judgments, and a potential safety hazard might be created. Given the fact that 470 such left turns are projected in the PM peak hour (i.e., more than one every eight seconds, on average, over the course of the hour), the magnitude of this safety impact might be substantial. The operational effects of implementing “protected” phasing should be investigated at this location as part of the mitigation measure.

Cumulative Conditions Intersection Calculations – Robertson Road/Naglee Road

All of the cumulative conditions intersection calculations at this intersection used the wrong traffic volumes on the westbound approach. The volumes shown on the calculation worksheets are somewhat lower than the correct values, so the intersection delay is probably understated.

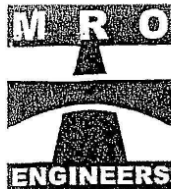
10-6

Cumulative Conditions Intersection Calculations – Grant Line Road/Lammers Road

The level of service calculations for the signalized intersection of Grant Line Road/Lammers Road under cumulative conditions (PM peak hour, both with and without the proposed project) do not

10-7

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accurately reflect the intersection configuration illustrated on Figure 4.4-5 (page 4.4-25) or Figure 4.4-13 (page 4.4-52). The key differences are as follows:

- The LOS calculation sheets (which are erroneously labeled “Grant Line & Byron Road”) show that a free-flow right-turn lane was assumed on the westbound approach to the intersection.
- Neither of the figures referred to above show a free-flow right-turn lane on the westbound approach. In fact, they show that right turns on that approach will be served by a dedicated right-turn lane combined with a shared through/right-turn lane, a combination that is not typically operated under “free-flow” conditions.

10-7  
cont'd

Thus, either the figures are both incorrect (and should show a westbound free-flow right-turn lane) or the LOS calculation has incorrectly and inappropriately included that improvement.

This is particularly critical at this location, as the Cumulative Plus Project delay value at the intersection is 53.0 seconds per vehicle, which is 2.0 seconds per vehicle short of the threshold between acceptable operations at LOS D and unacceptable LOS E. Elimination of the westbound free-flow right-turn lane from the calculation might be sufficient to cause the intersection to fall to LOS E, thereby requiring mitigation.

3. *Analysis Periods* – The transportation and circulation analysis presented in the DEIR primarily focuses on conditions in the weekday PM peak hour, although limited analyses were conducted with respect to the weekday AM peak hour. It is unclear why the AM peak-hour analysis was restricted to only three intersections. Moreover, no analysis of Saturday PM peak hour conditions was undertaken, despite the substantial volume of project-related traffic during that time period. As described below, such an approach results in an incomplete assessment of the impacts associated with a proposed project of this magnitude.

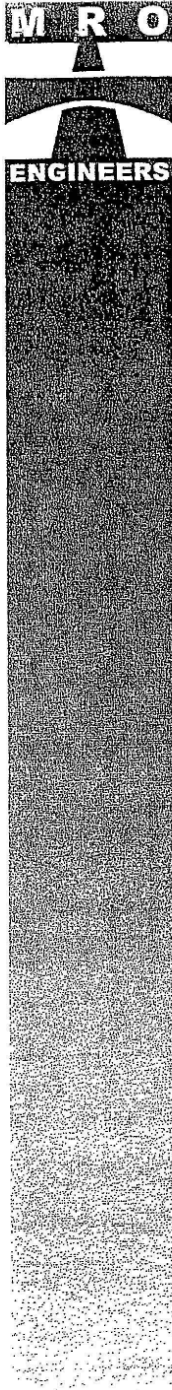
According to the ITE *Trip Generation* manual, the average trip rate for the Saturday peak hour for a “Free-Standing Discount Superstore” (i.e., the expanded Wal-Mart Supercenter) is over 20 percent higher than the weekday PM peak hour rate for such a store. Applying this rate to the proposed store indicates that it will generate over 1,000 trips in the Saturday midday peak hour.

10-8

Based on this, it is difficult to understand why no analysis of Saturday conditions was undertaken. Although the analyst might mistakenly believe that Saturday background volumes are substantially lower than the weekday traffic volumes, this is no longer the case in many jurisdictions. Because of the proliferation of households in which both adults are employed outside the home, Saturdays currently represent the primary time when many households are able to run errands and perform many day-to-day tasks. At a minimum, traffic counts must be completed to justify ignoring this key time period. If those counts reveal that the Saturday background traffic volumes approach the level of weekday traffic, a full analysis of the proposed project’s impact in the Saturday midday period must be completed. Given the magnitude of the proposed project’s Saturday trip generation, such an analysis is probably warranted under any circumstances. The completion of a Saturday analysis will ensure that the “worst case” condition has been addressed in the environmental documentation.

With regard to the weekday AM peak hour, even though the project-related trip generation might be somewhat lower than for the other two periods, a full analysis of that time period might reveal additional traffic impacts. In part, this is due to the different directional patterns in the vicinity of the site. Consequently, the project-related traffic would affect different movements than in the other periods. Thus, it is also possible that additional significant impacts and associated mitigation

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measures might be found during the AM peak hour. The only way to address this deficiency is to incorporate an analysis of AM peak hour conditions into the DEIR. 10-8 cont'd

4. *Approved Projects Trip Generation* -- Table 4.4-4 (pages 4.4-10 and 4.4-11) in the DEIR lists the "approved projects" that were added to the existing traffic volumes to create the "Existing No Project" traffic volumes. According to page 4.4-9 of that report, these are projects that "... have been approved, are under construction, or are built and not occupied but are expected to be occupied at approximately the same time the Project is occupied."

Conspicuously absent from the list is the proposed WinCo Foods project, which is being processed concurrently by the City of Tracy. Although the WinCo project has not yet been approved, the likelihood of its approval is sufficient to call for inclusion of that project in the Wal-Mart analysis. At a minimum, a pair of separate analysis scenarios should be completed to account for the potential effects of including the WinCo Foods store in the background traffic volumes. These scenarios might be labeled "Existing No Project Plus WinCo" and "Existing Plus WinCo Plus Project."

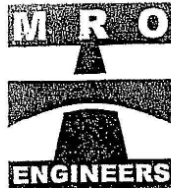
More importantly, the information presented in Table 4.4-4 of the DEIR is both misleading and inaccurate. Although the table is labeled "Approved Projects Trip Generation," no trip generation figures are presented there. As such, it is impossible to readily determine how much traffic is associated with each of the projects on the list and the overall magnitude of the added background traffic. 10-9

Closer inspection of Table 4.4-4 reveals that the trip generation estimates for the retail projects listed there have been incorrectly derived. It is a commonly-accepted fact that retail trip generation is best represented by the logarithmic equations presented in the ITE *Trip Generation* manual. These equations reflect the fact that larger retail centers generate trips at a lower rate (in terms of trips per 1,000 square feet) than smaller centers. Use of the average trip rate, as in the DEIR traffic study, fails to accurately reflect the likely trip generation pattern of the retail centers on the approved projects list.

To determine the potential magnitude of this error, we have performed trip generation calculations for all of the retail projects on the approved projects list. Table 1 presents the results of that analysis. Presented there are two sets of retail trip generation estimates for the AM and PM peak hours. The first set of values represents the number of trips estimated using the average trip rate, as in the DEIR. The second set of numbers is based on application of the logarithmic trip generation equation, as is considered standard practice within the traffic engineering profession.

In each individual case, the trip generation estimate based on application of the logarithmic equation results in a higher estimate of approved project-related traffic than was used in the DEIR traffic analysis. Overall, in the AM peak hour, 321 more trips are likely to be generated by these projects than are included in the DEIR analysis; this is an increase of almost 70 percent. In the critical PM peak hour, which was the primary time period evaluated in the traffic analysis, a correct estimate of retail trip generation reveals that almost 1,200 additional trips are projected; again, this is approximately a 70 percent increase over what was considered in the DEIR traffic analysis.

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**Table 1  
Approved Projects Trip Generation Comparison  
Retail Projects Only**

Project	Size	AM Peak Hour Trips		PM Peak Hour Trips	
		DEIR Estimate Using ITE Average Rate <sup>1</sup>	Estimate Using ITE Logarithmic Equation	DEIR Estimate Using ITE Average Rate	Estimate Using ITE Logarithmic Equation
17. Duong Retail	30,180 SF <sup>3</sup>	31	76	113	284
20. Pacific Bowie Retail	16,000 SF	16	52	60	187
21. La Morinda Retail	38,500 SF	40	88	144	333
23. Orchard Plaza Commercial	26,590 SF	27	71	100	261
24. Sekhon Retail	14,100 SF	15	48	53	172
27. La Morinda Retail	25,230 SF	26	68	95	252
29. Stonegate Plaza Retail	18,000 SF	19	56	68	202
30. Target Expansion	15,960 SF	16	52	60	186
TOTAL		190	511	693	1,877
DIFFERENCE			321		1,184

Notes:  
<sup>1</sup> Reference: Institute of Transportation Engineers, *Trip Generation*, Seventh Edition, 2003.  
<sup>2</sup> Reference: PMC - Pacific Municipal Consultants, *Wal-Mart Expansion - City of Tracy - 3010 W. Grant Line Road, Tracy - Draft Environmental Impact Report*, October 2005; Table 4.4-4, pages 4.4-10 – 4.4-11.  
<sup>3</sup> Square feet.

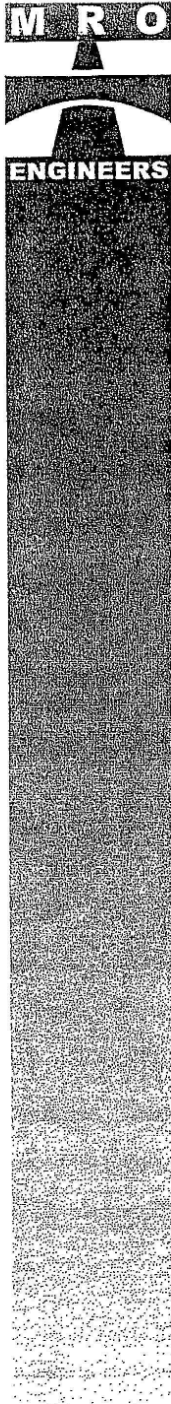
10-9  
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Incorporation of the corrected retail trip generation figures into the DEIR traffic analysis would almost certainly have a substantial impact on the level of service results for the study intersections under "Existing No Project" conditions. Adding almost 1,200 hourly trips to the roadway system in the vicinity of the proposed project would result in increased delay values and, potentially, reduced levels of service. In turn, this would lead to increased delays under the "Existing Plus Project" analysis scenario, potentially resulting in additional significant impacts.

5. *Project Trip Generation Estimate* – Review of the Wal-Mart Expansion trip generation estimates summarized in Table 4.4-10 in the DEIR (page 4.4-32) raised several questions as to the validity of the estimates.

10-10

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Incorrect Reference

According to the DEIR (page 4.4-31) and the Fehr & Peers traffic study (page 26), “. . . trip rates from Institute of Transportation Engineers’ (ITE) *Trip Generation Handbook* (7<sup>th</sup> Edition) . . . were used to estimate trips for existing and project conditions.”

10-10  
 cont'd

Unfortunately, the ITE *Trip Generation Handbook* does not contain any trip rates, and only two editions of that document have been produced. The correct title of the trip rate reference document is *Trip Generation* (commonly referred to as the “*Trip Generation* manual”). While this may seem trivial, it raises questions as to the analyst’s familiarity with commonly-used reference documents.

Incorrect Project Size

The trip generation estimates used in the DEIR traffic impact analysis are based on a project size of 208,393 SF. However, that is not the full size of the proposed Wal-Mart Supercenter, as it ignores two key sales-generating areas, as summarized below:

- According to the DEIR (page 1.0-1), in addition to the area reflected in the traffic study, the proposed project will include an 11,032 SF garden center, which increases the retail area to 219,425 SF.
- The DEIR also states that the project will include a 5,282 SF “outdoor sales” area.
- Therefore, fully accounting for all of the various retail components of the project results in a total project square footage of 224,707 SF, eight percent higher than was considered in the traffic analysis.

10-11

Some may argue that the garden center and the outdoor sales area are not part of the “gross floor area” used for trip generation estimation purposes. However, those areas clearly generate sales and, as such, they attract patrons to the store, virtually all of whom will drive (i.e., generate trips). Moreover, the definitions of both “Free-Standing Discount Store” and “Free-Standing Discount Superstore” in the ITE *Trip Generation* manual include garden centers as typical components of these land uses. Attachment A presents those definitions.

The failure to account for these substantial portions of the proposed project results in underestimation of the volume of traffic associated with the store, which (in turn) leads to understatement of the project-related traffic impacts.

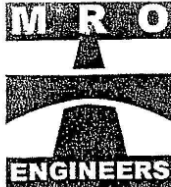
Trip Generation Rates

The DEIR traffic impact analysis states that the trip generation estimates for the proposed expansion project are based on the “Free Standing Discount Superstore” trip rates published by the Institute of Transportation Engineers (ITE). However, recent trip generation research suggests that these rates do not accurately represent the volume of traffic associated with such a land use.

10-12

The average trip generation rates presented in the ITE *Trip Generation* manual are based on studies at a maximum of ten locations primarily in the southern central United States, conducted in the 1990s. Since those counts were conducted, additional discount superstores have been built throughout the country, and in July and August 2003, PM peak hour driveway traffic counts were conducted at five free-standing Wal-Mart Supercenter stores located in Texas and Oklahoma. The

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results of those counts, which were documented in an unpublished study (Reference: VRPA Technologies, Inc., *Trip Generation Characteristics of Free Standing Discount Superstores*, March 2004), suggest that an even higher PM peak hour trip generation rate might apply to these facilities. A copy of that document is included as Attachment B.

Table 2 summarizes the results of VRPA's counts at the five free-standing discount superstores, as adapted from the report referenced above. As shown, the overall average PM peak hour trip generation rate for the five study locations was 5.79 trips per 1,000 SF, with individual results ranging from 4.38 trips per 1,000 SF to 7.04 trips per 1,000 SF. This compares to the PM peak hour rate of 4.06 trips per 1,000 SF used in the DEIR traffic analysis (as shown in DEIR Table 4.4-10, page 4.4-32).

Site <sup>2</sup>	Size	PM Peak Hour Trips			Total Trip Generation Rate (Trips/1,000 Sq. Ft.)
		Inbound Percentage	Outbound Percentage	Total Trips	
1	199,361 SF	61%	39%	1,383	6.94
2	198,556 SF	50%	50%	1,001	5.04
3	193,441 SF	52%	48%	1,361	7.04
4	198,441 SF	48%	52%	869	4.38
5	221,441 SF	50%	50%	1,239	5.60
Overall		52%	48%		5.79

Notes:  
<sup>1</sup> Reference: VRPA Technologies, Inc., *Trip Generation Characteristics of Free-Standing Discount Superstores*, March 2004.  
<sup>2</sup> Five free-standing Wal-Mart Supercenter locations in Texas and Oklahoma

10-12  
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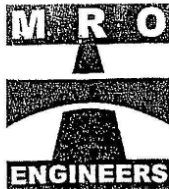
Table 3 illustrates the results of applying this recent trip generation information to the proposed Tracy project for the PM peak hour (including the use of the correct project square footage). The recently-derived Wal-Mart Supercenter trip generation rates result in a substantially higher estimate of PM peak hour trip generation compared to the estimate used in the DEIR traffic analysis. Specifically, the recent (non-ITE) trip rates indicate that the Tracy Wal-Mart Supercenter would generate over 1,300 PM peak hour trips, 455 more than were analyzed in the DEIR traffic analysis.

To the extent that the proposed project's trip generation is underestimated, it obviously follows that the traffic impacts (and needed mitigation measures) might be understated.



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**Table 3  
 Trip Generation Comparison  
 Using Wal-Mart Supercenter Trip Generation Rates**

Land Use	Size	PM Peak Hour		
		In	Out	Total
<i>Trip Generation Estimate Using Recent (Non-ITE) Trip Rates<sup>1</sup></i>				
Wal-Mart Supercenter	224,707 SF	677	624	1,301
<i>Trip Generation Estimate Used in DEIR<sup>2</sup></i>				
Free-Standing Discount Superstore	208,393 SF	415	431	846
	Difference	262	193	455

Notes:  
<sup>1</sup> See Table 2.  
<sup>2</sup> Reference: PMC - Pacific Municipal Consultants, *Wal-Mart Expansion - City of Tracy - 3010 W. Grant Line Road, Tracy - Draft Environmental Impact Report*, October 2005; Table 4.4-10, page 4.4-32.

10-12  
 cont'd

Pass-by and Diverted-Linked Trip Factors

The DEIR traffic analysis (DEIR page 4.4-37) states that 17 percent of the project-generated trips are assumed to be pass-by trips (i.e., they are passing by the site on an adjacent roadway, and stop at the site as a matter of convenience) and 35 percent are assumed to be diverted-linked trips (i.e., the store patron is traveling on a roadway near (but not adjacent to) the site and diverts from his/her intended path to stop at the proposed store), leaving 48 percent as primary trips (i.e., the main reason for making the trip is to patronize the proposed Wal-Mart Supercenter). No basis is provided for these key analysis parameters.

10-13

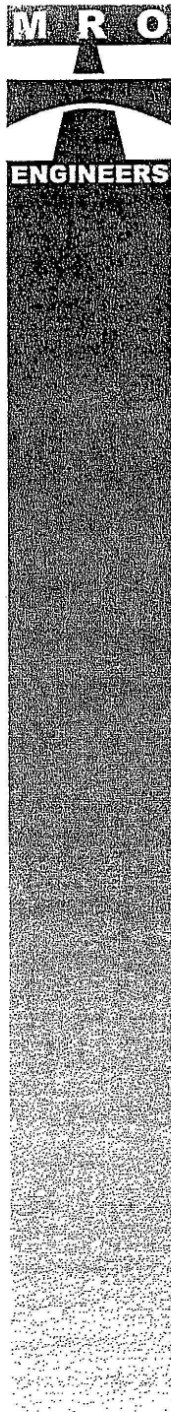
6. **Project Trip Distribution** – The DEIR describes the geographic distribution of project-generated traffic in Tables 4.4-11 and 4.4-12, as well as on Figures 4.4-6 and 4.4-7. However, the information presented is confusing and, apparently, wrong.

For illustrative purposes, we will focus on the existing project trip distribution for the inbound direction, although the same deficiencies appear to afflict the outbound direction in that time period as well as both directions in the cumulative conditions information. Consider the following:

10-14

- Table 4.4-11 – Project Trip Distribution (page 4.4-37) shows that 17 percent of the inbound traffic will approach the project site by way of I-205 West (i.e., eastbound I-205). Given the table's title and the fact that the columns in this table total 100 percent, the values presented there presumably represent the distribution of all of the project traffic (including both primary and diverted-linked trips).
- Table 4.4-12, which presents the breakdown of diverted trips only, says that 20 percent of the project trips will approach via eastbound I-205 (and, apparently, all of those will be diverted trips).
- Thus, the two tables referred to above are contradictory, in that the number of diverted trips approaching via eastbound I-205 exceeds the total number approaching on that roadway.

Letter 10 Continued



Mr. Jim Watt  
 March 8, 2006  
 Page 12

- To further confuse matters, Figure 4.4-6 also shows a 17 percent figure for eastbound I-205, although it is accompanied by a second figure – 4 percent (which is shown in parentheses, signifying that it represents the “primary trip %”). Note that these two values (17 percent and 4 percent) sum to 21 percent, which is the diverted trip factor shown on Table 4.4-12. However, consideration of the parenthetical 4 percent suggests that 13 percent of the trips approaching from that direction are diverted trips (since 4 percent are primary trips and the total trip distribution on eastbound I-205 is 17 percent).
- Note that the numbers on Figure 4.4-6 that are not in parentheses sum to 100 percent in each direction. Again, this suggests that they represent the distribution of primary and diverted trips combined. Inclusion of the parenthetical figures increases the total trip distribution percentage to 107 percent inbound and 104 percent outbound. Obviously, this is not logical.

10-14  
 cont'd

In short, it is impossible to discern from the information provided just where project-related trips are traveling to and from. Substantial confusion is apparent on the part of the analyst with regard to the proper documentation and application of the various trip distribution percentages. This issue must be clarified and the subsequent steps in the analysis reviewed to ensure that this confusion has not been carried throughout the analysis process.

7. *Project Trip Distribution in Internal Zones* – DEIR Table 4.4-11 (page 4.4-37) presents the geographic distribution of project-related trips for existing and cumulative conditions. With regard to the five “internal” zones, the existing distribution indicates that the inbound and outbound percentages are approximately equal (i.e., 27 percent inbound and 29 percent outbound). The distribution within the internal zones is substantially different for cumulative conditions, presumably because additional development is anticipated in certain of those zones, so that traffic will be more evenly spread among them. However, it is difficult to understand why the inbound and outbound percentages would vary so substantially in that time frame. Specifically, the total inbound percentage in the five internal zones is 26 percent (which is quite similar to the factor for existing conditions), but the outbound value is only 10 percent (a substantial reduction from the corresponding existing conditions value). At a minimum, this must be explained in greater detail. If found to be in error, the analysis must be corrected.

10-15

8. *Study Intersections* – The traffic analysis documented in the DEIR addressed project-related impacts at up to ten intersections in the vicinity of the project site. However, no analysis was provided to document whether the project access intersections will be capable of accommodating the substantial volume of traffic associated with the project.

10-16

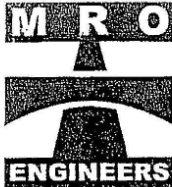
Traffic operations at the project access locations on Grant Line Road must be evaluated, in terms of delay and level of service, as well as with regard to design-related issues (such as left-turn storage requirements) and safety issues (both on-site and off-site). The lack of such an analysis is a substantial deficiency in the DEIR.

9. *Existing Plus Project Impacts and Mitigation Measures* – The DEIR identified a significant traffic impact at the intersection of Grant Line Road/Byron Road, and recommended mitigation through the installation of a traffic signal and coordination of the signal operation with the nearby at-grade railroad crossing and detection system. However, the DEIR states that:

10-17

*The affected study intersection is within the jurisdiction of San Joaquin County, and the City has no improvement plan for the affected intersection. Furthermore, there is no existing traffic impact mitigation fee program in place, and therefore, the*

Letter 10 Continued



Mr. Jim Watt  
March 8, 2006  
Page 13

*mitigation cannot be implemented, and the impact would remain significant and unavoidable.*

10-17  
cont'd

Rather than simply avoiding its mitigation responsibilities, the proposed project could provide the needed improvements under a negotiated agreement with San Joaquin County.

10. *Cumulative Conditions Land Use* – The listing of “reasonably foreseeable development projects” included in the DEIR traffic analysis (page 4.4-17) does not specifically include the ongoing WinCo Foods store project. The inclusion of this project in the cumulative conditions scenarios in the traffic analysis should be confirmed.

10-18

11. *Cumulative Conditions Intersection Improvements* – Table 4.4-8 in the DEIR presents an extensive list of cumulative intersection improvements, which were assumed to be completed in conjunction with the “Cumulative No Project” conditions traffic analysis. Such projects should only be included in the analysis if they are programmed for completion (i.e., funding has specifically been identified to carry out the improvement). The availability of dedicated funding for each of these roadway projects should be confirmed.

10-19

**Conclusion**

Our review of the traffic impact analysis incorporated into the Draft Environmental Impact Report for the proposed Wal-Mart Expansion project revealed several issues potentially affecting the validity of the conclusions and recommendations presented in that document. Further, our review indicates that the proposed project may have additional significant impacts on the environment beyond those identified in the DEIR, particularly with respect to unacceptable levels of traffic congestion and degradation of intersection level of service. These issues should be addressed prior to approval by the City of Tracy of the proposed project and its related environmental documentation.

10-20

We hope this information is useful. If you have questions concerning any of the items presented here or would like to discuss them further, please feel free to contact me at (916) 783-3838.

Sincerely,

MRO ENGINEERS, INC.

Neal K. Liddicoat, P.E.  
Traffic Engineering Manager

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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#### LETTER 10 MRO ENGINEERS FOR RETAIL STRATEGIES

Response 10-1: HCM methods were followed to calculate delay at the intersection. Delay was reported for the worst approach and for the intersection. Individual movement delays are also reported in the technical appendix to the traffic analysis report. The City of Tracy policy on significance standards and acceptable LOS applies to the whole intersection as calculated based on average hourly volumes, not to individual movements. Consistent with City policy, the DEIR reports average intersection delay.

Response 10-2: Consistent with the regional standard of significance from the San Joaquin Congestion Management Program, a freeway analysis was not done because the screening criterion for significance threshold of five percent was not reached. The project was estimated to add less than three percent to the traffic already on the freeway without the project.

Response 10-3: The City of Tracy policy on LOS applies to the whole intersection as calculated based on average hourly volumes. Consistent with City policy, a PHF of 1.00 was used in the LOS calculations.

Response 10-4: The rationale behind using reduction factors on the eastbound right-turn volumes at both Grant Line Road/Corral Hollow Road and Eleventh Street/Corral Hollow Road is to simulate the "free-right" turn movement at those intersections. Under existing conditions, both intersections have a right-turn lane in the eastbound approach, but inadequate southbound receiving lanes for the right-turn movement to function as a free-flow movement. The eastbound right turn was analyzed as a signal-controlled movement at a reduced volume than actual estimated volume to more accurately reflect actual operating conditions. This approach actually has the effect of increasing the calculated intersection delay.

Response 10-5: The traffic analysis considered operating conditions during the peak hour of an average weekday. According to a Union Pacific representative, Union Pacific operates three trains per week on the line that crosses the east leg of the Grant Line Road/Byron Road intersection. The trains are shorter trains that provide service to a local shipper. There is no set schedule; however, the trains most recently ran on Sundays, Tuesdays, and Thursdays at random times during the day. Given the infrequent nature of the crossings, the likelihood of disruption to the weekday peak hour would be rare and should not be considered typical of an average weekday peak hour condition.

Implementing either "permitted" or "protected" phasing for the southbound left turn would result in LOS C operations during the PM peak hour. The responsible agency (San Joaquin County) will have the option of implementing either phasing scheme without adversely affecting LOS or changing the conclusions of the Wal-Mart EIR. The County should implement the scheme that provides the highest degree of safety in their judgment.

Response 10-6: The westbound approach volumes under cumulative conditions at the Robertson Road/Naglee Road intersection are 74 left-, 25 through, 14 right-turns. The volumes shown on the calculation sheets are: 1 left-, 8 through, 2 right-turns. The calculated average intersection control delay using the lower

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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westbound volumes is less than 10 seconds, or LOS A. The calculated average intersection control delay using the higher westbound volumes is also less than 10 seconds, or LOS A. The intersection is expected to operate well within acceptable LOS standards using the higher volume set. These results would not change the conclusions drawn in the DEIR.

Response 10-7: Level of Service calculations for this intersection are included in the technical appendix to this FEIR. The calculations using permitted right turns (instead of "free" right turns) result in acceptable LOS D operations. These results do not change the conclusions drawn in the DEIR.

Response 10-8: Saturday trip generation was analyzed in the Revised Draft EIR for the proposed project. The commenter is referred to Section 4.4 of the Revised DEIR for a complete discussion of the proposed project Saturday trip generation and impact discussion in relation to existing traffic. The analysis concluded that the addition of Saturday project traffic, along with other Saturday cumulative development traffic, could result in unacceptable operations at three of the ten study intersections with existing intersection geometries. The analysis of traffic operations at the intersections most likely to experience adverse traffic impacts during the Saturday peak hour indicates that intersections operating level of service would be at acceptable LOS D under cumulative with project conditions with implementation of the mitigation measures previously identified in this document and the WinCo EIR. Therefore, the implementation of the mitigation measures identified in the DEIR would reduce the impacts to a level that is **less than significant**. No further impacts were identified in the analysis and no additional mitigation measures are required.

Response 10-9: The proposed WinCo Foods project has not been approved, therefore was not included in the list of approved projects. However, it is a reasonably foreseeable project and was included in the cumulative baseline.

Trip generation rates are reported for each approved project in the approved projects list. Trip generation estimates for the retail uses were derived using the average rate rather than the logarithmic equations. Although it is a commonly accepted practice to use the ITE equation to estimate trip generation for shopping centers, it was not appropriate to apply the equation to each individual retail project in the WinCo case. The individual retail projects belong to larger shopping centers. If one were to use the equation to estimate trip generation, the square footage of the entire shopping center in which the individual project belongs should be used, and trip generation related to the portion of the whole shopping center that represents the approved retail project estimated. Fehr & Peers compared trip generation estimates using the average rate versus the equation and found using the average rate more closely replicated actual conditions when applied to individual approved retail projects inside the larger shopping center.

In contrast, the equation was used to estimate trip generation for the proposed retail on the northern parcel. The northern parcel as a whole would have the development potential of a 141,000 square foot shopping center. It was appropriate to use the equation in this case.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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- Response 10-10: The document referenced for trip generation rates was ITE's *Trip Generation*, 7th Edition, which was footnoted in Table 10 of the Fehr & Peers traffic study (page 26). The *Trip Generation Handbook* was consulted for guidelines regarding the use of trip rates versus regression equations for the types of uses under study.
- Response 10-11: Project trip generation estimates were based on regression equations found in ITE's *Trip Generation* manual. The regression equations use building **gross floor area** as the independent variable for trip generation estimates. As defined in the *Trip Generation User's Guide* (Volume 1), "The **gross floor area (GFA)** of a building is the sum (in square feet) of the area of each floor level, including cellars, basements, mezzanines, penthouses, corridors, lobbies, stores and offices, that are within the principal outside faces of exterior walls....unroofed areas and unenclosed roofed-over spaces, except those contained within the principle outside faces of exterior walls, should be excluded from the area calculations." The trip generation estimates used in the DEIR traffic impact analysis correctly applied a project size of 208,393 square feet of building area to the trip generation regression equations.
- Response 10-12: In the absence of local data, the trip generation rates published by ITE is the preferred source for trip generation estimates. ITE's *Trip Generation* manual is an industry-accepted source of information regarding trip generation characteristics of many types of land uses, including "Discount Stores" and "Discount Superstores," the two land use types used in the traffic analysis for the proposed Wal-Mart expansion project. The ITE Discount Superstore trip rates are based on studies of 10 different locations, and the ITE Discount Store trip rates are based on studies of 47 different locations. The VRPA unpublished study surveyed only five sites, two of which also contained a gas station on the site. The other three surveyed sites without gas stations were in Oklahoma and Texas.

There are reasons why the VRPA data is not immediately applicable to the proposed Wal-Mart expansion. First, the sample stores are located in Texas and Oklahoma, and do not necessarily reflect conditions in northern California. Demographics, proximity to the stores, and other factors are not demonstrated to be the same as in California. Typically, information contained in ITE *Trip Generation* is comprised of a blend of locations throughout the U.S. including California. ITE *Trip Generation* handbook, 2<sup>nd</sup> Edition contains methodology for collecting and using trip generation surveys. According to the methodology, the results of the Texas and Oklahoma surveys would generally be considered as a "local" trip generation rate. ITE notes that if data (i.e., the Texas/Oklahoma information) makes "a site noticeably different from the sites for which data were collected and reported in *Trip Generation*, the analyst should collect local data and establish a local rate." Second, the survey data is incomplete and did not collect information regarding AM peak or daily trip characteristics. And third, the average rate of the sample stores has not been officially accepted by ITE, and given the small sample size, may not be accepted until additional information becomes available. If the five-store Texas/Oklahoma data were officially accepted and incorporated into the existing ITE *Trip Generation* data for Free Standing Discount Superstore, these data points would be averaged with data from previous surveys which currently make up the ITE rate.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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- Response 10-13: The *Trip Generation Handbook* (ITE, March 2001) contains pass-by and diverted linked trip data for 22 freestanding discount stores. The average percent pass-by and diverted linked trips from the 22 surveyed sites were used for the Wal-Mart expansion study.
- Response 10-14: The distribution percentages given in Table 4.4-11 and on Figures 4.4-6 and 4.4-7 represent distribution applied to primary (net new) trips added to the roadway system by the project. The values in parentheses ( ) on the figures were included as information related to a market study prepared by others for WinCo foods, a proposed grocery store project located nearby on Pavilion Parkway. These values were not used in the traffic analysis. Fehr & Peers used the distribution percentages in Table 4.4-11 to distribute primary trips and added/adjusted specific turn movement volumes to local intersections affected by non-primary diverted trips based on the distribution proportions in Table 4.4-12.
- Response 10-15: Development patterns are different in the cumulative scenario. The inbound and outbound patterns depend on the locations of homes and employment centers. Under cumulative conditions, a substantial amount of new residential dwelling units are assumed to develop south of the study area (in Tracy Hills) that would redistribute outbound project trips away from the internal zones to the new residential zones.
- Response 10-16: Two access driveways serve the project site, with a total combined left-turn storage of approximately 450 feet: 300 feet at the western (signalized) driveway, and 150 feet at the eastern (unsignalized) driveway. The Wal-Mart expansion project is expected to increase left turns from Grant Line Road into the project site by 80 vehicles during the critical PM peak hour. The estimated increase in left-turning vehicles due to the expansion project could potentially result in the need to extend one or both left-turn pocket(s) by a combined total of three (3) vehicle lengths (75-90 feet). This could be accomplished within the available right-of-way in the center median. Specific left-turn access requirements are incorporated and addressed in the preparation of site plans for the project and are reviewed by the City's traffic engineer for the provision of sufficient length for left-turn storage into the project site. The site plans are included in the plan submittal that is being reviewed for approval by the City. The City Engineer will confirm that the plan is designed with adequate turning lanes for the project.
- Response 10-17: The DEIR has reported the potential near-term impact associated with the project at the intersection of Byron Road/Grant Line Road. This intersection is operating at deficient level of service without the project. Improvement measures are recommended in the traffic analysis report. The County does not have a plan for improving this intersection or a mechanism for charging the City of Tracy for capital projects on County Roads.
- Response 10-18: The traffic analysis of cumulative conditions includes the WinCo Foods store project.
- Response 10-19: The improvements listed in conjunction with the Cumulative No Project conditions are funded through the City's Finance and Implementation plans that each new development project is required to participate in. As stated in

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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Table 2.0-1 of the DEIR, "MM4.4.4: Prior to issuance of any building permit for the Wal-Mart project, an update to the "Finance and Implementation Plans" FIPs for the I-205 Corridor Specific Plan Area shall be completed in order to update the list of impacted intersections and estimates of the costs to make necessary roadway improvements as identified in **Table 4.4-8**. Wal-Mart shall be subject to its fair share of the increase in costs to roadway improvements that will result from the update of the FIPs..."

Response 10-20: Comment noted.



Letter 11

Ms. Victoria Lombardo  
City Planner  
City of Tracy  
Tracy, California 95376

7-30-07  
**RECEIVED**  
JUL 30 2007  
**CITY OF TRACY**

Ms. Lombardo,

My wife & I read the article in the Tracy Press last Friday regarding Wal-Mart's request to build a grocery store. Our concern comes from the possible ramifications reported by Bay Area Economics that stated Save Mart & Food Maxx could be forced out of business. | 11-1

Tracy can't be a 2 grocery store town (Safeway & Wal-Mart) | 11-2

We live north of Grant Line Road and east of Holly. We have no stores close to us since Luckys left upper Tracy Blvd. | 11-3

Please don't let Wal-Mart build this new market. We need the competition and the proximity to the neighborhoods. | 11-4

Please think about the older neighborhoods. We watch new asphalt and other improvements occurring daily in the new, high priced neighborhoods, but we can't get our street paved! Please think about the older neighborhoods. | 11-5

Respectfully,

JoNell & Bill Sutcliffe  
210 Coronado Way  
Tracy, Ca. 95376

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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#### **LETTER 11     JONELL AND BILL SUTLIFFE**

Response 11-1:    The 2007 revised BAE Market Impact Analysis report states that Food Maxx sales are likely to be affected by the Wal-Mart and WinCo projects due to its position as a low cost supermarket and may be more directly competitive and see an impact greater than the average for all stores. Additionally, a Save Mart, the Albertsons, and the Food Maxx are at a high risk of closure, but as sales shift in the market and the stores respond in their marketing efforts, it is not possible to state with any certainty which of the these three additional stores is most at risk.

Response 11-2:    Comment noted.

Response 11-3:    Comment noted.

Response 11-4:    Comment noted.

Response 11-5:    Comment noted.

Letter 12



S M S

MANAGEMENT  
COMPANY

November 16, 2007

P.O. Box 5234, Modesto, California 95352-5234  
1800 Standiford Avenue, Modesto, California  
Ph: (209) 576-7113 Fax: (209) 574-6251

RECEIVED

NOV 20 2007

CITY OF TRACY

Ms. Victoria Lombardo  
Senior Planner  
Development & Engineering Services Dept.  
CITY OF TRACY  
333 Civic Center Plaza  
Tracy, CA 95376

**Re: Revised Draft Environmental Impact Report  
Proposed Wal-Mart Supercenter**

Dear Ms. Lombardo:

Reference is made to the RDEIR for the subject Supercenter. Since we only recently became aware of this RDEIR, we realize we have missed the comment period. Nevertheless, this is to request that a copy of this letter and the attachment be provided to members of the Planning Commission and City Council for their respective consideration.

12-1

The enclosed is a copy of the comments we delivered at the City Council hearing on June 20, 2006 in connection with an application for a proposed WinCo supermarket. These comments conveyed our concerns on behalf of SMS Management Company, since we handle all of the leasing and property management at the McKinley Village shopping center at Tracy Blvd. and Grant Line Road. As explained below, the attached comments and concerns are even more relevant today than they were almost 1-1/2 years ago.

At the time of the WinCo hearing, we were told that both a 95,000 square foot WinCo and a 55,000 square foot Wal-Mart supermarket were being proposed for Tracy. We are now told that a 57,000 square foot Raley's supermarket will also open in Tracy in 2008. The Market Impact Analysis contained in the RDEIR acknowledges that if all of these proposed supermarkets open, three existing supermarkets will close, and that one of the closed supermarkets could be the Save Mart anchor McKinley Village Shopping Center. This seems highly likely, since we are informed that the Save Mart Supermarket located there is only marginally profitable.

12-2

Since the WinCo hearing, there have been major changes in the housing sector. These well publicized events, together with Tracy's Measure A, have virtually shut down any new residential growth in Tracy. We are now starting to see the impact in the housing and lending markets reverberate through the retail sector. Approximately two weeks ago, a tenant occupying approximately 1,625 square feet vacated the shopping center, increasing the current total vacancy to approximately 6,759 square feet. And, we were recently advised by three other tenants having premises of 9,812; 1,752; and 2,600 square feet respectively, that each desires an early termination of their Lease. Should these tenants vacate, the total vacancy will escalate to 20,923 square feet or 14% of the total approximate 148,000 leaseable square feet comprising this shopping center. A vacancy factor exceeding 5% is considered very significant and clearly indicates serious problems relevant to shopping center tenant occupancies. Therefore, a 14% vacancy factor is definitely alarming since leasing activity has slowed dramatically and there is no anticipated improvement in the foreseeable future.

12-3

Now we are being told we could see the 48,000 square foot Save Mart anchor close, pushing the vacancy factor up to 47%. With only a furniture store of approximately 21,000 square feet remaining as an anchor tenant, we certainly anticipate that other small tenants will also vacate. This is because a shopping center's anchor tenant(s) draw traffic to smaller businesses that may not be shopping destinations in and of

12-4



Letter 12 continued

Ms. Victoria Lombardo  
CITY OF TRACY  
November 15, 2007

Page Two

themselves. Vacant anchor tenants and other small tenant closures present the appearance of an unhealthy/down-trodden shopping center which poses a psychological barrier to continued patronage. We presently have no tenant interest in our existing vacant space, and are very concerned about losing a tenant occupying approximately 9,812 square feet. If we lose the Save Mart tenant, the impact will be catastrophic, since it is unreasonable to assume another supermarket will readily lease this vacant space. Nor are we aware of any other non-grocery tenants eager to lease space of this size. The financial consequences of this scenario will seriously compromise our ability to properly maintain the center, resulting in physical deterioration and urban decay.

12-4  
cont'd

We also take exception to some of the comments in your July 11, 2007 letter to Ms. Janet Palma of PMC and attached to the RDEIR as Appendix C. In describing McKinley Village, you imply that the center will benefit because of its proximity across the street from the Tracy Ballpark. On the contrary, while some ballpark visitors may shop the center, they also use the center as a parking lot and sometimes groups of young people create problems for the center merchants and tag the buildings with graffiti. You also suggest that McKinley Village has been identified as a potential Village Center and that this will be a benefit should it need to be redeveloped. Your principal argument is the ability to add residential to the site, but fails to explain how the economics of tearing down retail and replacing it with residential would be financially feasible. You also overlook the most important fact about Village Centers, which is that they are intended to serve the convenience shopping needs of the neighborhoods in which they are located, with the supermarket playing a most vital role. As neighborhood and community serving land uses (such as supermarkets) are displaced by regional serving supermarkets on the outskirts of town – such as the I-205 Corridor – the Village Center concept becomes unworkable and the ability to provide the neighborhood serving conveniences of a Village Center evaporates.

12-5

You also imply the City's Economic Development Department will somehow be a panacea for the loss of the anchor tenants and smaller shops. While the EDD may provide an occasional tenant referral, they cannot create tenant interest if none exists, nor do they assume any of the risks or costs of long-term vacancies. In fact, we recognize that EDD has been a big proponent of the WinCo and Wal-Mart projects, instead of supporting the preservation of existing retail as embodied in the goals and objectives of the Village Center concept and as described in your 2006 General Plan.

12-6

On behalf of maintaining the economic viability of McKinley Village, we strongly encourage both the Planning Commission and City Council to deny the Wal-Mart expansion. Thank you, most sincerely, for your consideration of our stated concerns in this matter.

12-7

Should you have any comments or questions, please call us at (209) 577-1600, extension 5911, or me at extension 5297.

Very truly yours,

SMS MANAGEMENT COMPANY



Antoinette E. Tull, CPM, CSM, RPA, FMA  
Director Property Administration

Enclosure

Letter 12 continued

CITY COUNCIL HEARING – JUNE 20, 2006

(MAYOR) AND COUNCIL MEMBERS. MY NAME IS ANTOINETTE TULL-MCCOY, AND I RESIDE AT 3870 VANCOUVER CIRCLE, STOCKTON. THE ORGANIZATION I REPRESENT, SMS MANAGEMENT COMPANY, MANAGES THE MCKINLEY VILLAGE SHOPPING CENTER ON VALLERAND AND GRANT LINE ROADS HERE IN TRACY, AND HAS MANAGED THIS CENTER FOR OVER 16 YEARS. I AM HERE THIS EVENING TO EXPRESS MY **GRAVE CONCERN** THAT IF YOU APPROVE THE WINCO AND OR THE WALMART SUPERCENTER, THIS ACTION WILL HAVE A **PROFOUNDLY NEGATIVE IMPACT** ON OUR ANCHOR TENANT, SAVE MART, AND WILL MOST ASSUREDLY CAUSE IT TO CLOSE. DEDICATED STORE EMPLOYEES WILL HAVE LOST THEIR JOBS SERVING THE LOCAL COMMUNITY AND NO LONGER HAVE THE INCOME FROM THEIR EMPLOYMENT THAT ALLOWS FOR BUYING AND INVESTING IN THIS COMMUNITY. THE CLOSURE OF SAVE MART WILL LEAVE THE BUILDING OF APPROXIMATELY 50,000 SF "DARK", CREATING NEGATIVE REPERCUSSIONS FOR OUR OTHER TENANCIES BECAUSE FOOT TRAFFIC FROM SAVE MART WILL BE GONE, CAUSING LOST SALES FOR THESE MERCHANTS. MOST OF THESE MERCHANTS ARE SMALL BUSINESS OWNERS, WHO WE HAVE COME TO PERSONALLY KNOW AFTER 16 YEARS MANAGING THE CENTER, AND UNDERSTAND EXTREMELY WELL HOW DIFFICULT ARE EACH OF THEIR

12-8

Letter 12 continued

BUSINESSES IN MAKING ENDS MEET MONTH AFTER MONTH. MOST OF THESE BUSINESS OWNERS WORK 10 TO 15 HOUR DAYS, SIX DAYS A WEEK. ONE SUCH MERCHANT HAS BEEN FORCED TO SELL HIS HOME AND OTHER PERSONAL ASSETS AFTER DECLINING HEALTH CONDITIONS. HE IS LEFT WITH HIS BUSINESS AS HIS FAMILY'S SOLE SUPPORT. HE HOPES TO TURN HIS BUSINESS AROUND BY CAPTURING SALES THROUGH THE FOOT TRAFFIC GENERATED BY SAVE MART. IF SAVE MART CLOSES, I WOULD EXPECT MANY OF HIS NEIGHBOR MERCHANTS TO JOIN HIS CURRENT BUSINESS PLIGHT IN A DAILY BATTLE TO KEEP THE LIGHTS ON AND THEIR BUSINESSES OPERATING. WITHOUT THE HOPE OF GENERATING SALES THROUGH SAVE MART'S FOOT TRAFFIC, WHERE WILL THESE MERCHANTS BE?

12-8 cont'd

CONTINUED LOST SALES RESULT IN BUSINESSES THAT ARE NO LONGER VIABLE; THE END RESULT BEING INCREASED VACANCY THROUGHOUT OUR 150,000 SQUARE FOOT SHOPPING CENTER.

12-9

AS VACANCY IN THE CENTER INCREASES; THE PROPERTY WILL BE MORE DIFFICULT TO MANAGE DUE TO ACTS OF VANDALISM, GRAFFITI AND THE LIKE.

I CAN TELL YOU FROM 26 YEARS IN THE MANAGEMENT BUSINESS, THAT LARGE SQUARE FOOT RETAIL USERS ARE **VERY, VERY DIFFICULT** TO FIND, SINCE THE POTENTIAL IS SO LIMITED.

Letter 12 continued

FOR EXAMPLE, WHEN THRIFTY/RITE AID CLOSED ITS DOORS IN THE CENTER YEARS AGO, ITS SPACE OF APPROXIMATELY 21,000 SF REMAINED VACANT FOR SEVERAL YEARS, UNTIL A FURNITURE STORE OCCUPANT WAS FOUND; THE TYPES OF RETAILERS THAT FIT THESE LARGE SPACES IS VERY NARROW AND PRESENT A DAUNTING LEASING CHALLENGE; TYPICALLY ONLY FURNITURE STORES, DOLLAR STORES OR FITNESS CENTERS ARE POTENTIAL PLACEMENTS. A MORE RECENT EXAMPLE OF THIS CHALLENGE IS THE APPROXIMATE 9,800 SF VACANCY RESULTING FROM THE CLOSURE OF TRACY HOME VIDEO ABOUT 4 TO 5 YEARS AGO. IT WAS ONLY VERY RECENTLY AND AFTER A VERY EXTENSIVE VACANCY PERIOD, THAT WE SECURED A NEW TENANT, EXPRESS FITNESS. TO FURTHER EMPHASIZE THE POINT THAT THESE LARGE SPACES ARE VERY DIFFICULT TO LEASE, I TELL YOU THAT THIS SPACE WAS ONCE PART OF A LARGER ONE OF ABOUT 19,000 SF THAT REMAINED VACANT FOR MANY YEARS AFTER THE RELOCATION THE ANCHOR TENANT. BECAUSE OUR EFFORTS TO FIND A TENANT FOR THE ENTIRE 19,000 SF SPACE CONTINUED TO BE UNSUCCESSFUL, WE ULTIMATELY WERE FORCED TO DEMISE THE BUILDING INTO TWO SPACES EACH OF APPROXIMATELY 9,800 SF.

12-10

Letter 12 continued

THE POINT I MAKE IS THAT THE CLOSURE OF THE SAVE MART STORE WILL MOST ASSUREDLY HAVE DEVASTATING AND LASTING IMPACT ON OUR OTHER TENANCIES AND THE BUSINESS CONDUCTED BY THESE MERCHANTS. FURTHERMORE, THE LOSS OF SAVE MART, AND THE TENANCIES LOST BECAUSE OF THE CLOSURE OF SAVE MART TRANSLATE TO LOST SALES TAX REVENUE FOR THE CITY.

12-11

I LEAVE YOU WITH A LETTER FROM MICHAEL TRINIDAD, A COMMERCIAL RETAIL SPECIALIST WHO HAS PERFORMED LEASING SERVICES FOR THE MCKINLEY VILLAGE SHOPPING CENTER FOR THE PAST 15+ YEARS. THE FINAL POINT OF MR. TRINIDAD'S LETTER IS AS FOLLOWS: "THE TRACY CITY COUNCIL SHOULD BE MADE FULLY AWARE OF CONSEQUENCES OF APPROVING THE WINCO AND WALMART SUPERCENTER AND THE POTENTIAL FOR **SIGNIFICANT LONG TERM VACANCIES** AT IMPACTED NEIGHBORHOOD SHOPPING CENTERS **LEADING TO PHYSICAL DETERIORATION AND URBAN DECAY.**"

12-12

MAYOR AND COUNCIL MEMBERS, I THANK YOU FOR YOUR TIME AND THOUGHTFUL CONSIDERATION OF MY MESSAGE HERE THIS EVENING.



#### LETTER 12 ANTOINETTE E. TULL, SMS MANAGEMENT COMPANY

Response 12-1: The commenter's letter is included within the official record for the project, which is under consideration by the Planning Commission and City Council.

Response 12-2: The commenter is describing the retail climate as it pertains to McKinley Village shopping center and in particular in regard to the possibility of influence on a major tenant (Save Mart supermarket) that is a grocery store. The commenter references information provided in the Revised Draft EIR. The comment does not necessitate a revision to the EIR.

Response 12-3: The commenter is describing the decrease in residential growth in Tracy due to Measure A and recent housing market changes and its effect on the retail climate and potential vacancies as they pertain to McKinley Village shopping center. The commenter indicates that three tenants at McKinley Village have requested an early termination of their lease, noting that a 14 percent vacancy factor would result. The comment is noted.

Response 12-4: The commenter indicates that the closure of the Save Mart would increase the vacancy rate at McKinley Village to 47 percent, and other small tenants would also likely vacate if the furniture store is the only remaining anchor tenant. The commenter further indicates that they presently have no tenant interest in the existing vacant space at McKinley Village and concludes that if Save Mart leaves, the financial consequences would seriously compromise their ability to properly maintain the center, which the commenter indicates would result in physical deterioration and urban decay. The Revised Draft EIR includes the 2007 revised BAE Market Impact Analysis report (Appendix A) and the *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department (Appendix C). CEQA analysis is limited to likely physical impacts, where the economic impact is part of a causal chain leading to urban decay. Tracy is a thriving retail market and has a stable population base inclusive of recent housing market changes, the provisions in Measure A, and growth associated with prior development approvals. Please see Response 4-1 for additional information on numeric trends for the previous, current and future housing market in Tracy. Even closures of some businesses, especially smaller ones, is not likely to lead to urban decay or other physical deterioration as discussed in the *Urban Decay Analysis Memo* (Lombardo 2007) and Section 4.1 of the Revised Draft EIR, especially the discussion under Impact 4.1-6 that indicates that it is not likely that any store vacancies that may be caused by the project would result in the deterioration of buildings and/or properties. This is due to provisions in the City's General Plan that work towards mitigating any negative impacts of such vacancies. The discussion also states that various Municipal Code provisions work towards mitigating any negative impacts of vacancies that may occur due to graffiti, weeds, rubbish, and abandoned vehicles. This is applicable to the McKinley Village scenario described by the commenter.

Additionally, the 2007 revised BAE Market Impact Analysis report notes that even in a historically growing market such as Tracy, existing retail space is vacated due to functional obsolescence or the general cycle of retail closures and openings over time. The BAE report also notes that formerly vacated sites have been reused by a variety of tenants and in some cases

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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subdivided for reuse. Therefore, it is not expected that there would be any decline of associated or nearby real estate, which could include McKinley Village; therefore, any vacancies at McKinley Village may be cyclical. The commenter has identified that the center is already going through a cycle of vacancies and is having difficulty with adjacent uses, as these are factors that are already in existence.

- Response 12-5: The commenter refers to Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department. The analysis and conclusions in this memo represent the professional opinion of Tracy's planning staff. The commenter indicates that they take issue with the implication that McKinley Village benefits from proximity to Tracy Ballpark. This portion of the comment is noted, but does not necessitate a revision to the EIR. The memo discussion in regard to the benefits to McKinley Village resulting from the ballpark's proximity does not negate that there could be some detriments in association with this proximity, but rather emphasizes that the McKinley Village area will continue to be a popularly visited area with high visibility, which may or may not be capitalized upon by McKinley Village tenants. The commenter also indicates that they do not agree with the financial feasibility of the potential redevelopment of McKinley Village into a Village Center, in part due to the effect that the commenter believes the project would create – the displacement of neighborhood and community serving land uses, such as supermarkets, via the provision of supermarkets in locations such as the I-205 Corridor. The discussion in Section 4.1 of the Revised Draft EIR discusses the Village Center concept and how it relates to the potential opportunities that could exist for implementation of the associated Village Center General Plan policies when tenant vacancies occur. At such time if McKinley Village shopping center may be redeveloped, the City of Tracy would seek an optimal proposal to implement Village Center General Plan policies.
- Response 12-6: The commenter refers to Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department. The analysis and conclusions in this memo represent the professional opinion of Tracy's planning staff. The commenter is stating their opinions in regards to the role and position of the Economic Development Department and implementation of the General Plan policies in regards to the Village Center Concept. The commenter is directed to the discussion in Section 4.1 of the Revised Draft EIR that does not rely on the role of the Economic Development Department as the reason why the project would have a less than significant impact on economics.
- Response 12-7: The commenter encourages the Planning Commission and City Council to deny the Wal-Mart. The comment is noted for the decision-makers' consideration.
- Response 12-8: The commenter describes the retail climate as it pertains to McKinley Village shopping center, and in particular in regards to the role of anchor tenant(s) in generating foot traffic that in turn also supports smaller retail tenants. The commenter is referred to Responses 12-3 and 12-4 regarding potential vacancies and the viability of the McKinley Village center.

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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- Response 12-9: The commenter describes the retail climate as it pertains to McKinley Village shopping center, and in particular in regards to the potential negative economic and management ripple effects in a shopping center associated with unleased retail spaces. The commenter is referred to Responses 12-3 and 12-4 regarding the viability of the center and issues associated with maintenance of the center.
- Response 12-10: The commenter describes a few examples within the City of Tracy wherein shopping centers had a difficult time finding tenants for larger retail spaces. The comment does not necessitate a revision to the EIR. The commenter is also referred to the discussion of the ability of the City to re-tenant any potential vacant stores in Appendix C of the Revised Draft EIR, *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department. The commenter is referred to Responses 12-3 and 12-4.
- Response 12-11: The commenter states their opinion regarding the effect of a Save Mart closure on the other businesses in the McKinley Village shopping center and the resultant loss of sales tax revenue. The commenter is referred to Responses 12-3 and 12-4. The comment is noted.
- Response 12-12: The commenter quotes a letter from a person that has performed leasing services for McKinley Village who states that the consequences of approving the WinCo and Wal-Mart Supercenter would involve the potential for significant long term vacancies at impacted shopping centers leading to physical deterioration and urban decay. The comment does not necessitate a revision to the EIR. The Revised Draft EIR includes the 2007 revised BAE Market Impact Analysis report (Appendix A) and the *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department (Appendix C). CEQA analysis is limited to likely physical impacts, where the economic impact is part of a causal chain leading to urban decay. Tracy is a thriving retail market and has a stable population base inclusive of recent housing market changes, the provisions in Measure A, and growth associated with prior development approvals. Please see Response 4-1 for additional information on numeric trends for the previous, current and future housing market in Tracy. Even closures of some businesses, especially smaller ones, is not likely to lead to urban decay or other physical deterioration as discussed in the *Urban Decay Analysis Memo* (Lombardo 2007) and Section 4.1 of the Revised Draft EIR.

Letter 13

RECEIVED  
DEC 31 2007  
CITY OF TRACY

To the Tracy Planning Department

Please find attached some of the letters previously submitted on the WinCo project and its EIR. We believe that the current Wal-Mart proposal and DEIR share many of the same issues and problems. A number of the letters addressed both the WinCo and the Wal-Mart projects, and should have been accepted as comments on both projects.

13-1

So there is no doubt as to the intent of Tracy First to comment on both WinCo and Wal-Mart (and any other Big Box store that will undercut present businesses and create serious traffic problems), these letters did and do reflect comments upon the Wal-Mart DEIR as well.

13-2

After reviewing our previous comments upon both projects, a few other issues came up that were not previously mentioned in particular detail.

The first is that the proposed Wal-Mart undercuts one of the main land use and economic development strategies of the Tracy General Plan. The General Plan provides for what are called "Village Centers" that would provide a combination of housing, offices, and retail businesses to serve the surrounding neighborhoods. To carry that out, the Land Use Element requires that new supermarkets shall be located in Village Centers or Downtown. The Wal-Mart expansion is on a site that is not designated as Village Center or Downtown. Why is this not considered inconsistent with the Tracy General Plan? Why does the DEIR not discuss this in Land Use Chapter of the EIR? The new DEIR doesn't even discuss the Land Use Element policies about Village Centers, and mentions Village Centers under the Community Character Element but excludes all the General Plan policies in Objective CC-9.1 regarding Village Centers.

13-3

The Revised DEIR confuses things by devoting one paragraph to the 2005 Update to the 1993 General Plan. This revised DEIR was released in July of 2007, which is long after the General Plan Update was completed? How can the Revised DEIR only talk about the significant new General Plan policies as "proposed"? Won't the Project have to comply with the General Plan when it is approved? If the Wal-Mart is inconsistent with a policy saying supermarket shall be located Downtown or in Village Centers, isn't that a problem that should be discussed? The Introduction to the General Plan says that "shall" means conformance is mandatory? Why is this Project not complying?

13-4

Letter 13 Continued

Secondly, the Revised DEIR says that the Wal-Mart supermarket expansion may result in the closing of one or more supermarkets, and that filling those vacancies with a new supermarket may be difficult. The BAE study says that 2-3 supermarkets may close due to the Wal-Mart and WinCo stores. Most if not all of the stores likely to close are in designated Village Centers. So approval of the Wal-Mart project is not only locates a supermarket outside a Village Center (contrary to the General Plan), but will cripple or close the anchor supermarkets in Village Centers, and make it unlikely that a new supermarket would move in to take their place. Aside from being inconsistent with the General Plan, this also means more noise, more traffic, more air pollution for residents who cant get their groceries in their local designated Village Center. Did the revised DEIR consider any of those impacts that are contrary to the intended function of Village Centers?

13-5

Third, the revised DEIR also takes a contradictory approach to the Mountain House planned community in looking at population, market base, and land use. Mountain House was approved as a self-contained community that would provide meet most of the retail and service sector needs of the residents. This is not just a vague hope, but spelled out in the adopted plans, policies, and codes that govern how that County development will occur.

13-6

Without explanation, the revised DEIR assumes full buildout of the residential part of Mountain House, and builds those new homeowners into the amount of expenditures that would be going into local supermarkets. This large number of new shoppers is used to argue that the local supermarket base would rebound fairly quickly. But the revised EIR also assumes that the supermarkets planned to be part of Mountain House would NOT be built, due to competitive pressure from Wal-Mart.

13-7

For a start, residential buildout of Mountain House without the associated retail services would be contrary to its development plan and codes. How can the Wal-Mart EIR assume the most advantageous situation (many shoppers with no local choices) when it violates existing policies and conditions that the City of Tracy doesn't have any authority to change? Shouldn't derailing the master development plan for Mountain House be considered as a significant project impact of Wal-Mart?

13-8

And since approving Wal-Mart will (according to their own consultant) derail the self-contained intent of Mountain House, doesn't this create even more problems with traffic, noise, and air quality? Problems that would not have occurred if Mountain House had been able to build out as intended?

13-9

### Letter 13 Continued


As I said at the beginning, the previous objections to Wal-Mart still apply, and we are resubmitting those comments so there is no possible confusion. But even more, how can this project and this DEIR move forward without recognizing the policy shift that has occurred since adoption of the 1993 Tracy General Plan? The new approach is to reinforce and rebuild existing neighborhoods, and provide each neighborhood or area with the basic needs. Not only is this new approach more supportive of neighborhoods, it reduces traffic on local streets, which in turn reduces problems with noise, air quality, safety, etc. This Wal-Mart project will not only undercut specific current policies of the Tracy General Plan, but self-sufficient projects and plans beyond the City limits?

13-10

Citizens of Tracy, and the County areas beyond the City limits, deserve an explanation of why this Project and this DEIR should move forward in complete opposition to the new development strategies of both the City and the County.

13-11

Sincerely,

  
David Summers

Tracy First

Letter 13 Continued

6-20-06

Downtown Letters

June 2<sup>nd</sup>, 2006

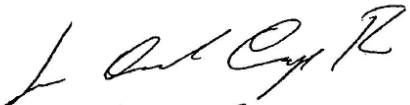
Members of the City Council,

I am a proud owner of a small business in downtown Tracy. I have been very happy with the City's efforts to rejuvenate the downtown area and support local business in our community.

I joined Tracy First, a group of local merchants concerned about the impact major retail developments will have on our businesses, when I learned of the City's unwillingness to study the overall economic impacts a WinCo and Wal-Mart Supercenter would have on our downtown. Why would the city be so irresponsible as to approve projects without knowing what effect it would have on an area that they have poured significant taxpayer funding into?

I urge you to revisit this issue and ensure that you are not approving projects, such as the WinCo approved by the Planning Commission on May 24, without knowing how they will impact our taxpayer investments.

13-12

  
Jose Campos  
Mi Esperanza Meat MKT  
918 Central ave  
Tracy CA 95376

## Letter 13 Continued

June 2008

To the Tracy City Council,

I was regretfully unable to attend the meeting of the Planning Commission on the 24<sup>th</sup> of May. I believe that the decision regarding the approval of a WinCo store that was made at that meeting was irresponsible and failed to take into account the economic "big picture" in Tracy. While we are a growing city, we are not growing so quickly that we need to double the amount of grocery available in this community putting existing grocery and non-grocery businesses at risk. There is no evidence in the EIR or any other document that Tracy is experiencing such a radical shortage of supermarket choices that would necessitate 174,000 sq ft of new grocery.

13-13

It is my hope and request that when this decision is appealed, that the Council will consider it in context and side by side with the Wal-Mart Supercenter expansion - at the same meeting. Additionally, since the completion of the EIR, Raley's has submitted an application to build yet another market in Tracy. The Council must ask the tough questions - how does this additional market impact the findings of the EIR and how will it affect the overall economic health of Tracy?

13-14

I thank you on behalf of Tracy First for your attention to this matter and your leadership.

Sincerely,

  
DAVE'S BASS SHACK



#### LETTER 13     DAVID SUMMERS, TRACY FIRST

Response 13-1: The commenter's letter and its two accompanying letters (dated June 2, 2006, and June 2006) are included within the official record for the project, which is under consideration by the Planning Commission and City Council.

Response 13-2: The commenter also indicates that after they reviewed their previous comments upon both projects (WinCo and Wal-Mart) that a few other issues came up that were not previously mentioned in particular detail. Also see Response 13-1 above.

Response 13-3: The commenter is referring to the current General Plan (2006) which includes a variety of land use and economic development-related policies. The commenter is stating their opinion regarding the consistency of the Wal-Mart expansion project with the General Plan (2006), specifically in regard to the policies associated with supermarkets and "Village Centers."

The commenter is referred to the discussion in the Revised Draft EIR under Impact 4.1.1, where the discussion says the project "...is generally consistent with land use designations of the City of Tracy General Plan...The proposed project is generally consistent with General Plan policies, strategies, and concepts related to development. Therefore, no conflict with General Plan land use policies were identified that would result in a physical impact on the environment." The commenter is also additionally referred to the discussion in the Revised DEIR under Impact 4.1.2, Impact 4.1.3, Impact 4.1.5, and Impact 4.1.6, the latter which specifically mentions "Village Centers." The commenter is also referred to discussions within the General Plan, specifically Page 3-9 that mentions large food stores within the I-205 Regional Commercial Area and that the area serves as a primary retail destination outside of the downtown. Land Use Element Objective LU-2.2, identified below, identifies regional-scale development, including big-box retail stores, should be primarily located in the I-205 commercial area. These discussions under Impact 4.1.2, Impact 4.1.3, Impact 4.1.5, and Impact 4.1.6 of Section 4.1 of the Revised Draft EIR involve the professional opinion of the City of Tracy Planning Department that the project is in conformance with the General Plan (2006).

Additionally, it is the opinion of the Department that the Wal-Mart expansion project does not give rise to an implementation conflict between and amongst the policies mentioned by the commenter, in particular those General Plan (2006) land use, community character, and economic development policies that pertain to "Village Centers," "Downtown," and "I-205 Regional Commercial Area." Grocery stores/supermarkets are discussed as allowable land uses within Village Centers and the Downtown, but are not necessarily precluded from the I-205 Regional Commercial Area, which is in part why the project is not considered inconsistent with the General Plan (2006).

For example, under the Land Use Element Objective LU-2.2:

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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P1. Regional-scale retail development, such as shopping malls, big-box retail and auto sales, shall be primarily located in the I-205 Regional Commercial Area.

P2. New neighborhood-serving retail and service commercial uses, such as supermarkets, dry cleaners, coffee shops, banks and drug stores, shall be located in Village Centers and the Downtown and be designed to meet the principles presented in the Community Character Element.

These policies describe the general scale and service orientation for retail and commercial uses for "Village Centers," "Downtown," and the "I-205 Regional Commercial Area." Even a strict interpretation of these policies, would not necessarily preclude the incorporation of a bank, dry cleaner, or other neighborhood serving use from being incorporated as a component into a regional-scale retail development, similar with supermarkets.

Another example is under Community Character Element Objective CC 9.1 and CC 9.3. Interpretation of these policies would include that Village Centers should have those land uses that make the concept work – neighborhood serving retail uses, including supermarkets – rather than the absence of them within a comprehensive plan for the development of a Village Center.

The comments are respectfully forwarded to the Planning Commission and City Council for review, but no revision is necessary to the EIR to address the comment.

Response 13-4: In order to be approved, the project will need to be found compliant with the General Plan (2006). The paragraph from the Revised Draft EIR mentioned in the comment has been revised, as shown in Section 4 (Errata) of this Final EIR. The revision does not substantially change the analysis or conclusions in the EIR. As discussed in Response 13-3, it is the professional opinion of the City of Tracy Planning Department that the Wal-Mart expansion project is not inconsistent with the General Plan (2006). No further revision is necessary to address the comment.

Response 13-5: As discussed in Response 13-3, it is the professional opinion of the City of Tracy planning department that the project is in conformance with the General Plan (2006).

The Revised Draft EIR includes the 2007 revised BAE Market Impact Analysis report (Appendix A) and the *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department (Appendix C). The 2007 revised BAE Market Impact Analysis report states that Food Maxx sales are likely to be affected by the Wal-Mart and WinCo projects due to its position as a low cost supermarket and may be more directly competitive and see an impact greater than the average for all stores. Additionally, a Save Mart, the Albertsons, and the Food Maxx are at a high risk of closure, but as sales shift in the market and the stores respond in their marketing efforts, it is not possible to state with any certainty which of the these three additional stores is most at risk. CEQA analysis is limited to likely physical impacts, where the economic impact is part of a causal chain leading to urban decay. Tracy is a thriving

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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retail market and has a stable population base inclusive of recent housing market changes, the provisions in Measure A, and growth associated with prior development approvals. Please see Response 4-1 for additional information on numeric trends for the previous, current and future housing market in Tracy. Even closures of some businesses, especially smaller ones, is not likely to lead to urban decay or other physical deterioration as discussed in the *Urban Decay Analysis Memo* (Lombardo 2007). Furthermore, the project does not inherently preclude the development of Village Centers and the ability of residents to get groceries from stores within future Village Centers, as the comment suggests. Village Centers may contain supermarkets that presumably could tailor their business plans to respond to neighborhood traditional and niche grocery needs, and may also contain other or additional retail uses that could be neighborhood serving. Given that Village Centers are still proposed in the locations indicated in the General Plan, the project would not necessarily result in more noise, more traffic, and more air pollution, as the comment suggests, as neighborhood serving uses are still required within Village Centers.

Response 13-6: The commenter is stating that the Revised Draft EIR takes a contradictory approach to Mountain House, an explanation of what the commenter means is included within later paragraphs within the commenter's letter. It is important to note that the Mountain House community is outside of its jurisdiction and the City of Tracy does not approve projects based upon another community's plans and policies. Additionally, the commenter is directed to the assumptions and methodology of the Revised Draft EIR and 2007 revised BAE Market Impact Analysis report, which clearly outline the development of the Trade Area, population projections, and other data, and a description of the existing and future development at Mountain House. No revision to the EIR is necessary to address the comment.

Response 13-7: The 2007 revised BAE Market Impact Analysis report has information and explains why Mountain House was included in the Trade Area for analysis.

As stated on page 27 of the report:

"...Outside Tracy, there are no currently pending applications or approvals for retail projects with supermarkets. Mountain House reports that plans call for a supermarket in a "Village Center" once the housing unit count reaches a number between 3,000 and 4,000 housing units with approximately 1,500 units currently completed. However, the potential approvals for the Wal-Mart expansion and WinCo may impact the regional market, creating a greater perceived risk for a supermarket in Mountain House and delaying interest from possible operators and construction for an undetermined period. Because of this, and per CEQA guidelines, the schedule and approval of any supermarket in Mountain House is deemed speculative and no Mountain House supermarkets are considered in this analysis."

The BAE report does not conclude that supermarkets would never be built at Mountain House, so the term speculative is intended with reference to the current time period when we cannot exactly pinpoint when a supermarket at Mountain House might enter the market. According to San Joaquin County staff contacted (Gabe Karam), the threshold for the first supermarket in

### **3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR**

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Mountain House is 3,000 units; according to Eric Teed-Bose of Trimark, the master developer, the threshold is 4,000 housing units. Either way, Mountain House is expected to have sufficient housing units to create conditions where a supermarket would locate there.

Meanwhile, residents that are Wal-Mart shoppers within the Trade Area were assumed to shop at their nearest Wal-Mart Supercenter, as state on pages 3 and 9 in the report. The 2007 revised BAE Market Impact Analysis report then provides information on what would happen in the grocery and other retail markets on a project level and regarding cumulative impacts under different Wal-Mart project and other grocery approval scenarios. Please refer to the report for an extended description and to Response 13-14 for a brief description of these scenarios. No revision to the EIR is necessary to address the comment.

Response 13-8: The 2007 revised BAE Market Impact Analysis report assumes that residents that are Wal-Mart shoppers within the Trade Area will shop at their closest Wal-Mart Supercenter, as stated on pages 3 and 9 in the report. This assumption does not bear relation to the ideas contained within development plans and codes for Mountain House or demonstrate a violation of existing policies. Additionally, any master development plan for Mountain House would also involve assumptions in regards to the marketplace into the future. The approval or denial of the Wal-Mart project does not bear relation to conformance with Mountain House development plans and codes or establish a policy that could limit the number of supermarkets that could be located at Mountain House in the future. The City of Tracy has no jurisdiction or implementation authority in regard to Mountain House. No revision to the EIR is necessary to address the comment.

Response 13-9: The City of Tracy has no jurisdiction over the development and buildout of Mountain House, and potential impacts with traffic, noise, air quality, and other issues associated with the buildout of Mountain House unfolding differently or similarly to what was planned is not within Tracy's jurisdiction to address. It is anticipated a supermarket would be built at Mountain House when demanded by the retail market, which is affected by a variety of factors, including timing of residential development, not associated with the proposed project. The proposed project will not change whether plans for Mountain House can be implemented. The commenter asks whether there would be traffic, air quality, and noise problems. The Revised Draft EIR analyzes the traffic that would be generated by the Wal-Mart expansion and the related air quality and noise effects.

Response 13-10: Comments and objections to the Wal-Mart expansion project are noted and respectfully forwarded to the Planning Commission and City Council for review. It is the professional opinion of the City of Tracy planning department that the project is in conformance with the General Plan (2006), and as such, does not undercut policies of the General Plan. The commenter is referred to Response 13-3. There is concurrence with the commenter that providing each neighborhood with its basic needs can often provide many potential benefits such as reduced traffic congestion, noise, air quality impacts, and safety impacts, as well as serve to reinforce and rebuild existing

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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neighborhoods. These are all aspects supported by the current General Plan. No revision is necessary to the EIR to address the comment.

Response 13-11: The commenter is referred to Responses 13-3 through 13-10 for the requested explanation.

Response 13-12: The project is under review and consideration by the Planning Commission and City Council with the economic data and analysis provided in the 2007 revised Market Impact Analysis report. Section 4.1 of the Revised Draft EIR, report prepared by BAE, and the *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department provides information regarding the potential economic effects of the project, particularly as those potential economic effects may result in significant adverse physical changes to the environment. The proposed WinCo and Wal-Mart expansion are anticipated to be competitive with other major supermarkets, not the current businesses downtown. The Tracy market has included numerous big-box retailers for many years, and the current mix of businesses in the downtown area reflects an adjustment to that competition. There are no competitive supermarkets in the downtown area, and given the limited availability of suitable large tracts of land and typical retail patterns in downtowns, there is not likely to be one in the future.

According to the revised Market Impact Analysis on Page 25, ..."one issue that is sometimes raised regarding big box stores is the potential impacts on a downtown area. Downtown Tracy, however, has no major supermarket; the smaller food stores have already adjusted to the market reality of large-format supermarkets by shifting to a different market niche (e.g., ethnic market), so it is reasonable to assume that another supermarket-type store should not significantly impact such a store. The remainder of Downtown's retail is in niche types not directly competitive with WinCo or the Wal-Mart expansion, so impacts should be negligible. Furthermore, BAE's tour of the area revealed limited vacancies and no urban decay."

Response 13-13: The commenter specifically refers to the EIR for the WinCo project and questions the amount of grocery service needed within the City of Tracy relative to demand and growth rates. See Response 13-14 below. While this comment does not address potential environmental effects associated with the proposed project, the comment is forwarded to the Planning Commission and City Council for review.

Response 13-14: The commenter is specifically referencing the EIR for the WinCo project, but requests that the Wal-Mart expansion project be considered in context with the WinCo project and other applications within the City of Tracy for grocery uses. The comment does not necessitate a revision to the EIR. In the 2007 revised Market Impact Analysis, the analysis of additional cumulative impacts on supermarkets considers the WinCo project, the supermarket at the Valpico Town Center, and the Raley's as being reasonably foreseeable supermarkets within the Wal-Mart Trade Area. Additionally, a Smart and Final had been opened; however, it was excluded from the analysis due to its small size and focus on bulk goods packaged for institutional use rather than everyday shopping needs. On pages 28-38, the 2007 revised Market Impact Analysis concludes that cumulative impacts of the grocery component of the project

### 3.0 COMMENTS AND RESPONSES TO COMMENTS ON THE DRAFT EIR

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in conjunction with the opening of the aforementioned WinCo, Valpico Town Center, and Raley's supermarkets as a function of overall percentage loss applied to each existing store may result in some closures of existing supermarkets, with the existing sales reallocated to those stores remaining. The 2007 revised BAE report also discusses that it is possible that one or more of the aforementioned WinCo, Valpico Town Center, and Raley's supermarkets may not be built due to extremely competitive conditions. The 2007 revised BAE report also discusses that the general merchandise component of the project should be absorbed by the market without any associated store closures. However, the overall amount of competitive retail space coming onto the market, including any tenant space associated with closed supermarkets, could result in an oversupply of competitive retail space that would take several years to absorb. The standard of significance for economic impacts of the project is that the project would result in urban decay, which could result if all of the following occurred: (1) the project results in an economic impact so severe that stores might close as a result; (2) buildings and/or properties, rather than being reused within a reasonable time, would remain vacant; and (3) such vacancies would cause buildings and/or properties to deteriorate and lead to the decline of the associated or nearby real estate. The Revised Draft EIR includes the *Urban Decay Analysis Memo by Victoria Lombardo* of the City of Tracy Planning Department (Appendix C). CEQA analysis is limited to likely physical impacts, where the economic impact is part of a causal chain leading to urban decay. Tracy is a thriving retail market and has a stable population base inclusive of recent housing market changes, the provisions in Measure A, and growth associated with prior development approvals. Please see Response 4-1 for additional information on numeric trends for the previous, current and future housing market in Tracy. Even closures of some businesses, especially smaller ones, is not likely to lead to urban decay or other physical deterioration as discussed in the *Urban Decay Analysis Memo* (Lombardo 2007) and Section 4.1 of the Revised Draft EIR.

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## **4.0 ERRATA TO THE DRAFT EIR**

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Listed below are the complete changes, additions, and deletions that have been made to the text of the Draft EIR as a result of public and staff review. Changes to the text in the Draft EIR are shown as additions and ~~deletions~~. Modifications to the text in the Revised Draft EIR are shown with a double underline and ~~double strikethrough~~.

### 1.4 ORGANIZATION AND SCOPE

Page 1.0-4, "~~Aesthetics~~" heading has been changed to "Aesthetics/Visual Resources/Light and Glare."

Page 1.0-4, "~~Hazards and Hazardous Materials~~" has been changed to "Human Health and Hazards."

Page 1.0-4, Human Health and Hazards, delete: "~~This section concludes that the project would have a less than significant effect with regard to this issue.~~"

Page 1.0-4, Public Services, delete: "~~This section concludes that the project would have a less than significant effect on public services.~~"

Page 1.0-4, Utilities and Service Systems, delete: "~~This section concludes that the project would have a less than significant effect on public utilities and service systems.~~"

Page 1.0-5, add: "The proposed project would provide retail services to accommodate population already residing in Tracy housing, with the minor exception of any new employees who would not live within commuting range of the project."

### 2.0 EXECUTIVE SUMMARY

Page 2.0-2, regarding the No Project alternative, add: "This alternative assumes development of the proposed project site consistent with the existing zoning Specific Plan and General Plan designation."

Page 2.0-11, Impact 4.4.9, delete: "~~The proposed project would not result in insufficient parking capacity.~~" Add: "The proposed project parking will meet the I-205 Corridor Specific Plan and Tracy Municipal Code requirements for the number, size, and design of parking areas."

### 3.0 PROJECT DESCRIPTION

Page 3.0-1, Project Site and Vicinity, insert as third and fourth paragraphs:

"On August 18, 1992, the City Council approved a Preliminary Development Plan for the Tracy Marketplace shopping center, showing a total of 605,277 square feet of retail space, to be constructed in four phases. The first phase of this development included a 163,654 square foot Wal-Mart department store, for which a Final Development Plan was approved on October 6, 1992. The existing Wal-Mart store was ultimately constructed at a smaller size of only 125,689 square feet, but was still in substantial compliance with the Final Development Plan approval of 1992.

The existing square footage of the Tracy Marketplace shopping center is currently 417,413, with an additional 29,838 square feet of floor area fully approved and not yet built. In addition to that, 135,804 square feet of retail space is currently proposed and in review (including the proposed Wal-Mart expansion), and approximately 7,700 square feet of building area could be

## 4.0 ERRATA TO THE DRAFT EIR

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developed on the last remaining vacant parcel of the shopping center. This would bring the total shopping center square footage to 590,755, slightly smaller than what was originally envisioned in the approved Conceptual Development Plan."

### 4.0 INTRODUCTION TO THE ENVIRONMENTAL IMPACT ANALYSIS

No changes were made to this section of the Draft EIR.

### 4.1 LAND USE

Page 4.1-7, revise the last paragraph under "Agricultural Uses" as follows:

"Farmland of Local Importance is defined as all farmable land within San Joaquin County not meeting the definitions of Prime Farmland, Farmland of Statewide Importance, and Unique Farmland. This includes land that is or has been used for irrigated pasture, dryland farming, confined livestock, or dairy facilities, aquaculture, poultry facilities, and dry grazing. It also includes soils previously designated by soil characteristics as Prime Farmland, Farmland of Statewide Importance, and Unique Farmland that has since become idle. According to the Environmental Impact Report prepared for the City of Tracy General Plan, the project site is designated as Prime Farmland. However, since the property has not been irrigated in the recent past, it no longer qualifies for that designation and has been recognized as vacant, disturbed land. The property was used most recently as a retention basin and is surrounded by existing development. The development of the project site will not result in any impacts to Prime Farmland or Farmland of Local Importance."

Page 4.1-9, revise the last paragraph as follows:

~~Approved in 1993, the~~ The City of Tracy General Plan includes a land use map, which is a graphic representation of future land use classifications for all parcels of land in the TPA. The General Plan plans for Core Contiguous development expanding from the City's existing urban core and also envisions self-sustaining development that will contribute to the sense of community without detracting from the existing Tracy downtown core. ~~The General Plan plans for six urban centers targeted for development over a 20-year horizon.~~

Page 4.1-10, revise the last sentence in the second paragraph and the associated footnote as follows:

The General Plan ~~designated 2,523~~ designates 2,282 acres within the City limits as Industrial and ~~1,020~~ 755 acres within the City limits as Commercial.<sup>4</sup>

<sup>4</sup>City of Tracy. City of Tracy General Plan. July 20, 2006.

Page 4.1-13, City of Tracy Zoning Regulations, add to end of first paragraph: "However, a conditional use permit is required for the project, because the I-205 Corridor Specific Plan requires a conditional use permit for grocery sales in the General Commercial Land Use Designation."

Page 4.1-13, revise paragraph as follows:

**~~Proposed General Plan Land Use Designations for the 2005 Update~~**

~~The City of Tracy is currently preparing an update to its 1993 General Plan. The General Plan Update designates the proposed project site, and surrounding properties within the Grant Line Road portion of the I-205 Corridor Specific Plan area as Commercial. In the proposed 2005-2006 General Plan Update 2,282 2,280 acres within the City limits are designated Industrial and 755 acres within the City limits are designated Commercial. As previously mentioned, the 1993 General Plan designated 2,523 acres within the City limits Industrial and 1,020 acres within the City limits Commercial.~~

Page 4.1-15, revise the first paragraph in the discussion following impact statement Impact 4.1.1 as follows:

The project is ~~generally~~ consistent with land use designations of the City of Tracy General Plan, as discussed above under City of Tracy General Plan. The proposed project is generally consistent with General Plan policies, strategies, and concepts related to development. Therefore, no conflicts with General Plan land use policies were identified that identified that would result in a physical impact on the environment.

Page 4.1-16, revise mitigation measure MM 4.1.4a and the *Timing/Implementation* as follows:

**MM 4.1.4a** Prior to commencement of any construction activities requiring complete or partial closure of existing public roadways surrounding the project site, the project applicant shall perform the following tasks to the satisfaction of the City of Tracy Development and Engineering Services Department:

- Obtain written approval from the Director of Public Works and/or City Engineer for the proposed temporary road closure or detour route;
- Ensure access for any users onto the I-205 Interstate and Grant Line Road;
- Provide written notice to property owners along affected roadways one week prior to roadway closures (if closures are required);
- Post notice of planned closure on affected roadways two weeks prior to roadway closures;
- Comply with the city's dust control ordinance during construction activities;
- To ensure public safety, clearly marked and secure roadway construction areas; and
- Steel plates or other appropriate measures shall be placed over open trenches at the end of each workday to restore vehicle access to all residents and nearby commercial properties.

*Timing/Implementation:* ~~Prior to commencement of any construction activities requiring complete or partial closure of existing roadways surrounding the project site.~~

*Enforcement/Monitoring:* ~~City of Tracy Public Works Department and Engineering Division. Development and Engineering Services Departments.~~

## 4.0 ERRATA TO THE DRAFT EIR

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Page 4.1-20, revise the second paragraph as follows:

For these reasons, it is doubtful whether any store vacancies that may be caused by the project would result in the deterioration of buildings and/or properties. The BAE report notes that even in a historically growing market such as Tracy, existing retail space is vacated due to functional obsolescence or the general cycle of retail closures and openings over time. The report also notes that formerly vacated sites have been reused by a variety of tenants, and in some cases subdivided for reuse.<sup>1</sup> Therefore, it is not expected that there would be any decline of associated or nearby real estate, as noted in the Urban Decay Analysis Memo prepared by City staff (see Appendix C). To conclude otherwise with the information available would be speculative and outside the scope of this EIR.<sup>2</sup> For all of these reasons, implementation of the proposed project would have a **less than significant** on economics.

Page 4.1-21, add the following reference to the Reference list:

City of Tracy. City of Tracy General Plan. July 20, 2006.

### 4.4 TRAFFIC AND CIRCULATION

Page 4.4-8, second to last paragraph, add footnote reference to explain that a project impact is considered significant when it increases the baseline volume by more than 5%: "Congestion Management Program for San Joaquin County, San Joaquin County Council of Governments, August 1996. Table 2, San Joaquin CMP "Grandfathered" Segments, page 14."

Page 4.4-36, revise last paragraph as follows: "As a side note, the Eleventh Street/Corral Hollow Road intersection delay ~~increases to~~ is 32 seconds, just below the LOS C/D threshold of 35 seconds. All other intersections would continue to operate at acceptable levels of service."

Page 4.4-49, revise the *Timing/Implementation* in mitigation measure MM 4.4.4 and as follows:

*Timing/Implementation:* ~~Prior to issuance of any building permit for the Wal-Mart project, an update to the Finance and Implementation Plans (FIPs) for the I-205 Corridor Specific Plan Area shall be completed in order to update the list of impacted intersections and estimates of the costs to make necessary roadway improvements as identified in Table 4.4-8. Wal-Mart shall be subject to its fair share of the increase in costs to roadway improvements that will result from the update of the FIPs. Wal-Mart shall pay its fair share of the increase in costs that result from the FIP update prior to issuance of any building permit or certificate of occupancy for the proposed project. However, if such fees are not fully paid prior to issuance of a building permit, Wal-Mart shall enter into an agreement with the City to pay the fees prior to issuance of a certificate of occupancy. The agreement shall contain a legal description of the property and shall be recorded in the Office of the County Recorder. The agreement shall be secured by a lien against the property and/or other security in a form acceptable to the City Attorney.~~

This revision makes this a stronger not weaker mitigation measure. The applicant must pay their fair share in full prior to issuance of building permit, thus prior to starting any construction. The

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<sup>1</sup> Bay Area Economics Market Impact Analysis for Proposed Wal-Mart Expansion in Tracy, CA. May 2007, 35.

<sup>2</sup> Section 15145 of the CEQA Guidelines provides that "[i]f, after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusions and terminate the discussion of the impact."

strike-out text would have permitted them to delay payment of part or all of their fair share until the building was fully constructed and ready for occupancy in exchange for a recorded agreement.

#### 4.5 NOISE

Page 4.5-1, revise the paragraph on the "Existing Noise Environment in the Project Vicinity as follows:

The proposed expansion area is approximately 800-1000 feet from the nearest existing residence to the north, and the truck pass by area is approximately 200 feet from that nearest residence. No other sensitive receptors were identified in the immediate project area. The ambient noise environment in the immediate project vicinity is dominated by noise from I-205, which runs the entire length of the southern site boundary and that of the neighboring uses to the east and west. Intermittent truck delivery operations at the existing Wal-Mart, Costco, and other commercial uses, also contribute to the ambient noise environment at the project site, but to a far lesser extent than Highway I-205.

Page 4.5-9, revise the fourth Standard of Significance as follows:

Expose people to or generate excessive ground borne vibration or ground borne noise (because this project does not involve impulsive activities which generate appreciable vibration, this criteria is not evaluated in this section).

Page 4.5-10, under Construction Noise Impact Assessment Methodology, revise the second paragraph as follows:

Activities involved in construction would typically generate maximum noise levels ranging from 85 to 90 dB at a distance of 50 feet. Construction activities would be temporary in nature and are anticipated to occur during normal daytime working hours. Although construction activities would result in periods of elevated noise levels, these increases would be relatively short-term in nature and would be partially to completely masked by noise from existing traffic on I-205. In addition, the City of Tracy General Plan Policy 4.4 limits construction activities to daytime hours. Therefore, this impact is considered less than significant.

#### 4.6 AIR QUALITY

Page 4.6-17, responsibility for enforcement and monitoring of mitigation measure MM 4.6.1 has been changed as follows:

*Enforcement/Monitoring: ~~City of Tracy Public Works Department~~ Development and Engineering Services Department*

Page 4.6-20, mitigation measure MM 4.6.5 was revised to show that the planting of trees was not necessary due to the fact that no trees would be removed as a direct result of the proposed project. The original mitigation proposed was standard boilerplate language that is often applied to buildings when they have south-facing windows or openings. The design for this building evolved to have no openings on the south-facing side that would cause the trees to add a warming or cooling benefit. The requirement to plant trees should have noted that evergreen trees shall be planted to screen the back of the building from view of the freeway to match the trees adjacent to the existing portion of the building and provide an aesthetic screening. This modification does not result in a significant change as there was no energy

## 4.0 ERRATA TO THE DRAFT EIR

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benefit originally and the number of trees to be planted would remain the same. While the mitigation measures would reduce project impacts, the project would have a **cumulatively considerable** and **significant and unavoidable** impact after implementation of mitigation.

The revision to MM 4.6.5 is as follows:

**MM 4.6.5** The project is subject to SJVAPCD Rule 9510 that would require the project to mitigate air quality impacts through onsite and/or offsite mitigation measures. In addition, To mitigate for cumulative impacts the following design features are recommended to help mitigate for cumulative impacts:

- Use energy efficient design including automated control system for heating/air conditioning and energy efficiency, utilize lighting controls and energy-efficient lighting in buildings and use light colored roof materials to reflect heat.
- ~~Plant deciduous trees on the south and westerly facing sides of buildings.~~

Page 4.6-20, under Mitigation Measure 4.6.5, add the text below:

While the above measure would reduce project impacts, the project would have a **cumulatively considerable** and **significant and unavoidable** impact after implementation of mitigation.

Page 4.6-20, under impact statement Impact 4.6.6 change the last sentence as follows:

...Higher concentrations of GHGs have been linked to the phenomenon of climate change. This would be a **potentially cumulatively considerable** impact on the State's GHG reduction efforts. This would be a **potentially less than cumulatively considerable** impact on the State's GHG reduction efforts.

Page 4.6-22, under the Potential Increase in Long Term Atmospheric Greenhouse Gas Emissions discussion, change the last sentence as follows:

...California vehicle emissions standards are regulated by the State and federal governments. Given the lack of a quantifiable significance threshold, coupled with the fact that the project's GHG emissions account for 0.000017 percent of the statewide annual GHG emissions totals, the project's contribution to this cumulative impact is considered **less than cumulatively considerable**. Given the likelihood that the project would shift the location of GHG emissions from customer-based mobile sources and result in a minimal net increase in GHG emissions, the project's impact on climate change is considered **less than cumulatively considerable**.

Page 4.6-22, under the heading of Mitigation Measures change as follows:

None required. Implementation of the mitigation measures identified in this section and in 4.13, Energy Resources will assist in further reducing the project's contribution to climate change. No additional mitigation is required.

## 4.8 GEOLOGY AND SOILS

Page 4.5-9, revise mitigation measure MM 4.8.1 as follows:

**MM 4.8.1** Construction and Design Recommendations: The latest edition of the California Building Code (CBC), and the grading and building ordinances of the City of Tracy and San Joaquin County shall be used as a minimum guideline for all development occurring within the planning project area. The applicant shall design project utilities and infrastructure to withstand expected seismic forces.

*Timing/Implementation: Prior to the issuance of building permits Applicant submittal of final site design and engineering plans to the City of Tracy.*

*Enforcement: City Department of Development and Engineering Services.*

#### **4.13 ENERGY CONSERVATION**

The numbering of mitigation measure MM ENE-1 following impact statement Impact 4.13.1 has been changed as follows: MM ~~ENE-4.13-1~~. No revisions have been made to the mitigation measure itself.

#### **APPENDICES**

New architectural renderings have been provided by the applicant and are included as Appendix C in this Final EIR.





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## **5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM**

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## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

### 5.1 INTRODUCTION

This document is the Final Mitigation Monitoring and Reporting Program (MMRP) for the Tracy Wal-Mart Expansion Environmental Impact Report. This MMRP has been prepared pursuant to Section 21081.6 of the California Public Resources Code, which requires public agencies to “adopt a reporting and monitoring program for the changes made to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment.” An MMRP is required for the proposed project because the EIR has identified significant adverse impacts, and measures have been identified to mitigate those impacts.

The numbering of the individual mitigation measures follows the numbering sequence as found in the EIR. All revisions to mitigation measures that were necessary as a result of responding to public comments and incorporating staff-initiated revisions have been incorporated into this FMMRP.

### 5.2 MITIGATION MONITORING AND REPORTING PROGRAM

The MMRP, as outlined in the following table, describes mitigation timing, monitoring responsibilities, and compliance verification responsibility for all mitigation measures identified in this Final EIR.

The City of Tracy will be the primary agency, but not the only agency, responsible for implementing the mitigation measures. In some cases, the City or other public agencies will implement measures. In other cases, the project applicant will be responsible for implementation of measures and the City's role is exclusively to monitor the implementation of the measures. In those cases, the project applicant may choose to require the construction contractor to implement specific mitigation measures prior to and/or during construction. The City will continue to monitor mitigation measures that are required to be implemented during the operation of the project.

The MMRP is presented in tabular form on the following pages. The components of the FMMRP are described briefly below:

- **Mitigation Measures:** The mitigation measures are taken from the Draft EIR and the Revised Draft EIR, in the same order that they appear in the Draft EIR and the Revised Draft EIR. The Final MMRP contains revisions to mitigation measures, as well as new mitigation measures.
- **Mitigation Timing:** Identifies at which stage of the project mitigation must be completed.
- **Monitoring Responsibility:** Identifies the department within the City, project applicant, or consultant responsible for mitigation monitoring.
- **Compliance Verification Responsibility:** Identifies the department of the City or other state agency responsible for verifying compliance with the mitigation. In some cases, verification will include contact with responsible state and federal agencies.

**5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM**

**TABLE 5.0-1  
MITIGATION MONITORING AND REPORTING PROGRAM**

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
<b>Land Use/Agricultural Resources/Economics</b>				
<b>MM 4.1.4a</b>	<p>Prior to commencement of any construction activities requiring complete or partial closure of existing public roadways surrounding the project site, the project applicant shall perform the following tasks to the satisfaction of the City of Tracy Development and Engineering Services Department:</p> <ul style="list-style-type: none"> <li>• Obtain written approval from the Director of Public Works and/or City Engineer for the proposed temporary road closure or detour route;</li> <li>• Ensure access for any users onto the I-205 Interstate and Grant Line Road;</li> <li>• Provide written notice to property owners along affected roadways one week prior to roadway closures (if closures are required);</li> <li>• Post notice of planned closure on affected roadways two weeks prior to roadway closures;</li> <li>• <u>Comply with the city's dust control ordinance during construction activities;</u></li> <li>• To ensure public safety, clearly marked and secure roadway construction areas; and</li> <li>• Steel plates or other appropriate measures shall be placed over open trenches at the end of each workday to restore vehicle access to all residents and nearby commercial properties.</li> </ul>	<p>City of Tracy <del>Public Works Department and Engineering Division</del> <u>Development and Engineering Services Departments</u></p>	<p>Prior to commencement of any construction activities requiring complete or partial closure of existing roadways surrounding the project site.</p>	
<b>MM 4.1.4b</b>	<p>During construction activities, the project applicant shall limit the amount of daily construction equipment traffic by staging construction equipment and vehicles on the project site at the end of each workday rather than removing them. Construction staging areas shall be included on improvement and grading plans in a location acceptable to the City.</p>	<p>City of Tracy Development and Engineering Services Department</p>	<p>Prior to improvement plan approval.</p>	

## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
<b>Human Health and Hazards</b>				
<b>MM 4.3.2</b>	Prior to issuance of grading permits, the project area shall be surveyed to accurately identify areas where hazardous materials may be present. The applicant shall perform soil sampling if necessary to determine the potential of soil and groundwater contamination present on and adjacent to the project site. Any remediation or exporting of soils from the project site shall be undertaken in accordance with the requirements of the California Department of Toxic Substances Control (DTSC), the Regional Water Quality Control Board, and San Joaquin County Environmental Health Department (SJCEHD).	City of Tracy Department of Development & Engineering Services	Prior to issuance of grading permits.	
<b>Traffic and Circulation</b>				
<b>MM 4.4.1</b>	By signaling the intersection at Grant Line Road/Byron Road the average delay would be reduced to 30 seconds, an acceptable LOS C. In addition to the installation of a signal, signal preemption and coordination with the rail road crossing and detection system is also required.  The affected study intersection is within the jurisdiction of San Joaquin County, which can and should complete such improvements. The City does; however, work with the County in addressing regional traffic problems through its participation in the Regional Traffic Impact Fee (RTIF) program. For each applicable project, fees are collected by the City, and forwarded to San Joaquin County and the San Joaquin County Council of Governments for their application to various regional traffic improvement projects. <del>and the City has no improvement plan for the affected intersection. Furthermore, there is no existing traffic impact mitigation fee program in place, and therefore, the mitigation cannot be implemented, and the impact would remain</del> <u>Until the improvements are made, the impact is significant and unavoidable.</u>	The County of San Joaquin Traffic Engineering Division for construction of intersection improvement	After sufficient fees are collected by the County to construct the improvement.	
<b>MM 4.4.2</b>	Creating an exclusive free-flow right-turn lane of 450 feet on eastbound Grant Line Road approaching the intersection with a receiving lane of 400 feet extending south from the intersection on Corral Hollow Road is recommended. <u>The City of Tracy shall be responsible for the intersection improvement and acquisition of</u>	The City of Tracy Public Works Department	Funding would be prior to acquisition of right-of-way and construction would be prior to project construction.	

## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
	<p><del>right-of-way, both of which would be funded by the proposed project. Optimizing the signal timing for Existing plus Project traffic volumes is also recommended. These mitigations are expected to reduce the average intersection delay to 33 seconds in the PM peak hour.</del></p>			
<p><b>MM 4.4.4</b></p>	<p>To mitigate its contribution to Cumulative traffic impacts, the proposed project would be responsible for participating in and funding a Roadway Finance and Implementation Plan to determine its fair share of required improvements.</p>	<p>City of Tracy Development and Engineering Services Department.</p>	<p>Prior to issuance of any building permit for the Wal-Mart project, an update to the Finance and Implementation Plans (FIPs) for the I-205 Corridor Specific Plan Area shall be completed in order to update the list of impacted intersections and estimates of the costs to make necessary roadway improvements as identified in Table 4.4-8. Wal-Mart shall be subject to its fair share of the increase in costs to roadway improvements that will result from the update of the FIPs. Wal-Mart shall pay its fair share of the increase in costs that result from the FIP update prior to issuance of any building permit. <del>for the proposed project. However, if such fees are not fully paid prior to issuance of a building permit, Wal-Mart shall enter into an agreement with the City to pay the fees prior to issuance of a certificate of occupancy. The agreement</del></p>	

**5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM**

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
			shall contain a legal description of the property and shall be recorded in the Office of the Recorder. The agreement shall be secured by a lien against the property and/or other security in a form acceptable to the City Attorney.	
MM 4.4.5	Construction of a single-point urban interchange (SPUI) is recommended, along with the through traffic being grade separated allowing for free-flow along Grant Line Road. By grade separation of Grant Line Road, the average intersection delay would be reduced to an acceptable 22 seconds.	City of Tracy Public Works Department	The City intends on making a finding that this mitigation is infeasible; therefore, the impacts will be <b>significant and unavoidable</b> .	
MM 4.4.6	Construction of a single-point urban interchange (SPUI) is recommended along with the through traffic being grade separated allowing for free-flow along Eleventh Street. By grade separation of Corral Hollow Road, the average intersection delay would be reduced to an acceptable 27 seconds (LOS C).	City of Tracy Public Works Department	The City intends on making a finding that this mitigation is infeasible; therefore, the impacts will be <b>significant and unavoidable</b> .	
<b>Air Quality</b>				
MM 4.6.1	<p>The following measures are appropriate dust control strategies to be implemented that go beyond the requirements of SJVAPCD Regulation VIII:</p> <ul style="list-style-type: none"> <li>• Limit traffic speeds on unpaved roads to 15 mph.</li> <li>• Install wheel washers for all exiting trucks, or wash off all trucks and equipment leaving the site.</li> <li>• Suspend excavation and grading activities when winds exceed 20 mph.</li> <li>• Limit size of area subject to excavation, grading or other construction activity at any one time to avoid excessive dust.</li> <li>• Install sandbags or other erosion control measures to prevent silt runoff to public roadways from sites with a slope greater than one percent.</li> </ul>	City of Tracy <del>Public Works Department</del> <u>Development and Engineering Services Department</u>	During construction activities.	

## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
	<ul style="list-style-type: none"> <li>Expediently remove the accumulation of mud or dirt from adjacent public streets at least once every 24 hours when operations are occurring.</li> </ul>			
MM 4.6.5	<p>The project is subject to SJVAPCD Rule 9510 that would require <u>the project to mitigate air quality impacts through onsite and/or offsite mitigation measures</u>. In addition, <del>To mitigate for cumulative impacts</del> the following design features are recommended to <u>help mitigate for cumulative impacts</u>:</p> <ul style="list-style-type: none"> <li>Use energy efficient design including automated control system for heating/air conditioning and energy efficiency, utilize lighting controls and energy-efficient lighting in buildings and use light colored roof materials to reflect heat.</li> <li><del>Plant deciduous trees on the south and westerly facing sides of buildings.</del></li> </ul>	City Department of Development and Engineering Services	During Final Design Review and construction activities.	
<b>Geology and Soils</b>				
MM 4.8.1	<p><b>Construction and Design Recommendations:</b> The latest edition of the California Building Code (CBC), and the grading and building ordinances of the City of Tracy and San Joaquin County shall be used as a minimum guideline for all development occurring within the <del>planning</del> project area. The applicant shall design project utilities and infrastructure to withstand expected seismic forces.</p>	City Department of Development and Engineering Services	Prior to the <u>issuance of building permits</u> . <del>Applicant</del> <u>submit</u> of final site design and engineering plans to the City of Tracy	
MM 4.8.2	Highly expansive soils shall be removed or covered with non-expansive soils. Surface water control and specialized foundation systems shall be used as necessary.	City Department of Development and Engineering Services	Prior to the issuance of building permits.	
MM 4.8.3	Applicable erosion control BMPs for the construction phase of the project shall be implemented, including, but not limited to soil stabilization techniques, inlet protection at downstream storm drain outlets, and post-construction inspection and clearing of all drainage structures of debris and sediment.	City Departments of Development and Engineering Services and Public Works	During construction activities.	
<b>Cultural Resources</b>				
MM 4.10.1a	If any prehistoric or historic artifacts, or other indications or archaeological resources are discovered during construction, all work in the immediate vicinity must stop and the City of Tracy	City of Tracy Planning Division	As a condition of project approval, and implemented during construction	



## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
	shall be immediately notified. An archaeologist meeting the Secretary of Interior's Professional Qualifications Standards in prehistoric or historical archaeology, as appropriate, shall be retained to evaluate the finds and recommend appropriate mitigation measures.		activities.	
<b>MM 4.10.1b</b>	If human remains are discovered, all work must stop in the immediate vicinity of the find, and the County Coroner must be notified, according to Section 7050.5 of California's Health and Safety Code. If the remains are determined to be Native American, the coroner will notify the Native American Heritage Commission, and the procedures outlined in CEQA Section 15064.5(d) and (e) shall be followed.	City of Tracy Planning Division	As a condition of project approval, and implemented during construction activities.	
<b>Public Services</b>				
<b>MM 4.11.1</b>	Wal-Mart shall increase their in-house loss prevention and on-security presence to the appropriate levels for the proposed project expansion to ensure adequate coverage. Wal-Mart shall coordinate with the Tracy Police Department on their security plans, including but not limited to adequate security procedures and personnel, and parking lot lighting.	City of Tracy Police Department	Prior to approval of development plans.	
<b>MM 4.11.4</b>	The Tracy Delta Solid Waste Management Inc., shall be provided the opportunity to review development plans for the project site to ensure that the following items are addressed: <ul style="list-style-type: none"> <li>• There is a sufficient plan for collecting, storing, and transporting recyclable and non-recyclable materials;</li> <li>• There are a sufficient number of receptacles placed throughout Wal-Mart that would encourage proper disposal of recyclable materials;</li> <li>• Acceptable means and method for pickup and transportation of solid waste shall be coordinated between Wal-Mart and TDSWM.</li> </ul>	City of Tracy Planning Division	Prior to issuance of a building permit.	
<b>MM 4.11.5</b>	Wal-Mart project planners shall consult with the Tracy Delta Solid Waste Management Inc., regarding the timing of project development. A formal agreement between the Tracy Delta Solid Waste Management Inc., and Wal-Mart shall be developed that	City of Tracy Planning Division	Prior to issuance of a building permit.	

## 5.0 FINAL MITIGATION MONITORING AND REPORTING PROGRAM

Proposed Mitigation	Summary of Measure	Monitoring Responsibility	Timing	Verification (Date and Initials)
	will specify how adequate solid waste disposal services, consistent with the TDSWM performance standards, would be provided. In addition Wal-Mart shall take all steps to ensure the store is equipped with a recycling program and moves toward reducing the amount of solid waste generated and disposed of.			
<b>Energy Conservation</b>				
<b>MM ENE4.13-1</b>	<p>The following measures shall be implemented during the construction of the proposed project.</p> <ul style="list-style-type: none"> <li>• Limit idling of construction equipment and delivery vehicles.</li> <li>• Limit the vehicle trips of construction deliveries by consolidating material loads to the extent feasible.</li> <li>• Delivery of materials should take place during non-rush hours to the extent feasible, in order to increase vehicle fuel efficiency.</li> <li>• Provide opportunities for construction workers to carpool.</li> <li>• Gasoline and diesel-run equipment and machinery should be well maintained and in good working condition.</li> </ul>	<u>City Department of Development and Engineering Services</u>	<u>During construction activities.</u>	

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## **APPENDIX A - MARKET IMPACT ANALYSIS**

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**MARKET IMPACT ANALYSIS  
FOR  
PROPOSED WAL-MART EXPANSION  
IN TRACY, CA**

**Prepared for:**  
City of Tracy

**Prepared by:**  
Bay Area Economics

May, 2007

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## **Introduction**

### **Background and Study Purpose**

The City of Tracy has received a proposal for expansion of the existing Wal-Mart to the Supercenter format (the "Proposed Project"), which will include a large area dedicated to food items, functionally the equivalent of a supermarket. In addition, WinCo Foods has received approvals for a large-format food store nearby, and additional commercial space has been proposed as part of that project. As of the time of this analysis, the WinCo project's approvals are currently in litigation. As part of its evaluation of the Proposed Project (the Wal-Mart expansion), the City has retained Pacific Municipal Consultants ("PMC") to complete an Environmental Impact Report (EIR).

The City of Tracy has retained Bay Area Economics ("BAE") to undertake a market impact analysis as part of the EIR process for the retail portion of this project. Urban decay is considered to be a potentially significant environmental impact. In this context, urban decay would result only if all of the following occurred: (1) the project results in an economic impact so severe that stores might close as a result; (2) buildings and/or properties, rather than being reused within a reasonable time, would remain vacant; and (3) such vacancies would cause the buildings and/or properties to deteriorate, and lead to the decline of the associated or nearby real estate.

This analysis only relates to the economic impacts of the project on existing retail centers. Therefore, its focus is limited to only the first two of the three urban decay factors described above. Physical impacts of the project are outside the scope of this analysis. Accordingly, it does not reach conclusions on whether any long-term store vacancies caused by the economic impacts of the project would result in any physical deterioration to buildings and/or properties. This, however, will be addressed in the EIR.

This study addresses the potential impacts of the Proposed Project alone, as well as the cumulative impacts if both the Proposed Project and the WinCo project and other retail developments are completed. It does not consider the impacts of the WinCo project alone.

This document represents a revised version of a report originally submitted as part of the Draft EIR in 2005. As a result of the WinCo entitlement process, additional information has been received that requires revisions to this market analysis component of the Wal-Mart EIR. Furthermore, market conditions have evolved in the area since BAE's original research was completed in the first half of 2004.

### **Project Description**

The proposed project is the expansion of the existing Wal-Mart in the Tracy Marketplace Center at 3250 West Grant Line Road to the Supercenter format, not a relocation and replacement of the existing store with a new store, so the existing store will not be vacated. The proposed store expansion will add 82,704 square feet to the existing 125,689 square-foot building and add an additional 5,650 square feet to the existing 5,382 square-foot outdoor garden center. The amount

of new space dedicated to grocery items and their storage is 55,192 square feet.<sup>1</sup> The new store area will be on currently vacant land adjacent to the existing store, allowing expansion of the store rather than relocation. The Supercenter will operate 24 hours a day, seven days a week.

### **Report Organization**

This report contains the following sections, providing background information and addressing issues of concern: this Introduction; Population and Employment Overview; Retail Sales Analysis; and Impacts of Proposed Project on Existing Retail Outlets.

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<sup>1</sup> This includes 33,928 square feet of sales space and 21,264 square feet of grocery stockroom and ancillary spaces. Unless otherwise noted, all store square footages in this report refer to gross square footage, not just selling area.



## Population and Employment Overview

### Introduction

This section presents background information on current and projected demographic and economic conditions in Tracy, the Trade Area, and San Joaquin County relevant to the evaluation of the potential impact of Wal-Mart's proposed expansion in Tracy. Developing an economic and demographic profile of these areas will help in identifying key factors influencing future retail sales in the area, and to assess the potential impacts of planned retail projects such as the proposed Wal-Mart expansion on other retail outlets and centers. Data sources considered include the U.S. Census Bureau, including the 2000 Census and the American Community Survey, the California Employment Development Department (EDD), the City of Tracy, the San Joaquin County Council of Governments, the California State Department of Finance, and Claritas, a private vendor providing estimates of current and future demographic conditions.

### Definition of Wal-Mart Trade Area

A trade area is the geographic region that encompasses most of a retail outlet's customers, or can be defined as including all the outlets that serve a particular market niche. For the Proposed Project, the Trade Area has been defined as the City of Tracy and some surrounding areas (see Figure 1).

This definition is based on Tracy's relative isolation from other large population nodes, especially to the west and south, and by the location of nearby existing and planned Wal-Mart Supercenters and regular discount stores, on the presumption that potential Wal-Mart Supercenter shoppers will go to the closest Wal-Mart Supercenter outlet. This designated Trade Area, consisting primarily of Tracy and the developing new community of Mountain House, is surrounded by existing and proposed Wal-Mart Supercenters in nearby cities, including Stockton (one existing Supercenter and two additional proposed Supercenters), Antioch, and Livermore. In Manteca, there is currently no application for a Supercenter at a specific site, even though city representatives and local media reports indicate that Wal-Mart is actively seeking a site in Manteca.<sup>2</sup> However, because of the distance to Tracy, the presence of an existing regular Wal-Mart in Manteca, and the potential for Manteca and Lathrop residents also to patronize the proposed Supercenter at French Camp in south Stockton, the Trade Area for the proposed Wal-Mart Supercenter in Tracy is conservatively assumed to exclude Manteca and Lathrop, even absent a Manteca Supercenter as a foreseeable project.

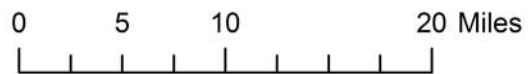
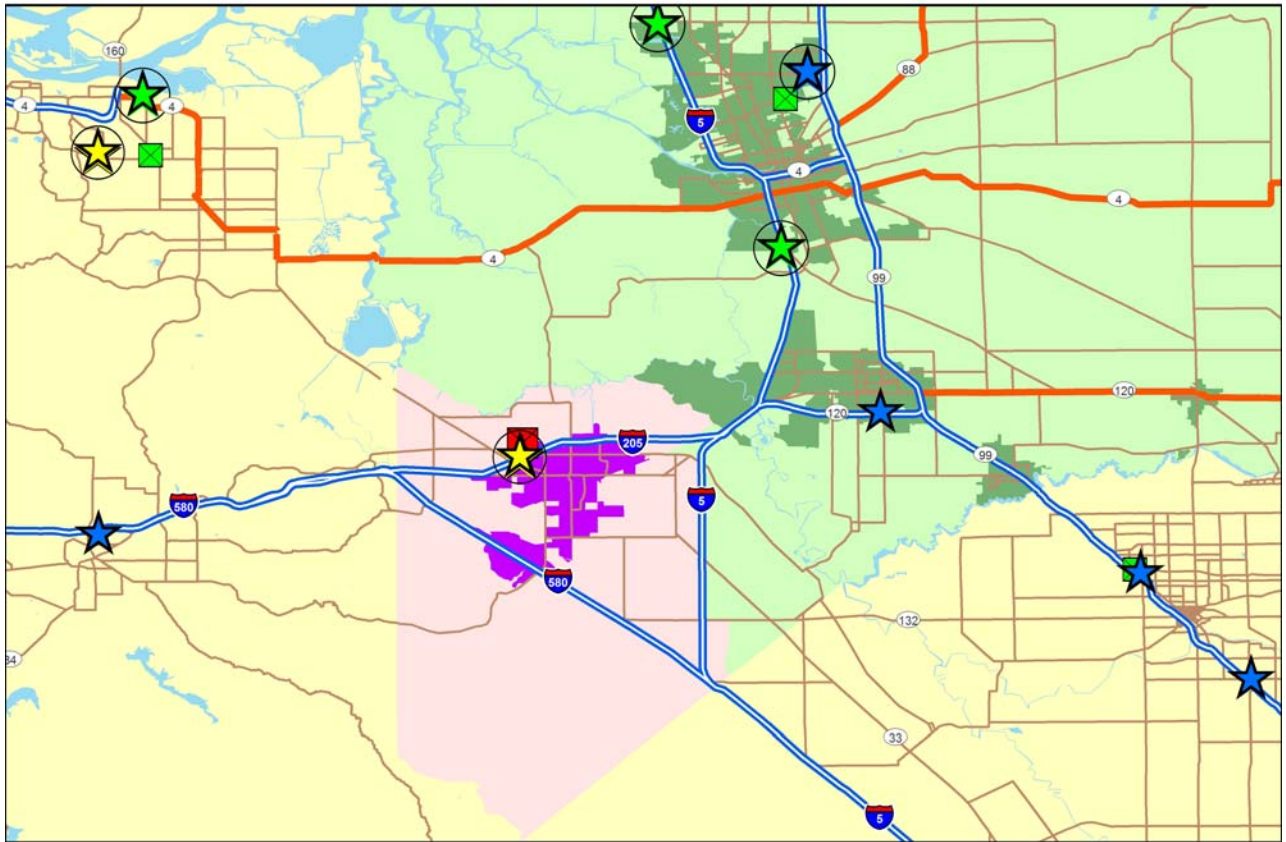
WinCo, the other major proposed supermarket type project, currently has stores in Brentwood, Stockton, and Modesto, also effectively covering most of the major population centers near Tracy, so the proposed WinCo is assumed to have the same Trade Area as the Proposed Project.

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<sup>2</sup> According to Kevin Birkholz, Economic Development Specialist with the City of Manteca, (contacted August 22, 2006), Wal-Mart has expressed interest and seems to think Manteca would be a great location, but has not bought property or formally committed to any of the currently under construction or planned retail centers in Manteca. For an example of a local media report on Wal-Mart's interest in Manteca, see "Manteca in line for 2 Wal-Mart SuperCenters?" *Manteca Bulletin*, December 24, 2005, <http://www.mantecabulletin.com/articles/2005/12/24/news/news1.txt>.

Traffic congestion and distance across the Altamont Pass is likely to preclude substantial shopping trips to the Tracy Wal-Mart and WinCo from Livermore and other Alameda County communities, which in any case may ultimately be served not just by a Supercenter but by another WinCo store as the chain continues to expand.

**Figure 1: Wal-Mart Supercenter Trade Area**



- Wal-Marts
- Existing Discount Store
- Existing Supercenter
- Existing Discount Store - Proposed Expansion to Supercenter
- Proposed New Supercenter
- Existing WinCo Stores
- Proposed Tracy WinCo
- City of Tracy
- Other San Joaquin County Cities
- San Joaquin County
- Trade Area



This Trade Area has been defined using Traffic Analysis Zones, in large part because they represented the smallest definable geographies for which reliable demographic estimates could be obtained. The following subsection discusses population trends in more detail. A listing of the Traffic Analysis Zones comprising the Trade Area can be found in Appendix A.

The Trade Area as defined in this revised report is somewhat smaller than that used in the previous BAE report. Specifically, the River Islands proposed development in Lathrop has been excluded from this revised analysis. This area has been excluded for a number of reasons: first, the initial phases of the development during the time period under consideration in this analysis are in the westernmost portion of River Islands; second, the relative drive times to retail concentration in surrounding communities will depend in large part on the buildout of the road network connecting River Islands to the region; third, the Traffic Analysis Zones used for the population projections here do not provide estimates for subareas of River Islands, even though much of the development may be closer to the Tracy Wal-Mart and WinCo than to other proposed Wal-Mart Supercenters and the Save-Mart in Lathrop (which opened subsequent to BAE's previous analysis). Thus this revised analysis takes a more conservative approach and excludes River Islands from the Trade Area. Also now excluded are some areas primarily to the east of Interstate 5, but these areas are relatively unpopulated and likely to remain so into the foreseeable future.

### Population Trends

As shown in Table 1, Tracy's population grew from 56,929 in 2000 to an estimated 80,461 at the beginning of 2006, a compound growth rate 6.6 percent per year between 2000 and 2006. In the Trade Area, the rate of population growth has been slightly lower, with growth from 63,924 in 2000 to 89,603 in 2006, at a growth rate of 6.2 percent annually.<sup>3</sup>

<b>Area (a)</b>	<b>2000</b>	<b>2005</b>	<b>2006</b>	<b>Average Annual Change 2000-2006</b>	<b>2008</b>	<b>2010</b>	<b>2011</b>	<b>2015</b>	<b>Average Annual Change 2006-15</b>
<b>City of Tracy (b)</b>	56,929	78,516	80,461	6.6%	81,897	82,887	na	na	na
<b>Trade Area (c)</b>	63,924	86,390	89,603	6.2%	93,758	95,186	98,821	101,321	2.0%

(a) Derivation of population and household estimates are discussed in detail in Appendix B.  
 (b) Tracy population estimates not available past 2010.  
 (c) Trade Area is defined in Appendix A. Population for Trade Area in 2008 assumes constant rate of growth from 2005 through 2010. Population for Trade Area in 2011 assumes constant rate of growth between 2010 and 2015.

Sources: 2000 U.S. Census; California State Department of Finance, 2006; San Joaquin County Council of Governments, 2004; City of Tracy, 2006; BAE, 2006.

<sup>3</sup> Because of issues with available sources of population and housing estimates and projections for Tracy and the Trade Area, BAE used a variety of sources to generate its own estimates for the Trade Area. For a fuller discussion, see Appendix B.

Future population growth is expected to be at a considerably slower pace, owing largely to the Growth Management Ordinance in Tracy. From 2006 through 2015, the annual growth rate is estimated at 2.0 percent. In 2008, the estimated opening date for the Proposed Project, the Trade Area population is projected to reach 93,758. By 2011 the population is projected to reach 98,821, with continued growth to 101,321 in 2015.

### Household Trends

Household growth trends in Tracy and the Trade Area mirror population growth, with the City growing from 17,620 households in 2000 to an estimated 24,331 households in 2006 (see Table 2). For the same period, the Trade Area grew from 19,818 to 27,779 households. As with the population projections, the Trade Area growth will slow due to Tracy’s Growth Management Ordinance; by 2008, the number of households is projected to reach 29,067, increasing further to 30,637 households in 2011.

<b>Area (a)</b>	<b>2000</b>	<b>2005</b>	<b>2006</b>	<b>2008</b>	<b>2010</b>	<b>2011</b>	<b>2015</b>
<b>City of Tracy (b)</b>	17,620	23,550	24,331	na	na	na	na
<b>Trade Area (c)</b>	19,818	26,783	27,779	29,067	29,510	30,637	31,412

(a) Derivation of population and household estimates are discussed in detail in Appendix B.  
 (b) Tracy household estimates not available past 2006.  
 (c) Trade Area is defined in Appendix A. Household count for Trade Area in 2008 assumes constant rate of growth from 2005 through 2010. Household count for Trade Area in 2011 assumes constant rate of growth between 2010 and 2015.

Sources: 2000 U.S. Census; California State Department of Finance, 2006; San Joaquin County Council of Governments, 2004; City of Tracy, 2006; BAE, 2006.

**Household Type and Tenure.** Likely resulting from its growth as a “bedroom suburb,” between 1990 and 2000 Tracy’s percentage of households occupied by owners increased significantly, from 60.0 percent to 72.2 percent, as shown in Table 3. The Trade Area, which consists primarily of Tracy, shows a similar trend; the County, however, had only a slight increase in the proportion of homeowners during the 1990s. In 2000 the owner occupancy rate in the County was still only 60.4 percent. This rate is similar to statewide, where owners make up 56.9 percent of all households.

<b>Table 3: Tenure, 1990 and 2000</b>		
	<u>1990</u>	<u>2000</u>
<b>Tracy</b>		
Owner	60.0%	72.2%
Renter	40.0%	27.8%
<b>Trade Area (a)</b>		
Owner	63.1%	72.8%
Renter	36.9%	27.2%
<b>San Joaquin County</b>		
Owner	57.6%	60.4%
Renter	42.4%	39.6%

(a) Since TAZ data were not available for these data points, a slightly larger area made up of the Census Tracts that include the TAZs has been used. This area includes primarily rural areas, and included an additional 5,878 persons in 2000. The Census Tracts used are 5202, 5203, 5205, 5302, 5303, 5305, 5306, 5403, 5404, and 5500. Data not available from American Community Survey for 2005.

Sources: 1990 & 2000 U.S. Census; BAE, 2006.

Tracy, the Trade Area, and San Joaquin County are all predominantly family-oriented with approximately three-fourths of all households being families, as shown in Table 4. By comparison, 69 percent of California households in 2000 were family households.

<b>Table 4: Families as Percent of All Households, 1990-2005</b>			
	<u>1990</u>	<u>2000</u>	<u>2005</u>
<b>Tracy</b>			
Families	76.9%	81.2%	83.2%
Non-Families	23.1%	18.8%	16.8%
<b>Trade Area (a)</b>			
Families	77.4%	80.5%	na
Non-Families	22.6%	19.5%	na
<b>San Joaquin County</b>			
Families	73.9%	74.2%	73.0%
Non-Families	26.1%	25.8%	27.0%

(a) Since TAZ data were not available for these data points, a slightly larger area made up of the Census Tracts that include the TAZs has been used. This area includes primarily rural areas, and included an additional 5,878 persons in 2000. The Census Tracts used are 5202, 5203, 5205, 5302, 5303, 5305, 5306, 5403, 5404, and 5500. Data not available from American Community Survey for 2005.

Sources: 1990 & 2000 U.S. Census; American Community Survey 2005, U.S. Census; BAE, 2006.

**Household Income.** Household incomes and resulting consumer buying power are key indicators of the potential for additional retail development. Tracy and the Trade Area both have considerably higher median household incomes than San Joaquin County as a whole. As shown in Table 5, the Census Bureau estimates that in 2005 the median annual household income in Tracy was \$70,643; in contrast, the median for the County was only \$49,391. While the 2005 data are not available for the Trade Area, Tracy comprises most of the households, and 2000 data indicate that overall Trade Area conditions mirror Tracy's with respect to income. In 2005, nearly one-third of the households in Tracy were estimated to have annual incomes of \$100,000 or more, indicating relatively high purchasing power.

Income	Tracy		Trade Area (a)		San Joaquin County	
	1999	2005	1999	2005	1999	2005
Less than \$25,000	15.2%	13.3%	16.6%	na	30.1%	25.0%
\$25,000 to \$34,999	8.1%	7.4%	8.5%	na	12.4%	10.9%
\$35,000 to \$49,999	13.7%	10.7%	13.6%	na	16.4%	14.7%
\$50,000 to \$74,999	23.4%	21.0%	22.7%	na	19.5%	18.9%
\$75,000 to \$99,999	21.1%	15.3%	19.8%	na	11.0%	13.0%
\$100,000 to \$149,999	14.3%	20.8%	14.3%	na	7.4%	12.2%
\$150,000 or more	4.2%	11.5%	4.5%	na	3.3%	5.4%
<b>Total</b>	100%	100%	100%	na	100%	100%
<b>Median Income</b>	\$63,879	\$70,643	\$62,497	na	\$41,896	\$49,391

(a) Since TAZ data were not available for these data points, a slightly larger area made up of the Census Tracts that include the TAZs has been used. This area includes primarily rural areas, and included an additional 5,878 persons in 2000. The Census Tracts used are 5202, 5203, 5205, 5302, 5303, 5305, 5306, 5403, 5404, and 5500. Data not available from American Community Survey for 2005.

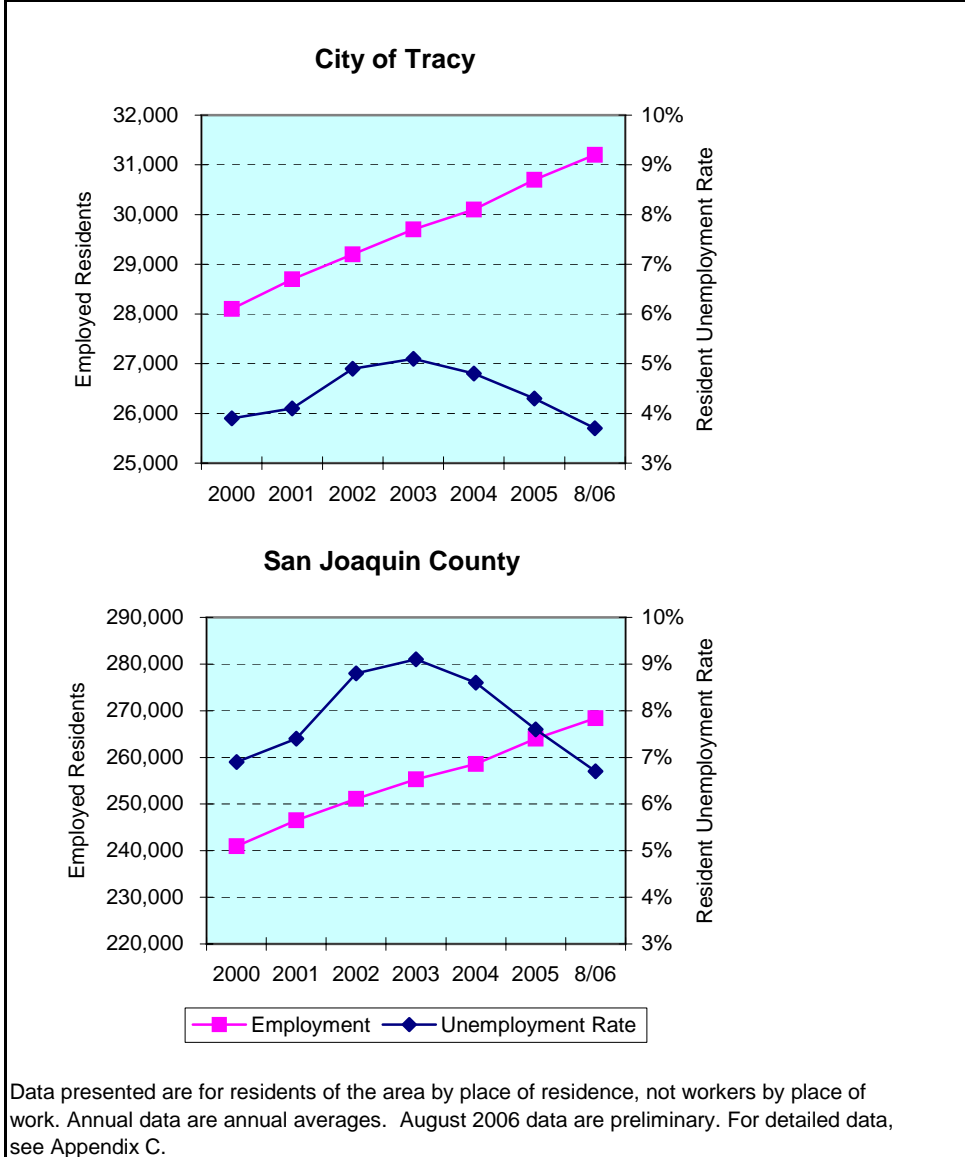
Sources: U.S. Census, 2000 SF3 and 2005 American Community Survey; Bay Area Economics, 2006.

### **Labor Force Trends**

Tracy and San Joaquin County have shown sustained employment growth for their residents (see Figure 2), with Tracy's unemployment rate tracking below the county level. In 2000, unemployment rates in Tracy and the County were at 3.9 percent and 6.9 percent, respectively. By 2003, rates had increased to 5.1 percent in Tracy and 9.1 percent in the County, reflecting national trends. Subsequent to 2003, rates have dropped gradually, with unemployment in August 2006 at 3.7 percent in the City and 6.7 percent in the County. The lower rates in Tracy may be reflective of its lesser dependency on the seasonal agricultural sector (both growing and processing) that is still a large part of the county's overall economy.

Interestingly, throughout the period, total resident employment in Tracy and San Joaquin County increased every year, for a total increase between 2000 and 2005 of nine percent in Tracy and 10 percent in the County, even as the number of unemployed rose from 2000 through 2003. This indicates that the regional economy was still growing, but was not able to keep up with the growth in the labor force.

**Figure 2: Employed Residents and Unemployment Rate**



### Summary of Population and Economic Overview

For the Proposed Project, the Trade Area has been defined as the City of Tracy and surrounding areas, primarily the newly developing community of Mountain House. This definition is based on Tracy's relative isolation from other large population nodes, especially to the west and south, and by the location of nearby existing and planned Wal-Mart stores, on the presumption that Wal-Mart Supercenter shoppers will go to the closest Supercenter.

The Trade Area's population grew rapidly during the early part of this decade, from 63,924 in 2000 to 89,603 in 2006. However, future population growth is expected to be at a considerably slower pace, owing largely to the Growth Management Ordinance in Tracy. In 2008, the assumed opening date for the Proposed Project, the Trade Area population is projected to reach

nearly 94,000, with gradual growth to slightly below 99,000 by 2011. Trends in household growth are estimated to mirror population trends, with slightly under 28,000 households in 2006, growing to just over 29,000 households in 2008 and approximately 31,000 households in 2011.

The Trade Area can be characterized as consisting of “bedroom suburban” development, with approximately three-fourths of all households being families and a similar proportion of households as owners. This is a higher proportion of families or owners than statewide.

Tracy and the Trade Area both have considerably higher median household incomes than San Joaquin County as a whole. The Census Bureau estimates that the 2005 median annual household income in Tracy was \$70,643; in contrast, the median for the County was only \$49,391.

Tracy and San Joaquin County have shown sustained employment growth for their residents, with Tracy’s unemployment rate tracking below the county level. Since 2000, total resident employment in Tracy and San Joaquin County has increased every year. Reflecting national trends, Tracy and the County showed an increase in unemployment from 2000 to 2003, with a gradual decrease since 2003. As of August 2006, unemployment is estimated at 3.7 percent in the City and 6.7 percent in the County. The lower rates in Tracy reflect its more diverse residential occupational base, and lower dependence on the highly seasonal agricultural sector that is still a large part of the county’s overall economy.

In summary, the demographic and economic data indicate that Tracy and the Trade Area have had the growth to sustain substantial retail growth over the last several years, with strong indicators for retail expenditures due to high ownership rates and high household incomes. However, future growth will be at a slower rate, somewhat constraining the growth in retail expenditures and demand for additional retail construction.



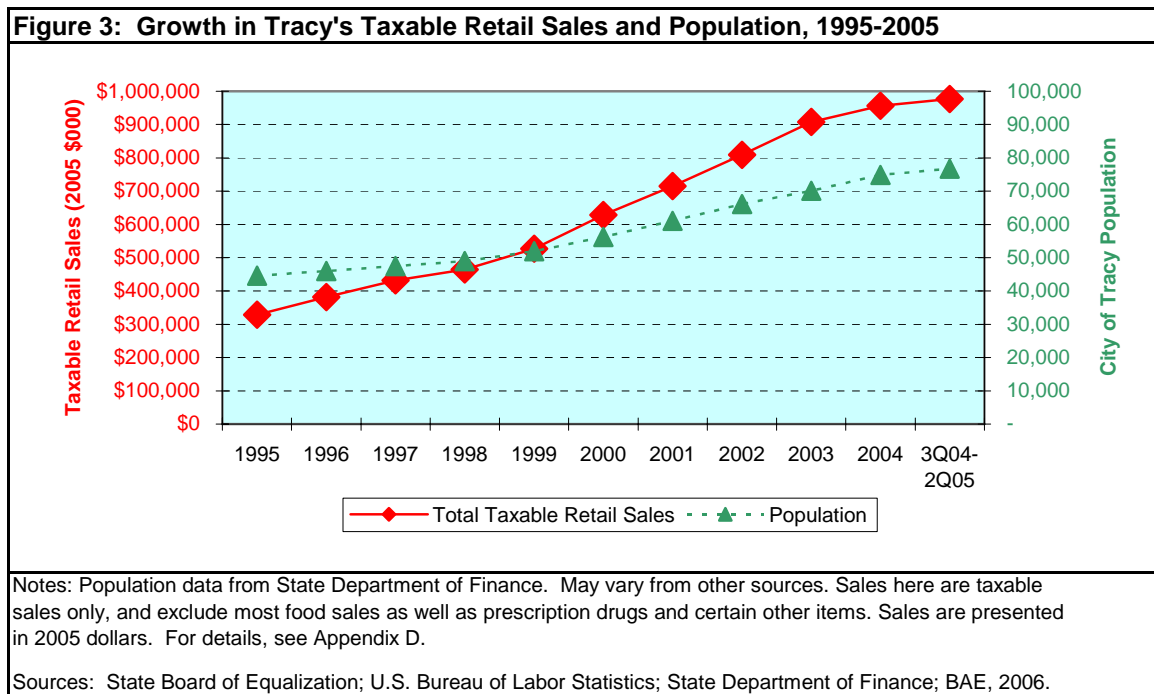
## Retail Sales Analysis

This section examines retail trends in Tracy and San Joaquin County, and then focuses on the key sector of food stores, examining the performance of supermarkets in the Trade Area. The performance of the overall general merchandise sector is also discussed.

### Retail Trends in Tracy and San Joaquin County

As stated above in the population and economic overview, the Trade Area has undergone a period of rapid growth in population and the number of households, growth that will be slowing considerably in the next several years. Tracy and the Trade Area have high income levels relative to San Joaquin County as a whole, and the City and County employment base has continued to grow. The expanding population and economy are reflected in increases in retail sales and construction of several major retail centers since 1990 as the Tracy area has reached the “critical mass” necessary to support region-serving retail. The following section analyzes retail sales trends and conditions in Tracy and San Joaquin County, using published data on taxable sales from the California State Board of Equalization, the *1997 and 2002 Census of Retail Trade*, and unpublished and confidential data provided to BAE by the City of Tracy and other parties.

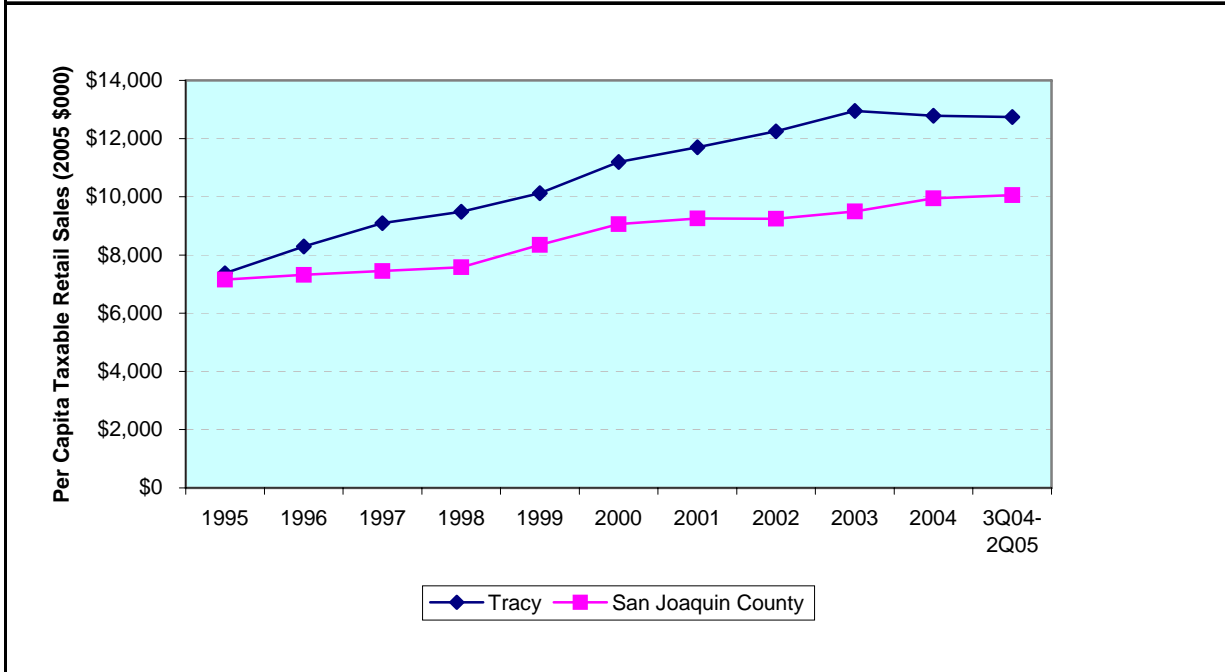
**Overall Retail Sales.** As shown in Figure 3, Tracy’s retail sales have been climbing consistently since the mid-1990s, with retail sales growth outpacing population growth.<sup>4</sup> Taxable retail sales in 1995 were slightly below \$329 million (in 2005 dollars), nearly tripling to \$977 million in 2005, while population growth was only 72 percent during the same period.



<sup>4</sup> Nearly all of the retail outlets in the Trade Area are found in Tracy, so the retail trends for Tracy effectively represent retail trends for the entire Trade Area.

**Per Capita Retail Sales.** The rapid growth of retail and Tracy’s rise as a region-serving center can be seen in the increase in per-capita sales over the same time period (see Figure 4). Tracy’s inflation-adjusted annual per capita taxable sales rose 73 percent, from \$7,370 in 1995 to \$12,744 in 2005. In contrast, per capita taxable retail sales in San Joaquin County rose only 41 percent during the same period, from \$7,156 to \$10,058. While Tracy started the period with per capita sales only slightly higher than the County, by 2005 its per capita sales were over 25 percent higher than the County’s, reflecting Tracy’s rise as a regional shopping destination as well as the relatively high household incomes in Tracy and the Trade Area.

**Figure 4: Annual Per Capita Taxable Retail Sales for Tracy and San Joaquin County, 1995-2005**

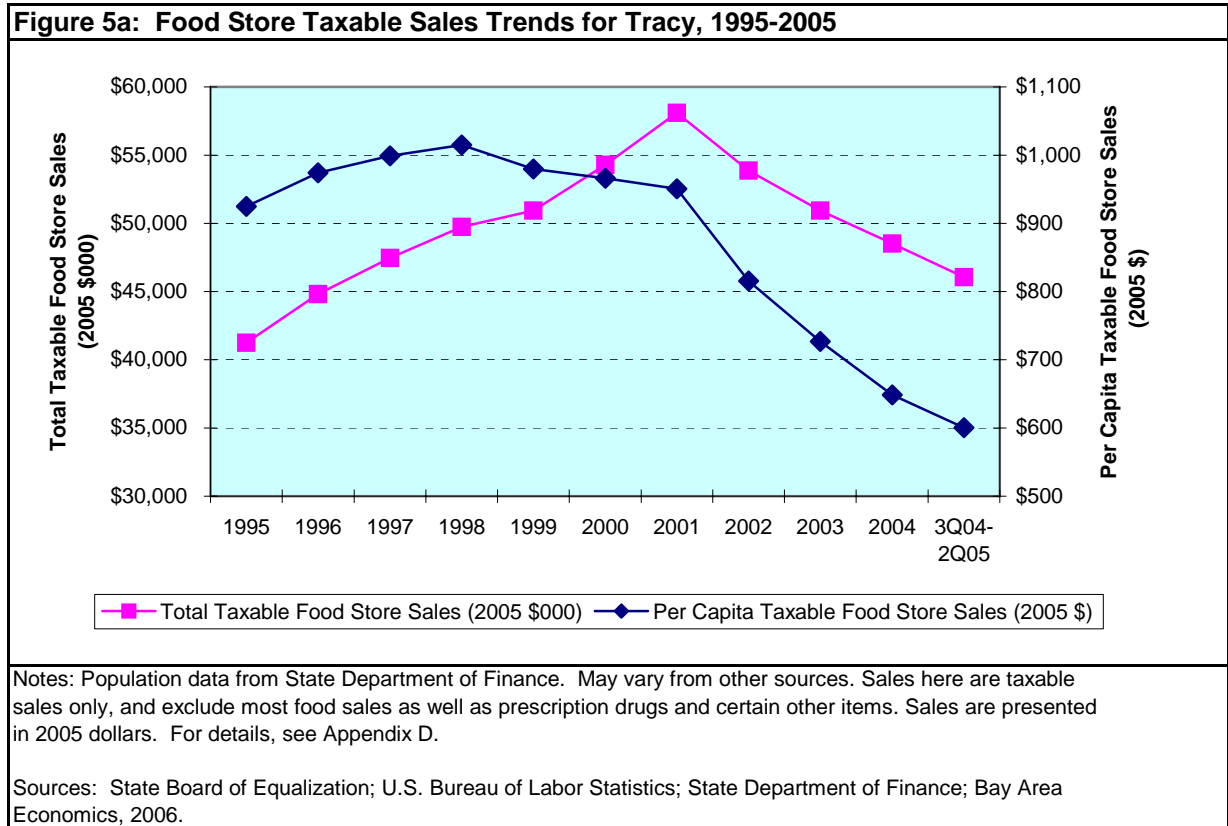


Notes: Population data from State Department of Finance. May vary from other sources. Sales here are taxable sales only, and exclude most food sales as well as prescription drugs and certain other items. Sales are presented in 2005 dollars. For details, see Appendix D.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; State Department of Finance; Bay Area Economics, 2006.

**Food Store Sales.** While overall taxable sales increased nearly 200 percent in Tracy between 1995 and 2005, overall taxable sales at food stores increased only 12 percent on an inflation adjusted basis, and per capita taxable sales actually decreased from \$925 in 1995 to only \$601 in 2005 (see Figure 5a). In fact, inflation-adjusted total taxable food stores sales have been declining since 2001 even though Tracy’s population continued to increase. This trend is likely due to a shift in sales of taxable non-food items to other types of outlets as the retail options increased dramatically in Tracy through the decade. In 1995, supermarkets in Tracy may have supplied a higher than average proportion of sales of taxable household items (e.g., brooms, paper goods) because of the limited choices available in Tracy at the time. Today, these same items can be purchased at Wal-Mart and other stores that opened between 1995 and 2005 as Tracy matured

as a regional shopping destination. This is confirmed by an analysis of taxable vs. non-taxable food store sales in Tracy, as discussed below.



**Taxable vs. Non-Taxable Sales in Food Stores.** One difficulty in quantifying food store sales is that in California, the annual data are only available for taxable items, and food items are for the most part non-taxable. In analyzing total sales, it becomes necessary to estimate the percentage of a supermarket’s sales that are non-taxable. One way to do this is to compare the taxable sales data with data from the Economics Census, which includes all sales. As shown in Table 6, this data source is available at five-year intervals, with the most recent data from 1997 and 2002.

At 43 percent, Tracy showed a comparatively high proportion of taxable sales in food stores in 1997. Comparatively, San Joaquin County and California show 37 and 33 percent of sales as taxable sales, respectively. By 2002, the proportion of taxable sales in Tracy food stores had fallen to 37 percent, while the County and State proportions showed much smaller declines.

This analysis confirms the decline in per capita taxable food store sales as general merchandise shopping options have increased in the last several years, with the proportion of taxable sales for supermarkets in Tracy converging on the County and State values. Confidential data provided by other sources confirms that the proportion of taxable sales in supermarkets in Tracy has declined toward the County and State benchmarks.

<b>Table 6: Comparison of Taxable Food Store Sales with Total Food Store Sales</b>			
<b>Retail Sales in 1997, in \$000 (a)</b>	<b>All Sales - Economic Census</b>	<b>Taxable Sales - State Board of Equalization</b>	<b>Taxable Sales as Percent of Total</b>
<i>Tracy</i>			
Food and beverage/ All food stores (b)	\$87,777	\$37,607	43%
<i>San Joaquin County</i>			
Food and beverage/ All food stores (b)	\$709,442	\$264,358	37%
<i>State of California</i>			
Food and beverage/ All food stores (b)	\$48,767,273	\$15,924,286	33%
<b>Retail Sales in 2002, in \$000 (a)</b>	<b>All Sales - Economic Census</b>	<b>Taxable Sales - State Board of Equalization</b>	<b>Taxable Sales as Percent of Total</b>
<i>Tracy</i>			
Food and beverage/ All food stores (b)	\$133,569	\$49,497	37%
<i>San Joaquin County</i>			
Food and beverage/ All food stores (b)	\$994,541	\$353,959	36%
<i>State of California</i>			
Food and beverage/ All food stores (b)	\$60,243,253	\$18,951,412	31%

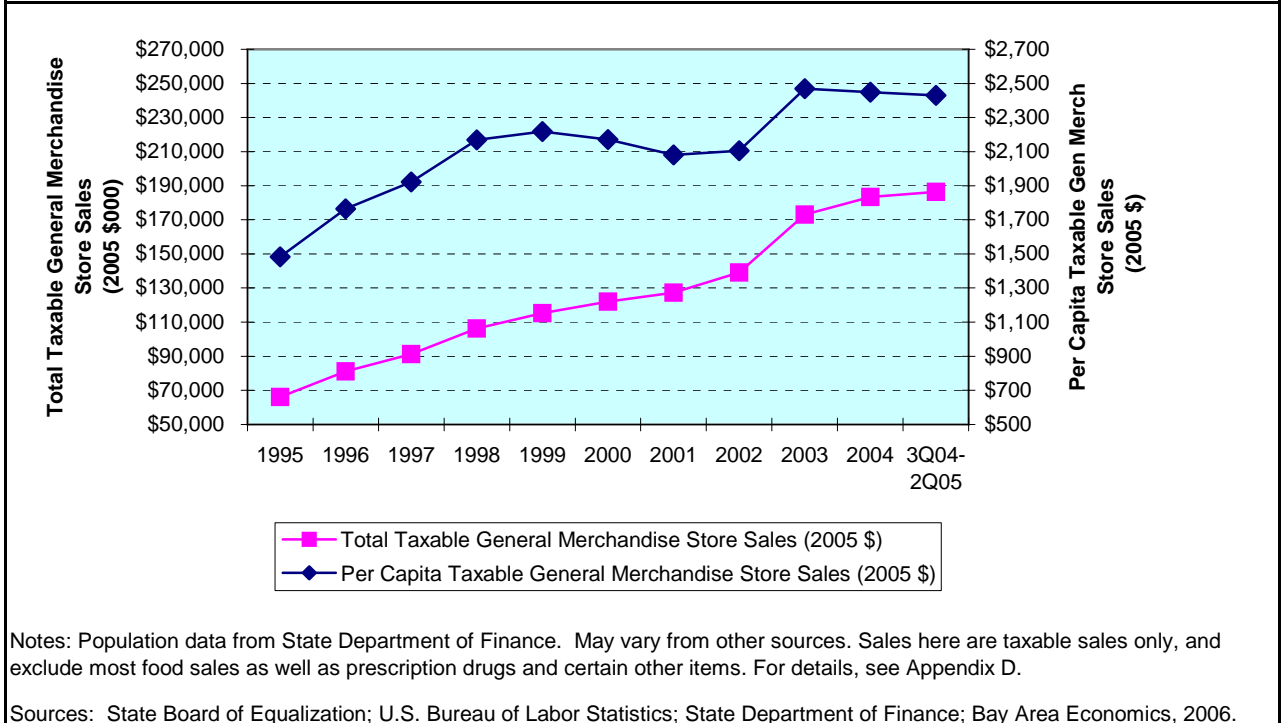
(a) Sales expressed in nominal dollars, i.e., not inflated.  
(b) Food and beverage is category name from Economic Census; All food stores is category name from State Board of Equalization. Due to differences in classification systems, these categories may describe slightly different universes.

Sources: 1997 and 2002 Economic Census; CA State Board of Equalization; BAE, 2006.

**General Merchandise Store Sales.** As shown in Figure 5b, inflation-adjusted general merchandise taxable sales increased at a considerably higher rate than population in Tracy between 1995 and 2005 (182 percent vs. 73 percent), another indicator of Tracy’s increasing importance as a regional shopping destination. The jump from 2002 to 2003 following the opening of Costco in September 2002 is especially noteworthy, with annual taxable sales jumping over \$34 million (inflation-adjusted 2005 dollars).

Per capita general merchandise store sales increased 64 percent. Countywide, the growth in total and per capita general merchandise sales, at only 50 percent, was slower, and general merchandise sales growth was only slightly ahead of the population growth of 41 percent (see Appendix D). This is another indicator that Tracy was capturing a larger share of general merchandise sales as it increased its power as a region-serving retail node.

**Figure 5b: General Merchandise Store Taxable Sales Trends for Tracy, 1995-2005**



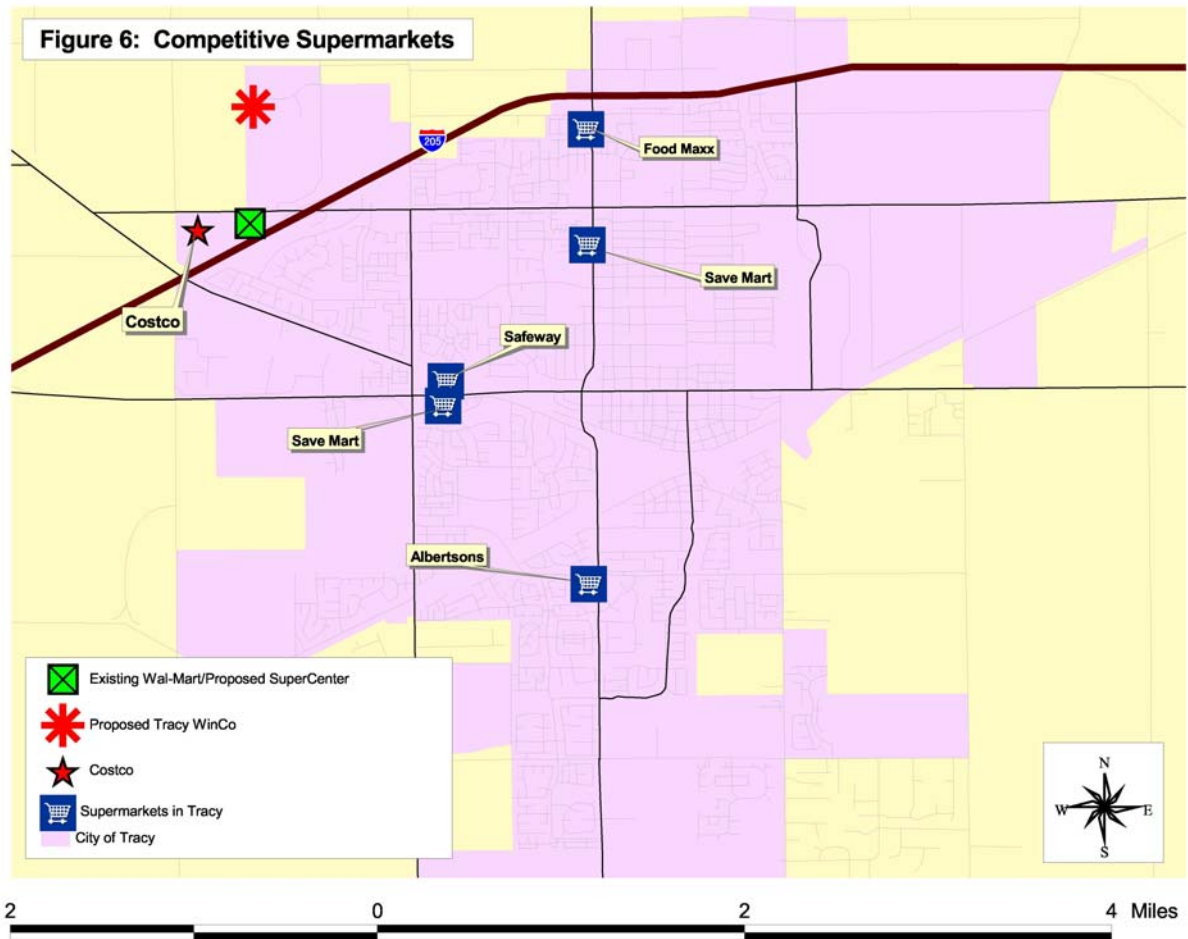
### Inventory of Competitive Supermarket Outlets

The proposed Wal-Mart expansion consists in large part of space equivalent to a large-format supermarket; the principal competitors for this space will be other supermarkets. Other smaller food stores such as small ethnic markets and convenience stores and other outlets are assumed to have a level of sales that already accounts for supermarket-type competition; an additional large supermarket is unlikely to draw a substantial number of shoppers away from these small stores, which survive by focusing on a different market niche than major supermarkets, such as convenience or specialty goods.

The Trade Area is currently served by five major supermarkets and a Costco, as shown in Figure 6. All of these competitors are in the City of Tracy itself, there are no supermarket competitors in the remainder of the Trade Area, and supermarkets outside the Trade Area are far enough distant that impacts should be insignificant. There are no additional supermarkets of more than 25,000 square feet or more in the Trade Area at this time. The existing Grocery Outlet is estimated to be less than 25,000 square feet in size, and does not function as a full-service supermarket, but fills a market niche for deeply discounted grocery, household and health and

beauty care products, focusing on selling seconds, overruns, and closed-out items.<sup>5</sup> The five stores and the Costco (excluding the Grocery Outlet) total approximately 332,000 square feet.<sup>6</sup>

Following Figure 6 are brief descriptions of each of these stores. Additional detail can be found in Appendix E.



<sup>5</sup> The recently opened Smart & Final has also been excluded from the analysis, due to its small size and focus on bulk goods packaged for institutional use rather than everyday shopping needs. Inclusion of this particular small outlet in any case would not materially affect the findings of this analysis; it is a smaller, non-anchor tenant.

<sup>6</sup> This includes only the portion of Costco devoted to grocery items. See Appendix E for details. It should also be noted that not only is the square footage of other stores such as Grocery Outlet excluded from the analysis, the sales for other outlets are also excluded. Hence, if additional outlets are considered, both the square footage and the sales should be included. Furthermore, inclusion of additional outlets would effectively dilute the estimated impacts, spreading them among more competitors. In that sense, this analysis is conservative.

**Albertsons.** Located in the south part of Tracy at 875 South Tracy Boulevard, Albertsons opened in 1997. The store is the largest supermarket in Tracy, at 70,329 square feet. Offerings include a drive-through pharmacy, a bakery and deli, a half-hour photo shop, and a Bank of America branch. The store is open 24 hours a day seven days a week. The other major anchor of the center is a Blockbuster Video; there are several other smaller shops. In 2006, the Albertsons chain was sold off and split up, with the Northern California stores purchased by Albertsons, LLC, a private investment partnership headed by the Cerberus Capital Group. They almost immediately closed a number of stores in the region, and the remaining 132 Albertsons stores in northern California have since been acquired by Save Mart.<sup>7</sup> Albertsons declined to respond to BAE requests regarding potential impacts of the Wal-Mart Supercenter and WinCo proposals.

**Food Maxx.** This store is located in the Tracy Corners shopping center at 3225 North Tracy Boulevard, a small distance south of Interstate 205 and north of Grant Line Road. This store is 47,662 square feet, in a full-service warehouse format offering low prices. Additional offerings are limited to a bakery. The store opened in 1991 as a Food 4 Less, and was sold to Save Mart and re-branded in early 2005, following BAE's original analysis in 2004. Other tenants in the center include Krage Auto Parts, a furniture store, and several smaller tenants. The store is open 24 hours daily.

In 2004, the independent owner of Food 4 Less provided BAE with sales data indicating annual sales of approximately \$25.2 million, or approximately \$528 per square foot. After the release of the original Final EIR for WinCo in 2006, Save Mart reported annual sales of \$493 per square foot, or approximately \$23.5 million, in 2005 for the Food Maxx store.<sup>8</sup>

**Safeway.** Safeway is the newest supermarket in Tracy, opening their new store in the Regency Center at 1801 West 11th Street in 2002. Safeway is one of the largest supermarket chains in the United States, headquartered in Pleasanton, CA, with over 1,700 stores throughout the U.S. and Canada, and 267 in their Northern California Division.<sup>9</sup> Safeway has been actively upgrading stores to a more upscale "Lifestyle store" format, which is reported to have successfully increased sales at those stores. Based on data from the *2005 Annual Report*, sales average approximately \$475 per square foot across the chain.

This Safeway store comprises 65,715 square feet of space and includes a bakery/deli, a floral department, prepared foods, a one hour photo, a pharmacy, a Starbucks, and a gas station. The store is open 24 hours a day. Other major anchors include Orchard Supply Hardware and Longs Drugs. Safeway did not respond to BAE inquiries. Site visits and confidential information provided by various sources indicate that this store has sales above the companywide average.<sup>10</sup>

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<sup>7</sup> "Save Mart Supermarkets Confirms Sale of Albertson's Northern California Division," Press Release, February 23, 2007, <http://www.savemart.com/newscenter.php>

<sup>8</sup> Retail Strategies Letter of June 20, 2006, to the Tracy City Council. See Exhibit E in that letter, Letter from Stephen Ackman, Controller for Save Mart Supermarkets, to Retail Strategies.

<sup>9</sup> Safeway, Inc. *2005 Annual Report*.

<sup>10</sup> Trade Dimensions, City of Tracy, and Joe Neri, former owner of the Tracy Food 4 Less.

**Save Mart.** In addition to Food Maxx, Save-Mart operates two stores under their own name in Tracy. Save Mart is a privately-held Modesto company operating approximately 120 stores (all in California, and concentrated in the Central Valley), under the Save Mart, S-Mart, and Food Maxx names.<sup>11</sup> As noted above, Save Mart recently acquired the Albertsons stores in northern California, roughly doubling the number of stores owned.

Their newer Tracy store opened in 2003 at 1950 West 11th Street, in a center across 11<sup>th</sup> Street from the new Safeway, after Safeway relocated across the street. This store is 56,097 square feet, the third largest supermarket in Tracy, and offers a deli, prepared foods, a floral department, a pharmacy, and an in-store Union Bank of California. The store is open 6:00 a.m. to midnight seven days a week. The center's other major anchor is a Walgreens. Save-Mart's other Tracy store is at 2005 North Tracy Boulevard in Gateway Plaza, and is a slightly smaller and older store with more limited offerings. The 49,129 square-foot store has been open since approximately 1990, and is also open 6:00 a.m. to midnight seven days a week. Save-Mart did not respond to BAE inquiries prior to the issuing of the Wal-Mart and WinCo Draft EIRs. Subsequent to closure of the comment period for the Draft EIRs and following first publication of the Final WinCo EIR, Save Mart reported sales data for these two stores. According to Save Mart, the 11<sup>th</sup> Street store had annual sales of \$251 per square foot, totaling approximately \$14.3 million during 2004, and the North Tracy Boulevard store had annual sales of \$292 per square foot, or approximately \$14.1 million.<sup>12</sup> These sales are below industry norms, particularly the 11<sup>th</sup> Street store. Based on these sales levels and Save Mart's reported \$350 per square foot benchmark for profitability, these stores, especially the 11<sup>th</sup> Street store, could be at risk of closure regardless of Wal-Mart's expansion or WinCo's opening.

**Costco.** The other major retail food merchandiser in Tracy is Costco, a discount warehouse club selling groceries, typically in bulk quantities, and general merchandise to both businesses and individuals. Warehouse clubs occupy a special market niche, being used primarily for bulk purchases of food items rather than everyday needs. As such, it is not as directly competitive with Wal-Mart or WinCo as the supermarkets, but since it does meet a part of the consumer demand for groceries in Trade Area, it is included in the impacts analysis with the space devoted to groceries seen as meeting part of the demand for supermarket shopping. This 143,863 square-foot store is located in the Tracy Marketplace at 3250 W. Grant Line Rd., adjacent to Wal-Mart. The Tracy Costco opened in September 2002. Other major outlets in this center include Michael's, an art supply store, and Staples, an office supply outlet. Since this store is not devoted

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<sup>11</sup> [www.savemart.com](http://www.savemart.com).

<http://www.ciwmb.ca.gov/WRAP/search.asp?VW=APP&BIZID=2647&YEAR=2004&CNTY=>

<sup>12</sup> See the Retail Strategies Letter of June 20, 2006 to the Tracy City Council. Inexplicably, the sales estimate for the West 11<sup>th</sup> Street store excludes pharmacy sales. Including this component might show a higher performance for the store than represented. For instance, according to the *2002 Economic Census, Retail Trade Product Line Sales*, for supermarkets that sold prescriptions, on average 8.1 percent of the store's total sales were from that source. If this factor is applied to the Save Mart estimate, total store sales would be nominally better, at an estimated \$273 per square foot. Alternatively, the sales per square foot could be adjusted using a smaller footprint, factoring out the pharmacy area. However, to be conservative, the analysis in this report will use the number with pharmacy sales excluded, even though this underestimates total store sales.



entirely to food items, the total square footage is not used in calculating the total estimated grocery sales. Based on research regarding typical Costco sales, it is estimated that 30 percent of the store,<sup>13</sup> or slightly over 43,000 square feet of space, is devoted to food items. Sales per warehouse average \$120 million annually, with sales per square foot averaging slightly under \$900 in 2005.

### **Estimated Supermarket Sales at Existing Outlets**

Using a variety of sources, BAE estimated total sales for the major competitive markets. The total estimated sales are then divided by square footage to provide estimates of average store performance based on sales per square foot under existing conditions and in the future. These measures of sales per square foot can then be used to evaluate overall market performance relative to industry benchmarks. Individual store performance may vary, with some stores doing considerably better than the community average, and some doing worse; to the extent possible given data source limitations, individual store performance is also considered. It should also be noted that industry benchmarks are not an indicator of the level of profitability of individual stores; some stores might be profitable at a lower sales level, while others may require higher market support. Additionally, retail operators have varying standards regarding satisfactory store performance. Other factors taken into consideration include percentage of food store sales derived from supermarkets, as well as local trends in per capita food store sales. BAE has based its estimate of current supermarket sales on several sources, including published and unpublished taxable sales data, the Census of Retail Trade, data self-reported by supermarket operators in the Trade Area, and sales data from Trade Dimensions, a private vendor of retail store data.<sup>14</sup> The use of multiple data sources allowed for “triangulation” leading to additional accuracy in the estimates. The general level of sales activity for each store was also confirmed through site visits in 2004 and 2006.

**Overall Supermarket Sales.** BAE estimates 2006 “supermarket” sales in the six outlets described above to be approximately \$155 million (2006 dollars, see Table 7).<sup>15</sup> These sales average \$468 per square foot across all outlets. This overall average is above median industry benchmarks, as derived from Urban Land Institute’s *Dollars & Cents of Shopping Centers: 2004*. ULI’s most recent extensive national survey showed median annual supermarket sales per square

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<sup>13</sup> For instance, see *Costco Annual Report 2005*, where food sales comprise slightly over 30 percent of total sales.

<sup>14</sup> BAE’s use of individual store data from Trade Dimensions is covered by nondisclosure agreements.

<sup>15</sup> Contrary to assertions in the California Economic Research Associates June 20, 2006 report “Economic Analysis of a Proposed WinCo and Wal-Mart Expansion in Tracy, California” (the “CERA Report”), BAE’s previous analysis in 2004 did not use 2002 as its baseline for sales. BAE obtained unpublished 2003 sales data from the City, applied a per capita sales estimate, and then inflated that estimated to 2004 dollars and then used the inflated per capita estimate to establish a 2004 baseline taking into account population growth. Furthermore, the estimated sales included only the major supermarkets as identified; adding stores to in the analysis to increase the square footage, as done in the CERA Report, would require also factoring in their sales, but this was not done in the CERA Report. While relying on updated population estimates for a redefined Trade Area and revised store sales and size estimates, the approach here is the same in BAE’s previous analysis; the baseline year for the impacts analysis is 2006, and the baseline sales encompass only the major supermarkets as identified.

foot of \$390 for all supermarkets in U.S. community shopping centers, with national chains performing slightly better with a median of \$398, and local chains below the overall median at \$358 per square foot.<sup>16</sup> The overall median has been inflated to 2006 dollars, for a benchmark of \$419. The average sales per square foot are significantly above a minimum feasible level of \$275 per square foot based on BAE's previous experience.

BAE has also calculated estimated sales in 2008, the assumed year for project opening, and for 2011, a few years after the assumed opening date, by which time the project is assumed to have reached stabilized sales.<sup>17</sup> Taking into account population growth, 2008 supermarket sales in these same outlets should reach approximately \$163 million, for annual per square foot sales of \$490. With no additional projects, and assuming constant per capita sales, by 2011 total sales would climb to \$171 million and \$516 per square foot.<sup>18</sup>

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<sup>16</sup> While ULI publishes a median sales volume for supermarkets in the Western United States only, the sample size for all centers surveyed in the West is only 67, and not all of these may have supermarkets. Nationally, there are only 149 supermarkets in a sample of 364 centers. While the ratio for the West is not stated, a similar ratio would indicate that the sample of supermarkets for the region is less than 30 stores. This is an extremely small sample and has been judged inadequate for use as a benchmark.

<sup>17</sup> BAE's 2004 analysis included an estimate for 2025. This estimate has been deleted because of its highly speculative nature, due to additional projects not currently reasonably foreseeable, changes in land use controls, changes in the overall economy, and changes in consumer expenditure patterns (e.g., where consumers shop for certain types of goods).

<sup>18</sup> All future sales estimated in 2006 dollars.

**Table 7: Estimated Sales at Existing Supermarkets in Trade Area**

	<u>2006</u>	<u>2008</u>	<u>2011</u>
Trade Area Population (a) (b)	89,603	93,758	98,821
Per Capita Supermarket Sales (c)	\$1,734	\$1,734	\$1,734
Estimated Supermarket Sales (d)	\$155,372,000	\$162,576,000	\$171,356,000
Existing Supermarket Square Feet (e)	332,091	332,091	332,091
Average Annual Sales per Square Foot	\$468	\$490	\$516
ULI Median, All Supermarkets (f)	\$419		
Minimum Feasible Level (g)	\$275		

(a) See Appendix B regarding source for population estimates.

(b) Trade area is constructed from 2000 Traffic Analysis Zones, as listed in Appendix A.

(c) Based on a number of sources, as discussed in the text; in some Rounded to nearest \$000. Includes estimated Costco food sales, but excludes Grocery Outlet. 2005 estimates sales have been taken and adjusted taking into account population growth and inflation.

2005 Population	86,390	(a)
Estimated Supermarket Sales	\$144,632,000	rounded to nearest \$000
Per Capita Sales	\$1,674	
CPI Adjustor to 2006	1.036	(h)
2006 Per Capita Sales	\$1,734	rounded to nearest dollar

(d) This represents 2006 sales in 2006 dollars.

(e) From Appendix E.

(f) Urban Land Institute's Dollars & Cents of Shopping Centers: 2004. Median for all supermarkets in community shopping centers nationwide. Inflated from \$390 to \$419 using state CPI adjustor of 1.074

(g) Based on BAE's experience looking at individual store data for various market areas. It is extremely important to note that sales per square foot are related to a variety of factors, and are not directly an indicator of feasibility or profitability. Many operators would likely consider this level unacceptable and unprofitable given their cost structure.

(h) May 2006 California Consumer Price Index estimate, State Department of Finance.

Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; City of Tracy; Save Mart; Trade Dimensions; CA State Dept. of Finance; San Joaquin Council of Governments; Urban Land Institute; Bay Area Economics, 2006.

**Individual Store Performance.** Estimates of sales per square foot from individual outlets indicate supermarkets in Tracy have sales ranging from numbers well below the national median to well above it. Based on information provided by the store operators (see discussion of individual stores above), the two Save Marts are performing significantly below the \$468 average, while the Food Maxx is performing slightly above that average. In fact, the 11<sup>th</sup> Street Save Mart's performance, even without the Proposed Project open, indicates that this store has very weak sales of only \$251 per square foot in 2004; at this level, the store might face closure even without additional competition.<sup>19</sup> The North Tracy Boulevard store is also underperforming, with 2004 sales reported at \$292 per square foot. The Food Maxx is reported to have sales of \$493 per square foot, based on 2005 data following its purchase by Save Mart.<sup>20</sup>

<sup>19</sup> In fact, in Exhibit E of the Retail Strategies Letter of June 20, 2006 to the City of Tracy, Save Mart reports that their "break even" rate for the Save Mart stores is \$350 per square foot in annual sales. Since neither store is performing at anywhere near this rate, one could reasonably conclude that at least one of these stores is likely to close even if no new supermarkets are constructed in the Trade Area.

<sup>20</sup> During BAE's original research in 2004, the previous owner reported 2003 sales of approximately \$527 per square foot. Thus this store's performance has apparently declined since its takeover by Save Mart.

Factoring out these three stores, two of them underperforming, indicates that the remaining outlets in the Trade Area are performing well above the \$468 average. The available data in the aggregate and for the individual stores confirm this assumption of strong performance.

### **Summary of Retail Sales Analysis**

The Trade Area has undergone a period of rapid population and household growth, and this has been reflected in retail sales trends. The Trade Area's population has reached a "critical mass" allowing the introduction of region-serving retail such as the West Valley Mall to Tracy, resulting in retail sales growth outpacing population growth, with a strong increase in per capita spending as Trade Area shoppers have a broader range of shopping opportunities locally.

The exception to these trends is taxable sales at food stores, which increased only 12 percent on an inflation adjusted basis between 1995 and 2005; per capita taxable sales actually decreased over the same period. This trend is likely due to a shift in sales of housewares, sundries, and other taxable items to other types of stores, such as Wal-Mart, as they entered the Tracy market. The proportion of taxable sales for supermarkets in Tracy appears to be converging on the County and State values. This is another indicator of Tracy maturing into a region-serving shopping destination.

Inflation-adjusted general merchandise taxable sales increased at considerably higher rate than population in Tracy between 1995 and 2005 (182 percent vs. 73 percent), another indicator of Tracy's increasing importance as a regional shopping destination. Per capita general merchandise store sales increased 64 percent. Slower growth countywide was another indicator that Tracy was capturing a larger share of general merchandise sales as it increased its power as a region-serving retail node.

The Trade Area is currently served by five major supermarkets and a Costco, all in Tracy; there are no significant competitors in the remainder of the Trade Area, and other supermarkets outside the Trade Area are far enough distant that impacts from the Proposed Project should be insignificant. There are no additional supermarkets of more than 25,000 square feet or more in the Trade Area at this time. The total square footage of these stores is approximately 332,000 square feet (including the portion of Costco devoted to food sales). The major competitors include Albertsons, Food 4 Less, Safeway, two Save-Marts, and Costco.

Based on a mix of confidential and published source data, 2006 supermarket sales in these outlets are estimated at approximately \$155 million, for per square foot sales of \$468 and per capita sales of \$1,734. This overall average for sales per square foot is above median industry benchmarks, as derived from Urban Land Institute's *Dollars & Cents of Shopping Centers: 2004*. ULI's extensive national surveys show median annual supermarket sales per square foot of \$390 for all supermarkets in U.S. community shopping centers, which would be \$419 when inflated to 2006 dollars. It is also well above a minimum feasible threshold for supermarket sales per square foot. Assuming no additional projects, sales would continue to increase as the Trade Area population grows.

Estimates of sales per square foot from individual outlets indicate supermarkets in Tracy have sales ranging from numbers well below the national median to well above it. The two Save Marts

are reportedly performing significantly below the \$468 average, while the Food Maxx is reported to be performing slightly above that average. In fact, the 11<sup>th</sup> Street Save Mart's performance, even without the Proposed Project open, indicates that this store has such weak sales that the store might face closure even without additional competition. Factoring out these three stores, two of them underperforming, indicates that the remaining outlets in the Trade Area are performing well above the \$468 average both individually and as a group.

## Impacts of Proposed Project on Existing Retail Outlets

### Overview

This discussion provides estimates of total sales at existing supermarkets and Costco, under existing conditions, with the proposed Wal-Mart expansion and WinCo store in place, and with additional projects considered. The impacts of the Proposed Project alone are considered first, and then the potential cumulative impacts are discussed.

As noted above, the Supercenter supermarket-equivalent expansion's primary competition is other large supermarkets, so the analysis of its impacts is focused on these types of competitors rather than smaller stores that have already differentiated themselves from supermarkets in order to successfully compete in food store retailing. The impacts on these smaller stores are likely to be diffuse and limited. Furthermore, any impacts on scattered smaller stores are less likely to result in a "downward spiral" to prolonged store closures than the loss of the major anchor of a shopping center or district. The retail market responds regularly to scattered small vacancies as part of the normal business cycle, so vacancy of any smaller market is far less likely to lead to prolonged store closures.

The Wal-Mart expansion also includes additional general merchandise space. The potential impacts of this space are considered here. The analysis also looks cumulatively at additional under construction and reasonably foreseeable planned retail in the Trade Area. The analysis considers impacts in light of the Trade Area's ability to absorb additional retail space, including space that might be vacated due to the direct impacts of the project as well as cumulative impacts from WinCo and other proposed supermarkets.

In some retail impact analyses, the approach involves "leakage analysis," a quantitative analysis which shows types of retail where Trade Area shoppers might be shopping outside the Trade Area, based on a comparison of estimated consumer expenditures and retail sales in the Trade Area. That approach has not been used in this analysis for several reasons:

- First, it is assumed that for the convenience-oriented category of grocery purchases, the size of the Trade Area means that most residents will complete their grocery shopping inside the Trade Area. While region-serving stores such as Wal-Mart Supercenters and WinCo may attract shoppers from a greater distance than conventional supermarkets, the Trade Area is still large enough to encompass most local food purchases, and because of distance and the presence of existing and potential Supercenters and WinCos in communities outside but near the Trade Area, few grocery shoppers from elsewhere will be attracted to the Trade Area even by these proposed stores.
- Second, retail leakage models are subject to error due to the need to benchmark or correlate to more regional and national data sources that do not always accurately describe local conditions. In the case of food stores, a more conservative assumption is to assume that an area the size of the Trade Area is "in balance" with most local shoppers purchasing locally. The per capita benchmark for sales used in the analysis here is based primarily on the current estimated aggregate performance of the outlets listed as

competitive and thus by design excludes other existing outlets as part of the estimate of sales potential. Thus the analysis focuses clearly on these significant competitors rather than the whole universe of food stores, the remainder of which are not as directly competitive with the proposed Wal-Mart Supercenter additional grocery-store equivalent space.

- Third, while leakage models may tell you if an area has “leakages” or “injections” of retail sales for a given store category, it will not tell you whether there is a need for additional space. For instance, a city might be capturing more sales than predicted in the category of general merchandise stores but still have too many general merchandise stores, with resulting poor performance at some outlets. Conversely, an area might show leakage of sales, but an analysis of existing stores indicates that they are still underperforming – this scenario indicates that residents might still be going elsewhere to shop, due to higher-quality stores or a greater range of choices when comparison shopping.

Rather than relying on leakage analysis in analyzing supermarket impacts, this study assesses the actual performance of the competitive stores based on a variety of sources, comparing that to industry benchmarks, and looking at possible outcomes if additional retail space is added to the Trade Area. Total estimated sales are divided by square footage to provide estimates of average store performance based on sales per square foot under existing conditions and following the opening of the proposed new project. These measures of sales per square foot can then be used to evaluate store performance relative to industry benchmarks and current market performance.

### **Estimated Impacts of the Wal-Mart Expansion on Existing Supermarkets**

Table 7 above shows estimated total sales for the major competitive markets, and average per square foot sales for these stores. The following analysis estimates the impacts of Wal-Mart’s expansion into the grocery market, along with cumulative impacts from the proposed WinCo and other projects. The analysis in this section starts by examining aggregate store performance. One key assumption is that the proposed Wal-Mart supermarket-equivalent expansion’s sales will primarily impact these supermarkets, their most direct competitors; to the extent that sales would be captured from other types of stores (e.g., Target, small neighborhood markets), this estimate may overstate the impacts on the supermarkets.<sup>21</sup> It is also possible that because Wal-Mart already has a Supercenter in Stockton and WinCo already has stores in Brentwood, Modesto, and Stockton, some pantry-loading shoppers from the Trade Area may already be using those stores, in which case the Wal-Mart expansion may recapture sales currently going outside the Trade Area. If this is the case, the following impact analysis may also overstate the impacts on the supermarkets and Costco.

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<sup>21</sup> One issue that is sometimes raised regarding big box stores is the potential impacts on a downtown area. Downtown Tracy, however, has no major supermarket; the smaller food stores have already adjusted to the market reality of large-format supermarkets by shifting to a different market niche (e.g., ethnic market), so it is reasonable to assume that another supermarket-type store should not significantly impact such a store. The remainder of Downtown’s retail is in niche types not directly competitive with WinCo or the Wal-Mart expansion, so impacts should be negligible. Furthermore, BAE’s tour of the area revealed limited vacancies and no urban decay.

It should also be noted that the Trade Area growth in population will be gradual, while growth in retail space such as supermarkets, is “lumpy,” with a new store opening typically adding 50,000 square feet or more to the Trade Area. As a result, any new addition of supermarket space will have a short term impact on sales at existing stores, with the impact mitigated over time as population growth continues.

**Overall Impacts.** If this store opens as projected in 2008, average annual sales per square foot at Tracy’s existing supermarkets would decline from current levels by an estimated 12 percent to \$412, slightly below the ULI-derived industry median (see Table 8). By 2011, annual sales per square foot are estimated to recover to \$438.

	No Supercenter <u>2006</u>	Supercenter <u>2008</u>	<u>2011</u>
Trade Area Population (a)	89,603	93,758	98,821
Supermarket Sales Potential (a) (b)	\$155,372,000	\$162,576,000	\$171,356,000
Existing Supermarket Square Feet (a)	332,091	332,091	332,091
Wal-Mart Supermarket Space (c)		55,192	55,192
Estimated Supermarket Sales in Wal-Mart (d)		\$25,756,000	\$25,756,000
Sales in Existing Outlets		\$136,820,000	\$145,600,000
<b>Average Annual Sales per Square Foot at Existing Stores</b>	<b>\$468</b>	<b>\$412</b>	<b>\$438</b>
<b>Percent Change from Existing, 2006</b>		<b>-12%</b>	<b>-6%</b>
Sales per Square Foot in Wal-Mart Supermarket Space (e)		\$467	\$467
ULI Median, All Supermarkets (f)	\$419		
Minimum Feasible Level (g)	\$275		

(a) From Table 7.  
 (b) All estimates throughout table in 2006 dollars. Rounded to nearest \$000.  
 (c) Size estimate from City of Tracy.  
 (d) Rounded to nearest \$000.  
 (e) Sales per square foot assumed to match area supermarket average for given year, or Wal-Mart chainwide national average, or Wal-Mart grocery sales average as derived from Progressive Grocer, whichever is greater.  
     Wal-Mart national average, sales per square foot: \$440 derived from 2006 Annual Report  
     Wal-Mart groceries average: \$467 from Appendix G  
 (f) See explanation, Table 7.  
 (g) See explanation, Table 7.

Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; City of Tracy; Save Mart; Trade Dimensions; CA State Dept. of Finance; San Joaquin Council of Governments; Urban Land Institute; Progressive Grocer Wal-Mart 2006 Annual Report; Bay Area Economics, 2006.

**Individual Store Impacts.** It is likely that any impacts would be greater on those stores targeting a similar niche in the market. The Food Maxx is the store most targeted toward discount shoppers in the Trade Area; this store is in North Tracy, relatively close to Wal-Mart. Supercenter grocery departments, though, resemble regular supermarkets more than warehouse stores in layout. As a result, this store is likely to be competitive across the full range of supermarkets in Tracy, especially if they have a “generic” feel rather than a focus on more upscale shoppers (e.g., Safeway “Lifestyle” store concept). While Costco offers bulk items, it caters to a somewhat different target market than a Supercenter, which rather than focusing on



bulk packaging of specific items, offers a product mix more like a traditional supermarket. BAE staff has toured existing Supercenters in Stockton, Gilroy, and in other states, and found that Wal-Mart does carry some items packaged for bulk shoppers and pantry loaders, so it would also likely compete with the Costco to a greater extent than the remaining conventional supermarkets in Tracy. With the Tracy Wal-Mart expansion occurring directly next door to Costco, the stores may make some adjustments in product mix to eliminate overlap and serve the market in a complementary fashion.

The Food Maxx may see significant impacts, but its sales are at a relatively high per-square foot level, indicating that it may be able to absorb losses more than the two Save Marts, which are the weak performers among Tracy Supermarkets. Even with a loss of only 12 percent of sales based on the overall estimate percent change in 2008, the West 11<sup>th</sup> Street store would see sales decline to \$12.4 million, or \$221 per square foot, while the North Tracy Boulevard store would see a decline to \$12.6 million, or \$257 per square foot. While sales should recover somewhat by 2011, the levels for these stores are below the estimated minimum feasible level, and could place at least one of these stores at additional risk of closure.

### **Cumulative Impacts of Additional Supermarket Projects**

**Overview.** Per CEQA, the cumulative analysis for the proposed project must take into account other reasonably foreseeable projects in the Trade Area or elsewhere that might, in combination with the Proposed Project, have significant cumulative impacts. The analysis here will include projects for which a complete application has been submitted up to May 15, 2007.

For the purposes of the analysis of impacts on supermarkets, the inventory of proposed projects considers directly competitive projects, i.e., other supermarkets or stores with a component that is functionally similar to a major supermarket. Other planned and proposed retail projects which might affect overall absorption of vacant spaces are considered below.

The other major proposal now before the City of Tracy is for a WinCo store, an extremely large-format supermarket of 95,900 square feet. This project has been approved, but is currently in litigation. Discussions with staff for the City of Tracy and San Joaquin County (which is the other jurisdiction governing portions of the Trade Area) indicated two additional projects with the potential to be considered in this cumulative analysis: a proposed 57,000 square-foot Raley's at Tracy Boulevard and Valpico Road in South Tracy, and an approximately 36,000 square-foot supermarket at the proposed Valpico Town Center at Valpico Road and MacArthur Drive. The Valpico Town Center received development approvals in June 2004, so is deemed reasonably foreseeable although no building permits have yet been sought. The Raley's application was also recently deemed complete.

Outside Tracy, there are no currently pending applications or approvals for retail projects with supermarkets. Mountain House reports that plans call for a supermarket in a "Village Center" once the housing unit count reaches a number between 3,000 and 4,000 housing units,<sup>22</sup> with

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<sup>22</sup> According to San Joaquin County staff contacted (Gabe Karam), the threshold for the first supermarket in Mountain House is 3,000 units; according to Eric Teed-Bose of Trimark, the master developer, the threshold is 4,000 housing units.

approximately 1,500 units current completed. However, the potential approvals for the Wal-Mart expansion and WinCo may impact the regional market, creating a greater perceived risk for a supermarket in Mountain House and delaying interest from possible operators and construction for an undetermined period. Because of this, and per CEQA guidelines, the schedule and approval of any supermarket in Mountain House is deemed speculative and no Mountain House supermarkets are considered in this analysis.

The analysis of additional cumulative impacts on supermarkets thus considers the WinCo, the supermarket at the Valpico Town Center, and the Raley's as being reasonably foreseeable supermarkets. All other possible supermarkets (including those that only exist as designated future land uses in planning documents) are considered speculative.<sup>23</sup>

**Overall Impacts.** As indicated in Table 9, this cumulative impacts scenario assumes a total of 244,538 square feet of supermarket space is added to the existing 332,091 square feet, an increase of nearly 75 percent. Assuming all outlets are open in 2008, average annual sales at Tracy's existing supermarkets are estimated to decline by 52 percent to \$226 per square foot annually, below the assumed minimum feasibility level of \$275 per square foot. Recovery by 2011 is estimated to be to only \$246 per square foot, still below that minimum feasibility level.

**Individual Store Impacts.** Like Wal-Mart, WinCo positions itself as a low-price supermarket alternative, but with a greater amount of items for bulk shoppers. BAE staff has visited existing WinCos in Eureka, Redding, Antelope, and Brentwood, and found that WinCo uses its very large size to carry a larger variety of items, not just a larger number of items, including some items packaged for bulk shoppers and pantry loaders, so it would also likely compete with the Costco as well as the remaining conventional supermarkets in Tracy. Both the Wal-Mart and WinCo target a more regional market than a typical supermarket in a community shopping center. The smaller market at Valpico Town Center and the Raley's are likely to be more local serving (although this could vary depending on the store format), and their impacts may be greatest on the other market located in south Tracy, Albertsons. Because of the complexity of the market with stores with slightly different but overlapping store formats, the discussion here assumes the proportional impacts are the same at each of the competitors.

With the overall percentage loss applied to each store, the 11<sup>th</sup> Street Save Mart would see sales decline to \$130 per square foot in 2008, rebounding to \$142 per square foot in 2011. Sales at the other Save Mart and Albertsons would also decline to below \$200 per square foot and these other

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<sup>23</sup> In addition to including space noted but deemed speculative here, one response to the previous BAE analysis, the CERA Report, contained a substantial calculation error overstating supermarket space in the Trade Area. In Table 4 of that report, the total inventory of existing and planned supermarket space in the (old) Trade Area is reported at approximately 1.46 million square feet. However, this table double counts all the existing space in Tracy and the WinCo and Wal-Mart expansion, so the actual total per their criteria should have been only 921,445 square feet. Without taking any other factors into account, this error alone renders most of their subsequent analysis of impacts highly inaccurate and misleading. The CERA Report inventory also assumes 200,000 square feet of supermarket space in Mountain House by 2009, even though there will not be enough residents to support that much space at that time, and elsewhere in their report even they concede that of the retail space in Mountain House, most "will not be built until after 2009."

stores would be at risk of closure. However, if any particular store closes, the existing sales would be reallocated among the remaining outlets. If the sales are reallocated, under a cumulative scenario average sales per square foot at existing stores will recover to between the ULI benchmark levels and current levels when the three existing stores which are the poorest performers are assumed to close. The stores with the weakest performance currently are the two Save Marts and the Albertsons. As discussed above, Food Maxx, which because of its positioning as a low cost supermarket may be more directly competitive to Wal-Mart and WinCo with respect to pricing, may see an impact greater than the average for all stores. While its sales are relatively strong, Save Mart indicates that Food Maxx has a “warehouse standard” for breakeven that is considerably higher than for its Save Mart-format stores. Because this store may be disproportionately impacted and because of a higher breakeven standard, it may also be at risk of closure.

But with two stores closed and the sales redistributed evenly among the remaining existing stores, the remaining Save Mart and Albertsons would still have 2008 sales below the \$275 per square foot general benchmark. Thus an additional store might be at risk of closure. If the Albertsons were closed as it will be impacted by the proximity to Raley’s and the Valpico Town Center store, the redistributed sales at the remaining existing stores would approach current levels, with all stores at or near \$275 per square foot.

In conclusion, the cumulative impacts are likely to lead to the closure of one to three supermarkets in Tracy, with the poorly-performing 11<sup>th</sup> Street Save Mart, which is already at risk of closure due to its poor sales, the most likely candidate for closure. The other Save Mart, the Albertsons, and the Food Maxx are also at high risk of closure, but as sales shift in the market and the stores respond in their marketing efforts, it is not possible to state with any certainty which of these three additional stores is most at risk. It is also possible that one or more of the other supermarkets may not be built as planned due to the extremely competitive conditions in Tracy.

**Table 9: Cumulative Supermarket Impacts**

	<u>2006</u>	<u>2008</u>	<u>2011</u>
Trade Area Population (a)	89,603	93,758	98,821
Supermarket Sales Potential (a) (b)	\$155,372,000	\$162,576,000	\$171,356,000
Existing Supermarket Square Feet (a)	332,091	332,091	332,091
Wal-Mart Expansion and WinCo (c)		151,092	151,092
Valpico Town Center Supermarket (c)		36,424	36,424
Red Maple Village Raley's (c)		57,022	57,022
Total Additional SF		244,538	244,538
Estimated Supermarket Sales in New Stores (d)		\$87,583,000	\$89,511,000
less Capture of Sales from New Stores	\$155,372,000	\$74,993,000	\$81,845,000
<b>Average Annual Sales per Square Foot</b>			
<b>at Existing Stores</b>	<b>\$468</b>	<b>\$226</b>	<b>\$246</b>
<b>Percent Change from 2006</b>		<b>-52%</b>	<b>-47%</b>
Sales per Square Foot in Wal-Mart Grocery Space and WinCo (e)		\$440	\$440
Sales per Square Foot in Other Planned Supermarkets (f)		\$226	\$246
ULI Median, All Supermarkets (g)	\$419		
Minimum Feasible Level (h)	\$275		

(a) From Table 7.

(b) All estimates throughout table in 2006 dollars. Rounded to nearest \$000.

(c) Size estimates from City of Tracy. See previous table for Wal-Mart only. Includes only the portion of Wal-Mart expansion devoted to food items, as follows. Based on sales floor area devoted to grocery sales and grocery stockroom and ancillary areas from plans submitted to City of Tracy.

Grocery Sales	33,928
Grocery Stockroom & Ancillary Spaces	21,264
Total Wal-Mart "Supermarket" Space	55,192
Total WinCo	95,900

(d) Rounded to nearest \$000.

(e) Sales per square foot assumed to match area supermarket average, or Wal-Mart national average, whichever is greater. This maximum assumed may be lower than for Wal-Mart only due to competitive effects of WinCo and Wal-Mart both being in operation.

(f) Since these other supermarkets are more like the existing supermarkets than WinCo or Wal-Mart's expansion, sales per square foot assumed to match area supermarket average.

(g) See explanation, Table 7.

(h) See explanation, Table 7.

Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; City of Tracy; Save Mart; Trade Dimensions; CA State Dept. of Finance; San Joaquin Council of Governments; Urban Land Institute; Wal-Mart 2006 Annual Report; Bay Area Economics, 2006.

### Estimated Impacts of Wal-Mart Expansion on Existing General Merchandise Outlets

Only 27,512 square feet of the Wal-Mart expansion will be devoted to non-grocery items. This is a relatively insignificant addition to the Trade Area inventory of general merchandise stores, which includes Wal-Mart, Target, and other major outlets in the region-serving retail concentration north of I-205. The impacts of this space are considered below in the estimate of future demand for retail space in the Trade Area, where the space is netted out of the increased demand for space through 2015; since the expansion consists of general merchandise space, it

may absorb demand across the broad spectrum of overall retail. The general merchandise portion of the expansion constitutes only seven percent of the total square feet of overall demand, while currently general merchandise stores account for 19 percent of taxable sales in Tracy. As a result, the additional general merchandise space should be absorbed without leading to store closures.

### **Cumulative Impacts of Additional Retail Space in the Trade Area**

While the Proposed Project includes no additional retail space, the overall Trade Area includes additional proposed projects that may affect the overall ability of the market to absorb any vacancies caused by supermarket closures. Potential for prolonged closures could result from a general oversupply of retail space in the market due to supply outstripping demand.

**Demand for New Retail Space in the Trade Area.** Using sales data from Appendix D as a baseline, BAE has constructed an estimate of the annual demand for retail space in the Trade Area, as shown in Table 10. It is important to note that estimated demand for food store and automotive-related retail space is excluded from this estimate. All food store square footage has been excluded, not just supermarkets, effectively making the demand estimate even more conservative. It is estimated that the Trade Area can absorb approximately 390,000 square feet of retail space from 2006 through 2015.<sup>24</sup> Netting out the 27,512 square feet of additional general merchandise space in Wal-Mart to account for its absorption, leaves a net demand of slightly more than 360,000 square feet, or approximately 40,000 square feet annually.

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<sup>24</sup> This analysis is additionally conservative in that it assumes growth in Tracy will continue at 150 units per annum through 2015; it is likely that the annual cap will increase to 600 units annually in 2012 or 2013 as long-term averages in the Growth Management Ordinance are reached.

**Table 10: Calculation of Future Demand for New Retail Space in Trade Area**

<b>EXCLUDES DEMAND FOR FOOD STORES AND AUTO-RELATED RETAIL</b>	
<b>2005</b>	
Retail Sales (a)	\$557,887,451
Trade Area Population (b)	86,390
Sales per capita	\$6,458
Inflation factor to express per capita sales in 2006 \$ (c)	1.036
<b>2006</b>	
Trade Area Population (b)	89,603
Sales per capita in 2006 \$	\$6,690
Estimated Retail Sales (d)	\$599,467,199
<b>2015</b>	
Trade Area Population (b)	101,321
Sales per capita in 2006 \$	\$6,690
Estimated Retail Sales (d)	\$677,863,644
Increase in Sales, 2006-2015	\$119,976,192
Sales per Square Foot, All Stores (e)	\$307.66
<b>Estimated Total Additional Non-Food Store Retail Demand in Square Feet, 2006-2015</b>	<b>389,966</b>
<b>Less Wal-Mart General Merchandise Space</b>	<b>(27,512)</b>
<b>Net Demand</b>	<b>362,454</b>

(a) From Appendix D. Sales in 2005 dollars. Includes only taxable sales in Tracy, thus to the extent there are sales in unincorporated areas (e.g., Mountain House) this is a conservative estimate of total sales in Trade Area. Excludes automotive sector, food stores, and service stations. Food store additional sales presumed to be absorbed by existing and planned supermarket space. As estimate makes no adjustment for non-taxable sales, e.g., prescription drugs and food items, this is likely a conservative estimate of total retail sales.

(b) From Table 1.

(c) From California Consumer Price Index.

(d) Population x per capita sales.

(e) Based on median sales per square foot for all stores in community shopping centers in the West, ULI Dollars & Cents of Shopping Centers, 2004. Sales have been inflated to 2006 dollars using the California State Consumer Price Index, as follows:

\$286.46	Median per ULI
1.074	Inflation factor (see Table 7).
\$307.66	Revised benchmark

Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics; City of Tracy; CA State Dept. of Finance; San Joaquin Council of Governments; Urban Land Institute; Bay Area Economics, 2006.

**Cumulative Impacts of Additional Retail Space.** The gross absorption estimate above in Table 10 does not take into account existing space that might be currently vacant and available, or additional space currently under construction or planned that might become available. To account for net absorption, this other space outside the Proposed Project must be considered in the analysis.

Current retail real estate conditions in Tracy are very strong, with new centers under construction and limited vacancy in existing spaces. BAE's tour of the City found few vacancies, an impression confirmed by conversations with City staff and retail brokers.<sup>25</sup> Thus, the market can be assumed to be at stabilized occupancy currently, with no significant existing vacancies.

In Appendix F, BAE has identified slightly more than 480,000 square feet of competitive retail space coming into the market, which excludes automotive-related retail and supermarkets, which have been considered separately above.

This square footage of competitive retail space is lower than the number cited in responses to the previous BAE analysis,<sup>26</sup> for a number of reasons:

1. First, based on recently built existing retail and planned retail not present at the time of BAE's initial study, the Trade Area has been resized to exclude River Islands. The Trade Area never included the two major projects in Lathrop cited in those responses (the Save Mart center and Lathrop Marketplace), but they are in fact likely to attract consumers from River Islands, especially from the early phases constructed closer to Lathrop than the retail concentrations in Tracy.
2. The definition of reasonably foreseeable used here does not include projects for which no application for development has been submitted and that are highly speculative at this time, e.g., "Village Centers" in Mountain House. Currently, some of the planned space included in the responses to BAE's initial study is little more than a designation on land use maps, although at some point in the future some of it may be built as Mountain House reaches the critical mass to support local-serving retail development. There is one 82,000 square foot project (without a supermarket) in Mountain House that appears to be moving toward application and reportedly it is undergoing design and has letters of intent from key tenants; however, as of May 15, 2007, no application for development has been submitted to the County, and it has therefore been excluded from the analysis.
3. Supermarkets have been excluded, because they are considered separately as the primary focus of the impact analysis. Automotive retail primarily demands specialized space, and as such comprises a separate retail submarket and has been excluded. However, it should be noted that auto supply stores, one segment of the retail market, could be suitable as tenants of conventional retail space. By excluding them, the analysis here is more conservative. In fact, as discussed below, a former Safeway space has been re-tenanted in part by an auto parts store and an auto service business.

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<sup>25</sup> In 2004, in the course of its initial study, BAE contacted Chris Sill of Lee & Associates, a retail broker working in Tracy, handling leasing for five major centers in the City. At that time he described Tracy as a strong retail real estate market with continuing growth, and estimated the retail space occupancy rate to be well over 93 percent. Site visits indicate that retail vacancies are still low in Tracy.

<sup>26</sup> The CERA Report, the Retail Strategies Letter, and other responses to the EIR.

4. It does not include projects already built, since vacancies are currently low and there is no substantial overhang of existing space waiting to be absorbed.

This total is somewhat higher than the estimated net demand from 2006 through 2015 of about 360,000 square feet. Thus over this multiyear period, some retail space in the pipeline might not be absorbed. In fact, in a slackening market, some of the space, such as the additional square footage in the WinCo project (which is approximately matched to the “surplus” space), would likely not be constructed, or construction would be postponed. There is currently no active discussion of any proposal to construct this retail space along with the WinCo, but it has been included because it is part of an active project application.<sup>27</sup> The other possibility is that some existing retail space would leave the inventory, i.e., it would be taken over by a non-retail use, or it would be demolished and replaced with another land use.

In considering the overall impacts of the Proposed Project, the analysis of future available supply and absorption trends needs also to take into account space that might become available through closure of existing supermarkets. If not re-tenanted as a supermarket, this space could fall into the general inventory of available retail space, with potential use for other types of retail, or even non-retail uses. As stated above, the supermarket estimated to be at greatest risk of closure is the 11<sup>th</sup> Street Save Mart. Taking into account cumulative impacts of other projects, up to three stores may be at risk of closure; the other stores most at risk are the other Save Mart, the Albertsons and the Food Maxx. The Save Mart and the Food Maxx are roughly 50,000 square feet in size, and the Albertsons is approximately 70,000 square feet, so one to three total supermarket vacancies would add an additional 50,000 to 170,000 square feet to the potential retail inventory of approximately 480,000 square feet under construction or planned and proposed, leading to a total available inventory of approximately 530,000 to 650,000 square feet if all projects are built. This is about 170,000 to 290,000 square feet more than the estimated demand of 360,000 square feet through 2015. As a result, vacancies could increase in the Trade Area, making re-use of closed supermarkets in a reasonable period of time more difficult.

**Potential for Re-tenanting of Vacant Retail Spaces in the Trade Area.** Given the potential for retail vacancies as stated above, the next step is to assess the strength of the overall retail real estate market, to determine the ability of the market to absorb vacancies through existing demand or future growth in demand. If the market is strong, long-term vacancies are less likely and the chain of events will end at reuse of the vacant spaces rather than long term vacancies with the potential to lead to prolonged store closures. At the time of BAE’s site visits in 2004 and 2006, there were no large vacant retail properties in the Trade Area, indicating that the market is currently in equilibrium, with no need to absorb significant amounts of existing retail space.<sup>28</sup>

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<sup>27</sup> In fact, there is a potential proposal for 81,000 square feet of office rather than 141,130 square feet of retail on the Northern Parcel; this proposal is currently deemed incomplete pending the approval of the rezoning for the entire Proposed Project site. If this proposal for office rather than retail space comes to pass, the total square footage of planned and proposed space would be below the net estimated demand through 2015.

<sup>28</sup> Because of the nearly complete lack of existing retail space in Mountain House or elsewhere in the Trade Area outside Tracy, this discussion regarding reuse of vacant retail space focuses on Tracy.



BAE's tour of the City found few vacancies, and no evidence of significant physical deterioration, an observation confirmed by conversations with City staff and retail brokers.

Even in a historically growing market such as Tracy, existing retail space is vacated due to functional obsolescence or the general cycle of retail closures and openings over time. For instance, the trend in the supermarket industry has been toward larger stores and consolidation, and in Tracy, several previous grocery stores and other anchor tenants have vacated their spaces either due to closure or relocation to a larger store. However, because of Tracy's growth and the demand for additional retail, these spaces have all been re-tenanted successfully. Table 11 shows these former stores, as well as current tenants.

These sites have been reused by a variety of tenants, including new food store tenants and non-retail uses. In some cases spaces have been subdivided. One center, the Westgate Plaza, saw turnover for two major tenants in short order. This center lost both its grocery anchor, Save Mart, and its drug anchor, Longs, several years ago. The Longs relocated to the Regency Center with the new Safeway, and the Save Mart took over the vacated former Safeway space on 11<sup>th</sup> Street across from the Regency Center. In Westgate Plaza, a 99 Cent Store occupies the former Save Mart. The vacated Longs space took over three years to fully re-tenant, with Autozone occupying approximately one-third of the space and the recently opened Smart & Final occupying the remainder. During the three-year period where at least some portion of the former Longs space remained vacant, the property was maintained and kept from physical decline as the owner sought new tenants. All these examples indicate that, historically, larger spaces in Tracy have been re-tenanted successfully without major loss of additional tenants or physical deterioration, even in cases of multiyear vacancies.

Another indicator of the type of user that might occupy a vacated supermarket space is indicated by the recent announcement by Ross Stores, an off-price retailer (primarily of apparel) that they were going to purchase 46 sites vacated recently by Albertsons following the chain's split between two ownership entities. Although the specific sites have not been announced, many of them are likely to be in northern California where a high proportion of these closures by one of the new owners occurred. Ross already has a store in Tracy; this is just an indicator of one type of potential reuse for vacated supermarkets.<sup>29</sup>

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<sup>29</sup> "Ross Stores to buy 46 Albertsons stores," RetailingToday.com, October 10, 2006, [www.retailingtoday.com/story.cfm?ID=83480MIM](http://www.retailingtoday.com/story.cfm?ID=83480MIM)

<b>Former Store</b>	<b>Closing Date (a)</b>	<b>Current Tenants</b>	<b>Location</b>
Centromart	Early 1990s	Grocery Outlet	11th St & Tracy Blvd.
Safeway	mid 1980s	Brake Masters Kragen Auto Parts	12th St & Tracy Blvd.
Fairmart	early 1990s	In-Shape Sports Club	11th St & Parker Ave.
Don Quick Market	1989	World Gym	East St. & Grant Line Rd.
Lucky	1997	Tracy Furniture	Clover & Tracy Blvd.
Save Mart	2003	99 Cent Store	11th St & Lincoln Blvd.
Longs	2002	Autozone Smart & Final	11th St & Lincoln Blvd.
Safeway	2002	Save Mart	1801 West 11th St
Kmart	1997	Ace Hardware Big Lots Factory 2-U	2681 North Tracy Blvd

(a) Closure dates are approximate

Sources: City of Tracy; Bay Area Economics, 2006

As noted above, in 2004 BAE contacted Chris Sill, of Lee & Associates, a retail broker working in Tracy and familiar with local conditions. At that time, he stated that if one of the large supermarkets went out of business, it would be more challenging to re-tenant their space than smaller spaces, but that the space would not be impossible to lease. He suggested as possible tenants another grocery store, a furniture store, or discount store. He stated that it might be necessary to subdivide the space (as happened with the former Kmart and Longs spaces) to attract tenants. However, more recently, Mr. Sill submitted a letter of clarification to the City stating that the larger spaces represented by Save Mart and Food Maxx could be more difficult to re-tenant than previously vacated supermarket spaces, and that most large retailers were gravitating toward the region-serving cluster off of I-205.<sup>30</sup> He also states that the loss of an anchor supermarket could lead to the loss of other tenants in the center. He thus reiterates and emphasizes his position that these spaces would be challenging to re-tenant, and states that it “could take a long time to fill the space.” While not asserting that a vacant supermarket would be impossible to re-tenant, he seems to be taking a more cautionary stance regarding reuse of large supermarket spaces.

BAE also contacted Jeff Brotman of Brotman Commercial Real Estate Services, another broker listing retail space in Tracy, as it prepared this revised report. Mr. Brotman described Tracy’s real estate market as strong, with potential for additional national tenants in the market if space

<sup>30</sup> June 20, 2006 Letter to City of Tracy, Chris Sill, Lee & Associates.

were available. He stated that re-tenanting a vacated supermarket space would not be difficult due to the lack of other “second and third generation” space available for tenants not seeking or able to afford the newer centers with their higher rents.

However, as indicated above, the combination of Tracy’s growth limits, additional new space coming into the market and vacated space due to supermarket closures, might lead to an oversupply of space that would take several years to absorb.

### **Summary of Retail Impacts Analysis**

If the Wal-Mart store opens as projected in 2008, and no other project is built (e.g., WinCo), average annual sales per square foot at Tracy’s existing supermarkets would decline from current levels by an estimated 12 percent to \$412 (2006 dollars), only slightly below the ULI-derived industry median. Sales per square foot would recover to an estimated \$438 annually in 2011.

It is likely that any impacts would be greater on those stores targeting a similar niche in the market. The Food Maxx is the store most targeted toward discount shoppers in the Trade Area; this store is in North Tracy, relatively close to Wal-Mart. Supercenter grocery departments, though, resemble regular supermarkets more than warehouse stores in layout. As a result, this store is likely to be competitive across the full range of supermarkets in Tracy, including the two Save Marts that have poor sales currently. The Food Maxx may see significant impacts, but its sales are at a relatively high per-square foot level, indicating that it may be able to absorb losses more than the two Save Marts, which are the weak performers among Tracy Supermarkets and already at risk of closure. Even with a loss of only 12 percent of sales proportional to the overall loss in 2008, the West 11<sup>th</sup> Street store would see sales decline to \$221 per square foot, while the North Tracy Boulevard store would see a decline to \$257 per square foot. While sales should recover somewhat by 2011, the levels for these stores are below the estimated minimum feasible level, and the sales levels could place at least one of these stores at additional risk of closure.

The other major supermarket proposal in the City of Tracy is for a WinCo supermarket, an extremely large-format supermarket of 95,900 square feet. This project has been approved by the City, but is currently subject to litigation. Discussions with staff for the City of Tracy and San Joaquin County indicate that the only other proposed supermarkets in the Trade Area with active proposals are an unnamed market at the proposed Valpico Town Center and a Raley’s at the proposed Red Maple Village. All other possible supermarkets (including those that only exist as designated future land uses in planning documents) are considered speculative.

This cumulative impacts scenario assumes an increase of nearly 75 percent in total supermarket square footage in the Trade Area. Assuming all outlets are open in 2008, average annual sales at Tracy’s existing supermarkets are estimated to decline by 52 percent to \$226 per square foot annually, well below the assumed minimum feasibility level of \$275 per square foot. Recovery by 2011 is estimated to be to \$246 per square foot, still below that minimum assumed feasibility level.

With the overall percentage loss applied to each store, the cumulative impacts are likely to lead to the closure of one to three supermarkets in Tracy, with the poorly-performing 11<sup>th</sup> Street Save Mart the most likely candidate for closure. However, if any particular store closes, the existing

sales would be reallocated among the remaining outlets. If the sales are reallocated, under a cumulative scenario average sales per square foot at existing stores will recover to between the ULI benchmark levels and current levels when the three existing stores which are the poorest performers are assumed to close. In addition to the 11<sup>th</sup> Street Save Mart the two stores with the weakest performance currently are the other Save Mart and the Albertsons. Additionally, Food Maxx, which because of its positioning as a low cost supermarket may be more directly competitive to Wal-Mart and WinCo with respect to pricing, may see an impact greater than the average for all stores. Because this store may be disproportionately impacted and because of a higher breakeven standard, it may be at risk of closure rather than the Albertsons or other Save Mart.

It is estimated that the Trade Area can absorb approximately 390,000 square feet of retail space from 2006 through 2015, excluding food retail and automotive-related retail. Netting out the 27,512 square feet of additional general merchandise space in Wal-Mart to account for its absorption, leaves a net demand of slightly more than 360,000 square feet, or approximately 40,000 square feet annually.

BAE has identified slightly more than 480,000 square feet of competitive retail space coming into the market, which excludes automotive-related retail and supermarkets, which have been considered separately above. Current retail real estate conditions in Tracy are very strong, with new centers under construction and limited vacancy in existing spaces. Thus, the market can be assumed to be at stabilized occupancy currently, with no significant existing vacancies to be absorbed.

Space that might become available through closure of existing supermarkets and not re-tenanted as a supermarket could end up in the general inventory of available retail space, with availability for other types of retail, or even non-retail uses. If one to three existing supermarkets closed due to the impacts of Wal-Mart's expansion or the cumulative impacts of all supermarket-related projects, approximately 50,000 to 170,000 additional square feet of vacant space would be added to the potential retail inventory, leading to a total available competitive inventory of approximately 530,000 to 650,000 square feet if all projects are built. This is about 170,000 to 290,000 square feet more than the estimated net demand of 360,000 square feet through 2015. Thus, while vacant retail spaces in the Trade Area, including closed supermarkets and other large stores, have in the past been re-used successfully, the combination of Tracy's growth limits, additional new space coming into the market, and vacated space due to supermarket closures might lead to an oversupply of space that would take several years to absorb.

## Appendices

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**Appendix A: Wal-Mart Trade Area Traffic Analysis Zones**

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<b>Traffic Analysis Zone</b>	<b>Traffic Analysis Zone</b>
509	548
510	549
511	550
513	551
514	552
515	553
516	554
517	555
518	556
520	557
521	558
522	559
523	560
524	561
525	562
526	563
527	564
528	565
529	566
530	567
531	568
532	571
533	573
534	574
535	580
536	581
537	582
538	583
539	584
540	587
541	1037
542	1038
543	1039
544	1040
545	1041
546	1042
547	

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Note: All Traffic Analysis Zones are located in San Joaquin County

Source: U.S. Census 2000; San Joaquin Council of Governments, 2004; Bay Area Economics, 2006.

## Appendix B: Methodology for Population Estimates

As discussed in the previous version of this report, and as noted in the comments received in the EIR process for the Wal-Mart and WinCo proposals, many of the population estimates and projections available for Tracy and the Trade Area are problematic and potentially unreliable. This is due primarily to two underlying issues: first, the projections and estimates do not take into account Tracy's Measure A and the resulting slowing of growth in the City, particularly after projects that were already approved are built and the number of annual approvals declines to the 100 unit per year cap for market-rate units that will be in effect for several years; second, the projections do not take into account expected growth in unincorporated Mountain House and River Islands. Claritas, the major national vendor providing estimates of current population and five-year population projections, tends to trend out previous growth, with some examination of local data sources, as discussed in their methodology. As stated in *The Claritas Demographic Update Methodology*, Claritas does not just "straight line" their projections, but also reportedly takes into account current estimates from the U.S. Census, state demographers, and local sources:

At the national, state, county, and place levels, total population and household estimates are based on estimates produced by the Census Bureau, and in some cases by state demographers. At the census tract and block group levels, change is estimated based on sources including local estimates, trends in USPS deliverable address counts, and trends in consumer counts from the Equifax TotalSource database.

For 2005, national and state population estimates were based on Census Bureau estimates provided at those levels. County population estimates were based on Census Bureau county population estimates, combined with state-produced county estimates in selected states. Census tract and block group estimates were based on local estimates and post-2000 trends in USPS address counts and TotalSource consumer database households.<sup>31</sup>

In BAE's previous analysis, it became clear, however, that the population estimates and projections available from Claritas were not reliable for Tracy and the Trade Area.

The San Joaquin Council of Governments was the other source for population projections cited in BAE's previous analysis. However, as noted in BAE's analysis, the COG data published on their web site and available in 2004 did not take into account expected growth in unincorporated Mountain House and River Islands; in fact those same projections are still available on the COG web site,<sup>32</sup> even though they have been superseded by the more recent projections available in the County's Regional Transportation Plan (RTP),<sup>33</sup> which take into account planned growth in Mountain House and Lathrop.

Another source of local population estimates is the California State Department of Finance (DOF), which provides current estimates for incorporated places and counties, and projections at

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<sup>31</sup> Claritas' website, <http://www.claritas.com/collateral/econnect/demomethodology05.pdf>, accessed January 2006.

<sup>32</sup> As of September 10, 2006, see [http://www.sjcog.org/sections/departments/planning/research/projections?table\\_id=140&section\\_id=36&historic=0](http://www.sjcog.org/sections/departments/planning/research/projections?table_id=140&section_id=36&historic=0)

<sup>33</sup> See <http://www.sjcog.org/files/uploaded/2004%20RTP%20chapter%2031.pdf>, page 3-8.

the county level. However, DOF does not provide estimates for unincorporated subareas of counties (e.g., Mountain House). DOF considers actual unit completions and annexations<sup>34</sup> and thus their Tracy estimates should take into account recent “on-the-ground” shifts due to Measure A, and their County estimates should take into account the growth at Mountain House (as discussed in the body of the report, River Islands is not included as part of the Trade Area in this revised report). As shown in Appendix Table B-1, a comparison of COG numbers for 2005 found in the RTP and those from DOF seems to indicate that the COG numbers are likely to be underestimating the current population of Tracy, as well the County overall. For 2010, DOF does not provide a projection for the City, but the Tracy COG estimate appears to be more in line with likely growth given the current DOF population estimates for 2005 and 2006 and Tracy’s Measure A constraining growth over the next several years. However, the COG projections for the County may be too low, given trends through 2006 countywide as indicated by DOF estimates.

The City of Tracy has also provided BAE with population estimates through 2010, using the January 1, 2006 population estimate from the California State Department of Finance (DOF) as a baseline and taking into account the City’s Growth Management Ordinance and trends in construction of previously approved and exempt units. This estimate is also shown in Appendix Table B-1. It appears that while the COG may have underestimated the population of Tracy mid-decade, the estimates for 2010 may be too high.

Area	Population						
	2000 (a)	2005	2006	2007	2008	2009	2010
City of Tracy, DOF	56,929	78,516	80,461	---	---	---	---
City of Tracy, COG	56,929	70,541	---	---	---	---	85,845
City of Tracy, City	56,929	78,516 (b)	80,461 (b)	81,402	81,897	82,392	82,887
San Joaquin County, DOF	563,598	655,319	668,265	---	---	---	747,149 (c)
San Joaquin County, COG (d)	563,598	630,613	---	---	---	---	708,364

COG= San Joaquin Council of Governments  
DOF=California State Department of Finance  
(a) All 2000 numbers from U.S. Census.  
(b) From DOF.  
(c) From Report P-1, issued May 2004.  
(d) From the estimates used in the Regional Transportation Plan.

Sources: 2000 U.S. Census; California State Department of Finance, 2006; San Joaquin County Council of Governments, 2004; City of Tracy, 2006; BAE, 2006.

One problem with these sources is that with the exception of Claritas, they do not provide subcounty estimates and projections, as would be necessary to estimate the Trade Area population

<sup>34</sup> For a discussion of DOF’s methodology, see <http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/Estimates/E5/E5-06/E-5text2.asp>



including Mountain House or other unincorporated areas. To achieve this goal, BAE obtained the COG's unpublished estimates and projections of population and housing units by Traffic Analysis Zone as used for traffic modeling purposes.<sup>35</sup> Traffic Analysis Zones are small geographies specifically defined by the Census Bureau in cooperation with regional transportation planning agencies. These areas often follow Census Tract or Block Group boundaries, but are sometimes even smaller areas as needed for detailed traffic studies. As defined in San Joaquin County for the 2000 Census, there are 624 Traffic Analysis Zones in the County. These provide small enough areas to reasonably define the Trade Area without splitting the populations of any key portions of the Trade Area. For instance, Mountain House consists of three Traffic Analysis Zones. The entire Trade Area has been defined as 73 Traffic Analysis Zones, as listed in Appendix A. This small-geography dataset appears to be internally consistent with the COG's RTP projections by City.

As noted above, the COG data appear to understate Tracy's population in 2005, but overstate it in 2010. The other major population growth subarea of the Trade Area is Mountain House. However, an analysis of the COG data indicates discrepancies between the individual small-geography population estimates and the housing unit estimates. For Mountain House, the time series appears to understate population growth seriously (see Appendix Table B-2). The population increase does not keep pace with the housing unit increase, with household size calculations (especially for Mountain House), showing unrealistic declines in household size. Further analysis indicates that, at least for Mountain House, the housing unit counts are more in line with actual construction trends.<sup>36</sup> The master developer has reported growth at a rate of approximately 600 units per year,<sup>37</sup> and the COG estimates are for an average of 657 units annually between 2005 and 2010. BAE also contacted the San Joaquin County Community Development Department, which reported that from July 1, 2002 through June 30, 2006, 1,804 building permits had been issued in the Mountain House Community Services District.<sup>38</sup> In the most recent fiscal year (July through June), 806 permits were issued, far more than previous years, indicating that the pace of construction may be picking up. This pace of approximately 800 units annually would also mesh with the lower range of 20 years to buildout for the planned 16,000 total units. However, the analysis here uses the more conservative estimates from the COG.

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<sup>35</sup> Obtained via e-mail from Lesley Miller, Regional Planner, San Joaquin County Council of Governments, on August 16, 2006.

<sup>36</sup> In a phone conversation on September 12, 2006, Kim Kloeb, Senior Regional Planner with the San Joaquin County Council of Governments, recommended that BAE use the COG housing unit counts and apply a household size factor to estimate population. That is the approach used here.

<sup>37</sup> See, for instance, "Mountain House gains a foothold," *Contra Costa Times*, June 12, 2006, <http://www.contracostatimes.com/mld/cctimes/news/14798672.htm>.

<sup>38</sup> Phone communication with Gabriel Karam, Development Manager, Mountain House Community Facilities District, San Joaquin County, August 17, 2006.

<b>Appendix Table B-2: COG Population and Households for Mountain House and Trade Area</b>				
<b>Area</b>	<b>Population</b>			
	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>
<b>Mountain House</b>				
<i>Population</i>	375	1,958	4,976	8,818
<i>Housing Units</i>	115	1,461	4,746	7,310
<i>Calculated Household Size (a)</i>	3.26	1.34	1.05	1.21
<b>Trade Area</b>				
<i>Population</i>	63,924	78,852	95,633	113,889
<i>Housing Units</i>	20,424	26,415	34,597	42,045
<i>Calculated Household Size (a)</i>	3.13	2.99	2.76	2.71
COG= San Joaquin Council of Governments Based on the COG TAZ estimates (a) This estimate presumes that all housing units are occupied. Since some units are always vacant, the calculation here likely understates actual household size. This calculation is shown here for illustrative purposes, to show how the population and housing unit estimates are problematic when considered together.				
Sources: 2000 U.S. Census; San Joaquin County Council of Governments, 2004; BAE, 2006.				

Because the COG housing unit counts seem to mesh better with current and expected trends, the population estimates used in this BAE report rely on those numbers as the baseline for population estimates for the Trade Area, rather than relying directly on the COG population estimates. However, an internal adjustment has been made for Tracy; this has been accomplished by subtracting out the City of Tracy housing unit count as estimated by the COG (RTP data) and then adding back in the more recent estimates provided to BAE by the City of Tracy. This methodology provides an estimate of total housing units in the Trade Area through 2015.

A vacancy factor is then applied to the total housing count to get an estimated number of households for the same time period. This is done using the 2000 data, which are from the U.S. Census. The number of households is then multiplied by average household size for the Trade Area to derive an estimated population. The average household size is calculated based on the total population per the 2000 Census divided by the total number of households.<sup>39</sup> This household size is then assumed to remain constant, and is applied to the estimated households to derive the estimates of Trade Area population through 2015.<sup>40</sup> The details and results of this analysis for projecting future population and households in the Trade Area are presented in Appendix Table B-3; the results of this table then feed into Table 1.

<sup>39</sup> Note that this will not exactly match any published household size data, since this population count does not factor out group quarters (i.e., non-household) population. There are no significant concentrations of group quarters populations in the area (e.g., in 2000, less than one percent of Tracy’s population). The calculation here implicitly assumes this proportion will remain constant.

<sup>40</sup> The factors driving household and population growth and demand are exogenous and not dependent on looking at specific project approvals or applications. Unlike specific retail or commercial projects, this growth is reasonably foreseeable given regional demographic trends, within the constraints of land use designations, and does not depend on having project applications submitted or units already permitted and/or built.

**Appendix Table B-3: Population Estimate Methodology for Trade Area**

Housing Unit Estimate	Population				
	2000	2005	2006	2010	2015
<b>Trade Area</b>					
<i>Housing Units COG TAZ Data (a)</i>	20,424	26,415	27,880 (b)	34,597	42,045
<i>less Tracy Housing Units, COG Data (c)</i>	-18,087	-22,987	-24,227 (b)	-29,896	-36,133
<i>plus Tracy Housing Units, City Estimate (d)</i>	18,087	24,174	24,976	25,711	26,461
 <i>Revised Housing Unit Estimate</i>	 20,424	 27,602	 28,628	 30,412	 32,373
<i>Households, Trade Area (e)</i>	19,818				
 <i>Occupancy Factor (f)</i>	 97.0%	 97.0%	 97.0%	 97.0%	 97.0%
 <i>Estimated Households, Trade Area (g)</i>	 19,818	 26,783	 27,779	 29,510	 31,412
 <i>Population (h)</i>	 63,924				
<i>Household Size (i)</i>	3.23	3.23	3.23	3.23	3.23
 <i>Estimated Population, Trade Area (j)</i>	 63,924	 86,390	 89,603	 95,186	 101,321

COG= San Joaquin Council of Governments

(a) Based on the COG TAZ estimates. 2000 data from U.S. Census.

(b) Derived by BAE from 2005 and 2010 estimates; assumes a constant percentage rate of change from 2005 to 2010.

(c) Based on data in published Regional Transportation Plan (RTP).

(d) 2000, 2005, and 2006 data from DOF. 2010 estimate from City of Tracy, based on estimated housing unit increases per Growth Management Ordinance. See text of Appendix B for discussion. 2015 estimate is derived by assuming a continued 150 units annually through 2014. As the "cap" that restricts the number of units will likely increase to 600 sometime before 2015, this estimate is likely conservative.

(e) From Census Transportation Planning Package, Part 1 (CTPP). Derived from 2000 Census.

(f) Derived by dividing households in 2000 (i.e., occupied housing units) by total number of housing units in 2000. Assumed to remain constant.

(g) Revised Housing Unit Estimate times Occupancy Factor.

(h) From COG TAZ data; original source is CTPP.

(i) Total 2000 population divided by total 2000 households; assumed to remain constant.

(j) Estimated households times household size.

Sources: 2000 U.S. Census; California State Department of Finance, 2006; San Joaquin County Council of Governments, 2004; City of Tracy, 2006; BAE, 2006.

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**Appendix C: Unemployment and Labor Force Trends in Civilian Labor Force**


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	Tracy				San Joaquin County			
	Labor Force (a)	Employment	Unemployment	Unemployment Rate	Labor Force (a)	Employment	Unemployment	Unemployment Rate
<b>2000</b>	29,200	28,100	1,100	3.9%	259,000	241,000	18,000	6.9%
<b>2001</b>	29,900	28,700	1,200	4.1%	266,200	246,500	19,700	7.4%
<b>2002</b>	30,700	29,200	1,500	4.9%	275,300	251,100	24,200	8.8%
<b>2003</b>	31,300	29,700	1,600	5.1%	280,800	255,300	25,500	9.1%
<b>2004</b>	31,600	30,100	1,500	4.8%	283,000	258,600	24,400	8.6%
<b>2005</b>	32,100	30,700	1,400	4.3%	285,900	264,000	21,900	7.6%
<b>8/06</b>	(b) 32,400	31,200	1,200	3.7%	287,500	268,400	19,200	6.7%
<b>Change, 2000-2005</b>								
<b>Number</b>	2,900	2,600	300		26,900	23,000	3,900	
<b>Percent</b>	10%	9%	27%	10%	10%	10%	22%	10%

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**Notes:**

(a) Civilian Labor Force refers to workers by place of residence. Sum may not equal parts due to independent rounding.

(b) Preliminary.

Sources: California Employment Development Department; Bay Area Economics, 2006.

**Appendix D-1: Tracy Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)**

City of Tracy Sales in 2005 \$000 (a) (b)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	3Q04-2Q05
Apparel Stores	\$21,241	\$31,665	\$34,720	\$31,542	\$28,104	\$33,561	\$38,934	\$43,766	\$49,600	\$51,485	\$50,267
General Merchandise Stores (c)	\$66,149	\$81,183	\$91,277	\$106,247	\$115,289	\$121,990	\$127,213	\$139,096	\$173,112	\$183,268	\$186,315
Food Stores	\$41,245	\$44,817	\$47,464	\$49,740	\$50,946	\$54,297	\$58,107	\$53,877	\$50,943	\$48,529	\$46,056
Eating and Drinking Places	\$43,594	\$46,693	\$49,980	\$50,638	\$54,365	\$61,709	\$65,063	\$69,757	\$75,808	\$82,162	\$84,006
Home Furnishings and Appliances	\$7,544	\$8,845	\$9,351	\$11,009	\$13,235	\$14,983	\$14,029	\$13,173	\$17,468	\$21,842	\$22,626
Building Materials and Farm Implements	\$22,878	\$23,059	\$28,693	\$32,245	\$38,530	\$45,280	\$52,790	\$90,315	\$93,840	\$109,455	\$110,714
Auto Dealers and Auto Supplies	\$57,380	\$67,254	\$80,266	\$90,366	\$116,856	\$166,019	\$221,916	\$245,883	\$270,328	\$264,926	\$272,680
Service Stations	\$36,146	\$41,639	\$42,236	\$38,574	\$50,940	\$65,143	\$67,814	\$65,363	\$84,124	\$94,477	\$100,545
Other Retail Stores	\$32,538	\$36,516	\$48,131	\$54,501	\$58,315	\$65,942	\$69,161	\$87,835	\$92,427	\$100,545	\$103,960
<b>Retail Stores Total</b>	<b>\$328,714</b>	<b>\$381,672</b>	<b>\$432,118</b>	<b>\$464,861</b>	<b>\$526,580</b>	<b>\$628,923</b>	<b>\$715,027</b>	<b>\$809,064</b>	<b>\$907,650</b>	<b>\$956,689</b>	<b>\$977,168</b>

Tracy Sales per Capita in 2005 \$ (a) (d)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	3Q04-2Q05
Apparel Stores	\$476	\$688	\$731	\$644	\$540	\$597	\$637	\$662	\$707	\$688	\$656
General Merchandise Stores	\$1,483	\$1,765	\$1,922	\$2,168	\$2,217	\$2,171	\$2,082	\$2,105	\$2,469	\$2,449	\$2,430
Food Stores	\$925	\$974	\$999	\$1,015	\$980	\$966	\$951	\$815	\$727	\$648	\$601
Eating and Drinking Places	\$977	\$1,015	\$1,052	\$1,033	\$1,045	\$1,098	\$1,065	\$1,056	\$1,081	\$1,098	\$1,096
Home Furnishings and Appliances	\$169	\$192	\$197	\$225	\$255	\$267	\$230	\$199	\$249	\$292	\$295
Building Materials and Farm Implements	\$513	\$501	\$604	\$658	\$741	\$806	\$864	\$1,367	\$1,338	\$1,462	\$1,444
Auto Dealers and Auto Supplies	\$1,287	\$1,462	\$1,690	\$1,844	\$2,247	\$2,954	\$3,631	\$3,721	\$3,855	\$3,540	\$3,556
Service Stations	\$810	\$905	\$889	\$787	\$980	\$1,159	\$1,110	\$989	\$1,200	\$1,262	\$1,311
Other Retail Stores	\$730	\$794	\$1,013	\$1,112	\$1,121	\$1,173	\$1,132	\$1,329	\$1,318	\$1,343	\$1,356
<b>Retail Stores Total (b)</b>	<b>\$7,370</b>	<b>\$8,297</b>	<b>\$9,097</b>	<b>\$9,487</b>	<b>\$10,127</b>	<b>\$11,191</b>	<b>\$11,700</b>	<b>\$12,245</b>	<b>\$12,945</b>	<b>\$12,783</b>	<b>\$12,744</b>

Population (d)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	44,600	46,000	47,500	49,000	52,000	56,200	61,116	66,075	70,118	74,841	76,679

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics. Data from 3Q04-2Q05 have been adjusted using half the 2004 inflation rate.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) For 1995 and 1996, Drug Store sales combined with Other Retail; combined with General Merchandise for all other years.

(d) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census. To make the series more consistent, 3Q04-2Q05 population based on average of the 2004 and 2005 estimates, representing a mid-point between the two annual estimates.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2006.

**Appendix D-2: San Joaquin County Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)**

**San Joaquin County Sales in 2005**

<b>\$000 (a)</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>3Q04-2Q05</b>
Apparel Stores	\$117,595	\$124,207	\$126,318	\$121,000	\$119,869	\$137,363	\$150,059	\$152,451	\$165,803	\$189,978	\$194,562
General Merchandise Stores	\$688,752	\$698,748	\$734,526	\$800,647	\$850,733	\$893,382	\$913,735	\$936,830	\$975,066	\$1,014,054	\$1,030,018
Food Stores	\$316,305	\$314,838	\$333,646	\$324,675	\$362,931	\$391,398	\$398,777	\$385,278	\$396,303	\$415,270	\$414,953
Eating and Drinking Places	\$401,379	\$405,552	\$409,460	\$419,751	\$441,426	\$466,062	\$490,148	\$511,622	\$527,191	\$556,493	\$565,466
Home Furnishings and Appliances	\$133,682	\$125,811	\$116,736	\$129,457	\$143,890	\$150,146	\$144,762	\$153,314	\$163,695	\$172,049	\$176,004
Building Materials and Farm Implements	\$402,234	\$392,229	\$419,197	\$457,610	\$529,529	\$560,125	\$605,661	\$639,158	\$757,130	\$955,916	\$966,964
Auto Dealers and Auto Supplies	\$765,182	\$790,424	\$793,117	\$821,139	\$973,939	\$1,127,256	\$1,316,525	\$1,336,267	\$1,344,941	\$1,360,441	\$1,404,678
Service Stations	\$364,677	\$427,506	\$442,449	\$403,888	\$473,761	\$580,479	\$571,471	\$562,442	\$651,471	\$725,855	\$761,465
Other Retail Stores	\$516,149	\$563,294	\$591,837	\$614,413	\$688,909	\$777,680	\$779,692	\$872,345	\$885,700	\$944,089	\$984,806
<b>Retail Stores Total</b>	<b>\$3,705,956</b>	<b>\$3,842,608</b>	<b>\$3,967,285</b>	<b>\$4,092,580</b>	<b>\$4,584,987</b>	<b>\$5,083,889</b>	<b>\$5,370,829</b>	<b>\$5,549,707</b>	<b>\$5,867,300</b>	<b>\$6,334,145</b>	<b>\$6,498,917</b>

**San Joaquin County Sales per Capita in 2005 \$ (c)**

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>3Q04-2Q05</b>
Apparel Stores	\$227	\$236	\$237	\$224	\$218	\$245	\$259	\$254	\$268	\$298	\$301
General Merchandise Stores	\$1,330	\$1,330	\$1,379	\$1,482	\$1,549	\$1,592	\$1,575	\$1,562	\$1,579	\$1,592	\$1,594
Food Stores	\$611	\$599	\$626	\$601	\$661	\$697	\$687	\$642	\$642	\$652	\$642
Eating and Drinking Places	\$775	\$772	\$769	\$777	\$804	\$830	\$845	\$853	\$854	\$874	\$875
Home Furnishings and Appliances	\$258	\$239	\$219	\$240	\$262	\$268	\$250	\$256	\$265	\$270	\$272
Building Materials and Farm Implements	\$777	\$747	\$787	\$847	\$964	\$998	\$1,044	\$1,065	\$1,226	\$1,501	\$1,497
Auto Dealers and Auto Supplies	\$1,477	\$1,504	\$1,489	\$1,520	\$1,773	\$2,009	\$2,269	\$2,227	\$2,178	\$2,136	\$2,174
Service Stations	\$704	\$814	\$831	\$748	\$863	\$1,034	\$985	\$938	\$1,055	\$1,140	\$1,179
Other Retail Stores	\$997	\$1,072	\$1,111	\$1,138	\$1,254	\$1,386	\$1,344	\$1,454	\$1,434	\$1,482	\$1,524
<b>Retail Stores Total (b)</b>	<b>\$7,156</b>	<b>\$7,314</b>	<b>\$7,449</b>	<b>\$7,577</b>	<b>\$8,348</b>	<b>\$9,059</b>	<b>\$9,258</b>	<b>\$9,251</b>	<b>\$9,501</b>	<b>\$9,945</b>	<b>\$10,058</b>

**Population** 517,900 525,400 532,600 540,100 549,200 561,200 580,110 599,913 617,570 636,932 646,126

(a) Retail sales have been adjusted to 2003 dollars using the annual average Consumer Price Index for All Items, published by the U.S. Bureau of Labor Statistics.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) For 1995 and 1996, Drug Store sales combined with Other Retail; combined with General Merchandise for all other years.

(c) Per capita sales calculated based on State Board of Equalization reported sales and Department of Finance population based on 1990 and 2000 census

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; and State Department of Finance: Bay Area Economics, 2003.

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## Appendix E: Competing Major Supermarkets in the Trade Area

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<b>Store</b>	<b>Total Square Feet</b>	<b>Offerings</b>	<b>Adjacent Retail</b>
<b>Albertsons</b> 875 South Tracy Boulevard	70,329	Drive Through Pharmacy Bakery/Deli 1/2 Hour Photo Bank of America	Blockbuster Video
<b>Food Maxx</b> 3225 North Tracy Boulevard	47,662	Bakery	Kragen Auto Parts Furniture Store
<b>Safeway</b> 1801 West 11th St	65,715	Bakery/Deli Prepared Foods Garden/Floral One Hour Photo Pharmacy Starbucks Gas station	OSH Longs Drugs Starbucks
<b>Save Mart</b> 1950 West 11th St	56,097	Deli Prepared Foods Garden/Floral Pharmacy Union Bank of California	Walgreens
<b>Save Mart</b> 2005 North Tracy Blvd	49,129	Floral	Dental Clinic
<b>Costco (a)</b> 3250 W. Grant Line Rd.	43,159	1 Hour Photo Bakery Gas Station Optical Pharmacy Tire Service Center	Wal-Mart Michael's Art Supply Staples Bank of America
<b>Total Square Footage</b>	<b>332,091</b>		

(a) Total square footage of Costco is 143,863 square feet. Research indicates that typically, 30 percent of Costco sales are food items; this percentage is used in allocating the proportion of the store dedicated to food sales.

Sources: City of Tracy; Bay Area Economics, 2006.

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**Appendix F: Planned, Proposed, and Under Construction Retail Space in the Trade Area**

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<u>Location</u>	<u>Project Name/Site</u>	<u>Total Square Feet</u>	<u>Supermarket Square Feet</u>	<u>Automotive Square Feet</u>	<u>Remaining Square Feet</u>	<u>Comments</u>
Tracy	Valpico Town Center	98,784	36,424	-	62,360	Development plan approved, no building permit applications
Tracy	Stonegate Plaza	15,568	-	-	15,568	Development plan approved, no building permit applications
Tracy	Fashion Bug (In Tracy Pavilion)	7,020	-	-	7,020	Under construction
Tracy	Les Schwab - On Grant Line	13,838	-	13,838	-	Under construction
Tracy	Texas Roadhouse - on Naglee	6,923	-	-	6,923	Under construction
Tracy	Pavilion II - 2461 Naglee	6,480	-	-	6,480	Under construction
Tracy	Padilla - at 11th & Macarthur	26,361	-	-	26,361	Development plan approved, no building permit applications
Tracy	Duong - Pavilion/Naglee	30,180	-	-	30,180	Development plan approved, no building permit applications
Tracy	Vinuh Shah	6,844	-	-	6,844	Plan submitted; no approval
Tracy	Famous Dave's - Naglee	6,600	-	-	6,600	Development plan approved, no building permit applications
Tracy	Grant Line Commons					Development plan approved, no building permit applications
	Two retail buildings	19,100	-	-	19,100	
	Bank	NA	-	-	NA	
	Chili's	6,164	-	-	6,164	
Tracy	Hampton Plaza	14,600	-	-	14,600	Development plan approved, no building permit applications
Tracy	Rite Aid	17,272	-	-	17,272	Development plan approved, building permit issued
Tracy	Kim Nguyen	8,000	-	-	8,000	Plan submitted; no approval
Tracy	WinCo Project	237,030	95,900	-	141,130	EIR Approved
Tracy	Red Maple Village	135,652	57,022	-	78,630	Plan submitted; no approval
Tracy	SE Corner Tracy & Valpico	28,061	-	-	28,061	Plan submitted; no approval
<b>Total Non Food Store, Non-Automotive Retail Space Currently in Pipeline</b>					<b>481,293</b>	

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Sources: City of Tracy; San Joaquin County; Pegasus Development



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**Appendix G: Derivation of Sales Estimate for Supercenter Grocery Component**

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**From Progressive Grocer**

\$98,745,400 All Wal-Mart Supercenter grocery sales, in \$000  
130,078 Supercenter grocery selling space (in 000s of square feet)  
\$759 Sales per SF of selling area

**Calculation for Tracy Store**

33,928 Grocery sales area  
\$25,755,577 Estimated sales based on national data  
55,192 Gross square feet grocery area, Wal-Mart Supercenter  
\$467 Sales per gross square foot

Detail for Supercenter Grocery Component

33,928 Grocery Sales  
21,264 Grocery Stockroom & Ancillary Spaces  
55,192 Total Wal-Mart "Supermarket" Space

National data from "The Super 50," *Progressive Grocer*, May 1, 2006.

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Sources: Progressive Grocer; City of Tracy; BAE, 2006.



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**APPENDIX B - SATURDAY PEAK HOUR  
TRAFFIC IMPACT ANALYSIS**

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## MEMORANDUM

Date: October 3, 2006

To: Alan Bell, City of Tracy  
Victoria Lombardo, City of Tracy

Cc: Bill Dean, City of Tracy  
Steve Noack, Design Community and Environment  
Janet Palma, Pacific Municipal Consultants

From: Winnie Chung, Fehr & Peers

**Subject: *Revised: Traffic Impact Analysis for WinCo and Wal-Mart – Saturday Peak Hour***

1031-1987 / 1041-2023

This memorandum addresses the comment letter dated June 20, 2006 submitted by MRO Engineers to the City of Tracy Council members regarding the traffic impact study for the WinCo/Trask Project EIR. The commenter suggests, based on traffic count data obtained in June 2006, that baseline traffic levels in the project vicinity are higher during the weekend midday peak hour than during the weekday PM peak hour. This, coupled with expected 20% higher trip generation characteristics of the WinCo project, may result in traffic impacts and potential mitigation measures beyond those identified in the EIR.

The June 2006 traffic data collected and summarized by MRO indicate increased Saturday traffic levels on Naglee Road and on Grant Line Road west of Naglee Road. Saturday traffic levels on Pavilion Parkway were also higher during the mid-afternoon time period. Further east, near Corral Hollow Road, weekend traffic volumes were shown to be lower than weekday PM volumes.

Based on the summary data submitted by MRO, and on new traffic turning movement count data collected in August 2006, Fehr & Peers evaluated the potential cumulative traffic impacts associated with the WinCo and Wal-Mart Expansion projects for a Saturday Peak hour. The analysis focused on impacts to the ramp intersections of the I-205/Grant Line Road interchange where traffic levels were observed to be higher during Saturday midday than weekday PM peak hour.

### METHODOLOGY

Saturday peak hour counts were compared with weekday PM peak hour counts at intersections 2, 3, and 4 of the EIR traffic analysis. Table 1 summarizes the differences between Saturday peak hour volumes versus weekday peak hour volumes at the approaches to the intersections.

<b>Table 1 Saturday Peak Hour vs. Weekday Peak Hour</b>				
<b>Intersection</b>	<b>Segment</b>	<b>Weekday PM Peak Hour Volume</b>	<b>Saturday Peak Hour Volume</b>	<b>Volume Difference</b>
2. Grant Line Rd / Naglee Rd I-205 WB On-Ramp	Grant Line Road (west)	2,470	2,414	-56
	Grant Line Road (east)	2,559	2,726	+167
	Naglee Road (north)	1,841	1,744	-97
	I-205 WB On-Ramp (south)	110	194	+84
3. Naglee Road / Pavilion Parkway	Pavilion Parkway (west)	167	394	+227
	I-205 WB On-Off Ramps (east)	725	794	+69
	Naglee Road (north)	1,085	1,672	+587
	Naglee Road (south)	1,453	1,848	+395
4. Grant Line Road / I-205 EB On-Off Ramps	Grant Line Road (west)	2,528	2,711	+183
	Grant Line Road (east)	2,514	2,585	+71
	I-205 On-Ramp (north)	533	445	-88
	I-205 Off-Ramp (south)	493	369	-124

The volume differences summarized in Table 1 were used to adjust weekday PM peak hour cumulative baseline turning movement volumes for a Saturday peak hour at the three intersections prior to addition of WinCo and Wal-Mart project traffic.

**PROJECTS TRIP GENERATION AND DISTRIBUTION**

Saturday peak hour trip generation of the WinCo store, the Northern Parcel, and the Wal-Mart expansion project were estimated based on the following sources: *WinCo Foods Trip Generation & Characteristics Study* (Kittelson & Associates, September 2002), and *Trip Generation* (7<sup>th</sup> Edition, Institute of Transportation Engineers). Table 2 summarizes the estimated Saturday trip generation associated with the projects. This analysis assumes 100 percent of the calculated project trip generation are primary trips with local origins (i.e., from homes within Tracy and Mountain House). This would represent a conservative estimate of project trip generation and potential impact to the surrounding network, as no reduction for pass-by trips are considered. The resulting Cumulative plus Projects Saturday peak hour traffic volumes at the three intersections are shown on Figure 1.

Table 2 Project Trip Generation							
Land Use	Size	Saturday Trip Rates			Saturday Trips		
		In	Out	Total	In	Out	Total
WinCo Foods <sup>1</sup>	95.5 ksf	5.36	5.15	10.5	511	491	1,003
Northern Parcel <sup>2</sup>	141.134 ksf	Ln(T) = 0.65 Ln(X) + 3.77; 52% In, 48% Out			563	520	1,083
Wal-Mart Expansion <sup>3</sup>	82.704 ksf	0.57	0.53	1.1	47	44	91

Notes:

Ksf = Thousand Square Feet

- WinCo Foods trip rate based on information contained in *WinCo Foods Trip Generation & Characteristics Study* (Kittelsohn & Associates, September 2002)
- Northern Parcel trip rate based on trip generation equation from Institute of Transportation Engineers (ITE) *Trip Generation 7<sup>th</sup> Edition* regression equation for Shopping Center (Land Use Code 820).
- Trip generation associated with the Wal-Mart expansion calculated based on Net Additional Trips using ITE rates for Discount Superstore (Land Use Code 813) applied to 208,393 square feet minus ITE rates for Discount Store (Land Use Code 815) applied to existing 125,689 square feet.

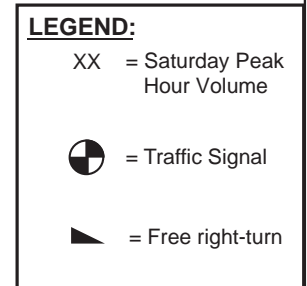
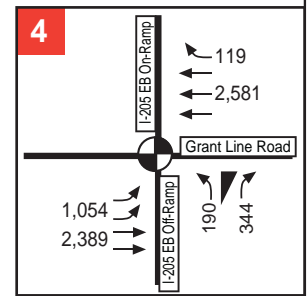
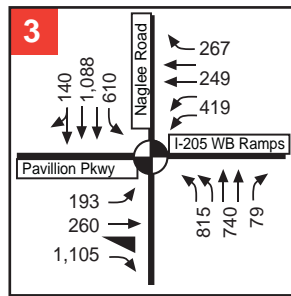
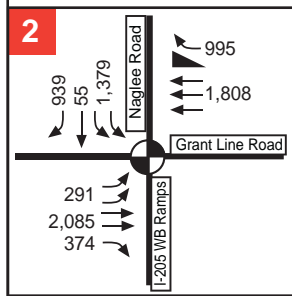
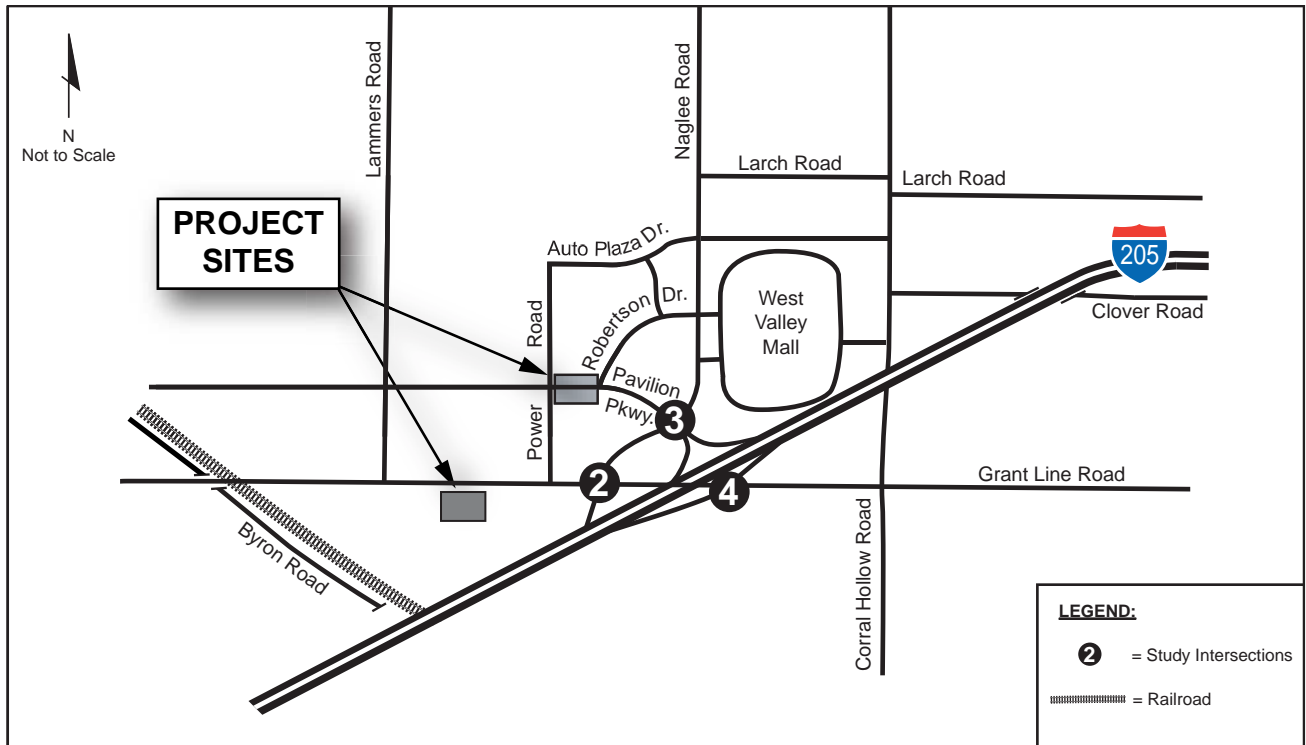
### LEVEL OF SERVICE

Intersection operating conditions were analyzed for Cumulative plus Project conditions during the Saturday peak hour using traffic volumes from Figure 1 and improved intersection geometries identified by the projects EIR (also shown on Figure 1). The calculated LOS for the intersections is reported in Table 3 below.

Table 3 Cumulative plus Projects Intersection Traffic Operations Saturday Peak Hour		
Intersection	Delay (seconds)	LOS
2. Grant Line Rd / Naglee Rd I-205 WB On-Ramp	53	D
3. Naglee Road / Pavilion Parkway	53	D
4. Grant Line Road / I-205 EB On-Off Ramps	51	D

### CONCLUSIONS

The analysis of traffic operations at the intersections most likely to experience adverse traffic impacts during the Saturday peak hour indicates that intersection operating level of service would be at acceptable LOS D under cumulative with project conditions with implementation of the mitigation measures previously identified in the WinCo and Wal-Mart Expansion EIRs. No further impacts are identified with this analysis, nor additional mitigation required.





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**APPENDIX C – APRIL 2008 RENDERINGS**

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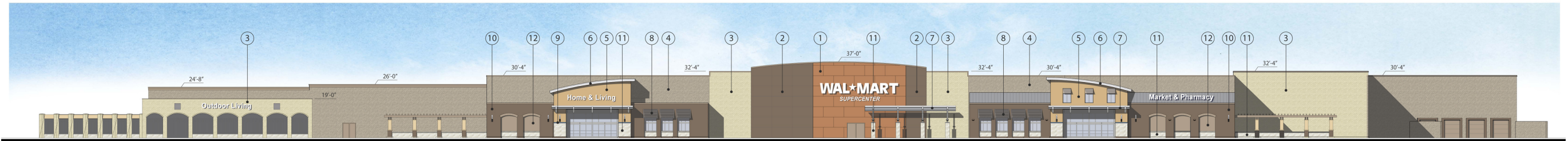




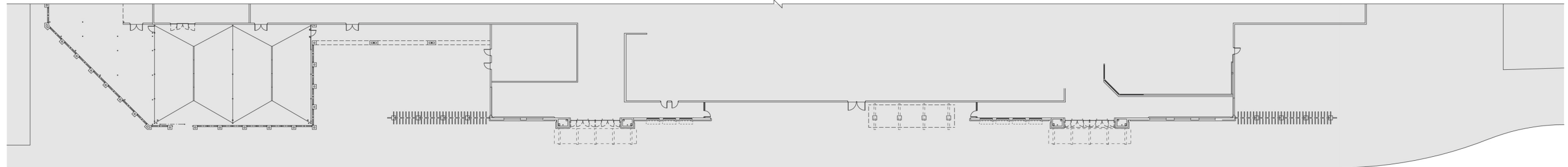




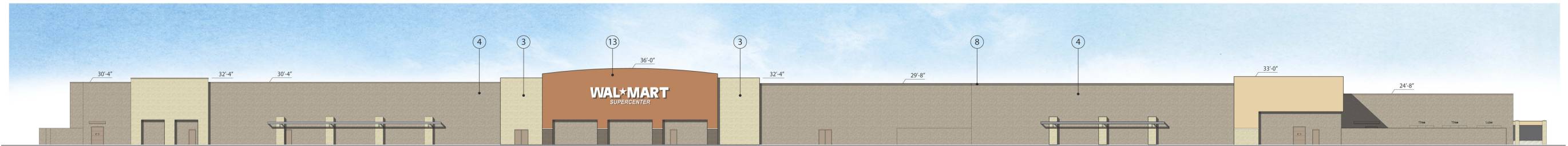




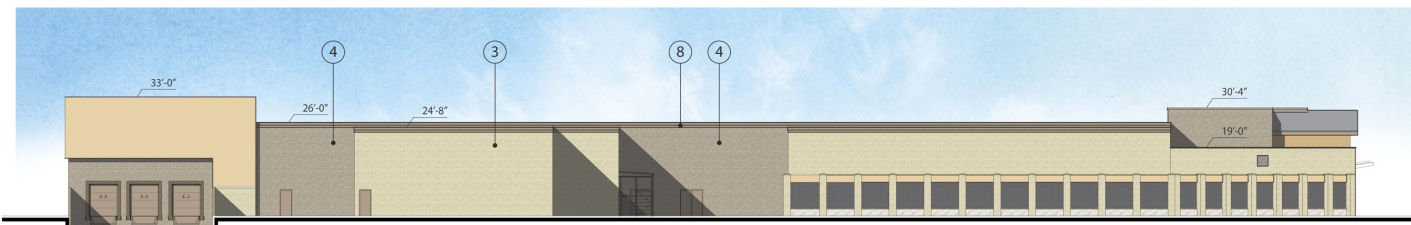
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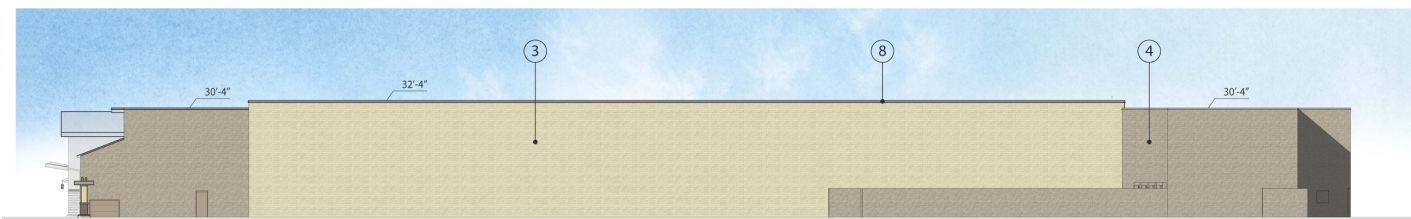
PARTIAL FLOOR PLAN



SOUTH ELEVATION



EAST ELEVATION



WEST ELEVATION

**MATERIALS:**

- 1 Trespa Meteon Metallic, Color: "Copper Yellow". Paint Match: SW 6354 "Armagnac"
- 2 Trespa Meteon Dark Neutral, Color: "Dark Brown". Paint Match: SW 6082 "Cobble Brown"
- 3 CMU, Paint: SW 7687 "August Moon"
- 4 CMU, Paint: SW 7519 "Mexican Sand"
- 5 Dryvit, Sandpebble Fine, Paint Match: SW 7679 "Golden Gate"
- 6 Berridge, Curved Zee-Lock System, Paint Match: SW 7669 "Summit Gray"
- 7 PPG Corafon, Paint Match: SW 7669 "Summit Gray"
- 8 Paint, Color to Match: SW 7519 "Mexican Sand"
- 9 Spectra-Glaze, 25, Paint Match: SW 6796 "Blue Plate"
- 10 Paint, Color to Match: SW 6082 "Cobble Brown"
- 11 Trenwyth, Split-Faced Block, Paint Match: SW 7641 "Collonade Gray"
- 12 Trenwyth, Smooth-Faced Block, Color: "Delmarva". Paint Match: SW 7519 "Mexican Sand"
- 13 Paint, Color to Match: SW 6354 "Armagnac"



