

Special Meeting Agenda

Joint Meeting of Turlock City Council and Planning Commission

MARCH 1, 2011

6:00 p.m.

City of Turlock Yosemite Room
156 S. Broadway, Turlock, California



Mayor
John S. Lazar

Council Members
William DeHart, Jr.
Forrest White
Mary Jackson
Amy Bublak
Vice Mayor

City Manager
Roy W. Wasden
City Clerk
Rhonda Greenlee
City Attorney
Phaedra A. Norton

SPEAKER CARDS: To accommodate those wishing to address the Council and allow for staff follow-up, speaker cards are available for any agenda item or any other topic delivered under Public Comment. Please fill out and provide the Comment Card to the City Clerk or Police Officer.

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Turlock City Council meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the City Council on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the City Council's consideration of the item.

AGENDA PACKETS: Prior to the City Council meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Council after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. CALL TO ORDER

- A. City Council
- B. Planning Commission

2. PUBLIC PARTICIPATION – LIMITED TO ITEMS DESCRIBED IN THE NOTICE FOR THIS MEETING

This is the time set aside for citizens to address the City Council concerning any item that has been described in the notice for the meeting before or during consideration of that item. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Council addresses the matter.

3. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

4. CONSENT CALENDAR: None

5. GENERAL PLAN UPDATE: DISCOUNT SUPERSTORES, EIR ALTERNATIVES AND REVISED THEMES

- A. Workshop to provide input on several key issues required to prepare General Plan Update and its associated Environmental Impact Report. The City Council and Planning Commission will consider incorporating a zoning strategy to accommodate Discount Superstores, providing direction on the range of alternatives to the preferred land use plan that will be evaluated in the Environmental Impact Report, and approving revised themes for this General Plan Update. (*Whitmore*)

Recommended Action:

Motion: Adding an implementation policy to the General Plan to conduct an updated Discount Superstore Market Demand Analysis when the City of Turlock grows to approximately 27,000 total housing units to determine the economic impacts of modifying the City's zoning to allow Discount Superstores within the City of Turlock and, as appropriate, evaluating a range of possible zoning strategies including: 1) increasing the allowable percentage of non-taxable floor area for Discount Superstores; or 2) designating a new Regional Commercial zoning district or an overlay district which may include commercial areas located adjacent to Monte Vista Avenue, Fulkerth Road, and/or Lander Avenue.

Motion: Directing staff to evaluate in the Environmental Impact Report two alternatives to the Preferred Land Use Plan approved by the City Council on August 23, 2010: 1) the Southeast Area including Southeast Master Plans 1 thru 6; and 2) the Phase 1 development including Southeast Master Plans 1, 2 and 3

Actions related to Revised General Plan Themes:

For Planning Commission:

Motion: Recommending that the City Council approve the revised General Plan Themes

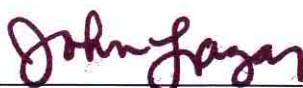
For City Council:

Resolution: Rescinding City Council Resolution 2009-063 and approving the revised General Plan Themes

6. ADJOURNMENT

- A. Planning Commission
B. City Council

The foregoing meeting is hereby called by Mayor John S. Lazar at the above mentioned date and time pursuant to California Government Code §54956.



JOHN S. LAZAR, Mayor



Council-Planning Commission Synopsis

March 1, 2011

From: Michael G. Pitcock, PE, Director of Development Services/City Engineer

Prepared/

Presented by: Debra A. Whitmore, Deputy Director of Development Services/
Planning

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

(The Planning Commission action will precede the City Council action.)

Motion: Adding an implementation policy to the General Plan to conduct an updated Discount Superstore Market Demand Analysis when the City of Turlock grows to approximately 27,000 total housing units to determine the economic impacts of modifying the City's zoning to allow Discount Superstores within the City of Turlock and, as appropriate, evaluating a range of possible zoning strategies including: 1) increasing the allowable percentage of non-taxable floor area for Discount Superstores; or 2) designating a new Regional Commercial zoning district or an overlay district which may include commercial areas located adjacent to Monte Vista Avenue, Fulkerth Road, and/or Lander Avenue

Motion: Directing staff to evaluate in the Environmental Impact Report two alternatives to the Preferred Land Use Plan approved by the City Council on August 23, 2010: 1) the Southeast Area including Southeast Master Plans 1 thru 6; and 2) the Phase 1 development including Southeast Master Plans 1, 2 and 3

Actions related to Revised General Plan Themes:

For Planning Commission:

Motion: Recommending that the City Council approve the revised General Plan Themes

For City Council:

Resolution: Rescinding City Council Resolution 2009-063 and approving the revised General Plan Themes

2. DISCUSSION OF ISSUE:

The purpose of the special meeting is to provide direction to staff and the consultant on three critical issues related to either the General Plan draft document itself or its associated Environmental Impact Report. The first issue is a follow-up to the January 11 City Council meeting where the Council directed staff to further analyze the issue of allowing discount superstores as part of the General Plan Update process. The second issue is identifying the alternatives to the preferred land use plan that will be analyzed in the Environmental Impact Report. The third issue is to consider revising the General Plan Themes originally approved by the City Council in Council Resolution 2009-063.

DISCOUNT SUPERSTORE MARKET DEMAND ANALYSIS

The first step in the process of determining whether a zoning strategy for Discount Superstores should be incorporated into this General Plan Update is preparing an economic study of the potential impacts associated with allowing such uses on the City's ability to achieve its General Plan goals. As you will recall, one of the City's major concerns with allowing this use is the potential blight that could be created if local grocery stores and commercial centers are so severely impacted as to cause these stores to close, undermining existing neighborhood commercial centers. The current General Plan promotes the development of neighborhood commercial centers to ensure that neighborhoods remain vital and active, to reduce driving and encourage walking and transit use, and to make it easier for mobility challenged populations to access commercial services.

Economic and Planning Systems, Inc., (EPS) has completed its assessment to determine whether or not Turlock can support a new discount superstore without negatively impacting the existing retail supply (see Attachment #1). The study concludes that there is insufficient demand today for a new discount superstore; however, conditions may exist at some time in the near future. EPS projects that when the number of households increases by approximately 3,500 over today's level (to roughly 27,000 total households) the economy may be able to accommodate a discount superstore without negatively impacting existing businesses.

Based on this finding, staff recommends that the City Council and Planning Commission support the incorporation of an implementation policy to re-evaluate this issue when the City reaches 27,000 total housing units. At that time, the City may consider a range of potential zoning approaches, including designating a Regional Commercial or zoning overlay district, or lifting the cap on the percentage of sales floor area that can be devoted to nontaxable goods for

discount superstores. That trigger is expected to be reached some time between 2015 and 2020.

EIR ALTERNATIVES TO THE PREFERRED LAND USE PLAN

The California Environmental Quality Act (CEQA) requires the analysis of alternatives to a project for any project that is subject to an Environmental Impact Report (EIR). Because the City has already determined that an EIR is required as the environmental documentation and approvals for this General Plan Update, it will be necessary to identify alternatives to the approved Preferred Land Use Plan adopted by the City Council on August 23, 2010 (see Attachment #2).

CEQA requires that these alternatives satisfy the following criteria:

1. The alternative must avoid or substantially lessen any significant effects of the proposed project; and
2. The alternative must be a reasonable option to the project, i.e., it is feasible that the agency may choose that option instead of the proposed project.

Staff recommends that the City Council and Planning Commission support the following two alternatives to the Preferred Land Use Plan:

Alternative 1: Southeast Area – In this alternative, the Northwest Master Plan area would not be included. This alternative consists of Southeast Master Plans 1 thru 5, infill development, and annexation of the County islands, as depicted in the Preferred Land Use Plan. This alternative represents approximately 15,000 new housing units at roughly 8.0 units/acre for a total build-out population of approximately 115,000.

Alternative 2: Phase 1 Area– In this alternative, only the Phase 1 of the Southeast area (i.e., Southeast Master Plans 1 thru 3), infill development, and annexation of the County islands, as depicted in the Preferred Land Use Plan, would be included. This alternative represents approximately 10,000 new units at roughly 9.1 units/acre for a total build-out population of approximately 100,000.

Each alternative would reduce potential environmental effects associated with conversion of agricultural land, traffic, air quality, water, wastewater, public services, and so on; therefore, the alternatives meet the first CEQA test. As each alternative is a subset of the Preferred Land Use Plan, each alternative represents a reasonably feasible alternative to the Preferred Land Use Plan.

REVISED THEMES FOR THE GENERAL PLAN UPDATE

In preparing the draft General Plan, the consultants are suggesting modifications to the themes originally approved by the City Council on April 23, 2009. The original themes are listed in the City Council Resolution provided in Attachment #3.

Staff recommends the City Council and Planning Commission support these new themes as they are broader and more comprehensive than the originally approved themes. They proposed General Plan Themes are:

- ❖ Fostering compact development that preserves agricultural land and creates attractive new neighborhoods.
- ❖ Providing a broad range of housing choices to meet the needs of an increasingly diverse population.
- ❖ Enabling economic development and prosperity to support the population and enhance Turlock residents' quality of life.
- ❖ Managing growth effectively and maintaining high standards of service in new development areas.
- ❖ Maintaining and improving older neighborhoods, Downtown, and infill sites.
- ❖ Promoting a development pattern that offers alternatives to automobile use, especially for non-commute trips.
- ❖ Creating a comprehensive community park and facilities system to provide enhanced recreational and entertainment opportunities for residents of all ages.

3. BASIS FOR RECOMMENDATION:

The General Plan provides the overall policy framework and implementation program that will guide growth of the City over the next twenty years. In order to properly analyze the impacts of the proposed plan and adequately evaluate potential strategies to avoid and minimize environmental effects, the City must first adequately describe the project to ensure that all potential environmental impacts are adequately quantified. Then, the City must evaluate alternatives to the project that, in themselves, could avoid or substantially reduce environmental impacts. The General Plan Themes articulate the major cross-cutting goals for the General Plan Update and must be broad enough to encompass all of the

various elements of the General Plan while being sufficiently detailed to articulate the City's future vision.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: The project is currently on schedule and within budget. No budget amendment is required at this time. The cost to update the General Plan and Housing Element, including its Environmental Impact Report and the Capital Facility Fee Program, is \$1,242,470.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

An environmental impact report is being prepared to support the proposed changes in the Turlock General Plan.

7. ALTERNATIVES:

1. The City Council and Planning Commission may choose not to move forward with the recommendations proposed by staff.
2. The City Council and Planning Commission may choose to modify the recommendations proposed by staff.

TECHNICAL MEMORANDUM

To: Debbie Whitmore, City of Turlock

From: Jason Moody and Ashleigh Kanat

Subject: Discount Superstore Market Demand Analysis; EPS #18491

Date: February 22, 2011

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) has been asked by the City of Turlock to evaluate the near- and long-term market demand for one or more discount superstores. The City is interested in understanding whether or not Turlock can support a new discount superstore without negatively impacting the existing retail supply. The timing of the market support is critical as it has implications for where in the City discount superstores could be considered.

Discount superstores, defined as discount retail of more than 100,000 square feet that includes a full-service grocery department, are currently excluded by the City of Turlock's zoning code (see **Table 1**). However, there is no prohibition of warehouse stores (e.g., Costco) or regular-scale discount stores that keep their non-taxable (grocery) components to a maximum of 5 percent of their gross floor area (e.g., Home Depot, Target, and Walmart).

Summary of Findings

- ***Comparing actual sales with potential expenditure demand in the Primary Trade Area suggests that there is insufficient demand for a new discount superstore (or any other type of general merchandise retail) in today's market, without closing or replacing an existing store.***

The City currently appears to be well-supplied, if not over-supplied, in the general merchandise retail category. Standard market demand and supply measures indicate that retail sales in Turlock exceed expenditure demand from the Primary Trade Area, suggesting that Turlock retailers also draw sales from households in the Secondary Trade Area. This conclusion is further supported by the below average sales rates currently achieved by some of the City's existing big box retailers.

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- ***An evaluation of all sources of market demand indicates that about 200,000 square feet (the approximate size of a discount superstore) could be supported by the Primary Trade Area within the 2015 to 2020 time period.***

Demographic projections indicate 1,700 new households by the end of 2015 and 4,700 new households by the end of 2020. Based on sales per-square foot assumptions of \$425 that are consistent with the average national performance of the major big box and warehouse retailers, it appears that the Primary Trade Area could support a new discount superstore within the 2015 and 2020 time period, or once the number of new occupied households hits approximately 3,500 (or 27,000 total). Most of the expected household growth is expected to occur in the Southeast area (more than 60 percent of Phase I households in SE 1, SE 2, and SE 3).

- ***If a discount superstore is introduced before the 2015–2020 period and is developed in addition to the existing supply, it is likely to absorb sales from existing stores because the store format, layout, design, and marketing will reflect the latest retail strategies and offer a more compelling shopping environment. However, assuming the discount superstore replaces an existing discount store, the impact is more likely to affect existing grocery stores than the City's other discount stores.***

The impact of a new discount superstore on the City's existing discount stores depends on whether the discount superstore comes online and is in addition to the City's existing supply of discount and big box stores or replaces one of the existing discount stores (i.e., Target or Walmart). It is unlikely that Target, for example, would introduce a Super Target in the Turlock trade area while maintaining the existing Target in Turlock; sales at the existing Target would be cannibalized.

Trade Area Definition

A trade area is a geographic region that contains the elements of demand and supply that will determine the performance of a particular retail store or project. **Table 2** lists the City's discount and big box stores and notes the locations of the next nearest stores. Mapping these stores and their locations as illustrated on **Figure 1** helped define the Primary and Secondary Trade Areas.

The Primary Trade Area for this analysis, which is focused on discount stores that serve community and regional demands (rather than purely local demand as is often the case with grocery stores, for example), extends beyond Turlock to include Denair, Keyes, and other unincorporated communities. The Secondary Trade Area extends further to include Ceres, Delhi, and Patterson.

The boundaries of this Trade Area (or any trade area) are dynamic. As old stores close and new stores open, the boundaries of the trade area can change. For example, the City of Patterson is located approximately 15 miles from Turlock and offers a very limited selection of general merchandise retail. Residents of Patterson currently travel to Modesto and Turlock for many of their general merchandise goods. However, the City of Patterson is expecting its own Super Walmart in 2012, which will shift the demand and supply dynamics in the region. While some Patterson residents will still travel to Modesto and Turlock for variety and options and because of commute patterns, the new Walmart will serve to recapture much of the general merchandise spending by Patterson residents that is currently being captured in Turlock.

The City of Ceres, located approximately ten miles north of Turlock, is where the next closest Walmart is located. A very basic retail capture analysis indicates that the supply of retail in the City of Ceres is more than meeting the expenditure potential of the City's residents, suggesting minimal net leakage. In addition, Ceres residents may also be diverted to Modesto, directly to the north, further limiting capture by Turlock. Overall, it is expected that Turlock has a net positive but relatively modest capture of sales from Ceres.

Market Supply Overview

Existing Stores

Most of the City's discount and big box stores are located within regional retail centers along Highway 99 (see **Figure 1**).

Monte Vista Crossings: The newest and largest concentration of regional-serving retail is at Monte Vista Crossings located in northeast Turlock along Highway 99 at Monte Vista Avenue. Monte Vista Crossings is a regional power center anchored by Target, Home Depot, and Safeway. Several of the City's other large retailers are located at this center, including Bed, Bath & Beyond, Beverages & More, Borders, Kohl's, Lowe's, Pier 1 Imports, Ross Stores, and TJ Maxx.

Costco: Costco is located nearby—across the freeway from Monte Vista Crossings. Costco is the City's only discount warehouse store. With the next closest Costco stores located in Modesto and Merced, Turlock's Costco draws from a large trade area that includes Turlock, Ceres, Hughson, Delhi, Keyes, and a portion of Livingston. Costco is a stand-alone retailer of approximately 141,000 square feet that sells a wide variety of merchandise in large, wholesale quantities. Costco customers are required to pay annual membership fees in order to shop at the store.

Fulkerth Interchange: Walmart is located further south, east of Highway 99 on Fulkerth Road. The next closest Walmart is located in Ceres. The Walmart in Turlock is approximately 133,000 square feet and is the most discount-oriented of the City's big box stores. Walmart carries a wide variety of merchandise, including electronics, clothing, furniture, sporting goods, and automotive supplies.

While these stores do not represent the full supply of big box stores in the City of Turlock and only about 50 percent of the City's total shopping center inventory,¹ they do include all of the City's warehouse and discount stores and the biggest of the City's big box stores. Currently there are not any discount superstores in the City of Turlock.

Retail Sales

Taxable sales data from the State Board of Equalization (SBE) is shown on **Table 3** and suggests that Turlock benefits from strong sales in the full range of general merchandise categories. As a specific category, general merchandise stores have exceptionally strong sales in the City, representing 31.6 percent of total retail and food services taxable sales (less motor vehicle and parts dealers) in 2009. For comparison purposes, general merchandise stores in the State of California represent 16.8 percent of total retail and food services sales (again, less motor vehicle and parts dealers).

¹ Terranomics Central Valley Retail Report, Year-End 2010. Turlock's total shopping center inventory is estimated to be 1.8 million square feet.

Interestingly, data suggests that individual big box retailers in the City may be underperforming relative to national averages. EPS reviewed individual retailers' annual reports to estimate the national average sales per square foot of Target, Costco, and Walmart and found that non-taxable food sales range between \$400 and \$425 per square foot, or slightly below the sales level of their entire stores. Based on information provided by the City, EPS calculated the sales per square foot for each of the stores listed on **Table 2** in 2009.² The average sales per square foot of the City's discount stores is \$355.

Per-capita taxable sales provide a basis to compare the taxable sales generation among various jurisdictions and the State as a whole. The City of Turlock has relatively high per-capita retail sales compared with the average of the State, particularly when motor vehicle and parts dealers are excluded. Also shown in **Table 3**, per-capita retail sales in Turlock are \$7,577 compared with \$6,972 in California, excluding motor vehicle and parts dealers. The City outperforms the State in a number of categories but experiences exceptionally high per-capita sales in the general merchandise stores category, outspending the average Californian by \$1,220 per year. Turlock also exhibits strong performance in the building materials and garden equipment and supplies categories. Per-capita sales in this category exceed the per-capita sales of the average Californian by 36 percent, which is not surprising given the presence of both Home Depot and Lowe's in Turlock.

Market Demand Overview

The spending potential of the Primary Trade Area can be categorized based on several discrete sources: (1) households (including undocumented families), (2) the group quarter population, (3) businesses and employees, and (4) visitors. Turlock household population and household income, and to a lesser extent employment, are the key determinants of demand for the types of general merchandise goods sold at discount stores such as Walmart and Target. Each source of demand is described below.

Household Expenditures

The number of occupied households in the City of Turlock and the Primary Trade Area are quantified based on Department of Finance estimates or Census estimates if the community is in an unincorporated portion of the County. As described previously, the Primary Trade Area for discount stores or discount superstores extends beyond the City of Turlock's boundaries and includes places such as Denair, Keyes, and other unincorporated areas for a total of 27,800 households as of 2010, as shown on **Table 4**.

Based on consumer spending pattern data from the Bureau of Labor Statistics, a typical household in the Western region spends nearly 30 percent of its income on general merchandise goods, including:

- Food at home
- Food away from home
- Alcoholic beverages
- Household operations

² To protect the confidentiality of individual retailers, the sales tax data is not shown, but averages are provided.

- Housekeeping supplies
- Household furnishings and equipment
- Apparel and services
- Gasoline and motor oil
- Drugs: prescription and nonprescription
- Audio and visual equipment and services
- Pets, toys, and playground equipment
- Entertainment: other supplies, equipment, and services
- Personal care products and services
- Reading
- Tobacco products and smoking supplies
- Miscellaneous expenditures

This list includes a wider array of goods than are typically available at discount and big box stores (e.g., food away from home, gasoline and motor oil), but because retail is constantly evolving and discount stores are always looking to capture more of the market, these categories are included in this analysis.

The median household income is estimated at \$49,868 in 2009 dollars and represents the weighted average of the median household incomes in Turlock, Denair, and Keyes. As shown on **Table 5**, applying the same expenditure percentage to the median household income in Turlock and its immediate surroundings results in typical household spending patterns of \$14,800 per household. Multiplying typical household spending by the number of households in the trade area results in total trade area demand. In 2010, there were 27,768 occupied households in the Primary Trade Area, generating aggregate demand of \$411 million, as shown on **Table 6**.

The 2030 household projections used in this analysis for the City of Turlock are consistent with the General Plan update assumptions. The General Plan update assumes between 11,000 and 19,000 new housing units by 2030. This analysis assumes 11,775 new households between 2010 and 2030 and 35,620 new people (based on a constant 2010 people to occupied household ratio of 3.03). The amount of annual household growth is estimated by EPS for the first four years to avoid overstating demand and to account for sub-average annual growth rates while the housing market recovers. Beyond 2014, annual household growth is based on an inferred annual growth rate of 2.26 percent, consistent with the General Plan Update. **Table 4** projects the number of households in Turlock and the Primary Trade Area through 2030. By 2030 the number of households in the Primary Trade Area increases to 41,660.

Between 2000 and 2010, an average of 530 new units were added to Turlock's housing inventory each year, according to Department of Finance data, which translates to a compound annual rate of 2.46 percent during this period. The annual growth assumed in the General Plan update is more conservative (at 2.26 percent); however, as the base grows, the actual number of annual new units quickly exceeds the historical average.

Employee Expenditures

Workers employed by firms located in Turlock also contribute to the City's total retail sales by purchasing local goods and services during the workday as well as before or after work. Nonresident employees are expected to increase by about 7,800 between 2010 and 2030. These employees are expected to spend approximately \$156 per week for 50 weeks of the year on items such as lunch, after-work drinks, dinner, general merchandise, grocery, variety, drug and

convenience items, or \$7,794 per year. Total retail sales generated by the employees of local businesses who reside outside of the City are approximately \$115.3 million per year. **Table 4** estimates total demand from non-resident employees over time. Again, this calculation only takes into account the retail sales of employees who reside outside of Turlock, because the retail sales of employees who live locally are accounted for in the estimate of total household expenditures within the City.

Business Expenditures

Local businesses contribute to a jurisdiction's taxable sales directly by purchasing local goods and services that serve as inputs for business operations (e.g., food, office supplies). Direct business expenditures by local firms in the City of Turlock are estimated on a per-employee basis and are based on a statewide average of \$1,355 per year.³ Aggregated business expenditures amount to approximately \$29.3 million per year. The employee growth rate is based on the General Plan Update job growth assumptions of 2.14 percent per year.

Undocumented Population

Though the undocumented population in Turlock cannot be estimated with certainty, spending by undocumented households on food and retail goods and services certainly contributes to the City's total taxable sales. In December 2010, the Public Policy Institute of California estimated that illegal immigrants constitute about 7 percent of the State's population. To account for differences between the concentration of undocumented families in Southern California and the rest of the State, EPS assumes undocumented immigrants are approximately equal to 5 percent of the Primary Trade Area population. The resulting population is converted to a household equivalent estimate by applying the 2010 people to household ratio in the City of Turlock. Undocumented households in the Primary Trade Area are assumed to earn approximately \$18,500 per year.⁴ Applying household spending patterns consistent with this income level results in aggregate spending of \$12.2 million in 2010, as shown on **Table 4**. For purposes of this analysis, the undocumented population is expected to stay constant at 5 percent and therefore grows with the resident population.

Group Quarters Expenditures

There is a small population in the City of Turlock living in group quarters. For purposes of this analysis, the group quarters population is converted to a household equivalent number based on the 2010 people-per-household ratio in the City. Based on average per-household spending on retail and food services and the total number of residents in Turlock living in group quarters (e.g., individuals living in senior facilities, dormitories, military barracks, and other institutional settings), the aggregate group quarters spending in the City in 2010 was approximately \$12 million. Annual growth is based on the historical annual growth rate of the City's group quarters population between 2000 and 2010 according to the Department of Finance.

³ Based on business spending derived from IMPLAN 2006.

⁴ Annual income is the midpoint of the average income of the lowest 20 percent income quintile and the average income of the second 20 percent income quintile.

Tourist and Visitor Expenditures

Spending by tourists and visitors whose destination is Turlock or who are passing through also contributes to the total taxable sales within the City. According to a Stanislaus Regional Tourism Roundtable publication, retail earnings generated by travel spending were \$16.3 million in Stanislaus County. Based on taxable sales data, Turlock's taxable sales comprise 17.7 percent of the County's total taxable sales. To avoid overstating visitor spending, EPS assumes Turlock captures 15 percent of the regional retail earnings, which accounts for \$2.4 million of sales, as shown on **Table 4**.

Market Supply/Demand Analysis

This section compares the market supply data (or actual taxable sales) with estimated market demand to evaluate whether or not the City can support a new discount superstore in the near or long term. Demand from sources within the Primary Trade Area, as shown on **Table 4**, accounts for 92 percent of total taxable sales less motor vehicles and parts dealers. In reality, Turlock does not actually capture 100 percent of the Primary Trade Area demand (i.e., local residents and businesses shop for some retail goods outside of the City). Sales stemming from households outside of the Primary Trade Area account for the remainder of Turlock's taxable sales, indicating that Turlock enjoys a net inflow of sales.

Table 7 estimates the net new square footage of retail that could be supported as market demand grows over time. Though the average sales per square foot of the discount stores in Turlock is \$355, the national average sales per square foot of Target, Costco, and Walmart of \$425 per square foot is used to estimate the square feet of supportable retail space beyond the current supply. The national average is used in lieu of the local average because a retailer is unlikely to enter the market unless the sales potential per square foot exceeds either existing sales or average national sales.

The methodology behind the calculations on **Table 7** assumes that the market for retail goods and services is in a state of relative equilibrium in today's economy. The annual growth in demand is translated to supportable square feet of retail. The average discount superstore is approximately 150,000 to 200,000 square feet, although Walmart, for example, is experimenting with smaller scale stores that include a full grocery component.

This analysis suggests that while there is insufficient demand for additional retail in the City of Turlock presently, the market is likely to be able to support another 200,000 square foot discount or big box store between 2015 and 2020, assuming there is no additional development of other general merchandise big box stores in the City or the Primary Trade Area. This timing may potentially overstate demand as the analysis does not directly account for underperforming retailers who would benefit from a tightening of the market before new retail develops.

Timing and Location of Development

Once there is sufficient market demand to support a new discount superstore, the optimal location of a future big box or discount superstore in the City of Turlock depends in part on two factors: the timing of market support and where in the City most of the new household growth is expected. As market support is not expected until the number of occupied households reaches

approximately 27,000⁵ (closer to 2020), this is an issue that the City will likely want to revisit in the future. Most of the expected household growth is expected to occur in the Southeast area (more than 60 percent of Phase I households in SE 1, SE 2, and SE 3).

Potential Impacts of a New Discount Superstore

Though helpful for gauging how market demand will grow over time, comparing market demand to actual sales does not consider how a new discount superstore might actually enter and perform in the Turlock market. Presently, Walmart and Target are the two general merchandise discount retailers that offer superstore formats, and they already have stores in Turlock. The impact of a new discount superstore on the City's existing discount stores depends on whether the discount superstore comes online and is in addition to the City's existing supply of discount and big box stores or replaces one of the existing discount stores (i.e., Target or Walmart). It is unlikely that Target, for example, would introduce a Super Target in the Turlock trade area while maintaining the existing Target in Turlock; sales at the existing Target would be cannibalized.

If the discount superstore is in addition to the existing supply, it is likely to absorb sales from existing stores because the store format, layout, design, marketing will reflect the latest retail strategies and offer a more compelling shopping environment. However, assuming the discount superstore replaces an existing discount store, the impact is more likely to affect existing grocery stores than the other discount stores. EPS's December 2010 Grocery Store analysis found that the introduction of a new discount superstore offering a full-service grocery would shift some sales away from existing Turlock grocery stores. However, in the medium to long term (e.g., three+ years), overall growth in market demand (e.g., from population, employment, and/or household income) should be more than sufficient to offset any loss in sales by existing grocery stores.

As noted above, there are existing retail vacancies and underperforming retailers that need to be considered when estimating the timing of market support for new retail. As market demand grows, vacancies will be filled and sub-standard retail sales will strengthen. Some of this will occur before the market can actually support additional retail stores.

It is also important to note that future demand for general merchandise can be accommodated more incrementally in the City of Turlock under the City's existing zoning code through the permitting of additional big box-style stores. It is also possible that a portion of future demand could be accommodated outside of Turlock's city boundaries but within the Primary Trade Area—development that is beyond the City of Turlock's control.

⁵ Since this analysis is focused on projecting demand, the calculations are based on occupied housing units (rather than constructed housing units). According to DOF data, Turlock has had a very consistent vacancy rate of 3.6 percent (rose to 3.62 in 2010) for the last decade. Assuming the vacancy rate stays constant into the future, 27,000 occupied households translates to approximately 28,000 constructed housing units.

Table 1
Summary of Turlock Regional Retail Definitions
Turlock Discount Superstore Demand Analysis; EPS #18491

Retail Type [1]	Key Characteristics	Non-Taxable (Grocery) Component	Permitted Citywide	Permitted in NWTSP [2]
Discount Store	Offer wide variety of products and services, with long store hours, 7 days a week.	maximum of 5% of gross floor area	Yes	Yes
Discount Superstore	Discount store > 100,000 square feet.	full-service grocery department	No	No
Discount Club	Membership-based store/warehouse that sells mostly bulk, discounted food, clothing, tires, appliances, etc.		Yes	Yes

[1] Excludes highway commercial retail.

[2] Northwest Triangle Specific Plan.

Source: Turlock Ordinance 1015-CS and Turlock Ordinance 1016.

Table 2
Existing Supply of Big Box and Discount Stores
Turlock Discount Superstore Demand Analysis; EPS #18491

Store	Turlock	Other Locations	Size	Sales per Square Foot [1]
Target	3000 Countryside Drive	2 in Modesto 1 in Riverbank 1 in Atwater (SuperTarget) 1 in Merced	136,800 gross sq.ft.	
Walmart	2111 Fulkerth Road	1 in Merced 1 in Ceres 2 in Modesto 1 approved in Patterson (Super Walmart)	133,003 gross sq.ft.	
Costco	2955 North Tegner Road	1 in Modesto 1 in Merced	140,887 gross sq.ft.	
Home Depot	2800 Countryside Drive	1 in Merced 2 in Modesto 1 in Riverbank	137,592 gross sq.ft.	
Average Sales per Square Foot [2]				\$355
Kmart	not present in Turlock	1 in Modesto 1 in Atwater		
Lowe's	3303 Entertainment Way	1 in Merced 1 in Modesto	165,766 gross sq.ft.	
Kohls	2751 Countryside Drive	1 in Modesto 1 in Merced 1 in Riverbank	87,293 gross sq.ft.	
Best Buy	not present in Turlock	1 in Modesto 1 in Merced 1 in Riverbank		
Bed Bath & Beyond	2851 Countryside Drive	1 in Modesto	20,484 gross sq.ft.	
Beverages and More	3218 Countryside Drive	1 in Modesto	9,249 gross sq.ft.	
Borders	2831 Countryside Drive	1 in Modesto	15,918 gross sq.ft.	
Pier 1 Imports	2901 Countryside Drive	1 in Modesto 1 in Merced	9,675 gross sq.ft.	
Ross Stores	2931 Countryside Drive		30,187 gross sq.ft.	
Average Sales per Square Foot				\$194

[1] 2009 sales per square foot data for individual retailers is not shown to protect the confidentiality of each store.

[2] Reflects the average sales per square foot for Target, Walmart, Costco, and Home Depot.

[3] Reflects the average sales per square foot for Lowe's, Kohl's, Bed Bath & Beyond, Beverages and More, Borders, Pier 1 Imports, and Ro

Sources: Individual retailers' websites; Economic & Planning Systems, Inc.

Figure 1:
Existing Supply of Big Box and Discount Stores in Turlock

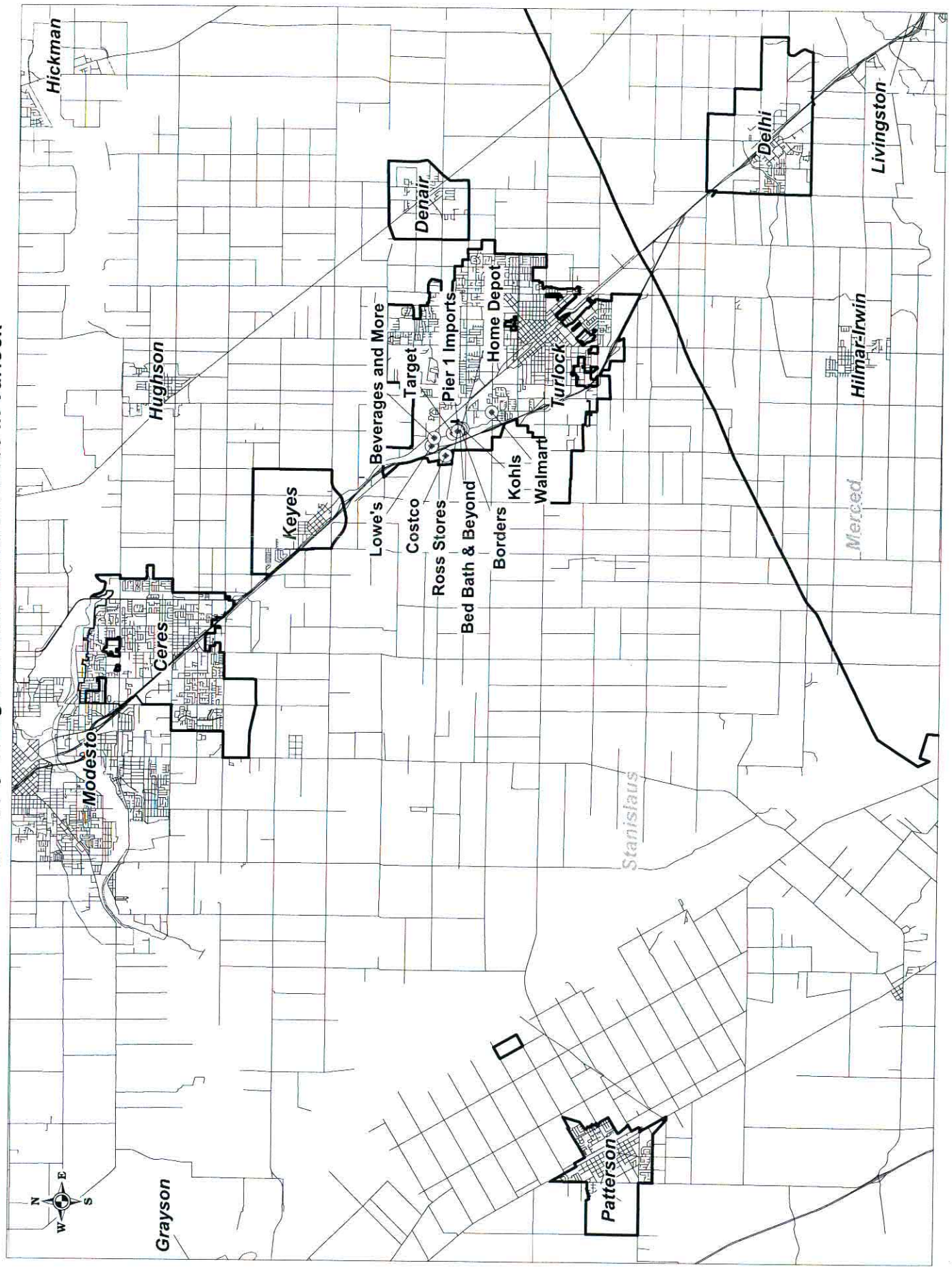


Table 3
State and City Taxable Sales, 2009
Turlock Discount Superstore Demand Analysis; EPS #18491

Type of Business	Statewide Taxable Sales [1]	CA Per Capita Sales [2]	Turlock Taxable Sales [3]	Turlock and Surrounding Area Per Capita Sales [4]	Per Capita Surplus/ (Leakage)	Percentage Capture
Retail and Food Services						
Motor Vehicle and Parts Dealers	\$44,488,199	\$1,163	\$59,600	\$712	(\$451)	61%
Home Furnishings and Appliance Stores	\$21,865,358	\$572	\$18,988	\$227	(\$345)	40%
Bldg. Matrl. and Garden Equip. and Supplies	\$23,978,313	\$627	\$71,408	\$853	\$226	136%
Food and Beverage Stores	\$22,546,285	\$589	\$46,000	\$550	(\$40)	93%
Gasoline Stations	\$39,077,835	\$1,021	\$100,579	\$1,202	\$180	118%
Clothing and Clothing Accessories Stores	\$25,641,272	\$670	\$32,762	\$391	(\$279)	58%
General Merchandise Stores	\$44,921,639	\$1,174	\$200,378	\$2,394	\$1,220	204%
Food Services and Drinking Places	\$49,921,543	\$1,305	\$95,216	\$1,138	(\$167)	87%
Other Retail Group	\$38,774,163	\$1,014	\$68,855	\$823	(\$191)	81%
Total Retail and Food Services	\$311,214,606	\$8,135	\$693,785	\$8,290	\$154	102%
Total, less Motor Vehicle and Parts Dealers	\$266,726,407	\$6,972	\$634,185	\$7,577	\$605	109%

[1] In thousands of dollars. State Board of Equalization, Table 1: Statewide Taxable Sales, by Type of Business, 2009.

[2] 2009 statewide population is 38,255,508 from the Department of Finance's E-5 Population and Housing Estimates files.

[3] In thousands of dollars. State Board of Equalization, Table 5: Taxable Sales in the 272 Largest Cities, by Type of Business, 2009

[4] 2009 Turlock population is 70,087 from the Department of Finance's E-5 Population and Housing Estimates files. Surrounding area population is estimated to be approximately 13,600 in 2009.

Sources: State Board of Equalization; Department of Finance; Economic & Planning Systems, Inc.

Table 4
Demographic Growth Projections in Turlock and Primary Trade Area
Turlock Discount Superstore Demand Analysis; EPS #18491

Category	2010	2011	2012	2013	2014	2015	2020	2025	2030
Turlock									
Households [1]	23,530	23,630	23,830	24,130	24,676	25,235	28,224	31,566	35,305
Annual HH Growth [2]		100	200	300	546	559	625	699	782
Cumulative HH Growth		100	300	600	1,146	1,705	4,694	8,036	11,775
Population (in Households)	68,813	69,105	69,690	70,568	72,165	73,799	82,539	92,315	103,249
Population (in Group Quarters)	2,368	2,399	2,430	2,462	2,494	2,527	2,696	2,876	3,069
Non-Resident Employees	14,791	15,107	15,431	15,761	16,098	16,442	18,278	20,319	22,587
Denair [3]									
Households	1,349	1,355	1,366	1,383	1,415	1,447	1,618	1,810	2,024
Population	4,279	4,297	4,334	4,388	4,487	4,589	5,133	5,740	6,420
Keyes [3]									
Households	1,389	1,395	1,407	1,424	1,457	1,490	1,666	1,863	2,084
Population	4,528	4,547	4,586	4,643	4,749	4,856	5,431	6,074	6,794
Remainder of Surrounding Unincorporated Area									
Households	1,500	1,506	1,519	1,538	1,573	1,609	1,799	2,012	2,251
Population [4]	4,800	4,820	4,861	4,922	5,034	5,148	5,757	6,439	7,202
Total, Primary Trade Area									
Households	27,768	27,886	28,122	28,476	29,121	29,780	33,307	37,252	41,664
Population	82,420	82,770	83,471	84,522	86,435	88,392	98,861	110,569	123,665

[1] Household population and occupied housing units from the Department of Finance, 2010.

[2] Annual household growth is estimated by EPS through 2013 to account for a housing market recovery period. In 2014 and beyond, annual household growth is driven by the inferred annual growth rate provided in the General Plan Update.

[3] Population and occupied housing units from the Census, American Community Survey, 2005 - 2009 average.

[4] An average of 3.2 people per household based on ratios in Denair and Keyes.

Sources: Department of Finance; Census American Community Survey; Economic & Planning Systems, Inc.

Table 5
Household Expenditure-Based Demand, 2009
Turlock Discount Superstore Demand Analysis; EPS #18491

Category	Western Region		Turlock	
	Amount	% of Total Income	% Applied to Turlock Income	
Income	\$65,332 [1]			\$49,868 [2]
Food at Home	\$4,023	6.2%		\$3,071
Food away from Home	\$2,880	4.4%		\$2,198
Alcoholic Beverages	\$530	0.8%		\$405
Household Operations	\$1,164	1.8%		\$888
Housekeeping Supplies	\$638	1.0%		\$487
Household Furnishings and Equipment	\$1,605	2.5%		\$1,225
Apparel and Services	\$1,844	2.8%		\$1,408
Gasoline and Motor Oil	\$2,018	3.1%		\$1,540
Drugs: Prescription and Nonprescription	\$414	0.6%		\$316
Audio and Visual Equipment and Services	\$970	1.5%		\$740
Pets, Toys, and Playground Equipment	\$800	1.2%		\$611
Entertainment: Other Supplies, Equipment, and Services	\$540	0.8%		\$412
Personal Care Products and Services	\$653	1.0%		\$498
Reading	\$121	0.2%		\$92
Tobacco Products and Smoking Supplies	\$278	0.4%		\$212
Miscellaneous Expenditures	\$910	1.4%		\$695
Total	\$19,388	29.7%		\$14,799

[1] Income Before Taxes in Western Region (2009), from Bureau of Labor Statistics, Consumer Expenditure Survey

[2] Weighted average of median household incomes in Turlock, Denair, and Keyes in 2009 inflation-adjusted dollars, from Census American Community Survey

Sources: Bureau of Labor Statistics, Consumer Expenditure Survey; Census American Community Survey; Economic & Planning Systems, Inc.

Table 6
Expenditure-Based Demand Projections
Turlock Discount Superstore Demand Analysis; EPS #18491

Category	2010	2011	2012	2013	2014	2015	2020	2025	2030
Primary Trade Area									
Turlock and Immediate Trade Area									
Households [1]	27,768	27,886	28,122	28,476	29,121	29,780	33,307	37,252	41,664
Annual Household Expenditures	\$410,939,480	\$412,685,929	\$416,178,827	\$421,418,175	\$430,958,571	\$440,714,951	\$492,911,657	\$551,290,356	\$616,583,219
Turlock Non-Resident Employees									
Annual Employee Expenditures [3]	14,791	15,107	15,431	15,761	16,098	16,442	18,278	20,319	22,587
	\$115,281,388	\$117,747,681	\$120,266,737	\$122,839,684	\$125,467,676	\$128,151,891	\$142,459,311	\$158,364,072	\$176,044,509
Business Expenditures (per Employee)									
Annual Business Expenditures [4]	21,643	22,106	22,579	23,062	23,555	24,059	26,745	29,731	33,051
	\$29,332,911	\$29,960,450	\$30,601,414	\$31,256,091	\$31,924,773	\$32,607,762	\$36,248,230	\$40,295,136	\$44,793,856
Undocumented Population [6]									
5%	4,121	3,575	3,606	3,651	3,733	3,816	4,262	4,760	5,316
Undocumented Household Equivalent	1,409	1,223	1,233	1,249	1,276	1,305	1,457	1,627	1,818
Annual Household Spending	\$8,648	\$12,185,802	\$10,663,029	\$10,797,434	\$11,038,386	\$11,284,746	\$12,602,052	\$14,074,087	\$15,719,091
Population in Group Quarters [2]									
Group Quarter Household Equivalent	2,368	2,399	2,430	2,462	2,494	2,527	2,696	2,876	3,069
Annual Group Quarter Pop. Expend	810	820	831	842	853	864	922	984	1,049
	\$11,993,023	\$12,139,428	\$12,297,875	\$12,458,390	\$12,620,999	\$12,785,732	\$13,642,211	\$14,556,064	\$15,531,133
Tourist and Visitor Retail Spending [5]									
% Capture in Turlock	15%	\$16,300,000	\$16,300,002	\$16,300,003	\$16,300,004	\$16,300,005	\$16,300,010	\$16,300,015	\$16,300,020
		\$2,445,000	\$2,445,000	\$2,445,000	\$2,445,001	\$2,445,001	\$2,445,002	\$2,445,002	\$2,445,003
Total Estimated Demand	\$582,167,604	\$585,550,411	\$592,452,882	\$601,214,774	\$614,455,406	\$627,990,082	\$700,308,463	\$781,024,717	\$871,116,810
Total Existing Taxable Sales	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000	\$634,185,000
Difference	(\$52,017,396)	(\$48,634,589)	(\$41,732,118)	(\$32,970,226)	(\$19,729,594)	(\$6,194,918)	\$66,123,463	\$146,839,717	\$236,931,810

[1] See Table 4.

[2] Group quarters includes individuals living in senior facilities, dormitories, military barracks, and other institutional settings. Annual growth is based on 2000 to 2010 average annual growth rate. Average retail expenditures are based on average per capita retail expenditures by residents of Turlock.

[3] ICSC Study estimates weekly spending of \$134 in \$2003. Estimate is inflated to \$2010 by annual CPI. Assumes \$156 per week and 50 weeks per year. Includes workday retail spending on items such as lunch, after work drinks, dinner, general merchandise, grocery, variety, drug and convenience items.

[4] A statewide average based on business spending derived from IMPLAN 2006.

[5] In Stanislaus County, retail earnings generated by travel spending were \$16,300,000. Based on taxable sales data, Turlock's taxable sales comprise 17.7 percent of the County's total taxable sales. To avoid overstating visitor spending, EPS assumes Turlock captures 15% of the regional retail earnings.

[6] The PPIC estimates that undocumented immigrants represent 7 percent of the State's population. To be conservative, EPS has estimated that undocumented immigrants represent 5 percent of the population in the Primary Trade Area. The undocumented population is translated to undocumented households and annual household retail expenditures are estimated based on a household income of approximately \$18,500.

Sources: Department of Finance, Census American Community Survey; Stanislaus Regional Tourism Roundtable; Public Policy Institute of California, Economic & Planning Systems, Inc.

Table 7
Supportable Square Feet Analysis
Turlock Discount Superstore Demand Analysis; EPS #18491

Item	2010	2011	2012	2013	2014	2015	2020	2025	2030
Primary Trade Area									
Total Estimated Demand	\$582,167,604	\$585,550,411	\$592,452,882	\$601,214,774	\$614,455,406	\$627,990,082	\$700,308,463	\$781,024,717	\$871,116,810
Cumulative Growth in Demand	\$0	\$3,382,807	\$10,285,278	\$19,047,170	\$32,287,802	\$45,822,478	\$118,140,859	\$198,857,113	\$288,949,206
Supportable Square Feet [1]	\$425	7,960	24,201	44,817	75,971	107,818	277,978	467,899	679,880

[1] The average sales per square foot estimate of \$425 represents the national average sales per square foot for Target, Walmart and Costco.

Source: Economic & Planning Systems, Inc.

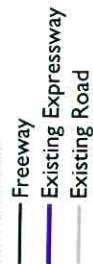
Figure 2-2

Draft General Plan

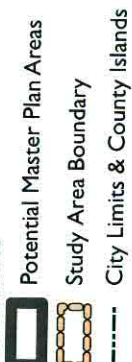
General Plan Land Use Diagram



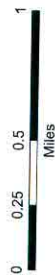
Circulation



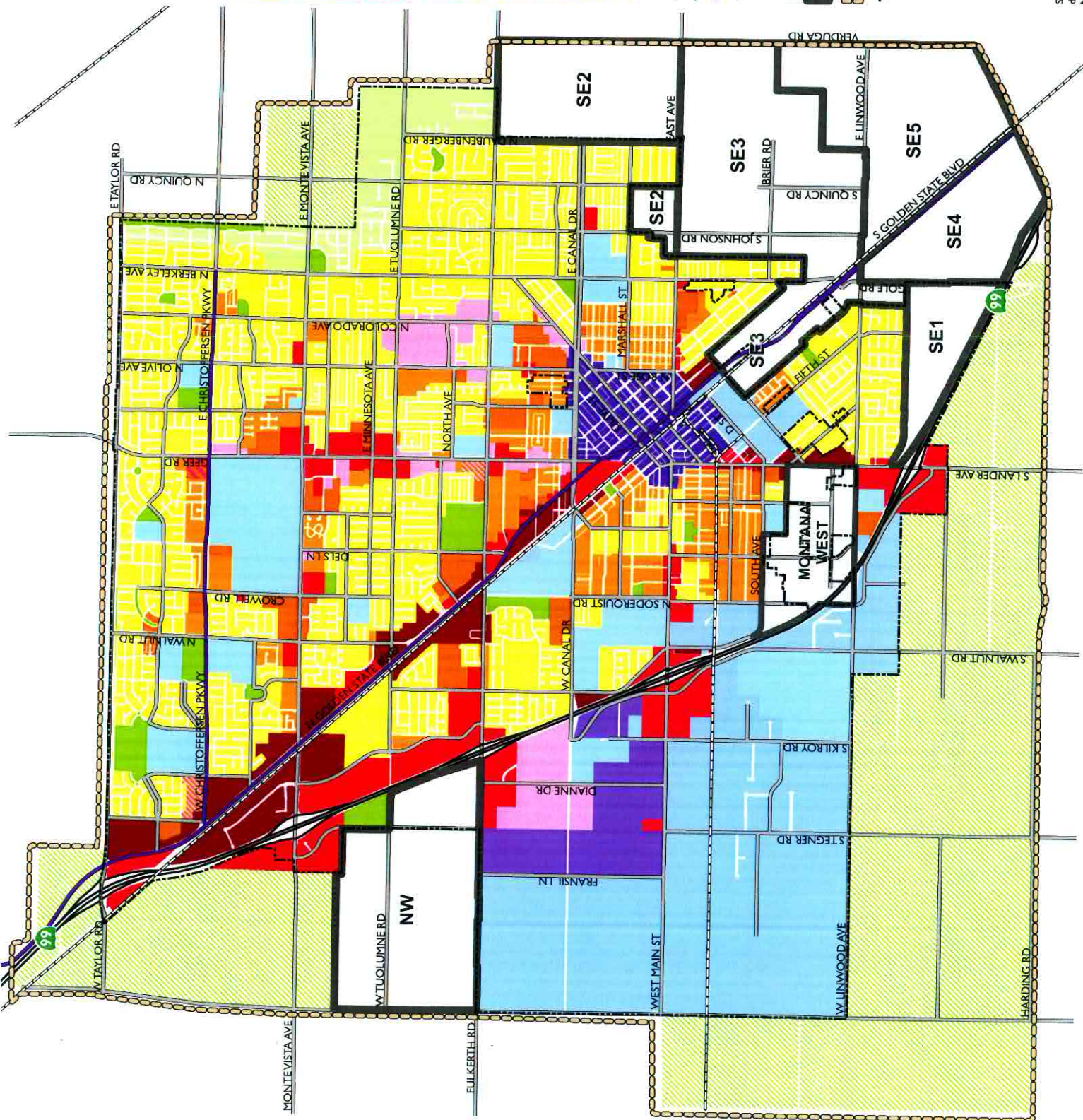
Boundaries



ATTACHMENT 2



Source: General Plan data, City of Turlock, 2002; Infill / data and Opportunity sites data, Dyett and Bratta, 2004
Map base data, City of Turlock, 2008.
February 2011



BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

**IN THE MATTER OF RESCINDING CITY
COUNCIL RESOLUTION 2009-063 AND
APPROVING REVISED GENERAL PLAN
THEMES**

RESOLUTION NO. 2011-XXX

WHEREAS, pursuant to the California General Plan Guidelines, the General Plan shall be periodically reviewed and updated, as necessary, on the comprehensive basis in accordance with the procedures outlined by the legislative body (i.e., the City Council); and

WHEREAS, the City Council initiated the General Plan Update process on August 26, 2008, having approved a scope of services for a contract with Dyett and Bhatia: Urban and Regional Planners that outlines the procedures for updating the General Plan; and

WHEREAS, the General Plan Themes and Vision Statement are intended to embody the guiding principles for development of the General Plan Update; and

WHEREAS, the City Council held a special meeting on April 23, 2009, to consider the public testimony and the recommendation of the Planning Commission regarding proposed changes to the General Plan Themes contained in the 2002 General Plan and a new proposed Vision Statement for the General Plan Update; and

WHEREAS, on April 23, 2009, the City Council approved City Council Resolution 2009-063 containing the following General Plan Themes:

1. Establish limits to urban growth that will maintain Turlock as a freestanding city surrounded by productive agricultural land;
2. Maintain an economically and socially diverse population by promoting a greater variety of housing types citywide and a localized mix of housing types in some areas;
3. Attract new businesses to Turlock to create well-paying jobs and maintain a good jobs/housing balance;
4. Improve the local and regional circulation system to serve businesses and new residential development;
5. Implement sustainable development and green building principles in City projects and new development projects. Foster development that encourages alternatives to auto use, especially for non-commute trips;
6. Revitalize and enhance older areas of Turlock. Create an economic and social balance among different city sectors. Enhance the County islands within the City limits, and annex them into the City if feasible;
7. Manage growth using the Master Planning process to implement General Plan policies and enhance Turlock's quality of life;
8. Provide a wide variety of recreation and cultural activities for all ages; and

WHEREAS, Dyett and Bhatia Regional Planners recommends that the City Council revise the General Plan Themes based on the public comments received during the past two years.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby rescind City Council Resolution 2009-063.

BE IT FURTHER RESOLVED that the City Council of the City of Turlock does hereby approve the following General Plan Themes for the General Plan Update:

- ❖ Fostering compact development that preserves agricultural land and creates attractive new neighborhoods.
- ❖ Providing a broad range of housing choices to meet the needs of an increasingly diverse population.
- ❖ Enabling economic development and prosperity to support the population and enhance Turlock residents' quality of life.
- ❖ Managing growth effectively and maintaining high standards of service in new development areas.
- ❖ Maintaining and improving older neighborhoods, Downtown, and infill sites.
- ❖ Promoting a development pattern that offers alternatives to automobile use, especially for non-commute trips.
- ❖ Creating a comprehensive community park and facilities system to provide enhanced recreational and entertainment opportunities for residents of all ages.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 1st day of March, 2011, by the following vote:

AYES:
NOES:
ABSTAIN:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Rhonda Greenlee, MMC
City Clerk, City of Turlock, County
of Stanislaus, State of California