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VIA E-MAIL AND U.S. MAIL

Board of Zoning Adjustments
City of San Leandro
835 E. 14th Street
San Leandro, California 94577
E-Mail: c/o
amogensen@sanleandro.org

Re: Applicant Statement in Support of Conditional Use Permit App

Dear Honorable Members of the Board of Zoning Adjustments:

This office represents Prime Now, LLC ("Applicant" or "Amazon") and is pleased to submit this application for a conditional use permit to introduce a small retail supermarket use to an existing warehouse and delivery facility at 1788 Fairway Drive ("Project" and "Project Site"). The Applicant is also requesting a parking exception pursuant to Section 408.08.116 of the City Zoning Ordinance.

Based on the Applicant's similar locations in the state, the Applicant Team anticipates that the Project's small supermarket use would result in a minimal amount of new visitors to the Project Site, with two to six new customers visiting the small supermarket per month. In connection with this relatively minor intensification of use proposed by the Project, the Applicant has worked with the City to incorporate meaningful improvements to on-site circulation and landscaping for the entire Project building. Finally, the Project is consistent with City Zoning Ordinance provisions related to the site and will further several key goals of the City's General Plan.

I. Project Description

The proposed Project involves adding a small retail supermarket offering a variety of food, beverage, and household items in the existing Amazon Fresh facility located at the Project Site.

The existing use of the Project Site involves the sale and delivery of a wide variety of food, beverage, and other household items directly to customers. As part of this use, the Applicant would like to provide a range of alcoholic beverages (beer, wine, liquor) for sale and delivery. In order to sell alcoholic beverages, Amazon will apply

for a Type 21 license from the state Department of Alcoholic Beverage Control (“ABC”) allowing for the sale of alcoholic beverages for off-site consumption. To obtain a Type 21 license, ABC requires Amazon to provide an on-site retail component where customers can purchase a curated selection of alcoholic beverages, that would also be offered for delivery from the Project Site. Consistent with the Zoning Code’s supermarket use designation, the Applicant would offer a selection of food and household items, including this curated selection of alcoholic beverages from the small supermarket component.

A more detailed description of the proposed small supermarket use and existing warehouse, shipping, and parcel delivery use is provided below.

II. Proposed Small Supermarket Use

The small supermarket at the Project Site would occupy approximately 395 square feet at the northwestern corner of the building. The small supermarket would sell a wide range of food, beverage, and household items, of the type typically sold in a supermarket. Inside the small supermarket, the Applicant would make a digital catalog available on a tablet to visitors at a purchase counter. The catalog would display a full range of grocery and household products, including a curated list of beer, wine and liquor offerings, for purchase by the general public.

During the operating hours of the small supermarket, the Applicant would have at least one designated on-site employee to assist walkup retail customers. This designated employee would have other responsibilities in the Applicant’s facility, but would be available during operational hours to assist walk-up customers. Walk-up customers would enter the small supermarket area and then press a buzzer to alert staff. A designated employee would then meet the customer and aid the customer in selecting purchase items on the electronic tablet. When selections are made and purchased on the tablet, purchased items would be collected from a separate inventory area. Alcoholic beverages available for sale would be located in a secure location out of reach from walk-up customers until purchase and age verification occur, when such items would be brought to the customer by an Amazon employee.

No signage or exterior modifications would be required for the small supermarket, and proposed access and parking would be sufficient for the anticipated use of the retail and warehouse facilities. It is anticipated that the retail store would be open to the public from 10:00 AM to 7:00 PM daily. Based on Amazon’s operational experience at other locations with the same use proposed by the Project, most customers would prefer to have their purchases delivered. For example, other applicant sites in the state have only seen an average of approximately two to six on-site small supermarket customers *per month*.

III. Existing Permitted Warehouse, Shipping, and Parcel Delivery Use

The Applicant's primary warehouse, shipping, and parcel delivery use of the Project Site operates within approximately 53,378 square foot the tenant space in the existing building. Consistent with the Applicant's "last mile" model, this Primary use involves the packaging and delivery of customer orders of grocery and household goods. Deliveries of such goods are made by qualified third-party delivery drivers ("Delivery Partners" or "drivers").

If the Project is approved, these Delivery Partners would be trained to complete deliveries involving alcohol sales in full compliance with the California Alcoholic Beverage Control Act and related ABC regulations, which allow for such sales. The Applicant would also implement a robust, in-person age and identification ("ID") confirmation procedure characterized by the following:

- All orders containing alcohol would require a customer to be present at delivery so the Delivery Partner could verify the recipient is over the age of twenty-one.
- Delivery Partners would utilize a proprietary application ("Amazon Flex") equipped with the ability to scan the recipient's identification or manually enter the identification information (i.e. name and date of birth).
- If an order contained alcohol, the driver's application would automatically trigger age-verification (AVD) workflow procedures.
- For safety during the COVID-19 pandemic, drivers would be required to ask recipients for their ID and ask the customer to put the ID on the ground to avoid touching and handling IDs.
- The Amazon Flex application would default to ID scan as the preferred method. Delivery Partners would be required to attempt to scan the recipient's ID if possible and manually enter information from the ID if necessary.
- Drivers would be directed not to leave alcohol deliveries unattended.
- If a customer is not available to present ID at delivery, drivers would be directed to indicate the package is undeliverable in the application and would be required to return the package to the original pickup location.
- Mystery shopper audits would be conducted at random by trained, third-party auditors contracted by Amazon. This mechanism is used to validate driver compliance with age-verification laws. Pass/fail results of random audits would be provided to Amazon at the driver level. A driver's failure to request

compliance with age-verification laws. Pass/fail results of random audits would be provided to Amazon at the driver level. A driver's failure to request an ID, or the leaving of alcohol unattended at a delivery site would result in the driver's offboarding from the Amazon Flex program.

IV. Additional Site Improvements

In connection with this Project application, Amazon has worked with the City on general improvements to the site, including a number of components that would improve onsite circulation, and landscaping for the entire building.

A. Circulation

Regarding on-site circulation, the Applicant worked closely with the City to prepare an updated staging and circulation plan, which is included in the application materials for the Project. Among the changes to on-site circulation, this new plan would ensure that vehicle traffic to the Project Site from Miller Way is one-way, allowing cars to enter but not egress from that location. All egress from the Project Site would now occur to Fairway Drive. The Applicant also proposes removing all curbside parking in front of the Applicant's current space to create a dedicated fire lane, which would be designated with a red curb and clear "No Parking Fire Lane" signage. Each of the circulation improvements above would be reflected in updated signage and striping on-site.

To minimize congestion associated with car traffic, carts, and pedestrians, the Applicant is also implementing the following operational improvements associated with the Project:

- Updated operational processes within the building to improve efficiencies while Delivery Partners are picking up and preparing orders for delivery. These processes will minimize the time a Delivery Partner needs to wait in a parking space for their delivery to be ready, and reduce on-site congestion.
- Adjusted scheduling procedures to efficiently spread out Delivery Partner Arrivals, thus further reducing on-site congestion.
- Updated instructions provided to Delivery Partners making clear that illegal parking or idling on-site will not be tolerated. All Delivery Partners must park in designated parking spaces. The Applicant has also increased its enforcement efforts in this regard.

B. Landscaping

As part of the project, the Applicant would more than double the amount of landscaping at the Project building. There is currently a total of 19,449 square feet of landscaped area at the Project Site. The Project would more than double existing

landscaping by adding an additional 20,677 square feet of landscaped area, for a total of 40,126 square feet of landscaping. As indicated on the landscaping plans included with the application, this additional landscaping would be located at appropriate locations along the eastern portion of the Project Site, as well as along the southern portion of the Project Site.

V. Consistency With City Zoning Ordinance and General Plan

The Project is consistent with the Industrial General (IG) zoning designation for the Project Site, which contemplates of a range of retail uses that compliment and do not interfere with surrounding industrial uses. The Project is also consistent with the City's General Plan and would promote key General Plan goals aimed at adaptively repurposing and revitalizing industrial areas while bolstering City tax revenues and diversifying the City economy.

A. The Project is Consistent with the Zoning Code

In the IG zone, a "supermarket" is allowed as a conditional use. The City Zoning Code defines "supermarkets" as: "stores selling a wide variety of food and household items with a community-wide market area." (SLZC § 1.12.108) Here, the Applicant proposes to introduce a small on-site supermarket to the Applicant's existing parcel processing / shipping and warehouse use that is permitted as of right. (SLZC § 2.12.200 (A).) The Project would allow the Applicant to offer a wide range of household and grocery goods for sale - including beer, wine, and liquor – for sale from the Project Site. The Project's proposed use therefore falls squarely within the definition of a supermarket and would offer the same range of retail goods as a traditional supermarket throughout the community.

B. The Project Would Further Several Key Goals of the General Plan

The Project would introduce a minor retail use that would support an existing permitted use, and would help the Applicant meet the community's modern consumer and economic demands. This is entirely consistent with the goals of the City's General Plan and the City's 2035 vision as a City with a resilient and dynamic economy and workplace. In particular, the Project would promote core goals outlined in the General Plan's Land Use and Economic Development Elements.

1. The Project Is Consistent With the General Plan's Land Use Element

The Project is consistent with the City General Plan's Land Use Element's goals of optimizing, re-using, and repurposing underutilized industrial buildings in the City. The Land Use Element recognizes this as a priority because the City was essentially built out in the 1960s. As the economy evolves, old and obsolete uses are necessarily replaced by with new businesses aimed at meeting contemporary

market demands, making it important to maximize the use of previously underutilized industrial space. (SLGP LU 3-2, 3.) For industrial sites like the Project Site, the Land Use Element seeks to repurpose existing industrial space with innovative “new activities generating jobs, revenue, and businesses that strengthen and diversify the local economy.” (SLGP LU at 3-69.)

Here, the Project would help adapt and re-use the existing building at the Project Site by introducing a small supermarket use aimed specifically at meeting the modern consumer needs of City residents through a technology-based platform. The introduction of the Project’s fairly low-impact retail use would support the Applicant’s innovative and technology-based use of the Project Site.

The Project would also promote Land Use Element goals aimed at boosting the City economy and enhancing the City’s tax base. For example, the Land Use Element “envisions the continued evolution of San Leandro’s industrial areas [like the Project Site] to meet the demands of the Bay Area economy.” The Land Use Element also envisions the use of existing industrial areas to grow the City’s employment base and to “use its industrial lands more efficiently” while making industrial areas “more attractive locations for business investment.” (SLGP LU at 3-7.) Moreover, Land Use Policy 7.5 seeks to “encourage business development that improves the City’s ability to provide the public with high-quality services which minimize increases in the tax burden for existing business and residents.”

Here, the Project would enhance the Applicant’s existing, permitted use of the Project Site, allowing it to increase revenues and boost the economic vitality of this primary use. Moreover, the Project would introduce on-site retail sales, and allow the Applicant to add to the range of products it is able to offer by way of delivery. The Project would also increase City tax revenues.

2. The Project Is Consistent With the General Plan’s Economic Development Element

The General Plan’s Economic Development Element includes several goals and policies that would be directly promoted by the Project. As the Economic Development Element notes:

the city has a large stock of flexible industrial spaces which can be repurposed according to tenant needs. These buildings offer a strong value proposition, since they combine flexibility with relatively low costs and excellent regional access.

(SLGP ED pp.5-7 to 5-8.)

The Economic Development Element also notes that sales tax is an important revenue source for the City and can affect the quality of services, thus an important component of the City's economic development strategy is to increase local sales activity. This includes an effort to reduce "retail leakage" (the loss of local sales to other cities) and diversifying the range of goods and services available to local residents." (SLGP ED 5-15.)

Here, the Project would bolster the City's sales tax base by repurposing a portion of an existing industrial building in a manner that will allow the Applicant to increase the scope of products it offers for delivery and add an in-person purchase option to customers. The Project will help the Applicant to succeed in its underlying permitted use while increasing local sales and resulting tax revenues for the City.

VI. Conclusion

As noted above, the Project would result in a relatively minor intensification of the Applicant's use of the Project Site while introducing several meaningful improvements to onsite circulation and landscaping for the building. The Project is consistent with the City Zoning Code and will further several key land use and economic goals of the General Plan.

We look forward to answering any questions that you may have at the hearing on this application.

Very truly yours,

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cc: Anne Wong, associate planner, awong@sanleandro.org

Encl.