



## Legislation Text

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**File #:** 21-675, **Version:** 1

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**PLN20-0024;** Consideration of a Conditional Use Permit and Parking Exception for a supermarket at an existing warehousing and distribution business located at 1788 Fairway Drive. Zoning District: IG (Industrial General); Alameda County Assessor's Parcel Number (APN): 77B-855-7-8; Applicant: Michael Huffaker, Prime Now LLC. Property Owner: Prologis, LP.

### SUMMARY AND RECOMMENDATION

The applicant is requesting a Conditional Use Permit and Parking Exception for a 395 sq. ft. supermarket at an existing 49,829 sq. ft. warehousing and distribution business located at 1788 Fairway Drive, zoned Industrial General (IG). The Project is located within one of two existing buildings at the subject property that formerly comprised a mattress factory. The Project site is located at the northwest corner of the parcel, adjacent to the existing Floor and Décor business, at the corner of Fairway Drive and Miller Street.

Staff recommends that the Board of Zoning Adjustments adopt Resolution 2021-0012, approving a Conditional Use Permit and Parking Exception for 1788 Fairway Drive, PLN20-0024, based on the Findings of Fact and subject to the recommended Conditions of Approval.

### APPLICANT'S SUPPORTING STATEMENT

See attached applicant statement dated November 5, 2021.

### RELATIONSHIP TO SURROUNDING AREA & BACKGROUND

The proposed supermarket is located at 1788 Fairway Drive, inside an existing multi-tenant Prologis facility on a 17.4 acre site zoned Industrial General (IG). The site was formerly the location of a Simmons mattress factory that has since been redeveloped to accommodate multiple tenants within two buildings. The adjacent tenant is a Floor and Décor building materials business facing the 880 freeway. The proposed supermarket is a minimalist space consisting of a front counter and electronic displays for purchasing products, located inside an existing Amazon grocery distribution facility at the corner of Fairway Drive and Miller Street. Vehicle and truck access is from Miller Street. Amazon's grocery distribution facility has been open and operational at this location for about a year. The existing facility does not currently offer on-site customer service or pick-up and is unable to sell and deliver alcoholic products without an on-site retail component.

### DETAILS OF THE PROPOSAL

The Applicant, Prime Now LLC, proposes to establish a 395 sq. ft. supermarket, known as Amazon Fresh, offering a wide variety of food, beverage, and household items within an existing permitted Amazon warehousing and distribution facility that contains 49,829 sq. ft. of warehousing space and 3,154 sq. ft. of office space.

The existing warehousing and distribution facility currently sells and delivers a wide variety of food, beverage, and household items directly to customers. Deliveries are made by a combination of independent contractors the applicant refers to as “flex drivers” and persons employed at the facility. Groceries for delivery are sorted in the interior of the facility, bagged, and taken out to individual private vehicles on wheeled carts from an entrance facing the parking lot.

The facility seeks to expand their offerings to include beer, wine, and liquor, which requires a Type 21 off-sale license from the State Department of Alcoholic Beverage Control (ABC). To obtain a Type 21 license, ABC requires the facility to provide an on-site retail component with a public counter. The products will continue to primarily be ordered online and delivered from the site, so with the addition of an on-site retail component, the number of customers is expected to be minimal.

Based on the City’s Zoning Code, the supermarket land use designation is the closest related eligible land use in the Industrial General (IG) zoning district, defined as “a store selling a wide variety of food and household items with a community-wide market area.” A supermarket requires prior approval of a Conditional Use Permit as per Zoning Code section 2.12.200(B).

The applicant has established protocols for ensuring the sale and delivery of alcoholic products in compliance with the California Alcoholic Beverage Control Act so that transactions are only made to persons of legal drinking age. Age will be verified in person at the time of delivery by the delivery driver and delivered alcoholic products will not be dropped off or left unattended. The details are further specified in the attached project description.

The 395 sq. ft. supermarket requires two parking spaces per the Zoning Code’s off-street parking regulations. Because the site has a shared parking lot with multiple tenants, parking was further evaluated. Because the total parking requirements for each of the tenants’ uses exceeds the number of parking spaces provided on site, the Applicant has conducted a parking study (attached) and is requesting approval of a Parking Exception.

## **STAFF ANALYSIS**

In the IG zoning district, a supermarket is a conditionally permitted use, a use which the city has deemed could be compatible with the surrounding area when authorized with appropriate conditions of approval. The applicant’s supermarket was analyzed by staff to be appropriate and compatible with the surrounding area, with the implementation of the recommended conditions of approval. Recommended conditions of approval have been provided by the Planning Division, Fire Department, Engineering and Transportation, Building and Safety, and Environmental Services. Because the proposed supermarket facility is within an existing building, serves an existing business, and will be part of a much larger use in terms of size, staff finds the Project will not have a significant impact on surrounding industrial businesses or result in a noticeable increase in vehicle traffic in the surrounding area.

The existing facility is a non-traditional warehouse and distribution business focused on last mile grocery deliveries. Loading and unloading of vehicles is within a parking lot much like a traditional supermarket. The City does not currently have a special land use category for e-commerce distribution or last-mile delivery facilities such as the one currently in operation at this location. As retail trends shifts online, modernization of the Zoning Code’s existing land use categories to

accommodate e-commerce and last mile deliveries is of growing importance, as it currently defaults to warehousing and distribution as the closest relevant land use.

The current signalized intersection at Miller Street and Fairway Drive has limited capacity to accommodate exiting vehicle queueing, as it was designed to accommodate lower traffic volumes from industrial properties to the south. As the number of vehicles exiting the facility onto Miller Street can result in traffic congestion at the signal, Engineering and Transportation staff have recommended certain modifications to traffic patterns within in the existing parking lot that would improve overall circulation by redirecting traffic to exit from the opposite side of the intersection at Fairway Drive and Miller Street. The driveway on Miller Street has been conditioned to be limited to entry only and traffic exiting the site will be redirected to the opposite side of the existing signalized intersection underneath the Fairway Drive viaduct where there is greater capacity for vehicle queueing. In addition, the Fire Department requires the parallel parking spaces along the building frontage to be removed and striped as a fire lane.

### Parking Analysis

The Project includes a request for a Parking Exception and will provide adequate parking based on the comprehensive Parking Analysis Report prepared by DKS Associates dated November 9, 2021. As noted in the attached report, the on-site parking supply would be sufficient to meet the parking requirements of the supermarket use and all other tenants. The site has a total of 272 parking spaces comprising 265 spaces and seven ADA spaces. The Parking Analysis assumes a capacity of 265 spaces because it is unknown what portion of the parking demand will be eligible to use the seven ADA spaces. The Project's leased portion of the facility consists of 49,829 square feet of warehouse, 3,154 square feet of office and 395 square feet of supermarket space. The facility also has a 134,425 square foot building materials store (Floor and Décor), a 135,439 square foot warehousing facility (East Bay Logistics), a 36,657 square foot vacant tenant space (Space D) and a second 59,244 square feet warehousing facility in Building 2. Per the requirements of the Zoning Code, the total required number of parking spaces would be 348 for a deficiency of 83 parking spaces.

The Parking Analysis shows the estimated hourly parking demand for the Amazon warehouse and supermarket and took into consideration delivery worker shifts, onsite employees and customers entering the supermarket. At peak times from 10AM and 7PM, the maximum demand comprises one customer, 11 delivery workers, and 70 onsite workers totaling to 82 spaces occupied. The existing Amazon facility has a frequent turnover rate for driver parking occupancy.

The Parking Analysis used expected peak parking demand based on rates from the ITE Parking Generation Manual for building materials retail tenant (Floor & Décor) and warehousing tenant (East Bay Logistics) occupying Building 1. The Parking Analysis matched Floor & Décor to a "Building Materials and Lumber Store" which has a peak demand of 77 spaces and matched East Bay Logistics warehousing portion to "Warehousing" and the office portion to "Small Office Building" which has a peak of 53 and 9 spaces respectively.

The remaining space within Building 1 is 36,657 sq. ft. however has no parking demand because the interior area is not leasable or occupiable and is expected to remain unused or limited to storage, since it has not been brought up to code. Building 2 is a warehouse use and assumed to have no parking demand at the subject parking lot because while Building 2 is on the same parcel, visitors and employees do not use or access the subject lot because the entrance to the building is on Factor

Avenue and onsite parking is located at the building frontage along Factor Avenue. Additionally, the distance from the subject parking lot to the entrance of Building 2 would require walking an approximate half mile and through a gated rear driveway. The Applicant conducted an interview with the property owner and confirmed that visitors and employees of Building 2 do not use the parking lot serving the Project.

Based on the Parking Analysis and methodology to calculate demand during peak hours, the Project tenant has a demand of 82 spaces, the Building and Materials Store has a demand of 77 spaces, the warehouse tenant has a demand of 62 spaces, and the unleaseable space and Building 2 has a demand of zero spaces. This totals to 222 parking spaces in demand which is less than the 265 parking spaces available. Therefore, with a surplus of 43 spaces, the overall site has been determined to provide adequate parking.

## GENERAL PLAN CONFORMANCE

The subject property is designated General Industrial (IG) in the City's General Plan Land Use Map. Chapter 3 of the General Plan states that this designation permits "a wide range of manufacturing, transportation, food and beverage processing, technology, warehousing, vehicle storage, office-flex, and distribution uses," subject to performance standards to avoid adverse off-site effects. This permit approval would allow the establishment of a supermarket on the existing 17.4-acre site with multiple tenants, consistent with the General Industrial land use designation. In addition, the following General Plan goals and policies would apply (note: ED-Economic Development; LU-Land Use):

GOAL LU-7. Sustain dynamic innovation districts which place San Leandro on the leading edge of the Bay Area's manufacturing and technology economy.

Policy LU-7.1 Leveraging Locational Assets. Build on the locational strengths and transportation features of San Leandro's industrial area to support the area's continued development as a major advanced manufacturing, technology, and office employment center.

Policy LU-7.2 Adaptive Reuse. Encourage private reinvestment in vacant or underutilized industrial and commercial real estate to adapt such property to changing economic needs, including the creation of flex/office space and space for technology-driven businesses.

Policy LU-7.3 Zoning Flexibility. Ensure that industrial zoning regulations are flexible enough to achieve the vision of San Leandro's industrial area as an "innovation ecosystem", where new methods of production, operations, and design are supported.

Policy LU-7.4 Tax Base Enhancement. Encourage business development that improves the City's ability to provide the public with high-quality services and which minimizes increases in the tax burden for existing businesses and residents.

GOAL ED-1. Attract jobs and investment across all economic sectors.

Policy ED-1.1 Leveraging San Leandro's Assets. Build on San Leandro's strengths, including its central location, transportation infrastructure, affordability, industrial land supply, and business-friendly reputation to leverage economic growth and private investment in the city.

Policy ED-1.10 Tax Revenues. Encourage development that generates sales tax, property tax, and other revenues that sustain municipal services.

GOAL ED-3. Adapt, reimagine, and reinvent traditional business models to put San Leandro on the leading edge of the innovation economy.

Policy ED-3.8 Sharing Economy. Explore ways in which new San Leandro businesses and start-ups can benefit from the sharing economy, including the sharing of business and industrial space, vehicles, and services that are more affordable when shared by multiple users.

GOAL ED-4. Create attractive, economically vibrant commercial areas that are easily accessible to San Leandro residents and employees.

Policy ED-4.1 Retail Diversity. Encourage a diverse range of commercial uses, offering goods and services that fully meet the needs of San Leandro residents and businesses.

Policy ED-4.2 Improving the Retail Mix. Achieve a retail mix that includes small, locally-owned businesses as well as large national retailers. A particular effort should be made to attract higher-quality retailers, such as brand name clothing stores, home furnishing stores, and high-quality supermarkets.

## ENVIRONMENTAL REVIEW

This item is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines, Article 19, Section 15301, as it is an Existing Facility that involves minor alterations; is in an area where all public services and facilities are available to allow for development; and is not located in an environmentally sensitive area.

## PUBLIC OUTREACH

This item received standard noticing for the December 2, 2021 Board of Zoning Adjustments hearing, including a legal advertisement in the East Bay Times Daily Review newspaper, the posting of notices at City Hall and on the property, and mailing notification to property owners within 500 feet of the subject property. Staff did not receive any public comments regarding this hearing item prior to the release of this report.

## RECOMMENDATION

With the recommended conditions of approval, the proposed use conforms to the Zoning Code and General Plan. Staff recommends that the Board of Zoning Adjustments adopt Resolution 2021-012, approving a Conditional Use Permit and Site Plan Review for 1788 Fairway Dr., PLN20-0024, based on the Findings of Fact and subject to the Conditions of Approval.

## ATTACHMENTS

Vicinity Map  
Applicant Statement

Plan Exhibits

Parking Analysis prepared by DKS Associates dated November 9, 2021

Resolution 2021-012 with Recommended Findings and Conditions of Approval

PREPARED BY:

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