

STAFF REPORT

Item E-2: PUBLIC HEARING – Code Amendment
Case No. CA2-07, City of Stockton-Initiated

Data: Members of the City Council have become concerned about the impact of large discount stores that sell groceries, referred to as “discount superstores,” in the City of Stockton. On January 23, 2007, the Council referred this issue to the Legislative/Environmental Council Committee for their review and recommendation. The Committee met on February 15, 2007 and February 28, 2007 to discuss a possible Code Amendment regulating discount superstores. During those meetings, the City Attorney and the Community Development Director presented background information and possible definitions and regulations related to discount superstores. The Council Committee considered a possible new definition for discount superstores and a modification to the existing definition of warehouse retail stores within the Development Code. After receiving public testimony and discussing the merits of such a Code Amendment, the Committee voted unanimously to forward the issue to the City Council with a recommendation that the Council initiate a Code Amendment for consideration by the Planning Commission.

On March 20, 2007, the City Council held a public hearing to consider the initiation of a code amendment to regulate discount superstores which were defined as “general retail stores that contain a full service grocery department under the same roof that shares entrances and exits with the rest of the store area, exceed 100,000 square feet of gross “sales floor area,” and devote at least ten percent of the total sales floor area to the sale of “non-taxable merchandise.” Regulations for discount superstores would not apply to membership stores of the same size or sale of non-taxable merchandise. After extensive public testimony supporting and objecting to such a Code Amendment, the Council voted unanimously to authorize and direct the City Manager to prepare and process a City-initiated Code Amendment (CA2-07) to the City’s Development Code which would regulate discount superstores and to refer this matter to the City Planning Commission for their review and recommendation. The proposed Code Amendment is attached as Exhibit 2.

General Plan: The proposed Code Amendment is consistent with the goals and policies of the General Plan as discussed in detail later in this report.

Environmental Clearance: The adoption of the Ordinance is exempt from CEQA under various CEQA Guidelines. These Guidelines include Sections 15061(b)(3) (project exempt where there is no possibility that it would have a significant effect on the environment), 15305 (project exempt where it is only a minor alteration in land use limitations), and 15308 (action by a regulatory agency to protect the environment). The Ordinance merely prohibits a narrow type of retail use, does not permit any use which was not already permitted prior to its adoption, and does nothing to change the existing environmental status quo. Rather, it was adopted to prevent, not cause, a change in the existing environment.

CEQA also requires no additional environmental review of the Ordinance because the City already prepared a program Environmental Impact Report (EIR4-88) for its General Plan, and the City's adoption of the Ordinance is within the scope of the Program EIR. The Ordinance is consistent with the General Plan, and, in fact, is adopted to implement numerous General Plan policies. Further, it does not permit any development which was not already previously allowed, and has no impacts which were not already addressed in the General Plan EIR. Guidelines Sections 15183 and 15168 each provide independent authority for relying upon the General Plan EIR for the adoption of the Ordinance.

Discussion: The proposed Code Amendment would recognize that the variety of retail stores that include big box retail stores, discount stores, and membership stores come under the land use category of Warehouse Retail Stores in the City's Development Code. Warehouse Retail Stores are currently allowed in the CG (General Commercial), CD (Downtown Commercial), and CL (Large-Scale Commercial) zoning districts with a Commission Use Permit. This Code Amendment would limit the size of Warehouse Retail Stores in those zoning districts that devote ten percent or more of the total sales floor area to the sale of non-taxable merchandise to no more than 100,000 square feet of gross floor area, except for membership stores. Membership stores generally sell packaged products and/or products in bulk or large quantities and charge membership dues or otherwise restrict merchandise sales to customers paying a periodic access fee. In addition, the Code Amendment would define "non-taxable merchandise" (essentially groceries) and "sales floor area" and clarify the definition of "Warehouse Retail Stores."

Currently, there is one store in Stockton that meets the definition of a discount superstore. It is located northwest of the intersection of Hammer Lane and Holman Road and contains more than 220,000 square feet of gross floor area and devotes more than ten percent of its total sales floor area to the sale of non-taxable merchandise or groceries; it does not charge membership dues or a public access fee. This code amendment would render this store a non-conforming use.

The purpose of limiting discount superstores throughout the City is to avoid the negative impacts that additional stores are anticipated to have on:

- The long-term economic viability of neighborhood commercial centers (grocery-based anchor tenants could close down, resulting in increased vacancy rates and general physical deterioration or blight of the center as a whole).
- Traffic congestion and associated air pollution.
- Transportation patterns and increased vehicle trips (Previously dispersed shopping trips could be shifted to a single, concentrated location).

Such adverse impacts contravene a number of General Plan policies relating to retail commercial centers, traffic, and air quality, and could limit the City's ability to implement its adopted General Plan.

Discount superstores compete directly with existing grocery stores, many of which anchor neighborhood-serving commercial centers. Many smaller stores within a neighborhood center rely upon the foot traffic generated by the grocery store for their existence. In neighborhood centers where the primary grocery store closes, vacancy rates typically increase and deterioration takes place in the remaining center.

The proposed zoning ordinance amendment is intended to preserve the City's existing neighborhood-serving shopping centers that are centrally located within the community (Pacific Avenue, Hammer Lane, Airport Way, Country Club, March Lane). These existing centers, consistent with the Stockton General Plan, provide convenient shopping and employment in close proximity to residential neighborhoods in Stockton. This distribution of shopping and employment creates a land use pattern that reduces the need for vehicle trips and encourages walking and biking for shopping, services, and employment.

In short, the proposed amendment is intended to protect grocery stores in existing neighborhood centers to prevent a significant change in land use, employment, and traffic patterns throughout the City.

The proposed regulation would prohibit the establishment of any new large-scale combined retail and grocery store. It would also serve to prohibit the conversion of an existing retail store to a large-scale combined retail and grocery store.

The proposed new regulation would not affect retail establishments of 100,000 square feet or larger that do not include a sizable grocery component, nor would it affect membership clubs/stores that typically sell in bulk to both businesses and individual households. Discount Superstores are a type of Warehouse Retail

Stores; those Warehouse Retail Stores that are Discount Superstores are distinguished from other Warehouse Retail Stores because of their potential to create particularly high impacts on traffic and transportation and to negatively affect the vitality of neighborhood commercial districts.

Large-scale discount superstores typically combine discount general merchandise and full-service grocery sales under one roof. While similar in size to other large-scale retailers and to wholesale membership clubs, because of the particular combination of uses they include, the discount superstores tend to generate more intensive impacts. They can generate high traffic impacts on the City's street network and they present a significant threat to the vitality of neighborhood-serving commercial centers. These impacts are discussed further in the later sections of this report.

The inclusion of discount retail and full-service grocery stores under one roof is a national trend – these “superstores” are the fastest growing sector of the grocery market. While the growth of superstores is a national trend, it is also becoming a national concern. Numerous local jurisdictions have enacted ordinances that either completely prohibit new retail stores over a certain size or require special impact studies. Most of these laws were designed to help sustain the vitality of small-scale, neighborhood shopping districts. California jurisdictions that have enacted prohibitions include the cities of Santa Maria, San Luis Obispo, Arroyo Grande, Oakland, Martinez, Turlock, and most recently Livermore.

A significant concern with discount superstores is that they combine neighborhood-serving retail in a more remote, regional-serving retail center, such as along Interstate 5. This means that local residents are forced to drive further for basic services for groceries, causing a shift in traffic patterns, and potentially overburdening streets that were not designed to accommodate such traffic. In general, a household makes two to three grocery-related shopping trips per week.

General Plan Analysis

Key land use objectives of the City of Stockton's 1990 General Plan emphasize the importance of neighborhoods that provide a variety of services available to the residents, as well as creating a balanced community. This is supported by the following objectives and policies:

General Objectives:

- Develop a balanced and complete community in terms of land use distribution and densities, housing types, and economic development opportunities.

- Promote the balanced growth and development of all geographic areas of Stockton.
- Preserve and enhance the quality of life in Stockton insuring that it is at all times healthful and safe.
- Direct commercial development to areas where it is complementary to and compatible with surrounding land uses and will visually enhance the environment.
- Encourage commercial facilities at locations that provide convenient service where their economic viability can be sustained.
- Conserve energy resources by encouraging energy efficient building designs and transportation systems.

Policies:

- Public and private development shall be designed to improve the character of existing neighborhoods.
- The neighborhood shall be utilized as the basic planning unit for maintaining and preserving existing residential areas and in the planning of new ones. Key features of the neighborhood unit include a centrally located meeting place (i.e., school, park), access to arterials only through collector streets with an internally directed local street system and services located at the periphery of the neighborhood (i.e., commercial, offices, institutional).
- The compatible integration of commercial and new residential uses shall be encouraged. Existing residential areas shall be buffered from new commercial uses through the provisions of the zoning code.
- Small neighborhood-serving commercial uses should be allowed adjacent to residential areas where such uses are compatible with the surrounding area and generate no negative impacts (i.e., traffic, noise, lighting).
- Large scale commercial and office uses, particularly those characterized by large numbers of employees, such as office headquarters, large hotels and convention serving facilities shall be encouraged to locate in the downtown.
- Land use decisions shall consider the proximity of industrial and commercial uses to major residential areas in order to reduce commuting.

In summary, the City has a two-pronged strategy for retail. First, the Development Code establishes three distinct types of shopping centers – neighborhood, community, and regional.

- **Neighborhood (land use).** A shopping center that provides a limited number of frequently or recurrently needed personal items or services for residents in an immediate neighborhood that generally occupies up to ten acres, has up to 100,000 square feet of gross leasable area, and draws its clientele from a five-minute driving radius from the center.
- **Community (land use).** A shopping center that provides a variety of retail or personal service needs for residents in a particular area of the community that generally contains approximately 150,000 square feet of gross leasable area, has a site of 10 to 25 acres, and draws its clientele from about a 10-minute drive from the center.
- **Regional (land use).** A shopping center that contains a wide range of retail and service establishments, including at least one or more anchor stores, for an entire community or larger area, and generally occupies more than 25 acres, often contains more than 400,000 square feet of gross leasable space, and draws its clientele from as much as a 45 minute drive from the center.

Second, the General Plan emphasizes the importance of neighborhoods that provide a variety of services available to the residents, as well as creating a balanced community.

A potential discount superstore would directly contravene the approach the City's General Plan has taken to retail. Specifically, it would result in a neighborhood-serving use being focused in a regional shopping center and would also result in the decline of neighborhood-serving grocery stores or reduce the opportunities for neighborhood-serving grocery stores in future development by consolidating their activity in a single, outlying location.

The City has encouraged the development of regional-serving commercial uses as an economic development strategy to provide retail opportunities formerly not available in Stockton and to stop sales tax leakage to surrounding communities. Conversely, discount superstores rarely add any retail services currently not provided within a community. In fact, studies indicate the vast majority of their sales result from a shift from other outlets already within the community: they represent a "revenue shift," not a "revenue increase."

The establishment of discount superstores in Stockton is likely to negatively impact the vitality and economic viability of the City's neighborhood commercial districts by drawing sales away from the traditional supermarkets located in these centers. While any large-scale retail store can draw customers with low prices

and a wide selection of goods, discount superstores present a unique threat because of the inclusion of discount retail and full-service grocery under a single roof. Industry and academic studies indicate that the greatest loss from traditional grocery stores comes from discount superstores selling groceries. A study on the impact of discount superstores (big box grocers) in Southern California concluded: "Free-standing food stores would likely yield market share and in some cases become vacant, while taxable sales from grocery operations would shift to locations that are much more prone to the impacts of regional business cycles."¹ Another study performed by A. C. Nielsen on 2001 Wal-Mart super center sales growth found that "the majority of sales growth at Wal-Mart super centers – 72 percent – came from a 'direct shift of dollars that had previously gone to other channels.'" Of that majority 'channel shift' revenue growth, almost one third came from supermarkets."²

Grocery stores typically serve as anchors to local neighborhood-serving shopping centers. Based upon the studies cited above, the existence of discount superstores in the City would most likely result in the closure of a number of existing grocery stores resulting in a decline in the shopping center in which they are located. For instance, with the closure of Food 4-Less in Weston Ranch, anecdotal evidence indicates that a number of smaller tenants in the center would experience a marked decline in business. The proposed text amendment, by limiting the size of warehouse retail stores selling groceries to less than 100,000 square feet of gross sales floor area can serve as a means for protecting Stockton's existing and future neighborhood-serving shopping centers.

Development Code Specifics and Analysis

Section 65860 of the Government Code requires that a zoning ordinance be consistent with the city's General Plan. It also provides that in order for the ordinance to be consistent with the General Plan, the various land uses authorized by the ordinance are compatible with the objectives, policies, general land uses, and programs specified in the plan. Although, the City of Stockton is a Charter City that is not subject to this provision, Stockton has striven to comply with this provision, recognizing that "the Development Code and Zoning Map are the primary tools used by the City of Stockton to implement the goals, objectives, policies, and strategies established in the Stockton General Plan" (City of Stockton Development Code, Section 16-110.030.B). As noted above, there are a number of General Plan policies that support the purposes of the proposed Code Amendment.

¹ *The Impact of Big Box Grocers on Southern California: Jobs, Wages and Municipal Finance*, Prepared for the Orange County Business Council by Marlon Boarnet, Ph.D., Associate Professor UC Irvine, and Randall Crane, Ph.D., Associate Professor UCLA (September 1999).

² *Economic Analysis of the Proposed Fremont Wal-Mart: Short and Long Term Impacts on Retail and Economic Development*, Prepared for The United Food and Commercial Workers Union, Local 870 by Strategic Economics (March 2003).

The Development Code has not regulated retail uses based on size, except for shopping centers. Given the changes in the retail sector and the evolution toward ever-bigger stores, it appears appropriate that the Development Code be amended in any case to regulate larger retail establishments appropriately.

Under the current zoning ordinance, general merchandise stores that also sell food and beverages could be classified in two ways. First, as “retail stores” that are permitted by right in commercial zoning districts and the “Port” (PT) zoning district, but requires a Commission Use Permit in the Commercial Office (CO) zoning district. Retail stores are stores and shops selling goods or merchandise, not specifically listed under another land use, to the general public for personal or household consumption and rendering services incidental to the sale of goods. Retail stores include a wide variety of retail establishments such as department stores, dry goods stores, food stores, general stores, grocery stores, mini-marts without gas and/or alcohol sales, and variety stores. Alternatively, such a combination store could be classified as “warehouse retail store” that is limited to the General Commercial (CG), Downtown Commercial (CD), and Large-Scale Commercial (CL) zoning districts with a Commission Use Permit. Warehouse retail stores are general merchandize stores that sell a variety of goods, often at discounted prices. Usually the buildings are large and industrial in character and often maintain long store hours seven days a week. Warehouse retail stores include such establishments as big box retail facilities, discount stores including superstores, club stores, and membership stores.

In order to achieve the purpose of this Code Amendment, to better implement the General Plan, the following changes to the Development Code are recommended:

1. Amend the definition for warehouse retail stores to clarify the general characteristics of such stores and to include which types of stores are included and not included under warehouse retail stores.
2. Add definitions for the terms “non-taxable merchandise” and “sales floor area” which are used in the Code Amendment.
3. Limit the size of non-membership warehouse retail stores to those that are less than 100,000 square feet of gross floor area and devote less than ten percent of the total sales floor area to the sale of non-taxable merchandise in the zoning districts allowing warehouse retail stores, the General Commercial (CG), Downtown Commercial (CD), and Large-Scale Commercial (CL) zoning districts.

Traffic

Large-scale combined retail and grocery stores can negatively impact traffic congestion and the transportation mode split (the proportion of trips taken by

different modes of transportation, such as automobiles, transit, biking, and walking). Discount superstores have particularly high transportation impacts because of the frequency of grocery trips combined with the overall scale of the establishments. Essentially, the typical household makes more frequent trips to the grocery store than to a general retail store. Furthermore, the typical household also makes more frequent trips to a grocery store than to a warehouse membership club, which primarily sells bulk food items that are purchased on a more occasional basis. Figures from the Institute of Transportation Engineers' *Trip Generation* manual, a compilation of traffic generation studies, show that discount superstores are likely to generate more traffic on a daily or weekly basis than other types of large stores.

Therefore, a significant concern with discount superstores is that they combine neighborhood-serving retail in a regional-serving retail center, such as along Interstate 5. This means that to satisfy basic everyday needs, consumers are forced to take longer and more frequent traffic trips to the regional commercial center. Furthermore, there could be additional impacts on traffic due to the location of the discount superstore relative to highways and major thoroughfares, the pattern of local streets, the number of streets traveled to reach the store, and the number of entrances and exists within the parking lot.

Although most large-scale retailers try to locate stores adjacent to major highways for visible recognition, the entire traffic route to a city's regional shopping centers would have to be examined for cumulative impacts. In Stockton, this could mean a shift in traffic from the centralized Pacific Avenue to Hammer Lane, Eight Mile Road, and Manthey Road. The City has already had to address increased regional-serving traffic along Hammer Lane.

The proposed Code Amendment, by limiting the size of warehouse retail stores selling groceries, would help prevent the negative transportation and resulting air quality impacts that establishment of such stores is likely to have.

Impacts to Neighborhood Commercial Centers

As noted in the above discussion of pertinent General Plan policies, the City has established the objective that residents should be able to meet their basic daily shopping needs at neighborhood shopping centers. Such centers are disbursed throughout the City in relatively close proximity to residential neighborhoods to limit the length of traffic trips and to afford residents the opportunity to walk or bike to the neighborhood store.

The establishment of discount superstores in Stockton is likely to negatively impact the vitality and economic viability of the City's neighborhood commercial centers by drawing sales away from traditional supermarkets located in these centers. While any large-scale retail store can draw customers with low prices and a wide selection of goods, the discount superstore presents a unique threat

because of the inclusion of discount retail and full-service grocery under a single roof.

Based on academic and market studies, discount superstores are likely to have significant impacts on the communities they will serve. These superstores provide substantial discounts to consumers, low priced general merchandise and non-taxable grocery items. Any of the older and/or smaller grocery stores risk losing significant customer base within a few years of a new discount superstore opening. Studies indicate that discount superstores capture a majority of their sales from existing retail outlets: for instance, in 2001 only 7% of sales growth at Wal-Mart Supercenters came from new customers; 72% resulted from a direct shift from existing retail channels. So, rather than growing the market, such stores cannibalize existing sales. For Stockton, this would appear to suggest that at least one grocery store in an existing area would be at risk of closure if a discount superstore were to open. This would have serious adverse impacts on the neighborhood commercial centers that these grocery stores anchor, resulting in higher vacancy rates and associated visual blight. Discount superstores could also preclude the opening of a grocery store in a new area.

Increased vacancy rates within neighborhood shopping centers means that local residents will drive further for basic services for groceries, increasing overall traffic, resulting in increased air pollution.

A grocery store typically supports a population of approximately 10,000 people. Given the City's current population of 286,041, the City would need 28 grocery stores to meet its current needs. The City has approximately 25 major supermarkets, as well as numerous small grocery and specialty grocery stores, currently providing an adequate number of grocery stores to support the market for groceries. Therefore, consistent with the experience in other parts of the country, a discount superstore would result in the closure of several existing grocery stores leading to the decline of the neighborhood centers that they anchor. The City commissioned a study "Economic Analysis of A Proposed Ordinance to Limit Grocery Sales at Superstores in Stockton, California" by Philip G. King, Ph.D. which is attached as Exhibit 3.

Precedence

A number of other jurisdictions, including several cities in California, have adopted ordinances prohibiting the establishment of large-scale retail stores or combined retail/grocery stores or requiring special impact studies or review. Ordinances in the cities of Martinez, Arroyo Grande, and Turlock all specify a maximum size threshold and a maximum percentage of sales floor area that may be devoted to the sale of non-taxable merchandise. Like the proposal for Stockton, Turlock's ordinance excludes membership warehouse clubs from these restrictions. A legal analysis from the Nevada Attorney General's Office in response to the 1999 Clark County legislation prohibiting new retail stores over

110,000 square feet and more than 2% of sales floor area devoted to grocery sales found that the County had the authority to regulate such stores under its police powers and zoning powers.

It can be argued that the proposed amendment is an attempt by the City to regulate business and, indirectly, the market place, which should not be the City's purview. However, the courts have recognized a jurisdiction's legal right to regulate business through zoning as long as the regulations are consistent with the General Plan and are reasonably related to the public welfare. Addressing the adverse physical impacts that potential discount superstores may have on traffic congestion and visual blight is a valid exercise of a city's zoning power.

To quote the courts in *Wal-Mart Stores, Inc. v. City of Turlock*:

"... the police power empowers cities to control and organize development within their boundaries as a means of serving the general welfare. City legitimately chose to organize the development within its boundaries using neighborhood shopping centers dispersed throughout the city. The Ordinance is reasonably related to protecting that development choice." (138 Cal.App.4th 273, 303)

The very essence of a city's zoning powers is to limit business in some way or other by setting standards for size, bulk, height, parking, landscaping, design, etc. The proposed regulations would not prohibit a retailer from operating a discount store and a separate grocery store that are not under the same roof. The regulations simply limit the size of warehouse retail stores that sell groceries and are not a membership store.

Conclusion

Because of the degree of negative impacts that a combined large-scale retail and grocery store may have on transportation mode split, traffic congestion, and associated air pollution, and on the vitality of Stockton's neighborhood-serving commercial centers, staff recommends adopting the proposed text amendment restricting the size of warehouse retail stores selling groceries (Discount Superstores). The proposed changes clarify and implement the City's retail strategy already established in the General Plan.

Recommendation: Approval based on the following findings:

1. The proposed amendment ensures and maintains internal consistency with general land uses, objectives, policies, programs, and actions of all elements of the General Plan on balance and would not create any inconsistencies with this Development Code;

2. The proposed amendment will not endanger, jeopardize, or otherwise constitute a hazard to the public convenience, health, interest, safety, or general welfare of persons residing or working in the City;
3. The proposed amendment would be internally consistent with other applicable provisions of this Development Code;
4. The proposed amendment would help to protect the long-term economic viability of neighborhood commercial centers (grocery-based anchor tenants could close down, resulting in increased vacancy rates and general physical deterioration or blight of the center as a whole).
5. The proposed amendment would help to reduce traffic congestion, including cross-town traffic, and its associated air pollution.
6. The proposed amendment would help to maintain viable transportation patterns and help to prevent increased vehicle trips.
7. The adoption of the Ordinance is exempt from CEQA under various CEQA Guidelines. These Guidelines include Sections 15061(b)(3) (project exempt where there is no possibility that it would have a significant effect on the environment), 15305 (project exempt where it is only a minor alteration in land use limitations), and 15308 (action by a regulatory agency to protect the environment). Also, additional environmental review of the Ordinance is not required under CEQA because the City already prepared a program Environmental Impact Report (EIR4-88) for its General Plan, and the City's adoption of the Ordinance is within the scope of the Program EIR; Guidelines Sections 15183 and 15168 each provide independent authority for relying upon the General Plan EIR for the adoption of the Ordinance.

May 4, 2007

Note: Staff reports are prepared well in advance of the Planning Commission consideration of the proposal and reflect the staff's view based on the best available information at the time the report was formulated. Evidence submitted during the course of the public hearing may require a re-evaluation of the staff's position.

Staff Report prepared by Dianne Keil Smith, AICP.

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 16 OF THE STOCKTON MUNICIPAL CODE BY AMENDING TABLE 2-2 AND SECTIONS 16-230.090.C, 16-230.100, 16-230.110.E, AND 16-800.020 REGULATING AND LIMITING WAREHOUSE RETAIL STORES WITH REGARD TO DISCOUNT SUPERSTORES.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON AS FOLLOWS:

SECTION I. AMENDMENT OF CODE

Chapter 16, Table 2-2 of the Stockton Municipal Code is hereby amended and shall read as follows:

Table 2-2 – Allowable Land Uses and Permit Requirements

Warehouse retail stores – Specific use standards: 16-230.090, 100, 110; 16-365.310

SECTION II. AMENDMENT OF CODE

Chapter 16, Section 16-230.090.C of the Stockton Municipal Code is hereby amended and shall read as follows:

16-230.090 – CG (Commercial, General) Zoning District Standards

The following standards shall apply to land uses and development within the CG (Commercial, General) zoning district.

C. Warehouse Retail Stores – Limitation on use. Warehouse retail stores located in the CG zoning district that devote ten percent or more of the total sales floor area to the sale of non-taxable merchandise shall contain no more than 100,000 square feet of gross floor area, except for stores charging membership dues or otherwise restricting merchandise sales to customers paying a periodic access fee.

SECTION III. AMENDMENT OF CODE

Chapter 16, Section 16-230.100 of the Stockton Municipal Code is hereby amended and shall read as follows:

16-230.100 – CD (Commercial, Downtown) Zoning District Standards

The following standard shall apply to land uses and development within the CD (Commercial, Downtown) zoning district.

Warehouse Retail Stores – Limitation on use. Warehouse retail stores located in the CD zoning district that devote ten percent or more of the total sales floor area to the sale of non-

taxable merchandise shall contain no more than 100,000 square feet of gross floor area, except for stores charging membership dues or otherwise restricting merchandise sales to customers paying a periodic access fee. Warehouse retail stores shall not be subject to the requirements for Shopping Centers and Large-Scale Commercial Retail Uses (16-365.310).

SECTION IV. AMENDMENT OF CODE

Chapter 16, Section 16-230.110.E of the Stockton Municipal Code is hereby amended and shall read as follows:

16-230.110 – CL (Commercial, Large-Scale) Zoning District Standards

The following standards shall apply to land uses and development within the CL (Commercial, Large-Scale) zoning district:

E. Warehouse Retail Stores – Limitation on use. Warehouse retail stores located in the CL zoning district that devote ten percent or more of the total sales floor area to the sale of non-taxable merchandise shall contain no more than 100,000 square feet of gross floor area, except for stores charging membership dues or otherwise restricting merchandise sales to customers paying a periodic access fee.

SECTION V. AMENDMENT OF CODE

Chapter 16, Section 16-800.020 of the Stockton Municipal Code is hereby amended and shall read as follows:

16-800.020 – Definitions of Specialized Terms and Phrases

Discount Superstores. General retail stores that contain a full service grocery department under the same roof that shares entrances and exits with the rest of the store area, exceed 100,000 square feet of gross “sales floor area,” and devote at least ten percent of the total sales floor area to the sale of “non-taxable merchandise.” See Division 16-230.

Non-taxable merchandise. Products, commodities, or items the sale of which is not subject to California State sales tax.

Sales floor area. Interior building space devoted to the sale of merchandise; it does not include restrooms, office space, storage space, automobile service area, open-air garden sales space, or outdoor sales areas.

- **Warehouse Retail Stores (land use).** General merchandise Rretail stores that emphasize the packaging and sale of products in large quantities or volumes, some at discounted prices. Sites and buildings are usually large and industrial in character. Patrons may or may not be required to pay membership fees. These stores usually offer a variety of customer services, centralized cashing, and a wide range of products. They usually maintain long store hours seven days a week. Includes big box retail facilities and, discount stores, club stores, membership stores, and “discount superstores” (see Division 16-230). Does not include the sale or rental of motor vehicles

("Auto and Vehicle Sales, Leasing, and Rental- New"; "Auto and Vehicle Sales, Leasing, and Rental – Used"); the sale of construction and building materials ("Building materials stores"); Department stores ("Retail, General").

SECTION VI. EFFECTIVE DATE.

This ordinance shall take effect and be in full force thirty (30) days after its passage.

ADOPTED: _____

EFFECTIVE: _____

EDWARD CHAVEZ
Mayor of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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