DRAFT

REVISIONS TO THE ENVIRONMENTAL IMPACT REPORT

LODI SHOPPING CENTER

STATE CLEARINGHOUSE NO. 2003042113

Prepared for

CITY OF LODI

Prepared by

PMC

PACIFIC MUNICIPAL CONSULTANTS

OCTOBER 2007

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Prepared for

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OCTOBER 2007

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INTRODUCTION TO EIR REVISIONS DOCUMENT

Legal Background

On December 19, 2005, the Superior Court of California, San Joaquin County, Stockton Branch, ordered that the EIR for the Lodi Shopping Center project be revised to include discussions of cumulative urban decay impacts and energy impacts. In all other respects, the Court found the EIR to be legally sufficient under CEQA.

Accordingly, this EIR Revisions Document includes a revised discussion of urban decay impacts as well as a full section on energy. In addition, the City of Lodi has decided to make revisions to three additional areas of the EIR, namely the statement of project objectives, the discussion of agricultural resources, and the discussion of project alternatives.

Format of the EIR Revisions Document

This EIR Revisions Document includes only those portions of the original EIR which are subject to revision or augmentation. Since the remainder of the original EIR is not subject to further review, it is the City's intention to recertify the original EIR, as amended by this EIR Revisions Document to cure the deficiencies identified by the Court.

Beginning with the next section, the base text is reproduced from the original EIR. The changes in the original EIR are indicated by ~~strikeouts~~ for deletions and <u>underlining</u> for additions. This applies to all sections except Section *N. Energy* which is entirely new. To facilitate ease of review, underlining was omitted from this new section.

Review Process for EIR Revisions Document

It is the City of Lodi's intention that this EIR Revisions Document be subject to full administrative and public review. Accordingly, it will follow a review and certification process similar to that required for a full EIR or a Supplemental EIR under CEQA. This process is described below.

<u>Notice of Preparation (NOP)</u>: Upon the City's determination that an EIR was required for this project, a Notice of Preparation was made available to the public and public agencies to solicit input on issues of concern that should be addressed in the EIR. The NOP included a background discussion of the legal context, a project description, and a brief overview of the topics to be covered in the EIR Revisions Document.

<u>Notice of Completion (NOC)</u>: Upon completion of the Draft EIR Revisions Document, the City will file a Notice of Completion with the State Clearinghouse, Office of Planning and Research, along with the Draft EIR Revisions Document, to begin the public and agency review period for the Draft EIR.

<u>Public Notice/Public Review</u>: Concurrent with filing the NOC, the City will publish and distribute the Notice of Availability of the Draft EIR Revisions Document, and invite comment from the general public, agencies, organizations, and other interested parties. The length of the public review period is 45 days,

during which time written comments on the document will be accepted. The Planning Commission will hold a public meeting during the 45-day review period to receive oral comments on the document.

Response to Comments: After the close of the public review period, the City will prepare formal responses to the written comments received, along with an addendum section indicating any revisions made to the EIR Revisions Document. A document will be prepared which contains the comment letters, responses to comments, and the document text as revised.

Certification of the EIR: The Planning Commission will hold a second hearing to certify the EIR, as amended. Once the EIR is recertified, the Planning Commission may consider the project for approval.

Project Approval: Since the project will not require a General Plan amendment or Rezoning which would require City Council approval, the project will require approval only by the Planning Commission, unless the approval is appealed to the City Council. If appealed, the City Council will be the final decision-making body on the certification of the EIR as revised, and the project approval.

Notice of Determination (NOD): Within five working days of project approval, CEQA requires that the City file an NOD with the County Clerk, which certifies that the project has been approved. This filing begins the running of a 30-day Statute of Limitations period during which legal challenges to the EIR may be filed in Superior Court.

Mitigation Monitoring and Reporting Program: Upon certification of the EIR, the Planning Commission will also re-adopt a program for monitoring and reporting on the measures it has imposed to mitigate, avoid, or substantially lessen the significant impacts of the project. These measures will be fully enforceable through permit conditions, agreements, or other measures. The City of Lodi will be responsible for ensuring that implementation of the mitigation measures occurs in accordance with the program.

SUMMARY

PROJECT DESCRIPTION

Site Location and Description

The proposed Lodi Shopping Center ("project") consists of an approximately 40-acre site located at the southwest corner of West Kettleman Lane/State Route 12 and Lower Sacramento Road in west Lodi. The site includes approximately 36 acres for shopping center development, plus approximately four acres adjacent and southwest of the shopping center site for construction of a stormwater detention basin. The site was previously in agricultural cultivation for row crops and is currently fallow. There are no structures on the project site with the exception of two agricultural wells.

Project Overview

The proposed project includes the construction of approximately 339,966 square feet of commercial retail uses, representing a variety of retail sales and services, to be contained in 13 buildings of varying sizes. The primary user will be Wal-Mart which will occupy approximately 226,868 square feet of floor area, including approximately 70,000 square feet for grocery sales, 19,889 square feet for a garden center (including outdoor fenced area), and 6,437 square feet for an auto service shop. The Wal-Mart store will not include the use of outdoor metal storage containers, and will not include a seasonal sales area in the parking lot.

A moderate sized retailer will occupy approximately 35,000 square feet on Pad 12 in the southeast corner of the site. The remaining 11 buildings will range in size from 3,200 square feet to 14,788 square feet, three of which will be occupied by fast food franchises, with another two users consisting of sit-down restaurants, and the remaining seven buildings occupied by such retail uses as pharmacy, financial services/bank, professional/business services, and other retail sales and services.

Since the project is consistent with the current General Plan and zoning designations for the site, the main discretionary City actions requested for the project consist of use permit and tentative parcel map approval.

The following is a **brief summary** of project impacts and mitigation measures addressed in the main body of this EIR. The complete project description and discussion of impacts and mitigations is contained in the main text of the EIR.

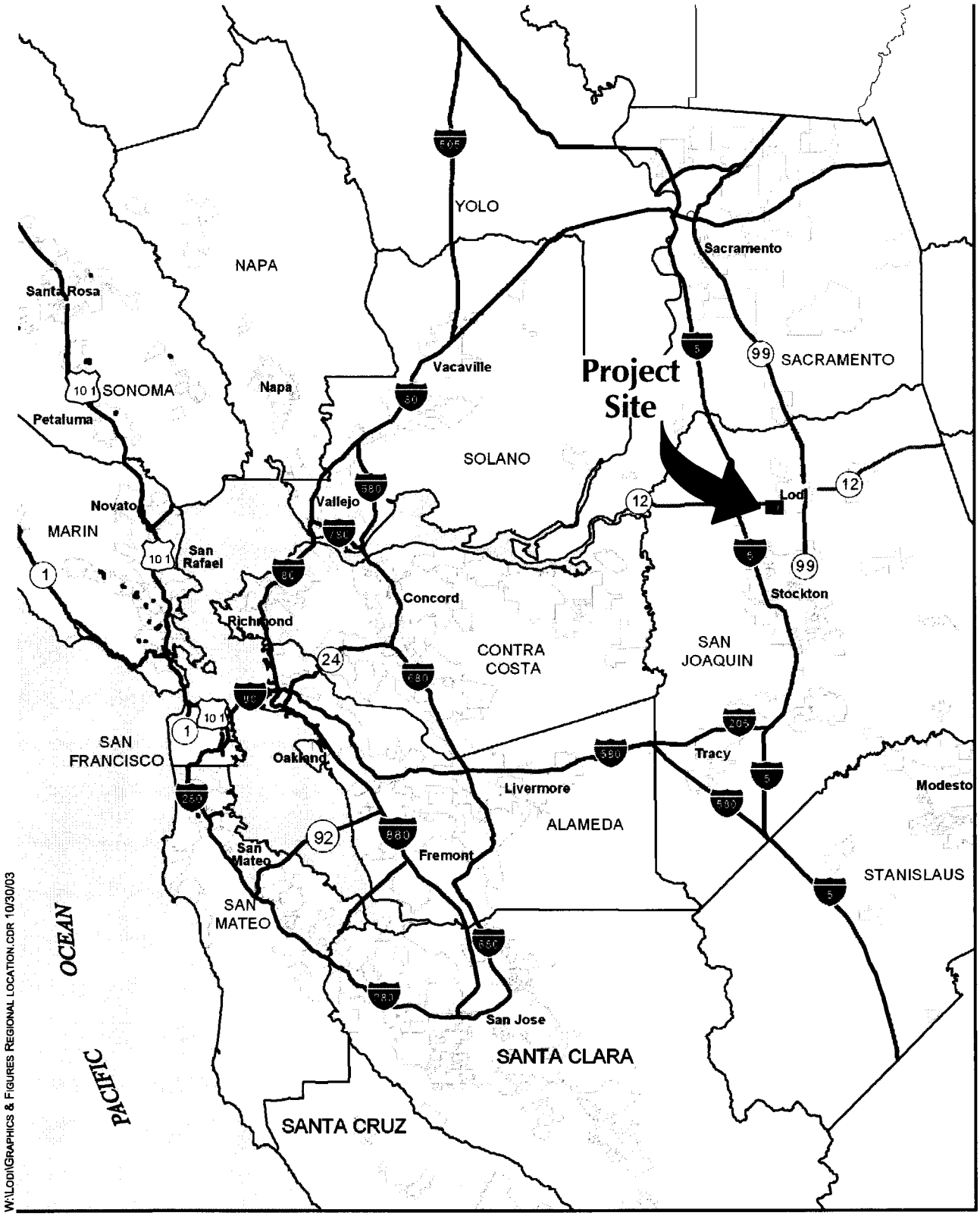

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FIGURE 1
REGIONAL LOCATION

PMC
PACIFIC MUNICIPAL CONSULTANTS

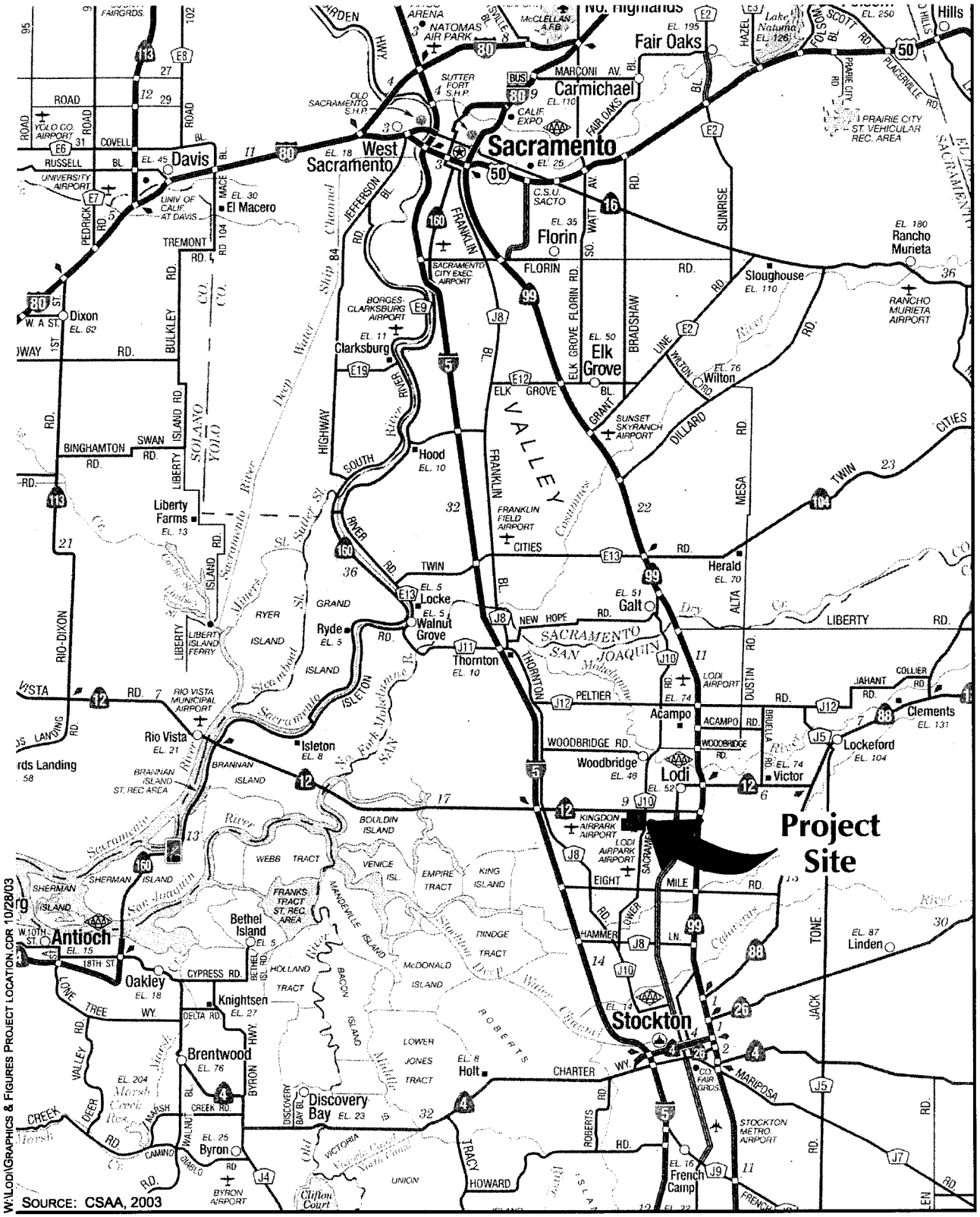

FIGURE 2
PROJECT LOCATION

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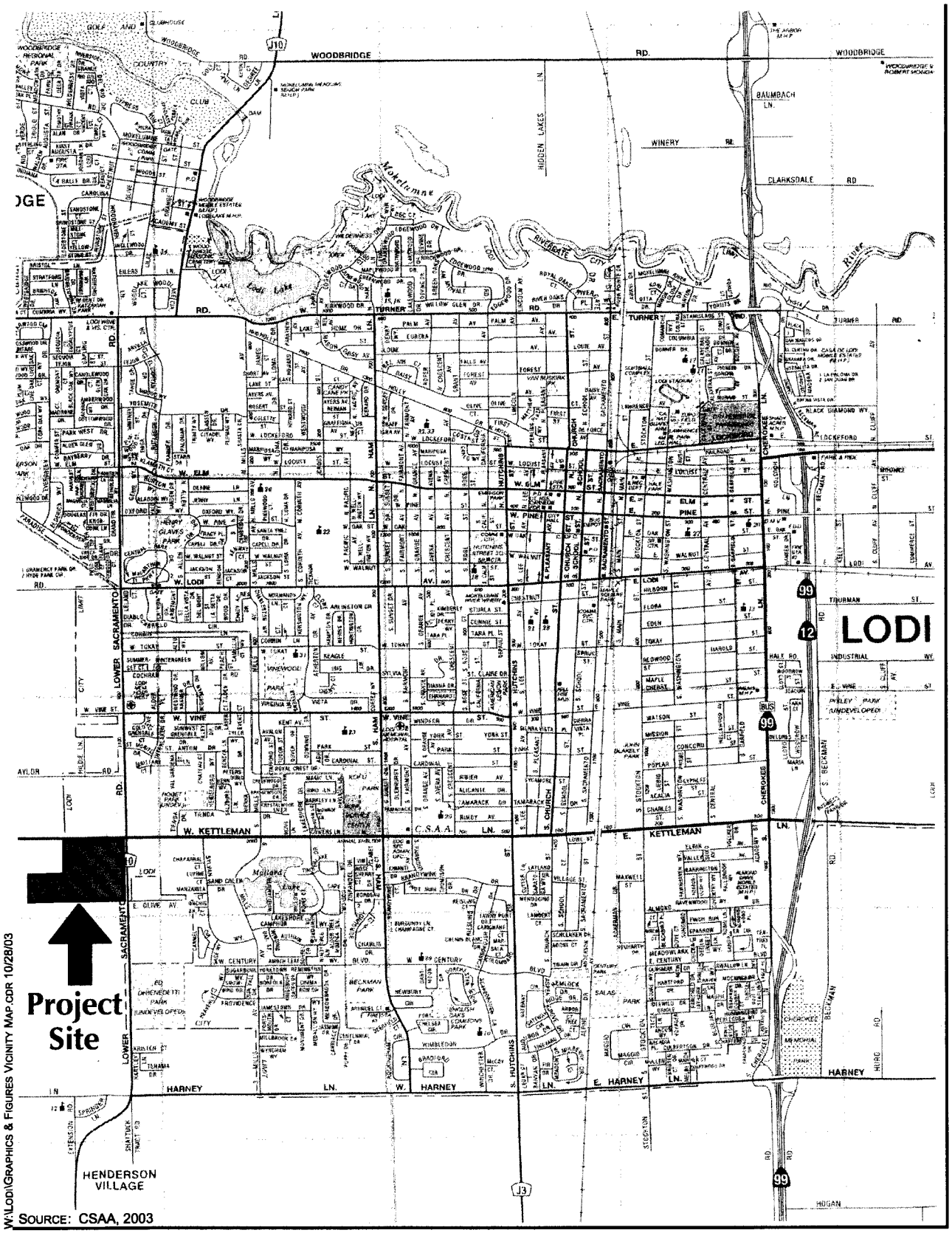

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FIGURE 3
VICINITY MAP

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PACIFIC MUNICIPAL CONSULTANTS

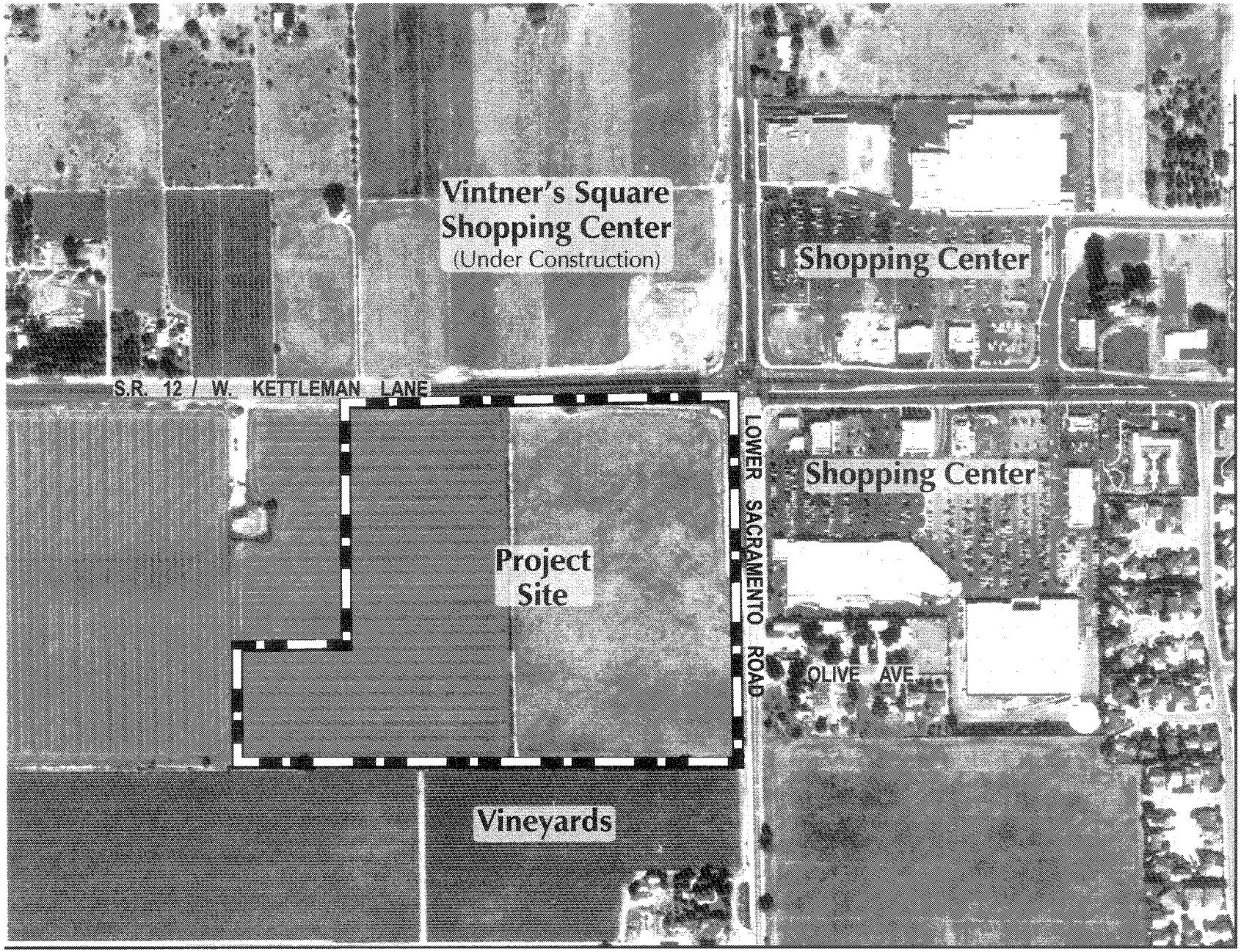

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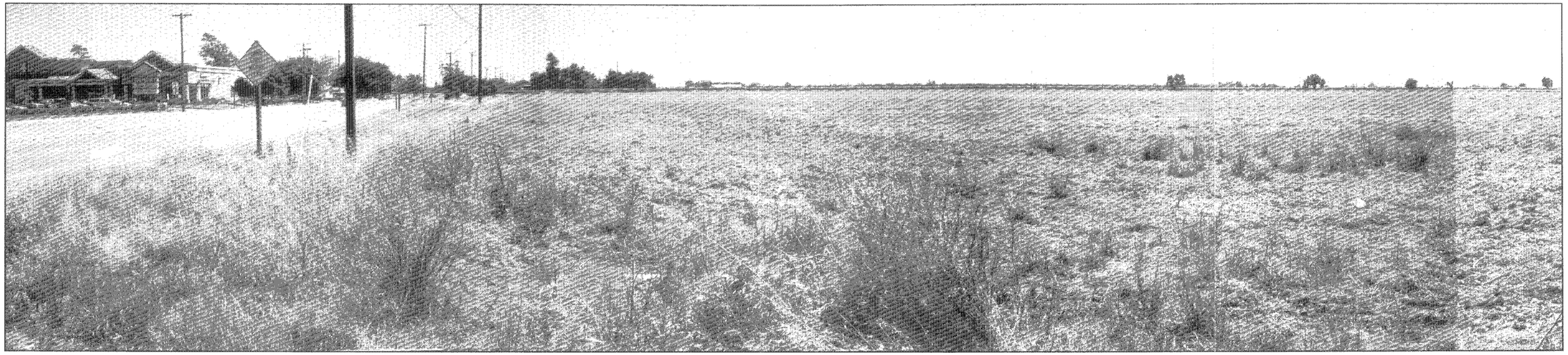
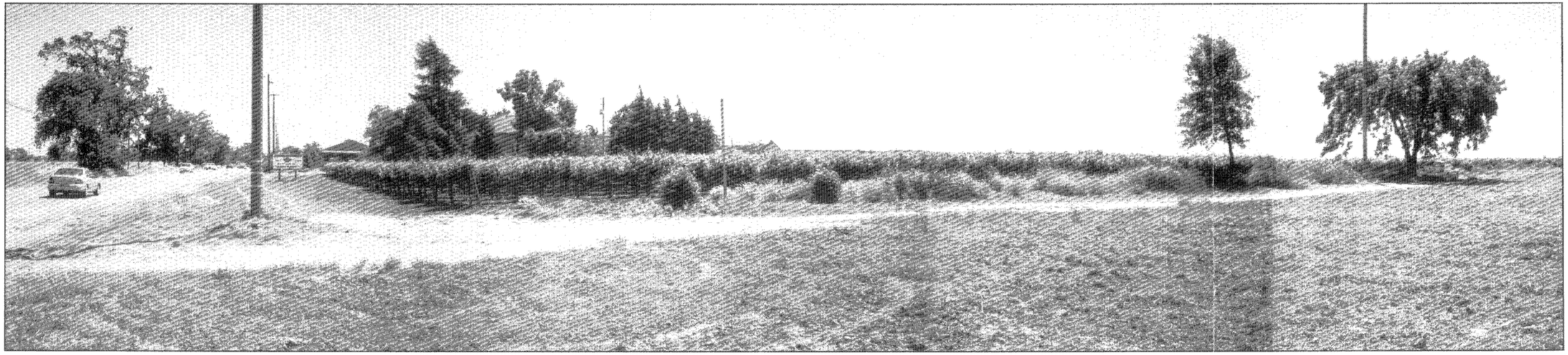
FIGURE 4
AERIAL PHOTO/LAND USE

PMC
PACIFIC MUNICIPAL CONSULTANTS



1. Southward View from Northeast Corner of Site

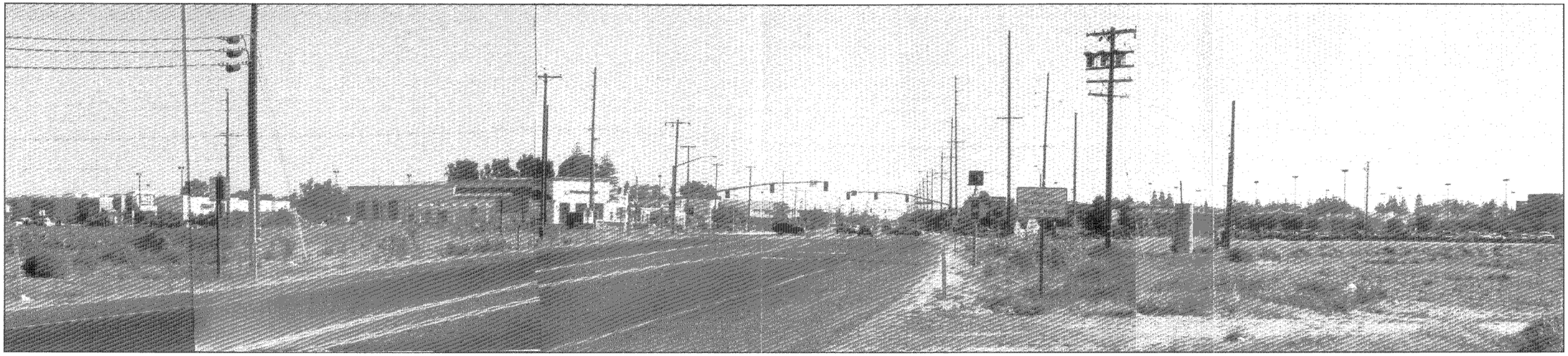


2. Southward View from Southeast Corner of Site

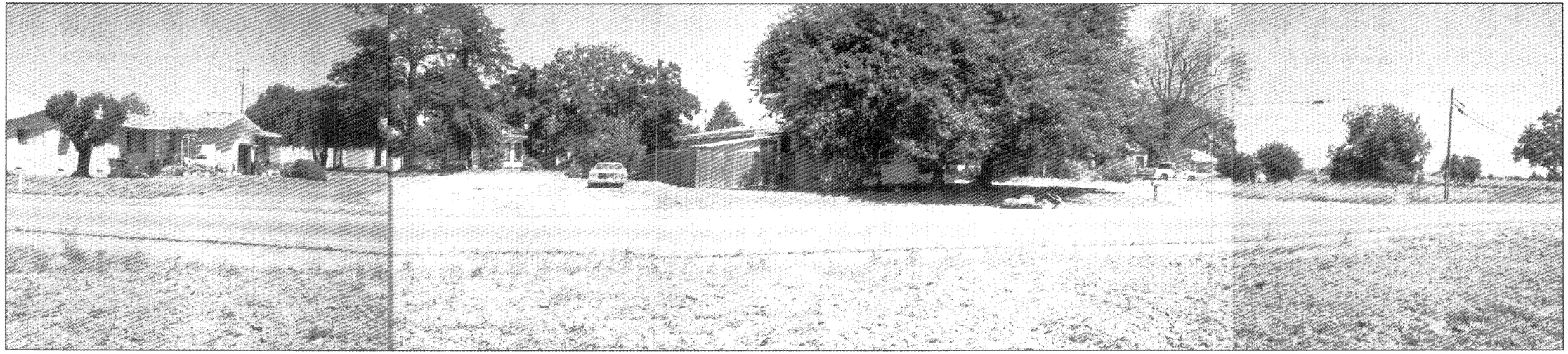
LODI_WALLMART/GRAPHICS AND FIGURES/FIGURE A PHOTOS.CDR 12/8/03

PHOTO DATE: OCTOBER 10, 2003

FIGURE 5A
SITE PHOTOGRAPHS
PMC
PACIFIC MUNICIPAL CONSULTANTS



1. Eastward View along State Route 12 / W. Kettleman Lane with Project Site on the Right



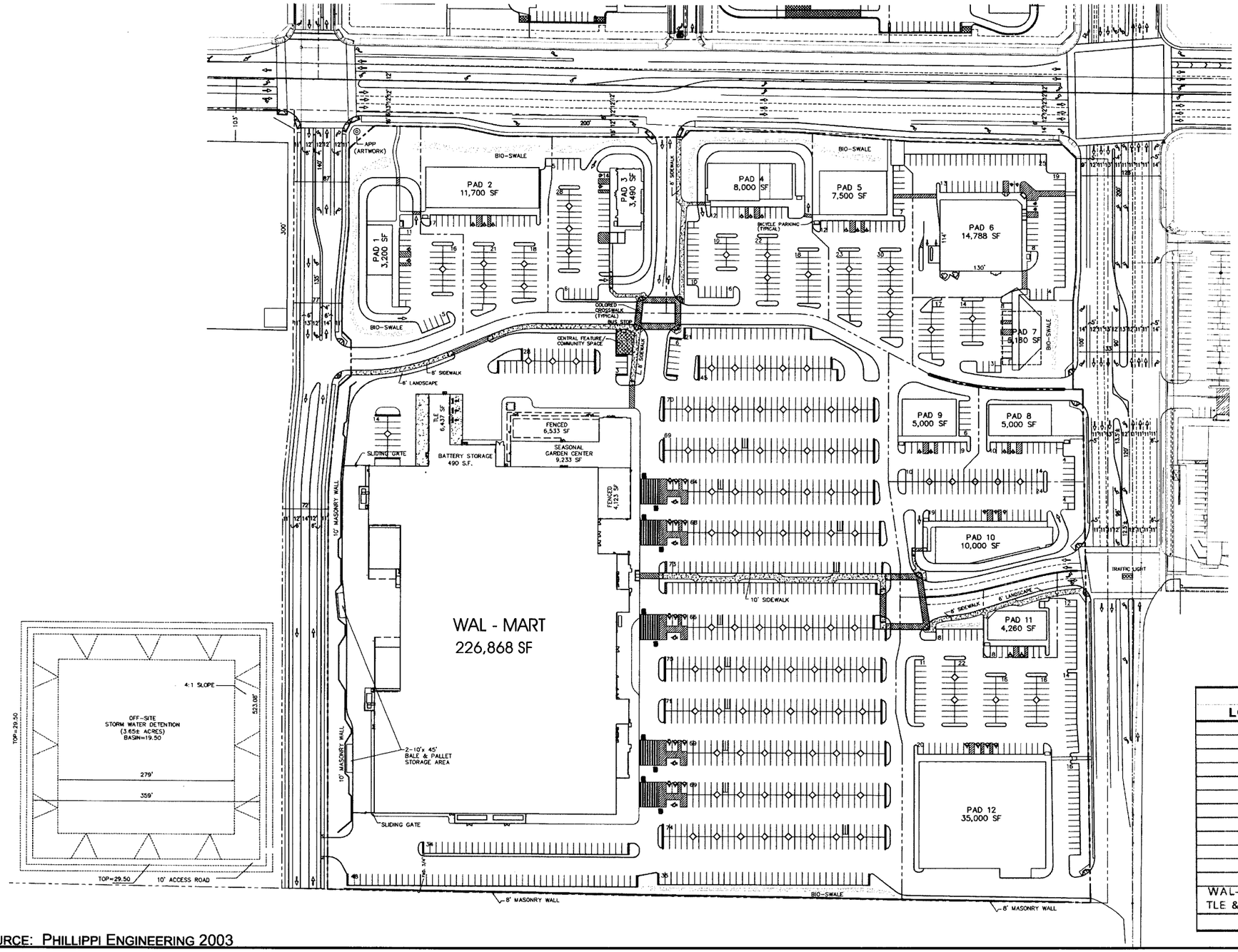
2. Eastward View from Site to Existing Dwellings Across Lower Sacramento Road

LODI_WALLMART/GRAPHICS AND FIGURES/FIGURE B PHOTOS.CDR 12/8/03

PHOTO DATE: OCTOBER 10, 2003

FIGURE 5B
SITE PHOTOGRAPHS

PMC
PACIFIC MUNICIPAL CONSULTANTS



SOURCE: PHILLIPPI ENGINEERING 2003

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PARKING SUMMARY

LOCATION	TOTAL BLDG SIZE	SPACES PROVIDED	AVERAGE PER 1000
PAD 1	3,200	32	10.00
PAD 2	11,700	56	4.79
PAD 3	3,490	53	15.19
PAD 4	8,000	78	9.75
PAD 5	7,500	72	9.60
PAD 6	14,788	69	4.67
PAD 7	5,160	42	8.14
PAD 8	5,000	28	5.60
PAD 9	5,000	25	5.00
PAD 10	10,000	47	4.70
PAD 11	4,260	8	1.88
PAD 12	35,000	135	3.86
WAL-MART (includes TLE & Garden Center)	226,868	996	4.39
TOTALS	**339,966**	**1,641**	**4.83**

FIGURE 6
SITE PLAN

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Wal-Mart Front Perspective - North

Wal-Mart Front Perspective - South

W:\LODI\GRAPHICS & FIGURES\ BUILDING ELEVATIONS.CDR 5/25/04

SOURCE: WPIIDC, INC. 2004

NO SCALE

FIGURE 7B
BUILDING ELEVATIONS

PMC
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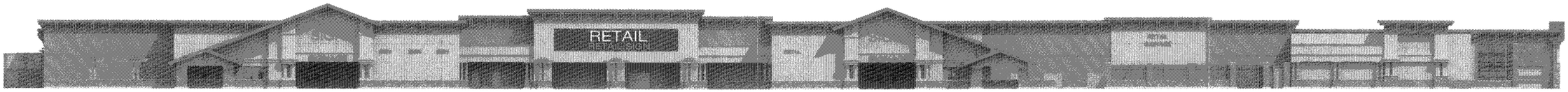
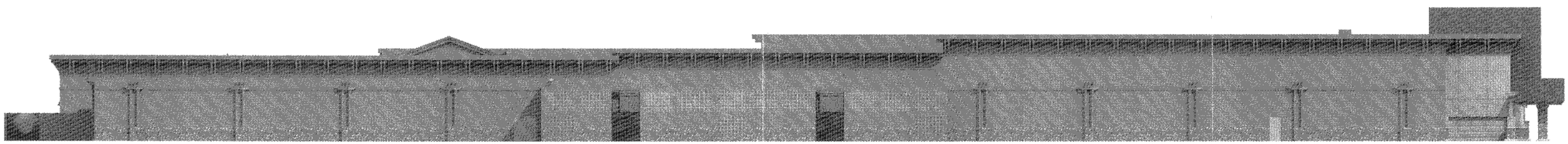
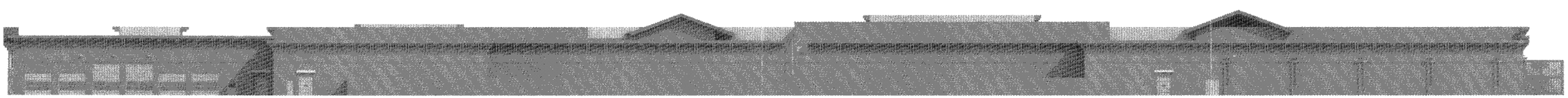


Wal-Mart Front/East Elevation

Wal-Mart Right/North Elevation



Wal-Mart Left/South Elevation



Wal-Mart Rear/West Elevation

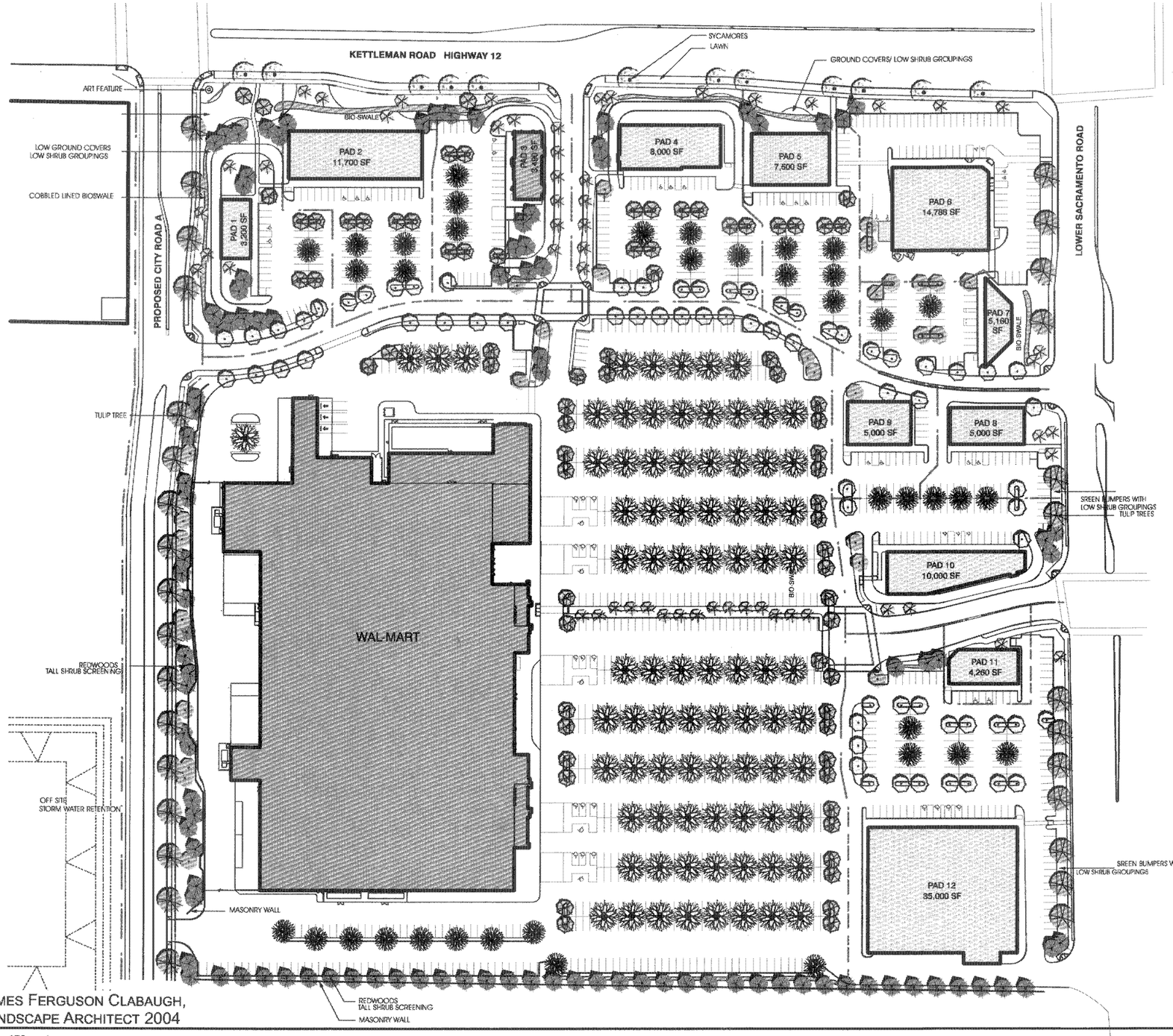
W:\LODI\GRAPHICS & FIGURES\ BUILDING ELEVATIONS.CDR 5/25/04

SOURCE: WPIIDC, INC. 2004

NOTE: Size of the individual images are maximized for the layout; therefore, scale may vary between perspectives

FIGURE 7A
BUILDING ELEVATIONS

PMC
PACIFIC MUNICIPAL CONSULTANTS



SOURCE: JAMES FERGUSON CLABAUGH, LANDSCAPE ARCHITECT 2004

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SUGGESTED PLANT LIST

TREES:	COUNT
SEQUOIA SEMPERVIRENS 'SOQUEL' COAST REDWOOD	104
LIRIODENDRON TULIPIFERA TULIP TREE	31
PYRUS CALLERYANA 'ARISTOCRAT' FLOWERING PEAR TREE	69
CELTIS OCCIDENTALIS HACKBERRY	84
LAGERSTROEMIA 'TUSCARORA' CRAPE MYRTLE	56
FRAXINUS 'RAYWOOD' RAYWOOD ASH	38
PLATANUS RACEMOSA 'BLOODGOOD' SYCAMORE	13
MALUS 'PRAIRIEFIRE' CRABAPPLE	74
PODOCARPUS GRACILIOR FERN PINE	28
ALL 15 GALLON SIZE TOTAL COUNT:	497

SHRUBS AND ACCENTS:

PITTOSPORUM TOBIRA 'VARIGATA'
VARIGATED TOBIRA

LIGUSTRUM JAPONICUM 'TEXANUM'
JAPANESE PRIVET

RHAPHIOLEPIS 'JACK EVANS'
PINK INDIA HAWTHORNE

RHAPHIOLEPIS 'CLARA'
WHITE INDIA HAWTHORNE

PLUMBAGO AURICULATA
CAPE PLUMBAGO

PRUNUS CAROLINIANA 'COMPACTA'
DWARF CAROLINA LAUREL CHERRY

ESCALLONIA 'TERRI'
DWARF ESCALLONIA

BUXUS JAPONICA 'GREEN BEAUTY'
JAPANESE BOXWOOD

PHOTINIA FRASERI
RED PHOTINIA

PHORMIUM TENAX 'RUBRUM'
RED FLAX

DIETES BICOLOR
YELLOW BUTTERFLY IRIS

PHORMIUM TENAX 'PINK STRIPE'
PINK STRIPE FLAX FLAX

AGAPANTHUS AFRICANUS 'WHITE'
LILY OF THE NILE

HEMEROCALLIS 'YELLOW EVERGREEN'
DAYLILY

GROUND COVERS:

COPROSMA KIRKII
PROSTRATE COPROSMA

TRACHELOSPERMUM JASMINOIDES
STAR JASMINE

GAZANIA 'MITSUWA YELLOW'
YELLOW GAZANIA

LANTANA PURPLE'
YELLOW LANTANA

SOD LAWN

ALL PLANTERS SHALL BE PLANTED WITH GROUND COVERS AND / OR SHRUBBERY GROUPINGS.

ALL PLANTERS ARE TO BE MULCHED WITH A 2" LAYER OF BARK MULCH.

THE IRRIGATION SYSTEM SHALL BE AN AUTOMATIC, UNDERGROUND TYPE USING LOW VOLUME, MULTI-OUTLET DRIP BUBBLERS WITH 1/4" TUBING TO EACH INDIVIDUAL PLANT AND POP-UP, LOW VOLUME SPRAY HEADS.

ALL LANDSCAPING SHALL BE IN COMPLIANCE WITH THE CITY OF LODI'S WATER USE LANDSCAPING GUIDELINES.

FIGURE 8
CONCEPTUAL LANDSCAPE PLAN

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SUMMARY OF IMPACTS AND MITIGATIONS

IMPACTS	MITIGATION
A. LAND USE AND PLANNING	
A1. Consistency with General Plan and Zoning Ordinance. The proposed retail shopping center is consistent with the governing designations of the City of Lodi General Plan and Zoning Ordinance. **(Less-than-Significant Impact)**	A1. No mitigation required.
A2. Land Use Compatibility. The project would constitute a substantial change in land use on the site; however, it would not result in significant conflicts or incompatibility with adjacent or nearby land uses. **(Less-than-Significant Impact**	A2. No mitigation required.
A3. Potential for ~~Blight~~ Urban Decay Due to Socioeconomic Impacts. The project would include new retailers who would compete with existing retailers in the City of Lodi; however, there is insufficient evidence to suggest that this increased competition would result in any business closures, and consequently would not indirectly result in substantial physical deterioration of properties, or ~~blight~~ urban decay. **(Less-than-Significant Impact)**	A3. No mitigation required.
A4. Potential for Urban Decay Due to Cumulative Economic Effects of Competing Retail Projects. With the addition of the substantial additional retail floor area currently proposed for the pending Reynolds Ranch project, there is a likelihood existing retail centers in Lodi would be subject to reduction in sales. Consequently, it is possible, but not reasonably foreseeable, that one or more business closures could result, and that the affected properties could be subject to long-term vacancies under cumulative conditions, but not total neglect or abandonment. Moreover, aggressive enforcement action by the City of Lodi under existing municipal code and state law provisions relating to nuisance abatement is expected to prevent conditions which would result in substantial physical deterioration of potentially affected properties. Therefore, no urban decay is expected to occur under cumulative conditions. **(Less-than-Significant Cumulative Impact)**	A4. No mitigation required.

IMPACTS	MITIGATION
B. AGRICULTURAL RESOURCES	
B1. Agricultural Land Conversion. The project would convert approximately 40 acres of prime agricultural land to urban uses. ~~As stated in the City's General Plan,~~ While the severity of this impact can be reduced somewhat, no mitigation is available which would reduce this impact to a less-than-significant level except an outright prohibition of all development on prime agricultural lands. **(Significant and Unavoidable Impact)**	B1. ~~There are no feasible mitigation measures available to reduce the impact of agricultural land conversion a less-than-significant level.~~ The applicant shall obtain permanent Agricultural Conservation Easement(s) over 40 acres of prime farmland within 15 miles of the project site. The agricultural conservation easement(s) may involve one or more parcels of land within an aggregate land area of at least 40 acres, and shall be in current agricultural use or will as a result of the conservation easement transaction be put into agricultural production. These easements shall be located in San Joaquin County (excluding the Delta Primary Zone as currently defined by State law) and shall be in current agricultural use. The lands subject to the easement(s) shall be placed under permanent restrictions on land use to ensure its continued agricultural production capacity by limiting non-farm development and other uses that are inconsistent with commercial agriculture. The easements shall be held by the City or a qualified entity (i.e., land trust) approved by the City. If the easements are located in an area desired by the City (i.e., a designated greenbelt area) the City may include an incentive such as counting each acre of mitigation as two acres. **(Significant and Unavoidable Impact)**
B2. Agricultural-Urban Land Use Conflicts. Development of the project site could create minor land use conflicts with nearby agricultural operations. **(Less-than-Significant Impact)**	B2. No mitigation required.

IMPACTS	MITIGATION
C. GEOLOGY AND SOILS	
C1. Seismic Ground Shaking. Strong ground shaking occurring on the site during a major earthquake event could cause severe damage to project buildings and structures. **(Significant Impact)**	C1. Structural damage to buildings resulting from ground shaking shall be minimized by following the requirements of the Uniform Building Code, and implementing the recommendations of the project geotechnical engineer. **(Less-than-Significant Impact with Mitigation)**
C2. Seismic Settlement. There is a potential for seismically-induced ground settlements at the site, which could result in damage to project foundations and structures. **(Significant Impact)**	C2. If subsequent geotechnical studies indicate unacceptable levels of potential seismic settlement, available measures to reduce the effects of such settlements would include replacement of near-surface soils with engineered fill, or supporting structures on quasi-rigid foundations, as recommended by the project geotechnical engineer. **(Less-than-Significant with Mitigation)**
C3. Stormwater Basin Bank Instability. There is a potential for bank instability along the banks of the proposed basin. **(Significant Impact)**	C3. Design-level geotechnical studies shall investigate the potential of bank instability at the proposed basin and recommend appropriate setbacks, if warranted. **(Less-than-Significant Impact with Mitigation)**
C4. Soil Consolidation and Collapse. Soils present on the site are subject to moisture-induced collapse, which could result in damage to structures. **(Significant Impact)**	C4. The effects of soil consolidation and collapse can be mitigated by placing shallow spread foundations on a uniform thickness of engineered fill; specific measures shall be specified by an engineering geologist as appropriate in response to localize conditions. **(Less-than-Significant Impact with Mitigation)**
C5. Expansive Soils. There is a low potential for soils expansion at the site, which could result in differential subgrade movements and cracking of foundations. **(Significant Impact)**	C5. The potential damage from soils expansion would be reduced by placement of non-expansive engineered fill below foundation slabs, or other measure as recommended by the geotechnical engineer. **(Less-than-Significant Impact with Mitigation)**
C6. Soil Corrosivity. The corrosion potential of the on-site soils could result in damage to buried utilities and foundation systems. **(Significant Impact)**	C6. The potential damage from soil corrosivity can be mitigated by using corrosion-resistant materials for buried utilities and systems; specific measures shall be specified by an engineering geologist as appropriate in response to localized conditions. **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
D. HYDROLOGY AND WATER QUALITY	
D1. Increased Stormwater Runoff. The project would result in a substantial increase in stormwater runoff generated at the site compared to existing conditions; however, the planned on-site stormwater basin and regulated discharges to the City of Lodi storm drain system and the Woodbridge Irrigation District Canal would avoid downstream flooding and drainage impacts. **(Less-than-Significant Impact)**	D1. No mitigation required.
D2. Flooding. During the 100-year storm event, the project site may be subject to shallow flooding to depths of less than one foot; however, all finished floors will be on raised pads at least one foot above existing ground elevations to prevent flooding of retail buildings. **(Less-than-Significant Impact)**	D2. No mitigation required.
D3. Erosion and Sedimentation. During grading and construction, erosion of exposed soils and pollutants from equipment may result in water quality impacts to downstream water bodies. **(Significant Impact)**	D3. A comprehensive erosion control and water pollution prevention program shall be implemented during grading and construction. (See EIR text for details.) **(Less-than-Significant Impact with Mitigation)**
D4. Urban Nonpoint Source Pollution. The project would generate urban nonpoint contaminants which may be carried in stormwater runoff from paved surfaces to downstream water bodies. **(Significant Impact)**	D4. The project shall include stormwater controls to reduce nonpoint pollutant loads. (See EIR text for details.) **(Less-than-Significant Impact with Mitigation)**
E. BIOLOGICAL RESOURCES	
E1. Loss of Habitat for Wildlife Species. The project would result in the loss of approximately 40 acres of ruderal habitat. **(Less-than-Significant Impact)**	E1. No mitigation required.
E2. Interference with Movement of Native Wildlife. Development projects can interfere with the movement of wildlife through an area; however, the project site does not function as an animal movement corridor, and site development would not act as a substantial barrier to animal movement through the area. **(Less-than-Significant Impact)**	E2. No mitigation required.

IMPACTS	MITIGATION
E. BIOLOGICAL RESOURCES (CONT'D)	
E3. Loss of Habitat for Special Status Animals. The project would result in the loss of approximately 40 acres of foraging habitat for three protected bird species, and could result in the loss of breeding habitat for two protected bird species. **(Significant Impact)**	E3. ~~No mitigation required.~~ In accordance with the SJMSCP and City of Lodi requirements, the project proponent will pay the applicable in-lieu mitigation fees to compensate for loss of open space and habitat resulting from development of the project site, and will ensure the completion of preconstruction surveys for Swainson's hawks, burrowing owls, and California horned larks, as well as the implementation of specified measures if any of these species are found on the site. **(Less-than-Significant Impact with Mitigation)**
E4. Disturbance to Burrowing Owls and Raptors. The project could adversely affect any burrowing owls that may occupy the site prior to construction, and could also adversely affect any tree-nesting raptors that may establish nests in trees along the project boundaries prior to construction. **(Significant Impact)**	E4. The following measures shall be implemented to ensure that raptors (hawks and owls) are not disturbed during the breeding season: • If ground disturbance is to occur during the breeding season (Feb. 1 to Aug. 31), a qualified ornithologist shall conduct a pre-construction survey for nesting raptors (including both tree- and ground-nesting raptors) on site within 30 days of the onset of ground disturbance. These surveys will be based on the accepted protocols (e.g., as for the burrowing owl) for the target species. If a nesting raptor is detected, then the ornithologist will, in consultation with CDFG, determine an appropriate ground disturbance-free zone (usually a minimum of 250 feet) around the tree that contains the nest or the burrow in which the owl is nesting. The actual size of the buffer would depend on species, topography, and type of construction activity that would occur in the vicinity of the nest. The setback area must be temporarily fenced, and construction equipment and workers shall not enter the enclosed setback area until the conclusion of the breeding season. Once the raptor abandons its nest and all young have fledged, construction can begin within the boundaries of the buffer. • If ground disturbance is to occur during the non-breeding season (September 1 to January 31), a qualified ornithologist will conduct pre-construction surveys for burrowing owls only. (Pre-construction surveys during the non-breeding season are not necessary for tree nesting raptors since these species would be expected to abandon their nests voluntarily during construction.) (Continued on next page.)

IMPACTS	MITIGATION

E. BIOLOGICAL RESOURCES (CONT'D)

E4. (Continued from preceding page.)
~~If ground disturbance is to occur during the non-breeding season (September 1 to January 31), a qualified ornithologist will conduct pre-construction surveys for burrowing owls only. (Pre-construction surveys during the non-breeding season are not necessary for tree nesting raptors since these species would be expected to abandon their nests voluntarily during construction.)~~ If burrowing owls are detected during the non-breeding season, they can be passively relocated by placing one-way doors in the burrows and leaving them in place for a minimum of three days. Once it has been determined that owls have vacated the site, the burrows can be collapsed and ground disturbance can proceed.
(Less-than-Significant Impact with Mitigation)

F. CULTURAL RESOURCES

F1. Disturbance to Buried Cultural Resources. It is possible that previously undiscovered cultural materials may be buried on the site which could be adversely affected by grading and construction for the project. **(Significant Impact)**

F1. Implementation of the following measures will mitigate any potential impacts to cultural resources.

- In the event that prehistoric or historic archaeological materials are exposed or discovered during site clearing, grading or subsurface construction, work within a 25-foot radius of the find shall be halted and a qualified professional archaeologist contacted for further review and recommendations. Potential recommendations could include evaluation, collection, recordation, and analysis of any significant cultural materials followed by a professional report.

(Continued on next page.)

IMPACTS	MITIGATION

F. CULTURAL RESOURCES (CONT'D)

F1. (Continued from preceding page.)

- In the event that fossils are exposed during site clearing, grading or subsurface construction, work within a 25-foot radius of the find shall be halted and a qualified professional paleontologist contacted for further review and recommendations. Potential recommendations could include evaluation, collection, recordation, and analysis of any significant paleontological materials followed by a professional report.

- If human remains are discovered, the San Joaquin County Coroner shall be notified. The Coroner would determine whether or not the remains are Native American. If the Coroner determines that the remains are not subject to his authority, he will notify the Native American Heritage Commission, who would identify a most likely descendant to make recommendations to the land owner for dealing with the human remains and any associated grave goods, as provided in Public Resources Code Section 5097.98. **(Less-than-Significant Impact with Mitigation)**

G. AESTHETICS

G1. Visual Change Resulting From Project. The project would result in a substantial change in the visual character of the site; however, this would not represent a significant adverse visual impact. **(Less-than-Significant Impact)**	G1. No mitigation required.
G2. Lighting and Glare. Lighting for the project buildings, parking lot, and loading areas could produce light and glare at off-site locations; however, this would be avoided by implementation of the City's lighting requirements. **(Less-than-Significant Impact)**	G2. No mitigation required.

IMPACTS	MITIGATION
H. TRAFFIC AND CIRCULATION	
H1. Future Plus Project Signalized Intersection Operations (Access Alternative A and Access Alternative B). With the addition of project-generated traffic, study intersection Level of Service would remain unchanged from Future No Project conditions. There would be minor increases in average vehicle delays, ranging from 1 to 9 seconds at certain study intersections, which is not considered a significant and adverse change. **(Less-than-Significant Impact)**	H1. No mitigation required.
H2. Future Plus Project Unsignalized Intersection Operations (Access Alternative A and Access Alternative B). The addition of project-generated traffic would exacerbate LOS F operations at the intersection of Lower Sacramento Road / Harney Lane during both a.m. and p.m. peak hour conditions. **(Significant Impact)**	H2. The project shall contribute its fair share cost to the installation of a traffic signal at Lower Sacramento Road and Harney Lane. **(Less-than-Significant Impact with Mitigation)**
H3. Cumulative Plus Project Signalized Intersection Operations (Access Alternative A and Access Alternative B). With the addition of project-generated traffic, all seven signalized study intersections would continue to operate at acceptable Level of Service Conditions. There would be minor increases in average vehicle delays, ranging from 2 to 9 seconds at certain study intersections, which is not considered a significant and adverse change. **(Less-than-Significant Impact)**	H3. No mitigation required.
H4. Cumulative Plus Project Access Conditions at the Signalized Access Drive Proposed Along the Lower Sacramento Road frontage. During the p.m. peak hour, the eastbound left-turn queue length of 250 feet (average queue) to 375 feet (95 Percentile queue) of exiting vehicles would extend west to the internal intersection located south of Pad 10 (applies to both Access Alternative A and B). **(Significant Impact)**	H4. Modify the project site plan to provide dual eastbound left-turn movements out of the project site onto northbound Lower Sacramento Road, consisting of a 150-foot left-turn pocket and a full travel lane back to the internal project site intersection. In the eastbound direction, a left-turn pocket and a full travel lane back to the signalized intersection will provide adequate capacity for inbound traffic. In addition, STOP signs shall be installed on all approaches except the westbound to provide continuous traffic flow into the project site and eliminate the potential for backups onto Lower Sacramento Road. On the Food 4 Less approach, a 100-foot left-turn pocket will be provided at the signalized intersection. **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
H. TRAFFIC AND CIRCULATION (CONT'D)	
H5. Cumulative Plus Project Access Conditions at Northern Unsignalized Access Drive Along Lower Sacramento Road. The addition of a northbound left-turn lane under Access Alternative B would result in Level of Service F conditions at this unsignalized intersection. (This condition does not occur under Access Alternative A where no northbound left-turn movement would occur.) In addition, a non-standard 60-foot back-to-back taper is provided between the northbound left-turn lane (Alternative B) at the northern unsignalized access drive and the southbound left-turn lane at the signalized project entrance. **(Significant Impact)**	H5. The following mitigation measures shall be implemented: A) Extend a third southbound travel lane on Lower Sacramento Road from its current planned terminus at the signalized project driveway to the southern boundary of the project site; B) Construct a 100-foot southbound right-turn lane at the signalized project driveway; C) Extend the southbound left-turn pocket by 100 feet; D) Extend the taper from 60 feet to a City standard 120-foot taper; E) Eliminate the northbound left-turn lane into the northern project driveway (under Alternative B). **(Less-than-Significant Impact with Mitigation)**
H6. Inadequate Left-turn Lane Taper on Westgate Drive. On Westgate Drive, a non-City standard 64 foot back-to-back taper is proposed between the northbound left-turn lane at W. Kettleman Lane and the southbound left-turn lane at the northern project driveway. **(Significant Impact)**	H6. The project site plan shall be modified to move the north project driveway on Westgate Drive south by 25 feet in order to accommodate the required 90-foot taper length. **(Less-than-Significant Impact with Mitigation)**
H7. Inadequate Left-turn Lane Taper on Lower Sacramento Road. On Lower Sacramento Road, a non-City standard 70 foot back-to-back taper is proposed between the dual northbound left-turn lanes at W. Kettleman Lane and the southbound left-turn lane at the middle Food 4 Less Driveway. **(Significant Impact)**	H7. The project site plan shall be modified to eliminate the southbound left-turn lane into the middle Food 4 Less Driveway. **(Less-than-Significant Impact with Mitigation)**
H8. Public Transit Service. Development of the project would create a demand for increased public transit service above that which is currently provided or planned. **(Significant Impact)**	H8. The project applicant shall work with and provide fair share funding to the City of Lodi Grapeline Service and the San Joaquin Regional Transit District to expand transit service to the project. **(Less-than-Significant Impact with Mitigation)**
H9. Public Transit Stop. Development of the project would create an unmet demand for public transit service which would not be met by the single transit stop proposed for the northwest portion of the project. **(Significant Impact)**	H9. Modify the project site plan to: 1) provide a bus bay and passenger shelter at the proposed transit stop; and 2) include a second transit stop in the eastern portion of the project near Lower Sacramento Road. **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
H. TRAFFIC AND CIRCULATION (CONT'D)	
H10. Bicycle Facilities. Development of the project would create a demand for bicycle facilities along West Kettleman Lane, Lower Sacramento Road, and Westgate Drive. **(Less-than-Significant Impact)**	H10. No mitigation required.
H11. Pedestrian Facilities. Development of the project would create an unmet demand for pedestrian facilities along West Kettleman Lane, Lower Sacramento Road and Westgate Drive, and internally between the different areas of the project site. **(Significant Impact)**	H11. Pedestrian walkways and crosswalks shall be provided to serve Pads 8, 9, and 12 in order to complete the internal pedestrian circulation system. **(Less-than-Significant Impact with Mitigation).**
H12. Parking. Development of the project would create a demand for off-street parking spaces; however, the number of on-site parking stalls proposed for the project would meet the City's parking requirements for the planned uses. **(Less-than-Significant Impact)**	H12. No mitigation required.
H13. Truck Access and Circulation. Development of the project would create a demand for on-site truck circulation and site access from W. Kettleman Lane, Lower Sacramento Road, and Westgate Drive; however, the project site plan indicates that adequate lane widths would be provided within the project site and that adequate curb radii are planned at the project driveway entrances and within the project for all types of trucks. **(Less-than-Significant Impact)**	H13. No mitigation required.
I. NOISE	
I1. Existing Off-Site Noise Sources. The project noise environment would be affected by existing off-site noise sources. **(Less-than-Significant Impact)**	I1. No mitigation required.
I2. Project Traffic Noise. Traffic generated by the project would increase noise levels at the residential properties in the vicinity. **(Less-than-Significant Impact)**	I2. No mitigation required.

IMPACTS	MITIGATION
I. NOISE (CONT'D)	
I3. Noise from Project Activity. Noise generated by activity associated with the project would elevate off-site noise levels at existing and future residences in the vicinity. **(Significant Impact)**	I3. The following noise mitigation measures are identified as appropriate for the various types of project activities, to reduce project noise at both existing and planned future adjacent development: Parking Lot Activity. No mitigation is required for existing dwellings or for planned future residential development in the vicinity. Delivery Truck Movements. No mitigation is required for existing dwellings or for planned future residential development in the vicinity. Loading Dock/Material Movement Activity. No mitigation is required for existing dwellings or for planned future residential development in the vicinity. Trash Compactors. No mitigation is required for existing dwellings in the vicinity or for planned future residential development in the vicinity. Rooftop Mechanical Equipment. To ensure that the potential noise impact of mechanical equipment is reduced to less-than-significant levels, the applicant shall submit engineering and acoustical specifications for project mechanical equipment, for review prior to issuance of building permits for each retail building, demonstrating that the equipment design (types, location, enclosure specifications), combined with any parapets and/or screen walls, will not result in noise levels exceeding 45 dBA (Leq-hour) for any residential yards. Automotive Service Bays. No mitigation is required for existing dwellings in the vicinity or for planned future residential development in the vicinity. Parking Lot Cleaning. To assure compliance with the City of Lodi Noise Regulations regarding occasional excessive noise, leaf blowing in the southeast corner of the project site shall be limited to operating during the hours of 7:00 a.m. to 10:00 p.m. **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
J. NOISE (CONT'D)	
I4. Noise from Stormwater Basin Pump. Occasional pumping of water from the stormwater basin would generate noise at the planned future residential areas to the south and west of the basin. **(Significant Impact)**	I4. The following measures shall be implemented to mitigate potential noise generated by the stormwater basin pump: 1) The pump shall be located as far as is feasible from the nearest future planned residential development. In addition, the noise levels generated by pump shall be specified to produce noise levels no greater than 45 dBA L_{eq} at the nearest residential property lines. The pump facility shall be designed so that noise levels do not exceed 45 dBA at the nearest residential property lines. The pump may need to be enclosed to meet this noise level. Plans and specifications for the pump facility shall be included in the Improvement Plans for the project and reviewed for compliance with this noise criterion. 2) In order to avoid creating a noise nuisance during nighttime hours, pump operations shall be restricted to the hours of 7 a.m. to 10 p.m., except under emergency conditions (e.g., when the basin needs to be emptied immediately to accommodate flows from another imminent storm) **(Less-than-Significant Impact with Mitigation)**
I5. Construction Noise. Noise levels would be temporarily elevated during grading and construction. **(Significant Impact)**	I5. Short-term noise impacts shall be reduced through implementation of the following measures: limiting the hours of construction; proper muffling and maintenance of equipment; prohibition of unnecessary idling; noise shielding of stationary equipment and location of such equipment away from sensitive receptors; selection of quiet equipment; notification to neighbors of construction schedule, and designation of a 'noise disturbance coordinator' to respond to noise complaints. (See EIR text for details.) **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
J. AIR QUALITY	
J1. Construction Emissions. Construction and grading for the project would generate dust and exhaust emissions that could adversely affect local and regional air quality. **(Significant Impact)**	J1. Dust control measures shall be implemented to reduce PM_{10} emissions during grading and construction, as required by the City of Lodi and the San Joaquin Valley Unified Air Pollution Control District. (See EIR text for details.) **(Less-than-Significant Impact with Mitigation)**
J2. Carbon Monoxide Emissions. Traffic generated by the project would increase carbon monoxide emissions at local roadways and intersections; however, the resulting carbon monoxide concentrations would not exceed applicable thresholds. **(Less-than-Significant Impact)**	J2. No mitigation required.
J3. Regional Air Quality. Emissions from project-generated traffic would result in air pollutant emissions affecting the entire air basin. **(Significant and Unavoidable Impact)**	J3. Project design measures should be implemented to reduce project area source emissions, and a Transportation Demand Management (TDM) plan should be implemented to reduce project traffic and resulting air emissions; however, these measures would not reduce the impact to a less-than-significant level. **(Significant and Unavoidable Impact)**
J4. Diesel Exhaust. The project diesel delivery trucks could result in the emission of Toxic Air Contaminants (TACs). **(Less than Significant Impact)**	J4. No mitigation required.
J5. Emissions from Automotive Products. A number of products used in automobile maintenance and repair operations are considered hazardous materials, but none are classified as Toxic Air Contaminants (TACs); therefore, the project will not pose a health and safety threat from TACs. **(Less-than-Significant Impact)**	J5. No mitigation required.
J6. Restaurant Odors. The restaurant uses in the project could release cooking exhausts which could result in noticeable odors beyond project boundaries. **(Significant Impact)**	J6. All restaurant uses within the project shall locate kitchen exhaust vents in accordance with accepted engineering practice and shall install exhaust filtration systems or other accepted methods of odor reduction. **(Less-than-Significant Impact with Mitigation)**

IMPACTS	MITIGATION
K. HAZARDOUS MATERIALS	
K1. Existing Contaminant Sources. The PCBs in the existing transformers pose a potential health hazard; however, the transformers would be removed from the site, during the normal course of site development. The agricultural wells on the site could act as conduits for groundwater contamination; however, these wells would be properly destroyed prior to site development. **(Less-than-Significant Impact)**	K1. No mitigation required.
K2. Hazardous Automotive Products. The petroleum-based products, cleaning solvents, car batteries, and other materials routinely used in conjunction with Wal-Mart's automotive service shop could pose a potential health and safety hazard; however, these materials would be handled and stored in accordance with existing state law requirements to minimize such potential impacts. **(Less-than-Significant Impact)**	K2. No mitigation required.
K3. Sale of Household Hazardous Products. Household cleaners, fertilizers, pesticides, oil, automobile products, and other household hazardous materials would be sold by Wal-Mart and other retailers in the project. These products would be safely packaged to prevent harm to employees and consumers, and would be handled, stored, and transported in accordance with applicable federal, state, and local regulations. **(Less-than-Significant Impact)**	K3. No mitigation required.
L. UTILITIES AND SERVICE SYSTEMS	
L1. Domestic Water Supply. The project would result in increased demand for domestic water service; however, existing water resources and infrastructure are adequate to serve the project. **(Less-than-Significant Impact)**	L1. No mitigation required.
L2. Wastewater Collection and Treatment. The project would increase the demand for wastewater collection, treatment and disposal facilities serving the site; however, there is sufficient capacity in the City's wastewater collection and treatment system to serve the project without expansion of existing infrastructure. **(Less-than-Significant Impact)**	L2. No mitigation required.

IMPACTS	MITIGATION
M. PUBLIC SERVICES	
M1. Fire, Police, and Solid Waste. The project would increase the need for fire and police protection services, as well as the demand for solid waste collection and disposal service; however, these increased demands would not degrade service levels or result in the need for new or altered facilities. **(Less-than-Significant Impact)**	M1. No mitigation required.
N. ENERGY	
N1. Energy Consumption. The project would increase energy consumption in the construction and operational phases of the project. However, energy conservation measures incorporated into the design, construction and operation of the project would avoid wasteful, inefficient or unnecessary consumption of energy. **(Less-than-Significant Impact)**	N1. No mitigation required.
N2. Impact on Energy Supplies and Infrastructure. The increased demand for energy resulting from the project would not be substantial enough to require new or expanded sources of supply or the construction of new or expanded energy delivery systems or infrastructure capacity. **(Less-than-Significant Impact)**	N2. No mitigation required.

CUMULATIVE IMPACTS

When combined with other identified approved, pending, and probable future development, the project would contribute to the following cumulatively considerable impacts:

- Conversion of prime agricultural land to urban uses.
- Traffic-generated emissions of regional air pollutants, specifically ozone precursors such as Reactive Organic Gases (ROG) and Nitrogen Oxides (NO_x), as well as Particulate Matter (PM_{10}).

SIGNIFICANT UNAVOIDABLE IMPACTS

The following significant impacts resulting from the project cannot be avoided or reduced to less-than-significant levels by feasible mitigation measures. Therefore, they represent significant unavoidable impacts of the project.

- Significant impacts to agricultural resources;
- Significant impacts to regional air quality;
- Significant cumulative impacts to agricultural resources; and
- Significant cumulative impacts to regional air quality.

ALTERNATIVES TO THE PROPOSED PROJECT

Chapter IV of this EIR presents the following discussions in the evaluation of project alternatives: the factors applied in selecting alternatives for detailed analysis; identification of the alternatives considered for evaluation and discussion of the rationale for including or not including them in the detailed alternatives analysis; description and evaluation of the environmental impacts associated with the selected project alternatives, including discussion of the ability of each alternative to meet the project objectives. The following alternatives were selected for full analysis in the EIR:

- No Project Alternative ~~(no build scenario)~~;
- Reduced Project Size Alternative ~~(i.e., Wal-Mart only on a 24-acre site)~~;
- Alternative Project Location. ~~(northeast quadrant of Highway 12 and Thornton Road in San Joaquin County).~~

Based on the alternatives analysis, it was determined that the Reduced Project Size alternative was the slightly superior alternative although it would not avoid or reduce the significant and unavoidable agricultural and air quality impacts of the proposed project to less-than-significant levels.

GROWTH-INDUCING IMPACTS

The proposed Lodi Shopping Center would have a less-than-significant growth-inducing effect by way of producing a minor economic stimulus locally. This would occur through direct employment, as well as indirect growth through demand for local goods and services. This could in turn contribute to incremental secondary effects such as increased hiring by suppliers. To the extent that the new employees are drawn from outside the local area, there could be a minor increase in local housing demand. The shopping center project would also generate significant sales tax revenue for the City, enabling expenditures on capital improvement projects that would also stimulate secondary economic activity. During the construction phase, temporary jobs would be created and others supported in the purchase of materials.

As discussed in Section *VI. Growth-Inducing Effects of the Proposed Project*, the project would not result in significant growth inducement by way of setting a precedent for further urban expansion, by creating excess infrastructure capacities, or by removing obstacles to further growth.

AREAS OF POTENTIAL CONTROVERSY

In response to the Notice of Preparation (NOP) issued on November 24, 2006 for this Revisions to the EIR document, ~~contained in Appendix A,~~ comment letters were received from only the California Department of Water Resources (DWR) ~~Transportation (Caltrans) and~~ the San Joaquin Valley ~~Unified~~ Air Pollution Control District (SJV~~U~~APD), the San Joaquin County Mosquito Abatement District, and the Law Offices of Donald B. Mooney. The NOP and the comment letters are contained ~~These letters, which are also included~~ in Appendix A. The agency letters primarily outline each agency's recommendations with respect to the EIR's content and methodologies to be employed in the analysis of subjects under their purview. However, none of the subjects raised in the agency letters involve issues that the Superior Court identified for reanalysis in this document and therefore do not involve subjects that are open for review. The letter from the Law Office of Donald B. Mooney discusses procedural legal issues which are not relevant to the substantive issues addressed in this document. ~~No particular concerns are raised in either letter with respect to environmental issues which could give rise to potential controversy.~~

MITIGATION MONITORING AND REPORTING PROGRAM

As required under Section 21081.6 of the Public Resources Code, a Mitigation Monitoring and Reporting Program (MMRP) will be prepared and adopted for the proposed project. The MMRP is intended to ensure that the mitigation measures identified in this EIR are carried out, and will be primarily implemented by the developer and confirmed through inspections and oversight by the responsible City departments. The MMRP will be adopted by the City of Lodi concurrently with the adoption of findings and prior to approval of the proposed project.

I. PROJECT DESCRIPTION

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C. PROJECT OBJECTIVES

State CEQA Guidelines Section 15124(b) indicates that an EIR should include:

> "A statement of objectives sought by the proposed project. A clearly written statement of objectives will help the lead agency develop a reasonable range of alternatives to evaluate in the EIR and will aid the decision makers in preparing findings of a statement of overriding considerations, if necessary. The statement of objectives should include the underlying purpose of the project."

The objectives of the proposed project, as stated by the applicant, are as follows:

- To expand the existing Wal-Mart to a Wal-Mart Supercenter with more retail space and the addition of grocery sales;

- To develop the proposed project site with a regional shopping center in conformance with the City of Lodi General Plan and zoning regulations;

- To provide a retail development which meets the current unmet demand of consumers residing within the City of Lodi and demand from planned future residential development in the City;

- To provide a commercial center that serves both the local and regional market area to attract customers and new retailers into the City of Lodi.

The objectives of the City of Lodi that would be served by the project include the following:

- To provide a commercial development that results in a net fiscal benefit to the City of Lodi by providing new sales tax revenue and increasing property tax revenues;

- To help reverse leakage of retail spending from Lodi to outlying retail centers;

- To provide a commercial center on a large, undeveloped lot in close proximity to an existing highway, ~~and near~~ other commercial centers, and existing and planned residential areas to minimize travel lengths and utilize existing infrastructure to the extent possible;

- ~~To provide a commercial center consisting of at least 30 net acres to provide sufficient development area to allow a mixture of uses in outlying parcels in addition to a major anchor tenant to create a destination commercial center which will attract various types of customers to the City.~~

- To provide a commercial development that can be adequately served by public services and utilities;

- To provide large scale retail activities that will add opportunities for and compliment existing smaller scale retail activities located throughout the City of Lodi; ~~and~~

- To provide commercial development that creates new jobs for City residents; and

- To provide commercial development which does not negatively affect Downtown and the past and ongoing investment in Downtown;

- ~~To complete the development of the "Fours Corners" area by providing a large scale retail center on the last remaining undeveloped site consistent with the goals and policies of the General Plan and zoning regulations.~~

II. ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

This chapter presents the environmental setting of the project for the various impact topics of concern, evaluates potential impacts associated with the development of the proposed project, and identifies feasible mitigation measures, as available, to avoid the impacts or to reduce their severity to less-than-significant levels.

A. LAND USE AND PLANNING

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Impact A3. **Potential for ~~Blight~~ Urban Decay Due to Socioeconomic Impacts. The project would include new retailers who would compete with existing retailers in the City of Lodi; however, there is insufficient evidence to suggest that this increased competition would result in any business closures, and consequently would not indirectly result in substantial physical deterioration of properties, or ~~blight~~ urban decay. (Less-than-Significant Impact)**

Background Discussion

Under CEQA, only direct and indirect physical effects of projects are to be considered. Section 15064(d) of the state CEQA Guidelines provides: 'In evaluating the significance of the environmental effect of a project, the lead agency shall consider direct physical changes in the environment which is caused by and immediately related to the project." Section 15064(d)(3) further states: "An indirect physical impact is to be considered only if that change is a reasonably foreseeable impact which may be caused by the project. A change which is speculative or unlikely to occur is not reasonably foreseeable." In addition, CEQA requires that a determination that a project may have a significant environmental effect must be based on substantial evidence (CEQA Guidelines §15064(f).

With respect to secondary socioeconomic effects of projects, Section 15131(a) of the CEQA Guidelines states: "Economic and social effects of a project shall not be treated as significant effects on the environment. An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes." In other words, economic and social changes are not, in themselves, considered under CEQA to be significant effects on the environment.

Since only physical effects are to be considered under CEQA, economic and social changes resulting from a project may be considered if they in turn produce changes in the physical environment. In this context, the specific physical effect that would be expected to occur as a result of a negative socioeconomic effect would be a physical deterioration of the built environment, or urban decay. ~~"blight." "Blight"~~

~~has a generally accepted meaning in California law. Under California Health and Safety Code Sections 33030 through 33032, a "blighted area" is characterized by certain conditions "causing a reduction of, or lack of, proper utilization of an area to such an extent that it constitutes a serious physical, social, or economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone." Among the conditions described for blight are buildings and structures "which are unfit or unsafe to occupy…and are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime" because of certain enumerated factors.~~

In light of the above, even if it could be shown that the project would likely result in the failure of an existing competing business or businesses, the resulting building vacancy alone would not necessarily result in urban decay. ~~not meet the above definition of blight~~. As such, a building vacancy alone would not meet the CEQA threshold of significance for a physical change to the environment. To cause a significant physical impact, other contributing factors would need to occur such as the failure of surrounding businesses, combined with little or no effort on the part of property owners to maintain or improve their properties to a condition suitable for leasing. To reach a condition recognized as a physical impact under CEQA would require total neglect or abandonment of these properties by their owners for an extended period such that substantial physical deterioration or urban decay ~~blight~~ would ensue. As stated above, such an indirect physical impact must be a reasonably foreseeable result of the project, requiring a showing of cause and effect, with the finding of such an impact supported by substantial evidence.

Although CEQA does not require analysis of economic impacts of the project, the following socioeconomic analysis is presented as supporting evidence for subsequent conclusions on whether the project would result in potentially significant adverse physical changes, or urban decay, due to economic effects on businesses in Lodi.

~~Socioeconomic Analysis~~

In order to determine the potential economic impact of the proposed project occupants upon existing competing businesses in Lodi, ~~two~~ an updated socioeconomic study was completed by Bay Area Economics (BAE) in October 2007. ~~studies where undertaken by Applied Development Economics (ADE). The first study was focused on the potential project impacts upon Lodi's downtown businesses, and the second study considered the impacts to competing businesses City-wide. Both studies are~~ The BAE study evaluated the potential effect of the project on Lodi's downtown businesses, and also analyzed the economic effects of the project upon businesses in various competing categories City-wide. The BAE study is ~~are~~ contained in Appendix B of this EIR, and is briefly summarized below.

Analysis of Economic Impacts/Urban Decay

~~In the analysis of the project's economic impacts on downtown business, ADE found that the overall effect on downtown businesses would be a one percent loss of annual sales to the Lodi Shopping Center. The study found that the effect would~~

~~be confined to a few retail categories and that most retailers would not be affected, primarily because most downtown businesses have already adjusted to competition from national discount retailers by finding and occupying a niche, establishing quality customer relations, and maintaining customer loyalty. It was found that the only categories which would lose business as a result of the project include pharmacies, sit-down restaurants, and fast-food restaurants. Downtown pharmacies would lose approximately 2 percent of their sales to the project. Existing sit-down restaurants in downtown would lose 4 percent of their business, and fast-food restaurants in the downtown area would experience a 2 percent drop in sales as a result of competition from similar outlets at the project. These percentages of lost sales are relatively low and would not be expected to result in any business closures~~.

Supermarkets

The BAE study estimated that the grocery sales component of the Wal-Mart Supercenter would result in an average decrease in sales of 16 percent at existing supermarkets in Lodi in 2008, with the average decline recovering to 13 percent by 2011. BAE concluded that the existing supermarkets at greatest risk of closure include the Safeway at Kettleman Lane and Lower Sacramento Road and the Albertson's on Lodi Avenue. The individual impacts to these two supermarkets is discussed in turn below.

The Lodi Safeway has been refurbished to reflect the company's new "Lifestyle" store concept, as part of a general corporate- repositioning its stores to a more upscale market niche. This strategy has been implemented in part to differentiate them from Supercenters as Wal-Mart expands throughout the country. Although the Lodi Safeway is reportedly underperforming company averages, it is possible that Safeway management has decided to temporarily accept sub-par performance at this store in anticipation of increased sales from newly developing residential areas a short distance to the west and southwest. Thus, although there is a possibility that the Safeway might close, it cannot be concluded that such an outcome is likely, and to make such a conclusion would be speculative.

The Lodi Albertsons shows marginal performance and could be at risk of closure from a relatively small loss of sales. However, this store was recently acquired by Save-Mart, along with other Albertsons stores in Northern California, and this store is likely to be re-branded in the next few months. As such, past sales patterns are not necessarily an indication of future trends for this supermarket. Furthermore, Save-Mart's purchase of this outlet indicates a probability of renewed investment by ownership that could increase market share. As a result, it cannot be concluded that this store is likely to face closure based on available data.

In summary, BAE study concluded that there is insufficient evidence to conclude that the new Supercenter proposed for the Lodi Shopping Center would likely result in the closure of any existing supermarkets in Lodi. To conclude otherwise would be speculative. As such, there is insufficient evidence to support the

conclusion that the project would result in or contribute to supermarket vacancies or in a downward spiral resulting in physical deterioration or urban decay.

General Merchandise Outlets

The opening of the Supercenter is expected to result in an average sales decrease of 46 percent at other general merchandise stores in Lodi in 2008, recovering somewhat to a decline of 36 percent in 2011. The resulting economic impacts are expected to largely occur at the two existing large general merchandise stores, the existing Target at West Kettleman Lane and Lower Sacramento Road, and the K-Mart on Cherokee Lane. The individual impacts to these two stores are discussed in turn below.

Although the Target store is much closer to the existing Wal-Mart and the proposed Supercenter, Target is currently competing successfully with the Wal-Mart, as it does across the country, by positioning itself as a more upscale outlet. It is likely that with the Supercenter expansion/relocation, Target may lose some sales, but will continue to survive with its strategy of differentiation. It is highly unlikely that this store would close as a result of competition from the Supercenter at the Lodi Shopping Center.

The Kmart store, however, is more directly competitive with Wal-Mart, and already shows poor performance vis-à-vis the other discount general merchandise stores in Lodi, and is in a smaller space which is functionally obsolete by new-store standards. As a result, this Kmart is at some risk of closure as a result of the Supercenter. It should be noted that these conclusions are based on the conservative assumption that the sales per square foot at the existing Wal-Mart store in Lodi will be at current high levels in the expanded store. It is possible that Wal-Mart may not be able to sustain this level of sales in a larger space, and sales at the other outlets could decline by a smaller amount, although the sales performance at the Kmart is currently extremely poor and any additional competition puts the store at risk of closure. However, Kmart's location across town from Wal-Mart and Target may help differentiate it in the market, with the store attracting shoppers not wanting to cross town to face congested conditions at West Kettleman and Lower Sacramento. In addition, the existing Kmart store is in a very low-rent long-term lease, so its overall expenses are relatively low. If this store does close, a large portion of its sales is likely to be captured by Wal-Mart and Target, lessening the impacts of the Wal-Mart expansion on the existing Target store. In the event Kmart does discontinue operation, the owners of the Cherokee Retail Center where it is located have stated that they could find other tenants for the space, perhaps by subdividing if necessary. Potential tenants mentioned include non-retail users such as a furniture rental center. Additionally, although three spaces within the Cherokee Retail Center are not currently occupied due to a previous fire, the owners of the center reported that all three tenants of these spaces intend to return. Additionally, although the Cherokee Lane retail strip is older and generally lacks modern design and amenities, there are very few vacancies along this corridor and the existing properties are well-maintained. The retail and service businesses generally appear to be thriving due in part to support from the ethnic population

concentrated on the east side of the city. This provides evidence of further support for potential retenanting of the Kmart space in the event the current occupant ceases its operations here. In light of the above, it can be concluded that there is a likelihood that the existing Kmart could close as a result of increased competition from Wal-Mart. However, the evidence presented above indicates that the Kmart space would neither remain vacant for a prolonged period of time nor enter a downward spiral resulting in physical deterioration of the space and urban decay. Conversely, there is insufficient evidence to support the conclusion that urban decay would likely result from the closure of Kmart, and to conclude otherwise would be speculative.

As discussed above, while it is possible that some retail establishments may incur reduced sales as a result of the Lodi Shopping Center, it is not reasonably foreseeable that the reduction of sales or even business closures of such stores will lead to long-term vacancies, coupled with the failure and neglect of surrounding businesses, leading to conditions causing urban decay.

Enforcement of Local Building Regulations

In addition to the above analysis indicating the unlikelihood of long-term vacancies occurring as a result of the project, the City of Lodi enforces various ordinances related to property maintenance which would further reduce the potential for urban decay. The City mainly relies on Section 15.03.030 of its Municipal Code which prohibits nuisance conditions arising due to lack of building maintenance. That Code section contains a comprehensive list of undesirable property conditions which are prohibited, including: buildings which are abandoned, boarded up, partially destroyed, or having the exterior paint mostly worn off; fences in a dilapidated, partially destroyed, or deteriorated condition; accumulations of dirt, litter or debris; accumulations of discarded refuse such as lumber, appliances, packing boxes, furniture, or abandoned vehicle parts or other personal property; diseased or dying trees, weeds or other vegetation constituting unsightly appearance; among other things. (Other Code sections specifically address abatement of dangerous buildings (Section 15.28.010 et seq.), weed and refuse abatement (Section 15.31.010 et seq.), and graffiti abatement (Section 9.28.010 et seq.) Any property found to be in violation of Section 15.03.030, described above, is considered to be a public nuisance and is subject to administrative procedures under Section 1.10.010 et seq. of the Municipal Code. Under the administrative procedures, owners of properties declared public nuisances are subject to up to three citations, with increasing fine amounts, which typically induces the owner to act, according to Lodi Community Improvement Manager Joseph Wood. However, if the owner is still unresponsive, or if the nuisance conditions warrant summary abatement either prior to or immediately after the initial Notice given to the property owner, the City is authorized under the Code to initiate abatement action by which the City would undertake the necessary maintenance and repairs, and take action to recover its costs. In addition, the City of Lodi is prepared to exercise its authority under the California Health and Safety Code (Section 17980-17992) which allows for placing a nuisance property in receivership, whereby the Superior Court appoints a third party contractor to maintain and upgrade the

property as required, with the cost assessed to the owner. In the event of non-payment, the City has the authority to place a lien on the property for the amount owed.

In March 2006, the Lodi City Council approved a Policy Statement for the Code Enforcement Program (Resolution No. 2006-39), which included direction to staff "to undertake focused enforcement efforts to identify code violations and obtain compliance" including "the abatement of nuisance and dangerous buildings." This constitutes emphatic direction to staff to take a more pro-active approach to ensuring proper maintenance of properties through code enforcement and nuisance abatement, with special focus on large residential and commercial facilities with the potential to adversely affect neighboring properties. The City Council also authorized increased staffing in the Community Development Department to implement this directive.

~~In the second economic study, ADE studied the effects of the project's likely occupants upon established businesses in the same retail categories City-wide. The categories that were studied included discount stores (e.g., K-Mart, Target), groceries/supermarkets (e.g., Safeway, Raley's, Albertson's, Food 4 Less, etc.), pharmacies/drugstores, other retailers (e.g., apparel, specialty retail, home furnishings, building materials), fast-food restaurants, sit-down restaurants, and non-retail uses such as personal services, business and professional services, and financial institutions.~~

~~In the aggregate, the study found that the project's retailers would take away approximately 8.5 percent of total sales from Lodi's established stores in the near term, which would represent approximately 55 percent of the new sales at the project. (The remaining 45 percent of new sales at the project would represent current spending leakages to non-Lodi businesses which would be captured by the project.) The percentage of sales lost would vary by retail category as follows: discount stores — 6 percent; grocery stores/supermarkets — 11 percent; pharmacies/drugstores — 12 percent; other retail — 5 percent; fast-food restaurants — 9 percent; sit-down restaurants — 20 percent; personal services, business and professional services, and financial institutions — 0 percent. Given the relatively low percentage of lost business for the affected retail categories, ADE concluded that the project is unlikely to result in the closure of established businesses in Lodi. With respect to the eight existing supermarkets in Lodi, it was further concluded by ADE that the lost sales would be temporary, and that future population and housing growth in Lodi should allow these established supermarkets to regain their lost sales.~~

Downtown Lodi

Potential impacts on Downtown Lodi are of particular concern to the City, as it has invested considerably in sustaining its Downtown in the face of competition from newer region-serving centers.

Downtown is arrayed primarily along three north-south streets: Church, School, and Sacramento Streets, between Lockeford Street to the north and Lodi Avenue

to the south. Downtown also extends across the Union Pacific tracks to include East Pine Street to Washington Street, and includes some more auto-oriented retail (such as Longs) on Lodi Avenue.

Overview of Downtown Business Activity

Downtown Lodi has a number and variety of retail offerings. As in many older downtown districts, the mix of establishments has evolved toward small specialty retail, restaurants, entertainment, and business and personal services. There are slightly more than 300 business establishments in the Downtown, approximately 140 of these being retailers. Eating and drinking places make up one-third of the retail outlets Downtown, with the catch-all 'other retail' being the second-largest category, comprising nearly one-fourth of all retail establishments. Other retail includes specialty retail, such as bookstores, jewelers, and sporting goods. Other key categories are home furnishings stores and apparel, at 15 percent and 13 percent, respectively, of all retail outlets in the Downtown. The largest single retail outlet in terms of physical size and sales is likely the Longs Drugs at the southern edge of Downtown.

The City of Lodi reports Downtown taxable sales of slightly more than $51.6 million for its most recent fiscal year. This is slightly lower than the previous year, but higher than earlier years. This reduction in sales has been in non-retail outlets; sales for the retail sector alone continue to increase. This indicates that Downtown Lodi has managed to maintain its sales levels in the face of competition from other retail centers such as the region-serving node at West Kettleman and Lower Sacramento. Downtown taxable sales account for six percent of the citywide total.

One sector of particular concern to the City because of potential overlaps with competition at the proposed Lodi Shopping Center is stores selling furniture and related items. Overall, the City reports $6.3 million in home furnishings store taxable sales Downtown in the most recent fiscal year. Approximately $4.4 million in sales are in seven key larger stores handling furniture. These stores make up some of the larger individual stores Downtown, and act as key "anchors" for the Downtown retail district.

Existing Physical Conditions in the Downtown

School Street is the heart of the downtown retail district, with small establishments of various uses spread along its length through the area, and with the movie theater complex acting as an anchor use at the northern end of the corridor. This street has few vacancies and appears to have made the transition to specialty retail, entertainment, and restaurants and bars typical of many old downtown districts in the process of revival.

However, while School Street is strongly tenanted, Sacramento Street has a number of older vacant or boarded-up buildings and vacant lots. Church Street has considerably less retail frontage, with a large number of parking lots along its length, especially on the east side to serve the primary retail strip along School

Street. The area to the east of the railroad tracks on Main Street and East Pine Street is also more run-down, with higher vacancies and less active retail.

Recently, City of Lodi staff completed a visual survey of Downtown properties to assess current physical conditions. The results of that survey are shown in Figure 6 of the BAE report in Appendix B. The survey shows that properties in the retail core on School Street are generally in good or excellent condition, but the northernmost block of School Street in the survey area shows several properties with serious physical or structural deficiencies. Church Street shows somewhat poorer conditions, with properties scattered among the numerous parking lots.

Sacramento Street shows greater physical problems, especially on the west side in the blocks between Oak and Elm across from the new multimodal center and parking structure. These blocks contain the vacant and boarded up buildings and empty lots mentioned above. While some of these buildings are of historic merit, they are extremely run down and in need of major improvements before they can be reused. On the east side of this block is the City parking structure, with vacant ground-floor retail space. City staff reports that due to a long-term inability to lease this space to a retail tenant, it has been made available for the planned World of Wonders Science Museum.

The Pine Street corridor and Main Street to the east of the railroad tracks also show a high proportion of physically deficient properties, including vacant and underutilized parcels and structures.

For the other east-west streets, as a general rule conditions are best in the blocks adjacent to School Street, with poorer physical conditions increasing as the distance from the core area of School Street increases.

In addition to the general condition of each property in the survey area, specific problems were noted for some of the properties. The prevalent problem noted related to ADA (Americans With Disabilities Act) compliance issues related to second floor spaces. This problem is greatest among the older and more historic structures on the block bounded by Sacramento, Pine, School and Elm. This is due to the high concentration of older multistory structures in this block; newer areas of downtown tend to have single-floor buildings or newer elevator buildings without similar access issues. It is noteworthy that even School Street, with its ground-floor retail successes, has a number of these older buildings, constraining the attraction of office users or residents to create more density and foot traffic in the core of downtown.

According to BAE report, much of the space on Sacramento is also vacant due to the need for seismic retrofitting of the older buildings. These vacancies then make it harder to rent spaces that are available but adjacent to boarded-up buildings, such as the new spaces in the parking structure that were ultimately given over for museum use due to lack of retail interest.

Downtown Revitalization Efforts by the City of Lodi

In recent years, the City of Lodi has engaged in extensive efforts to maintain and improve the Downtown Area. Overall the City has spent approximately $16 million in the last decade on various capital improvement programs in the downtown area, excluding normal capital maintenance. In 1995, the City established a revitalization assessment district to provide for streetscape improvements such as new sidewalks, street lighting, street trees, and other pedestrian amenities. The City's revitalization incentive program provided money for business recruitment and relocation, design and façade improvements, business development, discounts and waivers on City fees such as business licenses, building permits and site plan review, and utility payments.

These programs have helped the Downtown make the transition to a refocused market niche in the face of the development of major region-serving retail in Lodi, particularly at the Lower Sacramento/West Kettleman intersection. As noted above, retail sales in Downtown have been steady in the face of this competition over the last several years. However, Downtown still shows room for additional improvement. The success of the City's investments is reflected primarily along School Street, with improved and well-maintained structures and high occupancy. Other areas (for example the west side of Sacramento Street opposite the new parking structure and the transit center) show continuing signs of physical deterioration as noted above. The level of public investment needed to fund the necessary improvements to expand on the success on School Street is likely even more than what the City has provided through previous and existing programs so far, especially in the face of continued competition and expansion of other retail nodes in Lodi and beyond. However, due to an unanticipated fiscal crisis, City funds are no longer available for the revitalization incentive program. The City has initiated actions leading to the formation of a redevelopment agency, which will create a secure source of renewed funding for capital improvements in the downtown area. It is anticipated that the redevelopment agency will be formed sometime in 2008. In addition, the City has retained a consultant to assist in the development of guidelines and incentives for Transit Oriented Development (TOD), which will be specifically directed toward the reuse of buildings on the west side of Sacramento Street.

Impacts of Proposed Project on Downtown Lodi

In the analysis of the project's economic impacts on downtown business, BAE ~~ADE~~ found that the current rate of retail vacancy is less than five percent, which is far lower than in 2000. The change of focus from basic needs to specialty stores has put Downtown in a market niche distinct from Wal-Mart and other big-box retailers, and thus is less likely to be adversely affected by any future big-box retail expansion. Downtown's destination status is reinforced by the multiplex theater complex, and will be further strengthened by the planned World of Wonders Science Museum.

Downtown Lodi has no major supermarket, and the smaller food stores have achieved success in competing with major supermarkets by catering to a different or narrower market niche (e.g., health foods or ethnic foods) so it is not expected

that another supermarket-type store would significantly impact these existing smaller specialty food stores Downtown.

The large non-specialty Downtown business that could be adversely affected is the Longs Drugs on West Lodi Avenue. The potential impacts on this outlet are expected to be similar to impacts on Lodi drug stores in general. The BAE study estimates that sales at existing drug stores in Lodi are expected to decrease by an average of 13 percent upon the opening of Lodi Shopping Center in 2008, but are expected to recover to a smaller decline of 9 percent in 2011. These estimates would also apply to the Longs Drugs on West Lodi Avenue. This level of sales decline is not expected to result in the closure of the existing Longs store Downtown.

The impacts on the other, mostly specialty retail in Downtown are more difficult to gauge absent a fixed tenant mix for much of the project, but the project plans do include about 17,000 square feet of restaurant space in a mix of sit-down and fast food formats. It is estimated by BAE that the new restaurants at the project would result in a decline in Downtown restaurant sales of eight percent in 2008. For other retail in the Downtown, the decline in sales is estimated at approximately seven percent. Assuming no other major retail projects enter the pipeline, these sales declines would gradually diminish over time (i.e., retail sales would resume their growth trends) as Lodi's population continues to grow.

For the key furniture sector, Wal-Mart typically offers a very limited range of merchandise; the existing store already has some furniture offerings, and it is not clear that the Supercenter would devote an expanded amount of space to furnishings. Thus it is not possible to quantify a net reduction in sales due to the Supercenter replacing the existing Wal-Mart, although it is believed to be negligible. However, while the Wal-Mart itself may have negligible impacts on the furniture store cluster in Downtown Lodi, the potential exists for associated retail in the Lodi Shopping Center to compete more directly with the Downtown stores. These impacts would be some portion of the estimated seven percent decline in sales estimated for other retail.

It cannot be concluded that these limited levels of sales declines (i.e., 13 percent for Longs, eight percent for Downtown restaurants, and seven percent overall for Downtown retailers during the short-term) would to lead to the closure of the existing Longs store or any other particular business. Furthermore, Downtown Lodi's shift from an everyday shopping destination to a mix of small specialty stores, entertainment, and non-chain restaurants puts it in a market niche somewhat distinct from the kind of larger chain retailers likely to tenant the project.

However, by increasing the overall inventory of retail space in the Trade Area, the project might result in slowing of future Downtown revitalization and preclude the location of some types of retail outlets in the Downtown area, thus hindering the ability of Downtown to grow as a retail destination. For instance, the opening of a large chain bookstore in the Lodi Shopping Center would likely preclude the opening of a similar store Downtown. Absorption of retail demand

elsewhere within the project might delay rehabilitation and reuse of the dilapidated storefronts on Sacramento and elsewhere in Downtown.

In summary, Downtown Lodi has shifted its retail mix to specialty stores, entertainment, and restaurants which are less directly competitive with the proposed project. Consequently, Downtown Lodi is not predicted to face closures of existing stores as a result of the project. Therefore, the project is not expected to directly result in, or contribute to, the closure of existing stores in Downtown Lodi. As such, there is no potential that the project would result in or contribute to building vacancies or in a downward spiral resulting in physical deterioration. Therefore, the project would not have significant impact to Downtown Lodi in terms of urban decay.

While the proposed project is not predicted to cause store closures leading to urban decay, there could be some decline in sales over the next several years in Downtown, and the retail mix of the unspecified tenants in the project could preclude certain types of uses in the future, thus affecting the potential growth of retailing in Downtown.

The retail success of Downtown has been largely limited to School Street, and has been dependent in large part on City intervention for some of the larger key components, such as the theater complex and the parking structure. Overall, however, Downtown can best be characterized as still being in a "fragile" state, and the level of subsidy and intervention required to revitalize the Downtown beyond the School Street retail core will require a higher level of public financial assistance. In particular, some form of assistance will likely be needed for the upgrade of historic structures in order to attract second-floor office users and residents both on School Street itself and on Sacramento Street and other streets nearby. The continued presence of older decaying structures and marginal uses may also detract from the ongoing success of School Street itself as a retail, dining, and entertainment destination.

In conclusion, while the proposed project would not result in urban decay in the Downtown area, the introduction of the additional retail square footage at the Lodi Shopping Center could delay further Downtown growth and the reuse of currently vacant properties until retail demand increases through income and population growth to the point where more retail space can be supported.

Closure of Existing Wal-Mart Store

When the Wal-Mart Superstore at the proposed project is completed, the existing Wal-Mart store in the adjacent Sunwest Plaza will be closed. This will result in a building vacancy of about 120,000 square feet. The project applicant, who is also the owner of the Sunwest Plaza, will assume ownership of the vacant Wal-Mart space. Given that the other tenants of the plaza could be adversely affected by a prolonged vacancy, the applicant has a strong financial incentive to re-tenant the space. To that end, the applicant has an economic interest in maintaining the vacant space in good condition in order to attract a new occupant or occupants. In order to ensure that the existing Wal-Mart store would not be subject to prolonged

vacancy resulting in potential urban decay, the Lodi City Council imposed the following condition of approval ("Condition R") in it previous approval of the project in February 2005:

> Prior to the issuance of a building permit for the new Wal-Mart Supercenter, the applicant shall ensure one of the following with respect to the existing Wal-Mart building located at 2350 West Kettleman Lane ("Building"):
>
> a) The owner of the Building shall have entered into signed lease(s) with bona-fide tenant(s) for at least 50% of the Building square footage (not including the fenced, outdoor garden center). The signed lease(s) required hereunder shall include a lease(s) with a bona-fide retailer(s) or restaurant for a minimum of two-thirds of the Building frontage (not including the fenced, outdoor garden center); or
>
> b) The owner of the Building shall have entered into a fully executed purchase agreement for the Building with a bona-fide retailer; or
>
> c) The Applicant shall present to the City a cash escrow account, subject to the approval of the City Attorney, which account shall be for the purpose of securing applicant's obligation to demolish the Building not later than 90 days after the opening to the general public of the new Wal-Mart Supercenter (the "Opening Date"). The amount of the deposit shall be equal to the City estimated reasonable costs to demolish the Building (based on a licensed contractor estimate) plus $100,000. The escrow account shall be paid to City in the event that Option (a), (b) or (c) is not satisfied within 90 days of the Opening Date. If Option (a), (b) or (c) is satisfied within 90 days after the Opening Date, the cash in the escrow account shall be refunded in full to the Applicant. If the Applicant does not satisfy this condition under Option (a), (b) or (c) within 90 days after the Opening Date, the City shall use the funds to demolish the Building with any balance reverting to the City as compensation for its expense and inconvenience incurred to demolish the Building. The owner of the Building shall present evidence that any lender on the Building consents to the demolition in a form subject to the approval of the City Attorney. This condition shall be recorded against the property as a deed restriction, which runs with the land. Applicant and Wal-Mart agree to enter into any agreements that are necessary in order to implement this condition.

It is expected that the City Council would impose the same condition in its re-approval of the project. This would avoid the potential for prolonged vacancy and urban decay associated with the existing Wal-Mart store.

~~According to ADE, it is reasonable to assume that the applicant will succeed in attracting national brand name store tenant(s) based on his experience and proven track record. In this regard, the applicant has indicated to the City that there is strong interest in the property by several prospective tenants, and it is expected that a Letter of Intent will be signed imminently. In consideration of the above, it is unlikely that the closure of the existing Wal-Mart store would result in a prolonged~~

~~vacancy of that retail space, or that the owner would neglect or abandon the property to the extent that substantial physical deterioration or blight would occur. Therefore, there is no evidence to suggest that the closure of the existing Wal-Mart resulting from the project would cause a socioeconomic impact which would indirectly result in a significant physical or land use impact.~~

In summary, neither the loss of sales to established business resulting from the project, nor the closure of the existing Wal-Mart store as a result of the project, would cause socioeconomic effects which would in turn result in a significant indirect physical impact or urban decay.

Mitigation A3. No mitigation required.

The above analysis of project-specific impacts resulting from the proposed Lodi Shopping Center concluded that urban decay impacts were not likely to occur as a result of the opening of the project alone. Therefore, no urban decay mitigation measures are required for the Lodi Shopping Center project.

Impact A4. Potential for Urban Decay Due to Cumulative Economic Effects of Competing Retail Projects. With the addition of the substantial additional retail floor area currently proposed for the pending Reynolds Ranch project, there is a likelihood existing retail centers in Lodi would be subject to reduction in sales. Consequently, it is possible, but not reasonably foreseeable, that one or more business closures could result, and that the affected properties could be subject to long-term vacancies under cumulative conditions, but not total neglect or abandonment. Moreover, aggressive enforcement action by the City of Lodi under existing municipal code and state law provisions relating to nuisance abatement is expected to prevent conditions which would result in substantial physical deterioration of potentially affected properties. Therefore, no urban decay is expected to occur under cumulative conditions. (Less-than-Significant Cumulative Impact)

Analysis of Cumulative Economic Impacts

As required under CEQA, the cumulative analysis for the proposed project must take into account other reasonably foreseeable projects in the Trade Area or elsewhere that might, in combination with the proposed project, result in cumulatively significant impacts. Projects to be considered in the cumulative analysis include projects which have been approved but not yet completed, and projects for which development applications have been filed, and can also include other potential projects which may have been announced but not yet formally proposed to the approving agency.

The Trade Area defined by BAE for the project includes the City of Lodi and surrounding portions of unincorporated San Joaquin County. Discussions with staff for the city and the county indicated that there is one pending proposal for a

competitive retail project within the Trade Area – the proposed Reynolds Ranch project at Harney Lane and Highway 99 in southeast Lodi (This project is described in the next paragraph.) In addition, the two closest municipalities, Stockton and Galt, were contacted regarding projects that might impact the Trade Area. Staff for Stockton confirmed the plans for additional region-serving retail at Eight Mile Road and I-5, including a Wal-Mart Supercenter. Staff for Galt confirmed plans for a Supercenter in that city. The presence of these proposed projects was taken into consideration in the delineation of the Trade Area, thus effectively accounting for any cumulative impacts resulting from these additional Supercenter projects. In other words, since the trade areas for the Supercenters are not expected to overlap to any great degree, the planned Supercenters to the north and south of Lodi are not expected to have a cumulative impact within the Trade Area defined for the Lodi Supercenter. (It should be noted that the existing Wal-Mart Supercenter on Hammer Lane in Stockton was also taken into account for purposes of defining the project Trade Area.)

As mentioned, the only other pending retail project in the City of Lodi is the Reynolds Ranch project in the southwest quadrant of Harney Lane and State Route 99. The overall development plan consists of over 200 acres of residential, office, commercial retail, and public facility uses. The approved Master Plan includes approximately 350,000 square feet of commercial retail development on 45 acres adjacent to the Harney Lane/State Route 99 interchange. The City approvals in late 2006 included amendments to the General Plan and zoning, as well as approval of annexation by LAFCO. Based on recent discussions between the City of Lodi and the representatives of the Reynolds Ranch project, which included the submittal of a preliminary conceptual site plan, it is expected that that the approved retail center will be proposed to be expanded to include at total up to 640,676 square feet of retail building area on approximately 75.6 acres, configured for a mix of users including four anchor spaces of more than 90,000 square feet each and a mix of smaller retail. (While no formal development application has been received by the City of Lodi for an expanded retail center at Reynolds Ranch, it is expected for purposes of this analysis that any such application would generally fit this description.) It is also expected that supplemental environmental review on the revised Reynolds Ranch project will commence preparation soon after a formal application is received. This review is expected to include an analysis of potential economic impacts resulting from the expanded Reynolds Ranch retail center, as well as an evaluation of the potential for urban decay impacts to occur as a result.

While no specific tenants for the Reynolds Ranch retail center have been identified to date, potential tenants for a center of this size could reflect the full spectrum of retail users (especially store types not well-represented in Lodi, such as a warehouse club, a home improvement center, a home electronics store, or a large apparel merchandiser which would be potential anchor tenants). One 13,200 square-foot space in the preliminary site plan is called out for occupancy as a drug store, and one of the pads is called out as a fast-food restaurant. (While it is assumed for purposes of this analysis that the above tenant types may

occupy Reynolds Ranch based on the big box pads shown on the current illustrative site plan, it is important to emphasize that this assumed tenant mix should be considered hypothetical until such time as actual tenants are identified.) The center is likely to be a strong retail destination, drawing from Lodi itself and beyond along the Highway 99 corridor. Since some of the retailers expected to locate at Reynolds Ranch do not have existing or planned facilities in immediately surrounding communities (e.g., a Costco or Sam's Club), the trade area for those retailers would be larger than the trade area of the Lodi Shopping Center and could extend northward to Galt and beyond, and eastward to the Sierra foothill communities of Jackson, Mokelumne Hill, Valley Springs, and San Andreas.

A revised Reynolds Ranch project, as described above, would represent a substantial addition to the retail inventory in Lodi. With both the Lodi Shopping Center and Reynolds Ranch retail center operating, it is estimated that the existing retail sector in Lodi would face an overall reduction in sales of approximately 30 percent, even assuming substantial capture of sales leakages by both the Lodi Shopping Center and Reynolds Ranch and of sales from outside the Wal-Mart Trade Area, especially to the north and east, by Reynolds Ranch retailers.

The additional reduction in sales attributable to Reynolds Ranch would be concentrated among the stores most directly competitive. Since the retail mix is not confirmed, it cannot be stated with certainty which stores would be most impacted. However, the *possible* impacts of several potential retail types as mentioned above can be considered. Given the lack of specific information currently available on the retail mix for the revised Reynolds Ranch project, the following discussion is by necessity hypothetical given that it is based on an assumed retail mix, and therefore should be considered somewhat speculative.

A warehouse club store would likely attract shoppers from beyond the Lodi Shopping Center trade area, as defined above, especially from the Galt area, and would likely recapture some sales from Lodi shoppers currently patronizing the Costco in Stockton. However, it also would likely attract some pantry-loading grocery shoppers from existing supermarkets in Lodi itself, and also would draw Lodi shoppers frequenting other local outlets, including Wal-Mart.

A home improvement center would take some sales from Lowe's, Orchard Supply Hardware (OSH), and other building materials outlets in Lodi. OSH representatives stated that their Lodi store was already seriously impacted by Lowe's. Such a store could also attract shoppers from Galt and other areas outside the Lodi Shopping Center Trade Area.

A major apparel outlet such as Kohl's could negatively impact similar outlets in Lodi, especially Mervyns and JC Penney. While the apparel category shows significant leakage, these leakages, even if all captured by Reynolds Ranch, are not enough alone to support a Kohl's-type store without drawing shoppers from existing stores within the trade area.

The construction of Reynolds Ranch in combination with the Lodi Shopping Center, or even alone, could lead to an oversupply of retail space in the Lodi area. To illustrate, with the completion of the Lodi Shopping Center alone, it is estimated that there would remain a residual demand for approximately 22,000 square feet of retail space over the 2006 to 2015 period.

Cumulative Economic Impacts on Existing Retail Nodes

Following is a discussion of potential cumulatively significant economic impacts, by major retail node in Lodi and vicinity. Because of the uncertain tenant mix for Reynolds Ranch, this discussion is largely qualitative, and its conclusions are highly dependent on the underlying assumptions of tenant mix at the Reynolds Ranch retail center.

Target Center

The two largest tenants of this center, Target and Safeway, are directly competitive with the Lodi Shopping Center, and those impacts alone have been considered above in the analysis of direct project impacts. Unless Reynolds Ranch includes a major food store, which is not considered likely, these two stores are not likely to be greatly impacted by the additional retail at Reynolds Ranch. However, the Staples and Marshalls stores may experience a reduction in sales, depending in large part on the tenant mix at Reynolds Ranch. For example, if the new center included an office supply outlet, it would compete with the Staples. But based on assumptions regarding the likely tenant mix for Reynolds Ranch, it is unlikely that any existing stores in this center would face closure under cumulative conditions.

Cherokee Retail Center

As discussed above, the Kmart in this center is at risk of closure just from the Lodi Shopping Center, due to current poor performance and increased competition from the enlarged Wal-Mart general merchandise space. The OSH store, while not directly competitive with the Lodi Shopping Center, has reported a decline in sales subsequent to the opening of Lowe's. An additional home improvement center, particularly in relatively close proximity to the existing OSH, would cause an additional decline of sales and place the Lodi OSH at risk of closure. The Kmart would likely see some reduction in sales due to other stores in Reynolds Ranch, such as a warehouse club store or a major apparel outlet. Thus the two major anchors of this older center could face substantial risk of closure due to the combined impacts of the Lodi Shopping Center and Reynolds Ranch. If these stores were to close and the spaces could not be re-tenanted, many of the smaller retailers might also close or move to other locations.

Sunwest Plaza

This center would lose its primary tenant, Wal-Mart, to the Lodi Shopping Center, and its supermarket tenant, Food 4 Less, would face stiff competition from the Supercenter's added grocery offerings. However, as discussed above in the discussion of direct project impacts, this Food 4 Less is showing extremely strong performance as the only discount warehouse-type supermarket in Lodi. With the addition of Reynolds Ranch, a warehouse club store would offer some additional competition for Food 4 Less, and a major apparel outlet could adversely affect the JC Penney store and increase its risk of closure. Furthermore, the new large anchor spaces in Reynolds Ranch might capture tenants who might otherwise re-tenant the vacated Wal-Mart space. Thus, per the assumed condition of approval for the Lodi Shopping Center (which would require demolition of the existing Wal-Mart space if it is not substantially retenanted within a specified time), this increases the potential that this space would be demolished if it is not re-tenanted in a relatively short period of time.

Vineyard Shopping Center

The cumulative impacts of the two proposed projects puts Mervyns particularly at risk of closure if a retailer such as Kohl's locates at Reynolds Ranch. The Ace Hardware store would also face new competition from a home improvement center, thereby increasing its risk of closure.

Vintner's Square Center

The major anchor of this center is Lowe's, which could lose sales to a competing home improvement center in Reynolds Ranch. However, Lowe's and its primary competitor, Home Depot, compete head-to-head in many markets, without resulting store closures. For instance, they are located in close proximity in Stockton on Hammer Lane and in Antioch/Brentwood on Lone Tree Way. Thus it is not expected that Lowe's would be at risk of closure with the opening of a Home Depot at Reynolds Ranch.

Lodi and Hutchins

This center includes the former Albertsons, which is now an S-Mart, and Rite Aid. Although the analysis of direct project impacts above indicates that the S-Mart is unlikely to close due to the opening of the Lodi Shopping Center alone, the cumulative impacts of substantial new retail space added by Reynolds Ranch would place it at greater risk of closure and may make it more difficult to re-tenant vacated space if the supermarket closes.

Westgate Shopping Center

The primary anchor of this center is Raley's, which is more of a local-serving store than the retailers expected to locate at Reynolds Ranch. As a result, this

center's anchor is not likely to be at additional risk, with limited if any closures of secondary tenants expected to result from cumulative impacts.

Lakewood Mall

As with the Westgate Shopping Center, this center is occupied for the most part by local-serving tenants, and should not face substantially greater impacts under cumulative conditions than from the Lodi Shopping Center alone. Thus no business closures would be expected to result at this center from the opening of the Reynolds Ranch project.

Lockeford Payless IGA/True Value Hardware

This small center is local-serving and distant enough from the developments in Lodi that it is unlikely to be subject to substantial impacts from Reynolds Ranch or the Lodi Shopping Center.

Downtown Lodi

As discussed previously, in the face of competition from existing region-serving and local-serving shopping centers developed over the last few decades, Downtown, with financial and other assistance from the City of Lodi, has shifted to a specialty niche market, concentrated on entertainment and dining as well as unique, locally owned shops. Under cumulative conditions, the impacts to Downtown would take the form of some reduction in sales, and some additional limitation on Downtown's ability to expand in its niche. The greatest risk to Downtown would be if Reynolds Ranch developed partially or fully around a "lifestyle center" concept focused on boutique-style stores and restaurants catering to an upscale clientele that would compete with some of the offerings available Downtown.

Impacts Outside the Lodi Shopping Center Trade Area

Because of a different retail mix and anchor tenants, Reynolds Ranch is likely to have a larger trade area than the Lodi Shopping Center, particularly if it includes a major warehouse club such as Costco, or a major electronics outlet. This larger market area could stretch into southern Sacramento County to include Galt and surrounding areas, as well as communities in Amador and Calaveras Counties such as Jackson, Mokelumne Hill, San Andreas, and Valley Spring. Plans currently call for a Supercenter in Galt that would attract shoppers from Galt and nearby areas. So while Reynolds Ranch may draw shoppers from that area, it is not expected that the Lodi Shopping Center Trade Area would extend to Galt. The Lodi Shopping Center and its anchor Supercenter are expected to only draw a minimal number of shoppers from communities to the east of its Trade Area, since they are already served by a much closer Wal-Mart in Jackson. In addition, the Lodi Shopping Center is unlikely to attract many shoppers across the sizeable distances involved in reaching a Wal-Mart expansion consisting largely of grocery items. Further, all of these communities to the east would be slightly

closer to the proposed Supercenter in Galt, and not much farther from the existing Supercenter in Stockton.

Additionally, the combined leakage recapture and capture from customers beyond the Lodi Shopping Center Trade Area would represent a small percentage of total sales in the communities affected, i.e., less than five percent. Moreover, by the time the Lodi Shopping Center opens, population growth in these other areas should generate demand to replace much if not all of this projected reduction in sales.

Thus, because of a limited sales capture from outlets outside the Trade Area, the distance and dispersed geography of those outlets, and the population growth in the areas served by those outlets, it is reasonable to conclude that the Lodi Shopping Center would not contribute in a measurable way to any potential economic impacts in these communities cumulatively with the Reynolds Ranch project.

Analysis of Cumulative Urban Decay Impacts

The cumulative economic impacts resulting from the Lodi Shopping Center, in combination with the Reynolds Ranch retail center, could result in the closure of existing retail outlets in Lodi, and make it more difficult to re-lease vacated space due to the large addition to the inventory in the relatively slow-growing Lodi area. As a result, some existing shopping centers could be subject to long-term vacancies. In the case of the largest potential vacant space, the existing Wal-Mart at Sunwest Plaza, the anticipated conditions of approval would require demolition of the space if it is not re-tenanted in a relatively short period of time. However, even with the potential closure of the JC Penney in this center, this center is unlikely to be subject to long-term vacancies since it is relatively new, and will be in close proximity to the new Supercenter and the existing Target and Lowe's as well as other regional retail draws, and thus may attract tenants from some of the other centers in Lodi.

For other centers, an oversupply of retail space could result in difficulties in re-tenanting vacant retail space in a reasonable period of time. The vacant space could then be at risk of entering a cycle of long-term vacancies, secondary business closures, the inability to re-tenant existing stores, and the eventual possibility of physical deterioration or urban decay.

The actual potential for physical deterioration to occur at a specific property will be largely dependent on the commitment from the property owner to maintain the property, which could be more challenging in the case of multiple ownership or control. However, in the event of an owner's failure to maintain vacated properties in a condition suitable for releasing, it will be incumbent on the City of Lodi to prevent such conditions from occurring through active and aggressive enforcement of its Code provisions relating to the abatement of public nuisances due to lack of property maintenance and management. The City of Lodi has amply demonstrated its commitment to preventing physical deterioration of

commercial properties within the City through its successful revitalization efforts in Downtown, which involved a multi-faceted long-term program including large expenditures of City funds. In 2006, the City Council was emphatic in its direction to staff to proactively enforce compliance with its building codes. If conditions warrant, staff is prepared to apply the receivership provisions of the California Health and Safety Code to ensure that the corrective action is taken. As such, it is fully expected that the City will continue to be aggressive in the enforcement of its nuisance ordinances relating to building maintenance. Based on the its past performance and policy commitments, it is reasonable to expect that the City will not allow any commercial properties which may become vacant under cumulative conditions to deteriorate physically. Therefore, while there is a remote possibility that certain properties such as the Vineyard Shopping Center and Cherokee Retail Center could be subject to a causal chain ultimately resulting in urban decay under cumulative conditions, such outcomes are considered highly unlikely given that the City can be counted on to take aggressive action to prevent such conditions from occurring.

In conclusion, the limited project definition available for the revised Reynolds Ranch project precludes the preparation of a definitive analysis of potential urban decay impacts under cumulative conditions at this time. However, even under assumptions of reasonable worst-case conditions, as discussed above, it is expected that the cumulative economic effects of the Lodi Shopping Center, when combined with the economic effects of an expanded Reynolds Ranch project, would result in a *less-than-significant cumulative urban decay impact.*

Mitigation A4. No mitigation required.

B. AGRICULTURAL RESOURCES

The entire Agricultural Resources section from the EIR is reproduced here to provide a context for the City-initiated modifications.

ENVIRONMENTAL SETTING

The project site consists of agricultural land which was previously in cultivation for hay and oats, with crops grown on the site in the past including corn, grain, and miscellaneous truck crops. These crops were irrigated with water pumped from on-site agricultural wells. Under current conditions, most of the site is fallow and is disked annually to discourage weed growth. The portion of the site west of future Westwood Drive, consisting of the 4-acre stormwater basin site, is currently in cultivation for alfalfa.

Prime Agricultural Land

Under Government Code Section 51201(c), 'prime agricultural land' is defined as any one or more of the following:

1) All land which qualifies for rating as class I or II in the Soil Conservation Service (now Natural Resources Conservation Service) land capability classifications.
2) Land which qualifies for rating 80 through 100 in the Storie Index Rating.
3) Land which supports livestock used for the production of food and fiber and which has an annual capacity equivalent to at least one animal unit per acre as defined by the USDA.
4) Land planted with fruit- or nut-bearing trees, vines, bushes or crops which have a nonbearing period of less than 5 years and which will normally return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production of not less than $200 per acre.
5) Land which has returned from the production of unprocessed plant products an annual gross value of not less than $200 per acre for 3 of the previous 5 years.

The applicability of each of these five criteria to the project site is discussed below.

1) NRCS Land Capability

Under the soils classification system of the Natural Resources Conservation Service (NRCS), soils are classified according to eight broad 'Land Capability' classes, with Class I and II soils being the most fertile and well suited for cultivation. The NRCS soil survey for San Joaquin County indicates that the soils covering most of the project site consist of Acampo sandy loam with some areas of Tokay fine sandy loam found in the north-central portion of the site. The Acampo sandy loam has a land capability classification of Class II as irrigated land and Class IV as non-irrigated land. Tokay fine sandy loam has a land capability classification of Class I as irrigated land and Class IV as non-irrigated land. Since all of the subject lands were irrigated while under cultivation, both soil types would be defined as prime farmland under this criterion.

2) Storie Index Ratings

A second land capability system applied by NRCS, called the Storie Index, is specific to California. Soils with a Storie Index rating of 80 or greater are classified as Grade 1 or prime

soils. According to the NRCS, the Acampo sandy loam has a Storie Index rating of 57 (or Grade 3), and the Tokay fine sandy loam has a rating of 95 (or Grade 1). As such, the majority of the site is classified as Grade 3 or non-prime soils under the Storie Index. Therefore, most of project site would be considered non-prime farmland under this criterion.

3) Livestock carrying capacity
This criterion does not apply since the project site was not used for raising of livestock.

4) Fruit or Nut Crop Value
This criterion does not apply since fruit or nut cultivation has not occurred on the project site in the recent past.

5) Value of Unprocessed Agricultural Products
During the final years that the site was cultivated, the annual gross income from hay and oat production on the site was approximately $200 per acre. This meets the applicable $200 per acre threshold value. However, under this criterion, this yield value must have been obtained for at least three of the past five years. Since the project site has not been in agricultural production for several years, this criterion would not be met.

In summary, lands within the project site would meet one of the three criteria applicable to the site (e.g., NRCS Land Capability), which would define them as prime agricultural land under the Government Code. Although the majority of the on-site soils would not meet the Storie Index criterion, only one criterion is required to be met to meet the definition of prime agricultural land.

Important Farmlands Mapping

All of the lands within the project site are designated as prime farmlands on the map of *San Joaquin County Important Farmlands* prepared by the California Department of Conservation in 2002.

Williamson Act

The California Land Conservation Act of 1965, commonly referred to as the Williamson Act, enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. The project site includes no lands which are subject to a Williamson Act contract.

REGULATORY SETTING

General Plan

The following City of Lodi General Plan goals and policies on agricultural resources are relevant to the project:

Section 3. Land Use and Growth Management Element

Goal B: To preserve agricultural land surrounding Lodi and discourage premature development of agricultural land with nonagricultural uses, while providing for urban needs.

Policy 1. The City shall encourage the preservation of agricultural land surrounding the City.

Policy 2. The City should designate a continuous open space greenbelt around the urbanized area of Lodi to maintain and enhance the agricultural economy.

Policy 3. The City shall cooperate with San Joaquin County and the San Joaquin County Local Agency Formation Commission (LAFCO) to ensure that the greenbelt is maintained.

Policy 4. The City shall support the continuation of agricultural uses on lands designated for urban uses until urban development is imminent.

Policy 5. The City shall promote land use decisions within the designated urbanized area that allow and encourage the continuation of viable agricultural activity around the City.

Policy 6. The City shall encourage San Joaquin County to retain agricultural uses on lands adjacent to the City.

Section 7. Conservation Element

Goal C: To promote the economic viability of agriculture in and surrounding Lodi and to discourage the premature conversion of agricultural lands with nonagricultural uses, while providing for urban needs.

Policy 1. The City shall ensure, in approving urban development near existing agricultural lands, that such development will not constrain agricultural practices or adversely affect the economic viability of adjacent agricultural practices.

Policy 2. The City shall require new development to establish buffers between urban development and productive agricultural uses consistent with the recommendations of the San Joaquin County Department of Agriculture.

SIGNIFICANCE CRITERIA

For purposes of this EIR, the project would be considered to have a significant impact upon agricultural resources if it would:

- Convert prime agricultural land, as defined in state law, to non-agricultural use.

- Result in interface conflicts between urban and agricultural land uses such that the viability of existing agricultural operations may be impaired.

IMPACTS AND MITIGATION

Impact B1. **Agricultural Land Conversion. The project would convert approximately 40 acres of prime agricultural land to urban uses. While the severity of this impact can be reduced somewhat, ~~As stated in the City's General Plan~~ no mitigation is available which would reduce this impact to a less-than-significant level except an outright prohibition of all development on prime agricultural lands. (Significant and Unavoidable Impact)**

As discussed under 'Environmental Setting' above, the entire project site meets the Government Code definition of prime agricultural land. The conversion of this prime agricultural land to urban uses, as proposed in the project, represents a significant environmental impact.

The EIR on the City's General Plan found that the implementation of the General Plan would result in the loss of 1,550 acres of prime farmland, which included the 40 acres on the project site. This was identified as a significant and unavoidable impact of the General Plan.

Mitigation B1. **~~There are no feasible mitigation measures available to reduce the impact of agricultural land conversion a less-than-significant level.~~ The applicant shall obtain permanent Agricultural Conservation Easement(s) over 40 acres of prime farmland within 15 miles of the project site. The agricultural conservation easement(s) may involve one or more parcels of land within an aggregate land area of at least 40 acres. These easements shall be located in San Joaquin County (excluding the Delta Primary Zone as currently defined by State law) and shall be in current agricultural use or will as a result of the conservation easement transaction be put into agricultural production. The lands subject to the easement(s) shall be placed under permanent restrictions on land use to ensure its continued agricultural production capacity by limiting non-farm development and other uses that are inconsistent with commercial agriculture. The easements shall be held by the City or a qualified entity (i.e., land trust) approved by the City. If the easements are located in an area desired by the City (i.e., a designated greenbelt area) the City may include an incentive such as counting each acre of mitigation as two acres.**

Discussion

The impact of the urban development on prime agricultural land is an unavoidable impact. Development of buildings, paved surfaces, and landscaping necessarily removes the land from agricultural production, and the affected land cannot be recreated or reproduced elsewhere. The land, once converted, loses its character as agricultural land and is removed from the stock of agricultural land. Thus, while the permanent protection of prime farmland elsewhere in the vicinity

may reduce the amount of agricultural land converted to urban uses in the County over the long-term, such off-site mitigation would not avoid the significant impact resulting from the permanent loss of prime agricultural lands at the project site. However, the implementation of the City's program could facilitate the return of non-productive land to agricultural production. ~~as occurred with the agricultural mitigation established for the Southwest Gateway and Westside projects.~~

The project's significant and unavoidable impacts to agricultural resources could be avoided by denying the project or requiring a reduced project, which would prevent the conversion of all or a portion of the site to urban uses. However, this action would not meet the objective of the applicant or the City of Lodi of developing the site for a commercial retail shopping plaza in conformance with the General Plan and zoning designations applicable to the site. In addition, denial of the project would not constitute a "feasible mitigation," and therefore would not be required under Section 15126.4 of the state CEQA Guidelines.

The City of Lodi General Plan contains no policies or implementation programs which require mitigation or offsets for the conversion of prime farmland. Likewise, the EIR prepared on the General Plan identified no measures to be implemented to offset the conversion of prime farmland. Nevertheless, in recent years it has become the practice of the City of Lodi to directly require or indirectly facilitate the acquisition of agricultural conservation easements in order to offset the development of prime farmland in projects approved by the City.

~~Although the conversion of prime agricultural land to urban uses cannot be mitigated or lessened~~ In addition, there are a number of measures available for the overall protection of existing agricultural land, some of which are implemented by the City of Lodi as a matter of policy. These measures are discussed below. ~~for informational purposes only, given that none of these measures would mitigate or lessen the project's significant unmitigable impact upon agricultural resources.~~

Program-level Agricultural Protection through the City's General Plan

Although project-specific impacts to prime farmland cannot be feasibly mitigated to less-than-significant levels, the City has in fact minimized and substantially lessened the significant effects of development on prime agricultural land through the policies of its adopted General Plan. A principal purpose of the City's General Plan regulatory scheme is to minimize the impact on prime agricultural land resulting from the City's urban expansion. The City of Lodi is recognized for its compact growth pattern and clearly defined urban boundaries, its emphasis on infill development, and its deliberate and considered approach to urban expansion to accommodate housing and other long-term development needs. These guiding principles serve to minimize and forestall conversion of agricultural lands within the City's growth boundaries.

Growth Management Policies

The General Plan policies related to agricultural preservation and protection are intended, and have been successful, in maintaining the productivity of prime agricultural land surrounding the City by controlling urban expansion in a manner which has the least impact on prime agricultural lands. In addition to maintaining compact and defined urban growth boundaries, this is primarily accomplished through the City's Growth Management Plan for Residential Development, which limits housing development to a growth rate of two percent per year, and which gives priority to proposed residential developments with the least impact on agricultural land, in accordance with General Plan policy.

Establishment of an Agricultural Buffer Zone/Greenbelt

The General Plan implementation program includes a directive to "identify and designate an agricultural and open space greenbelt around the urbanized area of the City" (Land Use and Growth Management Implementation Program 10). This buffer zone is intended to provide a well-defined edge to the urban area, and to minimize conflicts at the urban-agricultural interface by providing a transition zone separating urban from agricultural uses, and to remove uncertainty for agricultural operations near the urban fringe. The implementation of the greenbelt will involve the dedication of setback zones of varying widths between the edge of development and adjacent agricultural land. ~~The City of Lodi has initiated the creation of the greenbelt through the Westside Facilities Master Plan, which encompasses the largely undeveloped lands adjacent to the northwest portion of the City and extends westward approximately one-half mile west of Lower Sacramento Road. The designated greenbelt is located along the western edge of the Master Plan area and varies in width from 200 feet to approximately 350 feet.~~ The greenbelt will perform an important function in minimizing urban-agricultural conflicts and promote the preservation of prime agricultural land ~~west of~~ beyond the greenbelt~~; however, it will not constitute mitigation for loss of farmland since it cannot itself be farmed~~. ~~In addition, t~~The City is continuing to study the implementation of a greenbelt area between Stockton and Lodi, and is committed to the implementation of such a greenbelt.

Establishment of Agriculture/Greenbelt Urban Separator Area

In October 2006, the City of Lodi initiated amendments to its General Plan and Sphere of Influence (SOI) to establish an approximately 3½ square-mile agriculture/greenbelt community separator area located between Lodi and the City of Stockton within unincorporated San Joaquin County. The intent is to ensure the preservation of existing commercial agriculture/viticulture crop production and operations in order to maintain the desired agricultural character within the greenbelt/separator area. To implement this greenbelt/separator, a new General Plan designation, referred to as "Agricultural/Greenbelt" would be applied to the designated plan area. Any development in the plan area would be required to be consistent with the existing agricultural/rural uses on large parcels with a minimum parcel size of 40 acres. The amendments do not ~~speak to any intention on the City's part~~ include a requirement that agricultural conservation

easements to mitigate for development projects should be acquired within this greenbelt area. However, it is the City's intention to provide incentives to developers for acquisition of easements within the greenbelt area. ~~, although there is nothing in City policies or regulations that would preclude applicants from doing so.~~ It should be noted that in December 2006 the City temporarily suspended further action on this General Plan amendment process while the County of San Joaquin moves forward on a somewhat different approach involving the development of a new agriculture zone providing for small scale agricultural operations and related development. This County effort is ongoing and depending on the progress of the County's program, the City may or may not resume its General Plan amendment process for the agriculture/greenbelt community separator.

Project-specific Agricultural Protection Measures

While the significant agricultural impacts of the project cannot be feasibly reduced to less-than-significant levels, Section 15126(c) of the CEQA Guidelines requires that an EIR include a discussion of measures which could "minimize" significant adverse impacts. There are several project-specific measures available that address the protection of prime agricultural land. Since none of these measures can create new prime farmland, they cannot avoid or reduce the impact of farmland conversion to a less-than-significant level. Therefore, implementation of any or all of the following measures would not avoid the significant unavoidable impact to agricultural resources resulting from the development of the proposed project.

Agricultural Conservation Easements

The objective of programs to acquire agricultural land or agricultural conservation easements is to offset or "compensate" for the loss of prime agricultural land to urban development by preserving or providing long-term protection to an equivalent amount of prime agricultural land on another property. This is accomplished by extinguishing the development rights on the equivalent property, through the acquisition and recordation of an agricultural conservation easement which restricts the equivalent property to agricultural use in the future, or by outright purchase of fee title to the equivalent land with the imposition of similar restrictions. Acquisition of a conservation easement (or fee title) involves payment of an agreed-upon price to the owner of the equivalent land.

While agricultural easements are sometimes accepted as mitigation for the conversion of prime agricultural lands, they do not constitute true mitigation since they do not create replacement acreage of prime farmland. In some sense, the acquisition of such "mitigation lands" may be confused with the acquisition of replacement habitat for loss of wildlife habitat. However, such habitat replacement mitigation actually involves the creation of new habitat to replace the habitat lost through conversion, and as such constitutes true mitigation. Therefore, the requirement for off-site mitigation for agricultural conversion is

not analogous to off-site mitigation for habitat conversion since no new agricultural land would be created thereby.

~~For the City of Lodi, the consideration of agricultural easements poses a number of complex and unresolved issues. Substantial questions exist concerning which lands to acquire for preservation, and the appropriate amount of any acquisition fee where the land would not be acquired by the applicant directly. With respect to the location of equivalent land to preserve, it would clearly not be prudent or appropriate to target lands within the City's General Plan area, because these lands will be required for the City's urban expansion over the coming years. With regard to the amount of a fee to be assessed to project proponents, the law requires a nexus and "rough proportionality" between the amount of the fee and the burden of the project. Difficulties arise when the land to be converted has a much higher value than the equivalent amount of any land beyond the urban growth boundaries which might be considered to be placed under a conservation easement.~~

The City of Lodi General Plan currently contains no policy or implementation language regarding the establishment of agricultural easements. It is noted that the San Joaquin County and the City of Stockton have adopted agricultural mitigation ordinances requiring mitigation for loss of agricultural land through purchase of agricultural conservation easements administered by Central Valley Farmland Trust, or in limited cases, through the payment of fees. ~~Additionally, neither the City nor San Joaquin County has a program for administering agricultural easements. Such a program would provide a process for selection and acquisition of appropriate lands, establishment of fees, and other procedural elements that would need to be in place to ensure consistent implementation and management. Moreover, such action not be warranted in any event, and would not meet the CEQA nexus requirement, since it would have no effect in terms of lessening the impact of the agricultural conversion~~.

In this context, it is worthwhile noting that the applicant for the Vintner's Square Shopping Center project, ~~currently under construction~~ located on the north side of Kettleman Lane across from the project site, ~~has~~ voluntarily offered to acquire an equivalent acreage of prime agricultural land elsewhere ~~in the unincorporated County of San Joaquin~~ as an offset for the conversion of prime agricultural land at the Vintner's Square site. In the recently approved Reynolds Ranch project, the applicant agreed to acquire an agricultural conservation easement on prime farmland elsewhere in the County. In that case, the commitment was included in the Development Agreement between the City and the applicant. In the case of the recently approved Southwest Gateway and Westside projects, the Development Agreements between the City and the applicants included a requirement that the applicants acquire agricultural conservation easements. A portion of these easements has been dedicated to the City. ~~and the acquired lands are being brought into agricultural production.~~ Thus it has become the City's practice in recent years to promote and facilitate the acquisition of agricultural conservation easements on the part of private developers as partial mitigation for the conversion of prime farmland resulting from their development projects. ~~The City of Lodi has acknowledged this offset as a voluntary condition of the~~

~~applicant; however, it should be emphasized that this offset is not considered by the City to constitute mitigation for converting the site from prime farmland to urban uses, and as such was not required by the City as condition of project approval, and is explicitly not to be construed as such, for the reasons discussed above~~.

Farmland Security Zones

Government Code Section 51296 and following provides for the establishment of "farmland security zones" within designated agricultural preserves. Legislation authorizing farmland security zones was enacted to expand the options available to landowners by providing for the creation of longer term voluntary enforceable restrictions within agricultural preserves. Essentially, farmland security zones provide tax benefits for agricultural landowners for longer term contracts than exist under the Williamson Act (20 years as opposed to 10 years), and slightly different terms related to the administration of those contracts. No land can be included in a farmland security zone unless requested by the landowner, and any land located within a city's sphere of influence cannot be included unless the creation has been approved by the city with jurisdiction within the sphere of influence.

The County of San Joaquin has enacted a program for administering farmland security zones within its boundaries, and some participation by landowners has occurred to date. However, these properties generally must be located outside the urban growth boundaries of incorporated cities, and most of the properties currently in the program are far from urban areas and not under threat for imminent conversion to urban uses. (No farmland security zones have been established within the City of Lodi Sphere of Influence.) Although farmland security zones provide for longer term protection of agricultural land than Williamson Act contracts, they still represent a relatively short-term approach and do not represent a feasible means for permanent protection of agricultural land.

Right-to-Farm Deed Restrictions

This measure requires the developer to record a deed restriction that specifically notifies all future owners that they are in proximity to agricultural uses, and lists the types of operations and possible nuisances or inconveniences associated with farming such as dust, noise, smoke, odors, pesticides, insects and rodents. Future purchasers are thereby notified that they must accept such annoyances unless they are of such a magnitude as to meet the state law definition of nuisance. The requirement for such deed restrictions must be mandated by right-to-farm ordinances adopted by the local jurisdiction. The ordinances typically include provisions for dispute resolution between landowners and agricultural users. Right-to-farm deed restrictions help to avoid premature conversion of farmland near the urban edge and help maintain the viability of such agricultural operations. As with the other measures discussed above, right-to-farm deed restrictions do not constitute mitigation for the loss of farmland per se, but enhance the continued viability of existing operations. The City of Lodi's right-

to-farm ordinance requires that disclosure statements be delivered and signed by buyers of property or applicants for building permits in the vicinity of agricultural operations (City of Lodi Municipal Code, Title 8 - Health and Safety, Chapter 8.18).

Cumulative Impacts

The proposed project would result in the loss of approximately 40 acres of prime farmland. While this impact can be somewhat reduced through mitigation measures, particularly the acquisition of agricultural conservation easements, the impact cannot be reduced to a less-than-significant level. Similarly, other pending and approved projects in the City of Lodi Sphere of Influence would result in the conversion of prime farmland to urban uses. While the larger projects would be required to acquire or pay fees toward the acquisition of agricultural easements, this would not likely be required of smaller projects (which would not likely be considered to result in significant impacts to agricultural resources due to their small size). In any event, it is not feasible to fully mitigate for the loss of prime farmland, short of denying all proposed development projects. Thus cumulative impacts to agricultural resources would be partially mitigated but not to a less-than-significant level. Therefore, the cumulative impacts to agricultural resources would be significant and unavoidable.

Conclusion

In conclusion, the City has in fact minimized and substantially lessened the significant effects of development on prime agricultural land where feasible through the policies of its adopted General Plan. These policies are intended to ensure that prime agricultural land is not prematurely converted for development and that its productivity is maintained for as long as is feasible.

Under CEQA, the City's General Plan regulatory scheme and policies constitute "mitigation" as defined in the CEQA Guidelines in two respects: By "[m]inimizing impacts by limiting the degree or magnitude of the action and its implementation," and [b]y reducing...the impact over time by preservation and maintenance operations during the life of the action" (CEQA Guidelines section 15370(b) and (d). This mitigation has proved feasible and effective. ~~Additional mitigation for the project-specific impacts has been found by the City to be unnecessary or infeasible for the reasons set forth above~~. In addition, the City of Lodi is requiring and facilitating the acquisition of agricultural conservation easements on the part of developers as partial mitigation for the conversion of prime farmland resulting from their development projects. While the implementation of these mitigation measures cannot replace the farmland converted to urban uses, it does represent a good faith effort to reduce the level of impact to the extent feasible.

Significance after Mitigation: Significant and Unavoidable Impact.

Impact B2. **Agricultural-Urban Land Use Conflicts. Development of the project site could create minor land use conflicts with nearby agricultural operations. (Less-than-Significant Impact)**

Existing agricultural operations occur on adjacent lands to the west and south of the project site. Urban impacts on agriculture can include trespassing, vandalism, air pollution and noise from increased traffic. The potential for accidents between slow-moving farm vehicles and fast-moving cars and trucks can also increase. The use of pesticides and other agricultural chemicals is often restricted in proximity to urban uses, particularly aerial application or crop dusting. Agricultural impacts on urban uses include noise, dust, and pesticide drift, although the proposed commercial retail plaza would be less sensitive to such activities than residential uses would be.

The potential for project impacts to adjacent agricultural operations are reduced because of the urbanized nature of the project vicinity at the western edge of urbanized Lodi, where the potential for urban-rural conflicts already exists. Non-rural land uses in the vicinity include the existing commercial and residential uses immediately to the east, the ~~approved~~ Vintner's Square project ~~which is under construction~~ immediately to the north, and the busy transportation corridors along the east and north site boundaries (Lower Sacramento Road and State Route 12/West Kettleman Lane). Thus agricultural operations in the area have already had to adjust to the intrusion of urban uses and related traffic.

The existing agricultural operations could potentially affect the proposed commercial retail uses. In particular, plowing activities would generate dust which could be carried to the site. However, the potential for dust generation would occur only occasionally when fields are plowed or when bare soils are exposed under high wind conditions. This effect will be somewhat reduced because the commercial uses of the project would be less sensitive to agricultural dust generation than residential development would be. In addition, the lands adjacent to the southwest portion of the site will be occupied by the stormwater basin for the project, and the lands adjacent to the northwest portion of the site are planned as the site of a new electric power substation and municipal water storage tank. These facilities will essentially provide a buffer zone approximately 400 to 600 feet wide along much of the western project boundary. In addition, Westgate Drive will run along the western site boundary and provide a minimum 72-foot buffer west of the central portion of the project. The project itself will include a 10-foot high masonry wall along southerly two-thirds of the western site boundary, which will provide additional screening from windblown dust.

Although the project will be directly adjacent to cultivated vineyards to the south, potential conflicts will be reduced by the 8-foot high masonry wall planned for the entire length of the southern project boundary. Although pesticides would be applied to the vineyards, the application would not be by aerial spraying, given the proximity of commercial and residential development. Therefore, the potential for pesticide drift would be minimal. Given the prevailing wind direction from the northwest, the potential for dustfall due to occasional plowing would be reduced since the project is located north of the vineyards. In addition, the lands to the

south and west were approved ~~are designated~~ for residential development as part of the Southwest Gateway project and annexed in the fall of 2006. ~~in the City's General Plan and are the subject of a pending annexation application, so~~ As such, any urban-agricultural conflicts would be limited in duration until those lands are developed. In light of the above factors and considerations, the potential impacts due to agricultural-urban conflicts associated with the project would be less-than-significant.

Mitigation. **No mitigation required.**

N. ENERGY

[Note: This is an entirely new section which is added to the EIR. To facilitate ease of review, no underlining was used to indicate the new text in this section.]

The CEQA Statutes provide that EIRs shall include a detailed statement on significant effects of a project and "[m]itigation measures proposed to minimize significant effects on the environment, including, but not limited to, measures to reduce the wasteful, inefficient, and unnecessary consumption of energy" (Public Resources Code §21000(b)(3). CEQA Guidelines Section 15126.2 discusses requirements for an EIR to address potentially significant effects, and although it does not include energy specifically, it mentions use of nonrenewable resources. CEQA Guidelines Section 15126.4(a)(1)(C) requires an EIR to discuss energy conservation measures, if relevant. Appendix F to the Guidelines addresses energy conservation goals, notes that potentially significant energy implications of a project should be considered in an EIR, and contains suggested guidance on the contents of EIR discussions on energy.

The following discussion is based on a number of data and information sources. References are indicated by footnotes throughout the section, and are keyed to a list of sources under 'Endnotes' at the end of the impact discussion.

ENVIRONMENTAL SETTING

BACKGROUND

Energy usage is typically quantified using the British Thermal Unit (BTU). As points of reference, the approximate amounts of energy contained common energy sources are: gasoline – 125,000 BTUs per gallon; natural gas – 1,000 BTUs per cubic foot; electricity – 3,413 Btus per kilowatt hour (kWhr). In terms of food energy, one BTU is equivalent to 0.252 kilocalories (kcal).[1]

Total energy usage in California was 7,853 trillion BTUs in 2001, which equates to an average of 227,417 million BTUs per capita. Of California's total energy usage in 2001, the breakdown by sector was 38 percent transportation, 25 percent industrial, 18 percent residential, and 19 percent commercial. Petroleum satisfies 46 percent of California's energy demand, natural gas 32 percent, and electricity 21 percent. Coal fuel accounts for less than 1 percent of California's total energy demand. Electric power and natural gas in California are generally consumed by stationary users, whereas petroleum consumption is generally accounted for by transportation-related energy use.[2]

Given the nature of the proposed project, the remainder of this discussion will focus on the three most relevant sources of energy: electricity and natural gas for commercial uses; and transportation fuel for vehicle trips associated with commercial uses planned for the project.

Electricity

In 2005, California used over 288,000 gigawatt hours of electricity (of which approximately 470 gigawatts were consumed by residential and non-residential users in the City of Lodi). This electricity was produced from power plants fueled by natural gas (38 percent), coal (20 percent), hydro (17 percent), nuclear (14 percent), and renewables (including wind, solar, biomass, and geothermal (11 percent). Approximately 78 percent of the electricity was generated within California, with the balance imported from other states, Canada, and Mexico.[3]

Electricity usage in California for differing land uses varies substantially by the type of uses in a building, type of construction materials used in a building, and the efficiency of all electricity-consuming devices within a building. The average annual usage of electricity is roughly 13 kWhr/square foot for all commercial buildings.[4]

Electricity supply in California involves a complex grid of power plants and transmission lines located in the Western United States, Canada, and Mexico. The issue is complicated by market forces that have become prominent since 1998, which is when a new regulatory environment commonly referred to as "deregulation" took effect in California. Supply is further complicated by the fact that the peak demand for electricity is significantly higher than the off-peak demand. For example, in August 2004, peak electric demand - due in large part to hot weather - reached a record high of 44,497 megawatts, which is almost double the lowest demand period.[5]

In 2000-2001, electric demand exceeded supply on various occasions, which required utilities to institute systematic rotating outages to maintain the stability of the grid and to prevent widespread blackouts. In addition, the power shortages were exacerbated by inadequate transmission capacity between northern and southern California. Since that time, additional generating capacity has come on-line and upgrades to various transmission lines are occurring. According to the California Energy Commission's 2005 Integrated Energy Policy Report, California could face severe electricity shortages over the next few years, especially during the peak demand summer months, unless aggressive actions are taken to bring new generation on-line.[6]

In an effort to minimize power shortages, the CEC and California Public Utilities Commission (CPUC) have initiated a number of programs to increase supplies and reduce demand for electricity. On the demand side, they are strongly encouraging reductions in electricity demand through energy-efficiency measures, particularly those that provide peak demand savings.[7] For example, the recently passed SB 1307 requires all electric utilities to meet their unmet resource demands first through energy efficiency and demand reduction. In addition, the Governor's Green Building Initiative (Executive Order S-20-04) sets a goal of reducing energy use in State-owned buildings by 20 percent by 2015, and directs the CEC to refine Title 24 energy efficiency standards for building to meet the same goal.[8] (See 'Regulatory Context' below for description of Title 24 requirements.)

In September 2006, the Governor signed AB 32 – California Global Warming Solutions Act of 2006, which directs the California EPA to work with state agencies to implement a cap on greenhouse gas emissions (primarily carbon dioxide) from stationary sources of such as electric power generation facilities, and industrial, commercial and waste disposal sectors. Since carbon dioxide emissions are directly proportional to fossil fuel consumption, the cap on emission is expected to have the incidental effect of forcing a reduction in fossil fuel consumption from these stationary sources.

On the supply side, the CEC and CPUC are actively promoting alternative energy sources such as solar, wind, and bioenergy (including "transformation" or waste-to-energy, which converts agricultural biproducts such as animal waste to usable energy).[9] In January 2006, the CPUC approved the California Solar Initiative under which the CEC will manage a program of financial incentives, involving cash rebates, for installation of solar electricity systems in new residential construction.[10]

The CEC's Energy Action Plan II, adopted in 2005, identifies a number of other initiatives for increasing supply and reducing demand. One example involves the reduction of peak energy demand for the state's water supply infrastructure, which comprises almost 20 percent of the State's electricity consumption.[11]

Natural Gas

In 2004, California used an average of over 6.2 billion cubic feet of natural gas per day (of which approximately 3,892 million cubic feet were consumed by residential and non-residential users in the City of Lodi). The natural gas was used to produce electricity (50 percent), in industrial uses (18 percent), in commercial uses (9 percent), and in residential uses (22 percent). Approximately 13 percent of the natural gas was produced within California, with the balance imported from other states (64 percent) and Canada (24 percent).[12]

As noted, natural gas is used to generate almost 50 percent of electricity used in California. This results in peak seasonal demands for natural gas not only during the winter months for heating but also during the peak electricity demand period in summer when cooling needs are greatest. [13]

Natural gas usage in California for differing land uses varies substantially by the type of uses in a building, type of construction materials used in a building, and the efficiency of all gas consuming devices within a building. The average annual usage of natural gas is roughly 37 cubic feet/square foot for all commercial buildings.[14]

According to the California Energy Commission's 2005 Integrated Energy Policy Report, the current outlook is that nationwide natural gas production is expected to remain almost the same over the next decade and will not keep up with national growth in demand. This problem is compounded by steadily increasing demand for electricity, which is growing despite gains in energy efficiency. This directly affects the demand for natural gas, which is the predominant fuel used in electric power generation in California. This problem will be further compounded by inclining in-state production, as well as a decline in imports from Canada because of its own increased demand for natural gas. Opportunities for alternative sources of supply are few. The most promising is the importation of liquefied natural gas (LNG), although the siting of LNG terminals within California has been problematic. To date, no LNG terminals have been constructed in California, although 3 have been approved for Los Angeles, and 6 more a proposed for southern California.[15] However, the installation of LNG terminals in other states will increase overall domestic supplies (projected to comprise up to 22 percent of U.S. supply by 2016), thereby increasing the supply of natural gas available for import to California. In addition, several LNG terminals are planned in northern Mexico, although additional or modified pipelines may be needed to convey the gas to California markets.[16]

In meeting the challenge of increasing natural gas demand in the face of constrained supplies, the State's highest priority is in promoting efforts to reduce demand. To this end, the CPUC has set aggressive goals to double annual natural gas savings by 2008 and triple savings by 2013. Reductions in natural gas use in residential and non-residential buildings have been implemented since 1978 through California's Energy Efficiency Standards for Residential and Non-Residential Buildings (Title 24), and since 1977 by the Appliance Efficiency Regulations (Title 20), which are updated regularly to reflect policy mandates and advances in feasible technologies. (See 'Regulatory Setting' below for further discussion.) As noted above, the Governor's Green Building Initiative mandates a 20 percent overall reduction in energy consumption in buildings by 2015. Reductions in the natural gas usage are also expected through increased efficiencies in the generation of electricity, and through efforts to increase the use of alternative sources of power.[17]

Natural Gas Infrastructure

The California energy crisis of 2000-2001 was exacerbated by inadequacies in the natural gas infrastructure. Since that time, the State has made great strides in augmenting its infrastructure by bringing on-line underground storage facilities, and by increasing pipeline capacity within the state as well as along major supply routes from Canada, the Rocky Mountains, and the Southwest. With the recent expansions, California has adequate in-state pipeline infrastructure over the next decade to move gas to load centers on an annual average basis, but CEC notes the need to constantly evaluate the need for additional pipeline capacity to meet peak summer and winter demand.[18]

Transportation Fuel

In 2004, Californians consumed about 15.4 billion gallons of gasoline and 2.8 billion gallons of diesel fuel, an increase of nearly 50 percent over the previous 20 years.[19] (Consumption gasoline and diesel by residential and non-residential users in the City of Lodi was approximately 25.1 million gallons combined.) During this period, the average fuel economy for the fleet of new light-duty vehicles (autos, pickups, vans, and SUVs) steadily increased from 13.1 miles-per-gallon (mpg) for the 1975 model year to 21.0 mpg for the 2005 model year.[20] Although the average fuel economy of vehicles in the state has improved, the fuel savings achieved were overshadowed by the increased number of miles traveled, and the marked shift in personal vehicle preference, from the standard passenger automobile (sedan) toward larger vehicles such as sport utility vehicles (SUVs) and pick-up trucks.

According to the California Energy Commission's 2005 Integrated Energy Policy Report, the demand for gasoline is expected to increase to 18.2 billion gallons per year by 2025 (or 17 percent over 2004 levels), without greenhouse gas regulations currently effect (see below), and to 15.6 billion gallons with the regulations in effect. The demand for diesel is expected to grow to 4.9 billion gallons per year by 2025 (a 75 percent increase over 2004 levels), with or without the greenhouse regulations.[21] Imports of foreign crude oil, which currently account for approximately 40 percent of supply, will increase as in-state and Alaskan supplies diminish.

California's energy efficiency programs have been effective in slowing the growth in demand for electricity and natural gas. However, in the transportation sector, fuel economy standards have been allowed to languish under the aegis of the federal government. In addition, the significant market penetration of light trucks has had a dampening effect on overall fuel economy. However, some initiatives have been implemented to reduce demand for conventional fuels. For example,

in 2005, the California Air Resources Board (CARB) adopted regulations limiting idling time for heavy duty trucks to five minutes.[22]

In addition, savings in transportation fuel consumption may occur as a result of recent price inflation for gasoline and diesel fuels. There is some indication that drivers will switch to mass transit options as fuel prices escalate. However, alternative transportation is not an option for those who live or work in areas with poor transit service.

In 2003, the CEC and CARB jointly adopted a strategy to reduce California's dependence on petroleum. The agencies demonstrated that it is feasible to reduce the on-road use of gasoline and diesel fuel to 15 percent below 2003 levels by 2020, based on technology and fuel options that are achievable and not cost-prohibitive. The agencies proposed that the federal government double the fuel economy of new vehicles and require that non-petroleum fuels comprise 20 percent of on-road fuel demand by 2020. However, the federal Energy Act of 2005 includes only a moderate increase in fuel economy standards for some light trucks, which will have little effect on growing petroleum demand.[23]

Meanwhile, CARB adopted landmark regulations in 2004 limiting greenhouse gas emissions from new vehicles sold in California beginning in the 2009 model year. New vehicles complying with this regulation will consume nearly 30 percent less fuel than vehicles built before 2009. Assuming these regulations are not overturned in the courts, they could result in significant reductions in the demand for petroleum in California.[24]

In addition to increased fuel efficiency, there are significant ongoing efforts to develop alternative fuels and power sources. AB 1007, passed in 2005, requires specified agencies to develop plans to increase the use of alternative fuels while minimizing economic costs to the State. Fuel alternatives include ethanol (or gasoline-ethanol and diesel-ethanol blends), biodiesel, propane, compressed or liquefied natural gas, liquefied petroleum gas, and others. Electric vehicles once held ~~great~~ promise, although the current emphasis by automakers is on producing gasoline/electric hybrid vehicles, at least for the near-term. Recently, there has been much attention given to hydrogen fuels as a long-term solution, as evidenced by the Governor's *Hydrogen Highway Blueprint Plan* of 2005, and its transition to the marketplace is expected to occur between 2010 and 2020.[25]

Infrastructure for Transportation Fuels

No new oil refineries have been constructed in California since 1969, and 20 refineries have closed, leaving 13 remaining refineries in operation. It is unlikely that any new refineries will be built in the foreseeable future. Nevertheless, supply has kept pace with demand though a combination of refinery upgrades/modernizations and imports of fuels from out-of-state. Since California refineries are already operating close to their full capacities, daily imports of refined gasoline and diesel are expected to more than double over the next 20 years. (In the short-term, the refiners' ability to supply consistent volumes of gasoline is further complicated by the recent prohibition of MTBE [methyl tertiary butyl ether] as a gasoline additive, and its mandated replacement with ethanol, to oxygenate fuel and help control carbon monoxide emissions.) Revisions of state and federal regulations to further tighten specifications for diesel fuel have also been adopted to reduce environmental impacts. Together, these efforts to improve the environmental performance of petroleum fuels pose challenges for producing fuel volumes required to satisfy California's growing transportation-related fuel consumption.[26],[27]

Gasoline and diesel will continue to be California's primary transportation fuels for the foreseeable future. Even under the most optimistic projections for decreased growth in petroleum demand, the State's petroleum infrastructure must be expanded to avoid future supply problems. The CEC has concluded that, in particular, the capacity of marine terminals must be expanded to meet rising imports of both crude oil and clean fuels over the next 20 years.[28]

EXISTING CONDITIONS

Energy Consumed by Existing Agricultural Operation

The project site is currently fallow and was previously in cultivation for row crops. The energy inputs for the previous row crop operation included direct energy consumption for farm machinery and water pumps, and indirect energy bound in fertilizers and pesticides. The total energy requirements for a typical row crop (e.g., wheat) are about 8.0 million BTU per acre per year,[29] which translates to 320 million BTU per year for the entire project site, not including direct solar energy. The energy requirements for the agricultural operation are balanced by the useful energy outputs in the form of food. Each ton of row crop (e.g., wheat) has a caloric content of approximately 4,630,000 kilocalories (kcal) or 18.4 million BTU.[30] Assuming the crop yield for the site would reflect the San Joaquin County average of 3 tons per acre for wheat,[31] the total food energy produced at the 40-acre site would be 2,208 million BTU per year. (This assumes one crop per year, while in fact there could be two or three.) Although the energy inputs of an on-site agricultural operation would be qualitatively different from the energy outputs, the overall energy output represented by the caloric value of the crops produced would be about seven times higher than the overall energy inputs applied in their cultivation.

Local Energy Supply and Infrastructure

Electrical Service

Electrical services to the City of Lodi are provided by the Lodi Electric Utility, a City-owned and operated utility that serves residential, commercial and industrial customers in Lodi. The Lodi Electric Utility is a member of the Northern California Power Agency (NCPA), which is a collective comprised of utilities that own and operate their own power plants. Established in 1968, the NCPA is a California Joint Action Agency, with membership open to municipalities, rural electric cooperatives, irrigation districts and other publicly owned entities interested in the purchase, aggregation, scheduling and management of electrical energy. A total of 12 NCPA members, including the Lodi Electric Utility, own shares of the NCPA's electric generation facilities. The NCPA allows the Lodi Electric Utility to purchase and supply electricity at cost. The NCPA owns and operates a variety of electric generation facilities, including the following:

- Five quick-response combustion turbine units located in the cities of Alameda, Roseville, and Lodi.
- Combustion Turbine Project No. 2, a steam-injected gas turbine plant located near Lodi.
- A hydroelectric project on the North Fork Stanislaus River.
- Two geothermal power plants in the Geysers Geothermal Resource Area.[32]

NCPA members also purchase power from alternative sources such as wind turbine generators in Washington State, and the gas-to-energy project at the West Contra Costa Landfill.[33]

The most recent data for total electricity use in the City of Lodi is from 2005, in which Lodi used a total of 470 gigawatt-hours (GWH) of electricity. The most recent peak electric system demand of 140 megawatt-hours occurred during the prolonged heat wave of July 2006.[34]

Electrical power infrastructure in the project vicinity includes overhead electrical lines located along Lower Sacramento Road. The construction of an electrical substation is planned for a parcel located on the south side of West Kettleman Lane opposite the northwest corner of the project site. This is the City's fifth substation and has been planned for some time to provide service to the western portion of the City. The substation is scheduled for completion within the next five years. It is anticipated that the substation will be the terminus of two new 60 kV circuits mounted on a single pole line, paralleling Kettleman Lane (Highway 12). The substation would also be linked to an existing 60 kV overhead circuit paralleling Lower Sacramento Road. All 12 kV distribution lines from the substation would be placed underground.[35]

Natural Gas Service

The Pacific Gas and Company (PG&E) provides natural gas service to the City of Lodi. PG&E serves approximately 4 million consumers with natural gas service within a 70,000 square-mile service area in southern and central California. PG&E delivered approximately 900 billion cubic feet of natural gas in 2004.[36]

Approximately five percent of the company's natural gas supplies originate in California. The remaining 95 percent is piped via high-pressure transmission pipelines from out-of-state gas fields in the Southwest and Rocky Mountain regions, and western Canada. A representative of PG&E's Service Planning Group in Stockton indicated that there are abundant supplies available from these supply sources and that no interruptions to supply are anticipated or foreseen which would prevent the utility from meeting the growing demand for natural gas associated with continuing growth in Lodi.[37]

PG&E owns and operates 40,000 miles of distribution pipeline, 6,000 miles of transmission pipeline.[38],[39] Most natural gas supplies to Lodi are conveyed through long-distance transmission lines from western Canada. A small portion of supply is piped from the Rio Vista gas field to the west. The company owns several large gas storage facilities which are important in balancing supply and demand and maintaining reliability of service. Emergency natural gas supplies for the City of Lodi are stored at the nearby McDonald Island natural gas storage field. Although the privately owned Lodi natural gas storage field is located nearby to the north, PG&E does not currently use this facility for natural gas storage. Bill Brighton of PG&E's Service Planning Group in Stockton indicated that there are no constraints in the natural gas transmission, storage and distribution system which would interrupt the flow of natural gas to the Lodi market. It is the responsibility of PG&E's Service Planning Group to constantly develop projections for growth in demand, including periods of peak demand, and to ensure that adequate supplies and infrastructure are brought online to meet that demand.[40] Natural gas supplies to the proposed project would be delivered via existing 8-inch high pressure pipelines which run adjacent to the site along Lower Sacramento Road and West Kettleman Lane.[41]

Transportation Fuel

Overall supplies of transportation fuel in San Joaquin County are plentiful and reliable. Five of California's 13 oil refineries are located in the east San Francisco Bay Area, within 70 miles of Lodi. The refineries receive crude oil supplies via pipeline from the Kern County oil fields as well as from two nearby marine terminals which receive tankers from Alaska and foreign oil producers. The refined gasoline and diesel products are transported to Lodi via tanker truck and product pipelines from these refineries.[42,43]

There are over 40 fuel stations in the City of Lodi, and many more in the surrounding communities, which supply conventional fuels such as gasoline and diesel.[44] A fuel station is also planned for the proposed project. There are no "clean fuel" stations operated by private enterprise in the Lodi area where alternative fuels and energy supplies are available to the public. However, compressed natural gas (CNG) is available to the public at the City of Lodi corporation yard located at 1331 South Ham Lane. In addition, the City of Lodi operates six electric refueling stations that are available to the public. Four of these are located at the City's corporation yard and two are located adjacent to City Hall. The nearest other alternative fuel stations are located in Sacramento where liquefied natural gas (LNG) and compressed natural gas (CNG), and liquefied petroleum gas (propane) are available. There are also inductive chargers for electric vehicles available at a number of locations in Sacramento County. The only locations in northern California where ethanol (E85) is dispensed are the Lawrence Berkeley and Lawrence Livermore National Laboratories, neither of which are accessible to the public.[45]

The overall supply picture for transportation fuels in Lodi reflects that of California as a whole. Supplies of imported crude and refined fuels are increasing steadily as in-state petroleum resources decline and refining capacity is maximized. Although there have been no fuel shortages or gas lines in recent years, general tightness of supply vis-à-vis demand is reflected in prices at the pump. Since fuel deliveries are subject to long-term contracts, some oil companies and localities may fare better than others in the event of actual fuel shortages. However, there is no evidence or expectation that such shortages will occur in the foreseeable future.

REGULATORY SETTING

Since the energy crisis of the 1970s, efforts to promote and require energy conservation and alternatives have been embodied by numerous plans, policies, programs, and regulations promulgated at the federal, State, regional, and local levels. Those which are most relevant to the project are briefly described below.

Federal

Energy Policy Act of 2005

Passed by Congress in July 2005, the Energy Policy Act includes a comprehensive set of provisions to address energy issues. The Act includes tax incentives for the following: energy conservation improvements in commercial and residential buildings; fossil fuel production and clean coal facilities; and construction and operation of nuclear power plants, among other things. Subsidies are also included for geothermal, wind energy and other alternative energy producers. It directs the Department of Energy to study and report on alternative energy sources such as

wave and tidal power, and includes funding for hydrogen research. The Act also increases the amount of ethanol required to be blended with gasoline, and extends Daylight Savings time (to begin earlier in Spring and end later in Fall) to reduce lighting requirements. It also requires the federal vehicle fleet to maximize use of alternative fuels. The Act also includes provisions for expediting construction of major energy transmission corridors, such as high voltage power lines, and fossil fuel transmission pipelines. These are just a few examples of the provisions contained in the Act.[46]

EnergyStar Program

In 1992, the US Environmental Protection Agency (EPA) introduced Energy Star as a voluntary labeling program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. The program applies to major household appliances, lighting, computers, and building components such as windows, doors, roofs, heating and cooling systems. Under this program, appliances which meet specifications for maximum energy use established under the program are certified to display the EnergyStar label. In 1996, EPA joined with the Energy Department to expand the program, which now also includes qualifying commercial and industrial buildings, and homes.[47]

Corporate Fuel Economy Standards

The Federal Energy Policy and Conservation Act of 1975 established fuel economy standards for new light-duty vehicles sold in the United States. This law places responsibility on the National Highway Traffic and Safety Administration (a part of the U.S. Department of Transportation) for establishing vehicle standards and for regularly updating the standards. The U.S. Environmental Protection Agency (U.S. EPA) administers the Corporate Average Fuel Economy (CAFE) program, which determines vehicle manufactures' compliance with existing fuel economy standards. Since the inception of the CAFE program, the average fuel economy for new light-duty vehicles (autos, pickups, vans, and SUVs) steadily increased from 13.1 miles-per-gallon (mpg) for the 1975 model year to 21.0 mpg for the 2005 model year.[48]

Income Tax Credits

Federal income tax credits are available to individuals for installation of qualified energy conservation features in the home such as insulation, replacement windows, and certain high-efficiency heating and cooling equipment. Additional tax credits are available for qualified solar water heating and photovoltaic systems, and also for qualified fuel cell and microturbine systems. Tax credits are also available to buyers of designated fuel-efficient vehicles such as hybrid gasoline-electric, diesel, battery-electric, alternative fuel, and fuel cell vehicles. Tax credits are also available to home builders and commercial buildings which incorporate energy-efficient materials, as well as to manufacturers of certain products designed to meet EnergyStar standards.[49]

State

Energy Action Plan

In 2003, the three key energy agencies in California – the California Energy Commission (CEC), the California Power Authority (CPA), and the California Public Utilities Commission (CPUC) –

jointly adopted an "Energy Action Plan" (EAP) that listed goals for California's energy future and set forth a commitment to achieve these goals through specific actions. In 2005, the CPUC and the CEC jointly prepared Energy Action Plan II to identify the further actions necessary to meet California's future energy needs. EAP II describes the priority sequence for actions to address increasing energy needs, also known as "loading order." The loading order identifies energy efficiency and demand response as the State's preferred means of meeting growing energy needs. After cost-effective efficiency and demand response, the State is to rely on renewable sources of power and distributed generation, such as combined heat and power applications. To the extent that efficiency, demand response, renewable resources, and distributed generation are unable to satisfy increasing energy and capacity needs, the Plan supports the use of clean and efficient fossil-fired generation. The Plan recognizes that concurrent improvements are required to the bulk electricity transmission grid and distribution facility infrastructure to support growing demand centers and the interconnection of new generation, both on the utility and customer side of the meter. The Plan identifies key actions to be taken in all of these areas in order to meet the State's growing energy requirements. The Plan recommendations are implemented by the Governor through executive orders, by the legislature through new statutes, and by the responsible State agencies through regulations and programs. Progress on Plan implementation is reported in successive biennial updates of the Plan.[50]

Title 24 (California Energy Code)

The California Energy Code (Title 24, Part 6, of the California Code of Regulations, California's Energy Efficiency Standards for Residential and Nonresidential Buildings), provides energy conservation standards for all new and renovated commercial and residential buildings constructed in California. The provisions of the California Energy Code apply to the building envelope, space-conditioning systems, water-heating and lighting systems of buildings and appliances, and give guidance on construction techniques to maximize energy conservation. Minimum efficiency standards are given for a variety of building elements including appliances, water and space heating and cooling equipment, and insulation for doors, pipes, walls and ceilings. The Energy Commission adopted the 2005 changes to Building Efficiency Standards which includes emphasis on saving energy at peak periods and seasons, and to improve the quality of installation of energy efficiency measures, among other things. Compliance with Title 24 standards is verified and enforced through the local building permit process.[51]

Green Building Initiative

In December 2004, the Governor signed Executive Order S-20-04 (Green Building Initiative) to establish energy and resource-efficiency in building construction. The EO sets a goal of reducing energy use in State-owned buildings by 20 percent by 2015, and directs the CEC to refine Title 24 energy efficiency standards for buildings to meet the same goal.[52]

California Greenhouse Bill

The "California Greenhouse Bill" (AB 1493), signed into law in July 2002, requires the California Air Resources Board (CARB) to develop and adopt regulations that achieve maximum feasible reduction of greenhouse gases emitted by passenger vehicles and light-duty trucks.[53] In response, CARB adopted landmark regulations in 2004 limiting greenhouse gas emissions from new vehicles sold in California beginning in the 2009 model year. New vehicles complying with this regulation will consume nearly 30 percent less fuel than vehicles built before 2009.

Assuming these regulations are not overturned in the courts, they could result in significant reductions in the demand for transportation fuel in California.[54]

California Global Warming Solutions Act of 2006

In September 2006, the Governor signed AB 32 – California Global Warming Solutions Act of 2006, which directs the California EPA to work with state agencies to implement a cap on greenhouse gas emissions (primarily carbon dioxide) from stationary sources of such as electric power generation facilities, and industrial, commercial and waste disposal sectors. Since carbon dioxide emissions are directly proportional to fossil fuel consumption, the cap on emission is expected to have the incidental effect of forcing a reduction in fossil fuel consumption from these stationary sources. Under AB 32, the California EPA will work with other state agencies to do the following: 1) Promulgate and implement greenhouse gas emissions cap for the electric power, industrial and commercial sectors through regulations in an economically efficient manner; 2) Institute a schedule of greenhouse gas reductions; 3) Develop an enforcement mechanism for reducing greenhouse gases; 4) Establish a program to track and report greenhouse gas emissions.

Regional

San Joaquin Valley Air Pollution Control District

Although the Air Pollution Control District is not directly involved in the regulation of energy use, a number of emissions reduction measures recommended by the Air District for inclusion in development projects have the incidental effect of conserving energy resources. Examples of the measures recommended include the following: extensive planting of shade trees to reduce summer cooling requirements; inclusion of sidewalk and bikeway networks and connections to encourage walking and bicycling; use of reflective roofing material; utilization of passive solar and heating designs; utilization of daylighting (natural lighting) systems such as skylights; use of incentives to encourage carpooling and other transportation alternatives; use of solar thermal electricity systems.[55]

City of Lodi

General Plan

The City of Lodi General Plan does not include goals and policies directly related to energy resources or energy conservation. However, the General Plan includes a number of goals and policies which indirectly promote efficient energy use and energy conservation, as follows: [56]

Section 3. Circulation Element

Goal A: To provide for a circulation system that accommodates existing and proposed land uses and provides for the efficient movement of people, goods, and services within and through Lodi.

Policy 1. The City shall strive to maintain Level of Service C on local streets and at intersections. The acceptable level of service goal will be consistent with the financial resources available and the limits of technical feasibility.

Policy 2. The City shall time the construction of new development such that the time frame for completion of the needed circulation improvements will not cause the level of service goals to be exceeded.

Policy 4. The City shall require dedication, widening, extension, and construction of public streets in accordance with the City's street standards. Major street improvements shall be completed as abutting lands develop or redevelop. In currently developed areas, the City may determine that improvements necessary to meet City standards are either infeasible or undesirable.

Policy 5. The City shall review new developments for consistency with the General Plan Circulation Element and the capital improvements program. Those developments found to be consistent with the Circulation Element shall be required to pay their fair share of traffic impact fees and/or charges. Those developments found to be generating more traffic than assumed in the Circulation Element shall be required to a prepare site-specific traffic study and fund needed improvements not identified in the capital improvements program, in addition to paying their fair share of the traffic impact fee and/or charges.

Policy 7. The City shall require that public and private street design and new development access meet applicable City street standards and minimize accident hazards.

Goal B: To ensure the adequate provision of both on-street and off-street parking.

Policy 1. The City shall require new developments to provide an adequate number of off-street parking spaces in accordance with City parking standards. These parking standards should be periodically reviewed and updated.

Goal C: To encourage use of transit where feasible.

Policy 1. The City shall continue to provide Dial-A-Ride services to local, transit-dependent residents.

Policy 2. The City shall provide information to local residents on transit services available for regional trips (such as Greyhound).

Policy 3. The City shall consider expanding its transit service to include limited fixed-route services if sufficient demand exists and if the cost is economically feasible..

Goal D: To provide for a safe and convenient pedestrian circulation system.

Policy 1. The City shall require sidewalks for all developments in accordance with City design standards and encourage additional pedestrian access where applicable.

Goal E: To encourage the use of bicycles as an alternative mode of transportation.

Policy 1. The City shall encourage new commercial developments to provide bicycle racks.

Goal G: To encourage reduction in regional vehicle miles traveled.

Policy 1. The City shall promote ridesharing to reduce peak-hour traffic congestion and help reduce regional miles traveled.

Policy 2. The City shall promote employment opportunities within Lodi to reduce commuting to areas outside of Lodi.

Section 7. Conservation Element

Goal F: To promote and, insofar as possible, improve air quality in Lodi and the region.

Policy 1. The City shall promote travel by bicycle and foot within Lodi.

Policy 2. The City shall promote transit for trips within Lodi and for regional trips.

Policy 5. The City shall promote employment opportunities within Lodi to reduce commuting to areas outside Lodi.

Zoning Ordinance

The City of Lodi Zoning Ordinance contains no regulations which specifically require energy-conservation features in new development. However, the Zoning Ordinance includes a several development standards which result in the incidental conservation of energy, including landscaping standards which require 50 percent shading of parking areas within 5 years of installation.[57] In addition, the City's Draft Development Code specifies the use of efficient irrigation systems and drought-tolerant landscaping (reduces energy used in water pumping).[58]

Building Code

Since it is based on the California Building Code of 2001, which includes the Title 24 requirements, the Lodi Building Code in effect implements the State-mandated energy-efficiency standards for new construction (described above).

Private Sector Energy-Efficiency Incentive Programs

In addition to government policies and programs, the private sector providers of electric power and natural gas to the project offer a number of incentives to encourage reduced energy consumption. The incentives most relevant to the project are described below:

Lodi Electric Utility

The Lodi Electric Utility offers several services and programs to encourage energy conservation for residential and non-residential customers. For commercial users the utility offers rebates for energy conservation measures such as lighting retrofits, installation of shade screens or awning

covers, installation of fans and ventilators, as well as insulation and weather stripping. It also provides rebates for replacements or upgrades for systems such as HVAC and refrigeration systems. The Lodi Electric Utility also provides energy audits and analysis tools, among other things.[59]

Pacific Gas & Electric

The Pacific Gas & Electric (PG&E) offers a variety of services and programs to assist its customers in achieving greater energy efficiency in their homes and businesses. For businesses, the gas company offers rebates and other financial incentives in the purchase of energy-efficient equipment and systems. It provides information resources, as well as seminars and design assistance to residential and non-residential builders, including those provided at its Energy Training Center in Stockton. It also offers owner incentives to help offset the cost of energy efficient buildings. The latter are offered as part of the "Savings by Design" program, a comprehensive program sponsored by all the major California utilities to provide educational and financial assistance is the design and construction of new buildings.

Non-Profit Energy Programs

Flex Your Power

Initiated in 2001, "Flex Your Power" is a statewide energy-efficiency marketing and outreach campaign by a partnership of California utilities, businesses, residents, government agencies and nonprofit organizations. Through a variety of media, including utility bill inserts, the objective of the campaign is to educate companies and the public about numerous techniques and products available to increase energy efficiency and to provide information and access to financial incentives, design assistance, and other resources.

SIGNIFICANCE CRITERIA

Based on the CEQA Statutes and Guidelines, the project would be considered to result in a significant public services impact if it would:

- Result in the wasteful, inefficient or unnecessary consumption of energy;
- Result in a substantial increase in demand or transmission service, resulting in the need for new or expanded sources of energy supply or new or expanded energy delivery systems or infrastructure.

In addition, Appendix F of the CEQA Guidelines states that the means of achieving the goal of energy conservation includes the following:

(1) decreasing overall per capita energy consumption,

(2) decreasing reliance on natural gas and oil, and

(3) increasing reliance on renewable energy sources.

IMPACTS AND MITIGATION

Impact N1. **Energy Consumption. The project would increase energy consumption in the construction and operational phases of the project. However, energy conservation measures incorporated into the design, construction and operation of the project would avoid wasteful, inefficient or unnecessary consumption of energy. (Less-than-Significant Impact)**

Implementation of the proposed project would use more energy than the previous agricultural operation on the site. The implementation of the project would consume large amounts of energy in both the short-term during project construction and in the long-term during project operation. The energy use characteristics of the construction and operational phases of the project are discussed in turn below.

Construction Phase Energy Requirements

During construction, the project would consume energy in two general forms: (1) the fuel energy consumed by construction vehicles and equipment; and (2) bound energy in construction materials, such as asphalt, steel, concrete, pipes, and manufactured or processed materials such as lumber and glass. These are discussed below.

Energy Consumed by Construction Vehicles and Equipment

Fossil fuels used for construction vehicles and other energy consuming equipment would be used during site clearing, grading, and construction for the project. Fuel energy consumed during construction would be temporary in nature and would not represent a significant demand upon energy resources.

Energy Conservation During Construction

Some incidental energy conservation would occur during construction through implementation of the noise mitigation measures identified in Section *II. I. Noise* of the Draft EIR. For example, there would be some fuel savings resulting from the prohibition of unnecessary idling of vehicles and equipment, and from the requirement that equipment be properly maintained. In addition, the mitigation measures listed in Section *II. J. Air Quality* include a requirement that equipment not in use for more than 10 minutes shall be turned off. Also, the construction materials could include recycled materials and products originating from nearby sources in order to reduce costs of transportation. Also, given current high fuel prices, contractors have a strong financial incentive to avoid wasteful, inefficient and unnecessary consumption of energy during construction.

Bound Energy Contained in Construction Materials

The incremental increase in the use of energy bound in construction materials such as asphalt, steel, concrete, pipes and manufactured or processed materials

such as lumber and gas would not substantially increase demand for energy compared to overall local and regional demand for construction materials. It is expected that production of building materials such as concrete, steel, etc., would employ all feasible energy conservation practices in the interest in minimizing the cost of doing business. Therefore, it reasonable to conclude that the production of construction materials would not use energy in a wasteful, inefficient or unnecessary manner.

Energy Conservation in Construction Materials

Substantial reductions in energy inputs for construction materials can be achieved by selecting building materials composed of recycled materials which require substantially less energy to produce than non-recycled materials. According to Wal-Mart's website, the company has several experimental stores where it is testing various products and systems to conserve energy and natural resources. Examples of recycled building materials include the use of recycled nylon in interior carpeting, the use of recycled plastic for base moulding and pipe bollard covers, the use of fly ash from coal-fired generation plants in concrete, the use of recycled rubber in asphalt, among other things. The extent to which recycled materials will be used the construction of this project has not yet been determined.

Operational Phase Energy Use

The operational phase will consume energy for multiple purposes including, but not limited to, building heating and cooling, refrigeration, lighting, electronics, office equipment, and commercial machinery (including kitchen appliances). Operational energy will also be consumed during each vehicle trip associated with these proposed uses. The following discussion of operational energy use begins with a discussion of on-site energy use and conservation measures, which is followed by a discussion of transportation energy use and conservation.

<u>On-Site Energy Requirements</u>

The proposed project would consume energy for interior and exterior lighting, heating/ventilating/air conditioning (HVAC), refrigeration, home electronics systems and appliances, and security systems, among other things.

The project demand for electricity was estimated using the national average of 13 kilowatt hours per square foot per year (kWhr/ft^2/yr) for commercial uses. Based on a total floor area of approximately 340,000 square feet, the project demand for electricity would be approximately 4.42 gigawatt-hours per year. (This is equivalent to 15.1 billion BTUs per year.) Compared with the total annual electrical demand in the City of Lodi of approximately 470 gigawatt-hours during 2005, the proposed project would represent less than one percent of total electrical demand in the City of Lodi.

The project demand for natural gas was estimated using the national average of 37 cubic feet per square foot per year (ft^3/ft^2/yr). Based on a total floor area of

340,000 square feet, the project demand for natural gas would be approximately 12.6 million cubic feet per year. (This is equivalent to 12.6 billion BTUs per year.) Compared with the total natural gas demand in the City of Lodi of approximately 3,892 million cubic feet during 2005, the proposed project would represent about 0.3 percent of total natural gas demand in the City of Lodi.

On-Site Energy Conservation

In accordance with California Energy Code Title 24, the project would be required to meet minimum energy efficiency standards for non-residential construction. This includes water and space heating and cooling equipment, insulation for doors, pipes, walls and ceilings, and appliances, among other things. The project would also be eligible for rebates and other financial incentives from both the electric and gas providers for purchase of energy efficient appliances and systems, would further reduce the overall operational energy demand of the project. (See 'Regulatory Setting' above for further details.)

In addition, the Wal-Mart store is proposed to include a number of energy-conserving features which extend beyond the requirements of Title 24. These include the use of skylights, energy-efficient HVAC units, solar-reflective roofing materials, energy-efficient lighting systems, and the reclamation of the "heat of rejection" from refrigeration equipment to generate hot water, among other things. These are described in further detail below.

- All new Wal-Mart stores include skylight/dimming systems which operate to automatically dim lights and ultimately turn them off as daylight increases. This results in and estimated electricity saving of 25 to 35 percent for lighting. During the late night hours, electricity use is reduced by dimming lighting to 65 percent.

- New Wal-Mart stores utilize "super" high-efficiency packaged HVAC (heating and cooling) units. These units are between 4 to 17 percent more efficient than typical units.

- All new Wal-Mart stores built in California have white membrane roofs with high solar reflectivity, thus lowering the 'cooling' load by about 8 percent.

- All new Wal-Mart stores utilize energy-efficient T-8 fluorescent lamps and electronic ballasts, which are 30 percent more efficient than required by California code.

- Wal-Mart reclaims the "heat of rejection" from its refrigeration equipment to generate hot water. This eliminates the need for three 80-gallon hot water heaters per facility.

- Building signage now uses LED lighting for internal illumination, which is 70 percent more energy-efficient than fluorescent lighting.

According to Wal-Mart's website, the company is constantly experimenting with new energy saving technologies and has experimental Supercenters in the mid-West which employ new technologies such as active solar electricity generation and water heating, and on-site wind turbines for power generation, among other things. The intention is to incorporate those measures found to be effective into the construction of future stores.[60]

It should also be noted that a substantial portion of the solid waste generated by Wal-Mart and the other project users would be recycled by a local service provider. In addition, Wal-Mart would enter private contracts for pickup of used cardboard and waste oil. The recycling and reuse of these materials would save substantial energy inputs required to produce goods from virgin materials.

In addition, with the passage of AB 32 – California Global Warming Solutions Act of 2006, it is expected that greenhouse caps applied to electrical generating stations will force a reduction in the use of fossil fuels for power generation, and their replacement with more renewable power sources.

In this context, it is worthwhile noting that Lodi Electric already obtains 22 percent of its power supply from renewable sources such as geothermal, already exceeding the statewide goal of meeting 20 percent of power generation through renewable power sources (RPS) by 2010.[61] (When large hydroelectric facilities are included, the City's percentage of renewable sources increases to 45 percent, although hydro is excluded from the State's definition of renewable sources.)

Transportation Energy Use

The project would generate demand for transportation fuel for vehicles traveling to the retail and restaurant uses of the site. According to the traffic study by Fehr & Peers, the project would generate a total of 16,600 daily vehicle trips on an average weekday (including delivery truck trips). Based on average estimated one-way shopping trip lengths of about 5 miles, the total vehicles miles traveled to and from the project daily would be about 83,000 miles. Applying the current national average vehicle fuel consumption rate of about 20 miles per gallon, the project would result in consumption of approximately 4,150 gallons of fuel per day. Assuming the daily consumption rate reflects average daily consumption throughout the year, the annual demand for transportation fuel associated with the project would be 1.512 million gallons. (This is equivalent to 144 billion BTU per year.) Compared with the total gasoline and diesel consumption by residential and non-residential users for on-road use in the City of Lodi of approximately 25.1 million gallons during 2004, the proposed project would represent about 6.0 percent of total gasoline and diesel demand in the City of Lodi.[62]

These fuel consumption rates are expected to decline as older less fuel-efficient vehicles are retired, and the federal fuel efficiency standards result in increasing fuel economy over time. Additionally, if the California Greenhouse Gas bill is fully implemented (see 'Regulatory Context' above), significant improvements in vehicle fuel economy would occur beginning in 2009. Another factor which will

minimize wasteful and inefficient use of energy is the mix of commercial uses included in the project. For example, the presence of restaurants within the project will provide opportunities for employees and customers to stay on-site for meals instead of traveling to off-site locations.

Transportation Energy Conservation

Due to their nature as automobile-oriented land uses, regional commercial centers do not readily lend themselves to the use of alternative transportation modes. As such, the there is limited potential for reducing overall transportation energy consumption, or of specifically reducing use of fossil fuels in transportation, in conjunction with this project. However, the project would include opportunities for transit use with bus routes running along Kettleman Lane and Lower Sacramento Road, with two new bus stops to be constructed within the project site to facilitate convenient access to transit. Community bulletin boards within the larger stores such as Wal-Mart would facilitate carpooling and vanpooling for employees, as well transit information and incentives.

The project would also install new sidewalks along Kettleman Lane and Lower Sacramento Road frontages, with pedestrian linkages and dedicated pathways connecting all of the project stores and restaurants. The project would also include construction of Class II on-street bicycle lanes along the project frontages on Kettleman Lane and Lower Sacramento Road, and on both sides of Westgate Drive. In addition, bicycle racks would be installed in front of all of the project's 13 retail buildings in accordance with City zoning requirements.

The transit, pedestrian, and bicycle facilities provided in conjunction with the project would help provide some reduction in overall vehicle miles traveled, and thereby reduce consumption of transportation fuel by private vehicles.

While the availability of these alternatives will have some effect in reducing energy use associated with the project, the dominant transportation mode used by employees, customers and supplies will be petroleum-fueled vehicles. However, the general tightness of fuel supply, and resulting high fuel costs, may have the beneficial effect of facilitating greater use of non-individual vehicle use, or more prudent travel patterns for vehicle use, and accelerated development and adoption of vehicles which are more fuel-efficient or which rely on alternative fuel sources.

Conclusion

In summary, the operation of the project would result in the consumption of about 162 billion BTU of electricity, natural gas, and transportation fuel per year. This is over 500 times more energy than the estimated 0.3 billion BTU in annual energy inputs that would be applied in an agricultural operation on the site. The energy consumed by the project operation would represent 1.9 percent of the total annual energy consumption in the City of Lodi of about 8,634 billion Btu, and about 0.002 percent of statewide energy consumption. However, there are a

number of energy conservation measures which will be incorporated into the design, construction, and operational aspects of the project, as discussed above, which would result in a considerable reduction in project energy consumption, particularly electricity.

In conclusion, the project would not result in a significant impact to energy resources since it would result in the consumption of relatively small amounts of energy, compared to statewide and local consumption rates, in both the construction and operational phases, and because the energy conservation measures incorporated into the design and operation of the project would avoid wasteful, inefficient or unnecessary consumption of energy.

Mitigation. **No mitigation required.**

Impact N2. **Impact on Energy Supplies and Infrastructure. The increased demand for energy resulting from the project would not be substantial enough to require new or expanded sources of supply or the construction of new or expanded energy delivery systems or infrastructure capacity. (Less-than-Significant Impact)**

Electrical Power Supplies and Infrastructure

The operational electricity use for the proposed project would be approximately 4.42 gigawatt-hours per year. With an annual electrical demand of 470 gigawatt-hours in Lodi during 2005, the proposed project would result in an increase of less than one percent in City-wide electrical demand. George Morrow, Electric Utility Director for the utility, has indicated that there is abundant power available to Lodi through the Northern California Power Agency (NCPA), with additional power available on the open market, if needed, to meet the electrical energy demands of the project during normal and peak periods of demand. Lodi Electric was able to meet the unusually high power demands associated with the extended heat wave of July 2006, and has ample reserve capacity to meet similar or greater demands on its facilities and supplies.

As mentioned previously, the Lodi Electric Utility plans to construct a new electric substation west of the project site within the next five years. Additional power transmission lines are also planned to improve overall system reliability. However, George Morrow, Electric Utility Director, has indicated that the existing electric power delivery system has sufficient reserve capacity to serve the project, during normal and peak demand periods, and that neither the new substation nor other planned system improvements are required to serve the project per se. Lodi Electric already has the backbone facilities in place to serve the project.

Natural Gas Supplies and Infrastructure

During operations, the project would use approximately 12.6 million cubic feet of natural gas per year. Compared with the total natural gas demand in the City of Lodi of approximately 3,892 million cubic feet during 2005, the proposed project would represent about 0.3 percent of total natural gas demand in Lodi. As discussed previously, the project site is served by two high pressure gas distribution pipelines, located directly adjacent to the project, which are more than adequate to serve project demand, according to PG&E. Bill Brighton, Service Planner for PG&E, has indicated that there are abundant supplies of natural gas available to northern California, and there is plenty of reserve capacity in the long-distance transmission pipeline network, the local storage facilities, and in the local distribution system to serve the project. Therefore, there are no constraints in the sources of supply or in the delivery infrastructure which would impinge upon the ability of PG&E to meet the project demand for natural gas, during normal and peak demand periods, for the foreseeable future.

Transportation Fuel Supply and Infrastructure

The overall supply picture for transportation fuels in Lodi reflects that of California as a whole. Supplies of imported crude and refined fuels are increasing steadily as in-state petroleum resources decline and refining capacity is maximized. Although there have been no fuel shortages or gas lines in recent years, general tightness of supply vis-à-vis demand is reflected in prices at the pump. Since fuel deliveries are subject to long-term contracts, some oil companies and localities may fare better than others in the event of actual fuel shortages. However, there is no evidence that such fuel shortages will occur in the foreseeable future. As such, no fuel shortages are anticipated which would constrain transportation to and from the project. Likewise, there is no evidence of infrastructure deficiencies in the fuel supply distribution system which would result in local fuel shortages affecting the project.

Conclusion

In conclusion, the energy requirements associated with the project would not exceed the energy supplies available to the project or exceed the ability of the various energy infrastructures to provide adequate supplies of energy to the project, during normal and peak demand periods, for the foreseeable future. As such, no new energy supplies would need to be developed to serve the project, and no system improvements would be needed to the energy delivery infrastructure to serve the project. Therefore, the impact of the project upon energy supplies and energy delivery infrastructure would be less than significant.

Mitigation. **No mitigation required.**

Cumulative Energy Impacts

The other pending and approved projects in the City of Lodi would result in incremental increases in the total quantity of energy required to serve them. All of these projects would be served by the same energy supply sources and infrastructure as the proposed project, and all would be subject to the same statutes, regulations, and programs which are mandating or encouraging the energy conservation and the development of alternative energy sources. There is no evidence that these cumulative projects, either individually or collectively, would result in the wasteful, inefficient or unnecessary consumption of energy, or that they would be subject to energy infrastructure constraints which would affect delivery of energy supplies to those projects. Therefore, the cumulative energy impacts associated with the project would be less than significant.

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IV. ALTERNATIVES TO THE PROPOSED PROJECT

A. OVERVIEW

The CEQA Guidelines, at §15126.6(A), stipulate the following with respect to consideration and evaluation of project alternatives:

> An EIR shall describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives.

This chapter includes the following discussions related to project alternatives: the factors applied in selecting alternatives for evaluation; identification of the alternatives considered for evaluation and discussion of the rationale for including or not including them in the detailed alternatives analysis; and description and evaluation of the environmental impacts associated with the selected project alternatives, including discussion of the ability of each alternative to meet the project objectives. The discussion of individual alternatives is followed by a summary discussion which compares the relative impacts of each alternative to those of the project, and identifies the environmentally superior alternative as required by CEQA.

B. SELECTION OF ALTERNATIVES TO BE EVALUATED

Factors Applied in the Selection of Project Alternatives

The CEQA Guidelines state that an EIR should briefly describe the rationale for selecting the alternatives to be discussed, should identify the alternatives that were considered by the lead agency but were rejected as infeasible, and should briefly explain the reasons underlying the lead agency's determination (CEQA Guidelines §15126.6(c)).

The alternatives addressed in this EIR were selected in consideration of one or more of the following factors:

- The extent to which the alternative would accomplish most of the basic objectives of the project (see Section *I. C. Project Objectives*).
- The extent to which the alternative would avoid or lessen any of the identified significant effects of the project.
- The feasibility of the alternative, taking into account site suitability and parcel size, and consistency with applicable public plans, polices, and regulations.
- The appropriateness of the alternative in contributing to a "reasonable range" of alternatives necessary to permit a reasoned choice; and

Range of Alternatives Considered

The following is a brief description of project alternatives considered, along with the rationale for including or not including each for further evaluation.

No Project Alternative

The CEQA guidelines require evaluation of the "no project" alternative in order "to allow decisionmakers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project" (CEQA Guidelines §15126.6(e)). Therefore, detailed evaluation of the "no project" alternative is included in the analysis.

Alternative Land Use

Alternative land uses that could be considered for the project site might include business park/office commercial or residential development. The General Plan designation of "NCC Neighborhood/Community Commercial" would not permit business park/general office development but would permit multifamily residential development. However, the project site lies within the "C-S Commercial Shopping" zoning district, the stated purpose of which is "...to permit the development of commercial shopping facilities in locations outside the central business district." Residential development is specifically prohibited in this zoning district. Therefore, no land uses other than shopping center would meet the selection factor of consistency with local plans, policies, and regulations. As such, alternative land uses for the project site were not considered for further evaluation in the alternatives analysis.

Reduced Density Alternative

Project alternatives which consider the reduction of project density are often included in alternatives analyses as a means of reducing impacts such as traffic to less-than-significant levels. Such alternatives are typically considered for higher density residential projects where the reduced density alternative would provide a meaningful alternative for comparison. For residential development, a given land area can be considered for a lower intensity of development since housing types are available for feasible development at low, medium or high housing densities. However, retail shopping center development lacks the flexibility of residential development and is limited to a narrow range of building types and intensities. In suburban settings such as in Lodi, feasible retail shopping center development is limited to single-story construction, and building coverages are effectively limited to about 25 percent of site area, as dictated by parking, circulation, and landscaping requirements. (It should be noted that the development intensity reflected in the project is consistent with General Plan limits on Floor Area Ratio, and with zoning limits on building coverage.)

To represent a meaningful alternative under CEQA, the development intensity would need to be substantially reduced from that proposed. A project alternative with a distinctly lower building intensity would have substantially reduced floor area and parking, and substantially increased landscaped areas. However, such a reduced intensity retail shopping center would not be economically feasible and would not be developed. Moreover, even an alternative reflecting half the development intensity of the project would not reduce the two significant unmitigated impacts of the project (e.g., agricultural resources and regional air quality) to less-than-significant levels.

In terms of land use planning, this alternative represents an inefficient use of land and would not diminish the overall demand for commercial retail space but would merely shift the development pressure to other lands. This alternative would also be inconsistent with City policies which promote compact and efficient development patterns, particularly in order to minimize conversion of agricultural land and to make most efficient use of the City's capital investments in urban infrastructure. Therefore, a project alternative reflecting a reduction in development intensity was not given further consideration.

Reduced Project Size

In general, the only feasible way to reduce the intensity of shopping center development is to reduce the acreage of the development area. In this case, the consideration of such an alternative may indicate a reduction in the level of impacts, albeit not to less-than-significant levels, but would ultimately be illusory since it would ignore the remaining acreage on the property which can still developed for shopping center land use under the applicable General Plan designation and zoning district. In addition, for a shopping center with a major anchor tenant, such as the proposed project, the potential reduction of acreage would be limited due to the minimum development area required for feasible development. ~~As stated in Section *I. C. Project Objectives*, a minimum site size of approximately 30 net acres would be required for feasibility of the proposed project. The net development area of the proposed project is about 33 acres. An alternative consisting of a reduced project size with only three fewer acres, or 90 percent of the proposed site area, would not represent a meaningful alternative under CEQA since it would not result in a substantial reduction or avoidance of significant impacts. Therefore, a reduced project size alternative was not selected for further consideration~~. Nevertheless, in order to present an alternative that would allow comparison of the project with a lower level of development, the Reduced Project Size alternative was selected for further evaluation. This alternative is described in greater detail under 'Reduce Project Size Alternative' below.

Alternative Project Location

As noted under 'Overview' above, CEQA requires the consideration of alternatives to the location of a project. Regarding alternative locations, Section 15126.6(f)(2)(A) of the CEQA Guidelines states:

> "The key question and first step in the analysis is whether any of the significant effects of the project would be avoided or substantially lessened by putting the project in another location. Only locations that would avoid or substantially lessen any of the significant effects of the project need be considered for inclusion in the EIR."

In considering alternative locations for the proposed project, the initial task was to identify any suitably sized parcels which have the appropriate General Plan designation for shopping center development. According to the City staff, the largest undeveloped parcel where shopping center development would be permitted (apart from the Reynolds Ranch project site) is an approximately 23-acre site (with a net developable area of about 20 acres) located on the east side of the City. Since this property would not be comparable in size to the proposed project site, which is 36 acres, it would not allow a meaningful assessment of comparable impacts since its smaller size would reflect a generally lower intensity of use which would translate into a lower magnitude of overall effects. ~~meet the minimum site area of 30 net acres required for project feasibility, it would not meet one of the basic project objectives, as set forth in Section I. C of this~~

~~EIR. (Additionally, this site also consists of prime farmland, and even a 20-acre shopping center would result in significant and unavoidable regional air quality impacts. Therefore, apart from not meeting the minimum project area requirement, this site would not avoid either of the two significant and unavoidable impacts associated with the proposed project site.)~~ As such, it was concluded that there are no suitable or feasible alternative locations for the proposed project within the Lodi planning area. (The Reynolds Ranch site was not considered as a potential alternative site since it is subject to a currently active development application.) Under CEQA Guidelines Section 15126(f)(2)B), no analysis of alternative locations is required if no feasible alternative locations exist.

Nevertheless, in order to present an alternative which would allow a comparison of locations, an alternative project site was identified in the unincorporated area of San Joaquin County which would meet most of the basic objectives of the project. The selected site consists of approximately 36 gross acres in the northeast quadrant of Highway 12 and Thornton Road, just east of I-5. This alternative location is described and evaluated in greater detail under 'Alternative Project Location' below.

Summary

Based on the above preliminary evaluation of potential project alternatives, the following alternatives were selected for further discussion and analysis:

1. No project alternative;
2. Reduced Project Size alternative;
3. Alternative Project Location (northeast quadrant of Highway 12 and Thornton Road).

These alternatives to the proposed project are described and evaluated in turn below.

C. NO PROJECT ALTERNATIVE

The CEQA Guidelines state: "[t]he 'no project' analysis shall discuss existing conditions...as well as what would be reasonably expected to occur in the foreseeable future if the project were not approved..." (Section 15126.6(e)(2)) (emphasis added). This section would require the discussion of two 'no project' alternatives: the 'no build' alternative and the 'reasonably foreseeable development' alternative, in cases where these are not the same scenario. In this case, if the proposed project were not to move forward, it is unlikely that any other form of development would occur here. This is due to the strong land use policies and controls in place which restrict the permitted land uses to retail shopping center development. Therefore, in this case both the 'no development' and the 'reasonably foreseeable development' variants of the 'no project' alternative are actually the same scenario, i.e., the no build scenario.

The No Project alternative consists of not building on the project site and possibly resuming agricultural cultivation of the property for oats, hay, or row crops. The potential impacts of this alternative are discussed below, relative to the impacts associated with the proposed project.

Land Use and Planning: There would be no change in land use under the No Project alternative, and the conversion of the site to urban uses would not occur. Although the land use impacts associated with the proposed project would ~~not result in~~ be less than significant ~~land use impacts~~, the No Project alternative would result in no land use impacts whatsoever.

Agricultural Resources: The No Project alternative would avoid the conversion of the prime farmland of the project site to urban uses, which is a significant unavoidable impact of the proposed project.

Geology and Soils: Under the No Project alternative, the exposure to potential geologic and soils impacts associated with the proposed project, while not significant, would be avoided.

Hydrology and Water Quality: There would be no increase in storm runoff under the No Project alternative, and the erosion impacts and potential for nonpoint pollution of surface water from urban pollutants would be avoided. While these impacts are fully mitigated under the proposed project, they are completely avoided under the No Project alternative.

Biological Resources: The No Project alternative would avoid potential biological impacts associated with project development, such as removal of foraging habitat for protected species such as Swainson's hawk. While such impacts would be fully mitigated under the proposed project, they would be completely avoided under the No Project alternative.

Cultural Resources: Since there are no known historic, archaeological or paleontological resources present on the site, there would be no impacts to cultural resources associated with the proposed project. Although the potential always exists that previously unknown cultural resources could be encountered during project development, any such impacts would be mitigated through implementation of standard contingent mitigations. Under the No Project alternative, the potential impacts to cultural resources would be avoided.

Aesthetics: Under the No Project alternative, there would be no visual change to the site. The proposed project would change the character of the site from rural to urban, although the implementation of the City's Design Standards for Large Retail Establishments, as well as the City's Site Plan and Architectural Review process would ensure that any aesthetic impacts of the project would be less than significant. While the visual impacts of the project would not be significant, the No Project alternative would avoid visual changes to the site altogether.

Traffic and Circulation: The No Project alternative would result in no change in the very low levels of traffic generated at the site under current conditions. The proposed project would generate substantial traffic volumes along roadways in the vicinity. Although the impacts of the project-generated traffic would be mitigated by improvements to the transportation network, the additional traffic would still represent a substantial difference from the No Project alternative.

Noise: The No Project alternative would generate no detectable traffic noise although noise would occasionally be produced by cultivation, harvesting and other agricultural activities. Although the proposed project would result in increased traffic noise, the resulting noise levels would not represent a noticeable increase over existing noise levels on the nearby roadways. Noise generated by on-site project activities would be less-than-significant for most noise sources, and would be mitigated to less-than-significant levels for potentially significant noise sources. Although the

project would result in some noise generation, albeit not significant, the No Project alternative would result in generally lower noise levels.

Air Quality: Assuming the project site would be returned to agricultural use under the No Project alternative, some dust generation and emission of engine exhaust from farm machinery would occur under this no build scenario. The emissions associated with the proposed project would be substantially greater, and would exceed applicable standards for ozone precursors and particulate matter. This is a significant and unavoidable air quality impact of the project that would be avoided under the No Project alternative.

Hazardous Materials: Since there are no known contaminant sources on the project site, there would be no impacts from hazardous materials associated with either the No Project alternative or the proposed project. The auto service shop proposed for the Wal-Mart store would involve the use of hazardous petroleum products and solvents, although these would all be handled and disposed of in accordance with applicable regulations. Under the No Project alternative, the use of such materials would be avoided altogether.

Utilities and Service Systems: As a commercial development, the project would not be a heavy water user. Water demand for the project is estimated to be approximately 1.5 acre-feet per acre per year, compared with 1 or 2 acre-feet per acre per year for irrigation of hay or oat crops. Although the project would require about the same water supply as the No Project alternative, direct comparison is tenuous since water supplies for urban users are typically pumped from deep aquifers, while agricultural wells tend to draw from the shallower aquifers. Since project water demand can be readily accommodated by the Lodi Water Utility, there would be no water supply impacts associated with the project. Thus there would not be a significant difference in impact between the proposed project and the No Project alternative in terms of water supply.

Under the No Project alternative, there would be no demand for wastewater collection and disposal. Under the proposed project, the retail stores would be relatively low wastewater generators and would not result in significant impacts to the City's sanitary sewer system or wastewater treatment facilities.

Public Services: The increased demand for fire protection, police service, and solid waste collection and disposal service would not be significant for the proposed project, but would be avoided under the No Project alternative.

Energy: Assuming the project site would be returned to agricultural use under the No Project alternative, some energy consumption would occur from the use of farm machinery and indirectly from the production of fertilizers and pesticides. The energy consumption associated with the proposed project would be substantially greater, as discussed in Section *III. N. Energy*, although the impacts to energy resources would not be considered significant. Although the project would result in consumption of energy resources, albeit not significant, the No Project alternative would result in far lower levels of energy consumption.

In summary, the No Project alternative would avoid some of the significant unmitigable effects of the proposed project, such as conversion of prime farmland and regional air quality impacts. For all other areas of concern, the differences in impacts between the No Project alternative and the proposed project would not be significant because the project impacts could be reduced to less-than-significant levels through feasible mitigation measures. On balance, the No Project alternative

would be superior to the proposed project because it would not result in the significant unavoidable impacts to agricultural resources and air quality which are associated with the proposed project, and because it would result in little or no impact in the other impact categories. The No Project alternative was not selected by the applicant because it would not fulfill the project objective of developing the site with a regional shopping center in conformance with applicable General Plan policies and zoning and regulations, or the objective of meeting unmet retail demand from existing and future residents of Lodi (see Section *I.C. Project Objectives*). Nor would it fulfill the City's objective of enhancing its fiscal resources through sales tax and property tax revenues that would be generated by the project, or the objectives of creating new jobs or reversing retail sales leakage.

D. REDUCED PROJECT SIZE ALTERNATIVE

This alternative would consist of a substantially reduced project site of approximately 24 acres, including about 22 gross acres for retail development and 2 acres for the stormwater basin. This would represent approximately 60 percent of the proposed project size of 40 acres. ~~Although this reduced project size would not meet the stated objective of the applicant for a minimum 30 acre project size, it is assumed for purposes of this analysis that the proposed Wal-Mart supercenter could be constructed on a site of this size~~. A reduced project of this size would be just large enough to accommodate that proposed Wal-Mart Supercenter; ~~H~~however, none of the other retail pads proposed for the project would be included in this alternative. It is ~~further~~ assumed that the reduced project site would consist of a roughly square parcel (measuring approximately 1,000 feet square) at the intersection of Kettleman Lane and Lower Sacramento Road.

The impacts associated with development of the Reduced Project Size alternative are discussed below and compared to the impacts of project development at the proposed location.

Land Use and Planning: Since the Reduced Project Size alternative would include the same land use as the proposed project, it would also be consistent with the governing General Plan and zoning designations for the site. The reduced alternative would not be as close to the existing residential development on Olive Avenue as the proposed project would be, and as such would not raise land use compatibility issues, although the project as proposed is not incompatible with the existing residences under the proposed site design. The reduced size alternative also would be adjacent to future commercial retail development (as designated in the City's current General Plan) to the south and west, unlike the proposed project which is adjacent to lands designated for residential use in the City's General Plan. Although the proposed project as designed would not be incompatible with these future adjacent residential uses, sound walls and other design measures are needed to minimize adjacency impacts. The Reduced Project Size alternative would have no potential conflicts or compatibility issues with future adjacent commercial development and would not require design measures to improve land use compatibility. As such, the Reduced Project Size alternative would result in a lower level of land use impact to surrounding uses compared to the proposed project, although the impacts would not be significant for either alternative.

Agricultural Resources: The Reduced Project Size alternative would result in the conversion of about 24 acres of prime agricultural land to urban uses. While the acreage converted would be less than the 40 acres to be converted under the proposed project, the impact would still be significant and unavoidable under this alternative. Nevertheless, given the lower acreage involved, the Reduced Project Size alternative would result in a relatively lower magnitude of impact to agricultural resources compared to the proposed project.

Geology and Soils: All geologic, soils, and seismic conditions and hazards affecting both the proposed project and the Reduced Project Size alternative would be mitigated to less-than-significant levels through geotechnical engineering measures. There would be no substantial difference between the proposed project and the Reduced Project Size alternative with respect to geology and soils impacts.

Hydrology and Water Quality: Although the Reduced Project Size alternative would result in lower volumes of stormwater runoff than the proposed project, the drainage impacts of both alternatives would be mitigated to less-than-significant levels through the construction of appropriately-sized stormwater basins. The erosion impacts and potential for nonpoint pollution of surface water from urban pollutants would be similarly mitigated for both alternatives. As such, there would be no substantial difference between the proposed project and the Reduced Project Size alternative in terms of hydrology and water quality impacts.

Biological Resources: The Reduced Project Size alternative would result in the removal of less foraging habitat for protected species such as Swainson's hawk than would occur under the proposed project. However, since this impact would be fully mitigated under both alternatives, there is no substantial difference in impact between the proposed project and the Reduced Project Size alternative regarding biological resources.

Cultural Resources: Since there are no known historic, archaeological or paleontological resources present on the site, there would be no impacts to cultural resources associated with either alternative. In the event of discovery of previously unknown resources on the site, contingent mitigations to be applied would reduce impacts to less-than-significant levels for both alternatives. As such, there is no substantial difference in impact between the proposed project and the Reduced Project Size alternative with respect to cultural resources.

Aesthetics: The proposed project would change the character of the site from rural to urban, although the implementation of the City's Design Standards for Large Retail Establishments, as well as the City's Site Plan and Architectural Review process would ensure that any aesthetic impacts of the project would be less than significant. Although the Reduced Project Size alternative would involve the conversion of 16 fewer acres of rural land to urban uses, the overall aesthetic effect would not be substantially different from that of the proposed project, and would ultimately not be significant in either case. As such, there is no substantial difference in aesthetic impact between the proposed project and the Reduced Project Size alternative.

Traffic and Circulation: The Reduced Project Size alternative with only a Wal-Mart supercenter would generate approximately two-thirds traffic that would result from the proposed project. (Although the Reduced Project Size would represent 60 percent of the proposed project acreage, it would generate 66 percent of the traffic estimated for the proposed project due to the higher net trip generation rate for Wal-Mart compared to the other retail and restaurant uses planned for the proposed project.) The lower traffic generation would likely result in less traffic congestion in the vicinity in the near-term, although the proposed project would not result in significant traffic impacts with the implementation of proposed improvements to the transportation system to be implemented in conjunction with the proposed project. ~~Moreover, under cumulative conditions with General Plan buildout, the remainder of the proposed project site would be developed with commercial retail uses in any event, so there would be no difference in traffic impacts between the two alternatives beyond the near-term future.~~

Noise: For the proposed project, noise generated by on-site project activities would be less-than-significant for most noise sources, and would be mitigated to less-than-significant levels for potentially significant noise sources. The areas subject to potential noise impacts include existing and future residential development to the southeast, south and west of the site. Under the Reduced Project Size alternative, the project would not be as close to these residential uses so the potential for operational noise impacts would not likely arise. Therefore, the Reduced Project Size alternative would result in slightly lower levels of noise impact compared to the proposed project alternative, although all potential noise impacts would ultimately be less than significant under both alternatives.

Air Quality: The emissions associated with the proposed project would substantially exceed applicable standards for ozone precursors and particulate matter, which is a significant and unavoidable regional air quality impact of the project. The Reduced Project Size alternative would represent a reduction of these emissions by approximately one-third. However, the resulting emissions levels would still far exceed the applicable standards. As such, the Reduced Project Size alternative would lessen but not avoid the significant and unavoidable regional air quality impacts associated with the project.

Hazardous Materials: Since there are no known contaminant sources on the project site, there would be no impacts from hazardous materials associated with either the proposed project or the Reduced Project Size alternative. In both cases, the auto service shop proposed for the Wal-Mart store would involve the use of hazardous petroleum products and solvents, although these would all be handled and disposed of in accordance with applicable regulations. As such, there is no substantial difference in terms of hazardous materials impact between the proposed project and the Reduced Project Size alternative.

Utilities and Service Systems: As a commercial development, the proposed project would not be a heavy water user and would be a relatively low generator of wastewater. Since project demands for domestic water service and wastewater collection and treatment can be readily accommodated by existing facilities, the project would not result in a significant impact to these utilities and service systems. Although the Reduced Project Size alternative would generate a proportionately smaller demand for these services, the reduction would be inconsequential to the service providers. As such, there is no substantial difference between the proposed project and the Reduced Project Size alternative in terms of impacts to utilities and service systems.

Public Services: The increased demand for fire protection, police service, and solid waste collection and disposal service would not be significant for the proposed project, and likewise would not be significant for the Reduced Project Size alternative. As such, there is no substantial difference between the proposed project and the Reduced Project Size alternative in terms of impacts to public services.

Energy: The Reduced Project Size alternative with only a Wal-Mart supercenter would result in far less energy consumption than the proposed project. However, as discussed in Section N. Energy, the impacts of the proposed project upon energy resources would not be considered significant. Although the project would result in consumption of energy resources, albeit not significant, the Reduce Project Size alternative would result in far lower levels of energy consumption.

In summary, the Reduced Project Size alternative would result in a slight reduction in the levels of impact associated with the proposed project in several topic areas, although these impacts would be mitigated to less-than-significant levels under the proposed project. For the two significant and unavoidable impacts associated with the proposed project – impacts to agricultural resources and regional air quality – the Reduced Project Size alternative would lessen these impacts but would not avoid them or reduce them to less-than-significant levels. Although the Reduced Project Size alternative would be slightly superior to the proposed project, it would not achieve the CEQA objective of avoiding the significant impacts associated with the project. The Reduced Project Size alternative was not selected by the applicant because it would not entirely fulfill the project objective of developing the project site with a regional shopping center in conformance with the City of Lodi General Plan and zoning regulations, and because it would be substantially less effective than the proposed project in fulfilling the project objective of ~~a 30-acre minimum project size needed for project feasibility.~~ meeting unmet retail demand from existing and future residents of Lodi (see Section *I.C. Project Objectives*). It also would be substantially less effective than the proposed project in fulfilling the City's objective of enhancing its fiscal resources through sales tax and property tax, or in meeting the objectives of creating new jobs or reversing retail sales leakage.

E. ALTERNATIVE PROJECT LOCATION

As discussed previously in this chapter, an alternative project location in the unincorporated area of San Joaquin County at the northeast quadrant of Highway 12 and Thornton Road was selected for evaluation and comparison with the proposed project site (see Figure 10). To allow direct comparison, it was assumed that a 36-acre portion of the lands at this location would be developed with roughly the same land use configuration and intensity as the proposed project. Since the roadway frontages at the alternative site would be to the west and south of the site, it is further assumed that the site layout would be an inverted mirror image of that presented in proposed project site plan (i.e., the Wal-Mart store would be located in the northeast portion of the site and would face west). The only exception would be that the alternative project would wrap around the existing Burger King located on a small parcel at the northeast corner of Highway 12 and Thornton Drive.

The alternative site is largely in cultivation for grapes, and is absent of buildings and structures. The site is adjacent to the highway commercial complex at Flag City on the east side of I-5. Nearby land uses at the Flag City complex include: the Flying J truck stop on the west side of Thornton Road, opposite the alternative site; and a hotel, three fast food outlets, and two gas stations in the southwest quadrant of Highway 12 and Thornton Road, diagonally opposite the alternative site to the southwest.

The alternative site (hereinafter also referred to as the 'Flag City site') would meet the objectives of the project applicant for a ~~minimum site area of 30 net acres, and~~ site location on an existing highway in proximity to an existing commercial center.

The existing County General Plan designation for the most of the alternative site is 'General Agriculture' and the zoning is 'Agriculture (AG-40)', although several small parcels with frontage on Thornton Road have General Plan designations of 'Commercial Freeway Service' and are also zoned for highway commercial. For purposes of this analysis, it is assumed that amendments to the County General Plan and Zoning Ordinance would be approved on the agriculturally designated and zoned portions of the site to allow the project. Additionally, it is

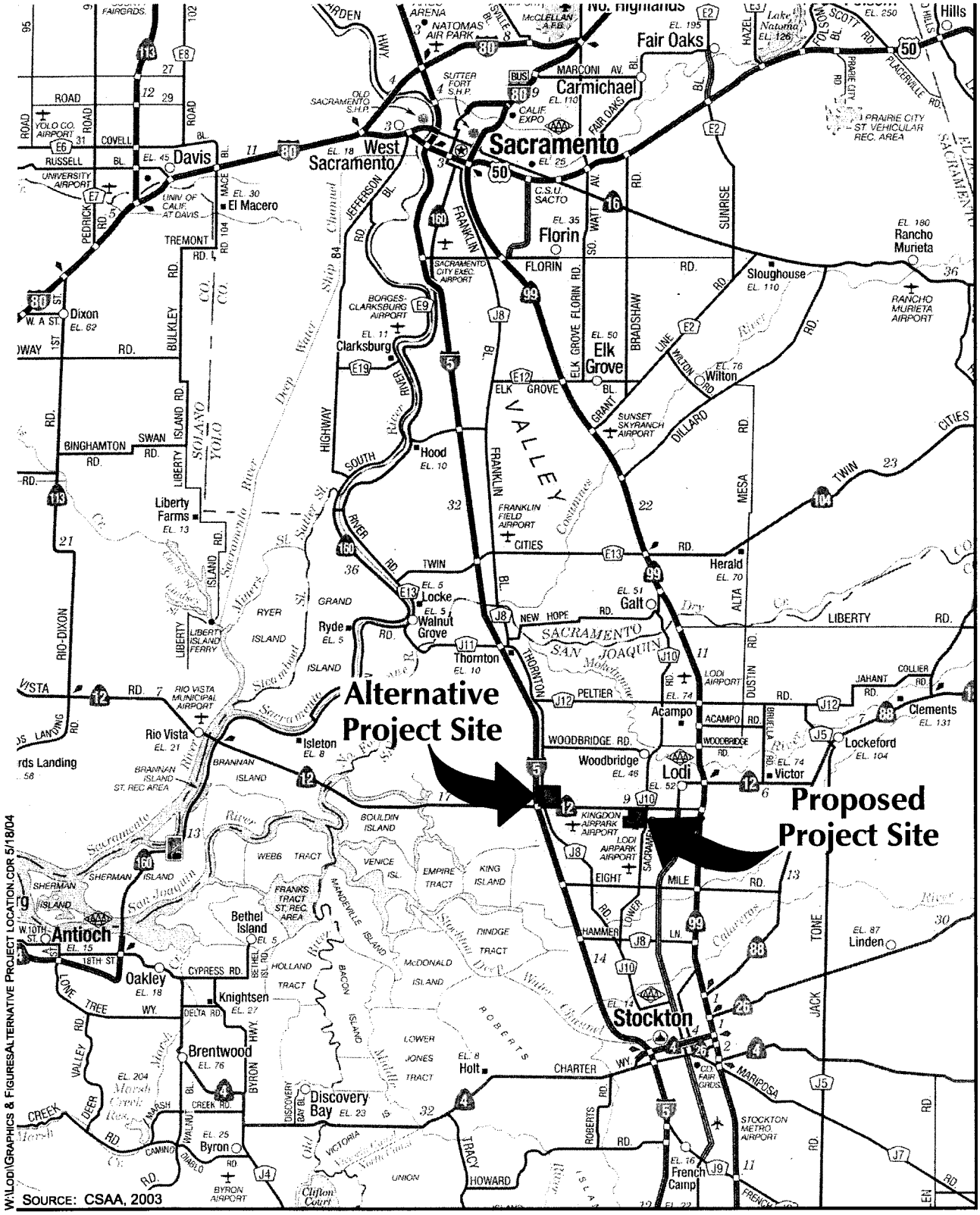

FIGURE 10
ALTERNATIVE PROJECT LOCATION

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assumed that the site would be annexed to the County Service Area 31 which provides the other commercial uses in Flag City with domestic water supply, wastewater collection and disposal service, stormwater drainage facilities, and street lighting. Although commercial development of this site would be contrary to the County's policies of preserving agricultural land and directing growth to established urban areas, a case could be made that due to the site's contiguity with existing highway commercial uses and the availability of urban services, that it would not be an unsuitable location for revenue generating retail development needed to support County services.

The impacts associated with development of the proposed shopping center at the Flag City site are discussed below and compared to the impacts of project development at the proposed location.

Land Use: A shopping center developed at the Flag City site would not be consistent with the San Joaquin General Plan which designates this property as 'General Agriculture', and would not be consistent with the applicable Agriculture (AG-40) zoning district. The conversion of the site to urban uses would also not be consistent with the County's broad policies of encouraging preservation of agricultural land and of directing urban land uses to established urban centers. Development of the project at the Flag City site could weaken the effectiveness of these policies by setting a precedent for such land use approvals and encouraging similar conversion of agricultural land in adjacent areas and elsewhere in the County. As such, this alternative would result in potential growth inducement. By comparison, the proposed project site is consistent with applicable General Plan and zoning designations, and would require no amendments. ~~Moreover, the proposed project fulfills the City's policy objective of completing the development of the four corners of West Kettleman Lane and Lower Sacramento Road with retail development.~~ Thus from a land use policy perspective, the location of the project at the Flag City site would have a negative impact, particularly due to its potentially growth-inducing impact, which is an impact that is not associated with the proposed project site. Development of the Flag City site would also encourage sprawl at that site and elsewhere in the County by setting a precedent for similar development in the unincorporated area.

If the project were developed at the Flag City site, it would be compatible with the adjacent highway commercial uses to the west and southwest, and would not be incompatible with the agricultural operations to the north and east. Since the adjacent lands are in vineyards, dust from plowing activities would occur rarely. In addition, the Flag City site is generally upwind of nearby agricultural lands, and the planned shopping center uses would be relatively insensitive to dust. Although pesticides would be applied to the vineyards, the application would not likely be by aerial spraying, given the proximity of other commercial development. Therefore, the potential for pesticide drift would be minimal. The proposed project site would be compatible and complementary to the adjacent commercial retail uses to the north and east, and would not be incompatible with the adjacent agricultural operations, for the same reasons noted above for the Flag City site. In summary, the surrounding land uses are similar at both the Flag City site and proposed project site, and the land use compatibility impacts would be less than significant in both cases.

In terms of socioeconomic impacts due to increased retail competition, the Flag City site may result in somewhat less in the way of lost sales for existing Lodi businesses compared the proposed site, given the distance of the Flag City site from Lodi. However, no indirect physical impacts would result from the project at either location, so there would be little or no difference between the sites in this respect.

In summary, the physical land use impacts of the project would be similar for both the proposed site and the Flag City site. However, the negative impacts to land use policy associated with the Flag City site would not result from development of the proposed project site.

Agricultural Resources: The soils of the Flag City site consist entirely of Acampo sandy loam, which is designated Class II when under irrigation and Class IV when not irrigated. Therefore, both the Flag City site and the proposed project site would result in conversion of the prime farmland to urban uses, an unavoidable significant impact under both alternatives. However, since the Flag City site is currently in cultivation for grapes and is under a Williamson Act Land Conservation contract, its value as agricultural land is arguably greater than that of the project site, which has not been in agricultural production for several years and has no Williamson Act contract. As such, the Flag City site would not avoid the significant unavoidable project impacts resulting from the conversion of prime farmland. The potential for conflicts between the development at the Flag City site and surrounding agricultural uses is similar to those associated with proposed project site, as discussed under 'Land Use' above, and would not be significant in either case. Therefore, the alternative site would not result in substantially lower potential impacts related to agricultural conflicts than would result at the proposed project site.

Geology and Soils: The Flag City site would be subject to very similar seismic hazards and soil conditions as the proposed project site. Given that the potential impacts would be mitigated to less-than-significant levels at either location, there would be no significant difference in geologic impacts between the two sites.

Hydrology and Water Quality: The project would produce the same volumes of stormwater runoff at the Flag City site as it would at the proposed project site. At both locations the project runoff would be stored in a stormwater basin and then conveyed to the delta via canal. Neither the proposed project site nor the Flag City site would be subject to major flooding during a 100-year event, although both sites would be subject to shallow flooding of less than one foot depth. The potentially damaging effects of localized shallow flooding would be avoided at both sites by padding up finished floors above flood elevations. Similarly, the potential for erosion and siltation, as well as urban nonpoint source pollution, would be mitigated at both the Flag City and the proposed project sites per City or County requirements. Since the drainage, flooding, and water quality impacts would be similarly mitigated at either alternative site, there would be no significant difference in hydrologic impact between the two sites.

Biological Resources: The Flag City site is largely covered with vineyards which provide some degree of habitat value for common species adapted to monocultural environments. As with the proposed project site, there are no wetlands, riparian habitats, or significant trees at the Flag City site. Similarly, both the Flag City site and the proposed project site would result in reduction of foraging habitat for protected species such as Swainson's hawk. These potential impacts would be mitigated at either alternative site through payment of mitigation fees required under the County multi-species habitat conservation plan. In summary, the impacts to biological resources would be similar for development of the project at either the Flag City site or the proposed project site.

Cultural Resources: Although there are no known cultural resources present on either the Flag City site or the proposed project site, any impacts to previously undiscovered buried resources encountered during site development would be fully mitigated through standard contingent

mitigations at either site. Thus, development of the project at either the Flag City site or the proposed project site would result in less-than-significant impacts to cultural resources.

Aesthetics: The Flag City site has aesthetic value due to its open space character and particularly because of the amenity created by the vineyards covering most of the site. Development of this site would alter its character as agricultural open space to an urbanized appearance. However, the existing visual quality of the Flag City site is substantially diminished due to its close proximity to the adjacent highway commercial uses. As such, development of the Flag City site would not result in a significant visual impact. Although the County of San Joaquin would not likely require the high quality of site planning and design that the City of Lodi is requiring at the proposed project site, the difference in design quality that would likely occur at the two sites would not constitute a substantial difference in overall visual impact. Thus development of the shopping center project at the Flag City site would not result in a substantially greater visual impact than development of the proposed project site.

Traffic and Circulation: Since the Flag City site would be developed with the same shopping center as proposed for the project site, the volume of traffic generated would be the same for both sites. Primary project access to the Flag City site would be provided by Highway 12 and Thornton Road. Under current conditions, Highway 12 transitions from a four lane to a two lane highway along the site's southern frontage, and the segment of Thornton Road along the west site frontage is a two-lane rural roadway providing local service primarily to the Flying J truck stop. The volumes of traffic generated by the project could not be accommodated by these existing roadway configurations. Although this impact would be mitigable at the Flag City site through major roadway widenings and provision of protected turn pockets at the project entrance driveways, the magnitude of the improvements required would be substantially greater than required for the proposed project site. Although the traffic impacts resulting from development of the proposed project at the Flag City site would be greater than those associated with the project site, given the relatively small capacities of the existing roadways, these impacts could be reduced to less-than-significant levels as they would be for the proposed project site. However, due to the relatively isolated nature of the Flag City site, the development of the project there would result in longer trips from shoppers originating from urban centers such as Lodi. This would increase traffic volumes on State Route 12 and would result in greater secondary impacts such as increased air emissions and energy consumption.

Noise: The existing noise environment at the Flag City site is quite similar to that of the proposed project site in that it is dominated by traffic noise from Highway 12. In both cases, the additional noise from project traffic is unlikely to be noticeable above existing noise levels. In terms of operational noise, the Flag City site has no adjacent or nearby sensitive receptors that would be subject to noise from parking activity, truck circulation and loading, mechanical equipment, or parking lot cleaning. Although existing and future residential uses adjacent to the proposed project site would be subject to some operational noise, the impact would be reduced to less-than-significant levels through feasible mitigations. In summary, the level of noise impacts associated with development of the project at the Flag City site would generally be lower than those associated with the proposed project site, although the noise impacts would be less than significant at either location.

Air Quality: ~~The development of the project at the Flag City site would result in the same air emissions as at the proposed project site.~~ Although the traffic generated by the Flag City site would be similar to that associated with the proposed project site, the total vehicle miles traveled would be

greater for the Flag City site due to its relatively isolated location from urban centers. This would result in greater overall levels of emissions, and relatively greater air quality impacts associated with the Flag City site than with the proposed project site. However, for both the proposed project site and the Flag City site, the levels of ozone precursors and particulate matter would exceed air quality standards, which would represent a significant unavoidable impact. Thus the regional air quality impact would be significant and unavoidable for both the Flag City site and the proposed project site. Construction dust and exhaust emissions would be reduced to less-than-significant levels at either site through standard dust suppression measures. Thus, while the air quality impacts would be significant and unavoidable for both the project site and the Flag City site, the impacts from the alternative site would be greater. ~~Thus there would be no substantial difference in air quality impacts between the Flag City site and the proposed project site~~.

Hazardous Materials: There are no known sources of hazardous materials at the Flag City site, although there is a potential for residual contamination from previous use of currently banned pesticides that may have been used in the vineyard operation. Any such contaminant sources would be investigated and remediated prior to site development in accordance with state and local regulations. At the proposed project site, there are no existing contaminant sources, so development of this site would pose no health or safety hazard. However, the development of the project at either site would involve the use and storage of hazardous automotive products at Wal-Mart's auto service shop, although any potential hazards would be mitigated through compliance with applicable federal, state, and local regulations. Thus there would be no substantial difference in hazardous materials impacts between the Flag City site and the proposed project site, with any impacts reduced to less-than-significant levels at either site.

Utilities and Service Systems: The development of the shopping center at the Flag City site would result in the same demands for water supply and wastewater collection and treatment as it would at the proposed project site. It is assumed that these services could be provided by the County Service Area (CSA) 31 which currently serves the existing highway commercial development in Flag City, although a capacity upgrade could be required at the wastewater treatment facility in order to serve the project. The required water and sewer lines would be extended to the site from existing lines in the area. At the proposed project site, water and sewer service is available from existing mains in the immediate vicinity, with available capacity to serve the project demands. Therefore, with the possible exception of upgrades to the wastewater treatment facility which might be needed for the Flag City site, the services and utilities impacts associated with the Flag City site and the proposed project site would be similar. (Note: Since this discussion was originally prepared, the Regional Water Quality Control Board has established higher treatment standards which the existing wastewater treatment facility is not designed to meet. Instead of incurring large capital costs to upgrade the treatment plant, the City and County have executed a Memorandum of Understanding setting the terms under which the City would provide wastewater treatment service to Flag City. The County would construct the new transmission pipe and diversion structures, and would pay for treatment of the flow volumes generated. The City of Lodi would accept the Flag City flows for existing uses and for minor additional flows from small building expansions. Flows from major new development would require separate City review and approval.)

Public Services: The development of the project at the Flag City site would result in the same demand for fire, police, and solid waste collection service as the proposed project site. Given the location of a fire station of the Delta Fire Protection District on the south side of Highway 12 in Flag City, response times for structure fires and medical emergencies at the Flag City site would likely be shorter than response times from the Lodi Fire Department to the proposed project site,

although response time goals would be met in both instances. However, response times by the County Sheriff's Department to calls from the Flag City site would generally be longer than response times from the City Police Department to calls from the proposed project site. The project would not result in the need for new or altered facilities in either case, and therefore potentially significant impacts to public services would not be associated with either site. Regarding solid waste collection, this service would be provided by Central Valley Waste Services at both sites, and the company indicated it would not have difficulty serving either site with existing staff, equipment, and facilities. The project's impact on the North County Landfill site would be the same for both sites and would not be significant.

Energy: The operational energy requirements for the project would be roughly the same at either the Flag City site or the proposed project site. However, since the total vehicle miles traveled would be greater for the Flag City site due to its relatively isolated location from urban centers, the total amount of fuel energy consumed would be correspondingly greater. Although the impacts to energy resources would be considered less than significant for either the Flag City site or the proposed project site, the total energy consumption associated with the Flag City site would be greater.

In summary, the impacts associated with development of the Flag City site would be somewhat greater than for the proposed project site. Although the impacts for many categories would be similar for both project locations, development of the Flag City site would result in negative effects in terms of land use policy, and the resulting potential for growth inducement and sprawl, which would not occur with the proposed project site. Traffic impacts would be greater for the Flag City site, as would impacts to utilities and public services, and energy, although these impacts would be less than significant or could be fully mitigable. More importantly, the alternative project site would result in the same significant and unavoidable impacts to agricultural resources and air quality as are associated with the proposed project. Therefore, the alternative site would not lessen or avoid the significant and unavoidable impacts of the project.

The alternative project site was not selected by the applicant because it would not fulfill the project objective of developing the proposed project site with a regional shopping center in conformance with the City of Lodi General Plan and zoning regulations, and because it would not fulfill the project objective of meeting unmet retail demand from existing and future residents of Lodi (see Section *I.C. Project Objectives*).~~may meet some the applicant's objectives for the project, such as minimum parcel size for economic feasibility and location on a highway in proximity to an existing commercial center. However, d~~Due to its location outside the City of Lodi, the alternative site would not meet, and could impede, the City's objectives for ~~the project such as: attaining the City's goal of completing development of the Four Corners area;~~ creation of local jobs~~,~~ and~~;~~ increasing the local tax base. In addition, the location of the project at this site would not reverse the current retail sales leakage from Lodi would likely exacerbate it.

F. SUMMARY - ENVIRONMENTALLY SUPERIOR ALTERNATIVE

Of the three project alternatives considered above, only the No Project alternative would avoid or substantially lessen the significant impacts of the project. The significant and unavoidable impacts to agricultural resources and air quality associated with the proposed project would both be avoided by the No Project alternative. Since all other project impacts are either less than significant or can be reduced to less-than-significant levels through the implementation of feasible mitigation

measures, the No Project alternative would not offer substantial reductions in impact levels under the other impact categories. Therefore, the No Project alternative would represent the environmentally superior alternative to the proposed project. The No Project alternative was not selected because it would not meet the applicant's objective of developing the site for shopping center uses; nor would it meet the City's goals of enhancing its revenue base, creating jobs, and reversing retail sales leakage.

The CEQA Guidelines, at Section 15126.6(e)(2), require that if the environmentally superior alternative is the No Project alternative, the EIR shall also identify an environmentally superior alternative from among the other alternatives. The Reduced Project Size alternative was found to result in the same significant and unavoidable impacts to agricultural resources and air quality as the proposed project. However, it would result in slightly lower levels of impact in several impact categories, although these impacts would all be reduced to less-than-significant levels in conjunction with the proposed project. Therefore, the Reduced Project Size alternative represents the environmentally superior alternative. ~~The Reduced Project Size alternative was not selected by the applicant because it would not fulfill the project objective of a 30-acre minimum project size needed for project feasibility. It also would be substantially less effective than the proposed project in fulfilling the City's objective of enhancing its fiscal resources through sales tax and property tax revenues, or in meeting the objectives of creating new jobs and reversing retail sales leakage.~~ The Reduced Project Size alternative was not selected by the applicant because it would not entirely fulfill the project objective of developing the proposed project site with a regional shopping center in conformance with the City of Lodi General Plan and zoning regulations, and because it would be substantially less effective than the proposed project in fulfilling the project objective of meeting unmet retail demand from existing and future residents of Lodi (see Section *I. C. Project Objectives*). It also would be substantially less effective than the proposed project in fulfilling the City's objective of enhancing its fiscal resources through sales tax and property tax, or in meeting the objectives of creating new jobs and reversing retail sales leakage.

In conclusion, there are no ~~feasible~~ alternatives to the project which could feasibly attain most of the basic objectives of the project, which would also avoid or reduce the significant impacts associated with the proposed project to less-than-significant levels.

IX. EIR AUTHOR AND CONSULTANTS

Author

City of Lodi Community Development Department

Randy Hatch ~~Konradt Bartlam~~, Community Development Director
Wally Sandelin, City Engineer
Sharon Welch, Senior Civil Engineer
Paula Fernandez, Senior Traffic Engineer

Consultants

Pacific Municipal Consultants (PMC)
Rancho Cordova, California

Tad Stearn, Principal-in-Charge
Bert Verrips, Project Manager/Environmental Analyst
Barbara Kinison-Brown, Graphics

Bay Area Economics (BAE)
Economic Impact/Urban Decay Analysis
Emeryville, California
~~Applied Development Economics (ADE)~~
~~Socioeconomic Analysis~~
~~Berkeley, California~~

Basin Research Associates
Cultural Resources
San Leandro, California

Donald Ballanti
Air Quality
El Cerrito, California

Fehr & Peers Associates
Transportation Engineers
Roseville, California

Illingworth & Rodkin
Acoustical Consultants
Petaluma, California

Live Oak Associates
Biological Consultants
San Jose, California

Phillippi Engineering
Civil Engineering
Fairfield, California

Twining Laboratories
Geology/Environmental Site Assessment
Fresno, California

APPENDIX A

Notice of Preparation (NOP) and Responses

CITY COUNCIL
SUSAN HITCHCOCK, Mayor
BOB JOHNSON, Mayor Pro Tempore
JOHN BECKMAN
LARRY D. HANSEN
JOANNE MOUNCE

CITY OF LODI

BLAIR KING, City Manager
RANDI JOHL City Clerk
D. STEPHEN SCHWABAUER, City Attorney

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
Community Development Department
(209) 333-6711

NOTICE OF PREPARATION

Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

From: City of Lodi
221 West Pine Street
Lodi, CA 95240

SUBJECT: Notice of Preparation of Revisions to an Environmental Impact Report

State Clearing House #2003042113

The City of Lodi will be the Lead Agency and will prepare revisions to an environmental impact report for the project identify below. We need to know the views of your agency as to the scope and content of the environmental information which is germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the revised EIR prepared by our agency when considering your permit or other approval for the project.

The project description, location, and a description of the planned revisions to the EIR are contained in the attached materials. A copy of the Initial Study is available at the Community Development Department upon request.

Due to the time limits mandated by State law, your response must be received by the Community Development Department at the earliest possible date but *not later than 30 days* after the public review period beginning November 24, 2006.

Please send your response to **Randy Hatch**, Community Development Director, at the address shown above. We will need the name for a contact person in your agency.

Project Title: Lodi Shopping Center

Project Location: Southwest Corner of Kettleman Lane (SR-12) and Lower Sacramento Road

Project Applicant: Browman Development Company, Incorporate.
100 Swan Way, Suite 206
Oakland, Ca 94621-1459

Date: November 24, 2006

Randy Hatch
Community Development Director
(209) 333-6711

Lodi Shopping Center Vicinity Map

INTRODUCTION

Pursuant to an order of the San Joaquin County Superior Court, dated December 19, 2005, the City of Lodi intends to revise the Environmental Impact Report on the Lodi Shopping Center. As stipulated by the Court order, the EIR's discussion of urban decay will be revised and a discussion of energy impacts will be added. In addition, the City of Lodi intends to revise three other aspects of the EIR, namely the discussion of agricultural resources, the statement of project objectives, and the discussion of project alternatives. The planned scopes of these discussions are described below, following the Project Description.

PROJECT DESCRIPTION

The description of the proposed project has not changed from that described in the original EIR. The project includes the construction of approximately 340,000 square feet of commercial retail uses. The primary user will be Wal-Mart which will occupy approximately 227,000 square feet of floor area, including approximately 70,000 square feet for grocery sales. The remainder of the project will consist of several buildings of varying sizes which will be occupied by such retail uses as a pharmacy, financial services/bank, professional/business services, and other retail sales and services.

Since the project is consistent with the current General Plan and zoning designations for the site, the main discretionary City actions requested for the project consist of use permit and parcel map approval.

SCOPE OF REVISIONS TO THE EIR

The EIR will include an introductory note indicating that only the revised portions of the EIR are included in this document. It will note that all other aspects of the original EIR are still deemed valid, and that the following sections are to be considered replacements for the corresponding sections of the original EIR.

Project Objectives – The Statement of Project Objectives will be revised and expanded to more clearly articulate the City's objectives for the project, and to include other modifications as determined by City staff.

Land Use – The discussion under "Impact A3. Potential for Blight Due to Socioeconomic Impacts" will be revised in compliance with the Court order. The revised discussion of urban decay will be based on a full economic impact study to be prepared by Bay Area Economics. The focus of the study will be on the competitive effects of the Wal-Mart Supercenter upon existing businesses within the trade area. The study will also include a specific analysis of the effects of the Lodi Shopping Center on downtown businesses. Most importantly, this section will address the cumulative effects of several existing and planned Wal-Mart Supercenters in the area, an issue which was specifically raised by the Court.

Agricultural Resources – The discussion under "Impact B1. Agricultural Land Conversion will be revised to reflect current City policy direction concerning mitigation for conversion of prime farmland. In particular, the revised discussion will include a new mitigation measure requiring the acquisition of an agricultural easement at a prescribed ratio, or payment of in-lieu fees. However, it will be acknowledged that since this mitigation will not prevent the conversion of irreplaceable prime farmland, the level of impact remaining after mitigation will still be significant and unavoidable. As such, the requirement to adopt a Statement of Overriding Considerations for agricultural resources will remain.

Energy – A new discussion of energy impacts will be added to the EIR, as ordered by the Court. The focus of this discussion will be on whether the project results in "inefficient, wasteful, and unnecessary consumption of energy." As appropriate, the guidance contained in CEQA Guidelines' "Appendix F – Energy Conservation" will be followed in preparing the analysis of energy impacts. In particular, this will cover the energy usage of the project, the capacity of the existing energy generation and distribution systems to accommodate the energy needs of the project, and the specific elements of the project which are intended to conserve energy.

Cumulative Impacts – This discussion in the EIR will be selectively modified to include revised discussions for the three topics of concern, namely land use (urban decay), agricultural resources, and energy.

Alternatives to the Proposed Project – The alternatives discussion in the EIR will be revised to reflect the modifications to the project objectives, and to incorporate other changes as directed by City staff.

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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COMMUNITY DEVELOPMENT DEPT
CITY OF LODI

Randy Hatch
City of Lodi
Community Development
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910

Project: Lodi Shopping Center

Subject: CEQA comments regarding the Notice of Preparation of Revisions to the Lodi Shopping Center Environmental Impact Report (SCH# 2003042113)

District Reference No: C200602590

Dear Mr. Hatch:

The San Joaquin Valley Unified Air Pollution Control District (District) has reviewed the project referenced above. As a Responsible Agency, the District's comments are limited to those project activities, which are within the District's area of expertise. As such, the District offers no comment regarding the statement of project objectives, the potential for blight, the City's policy regarding mitigation for farmland conversion, or the discussion of energy impacts.

However, the District would like to make the City of Lodi aware of the following:

- The District has adopted Rule 9510 (Indirect Source Review) since the original EIR was prepared. This rule was adopted to reduce the Impacts of growth in emissions from all new development in the San Joaquin Valley. Rule 9510 requires applicants subject to the rule to provide information that enables the District to quantify construction, area and operational PM10 and NOx emissions, and potentially mitigate a portion of those emissions. Rule 9510 requires construction exhaust emissions to be reduced by 20 percent for NOx and 45 percent for PM10 when compared to the statewide fleet average or to pay an in-lieu mitigation fee. The rule is applicable to any applicant (any person or entity that undertakes a development

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061
www.valleyair.org

Southern Region
2700 M Street, Suite 275
Bakersfield, CA 93301-2373
Tel: (661) 326-6900 FAX: (661) 326-6985

Printed on recycled paper.

project), which upon full build out for a retail/commercial development is 2,000 square feet or more. An application must be filed with the District no later than concurrent with application with a local agency for the final discretionary approval. For more information and instruction, please contact the District's ISR staff by phone at (559) 230-5800 or by email at ISR@valleyair.org.

- The document indicates that diesel exhaust emissions from the loading docks will not pose a threat to sensitive receptors, as the docks are at least 1,000 feet from existing residences and future residences would not be downwind from the docks. The District cannot confirm this statement without data from a health risk assessment (HRA). As the EIR does not contain an HRA, the District recommends that one be performed to validate the claim that risks are less-than-significant. HRA guidelines promulgated by the California Office of Environmental Health Hazard Assessment (OEHHA) and OEHHA toxicity criteria must be used. The District recommends use of the latest version of the Hot Spots Analysis and Reporting Program (HARP) released by CARB for an HRA because it is the only software that is compliant with the OEHHA guidelines. The District's thresholds of significance for HAPs are the probability of contracting cancer for the Maximally Exposed Individual (MEI) exceeds 10 in one million or ground level concentrations of non-carcinogenic toxic air contaminants would result in a Hazard Index greater than 1 for the MEI. An HRA should include a discussion of the toxic risk associated with the proposed project, including project equipment, operations, and vehicles.

District staff is available to meet with you and/or the applicant to further discuss the regulatory requirements that are associated with this project. If you have any questions or require further information, please call Jessica Willis at (559) 230-5818 and provide the reference number at the top of this letter.

Sincerely,

David Warner
Director of Permits Services

Jessica R. Willis

for Arnaud Marjollet
Permit Services Manager

DW:jrw

cc: File

SAN JOAQUIN COUNTY
MOSQUITO & VECTOR CONTROL DISTRICT

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MANAGER

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ALVIN C. INMAN
SAN JOAQUIN COUNTY

MICHAEL MANNA
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JACK SNYDER
MANTECA

CHRISTOPHER K. ELEY
LEGAL ADVISOR

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COMMUNITY DEVELOPMENT DEPT
CITY OF LODI

December 19, 2006

Randy Hatch, Community Development Director
City of Lodi
221 West Pine Street
Lodi, CA 95240

Re: Response to Notice of Preparation to an Environmental Impact Report for the proposed Lodi Shopping Center

Dear Mr. Hatch,

The San Joaquin County Mosquito and Vector Control District (the District) has reviewed the Notice of Preparation to an Environmental Impact Report for the proposed Lodi Shopping Center, State Clearing House #2003042113.

At this time the District does not have any comments re: this project.

Sincerely,

John R. Stroh
Manager

7759 SOUTH AIRPORT WAY, STOCKTON, CALIFORNIA 95206-3918
(209) 982-4675 • FAX (209) 982-0120

STATE OF CALIFORNIA -- THE RESOURCES AGENCY

ARNOLD SCHWARZENEGGER, *Governor*

DEPARTMENT OF WATER RESOURCES
1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 942360001
(916) 653-5791

January 22, 2007

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JAN 25 2007
COMMUNITY DEVELOPMENT DEPT
CITY OF LODI

Randy Hatch
City of Lodi
221 West Pine Street
Lodi, California 95241-1910

Lodi Shopping Center
State Clearinghouse (SCH) Number: 2003042113

The project corresponding to the subject SCH identification number has come to our attention. The limited project description suggests your project may be an encroachment on the State Adopted Plan of Flood Control. You may refer to the California Code of Regulations, Title 23 and Designated Floodway maps at http://recbd.ca.gov/. Please be advised that your county office also has copies of the Board's designated floodways for your review. If indeed your project encroaches on an adopted food control plan, you will need to obtain an encroachment permit from the Reclamation Board prior to initiating any activities. The attached Fact Sheet explains the permitting process. Please note that the permitting process may take as much as 45 to 60 days to process. Also note that a condition of the permit requires the securing all of the appropriate additional permits before initiating work. This information is provided so that you may plan accordingly.

If after careful evaluation, it is your assessment that your project is not within the authority of the Reclamation Board, you may disregard this notice. For further information, please contact me at (916) 574-1249.

Sincerely,

Christopher Huitt
Staff Environmental Scientist
Floodway Protection Section

cc: Governor's Office of Planning and Research
State Clearinghouse
1400 Tenth Street, Room 121
Sacramento, CA 95814

Encroachment Permits Fact Sheet

Basis for Authority

State law (Water Code Sections 8534, 8608, 8609, and 8710 – 8723) tasks the Reclamation Board with enforcing appropriate standards for the construction, maintenance, and protection of adopted flood control plans. Regulations implementing these directives are found in California Code of Regulations (CCR) Title 23, Division 1.

Area of Reclamation Board Jurisdiction

The adopted plan of flood control under the jurisdiction and authority of the Reclamation Board includes the Sacramento and San Joaquin Rivers and their tributaries and distributaries and the designated floodways.

Streams regulated by the Reclamation Board can be found in Title 23 Section 112. Information on designated floodways can be found on the Reclamation Board's website at http://recbd.ca.gov/designated_floodway/ and CCR Title 23 Sections 101 - 107.

Regulatory Process

The Reclamation Board ensures the integrity of the flood control system through a permit process (Water Code Section 8710). A permit must be obtained prior to initiating any activity, including excavation and construction, removal or planting of landscaping within floodways, levees, and 10 feet landward of the landside levee toes. Additionally, activities located outside of the adopted plan of flood control but which may foreseeable interfere with the functioning or operation of the plan of flood control is also subject to a permit of the Reclamation Board.

Details regarding the permitting process and the regulations can be found on the Reclamation Board's website at http://recbd.ca.gov/ under "Frequently Asked Questions" and "Regulations," respectively. The application form and the accompanying environmental questionnaire can be found on the Reclamation Board's website at http://recbd.ca.gov/forms.cfm.

Application Review Process

Applications when deemed complete will undergo technical and environmental review by Reclamation Board and/or Department of Water Resources staff.

Technical Review

A technical review is conducted of the application to ensure consistency with the regulatory standards designed to ensure the function and structural integrity of the adopted plan of flood control for the protection of public welfare and safety. Standards and permitted uses of designated floodways are found in CCR Title 23 Sections 107 and Article 8 (Sections 111 to 137). The permit contains 12 standard conditions and additional special conditions may be placed on the permit as the situation warrants. Special conditions, for example, may include mitigation for the hydraulic impacts of the project by reducing or eliminating the additional flood risk to third parties that may caused by the project.

Additional information may be requested in support of the technical review of

your application pursuant to CCR Title 23 Section 8(b)(4). This information may include but not limited to geotechnical exploration, soil testing, hydraulic or sediment transport studies, and other analyses may be required at any time prior to a determination on the application.

Environmental Review

A determination on an encroachment application is a discretionary action by the Reclamation Board and its staff and subject to the provisions of the California Environmental Quality Act (CEQA) (Public Resources Code 21000 et seq.). Additional environmental considerations are placed on the issuance of the encroachment permit by Water Code Section 8608 and the corresponding implementing regulations (California Code of Regulations – CCR Title 23 Sections 10 and 16).

In most cases, the Reclamation Board will be assuming the role of a "responsible agency" within the meaning of CEQA. In these situations, the application must include a certified CEQA document by the "lead agency" [CCR Title 23 Section 8(b)(2)]. We emphasize that such a document must include within its project description and environmental assessment of the activities for which are being considered under the permit.

Encroachment applications will also undergo a review by an interagency Environmental Review Committee (ERC) pursuant to CCR Title 23 Section 10. Review of your application will be facilitated by providing as much additional environmental information as pertinent and available to the applicant at the time of submission of the encroachment application.

These additional documentations may include the following documentation:

- California Department of Fish and Game Streambed Alteration Notification (http://www.dfg.ca.gov/1600/),
- Clean Water Act Section 404 applications, and Rivers and Harbors Section 10 application (US Army Corp of Engineers),
- Clean Water Act Section 401 Water Quality Certification, and
- corresponding determinations by the respective regulatory agencies to the aforementioned applications, including Biological Opinions, if available at the time of submission of your application.

The submission of this information, if pertinent to your application, will expedite review and prevent overlapping requirements. This information should be made available as a supplement to your application as it becomes available. Transmittal information should reference the application number provided by the Reclamation Board.

In some limited situations, such as for minor projects, there may be no other agency with approval authority over the project, other than the encroachment permit by Reclamation Board. In these limited instances, the Reclamation Board

may choose to serve as the "lead agency" within the meaning of CEQA and in most cases the projects are of such a nature that a categorical or statutory exemption will apply. The Reclamation Board cannot invest staff resources to prepare complex environmental documentation.

Additional information may be requested in support of the environmental review of your application pursuant to CCR Title 23 Section 8(b)(4). This information may include biological surveys or other environmental surveys and may be required at anytime prior to a determination on the application.

LAW OFFICES OF DONALD B. MOONEY

DONALD B. MOONEY
Admitted in California and Oregon

129 C Street, Suite 2
Davis, California 95616
Telephone (530) 758-2377
Facsimile (530) 758-7169
dbmooney@dcn.org

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CITY OF LODI

December 26, 2006

VIA FACSIMILE
(209-333-6842)

Randy Hatch
Community Development Director
City of Lodi
221 West Pine Street
Lodi, California, 95241-1910

Re: Notice of Preparation of Revisions to the Environmental Impact Report for the Lodi Shopping Center

Dear Mr. Hatch:

This office represents Citizens for Open Government regarding the proposed Lodi Shopping Center that is the subject of the November 24, 2006, Notice of Preparation. COG filed a Petition for Writ of Mandate challenging the City of Lodi's initial approval of the Lodi Shopping Center. In its recent decision regarding COG's Petition for Writ of Mandate, the Third District Court of Appeals held that the issue of whether the original EIR is legally adequate is not moot. (*Citizens for Open Government v. City of Lodi* (2006) 144 Cal.App.4th 865, 873.) The Notice of Preparation, issued subsequent to the Court's ruling, appears to address some of the issues raised in COG's Petition for Writ of Mandate. However, the matter will be remanded back to the San Joaquin County Superior Court for a determination of the legal adequacy of the Final EIR. The Notice of Preparation does not indicate whether the City of Lodi has abandoned the Final EIR previously certified. If the City has not completely abandoned the EIR, then it may be premature to modify the Final EIR until the San Joaquin County Superior Court has an opportunity to rule on the legal adequacy of the Final EIR.

Public review and comment for the Draft EIR being prepared pursuant to the Notice of Preparation must include review and comment on all matters in the EIR, not just those identified in the Notice of Preparation.

Sincerely,

Donald B. Mooney
Attorney for Citizens
for Open Government

APPENDIX B

Economic Impact/Urban Decay Analysis

Prepared by

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ECONOMIC IMPACT/URBAN DECAY ANALYSIS FOR PROPOSED LODI SHOPPING CENTER IN LODI, CA

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City of Lodi

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October 2007

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INTRODUCTION

Background and Study Purpose

The City of Lodi (the "City") has received a proposal for development of the Lodi Shopping Center (the "Proposed Project") on the southwest corner of Lower Sacramento Road and West Kettleman Lane. This proposal consists of an approximately 340,000 square-foot retail center anchored by a Wal-Mart Supercenter of approximately 227,000 square feet. After the opening of this store, Wal-Mart will close their existing Lodi store directly across Lower Sacramento in the Sunwest Plaza. As part of its evaluation of the Proposed Project, the City has retained Pacific Municipal Consultants ("PMC") to complete an Environmental Impact Report (EIR). Recent California court decisions (*Bakersfield Citizens for Local Control v. City of Bakersfield, Panama 99 Properties LLC, and Castle & Cooke Commercial-CA, Inc.*, as well as *Dolan Ingram, et al. v. City of Redding and Wal-Mart, Inc, et al.* and *Lodi First v. City of Lodi*) have made clear that for large retail developments, an economic impact analysis should be undertaken to assess the possibility of "urban decay" and deterioration and indirect physical impacts on the environment. In the Bakersfield decision, the Appellate Court stated that such an impact needed to be given "meaningful consideration." These cases indicate that to satisfy fully the requirements of an EIR, the economic analysis must start with the economic impacts, and follow the causal chain to assess the likelihood of new retail space causing existing space to become vacant, and following that outcome, determine the potential for urban decay and physical deterioration of existing retail centers and nodes. The analysis must also consider cumulative impacts resulting from the proposed project in combination with other reasonably foreseeable development projects.

The City of Lodi has retained Bay Area Economics ("BAE") to undertake an urban decay analysis as part of the EIR process for the retail portion of this project. BAE aims to use the best available information to assess the economic impacts and then establish whether these economic impacts might result in a negative effect on the physical environment of Lodi and the Trade Area as manifested by urban decay and physical deterioration of existing retail centers. This urban decay and physical deterioration may result from retail vacancies that remain unfilled, the failure of smaller tenants and their shopping center due to the loss of an anchor tenant, and the resulting physical decline in the improvements in these stand-alone spaces or integrated shopping centers. This study addresses the potential impacts of the Proposed Project alone, as well as the cumulative impacts if both the Proposed Project and other retail developments are completed.

In addition to the overall urban decay analysis, this study assesses economic impacts on Downtown Lodi more generally, including impacts that might not result in urban decay as defined in the context of CEQA.

This document has been prepared as part of a revised EIR, in response to the order by the Superior Court of California in San Joaquin County (in *Lodi First v. City of Lodi*), in December 2005, to decertify the previous EIR on the Lodi Shopping Center. Among other findings, this decision found the cumulative impact analysis for urban decay in the previous EIR was inadequate. This report has been undertaken to address these concerns, and to bring up-to-date

the analysis in light of any additional changes in market conditions since the original analysis was completed in July 2004.

Project Description

The Proposed Project is slated for an approximately 36-acre site on the southwest corner of West Kettleman Lane and Lower Sacramento Road. There are currently no structures on the site except for two agricultural wells. The Proposed Project includes construction of an estimated 339,966 square feet of retail space in multiple structures, with the largest structure being the 226,868 square-foot Wal-Mart Supercenter, which is slated to replace the existing 119,684 square-foot Wal-Mart across the street. As currently proposed, the project configuration also includes a separate drugstore/pharmacy, restaurants, other retail, and various business, professional, and personal services. This configuration is shown in Table 1.

Table 1: Lodi Shopping Center Proposed Retail Configuration

Type	Square Feet
Superstore	226,868
General Merchandise	*176,313*
Grocery	*50,555*
Pharmacy	14,788
Restaurant (Sit Down)	7,500
Fast Food	9,690
Unspecified Other Retail	67,960
Personal Services	3,000
Business and Professional Services	5,000
Financial Institutions	5,160
Total Center Store Area	**339,966**

All sizes are approximate, as reported on the most current available site plan.

Sources: Brownman Development Co.; City of Lodi; Bay Area Economics

The intersection of West Kettleman and Lower Sacramento is the focus for region-serving retail in Lodi, with the other three corners occupied by region-serving retail centers with major tenants including Target, the existing Wal-Mart, Lowe's, Food 4 Less, and Safeway.

Report Organization

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

POPULATION AND EMPLOYMENT OVERVIEW

Introduction

This section presents background information on current and projected demographic and economic conditions in Lodi, the Trade Area (defined below), and San Joaquin County relevant to the evaluation of the potential impact of the Proposed Project. Developing an economic and demographic profile of these areas will help in identifying key factors influencing future retail sales in the area, and to assess the potential impacts of planned retail projects such as the Lodi Shopping Center on other retail outlets and centers. Data sources considered include the U.S. Census Bureau, the California Employment Development Department (EDD), the City of Lodi, the San Joaquin County Council of Governments, the California State Department of Finance, and Claritas, a private vendor providing estimates of current and future demographic conditions.

Definition of Trade Area

A trade area is the geographic region that encompasses most of a retail outlet's customers. For the Proposed Project, the Trade Area has been defined as the City of Lodi and some surrounding areas (see Figure 1).

This definition is based in large part on the location of other existing and planned Wal-Mart Supercenters, with most shoppers assumed to travel to the nearest Supercenter for their shopping. There is an existing Supercenter on Hammer Lane in Stockton, with additional Supercenters proposed on Eight Mile Road (at I-5) in Stockton, and in Galt, and more distant, in Antioch, Oakley, Suisun City, and at French Camp Road in Stockton.[1] These other stores effectively limit the Trade Area for the Lodi Supercenter to customers in Lodi and some surrounding rural areas extending east to the county boundary, north approximately midway to Galt, east to Interstate 5, and south approximately midway to Stockton. It is assumed that the other outlets in the Proposed Project at best will have the same Trade Area, as the Supercenter will be the major region-serving draw in this center.

The bounding of the Trade Area this way effectively accounts for the impacts of the other proposed Supercenters by excluding their shoppers from the Lodi Trade Area. While there may be some crossing of trade area boundaries by shoppers, the trade areas for the Supercenters are not expected to overlap to any measurable degree. This makes the analysis in this report conservative in that if any of the planned stores are not built, the Trade Area for this Center would be larger and the impacts on outlets in the defined area might be spread across a broader region.

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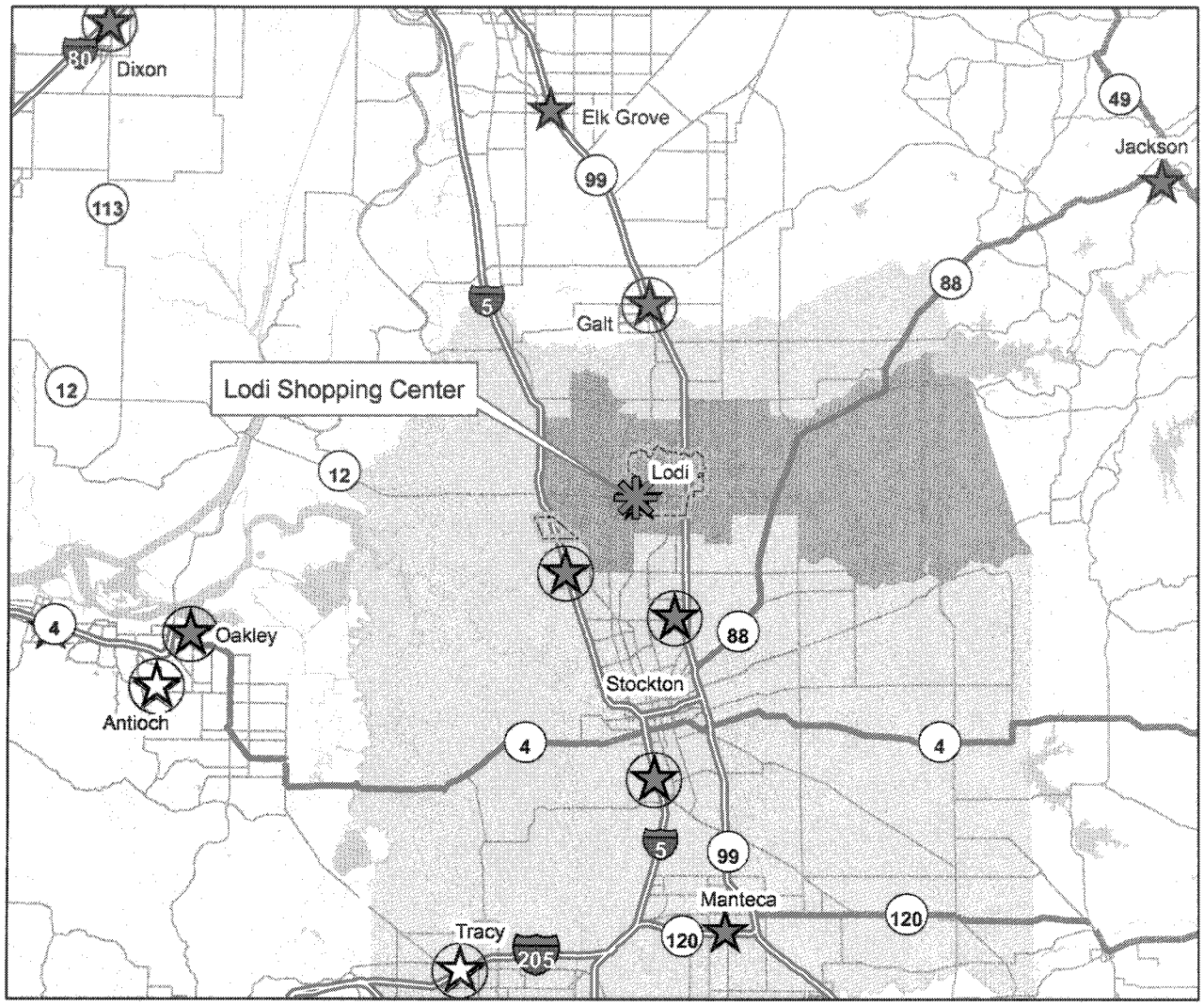
[1] Subsequent to BAE's research and analysis, on August 14, 2007 the Stockton City Council passed an ordinance prohibiting superstores over 100,000 square feet with more than 10 percent of floor area dedicated to the sale of non-taxable items (e.g., groceries). This could affect the ability of Wal-Mart to construct the proposed Supercenter at Eight Mile Road and I-5 (the store was approved prior to the passage of the ordinance but must survive litigation to be grandfathered in). The French Camp Road store cannot be built if the ordinance stands. A similar ordinance is under consideration in Galt as of the end of September 2007.

Figure 1: Proposed Project Trade Area



Proposed Project

Wal-Marts

Existing Discount Store

Existing Supercenter

Existing Discount Store - Proposed Expansion to Supercenter

Proposed New Supercenter

City of Lodi

Trade Area

San Joaquin County

0 5 10 20 Miles

This Trade Area has been defined using Census Block Groups. These Block Groups are the smallest defined geographies for which consistent and usable demographic estimates could be obtained. As with all Trade Area definitions, some compromises have to be made when using a defined geography that might not line up quite correctly with a preferred boundary. For instance, the Trade Area as defined has areas that show as being closer to the proposed Eight Mile Road Supercenter than the Proposed Project, but the more populated portions of the relevant Block Group are closer to the Proposed Project. The following subsection discusses population trends in more detail. A listing of the Census Block Groups comprising the Trade Area can be found in Appendix A.

Population Trends

As shown in Table 2, population growth in Lodi and the Trade Area has been slow but constant over the last several years, lagging overall County growth. Lodi's population grew from approximately 57,000 in 2000 to an estimated 62,312 in 2006, for an annual average compound growth rate of 1.5 percent. In the Trade Area, the rate of population growth has been slightly lower, with growth from 74,398 in 2000 to 79,550 in 2006, for a growth rate of only 1.1 percent annually. As shown by the data, Lodi makes up most of the Trade Area population.

Table 2: Population Trends, 2000-2011

Area	2000	2006	Average Annual Change 2000-2006	2008	2011	Average Annual Change 2006-11
City of Lodi	56,999	62,312	1.5%	63,987	66,585	1.3%
Trade Area (a)	74,398	79,550	1.1%	81,289	83,968	1.1%
San Joaquin County	563,598	668,898	2.9%	699,940	749,225	2.3%

All data from Claritas; 2000 derived from U.S. 2000 Census. Estimates are generally consistent with State Department of Finance and COG data. Data for 2008 assume a constant rate of change from 2006 through 2011.

(a) Trade Area is defined using Census Block Groups, as listed in Appendix A.

Sources: 2000 U.S. Census; Claritas 2006; BAE, 2006.

This historically slow growth owes largely to Lodi's growth control ordinance and limited available residential land in the City. Based on these past trends, Claritas projects an annual growth rate of 1.3 percent for the City and 1.1 percent for the entire Trade Area from 2006 through 2011. In 2008, the estimated opening date for the Proposed Project, the Trade Area population is projected to reach approximately 81,300 with continued growth to nearly 84,000 in 2011. Historic and projected population growth in the Trade Area is considerably slower than for the County overall, which is expected to grow at an annual average rate of 2.3 percent from 2006 through 2011, indicating that regional demand has been stronger than indicated by Trade Area trends.

It should be recognized that the projections of future short-term growth here may be understated, since the City has recently approved major residential developments near the Proposed Project and elsewhere in Lodi that may lead to more rapid growth of three to four percent annually over the next several years in Lodi. Housing permits issued could absorb an unused backlog under the City's growth control ordinances, since the City has not grown at the rate permitted under those ordinances in recent years. More rapid growth could lessen the impacts as stated in this analysis, which uses more conservative projections from the Claritas that are in line with past trends and with the official projections from the San Joaquin County Council of Governments. However, given recent trends of softening housing demand, the housing market may not in fact support a faster rate of growth than projected.

Household Trends

Household growth in Lodi and the Trade Area mirrors population growth, with the City growing from 20,692 households in 2000 to an estimated 22,676 households in 2006 (see Table 3). For the same period, the Trade Area grew from 26,566 to 28,603 households. Future growth in the number of households is expected to continue at a similar rate, with Lodi reaching 24,351 households and the Trade Area reaching 29,316 households in 2011. In 2008, the projected year of project completion, the number of households in the Trade Area is projected to stand at 29,316.[2]

Lodi and the Trade Area are characterized by smaller households than countywide, with household size remaining relatively constant in the next several years for all three geographies. This difference may reflect Lodi's status as a slower growth area, with a lower proportion of the larger homes characteristic of recent residential development in San Joaquin County.

Table 3: Household Trends, 2000-2011

Area	2000	2006	Average Annual Change 2000-2006	2008	2011	Average Annual Change 2006-11
City of Lodi						
Number of Households	20,692	22,676	1.5%	23,332	24,351	1.4%
Household Size	2.71	2.70	-0.1%	2.70	2.69	-0.1%
Trade Area *(a)*						
Number of Households	26,566	28,603	1.2%	29,316	30,419	1.2%
Household Size	2.74	2.73	-0.1%	2.72	2.71	-0.1%
San Joaquin County						
Number of Households	181,629	215,199	2.9%	225,145	240,933	2.3%
Household Size	3.00	3.03	0.2%	3.03	3.04	0.1%

All data from Claritas; 2000 derived from U.S. 2000 Census. Estimates are generally consistent with State Department of Finance and COG data. Data for 2008 assume a constant rate of change from 2006 through 2011.

(a) Trade Area is defined using Census Block Groups, as listed in Appendix A.

Sources: 2000 U.S. Census; Claritas 2006; BAE, 2006.

[2] As with the population projections, these estimates are conservative in not taking into account the potential for more rapid development over the next several years.

Household Type and Tenure. Lodi has a lower home ownership rate than the Trade Area, where the rate is similar to that countywide (see Table 4). The Trade Area is slightly less than 60 percent owner households, a percentage expected to remain relatively stable over time, in contrast to the County where the proportion of homeowners is projected to increase slightly, once again reflecting the growth in "bedroom suburb" housing elsewhere in County. Statewide, owners made up 56.9 percent of all households in 2000.

Table 4: Tenure, 2000-2011

	2000	2006	2011
Lodi			
Owner	54.6%	54.8%	54.9%
Renter	45.4%	45.2%	45.1%
Trade Area (a)			
Owner	59.3%	59.0%	58.9%
Renter	40.7%	41.0%	41.1%
San Joaquin County			
Owner	60.4%	62.2%	63.2%
Renter	39.6%	37.8%	36.8%

(a) Trade Area is defined using Census Block Groups, as listed in Appendix A.

Sources: 2000 U.S. Census; Claritas 2006; BAE, 2006.

Lodi, the Trade Area, and San Joaquin County are all predominantly family-oriented with more than two-thirds of households as families in each area, as shown in Table 5. The proportion of families is lowest in Lodi and highest in the County, with Lodi at approximately the state proportion of 69 percent families in 2000. The proportion of families is projected to decline slightly in Lodi and the Trade Area, but not in the County overall, reflecting the continuing influx of families to the area's new subdivisions.

Table 5: Families as Percent of All Households

	2000	2006	2011
Lodi			
Families	69.3%	68.5%	68.1%
Non-Families	30.7%	31.5%	31.9%
Trade Area (a)			
Families	71.4%	70.5%	70.0%
Non-Families	28.6%	29.5%	30.0%
San Joaquin County			
Families	74.2%	74.2%	74.2%
Non-Families	25.8%	25.8%	25.8%

(a) Trade Area is defined using Census Block Groups, as listed in Appendix A.

Sources: 2000 U.S. Census; Claritas 2006; BAE, 2006.

Household Income. Household and personal income and the resulting consumer buying power are key indicators of the potential for additional retail development. Lodi and the Trade Area both have slightly lower median household incomes than San Joaquin County as a whole, but this is primarily a reflection of smaller household size (see above). As shown in Table 6, Claritas estimates that in 2006 the median annual household incomes in Lodi and the Trade Area are $43,859 and $46,176 respectively, compared to $47,289 countywide. But for annual per capita income, Lodi and the Trade Area show levels above the County, with Lodi at $20,947, the Trade Area at $22,324, and the County slightly lower at $19,900.

Table 6: Income, 2006

Area	Median Household Income	Per Capita Income
Lodi	$43,859	$20,947
Trade Area (a)	$46,176	$22,324
San Joaquin County	$47,289	$19,900
California	$54,508	$25,551

(a) Trade Area is defined using Census Block Groups, as listed in Appendix A.

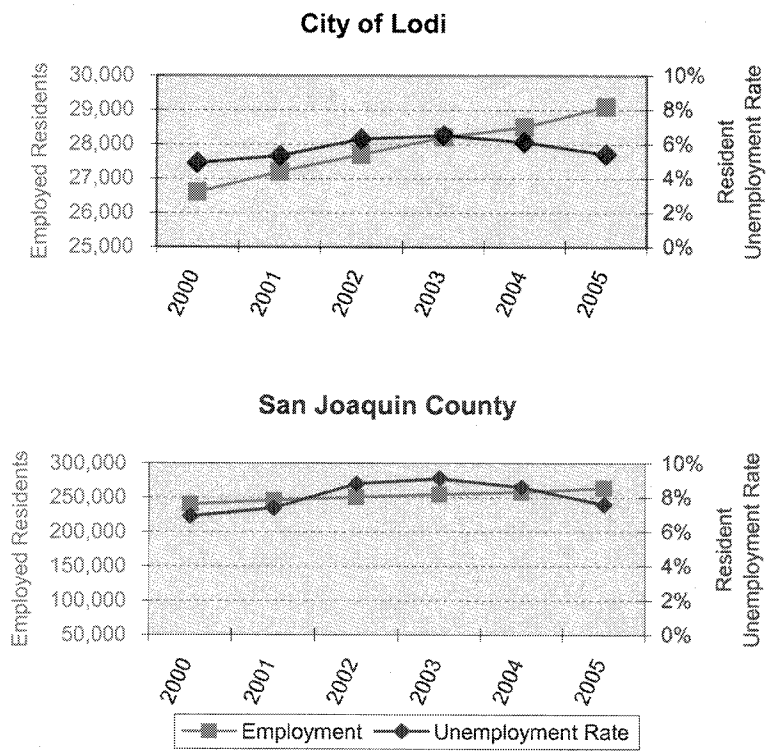
Sources: Claritas 2006; BAE, 2006.

Labor Force Trends

Lodi and San Joaquin County have shown sustained growth in the number of employed residents, even as unemployment rose after 2000 and then started to decline again after 2003 (see Figure 2). Lodi's unemployment rate tracks below the county level. In 2000, unemployment rates in Lodi and the County were at 4.9 percent and 6.9 percent, respectively; by 2003, unemployment had increased to 6.5 percent in Lodi and 9.1 percent in the County, reflecting national trends as the economy slowed. Subsequent to 2003, rates have dropped gradually, with unemployment in August 2006 at 4.7 percent in the City and 6.7 percent in the County. The lower rates in Lodi may be reflect a lower dependency on the seasonal agricultural sector (both growing and processing) that is still a large part of the county's overall economy.

While the unemployment rate cycled upward and then back down again between 2000 and today, total resident employment in Lodi and San Joaquin County increased every year, for a total increase between 2000 and 2005 of 9.4 percent in Lodi and 9.5 percent in the County, even as the number of unemployed rose from 2000 through 2003. This indicates that the regional economy was still growing, but was not able to keep up with the growth in the labor force.

Figure 2: Employed Residents and Unemployment Rate



Data presented are for residents of the area by place of residence, not workers by place of work. Data are based on annual averages. For detailed data, see Appendix B.

Sources: California Employment Development Department; Bay Area Economics, 2006.

Summary of Population and Economic Overview

For the Proposed Project, the Trade Area has been defined as the City of Lodi and some surrounding unincorporated areas; most of the Trade Area's population resides in the City of Lodi. This definition is based in large part on the location of other existing and planned Wal-Mart Supercenters, with most shoppers assumed to travel to the nearest Supercenter for their shopping. There is an existing Supercenter on Hammer Lane in Stockton, with additional Supercenters proposed on Eight Mile Road (at I-5) in Stockton, and in Galt, and more distant, in Antioch, Oakley, Suisun City, and at French Camp Road in Stockton. These other stores effectively limit the Trade Area for the Lodi Supercenter to customers in Lodi and some surrounding rural areas. It is assumed that the other outlets in the Proposed Project at best will have the same Trade Area, as the Supercenter will be the major region-serving draw in this center.

The analysis here assumes slow but constant growth in line with recent historic trends, with the Trade Area growing from an estimated 74,398 persons in 2000 to 79,550 persons in 2006, at a rate of only 1.1 percent annually. This historically slow growth owes largely to Lodi's growth control ordinance and limited available residential land in the City, but these projections of future short-term growth here may be understated, since the City has recently approved major residential developments near the Proposed Project and elsewhere in Lodi that may lead to more rapid growth of three to four percent annually over the next several years in Lodi. More rapid growth could lead to greater retail demand and lessen the impacts as stated in this analysis, which uses more conservative projections from the Claritas that are in line with past trends and with the official projections from the San Joaquin County Council of Governments. However, given recent trends of softening housing demand, the housing market may not in fact support a faster rate of growth than projected.

The Trade Area is characterized by smaller households than countywide, with household size projected to remain relatively constant in the next several years. The smaller household size may reflect the Trade Area's status as a slower growth area, with a lower proportion of the larger homes characteristic of recent residential development in San Joaquin County.

Less than 60 percent of Trade Area households are owner households, a lower proportion than countywide. Over two-thirds of Trade Area households are families. With its slower growth, the Trade Area does not show an estimated increase in the proportion of families and owners as does the county overall.

Median household income in the Trade Area is lower than countywide, but this is a reflection of the smaller household size; per capita incomes are slightly higher in the Trade Area than the county, indicating that per resident buying power in the Trade Area is likely at least as strong as the county.

While unemployment rose through the early part of the decade before trends reversed more recently, total employment has increased every year since 2000. This growth in employment indicates fundamental strength in the region's economy, auguring well for consumer confidence and retail expenditures.

In summary, the demographic and economic data indicate that the Trade Area has steady but modest growth in recent years, with a consumer base consisting largely of families and homeowners with moderate incomes. Future growth is conservatively expected to continue at a gradual pace, leading to modest increases in demand for additional retail offerings, but recently approved residential developments in Lodi could lead to additional growth above the projected rates.

RETAIL SALES ANALYSIS

Retail Trends in Lodi, the Trade Area, and San Joaquin County

This section examines retail trends in Lodi, Stockton (for comparison purposes and because Stockton is the nearest large population and retail node outside the Trade Area), and San Joaquin County as a whole. For comparative purposes, data from California are also presented. The analysis presents an overview of retail sales in Lodi and the Trade Area, and then focuses on the retail categories as planned for the Proposed Project, shown in Table 1. A leakage analysis is undertaken to identify the relative strength of major retail sectors in the Trade Area, in comparison to each other and to the county and state overall. Major individual competitors in the Trade Area are identified in the key categories of supermarkets, discount general merchandise stores, and drug stores. The size and sales performance for each of these outlet types is discussed for the overall group of stores and individual outlets. Additionally, retail sales trends for Downtown Lodi are assessed.

Overall Retail Sales

As shown in Figure 3a, over the last decade, Lodi's taxable retail sales[3] have grown modestly, outpacing population growth somewhat. Taxable retail sales in 1995 were approximately $516 million (all sales here presented in constant 2005 dollars unless otherwise noted), and grew to approximately $719 million in the most recent four quarters available[4] for an increase of approximately 39 percent, while population only grew about 18 percent. With the exception of 1997, taxable retail sales have increased every year, including the early part of this decade through the national and regional recession. Taxable retail sales growth has been somewhat stronger in Stockton, albeit from a far higher base. In 1995, taxable sales in Stockton were $1.86 billion; they increased 62 percent to $3.00 billion, while population increased 23 percent over the decade ending in 2005.

Regionally, San Joaquin County has shown very strong retail sales growth, with a 78 percent increase in taxable retail sales to $6.61 billion over the 10-year study period, even though population only increased 27 percent (see Figure 3b). This is likely an indicator of increased purchasing power for the county's residents, based on rising incomes, and capture of some sales that previously may have gone outside the County to Sacramento, the Bay Area, and elsewhere. Statewide over the same period, taxable retail sales increased 45 percent while population only grew 16 percent.

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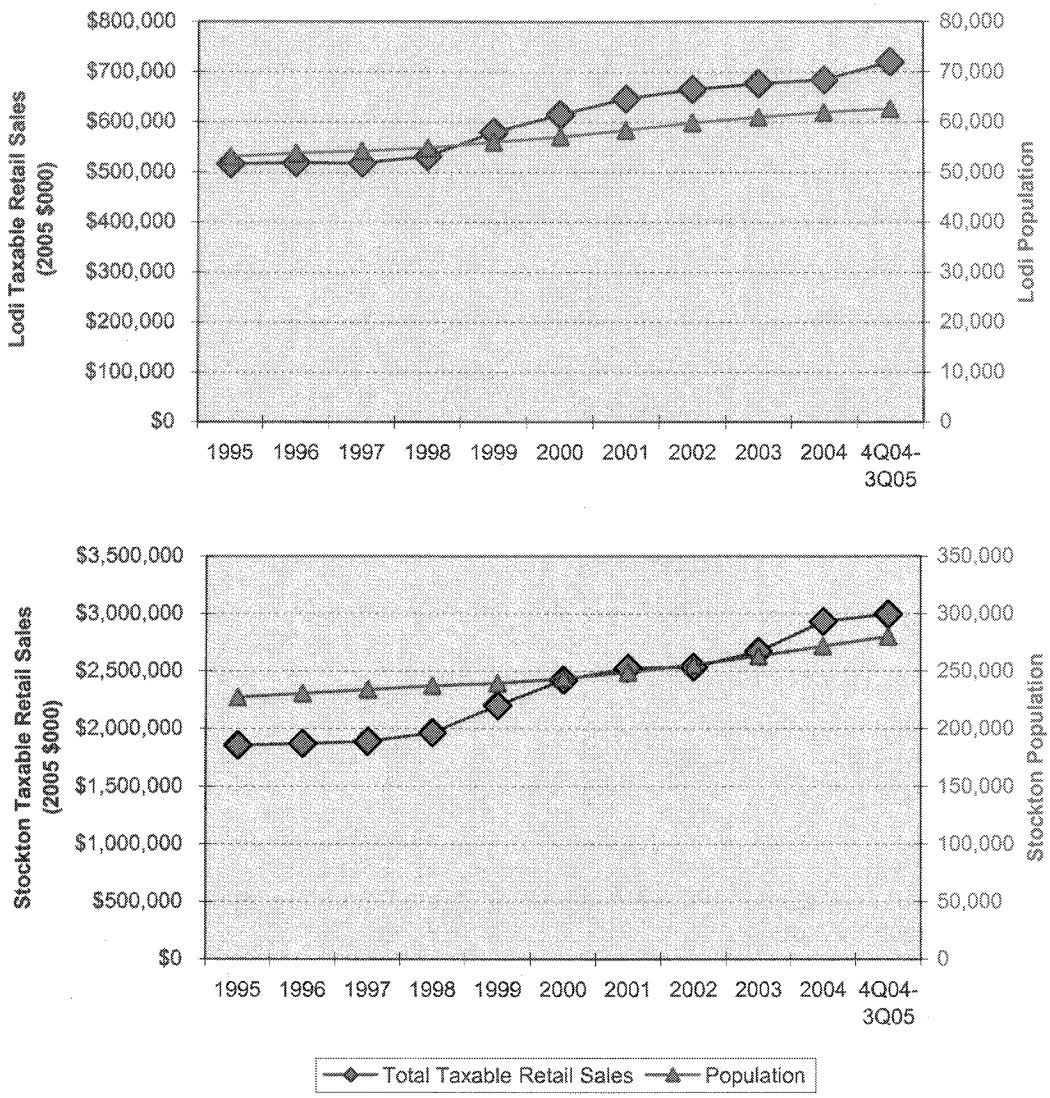
[3] In California, the State Board of Equalization provides retail sales data by store type for most counties and for larger cities. This is the most up-to-date and reliable source available, but it only includes taxable sales. Most food items, prescription drugs, and certain other items are exempt from sales tax, so the reported taxable sales data exclude these non-taxable sales.

[4] Taxable sales for calendar year 2005 have not yet been published. BAE used an annual period consisting of the most recent four quarters, fourth quarter 2004 through third quarter 2005.

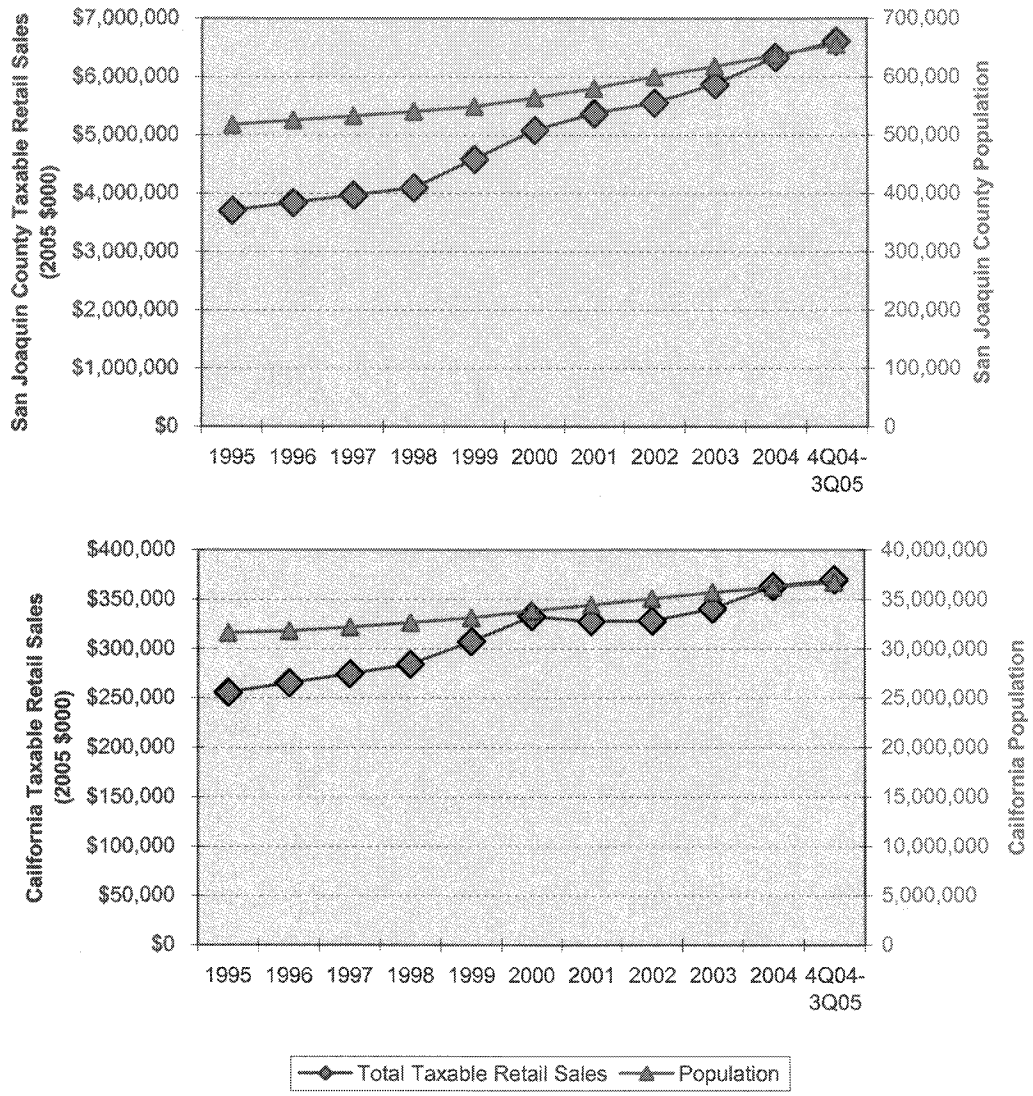
Figure 3a: Taxable Retail Sales and Population, 1995-2Q 2005



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

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

Figure 3b: Taxable Retail Sales and Population, 1995-2Q 2005



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

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

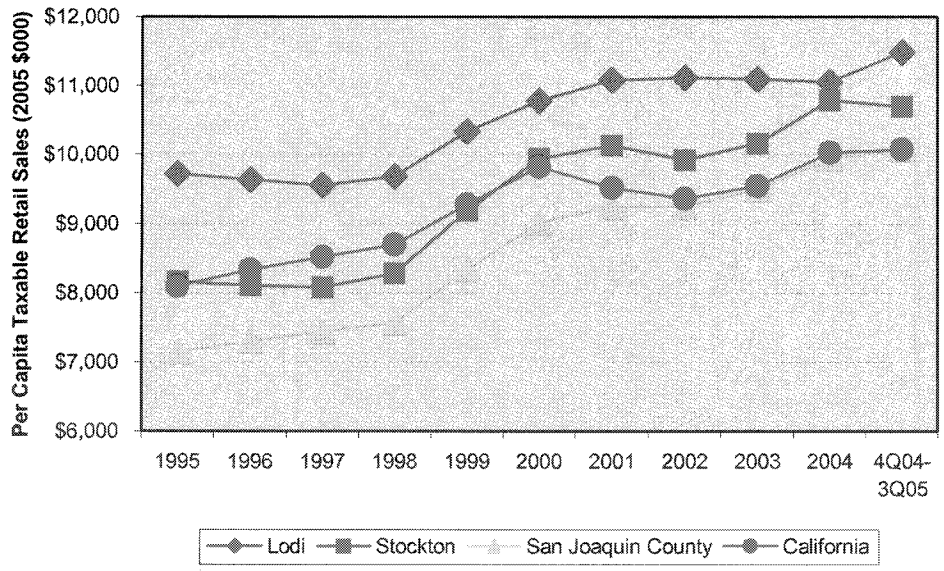
Per Capita Taxable Retail Sales

Per capita retail sales are an indicator of the relative strength of a city as a retail destination; other factors being equal, higher per capita sales relative to the region point toward attraction of shoppers from outside the city. As shown in Figure 4 and Table 7, Lodi's performance in overall per capita taxable retail sales and in most major store categories is strong relative to the county and the state.

Overall, per capita taxable retail sales in Lodi for the most recent annual period available are $11,486, higher than the $10,701 for Stockton, $10,087 for San Joaquin County overall, and $10,072 statewide. These data are a strong indicator that Lodi is attracting shoppers from areas outside the City boundaries, with much of that capture likely from nearby unincorporated areas in San Joaquin County and southern Sacramento County.

In recent years, however, the gap between Lodi and the other geographies has been narrowing; this may indicate that the remainder of the County is maturing as a retail destination, and that Stockton in particular is managing to capture more shoppers from northern San Joaquin County.

Figure 4: Comparative Analysis, Per Capita Total Taxable Retail Sales



Population data from State Department of Finance, and may vary from other sources (e.g., ABAG). Sales here are taxable sales only, and exclude most grocery sales as well as prescription drugs and certain other items. For details, see Appendix C.

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

Table 7: Comparative Total Taxable Retail Sales, 4Q 2004-3Q 2005

Sales in 2005 $000 (a) (b) (c)	**Lodi**	**Stockton**	**San Joaquin County**	**California**
Apparel Stores	$11,338	$113,598	$196,448	$18,236,498
General Merchandise Stores (d)	$150,181	$526,078	$1,030,979	$55,871,099
Drug Stores	*$14,740*		*$82,208*	*$6,116,866*
Other General Merchandise Stores	*$135,441*		*$948,771*	*$49,754,233*
Food Stores	$55,098	$176,431	$415,277	$20,829,179
Eating and Drinking Places	$77,253	$260,738	$566,576	$45,573,569
Home Furnishings and Appliances	$18,494	$101,949	$176,896	$17,139,184
Building Materials and Farm Implements	$87,545	$529,325	$989,012	$38,450,082
Auto Dealers and Auto Supplies	$206,878	$668,652	$1,419,483	$74,373,223
Service Stations	$49,730	$177,626	$809,717	$37,221,491
Other Retail Stores	$62,878	$444,493	$1,005,989	$62,238,226
Retail Stores Total (b)	**$719,395**	**$2,998,890**	**$6,610,377**	**$369,932,551**

Sales per Capita in 2005 $ (c) (e)	**Lodi**	**Stockton**	**San Joaquin County**	**California**
Apparel Stores	$181	$405	$300	$497
General Merchandise Stores	$2,398	$1,877	$1,573	$1,521
Drug Stores	*$235*		*$125*	*$167*
Other General Merchandise Stores	*$2,162*		*$1,448*	*$1,355*
Food Stores	$880	$630	$634	$567
Eating and Drinking Places	$1,233	$930	$865	$1,241
Home Furnishings and Appliances	$295	$364	$270	$467
Building Materials and Farm Implements	$1,398	$1,889	$1,509	$1,047
Auto Dealers and Auto Supplies	$3,303	$2,386	$2,166	$2,025
Service Stations	$794	$634	$1,236	$1,013
Other Retail Stores	$1,004	$1,586	$1,535	$1,695
Retail Stores Total (b)	**$11,486**	**$10,701**	**$10,087**	**$10,072**
Population (e)	**62,632**	**280,249**	**655,319**	**36,728,196**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) A "#" sign indicates data supressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.
(d) Separate data for drug stores and other general merchandise stores not obtained for Stockton.
(e) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census.

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

Retail Sales Elsewhere in the Trade Area

The Trade Area includes retail outlets that are not in Lodi, and these outlets need to be considered in evaluating overall retail sales and demand. There are no other incorporated locales in the Trade Area and unfortunately, the published taxable sales and Economic Census data do not separate out unincorporated subareas of a County. To estimate these sales, BAE has relied on a number of sources, using county data (as a baseline for sales per employee by store type) along with retail employment data available for the unincorporated Trade Area, and estimated sales by major store category. This analysis can be found in Appendices D and E.

The results of this analysis, including total estimated taxable sales by category for the Trade Area, are shown in Table 8 for the most recent four quarters available, fourth quarter 2004 through third quarter 2005. While the per capita analysis comparing Lodi alone to the County and other nearby cities is instructive in showing that Lodi is attracting shoppers from outside city limits, the numbers shown here, when compared to San Joaquin County overall and the state, give a better sense of retail sales in the entire Trade Area vis-à-vis San Joaquin County and California. The per capita sales comparison with the County and State here provides the starting point for the leakage analysis which assesses the retail potential for the Lodi Shopping Center and its Trade Area. As shown, the Trade Area's total per capita taxable sales are estimated at $10,292, very similar to the numbers for San Joaquin County overall and for California. For categories suitable for the Lodi Shopping Center (excluding auto-related retail and service stations), however, the Trade Area and San Joaquin County lag the state slightly, with sales per capita of $6,620 in Lodi and $6,686 in all of San Joaquin County compared with $7,034 for California. By major store category for the key categories, the Trade Area lags the County in apparel, building materials/farm implements, and other retail, and is above the County for general merchandise, food stores, and eating and drinking places (it is nearly the same for home furnishings/appliances). The following analysis discusses these numbers in more detail by category.

Table 8: Trade Area Estimated Taxable Sales, 4Q 2004-3Q 2005

Sales in 2005 $000 (a) (b) (c) (d)	Lodi	Trade Area Remainder	Trade Area	San Joaquin County	California
Apparel Stores	$11,338	$2,801	$14,139	$196,448	$18,236,498
General Merchandise Stores	$150,181	$1,637	$151,818	$1,030,979	$55,871,099
Drug Stores	*$14,740*	*$1,637*	*$16,377*	*$82,208*	*$6,116,866*
Other General Merchandise Stores	*$135,441*	*$0*	*$135,441*	*$948,771*	*$49,754,233*
Food Stores	$55,098	$8,149	$63,247	$415,277	$20,829,179
Eating and Drinking Places	$77,253	$8,260	$85,513	$566,576	$45,573,569
Home Furnishings and Appliances	$18,494	$3,148	$21,642	$176,896	$17,139,184
Building Materials and Farm Implements	$87,545	$22,086	$109,631	$989,012	$38,450,082
Auto Dealers and Auto Supplies	$206,878	$13,094	$219,972	$1,419,483	$74,373,223
Service Stations	$49,730	$19,185	$68,915	$809,717	$37,221,491
Other Retail Stores	$62,878	$11,903	$74,781	$1,005,989	$62,238,226
Retail Stores Total	**$719,395**	**$90,263**	**$809,658**	**$6,610,377**	**$369,932,551**
Lodi Shopping Center Categories	**$462,787**	**$57,985**	**$520,772**	**$4,381,177**	**$258,337,837**

Sales per Capita in 2005 $ (c) (e)	Trade Area	San Joaquin County	California
Apparel Stores	$180	$300	$497
General Merchandise Stores	$1,930	$1,573	$1,521
Drug Stores	*$208*	*$125*	*$167*
Other General Merchandise Stores	*$1,722*	*$1,448*	*$1,355*
Food Stores	$804	$634	$567
Eating and Drinking Places	$1,087	$865	$1,241
Home Furnishings and Appliances	$275	$270	$467
Building Materials and Farm Implements	$1,394	$1,509	$1,047
Auto Dealers and Auto Supplies	$2,796	$2,166	$2,025
Service Stations	$876	$1,236	$1,013
Other Retail Stores	$951	$1,535	$1,695
Retail Stores Total (b)	**$10,292**	**$10,087**	**$10,072**
Lodi Shopping Center Categories	**$6,620**	**$6,686**	**$7,034**
Population (e)	**78,667**	**655,319**	**36,728,196**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) A "#" sign indicates data supressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores, so evaluation of changes in the Other Retail category should take this into consideration.
(d) Trade Area consists solely of Lodi and surrounding unincorporated areas in San Joaquin County. Unincorporated area sales are estimated as shown in Appendix D.
(e) With the exception of the Trade Area, per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census. Trade Area population in 2005 has been estimated using the Claritas estimates from Table 2, and assume a constant annual growth rate from 2000-2006. The Claritas estimates for Lodi and San Joaquin County are not significantly different from those from DOF.

	2000	2005	2006	Annual Change 2000-06
Trade Area Population Estimate	74,398	78,667	79,550	1.1%

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 2000 U.S. Census; State Department of Finance; Claritas; 2002 Economic Census; Bay Area Economics, 2006.

Food Stores

For this traditionally convenience-good category, in the most recent annual period available the Trade Area has annual per capita taxable sales well above the other areas, at $804 in contrast to only $634 for San Joaquin County and $567 statewide (see Table 8 above).[5] Overall estimated taxable sales in this category in the Trade Area are approximately $63.2 million.

General Merchandise Stores

In this major retail store category to be represented in the Proposed Project, the Trade Area shows considerable strength. Per capita annual taxable sales are $1,930; this is about one-fourth above San Joaquin County or California. Total general merchandise taxable sales in the Trade Area for the most recent annual period (fourth quarter 2004 through third quarter 2005) are estimated at approximately $152 million.

Since the Proposed Project has plans for a stand-alone drug store in addition to the Supercenter, BAE obtained unpublished data for Lodi for the most recent available four quarters from the State Board of Equalization specifically for drug stores, as shown in Table 7 above. The subcategory data indicate drug store sales of approximately $208 per capita in the Trade Area, above the county and the state, where per capita taxable drug store sales are $125 and $167, respectively.[6] The drug store subcategory for the Trade Area has total estimated annual taxable sales of approximately $16.4 million for the most recent four quarters available.

The other general merchandise stores subcategory, which includes discount general merchandise stores, also has Trade Area per capita sales above the county and the state, with an estimated total of $135.4 million in taxable sales, for a per capita figure of $1,722.

Restaurant Sales

The other major retail type specifically called out in the site plan is restaurants, of both the sit-down and fast food types. The project plan (see Table 1) calls for a 7,500 square-foot sit-down restaurant and 9,690 square feet of fast food restaurants. In this retail outlet category, the Trade Area's annual per capita taxable sales, at $1,087, are above the levels achieved for San Joaquin County, but are slightly below statewide levels. Total estimated restaurant sales in the Trade Area for the most recent annual period available are approximately $86 million annually.

Various Retail Categories

For the additional major retail categories as indicated in Table 8 above, the Trade Area shows mixed performance. For apparel, the Trade Area per capita sales are considerably below the county and California, likely owing to apparel sales still being associated in part with regional malls. The Trade Area also lags both the county and the state in per capita sales for service stations and "other retail" stores, but leads both areas for automotive retail. The Trade Area per capita sales are on par with the county for home furnishings/ appliances, but both the Trade Area

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[5] It should be emphasized that these are taxable items only, which excludes the majority of food store purchases, e.g., most food items, and for the stores with pharmacies, prescriptions.

[6] A high percentage of drug store sales are non-taxable items, particularly prescriptions and any food items. A typical modern drug store such as Walgreens may have two or more aisles with food items.

and San Joaquin County are below the state. For building materials/farm implements[7] the Trade Area per capita sales are slightly below the county but above the state.

Because per capita sales in the catch-all "Other Retail Stores" category for the Trade Area are significantly below the county and the state, BAE examined more detailed unpublished data obtained from the State Board of Equalization (see Table 9). This more detailed breakdown and comparison[8] shows that on a per capita basis, Lodi lags behind San Joaquin County and California for gifts/art goods/novelties, stationery/books, jewelry, other specialty retail, and other motor vehicles (boats, RVs, etc.). The other specialty group, where Lodi has per capita sales at only 56 percent of countywide levels (which in turn are below statewide levels), includes florists, photographic equipment/supplies, office/store/school supplies, and other specialty stores not elsewhere classified (e.g., pet supply stores).

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[7] The data series begins in the quarter when Lowe's opened (October 2004), and sales in this category may reflect a slightly lower lever than would be anticipated with Lowe's at stabilized sales. Analysis of the quarterly trends indicates that sales in building materials have increased substantially since this store opened.

[8] Data not available for unincorporated Trade Area, so data provided are for Lodi only. The unincorporated portion of the Trade Area is estimated to account for approximately 16 percent of Trade Area sales in the Other Retail Stores category.

Table 9: Detail on Taxable Sales for Other Retail, 4Q 2004-3Q 2005

Sales in 2005 $000 (a) (b) (c) (d)	Lodi	San Joaquin County	California
Gifts, art goods, and novelties	$1,256	$15,367	$1,928,497
Sporting goods	$4,356	$43,365	$3,833,066
Musical instruments	$1,232	$11,221	$1,551,023
Stationery and books	$1,986	$37,065	$4,071,067
Jewelry	$2,490	$31,045	$2,783,613
Other specialties (f)	$28,398	$538,662	$37,163,851
Packaged Liquor Stores	$7,826	$35,231	$2,448,557
Second Hand Merchandise	$323	$12,553	$544,804
Farm and Garden Supply/Fuel and Ice	$5,935	$109,129	$2,912,663
Other motor vehicles	$9,076	$172,351	$5,001,085
Other Retail Stores Total	**$62,878**	**$1,005,989**	**$62,238,226**

Sales per Capita in 2005 $ (c) (e)	Lodi	San Joaquin County	California
Gifts, art goods, and novelties	$20	$23	$53
Sporting goods	$71	$66	$104
Musical instruments	$20	$17	$42
Stationery and books	$32	$57	$111
Jewelry	$41	$47	$76
Other specialties (f)	$463	$822	$1,012
Packaged Liquor Stores	$127	$54	$67
Second Hand Merchandise	$5	$19	$15
Farm and Garden Supply/Fuel and Ice	$97	$167	$79
Other motor vehicles	$148	$263	$136
Other Retail Stores Total (b)	**$1,024**	**$1,535**	**$1,695**
Population (e)	**61,393**	**655,319**	**36,728,196**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) A "#" sign indicates data supressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores, so evaluation of changes in the Other Retail category should take this into consideration.
(d) Trade Area consists solely of Lodi and surrounding unincorporated areas in San Joaquin County. Unincorporated area sales are estimated as shown in Appendix D.
(e) With the exception of the Trade Area, per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census. Trade Area population in 2005 has been estimated using the Claritas estimates from Table 2, and assume a constant annual growth rate from 2000-2006. The Claritas estimates for Lodi and San Joaquin County are not significantly different from those from DOF.

	2000	2005	2006	Annual Change 2000-06
Lodi Population Estimate	56,999	61,393	62,312	1.5%
Trade Area Population Estimate	74,398	78,667	79,550	1.1%

(f) Other specialties includes florists, photographic equipment/supplies, office/store/school supplies, and other specialty stores.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 2000 U.S. Census; State Department of Finance; Claritas; 2002 Economic Census; Bay Area Economics, 2006.

Leakage Analysis and Demand for New Retail Space in the Trade Area

Overview of Methodology. Retail leakage analysis compares actual retail sales in an area with some benchmark that provides a measure of the potential sales generated by that area's residents. If sales levels are below the predicted level, the area may be able to support increased sales. This increase in sales could take the form of increased sales in existing outlets or in new outlets.

A lower-than-predicted sales volume implies that consumers are traveling outside the area to shop; thus, the sales are "leaking" out of the study area. Conversely, if the area shows more sales than would be expected from the area's characteristics, there are sales "injections" into the study area. Often, an injection of sales indicates that the study area is serving as the regional shopping destination for a broader area. Conversely, if an area shows substantial leakage, it may be due to the presence of a region-serving retail node outside the study area capturing those "leaked" sales. In such a case, the study area itself may not have sufficient population to support the region-serving retail, so those sales cannot expect to be captured within the study area.

There are a number of factors that can be used to predict sales levels, with the two most important factors being the number of persons in the area and the disposable income available to that population. Additional factors influencing retail spending in an area include household type, age of population, number of workers in the area (i.e., daytime population), tenure patterns (owner vs. renter), and cultural factors. For the leakage analysis here, San Joaquin County as a whole has been used as a benchmark. Lodi is somewhat below the county with respect to household size and tenure, but has similar spending potential based on per capita income levels; like much of the county, much of the Trade Area consists of suburban-style residential housing.

San Joaquin County itself is a large enough area with enough types of retail available that most potential sales generated by residents are likely captured within the County, and with its position between two larger urban nodes, the Bay Area and Sacramento, it is likely not a major attractor of sales. In fact, as shown in Table 8 above, overall county per capita taxable sales are on par with the state; San Joaquin County and the state show annual per capita taxable sales of $10,058 and $10,068, respectively.

Trade Area Sales Potential at Project Opening. Using the most recent published taxable sales data as a baseline, BAE has estimated the leakage of retail sales from the Trade Area for the estimated year of project opening. The results of this analysis are shown in Table 10.[9] For 2008, the estimated year of project completion, the Trade Area shows attraction in most major retail categories, the exceptions being apparel stores, building materials/farm implement stores, service stations, and other retail. Total net retail sales injections are approximately $34 million annually, on a basis of $984 million in expected sales in the Trade Area.

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[9] This leakage analysis uses the more conservative population projections based on past trends as discussed in the Population and Economic Overview above. To the extent that the potential for faster development in Lodi leads to more rapid population growth in the Trade Area, the analysis here is conservative.

For the key categories of general merchandise stores and food stores, Lodi is estimated to be showing substantial attraction. The food store sales attraction indicates that the project may be attracting sales from beyond the Trade Area even for this convenience good category.

Table 10: Leakage Analysis for 2008

	2006 Per Capita Retail Sales 2005 $ (a)		Estimated 2008 Retail Sales 2005 $ (b)		
Store Category	Trade Area	San Joaquin County	Estimated Sales	Potential Sales	Injection/ (Leakage)
Apparel Stores	$180	$300	$14,610,736	$24,368,379	($9,757,642)
General Merchandise Stores	$2,358	$2,027	$191,098,068	$164,789,490	$26,308,578
Drug Stores	*$636*	*$454*	*$51,401,279*	*$36,901,771*	*$14,499,508*
Other General Merchandise Stores	*$1,722*	*$1,573*	*$139,696,789*	*$127,887,719*	*$11,809,071*
Food Stores	$2,268	$1,781	$183,489,457	$144,739,355	$38,750,102
Eating and Drinking Places	$1,087	$865	$87,976,181	$70,280,881	$17,695,300
Home Furnishings and Appliances	$275	$270	$22,354,553	$21,943,052	$411,501
Building Materials and Farm Implements	$1,346	$1,509	$109,444,432	$122,681,925	($13,237,493)
Auto Dealers and Auto Supplies	$2,796	$2,166	$226,207,133	$176,079,670	$50,127,462
Service Stations	$876	$1,236	$71,211,793	$100,441,289	($29,229,496)
Other Retail Stores	$951	$1,535	$77,273,360	$124,787,836	($47,514,476)
Total			$983,665,713		$33,553,836

Notes:
The Trade Area is defined as in Figure 1 and Appendix A.
(a) From Appendix F.
(b) Estimated 2008 sales from Appendix H. Potential sales based on countywide per capita sales times projected 2008 Trade Area population.

2008 Trade Area Population (from Table 2): 81,289

County per capita sales have been assumed as a baseline against which to compare the Trade Area. Sales assumed to be "leaking" from the Trade Area if that area has per capita sales below county benchmark.

Source: Bay Area Economics 2006, based on information from the State Board of Equalization, U.S. Bureau of Labor Statistics, 2000 U.S. Census, State Department of Finance, Claritas, and 2002 Economic Census.

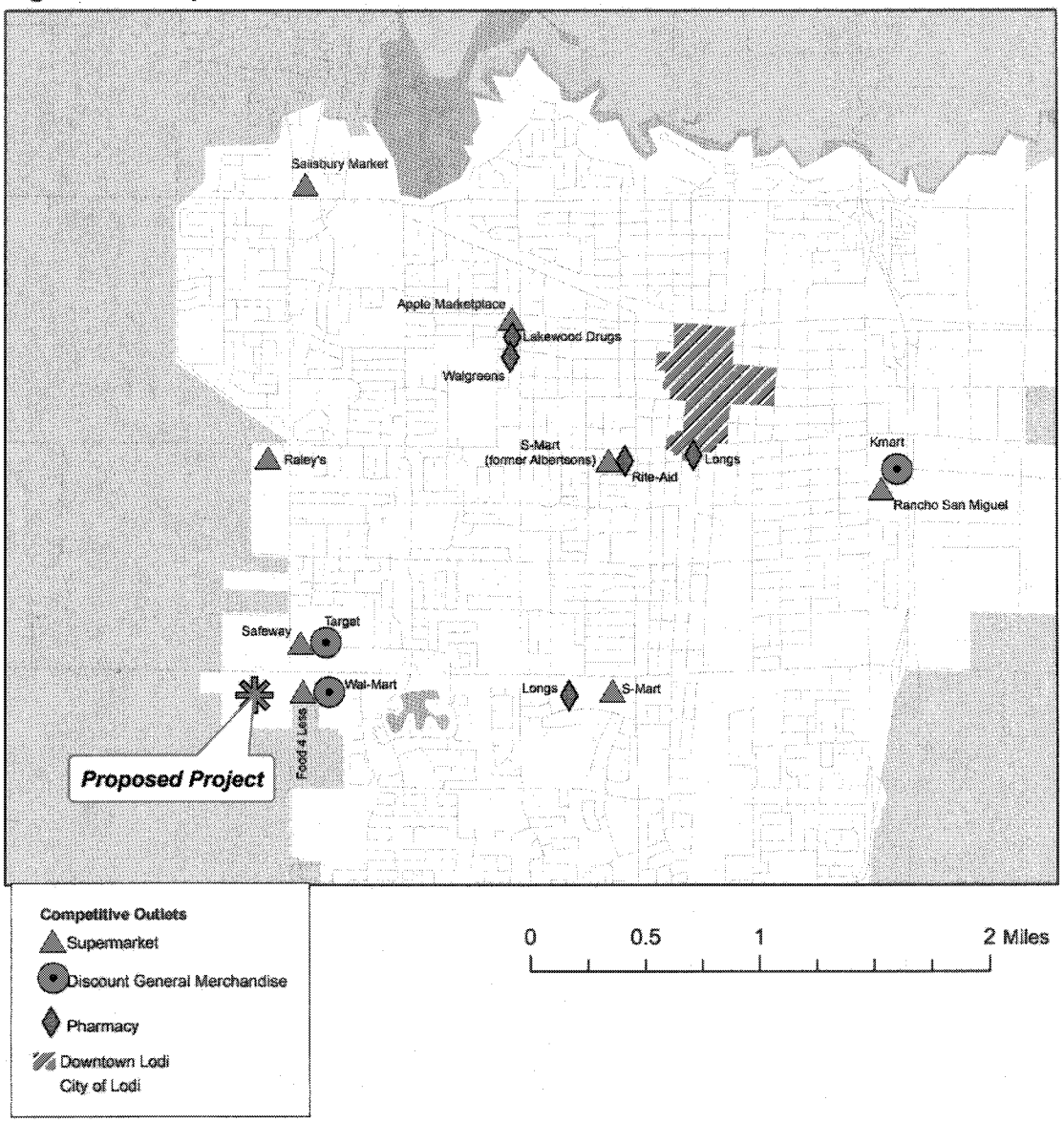
Inventory of Competitive Supermarket Outlets

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

The Trade Area is currently served by nine competitive supermarkets, as shown in Figure 5. With the exception of one store, these markets are all more than 25,000 square feet in size. The Grocery Outlet that was open during the initial EIR analysis is now closed, reportedly to be

replaced by a Smart & Final.[10] Eight of these nine stores are located in Lodi, and the ninth is in unincorporated Lockeford, approximately 6 miles northeast of Lodi. These stores total approximately 390,000 square feet of gross leasable area, as shown in Table 11.

Figure 5: Competitive Retail Outlets in Lodi



Note: One competitive Trade Area supermarket, the Payless IGA in Lockeford, is not shown on this map.

[10] As reported by City of Lodi staff to BAE, and discussed in Lodi Sentinel, August 30, 2006. This store has been excluded from the analysis, due to its small size and focus on bulk goods packaged for institutional use rather than everyday shopping needs. Inclusion of this particular small outlet in any case would not materially affect the findings of this analysis.

Table 11: Competitive Supermarkets in Trade Area

Store Name	Gross Leasable Area
Rancho San Miguel 620 S Cherokee Ln Lodi	41,946
Albertsons 530 W Lodi Ave Lodi	55,253
Lakewood Apple Marketplace 1320 W Lockeford St Lodi	28,159
Food 4 Less 2430 W Kettleman Ln Lodi	59,721
Raley's Supermarket 311 S Lower Sacramento Rd Lodi	62,832
S-Mart Food Stores 610 W Kettleman Ln Lodi	43,375
Safeway 2449 W Kettleman Ln Lodi	55,256
Salisbury's Market 2401 W Turner Rd Lodi	11,621
Payless 18980 N Highway 88 Lockeford	33,500
Total	**391,663**

Sources: BAE 2006, based on information from City of Lodi, and the listed stores.

Estimated Sales at Existing Supermarkets

Using a variety of sources, BAE has estimated total sales for the major competitive markets. The total estimated sales are then divided by square footage to provide estimates of average store performance based on sales per square foot under existing conditions and in the future. These measures of sales per square foot can then be used to evaluate overall market performance relative to industry benchmarks. Individual store performance may vary, with some stores doing considerably better than the community average, and some doing worse; to the extent possible given data source limitations, individual store performance is also considered. It should also be noted that industry benchmarks are not an indicator of the level of profitability of individual stores; some stores might be profitable at a lower sales level, while others may require greater market support. Additionally, retail operators have varying standards regarding satisfactory store performance. Other factors taken into consideration include percentage of food store sales

derived from supermarkets (i.e., removing from total food store sales those sales attributable to convenience stores, small ethnic markets, etc.), as well as local trends in per capita food store sales. BAE has based its estimate of current supermarket sales on several sources, including published and unpublished taxable sales data, the Census of Retail Trade, data self-reported by supermarket operators in the Trade Area, and sales data from Trade Dimensions, a private vendor of retail store data.[11] The use of multiple data sources allowed for "triangulation" leading to additional accuracy in the estimates. The general level of sales activity for each store was also confirmed through site visits in September 2006.

Overall Supermarket Sales. BAE estimates 2006 "supermarket" sales in the nine outlets described above to be approximately $153 million (2005 dollars, see Table 12). These sales average $390 per square foot across all outlets listed in Table 11. This overall average is very near median industry benchmarks, as derived from *Dollars & Cents of Shopping Centers/The Score 2006, published by the Urban Land Institute in association with the International Council of Shopping Centers.* This recent extensive national survey showed median annual supermarket sales per square foot of $392 for all supermarkets in U.S. super community/community shopping centers[12]

BAE has also calculated estimated sales in 2008, the assumed year for project opening, and for 2011. Taking into account population growth, 2008 supermarket sales in these same outlets (assuming no additional outlets are constructed) would reach approximately $156 million, for annual per square foot sales of $399. With no additional projects, and assuming constant per capita sales, by 2011 total sales would climb to $161 million and $412 per square foot.[13]

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[11] BAE's use of individual store data from Trade Dimensions is covered by nondisclosure agreements.

[12] While ULI publishes a median sales volume for super community/community shopping center supermarkets in the Western United States only, the sample size for all centers surveyed in the West is only 68, and not all of these may have supermarkets. Nationally, there are only 136 supermarkets in a sample of 299 centers. While the ratio for the West is not stated, a similar ratio would indicate that the sample of supermarkets for the region is less than 31 stores. This is an extremely small sample, and therefore the ULI data for the West has been judged inadequate for use as a benchmark. Accordingly, the National benchmark is used in this study. In any case, the Western median at $390 per square foot is nearly indistinguishable from the national median, so using the regional benchmark would not lead to different conclusions.

[13] All future sales estimated in 2005 dollars.

Table 12: Estimated Sales at Existing Supermarkets in Trade Area

	2006	2008	2011
Trade Area Population (a) (b)	79,550	81,289	83,968
Per Capita Supermarket Sales (c)	$1,921	$1,921	$1,921
Estimated Supermarket Sales (d)	$152,840,000	$156,181,000	$161,328,000
Existing Supermarket Square Feet (e)	391,663	391,663	391,663
Average Annual Sales per Square Foot	$390	$399	$412
ULI Median, All Supermarkets (f)	$392		

(a) From Table 1.
(b) Trade area is constructed from 2000 Census Block Groups, as shown in Figure 1 and listed in Appendix A.
(c) Based on a number of sources, as discussed in the text. Rounded to nearest $000.

2006 Population	79,550	(a)
Estimated Supermarket Sales	$152,840,000	rounded to nearest $000
2006 Per Capita Sales	$1,921	

(d) Sales estimates in 2005 dollars.
(e) From Table 11.
(f) From Dollars & Cents of Shopping Centers/The Score 2006 published by the Urban Land Institute and International Council of Shopping Centers. Median for all supermarkets in super community/community shopping centers nationwide.

Sources: U.S. Census Bureau; City of Lodi; Retail Strategies; Trade Dimensions; CA State Dept. of Finance; Claritas; Urban Land Institute/International Council of Shopping Centers; Bay Area Economics, 2006.

Individual Store Performance. Estimates of sales per square foot from individual outlets indicate Lodi's supermarkets show a broad range of performance, from well below the national median to well above it. The stores with the poorest performance appear to be the S-Mart (formerly Albertsons)[14] and the Apple Marketplace. Unlike many other Albertsons stores in Northern California following its recent change in ownership, this store was not closed despite the evidence of sub-par or even sub-breakeven performance, but was acquired by Save Mart, the operator of S-Mart stores in Lodi and Stockton. The Apple Marketplace is locally owned (out of Stockton) and may have lower break-even requirements than the stores that are parts of larger chains. One store, the Food 4 Less, is performing substantially above the stated overall industry benchmark. However, warehouse-type stores like Food 4 Less often operate on lower margins and need greater sales volumes to reach break-even status. The remaining outlets are generally performing at or somewhat below the industry benchmark.

Inventory of Competitive Discount General Merchandise Outlets

The Trade Area has three substantial discount general merchandise stores: the existing Wal-Mart, the Target, and the Kmart. Store locations are shown above in Figure 5, and information on store sizes are found in Table 13. These stores total approximately 314,000 square feet. Sales estimates from Trade Dimensions indicate total annual sales in the range of approximately $122.2 million, or at slightly less than $390 per square foot. This $122.2 million makes up a high proportion of the non-drug-store general merchandise store sales in Lodi, which totaled approximately $135 million (taxable sales only, see Table 7) in the most recent four quarters

[14] BAE's research was conducted prior to the purchase and re-naming of this store.

reported. Wal-Mart is the strongest-performing store by a substantial margin, while the Kmart sales performance is extremely poor. The Wal-Mart is performing above the Wal-Mart national average estimated at $438 per square foot annually,[15] while the Target is near the company average of $307 per square foot[16] and the Kmart has sales below the corporate average of $142 per square foot for the Kmart chain in 2005.[17]

Table 13: Competitive Discount General Merchandise Stores in Trade Area

Store Name	Gross Leasable Area
Wal-Mart 2350 W Kettleman Ln Lodi	119,684
Target 2355 W Kettleman Ln Lodi	116,222
Kmart 520 S Cherokee Ln Lodi	78,000
Total Square Feet	**313,906**
Total Estimated Annual Sales	**$122,200,000**
Estimated Annual Sales per Square Foot	**$389**

Sales estimates in 2005 dollars.

Sources: BAE 2006, based on information from City of Lodi.

Inventory of Competitive Drug Stores

BAE located five major drug store competitors in the Trade Area, all in Lodi, and shown on Figure 5 above and listed in Table 14 below.[18] These include two Longs Drugs, one Walgreens, one Rite-Aid, and one independent store, Lakewood Drugs. Overall these stores are estimated to include a total of approximately 100,000 square feet of store space. Sales data for most individual stores was unavailable. Using recent estimated taxable sales (see Table 7), adjusted for a non-taxable component, and taking into account chain store estimates based on company reports for the major chains and total drug store sales from the Economic Census in 2002 (see Appendix G), and with more recent estimated taxable sales adjusted for a non-taxable component, it is estimated that these stores are generating approximately $45 million to $55 million in total annual sales, or approximately $450 to $550 per square foot for the listed outlets. It should be

[15] From Wal-Mart 2005 Annual Report.

[16] Target Corporation 2005 Annual Report.

[17] Based on information from Sears Holding Company 2005 Annual Report.

[18] In addition to these major drug stores, there are also at least two much smaller pharmacies that are primarily prescription-only outlets; these have not been included in the analysis.

noted that in addition to these five major stores, Lodi has at least two much smaller pharmacies that are primarily prescription outlets, and that most of the major supermarket and discount general merchandise competitors also have pharmacy departments that compete for prescription business in the Trade Area.

Table 14: Major Drug Stores in Trade Area

Store Name	Gross Leasable Area
Lakewood Drugs 115 Lakewood Mall	12,135
Longs Drugs 100 W Lodi Ave	23,000
Longs Drugs 1000 W Kettleman Ln	27,893
Rite Aid 520 W Lodi Ave	24,544
Walgreens 75 N Ham Ln	13,000
Total Square Feet	**100,572**
Total Estimated Annual Sales	$45M-$55M
Estimated Annual Sales per Square Foot	$450-$550

Sales estimates in 2005 dollars.

Sources: BAE 2006, based on information from City of Lodi, Walgreen, Rite-Aid, and Longs Annual Reports to Stockholders, and individual stores.

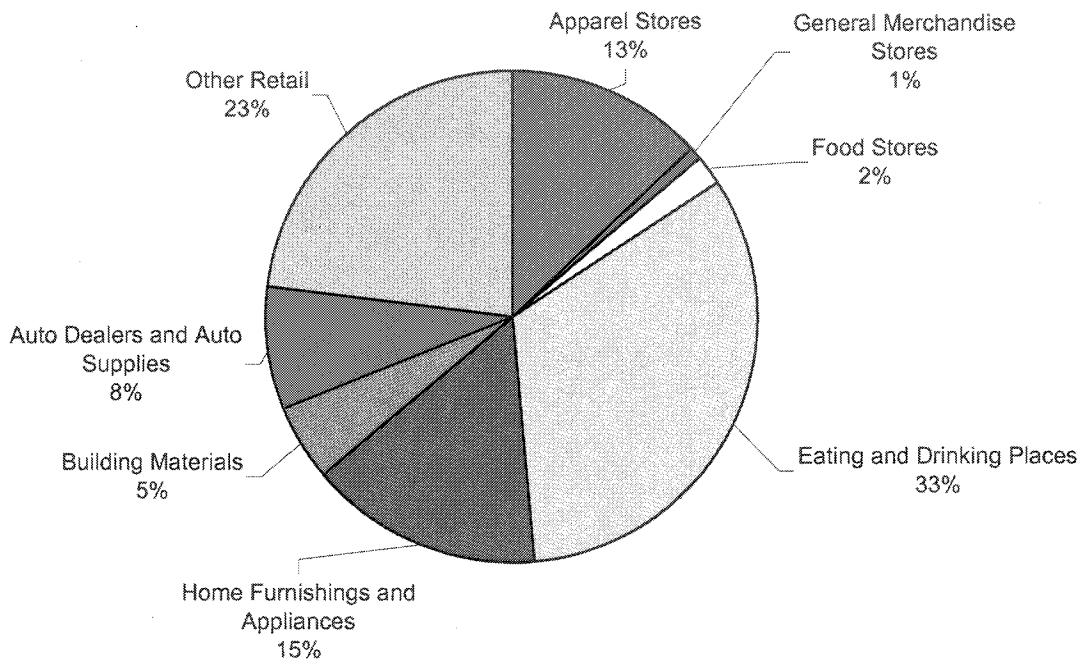
Downtown Lodi

Downtown Lodi has a number and variety of retail offerings. As in many older downtown districts, the mix of establishments has evolved toward small specialty retail, restaurants, entertainment, and business and personal services. Downtown is arrayed primarily along three north-south streets: Church, School, and Sacramento Streets, between Lockeford Street to the north and Lodi Avenue to the south. Downtown also extends across the Union Pacific tracks to include East Pine Street to Washington Street as shown in Figure 6 below, and includes some more auto-oriented retail (such as Longs) on Lodi Avenue.

The City of Lodi provided BAE with aggregated data for taxable sales for Downtown, bounded as shown in Figure 6. Based on an independent source, there are slightly more than 300 business establishments Downtown, approximately 140 of these being retailers. The mix of retailers by type of business (excluding service businesses and non-retail establishments such as the movie theater complex) is shown in Figure 5a below. The businesses as listed by the Downtown Lodi Business Partnership are shown in Appendix K.

Eating and drinking places make up one-third of the retail outlets Downtown, with the catch-all other retail being the second-largest category, comprising nearly one-fourth of all retail establishments. Other retail includes specialty retail, such as bookstores, jewelers, and sporting goods. Other key categories are home furnishings stores and apparel, at 15 percent and 13 percent, respectively, of all retail outlets in the Downtown. Current store-by-store data are not available, but the largest single retail outlet in terms of physical size and sales is almost certainly the Longs Drugs at the southern edge of Downtown.

Figure 5a: Downtown Lodi Retail Mix by Store Type



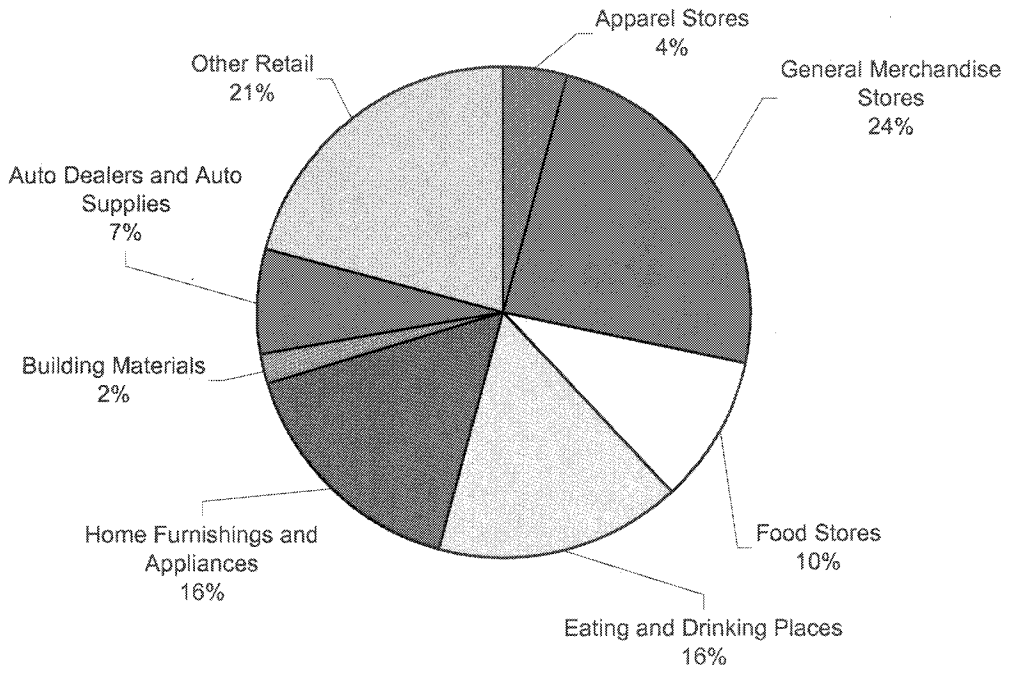
Note: Excludes non-retail businesses including services and theaters.
Sources: Downtown Lodi Business Partnership; BAE, 2006.

As shown in Appendix L, the City of Lodi reports Downtown taxable sales of just over $51.6 million for the most recent fiscal year (second quarter 2006 through first quarter 2007).[19] This is slightly lower than the previous year, but higher than other years shown. More detailed confidential data indicate that this reduction in sales has been in non-retail outlets; sales for the retail sector alone continue to increase. This indicates that that Downtown Lodi has managed to maintain its retail sales levels in the face of competition from other retail centers such as the region-serving node at West Kettleman and Lower Sacramento. Downtown taxable sales account for six percent of the citywide total.

[19] This total includes taxable sales collected from non-retail businesses, e.g., service businesses such as hair salons that generate some amount of taxable sales. It does not include non-taxable retail sales, such as for food items and prescription drugs.

In their analysis for the Lodi Shopping Center in 2004, Applied Development Economics reported sales data by major store category for 2000 in their 2004 report for the Proposed Project.[20] The importance of Longs, the largest single general merchandise store, is indicated by general merchandise stores accounting for nearly one-fourth of Downtown Lodi's retail sales (see Figure 5b). Other retail, which includes a broad range of specialty retail ranging from gift shops to office supply stores to boat and motorcycle dealers, is the second largest category, followed by home furnishings/appliances and eating and drinking places. Interestingly, apparel makes up only four percent of sales, even though clothing boutiques are often a part of the specialized retail mix in revitalized downtowns.

Figure 5b: Downtown Lodi Retail Mix by Sales, 2000



Note: Excludes non-retail businesses including services and theaters.
Sources: City of Lodi; Applied Development Economics; BAE, 2006.

One sector of particular concern to the City because of potential overlaps with competition at the proposed Lodi Shopping Center is stores selling furniture and related items. Overall, the City reports $6,287,300 in home furnishings store taxable sales Downtown in the most recent fiscal

[20] *Economic Impacts of the Proposed Lodi Shopping Center on Downtown Lodi*, Applied Development Economics, June, 2004. It should be noted that these data are several years old, and the retail mix has changed somewhat since then. More recent non-confidential data were not available. However, analysis of the confidential data indicates that the biggest change has been an increased proportion of sales in eating and drinking places.

year. Approximately $4.4 million in sales are in seven key larger stores handling furniture, as listed in Appendix M. These stores make up some of the larger individual stores Downtown, and act as key "anchors" for the Downtown retail district.

School Street is the heart of the downtown retail district, with small establishments of various uses spread along its length through the area, and with the movie theater complex acting as an anchor use at the northern end of the corridor. This street has few vacancies and appears to have made the transition to specialty retail, entertainment, and restaurants and bars typical of many old downtown districts in the process of revival.

However, while School Street is strongly tenanted, Sacramento Street has a number of older vacant or boarded-up buildings and vacant lots. Church Street has considerably less retail frontage, with a large number of parking lots along its length, especially on the east side to serve the primary retail strip along School Street. The area to the east of the railroad tracks on Main Street and East Pine Street is also more run-down, with higher vacancies and less active retail.

Recently, City of Lodi staff completed a visual survey of Downtown properties to assess current physical conditions. The results of that survey are shown in Figure 6. The City analysis assumes that properties which are have extensive or very extensive physical deficiencies are unlikely to be rehabilitated without public assistance through such avenues as redevelopment or other public financing options.

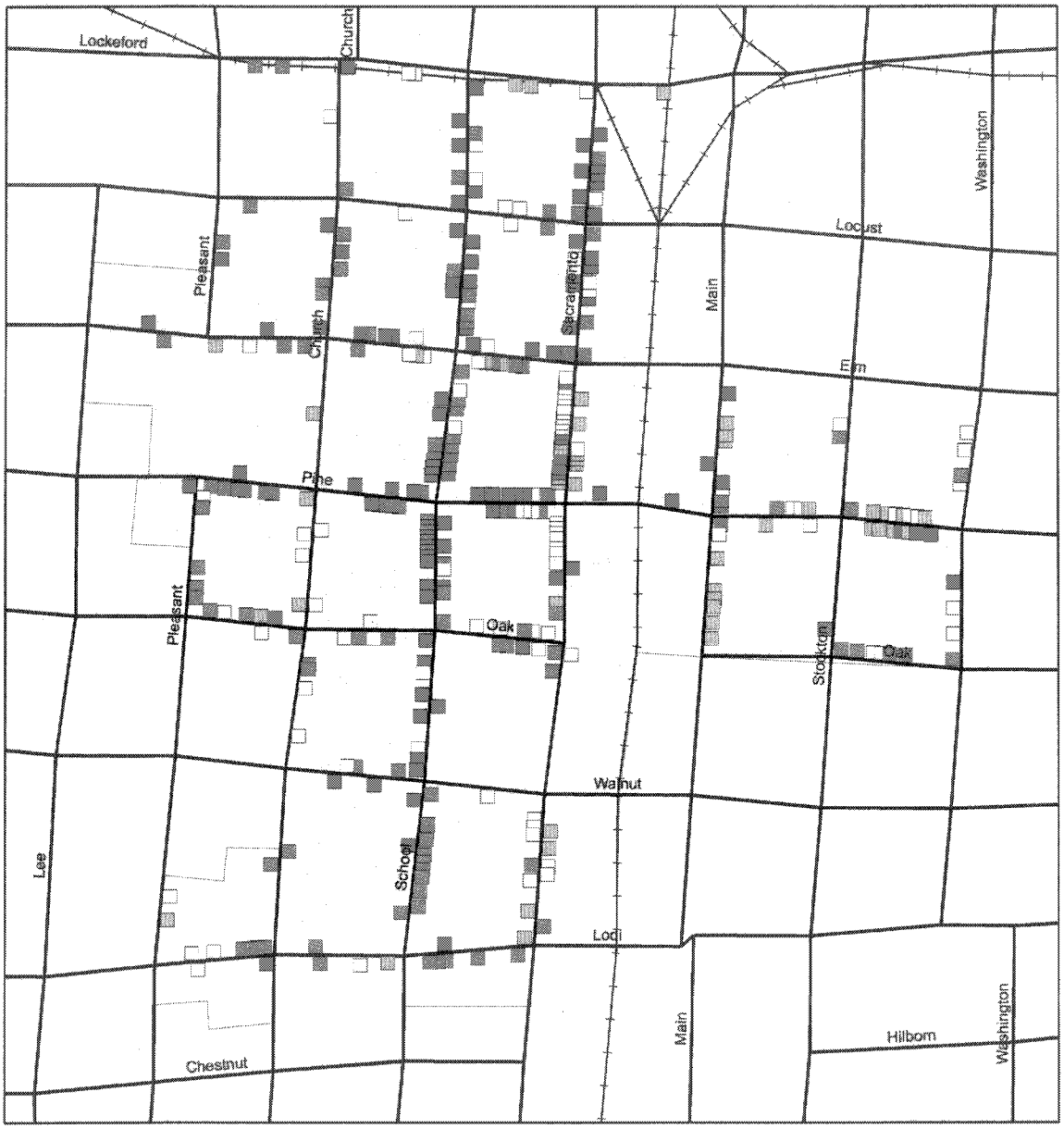
As shown, properties in the retail core on School Street are generally in good or excellent condition, but the northernmost block of School Street in the survey area shows several properties with serious physical or structural deficiencies. Church Street shows somewhat poorer conditions, with properties scattered among the numerous parking lots.

Sacramento Street shows greater physical problems, especially on the west side in the blocks between Oak and Elm across from the new multimodal center and parking structure. These blocks contain the vacant and boarded up buildings and empty lots mentioned above and shown below in Figure 7. While some of these buildings are of historic merit, they are extremely run down and in need of major improvements before they can be reused. On the east side of this block is the City parking structure, with vacant ground-floor retail space. City staff reports that due to a long-term inability to lease this space to a retail tenant, it has been made available for the planned World of Wonders Science Museum.

The Pine Street corridor and Main Street to the east of the railroad tracks also show a high proportion of physically deficient properties, including vacant and underutilized parcels and structures.

For the other east-west streets, as a general rule conditions are best in the blocks adjacent to School Street, with poorer physical conditions increasing as the distance from the core area of School Street increases.

Figure 6: Downtown Lodi Physical Conditions Survey



Downtown Survey Area

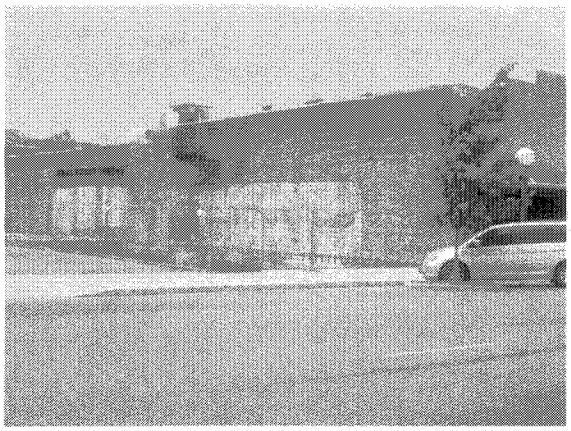
Property Condition

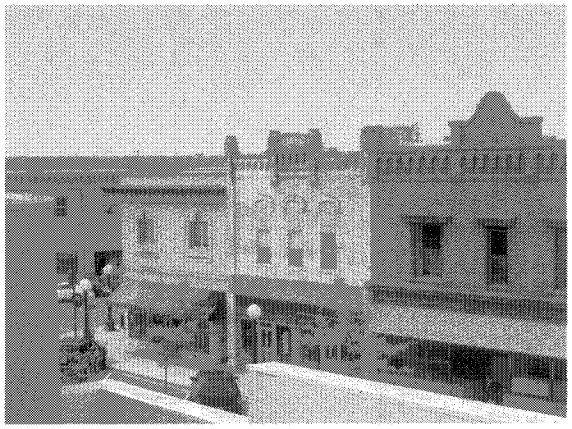
- Very extensive physical/structural deficiencies
- Extensive physical/structural deficiencies
- General good condition, some deficiencies present
- Relatively few deficiencies present
- General excellent condition

0 0.05 0.1 0.2 Miles

Note: Property locations not precisely to scale. Positions on each block are approximate.

Figure 7: Views of Sacramento Street



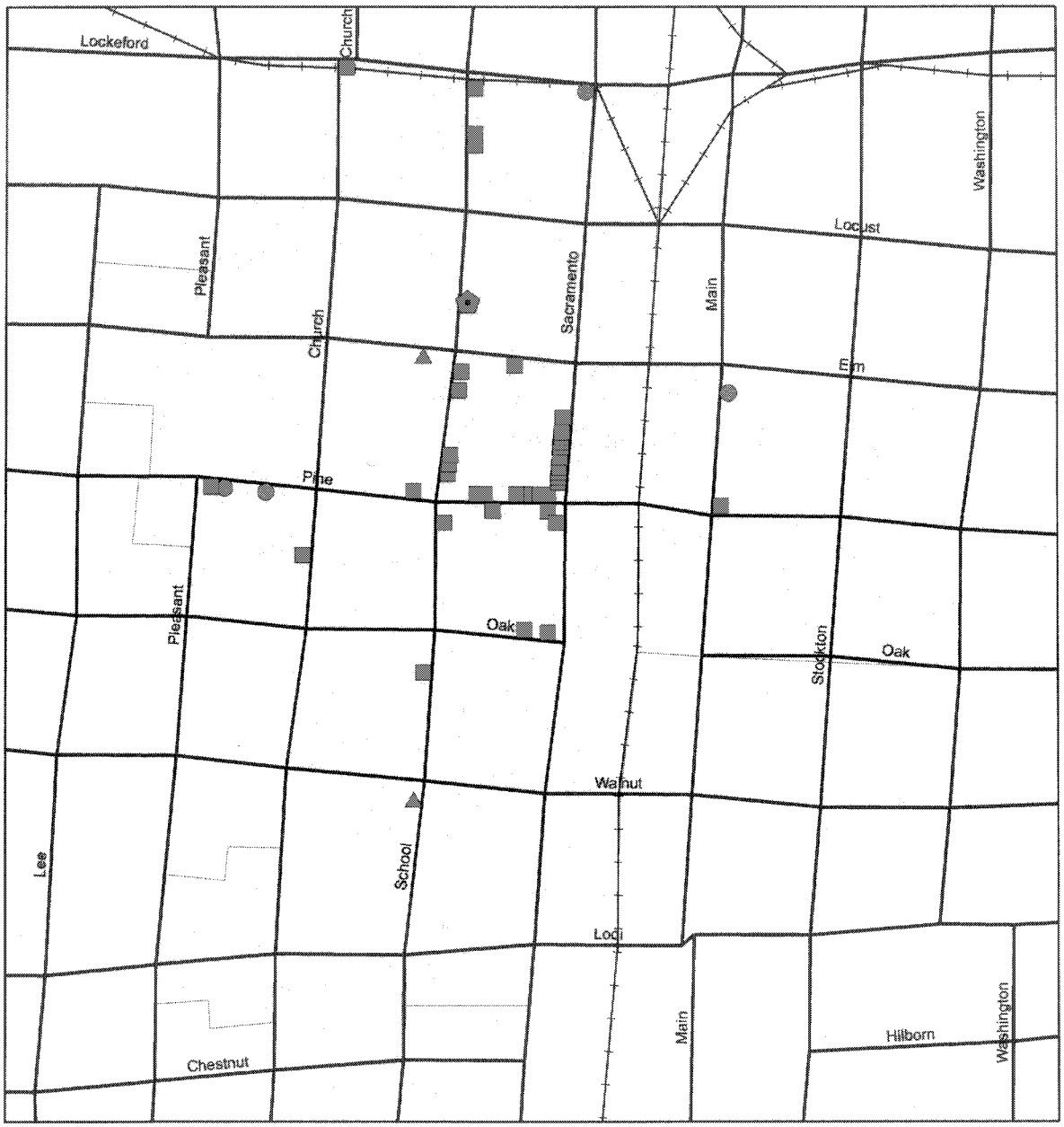


In addition to the general condition of each property in the survey area, specific problems were noted for some of the properties, as shown in Figure 8. The prevalent problem noted related to ADA (Americans with Disabilities Act) compliance issues related to second floor spaces. This problem is greatest among the older and more historic structures on the block bounded by Sacramento, Pine, School and Elm. This is due to the high concentration of older multistory structures in this block; newer areas of downtown tend to have single-floor buildings or newer elevator buildings without similar access issues. It is noteworthy that even School Street, with its ground-floor retail successes, has a number of these older buildings, constraining the attraction of office users or residents to create more density and foot traffic in the core of downtown.

According to a broker contacted by BAE, much of the space on Sacramento is also vacant due to the need for seismic retrofitting of the older buildings; these vacancies due to seismic issues then make it harder to rent spaces that are available but adjacent to boarded-up buildings, such as the new spaces in the parking structure that were ultimately given over for museum use due to lack of retail interest.[21]

[21] Sheila Wages, HRI Property Management, contacted November 30, 2006.

Figure 8: Downtown Lodi Specific Property Problems



Downtown Survey Area

Specific Property Problems

- Use of 2nd floor severely constrained due to ADA issues
- 2nd floor ADA issues and routine sewer problems/leaks into basement
- PCE groundwater contamination - site in litigation or with source area issues
- Parking lot directly on School St.

0 0.05 0.1 Miles

Note: Property locations not precisely to scale. Positions on each block are approximate.

This broker and other parties contacted report improvement in retail conditions Downtown in the last several years.[22] Vacancy is reported at less than five percent (presumably this is for spaces which are currently available, and excludes those not fit to rent), and is lower than in 2000. The change of focus from basic needs to specialty stores has shifted Downtown businesses to a market niche distinct from Wal-Mart and other big-box retailers, and thus made the current businesses less likely to be impacted by any future big-box retail expansion. Reinforcing downtown's specialized destination status is the multiplex theater complex, and, as noted above, plans are underway for the World of Wonders Science Museum on the Sacramento Street side of the recently constructed parking structure at Pine and Sacramento.

In recent years, the City of Lodi has engaged in extensive efforts to maintain and improve the Downtown Area. The revitalization efforts are based on the following objectives:

1. Promotion of specialty retail, restaurant, entertainment, and cultural uses
2. Enhancing the visual character and identity of Downtown
3. Focusing public investment to create an attractive pedestrian environment
4. Tapping the potential of the transit station and surrounding railroad properties to stimulate private investment in the area
5. Establishing incentives to encourage reinvestment in existing businesses and buildings
6. Initiating a Downtown directional and entrances sign program

The Downtown revitalization efforts have involved implementation of the following projects and programs:

Catalyst Projects
One method used to reach these objectives and stimulate Downtown development has been through catalyst projects, such as the multimodal transit station and the theater complex.

Lodi Central City Revitalization Assessment District
For the Downtown portion of the Central City, this assessment created in 1995 provides for streetscape improvements such as new sidewalks, street lighting, street trees, and other pedestrian amenities.

Central City Revitalization Incentive Program
This program provided money for business recruitment and relocation, design and façade improvements, business development, discounts and waivers on city fees such as business licenses, building permits and site plan review, and utility payments.

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[22] Jaime Watts, Executive Director, and Chuck Easterling, President (also broker active in Downtown), Downtown Lodi Business Partnership, contacted November 29, 2006.

Overall the City has spent approximately $16 million in the last decade on various capital improvement programs in the downtown area, excluding normal capital maintenance.[23] These expenditures are detailed in Appendix N. Key projects include the multimodal transit station, the parking structure, and the movie theater complex.

These programs have helped the Downtown make the transition to a refocused market niche in the face of the development of major region-serving retail in Lodi, particularly at the Lower Sacramento/West Kettleman intersection. As noted above, retail sales in Downtown have been steady in the face of this competition over the last several years.

However, Downtown still shows room for additional improvement. The success of the City's investments is reflected primarily along School Street, with improved and well-maintained structures and high occupancy. Other areas (for example the west side of Sacramento Street opposite the new parking structure and the transit center) show continuing signs of physical deterioration as noted above and in Figure 6 and Figure 8. The level of public investment needed to fund the necessary improvements to expand on the success on School Street is likely even more than what the City has provided through previous and existing programs so far, especially in the face of continued competition and expansion of other retail nodes in Lodi and beyond. However, due to an unanticipated fiscal crisis, City funds are no longer available for the revitalization incentive program. The City has initiated actions leading to the formation of a redevelopment agency, which will create a secure source of renewed funding for capital improvements in the downtown area. It is anticipated that the redevelopment agency will be formed sometime in 2008. In addition, the City has retained a consultant to assist in the development of guidelines and incentives for Transit Oriented Development (TOD), which will be specifically directed toward the reuse of buildings on the west side of Sacramento Street.

Summary of Retail Sales Analysis

Over the last decade, Lodi's taxable retail sales have grown modestly, outpacing population growth somewhat. Taxable retail sales in 1995 were approximately $516 million, and grew to approximately $719 million in the most recent four quarters available for an increase of approximately 39 percent, while population only grew about 18 percent.

Per capita retail sales are an indicator of the relative strength of a city as a retail destination; other factors being equal, higher per capita sales relative to the region point toward attraction of shoppers from outside the city. Lodi's performance in overall per capita taxable retail sales and in most major store categories is strong relative to the County and the State.

In recent years, however, the gap between Lodi and the other geographies has been narrowing; this may indicate that the remainder of the County is maturing as a retail destination, and that Stockton in particular is managing to capture more shoppers from northern San Joaquin County.

The Trade Area includes retail outlets that are not in Lodi, and these outlets need to be considered in evaluating overall retail sales and demand. While the per capita analysis comparing Lodi alone

[23] E-mail communication of March 12, 2007, from Richard Prima, City of Lodi.

to the County and other nearby cities is instructive in showing that Lodi is attracting shoppers from outside city limits, an analysis taking into account sales and population for the entire Trade Area gives a better sense of retail sales in the Trade area vis-à-vis Stockton, San Joaquin County, and California. The Trade Area's total per capita taxable sales are estimated at $10,292, very similar to the numbers for San Joaquin County overall and for California. For categories suitable for the Lodi Shopping Center (excluding auto-related retail and service stations), however, the Trade Area and San Joaquin County lag the state slightly, with sales per capita of $6,620 in Lodi and $6,686 in all of San Joaquin County compared with $7,034 for California. By major store category for the key categories, the Trade Area lags the County in apparel, building materials/farm implements, and other retail. It is above the County for general merchandise, food stores, and eating and drinking places (it is nearly the same for home furnishings/appliances).

For food stores, data for the most recent annual period available indicate that the Trade Area has annual per capita taxable sales well above the other areas, at $804 in contrast to only $634 for San Joaquin County and $567 statewide. Overall estimated taxable sales in this category in the Trade Area are approximately $63.2 million.

The Trade Area has drug store taxable sales estimated at approximately $208 per capita, above the county and the state, where per capita taxable drug store sales are $125 and $167, respectively. Total taxable sales in the drug store category for the Trade Area are estimated at approximately $16.4 million. The other general merchandise stores subcategory, which includes discount general merchandise stores, also has Trade Area per capita sales above the county and the state, with an estimated total of $135.4 million in taxable sales, for a per capita figure of $1,722.

The other major retail type specifically called out in the site plan is restaurants. In this retail outlet category, the Trade Area's annual per capita taxable sales, at $1,087, are above the levels achieved for San Joaquin County, but are slightly below statewide levels. Total estimated eating and drinking places sales in the Trade Area for the most recent annual period available are approximately $86 million annually.

For the additional major retail categories listed as potential tenants of the Proposed Project, the Trade Area shows mixed performance. For apparel, the Trade Area per capita sales are considerably below the county and California, likely owing to apparel sales still being associated in part with regional malls. The Trade Area also lags both the county and the state in per capita sales for service stations and "other retail" stores. The Trade Area per capita sales are on par with the county for home furnishings/ appliances, but both the Trade Area and San Joaquin County are below the state. For building materials/farm implements the Trade Area per capita sales are slightly below the county but above the state.

Retail leakage/attraction analysis compares actual retail sales in an area with some benchmark that provides a measure of the potential sales generated by that area's residents. If sales levels are below the predicted level, the area may be able to support increased sales. This increase in sales could take the form of increased sales in existing outlets or in new outlets. Using the most recent published taxable sales data as a baseline, BAE has estimated the leakage of retail sales from the

Trade Area. For 2008, the estimated year of project completion, the Trade Area shows attraction in most major retail categories, the exceptions being apparel stores, building materials/farm implement stores, service stations, and other retail. Total net retail sales injections are approximately $34 million annually, on a basis of $984 million in expected sales in the Trade Area. For the key categories of general merchandise stores and food stores, Lodi is estimated to be showing substantial attraction. The food store sales attraction indicates that the project may be attracting sales from beyond the Trade Area even for this convenience good category.

The Trade Area is currently served by nine major competitive supermarkets. These stores total approximately 380,000 square feet of gross leasable area. BAE estimates 2006 sales in the nine outlets described above to be approximately $153 million. These annual sales average $390 per square foot across all outlets, an overall average nearly equivalent to median industry benchmarks. Taking into account population growth, 2008 supermarket sales in these same outlets (assuming no additional outlets are constructed) would reach approximately $156 million, for annual per square foot sales of $399. With no additional projects, and assuming constant per capita sales, by 2011 total sales would climb to $161 million and $412 per square foot. Estimates of sales per square foot from individual outlets indicate Lodi's supermarkets show a broad range of performance, from well below the national median to well above it. The stores with the poorest performance appear to be the S-Mart that was formerly an Albertsons and the Apple Marketplace. One store, the Food 4 Less, is performing substantially above the stated overall industry benchmark. However, warehouse-type stores like Food 4 Less often operate on lower margins and need greater sales volumes to reach break-even status. The remaining outlets are generally performing at or somewhat below the industry benchmark.

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There are five major drug store competitors in the Trade Area, comprising a total of approximately 100,000 square feet of store space. It is estimated that these stores are generating approximately $45 million to $55 million in total annual sales, or approximately $450 to $550 per square foot for the listed outlets. Lodi has at least two much smaller pharmacies that are primarily prescription outlets, and most of the major supermarket and discount general merchandise competitors also have pharmacy departments that compete for prescription business in the Trade Area.

Downtown Lodi has a number and variety of retail offerings. As in many older downtown districts, the mix of establishments has evolved toward small specialty retail, restaurants, entertainment, and business and personal services. There are slightly more than 300 business establishments Downtown, approximately 140 of these being retailers. Eating and drinking places make up one-third of the retail outlets Downtown, with the catch-all other retail being the second-largest category, comprising nearly one-fourth of all retail establishments. The largest

single retail outlet in terms of physical size and sales is almost certainly the Longs Drugs at the southern edge of Downtown.

Available sales data indicate the importance of general merchandise (Longs is in this category), followed by the "Other Retail" group. More recent data indicate the growing importance of eating and drinking places as sales generators, and home furnishings and appliances are also an important retail sector. Downtown taxable sales of just over $51.6 million are reported for the most recent fiscal year. This is slightly lower than the previous year, but higher than other years shown; for the retail sector alone, sales continue to increase. Overall, Downtown Lodi has managed to maintain its retail sales levels in the face of competition from other retail centers such as the region-serving node at West Kettleman and Lower Sacramento. Downtown taxable sales account for six percent of the citywide total.

In recent years, the City of Lodi has engaged in extensive efforts to maintain and improve the Downtown Area. Overall the City has spent approximately $16 million in the last decade on various capital improvement programs in the downtown area, excluding normal capital maintenance. These programs have helped the Downtown revitalize with a refocused market niche based on specialty retail, entertainment, restaurants, and bars. However, the improvements have been most successful in creating an improved ambiance along School Street; other areas show continuing signs of physical deterioration, for example along the west side of Sacramento Street and on streets to the east of the railroad tracks. Key deficiencies include vacant second floor spaces that require substantial improvements, seismic upgrades, and parking lots that disrupt the continuity of the streetscape. Remedying these problems may require substantial public financial support such as redevelopment financing.

IMPACTS OF PROPOSED PROJECT ON EXISTING RETAIL OUTLETS

Overview

This discussion provides estimates of the impacts on sales at existing retail outlets with the Proposed Project in place and with additional projects considered, including impacts on Downtown Lodi. The impacts of the Proposed Project alone are considered first, with discussion of the three major individual components of discount general merchandise expansion, supermarket-equivalent space, and stand-alone drug store space. Following the discussion of the project-specific impacts, cumulative impacts which take into consideration any other under construction and proposed retail projects are discussed.

The retail category where potential impacts are a primary focus of concern is food stores, particularly supermarkets that in some cases anchor other shopping centers in the Trade Area. The key difference between the existing Wal-Mart and the Supercenter is the addition of a grocery department equivalent to a full-service supermarket. This component of the expansion is likely to attract shoppers currently patronizing existing supermarkets in the Trade Area. The impact analysis is focused on these directly competitive supermarkets rather than smaller stores that have already differentiated themselves from supermarkets in order to successfully compete in food store retailing. The impacts on these smaller stores are likely to be diffuse and limited. Furthermore, any impacts on scattered smaller stores are less likely to result in a "downward spiral" to urban decay than the loss of the major anchor of a shopping center or district. The retail market responds regularly to scattered small vacancies as part of the normal business cycle, so vacancy of any smaller market is far less likely to lead to urban decay.

The previous chapter provides a leakage analysis that shows types of retail where Trade Area shoppers might be shopping outside the Trade Area, based on a comparison of estimated consumer expenditures and retail sales in the Trade Area. The following impact analysis uses the results of this leakage analysis as a starting point in assessing the impacts of the Proposed Project, and for the supermarket sector in particular, looks at the actual performance of the existing stores and assesses the amount of retail space that can be supported through Trade Area demand. For supermarkets, an assessment of supportable square footage is provided to supplement that approach for the following reasons:

- First, it is assumed that for the convenience-oriented category of grocery purchases, the size of the Trade Area means that most residents will complete their grocery shopping inside the Trade Area. While region-serving stores such Wal-Mart Supercenters may attract shoppers from a greater distance than conventional supermarkets, the Trade Area is still large enough to encompass most local food purchases, and because of distance and the presence of Supercenters and potential Supercenters in communities surrounding the Trade Area, few grocery shoppers will be attracted to the Trade Area from outlying areas to shop at the proposed Supercenter.

- Second, retail leakage models are subject to error due to the need to benchmark or correlate to regional and national data sources that do not always accurately describe

local conditions. Particularly in the case of food stores, a more conservative assumption is to assume that an area the size of the Proposed Project's Trade Area is "in balance" with most local shoppers purchasing locally. The per capita benchmark for sales used in the analysis here is based primarily on the current estimated aggregate performance of the outlets listed as competitive and thus by design excludes other existing outlets as part of the estimate of sales potential and impacts. Thus the analysis focuses clearly on these significant competitors rather than the whole universe of food stores, the remainder of which are not as directly competitive with the supermarket component of the proposed Supercenter.

- Third, while leakage models may tell you if an area has "leakages" or "injections" of retail sales for a given store category, it will not tell you whether there is a need for additional space. For instance, a city might be capturing more sales than predicted in the category of general merchandise stores but still have too many general merchandise stores, with resulting poor performance at some outlets. Conversely, an area might show leakage of sales, but an analysis of existing stores indicates that they are still underperforming – this scenario indicates that residents might still be going elsewhere to shop, due to higher-quality stores or a greater range of choices when comparison shopping.

Rather than relying solely on leakage analysis in assessing retail impacts, this study examines the actual performance of the competitive stores based on a variety of sources, comparing that to industry benchmarks, and looking at possible outcomes if additional retail space is added to the Trade Area. Total estimated sales are divided by square footage to provide estimates of average store performance based on sales per square foot under existing conditions and following the opening of the proposed new project. These measures of sales per square foot can then be used to evaluate store performance relative to industry benchmarks and current market performance.

The following analysis establishes a baseline for assumed retail sales at the Proposed Project, estimates additional supportable square feet based on the leakage analysis, and then assesses the potential impact on existing retailers by major competitive retail sector. Stores at risk of closure are identified, and the potential for re-tenanting of those spaces is considered. Finally cumulative impacts, taking into account other potential projects in the Trade Area, are considered.

Estimated Sales at Project Opening

Using sales performance estimates based on industry benchmarks, BAE has made a baseline estimate of the performance of the Proposed Project in 2008, assuming stabilized performance and a full year of operations. It should be noted that per CEQA, this represents the Proposed Project at full occupancy and stabilized sales, to assess "worst case" impacts. This analysis is not necessarily a market conclusion that these sales levels can be achieved in the Proposed Project; other outcomes could include sales levels lower than stated here, or the Proposed Project not reaching full buildout or occupancy in the time frame suggested here. Rather, this scenario provides the appropriate measure for measuring potential CEQA impacts.

As shown in Table 15, at full occupancy and using reasonable industry sales benchmarks, the Proposed Project is estimated to achieve total sales of approximately $164 million annually. The category with the largest sales is discount general merchandise (i.e., the Supercenter general merchandise component), with nearly $100 million in projected annual sales. The second largest category is food stores or equivalent; this $29 million in estimated annual sales is for the grocery store-equivalent portion of the Supercenter.[24] Other retail shows annual sales of just under $18 million, eating and drinking places shows sales of just above $8 million, and the drug store shows sales of $7 million. The remaining estimated sales are in apparel where there are some leakages of sales in the Trade Area (see Table 10 above). Because of the Lowe's across the street, no store is assumed in the building materials/farm implements category even though the Trade Area showed leakage in this category based on 2005 data.

Table 15: Estimated Sales in Project at Opening in 2008

Type of Store	Square Feet (a)	Sales per SF (b)	Estimated Sales in Proposed Project
Apparel Stores	8,131	$300	$2,439,411
General Merchandise Stores			
Drug Store	*14,788*	*$478*	*$7,068,664*
Discount General Merchandise	*176,313*	*$564*	*$99,510,918*
Food Stores or Equivalent	50,555	$564	$28,533,202
Eating and Drinking Places	17,190	$475	$8,165,250
Home Furnishings and Appliances	-	$425	$0
Building Materials/Farm Implements	-	na	$0
Auto Dealers and Auto Supplies	-	na	$0
Service Stations	-	na	$0
Other Retail	59,829	$300	$17,948,589
Non-Retail Uses	13,160	na	na
Total	**339,966**		**$163,666,034**

All sales estimates in 2005 dollars.
(a) Derived from Table 1. Apparel and building materials/farm implements are not specified as retail types in Table 1; the square footages here are derived from the leakage analysis supportable square footage shown in Table 16. These square footages are then subtracted from the "Unspecified Other Retail" square footage in Table 1. The remaining "Unspecified Other Retail" is shown in this table as "Other Retail." Other retail category square footages are based on site plan.
(b) Sales estimates based on information from HdL "2005 Retail Store Taxable Sales Estimates," Urban Land Institute Dollars & Cents of Shopping Centers: 2004, and Wal-Mart, *Annual Report to Shareholders*. Typically the estimate involves taking the approximate midpoint of a range of estimates from different store types in each major category. General Merchandise based on a blend of national Wal-Mart average and estimated sales per square foot for existing store. For the supermarket-equivalent component, sales were derived based on national information from Progressive Grocer applied to this particular store, or the general merchandise estimate above, whichever is higher. See Appendix J for details.

Source: Bay Area Economics, 2006, based on information from the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart Annual Report, Trade Dimensions, Urban Land Institute (ULI), Progressive Grocer, and Hinderliter de Llamas (HdL).

[24] It should be noted that as a large general merchandise outlet, the existing Lodi Wal-Mart already sells many of the same items as a full-service supermarket. As a result, it has likely already captured some sales that would otherwise be going to these supermarkets. These existing sales are a baseline condition, rather than a change brought about by the proposed Supercenter, and any impacts have already occurred. The food-store equivalent sales here are focused on net additional supermarket sales resulting from the additional grocery-related space in the Supercenter relative to the existing Wal-Mart.

Capture of Leakage by Proposed Project

In Table 16, BAE has estimated the Proposed Project's potential capture of leakage in each major retail category in 2008. As noted in the previous chapter, most categories show injections of sales rather than leakages, so it is presumed there are no additional sales from Trade Area residents currently going outside the Trade Area that can be captured in these categories. Following is a discussion for each of the major categories showing leakage.

Apparel Stores. Capture of leakage in this category is estimated at 25 percent. Apparel shopping is still done in large part at region-serving malls, and Lodi does not offer this kind of shopping option. However, the project could conceivably support a small to mid-size outlet focused on discount or family clothing.

Building Materials Outlets. While there is leakage in this category, much of this may be absorbed by the recently opened Lowe's as it reaches stabilized sales levels. No capture in this category has been assumed.

Service Stations. The project does not include a service or fueling station, so no capture is assumed even though the Trade Area is estimated to have leakage in this category.

Other Retail Stores. This covers a broad array of store types, as discussed above. Subcategories where sales are below county benchmarks include stationery/books, and a broad catch-all category of other outlets including (florists, photographic equipment/supplies, office/store/school supplies, and other specialty stores. Two examples of types of stores that might be suitable for the Proposed Project are large-format office supply stores or book stores. Capture in the overall other retail store category is estimated at 25 percent based on the project's potential to provide retail outlets for types of retail currently under-represented in the Trade Area.

Resulting Capture of Sales Leakage. Applying the previous capture estimates to the estimated leakage indicates the Proposed Project could capture approximately $14.3 million in sales currently leaking from the Trade Area.

Estimate of Additional Retail Space in Project Supportable by Leakage. Converting the above capture of leakages into supportable store space requires assumptions regarding sales per square foot. The estimates for each major category are derived based on a mix of industry sources, as noted in Table 15. Using these estimated benchmarks of sales per square foot yields an estimate of approximately 48,000 square feet of Proposed Project space supportable by capture of sales leakage from the Trade Area.

Table 16: Capture of Sales Leakage in Proposed Project, 2008

Store Category	Injection/ (Leakage)	Capture, Proposed Project	Captured Additional Sales	Average Sales per Square Foot (a)	Additional Supportable Square Feet
Apparel Stores	($9,757,642)	25%	$2,439,411	$300	8,131
General Merchandise Stores					
Drug Store	*$14,499,508*		*$0*	*$478*	-
Other General Merchandise	*$11,809,071*		*$0*	*$564*	-
Food Stores	$38,750,102		$0	$472	-
Eating and Drinking Places	$17,695,300		$0	$475	-
Home Furnishings and Appliances	$411,501		$0	$425	-
Building Materials and Farm Implements (b)	($13,237,493)	0%	$0	na	na
Auto Dealers and Auto Supplies (c)	$50,127,462		$0	na	na
Service Stations (d)	($29,229,496)		$0	na	na
Other Retail	($47,514,476)	25%	$11,878,619	$300	39,595
Total Captured Sales, 2008			**$14,318,030**		**47,727**

Notes:
Excludes all non-retail outlets (business and personal services) reporting taxable sales.
(a) All sales in 2005 dollars. See Table 15 for sources.
(b) All leakage assumed captured by existing stores, including Lowe's.
(c) Not included in analysis, since this project is not suitable for most auto-related retail.
(d) Not included in analysis, since this project does not include a service or fueling station.

Source: Bay Area Economics, 2006, based on information from the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart Annual Report, Trade Dimensions, Urban Land Institute (ULI), Progressive Grocer, and Hinderliter de Llamas (HdL).

Capture of Sales from Existing Outlets

Table 17 takes the Proposed Project's estimated sales, factors out capture from leakage, adjusts for Trade Area growth, and arrives at an estimate of sales captured from existing Trade Area outlets. The analysis indicates an estimated net capture of approximately $56 million in sales from existing retail outlets in the Trade Area (excluding Wal-Mart), with all of the Proposed Project's projected sales in general merchandise stores, food stores, and eating and drinking places captured from existing outlets since there is no assumed leakage in these categories and no sales are assumed to come from outside the Trade Area.[25] The most substantial capture is of slightly over $25 million from food stores, or 14 percent of existing store sales. For non-drug general merchandise stores, capture is estimated at $22 million, or 35 percent of existing outlet sales (again, excluding the existing Wal-Mart). For the other subcategory of general merchandise, drug stores, the estimated capture is approximately $6.3 million, or 12 percent of existing store sales. For eating and drinking places, the capture is $6.7 million, or eight percent of sales of existing outlets.

[25] It should be noted that the Trade Area definition is relatively conservative, and the Proposed Project is likely to garner at least some additional sales from outside the Trade Area. However, the new retail node developing at Eight Mile Road at I-5 in Stockton (which includes a planned Supercenter) and the proposed Supercenter in Galt, both located directly adjacent to the major freeways in the region, will constrain the ability of this project to capture sales from outside the Trade Area,.

Table 17: Net Change in Sales at Existing Outlets in Trade Area from 2006 Levels

Type of Store	$ Capture from 2008 Existing Outlets (a)	"Before" Sales in Existing Outlets, 2008 (b)	"After" Sales in Existing Outlets, 2008 (d)	Sales in Existing Outlets, 2006 (e)	Change in Sales, Existing Outlets, 2006-2008 (f)	% Change in Sales, Existing Outlets, 2006-2008
Apparel Stores	$0	$14,610,736	$14,610,736	$14,298,172	$312,565	2%
General Merchandise Stores						
Drug Store	*$7,068,664*	*$51,401,279*	*$44,332,615*	*$50,611,846*	*($6,279,231)*	*-12%*
Other General Merchandise	*$99,510,918*	*$139,696,789*	*$40,185,871*	*$61,960,912*	*($21,775,041)*	*-35%*
Food Stores	$28,533,202	$183,489,457	$154,956,255	$180,393,076	($25,436,821)	-14%
Eating and Drinking Places	$8,165,250	$87,976,181	$79,810,931	$86,472,676	($6,661,745)	-8%
Home Furnishings and Appliances	$0	$22,354,553	$22,354,553	$21,885,129	$469,424	2%
Building Materials/Farm Implements	$0	$109,444,432	$109,444,432	$107,103,108	$2,341,324	2%
Auto Dealers and Auto Supplies	$0	$226,207,133	$226,207,133	$222,440,294	$3,766,839	2%
Service Stations	$0	$71,211,793	$71,211,793	$69,688,373	$1,523,420	2%
Other Retail	$6,069,970	$77,273,360	$71,203,389	$75,620,265	($4,416,876)	-6%
Total	**$149,348,004**	**$983,665,713**	**$834,317,708**	**$890,473,851**	**($56,156,143)**	

All sales in 2005 dollars.
(a) From Appendix I.
(b) From Table 10. Represents sales without Proposed Project in place, based on current per capita spending levels.
(c) Capture in 2008 divided by sales in 2008 (sales as assumed without Proposed Project).
(d) "Before" sales less capture. Represents estimated sales in existing outlets in Trade Areas with Proposed Project open and operating at stabilized levels.
(e) Estimated sales current year. From Appendix H.
Since the supercenter is in part a relocation of an existing store, estimated sales at the existing Wal-Mart have been factored out as follows:

Sales in category, including existing Wal-Mart	$136,960,912
Less estimated sales at existing Wal-Mart	($75,000,000)
Adjusted sales for existing general merchandise outlets	$61,960,912

(f) Estimated 2006 sales less estimated sales, 2008.

Source: Bay Area Economics, 2006, based on information from the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart Annual Report, Trade Dimensions, Urban Land Institute (ULI), Progressive Grocer, and Hinderliter de Llamas (HdL).

Estimated Impacts of Proposed Project on Existing Supermarkets

Table 12 above shows estimated total sales for the major competitive supermarkets, and average per square foot sales for these stores. The following analysis estimates the impacts of Wal-Mart's entry into the market, along with any cumulative impacts from other projects. The analysis in this section starts by examining aggregate store performance. Individual store performance may vary, with some stores doing considerably better than the community average, and some doing worse; to the extent possible given data source limitations, individual store performance is also considered. It should be noted that industry benchmarks are not an indicator of the level of profitability of individual stores; some stores might be profitable at a lower sales level, while others may require higher market support. Additionally, retail operators have varying standards regarding satisfactory store performance. One key assumption is that the proposed Wal-Mart grocery component's sales will primarily impact these supermarkets, their most direct competitors; to the extent that sales would be captured from other types of stores (e.g., small convenience markets, or other types of retail outlets), this estimate may overstate the impacts on

the supermarkets.[26] It is also possible that because Wal-Mart has already opened a Supercenter in Stockton and WinCo, another major region-serving food discount outlet, has also opened a store in Stockton, that some pantry-loading shoppers from the Trade Area may already be patronizing those stores, in which case the Supercenter may recapture sales currently going outside the Trade Area. If this is the case, the following analysis may also overstate the impacts on the existing supermarkets.

It should also be noted that the Trade Area growth in population will be gradual, while growth in retail space such as supermarkets is "lumpy," with the Supercenter grocery component adding approximately 50,000 square feet to the Trade Area. Any new addition of retail space will have a short term impact on sales at existing stores, with the impact mitigated over time as population and retail expenditures grow.

Overall Impacts. As currently proposed, the new Supercenter supermarket-equivalent component is sized at 50,555 square feet, approximately the size of a typical newer supermarket. If this store opens as projected in 2008, average annual sales per square foot in the Trade Area's existing supermarkets would decline from current estimated levels of $390 by an estimated 16 percent to $326, below the ULI-derived industry median (see Table 18). By 2011, annual sales per square foot are estimated to recover to only 13 percent below current levels, to $339.

Individual Store Impacts. It is likely that any impacts would be greatest on those stores targeting a similar niche in the market, and those closest to the Proposed Project. In Lodi, Food 4 Less targets discount shoppers, and is one of the two supermarkets closest to the proposed Supercenter, being at the same intersection of Lower Sacramento and West Kettleman. Furthermore, this store is in the center anchored by the current Wal-Mart, which will close when the new Supercenter opens. While the old Wal-Mart space may be re-tenanted, it is unlikely to be a tenant with the drawing power of Wal-Mart. However, Food 4 Less is also the highest supermarket sales generator in the Trade Area by a considerable margin, indicating strong demand for low-priced grocery items. The presence of another low-cost competitor, especially at the same retail shopping node, may result in a net gain of shoppers for this market segment. Even with a decline in sales of up to 40 percent, the Food 4 Less would show sales above $430 per square foot, which would still be above the market benchmark. As such, it is unlikely that the Food 4 Less would face closure as a result of the Supercenter.

[26] One issue that is sometimes raised regarding big box stores is the potential impacts on a downtown area. These impacts are discussed later in this chapter.

Table 18: Impacts of Wal-Mart Expansion on Sales at Existing Supermarkets in Trade Area

	No Supercenter	Supercenter	
	2006	2008	2011
Trade Area Population (a)	79,550	81,289	83,968
Supermarket Sales Potential (b)	$152,840,000	$156,181,000	$161,328,000
Existing Supermarket Square Feet (b)	380,500	380,500	380,500
Supercenter Grocery Component (c)		50,555	50,555
Estimated Supermarket Sales in Wal-Mart (d)		$28,533,202	$28,533,202
Sales in Existing Outlets		$127,647,798	$132,794,798
Average Annual Sales per Square Foot at Existing Stores	**$402**	**$335**	**$349**
Percent Change from Existing, 2006		**-16%**	**-13%**
Sales per Square Foot in Wal-Mart (e)		$564	$564
ULI Median, All Supermarkets (f)	$415		

(a) From Table 2.
(b) From Table 12. All estimates throughout table in 2006 dollars. Rounded to nearest $000.
(c) Size estimate from City of Lodi and other sources as noted in Table 11.
(d) Wal-Mart sales per square foot times square footage of supermarket-equivalent component.
(e) Sales per square foot assumed to match area supermarket average, or Progressive Grocer estimate as shown in Appendix J, or the estimated average sales for the remainder of the Supercenter, whichever is greater.
Estimated average for remainder of Supercenter: $564
(f) See explanation, Table 12.

Sources: U.S. Census Bureau; City of Lodi; Retail Strategies; Trade Dimensions; CA State Dept. of Finance; Claritas; Urban Land Institute; Wal-Mart 2005 Annual Report; Bay Area Economics, 2006.

The other nearby supermarket is Safeway. With its "Lifestyle" store concept, Safeway has been repositioning its stores to a more upscale market niche, in part to differentiate them from Supercenters as Wal-Mart expands throughout the country. The Lodi store reflects this market strategy, with a more upscale "feel" than any of its competitors in the Lodi market. The Lodi Safeway, though, is reportedly underperforming company averages, and any reduction in sales may put this store below the company's standards for profitability and at risk of closure. On the other hand, it is possible that Safeway management has decided to temporarily accept sub-par performance at this store in anticipation of increased sales from newly developing residential areas a short distance to the west and southwest. Thus although there is a possibility that the Safeway might close, it cannot be concluded that such an outcome is likely.

The remaining supermarkets in the Trade Area are likely to see lower levels of impact, cushioned by the convenience nature of much grocery shopping and their distance from the Proposed Project. The S-Mart that was formerly an Albertsons shows marginal performance and could be at risk of closure from a relatively small decline in sales, but this store was recently acquired by Save Mart, along with other Albertsons stores in Northern California. Thus past sales patterns are not necessarily an indication of future trends. Save Mart's purchase of this outlet indicates a probability of renewed investment by ownership that could increase market share. As a result, it cannot be concluded that this store is likely to face closure based on available data.

In conclusion, although some stores in the Trade Area are exhibiting poor sales under current conditions, there are changes in market dynamics resulting from factors other than a Supercenter opening, especially the purchase of Albertsons by Save Mart, that make prediction of a specific outcome difficult. While one or more stores may be at risk of closure, there is insufficient evidence to conclude that a particular competing outlet is likely to close. It should be noted, however, that closure of any one outlet would mean that impacts on the remaining stores in the Trade Area would be lessened as the closed store's sales are captured by the remaining competitors.

Estimated Impacts of Proposed Project on Existing General Merchandise Outlets

Overall Impacts. In addition to the supermarket-equivalent space, the proposed Supercenter expands the floor area dedicated to general merchandise by 56,350 square feet over the existing store. This is a substantial increase in the discount general merchandise space in the Trade Area. It is expected that potential significant impacts for this overall store category will result at the other discount general merchandise stores in the Trade Area, the existing Target and Kmart, assuming that the Wal-Mart sales performance per square foot continues at current levels in the larger new space.[27] As shown in Table 19, the estimated impacts on these two other stores is substantial, with average sales dropping 46 percent in 2008, and recovering somewhat to a decline of 36 percent in 2011..[28]

Individual Store Impacts. Even though the Target store is much closer to the existing Wal-Mart and the proposed Supercenter, Target is currently competing successfully with the Wal-Mart, as it does across the country, by positioning itself as a more upscale outlet. It is likely that with the Supercenter expansion/relocation, Target may lose some sales, but will continue to survive with its strategy of differentiation. The Kmart store, however, is more directly competitive with Wal-Mart, and already shows poor performance vis-à-vis the other discount general merchandise stores in Lodi, and is in a smaller space which is functionally obsolete by new-store standards. As a result, this Kmart is at some risk of closure if the Supercenter is built. It should be noted that these conclusions are based on the conservative assumption that Wal-Mart sales per square foot will be at current levels in the expanded store. It is possible that Wal-Mart may not be able to sustain this level of sales in a larger space, and sales at the other outlets could decline by a smaller amount, although the sales performance at the Kmart is currently extremely poor and any additional competition puts the store at risk of closure. However, Kmart's location across town from Wal-Mart and Target may help differentiate it in the market, with the store attracting

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[27] Mirroring the analysis with the supermarket space in the new Supercenter, it is assumed that the proposed general merchandise increased square footage will primarily impact these directly competitive stores. The smaller competitors in the market have had to adjust their market niche to take into account the presence of three large-scale general merchandise stores, e.g., by focusing on convenience shopping or specialized or high-quality merchandise not sold at these large mass-merchandise stores, and it is reasonable to assume they will not see substantial additional impacts from this increment in Wal-Mart general merchandise space.

[28] This is a conservative conclusion, as it is based on the assumption that Wal-Mart will continue to achieve sales per square foot at current levels, which are above the nationwide average for Wal-Mart stores.

shoppers not wanting to cross town to face congested conditions at West Kettleman and Lower Sacramento. If this store does close, a large proportion of its sales is likely to be captured by Wal-Mart and Target, lessening the impacts of the Wal-Mart expansion in general merchandise space on Target.

Table 19: Impacts of Wal-Mart Expansion on Sales at General Merchandise Stores in Trade Area

	No Supercenter	Supercenter	
	2006	2008	2011
Trade Area Population (a)	79,550	81,289	83,968
Sales per Capita (b)	$1,536	$1,536	$1,536
Discount General Merchandise Sales Potential (c)	$122,200,000	$124,871,349	$128,986,670
Existing Discount General Merchandise Square Feet (d)	194,222	194,222	194,222
Wal-Mart General Merchandise Space (e)	119,684	176,313	176,313
Total Discount General Merchandise Square Footage	313,906	370,535	370,535
General Merchandise Sales in Wal-Mart (f)	$75,000,000	$99,510,918	$99,510,918
Sales in Existing Outlets (excludes existing Wal-Mart)	$47,200,000	$25,360,431	$29,475,752
Average Annual Sales per Square Foot at Existing Stores excluding Wal-Mart	**$243**	**$131**	**$152**
Percent Change from Existing, 2006		**-46%**	**-38%**
Sales per Square Foot in Wal-Mart (g)		$564	$564

(a) From Table 2.
(b) Total sales potential divided by population.
(c) 2006 from Table 13. Future years equals per capita benchmark times population. All estimates throughout table in 2006 dollars. Rounded to nearest $000.
(d) From Table 13. Excludes existing Wal-Mart
(e) From Table 13 for current, Table 1 for new Supercenter.
(f) For future years, Wal-Mart sales per square foot times square footage of general merchandise component.
(g) Based on blend of current sales per square foot and application of Wal-Mart national average as derived from 2005 Annual Report for increment in general merchandise space, or from overall average sales per square foot for these three stores, whichever is greater.

Current Wal-Mart annual average sales per square foot. $564

Sources: U.S. Census Bureau; City of Lodi; Trade Dimensions; CA State Dept. of Finance; Claritas; Urban Land Institute; Wal-Mart 2005 Annual Report; Bay Area Economics, 2006.

The other general merchandise store closure certain to occur as a result of the Proposed Project is the existing Wal-Mart. In the previous EIR cycle, this space was considered in the following condition of approval ("Condition R") for the Proposed Project:

> Prior to the issuance of a building permit for the new Wal-Mart Supercenter, the applicant shall ensure one of the following with respect to the existing Wal-Mart building located at 2350 West Kettleman Lane ("Building"):
>
> a) The owner of the Building shall have entered into signed lease(s) with bona-fide tenant(s) for at least 50% of the Building square footage (not including the fenced, outdoor garden center). The signed lease(s) required hereunder shall include a lease(s) with a bona-fide retailer(s) or restaurant for a minimum of two-thirds of the Building frontage (not including the fenced, outdoor garden center); or

b) The owner of the Building shall have entered into a fully executed purchase agreement for the Building with a bona-fide retailer; or

c) The Applicant shall present to the City a cash escrow account, subject to the approval of the City Attorney, which account shall be for the purpose of securing applicant's obligation to demolish the Building not later than 90 days after the opening to the general public of the new Wal-Mart Supercenter (the "Opening Date"). The amount of the deposit shall be equal to the City estimated reasonable costs to demolish the Building (based on a licensed contractor estimate) plus $100,000. The escrow account shall be paid to City in the event that Option (a), (b) or (c) is not satisfied within 90 days of the Opening Date. If Option (a), (b) or (c) is satisfied within 90 days after the Opening Date, the cash in the escrow account shall be refunded in full to the Applicant. If the Applicant does not satisfy this condition under Option (a), (b) or (c) within 90 days after the Opening Date, the City shall use the funds to demolish the Building with any balance reverting to the City as compensation for its expense and inconvenience incurred to demolish the Building. The owner of the Building shall present evidence that any lender on the Building consents to the demolition in a form subject to the approval of the City Attorney. This condition shall be recorded against the property as a deed restriction, which runs with the land. Applicant and Wal-Mart agree to enter into any agreements that are necessary in order to implement this condition.[29]

Thus, if this space does not have a commitment for re-use within a relatively short period of time subsequent to the opening of the Supercenter, it will be removed from the retail inventory. Demolition would allow the property owner to redevelop the parcel in another retail configuration, but no such proposal has been submitted to the City to date. BAE's analysis assumes that this same condition of approval will be in effect if the Proposed Project is re-approved by the City of Lodi.

Estimated Impacts of Proposed Project on Existing Drug Stores

Overall Impacts. The Proposed Project includes a stand-alone drug store that will compete with other major drug stores in the Trade Area. As shown in Table 14, there are five major drug store competitors in the Trade Area, comprising an estimated total of approximately 100,000 square feet of space, with sales estimated to be in a range from $45 million to $55 million annually, and average sales per square foot in the range of $450 to $550. The estimates here are presented as a range because the available data do not derive from as many sources as for discount general merchandise or supermarkets and are not deemed as reliable. Table 20 shows an estimate of potential impacts on existing drug stores in the Trade Area. As shown, average sales per square foot for these stores are estimated to decline approximately 13 percent in 2008, recovering to a smaller decline of only nine percent in 2011.

Individual Store Impacts. None of the existing drug stores is located at the Lower Sacramento/West Kettleman shopping node. As a result, the impacts may not be focused on any particular store. Given the level of impacts (only 9 to 13 percent overall), no individual store closures are forecasted as a result of this new drug store opening in the Proposed Project.

[29] City Council Resolution 2005-38, Lodi City Council meeting of February 16, 2005.

Table 20: Impacts of Wal-Mart Expansion on Sales at Existing Drug Stores in Trade Area

	No Supercenter	Supercenter	
	2006	2008	2011
Trade Area Population (a)	79,550	81,289	83,968
Sales per Capita (b)	$629	$629	$629
Drug Store Sales Potential (c)	$50,000,000	$51,093,023	$52,776,870
Existing Drug Store Square Feet (d)	100,572	100,572	100,572
Proposed Project Drug Store (e)		14,788	14,788
Estimated Drug Store Sales in Proposed Project (f)		$7,351,947	$7,351,947
Sales in Existing Outlets		$43,741,076	$45,424,923
Average Annual Sales per Square Foot at Existing Stores	**$497**	**$435**	**$452**
Percent Change from Existing, 2006		**-13%**	**-9%**
Sales per Square Foot in New Drug Store (g)		$497	$497

(a) From Table 2.
(b) Total sales potential divided by population.
(c) 2006 from Table 14, using the midpoint of the range. All estimates throughout table in 2006 dollars. Rounded to nearest $000. 2008 and 2011 estimates based on applying 2006 per capita estimate to population estimate for each of those years.
(d) From Table 14.
(e) From Table 1.
(f) Current average drug store sales per square foot times square footage of new drug store.
(g) Sales per square foot assumed to match area current area average. This means that the new store is assumed to outperform the existing stores, as the newest store in the market located in a busy center. By comparison, the data from Dollars & Cents of Shopping Centers/The Score 2006 show a national median of $454 per square foot. The three national chains represented in Lodi show sales ranging from approximately $400 to $800 per square foot average nationally.

Sources: U.S. Census Bureau; City of Lodi; CA State Board of Equalization; CA State Dept. of Finance; Claritas; Urban Land Institute and International Council of Shopping Centers; Walgreens, Longs, and Rite-Aid Annual Reports; individual stores; Bay Area Economics, 2006.

Impacts of Proposed Project in Other Sectors

Based on the analysis shown in Table 17 above, two other major retail sectors show potential for capture from existing outlets: eating and drinking places, and the "other retail" category. The proportionate impacts for these two sectors are smaller, at eight percent and six percent respectively in 2008, with a rebound expected in subsequent years as with the other affected categories. Because the overall impacts are limited, and because of the large number of generally smaller outlets in these sectors, the overall existing inventory has not been estimated. The impacts here are smaller and are across a broad spectrum of outlets, especially for the other retail category, so specific store-by-store impacts cannot be accurately identified and would thus be speculative. However, given the limited impacts, it is highly unlikely that any existing outlets in these categories would face closure due to the project.

Impacts of Proposed Project on Downtown Lodi

One issue that is frequently raised regarding big box stores is the potential impacts on older downtown retail districts. This is a key area of concern for Lodi, where the City has made considerable investment in upgrading its downtown in recent years, and wishes to continue the process of improving the area and attracting shoppers, businesses, and residents to the

Downtown. As discussed above, Downtown Lodi is responsible for approximately six percent of the City's taxable sales, totaling approximately $51.6 million in the most recent fiscal year.

Review and Discussion of Literature and Studies on Impacts of Wal-Mart

There have been numerous publications in the last 20 years assessing the impacts of big box retailers, particularly the impacts of Wal-Mart as it has expanded to become the largest retailer in the world. These impacts include job impacts, impacts on the flow of money through and beyond local economies, and potential closures of existing stores and resulting vacancies that might lead to urban decay. Most relevant here are studies that consider impacts on smaller local retailers, downtowns, and traditional "Main Streets." Following is a review of several relevant studies, as listed.

1. "Impact of the Wal-Mart Phenomenon on Rural Communities," Kenneth E. Stone, published in *Proceedings: Increasing Understanding of Public Problems and Policies – 1997*, by Farm Foundation, Chicago, Illinois, 1997.

Kenneth Stone, a Professor of Economics at Iowa State University, has been analyzing Wal-Mart's impacts on small-town America since the 1980s. This 1997 study provides follow-up, assessing 34 towns in Iowa where Wal-Mart had been present for at least 10 years, compared to ten similar-size towns that did not have Wal-Marts.

Stone's analysis relies on annual taxable retail sales data provided by the State of Iowa, by major retail category. Not surprisingly, the towns with Wal-Marts showed an increase in general merchandise sales, while those towns without Wal-Marts showed a substantial decline. For eating and drinking places, Wal-Mart towns also showed an increase, while non-Wal-Mart towns showed a decline. For home furnishings, building materials, and specialty stores, both types of towns generally showed a decline in sales, but the decline was much greater in the towns without Wal-Marts. For apparel stores, both types of towns showed substantial declines, with a similar decline in sales in the final year of analysis, year 10 following the opening of Wal-Mart. For total sales, the Wal-Mart towns fared better, but by year 10 were showing a four percent decline in sales from their starting point, compared to a 15 percent decline for the non-Wal-Mart towns. Stone posits that this decline in Wal-Mart towns is due to the opening of other mass merchandise stores in larger cities that then attracted shoppers out of all of these smaller towns (Stone limited his analysis to towns of 5,000 to 40,000 persons). Stone also finds that smaller towns and rural areas seem to show the greatest decline in retail sales.

While Stone's findings do not speak directly to the effects on downtowns, they clearly indicate the shift away from smaller stores toward Wal-Mart over the period of analysis. As a note of caution, however, this analysis covers towns in Iowa, where population growth has been limited; between 1990 and 2000 the statewide population growth was only 5.4 percent; Stone does not identify the towns assessed, but some of these towns may actually be losing population. By comparison, Lodi grew 9.9 percent during the same period, indicating a more rapid increase in retail demand, and is larger than any of the locales assessed in this study. It is also important to note that Stone's analysis does not include situations where existing Wal-Mart stores are enlarged

to become Supercenters, with the store expansions consisting largely of grocery sales along with a minor increase in general merchandise sales.

2. "The Economic Impact of Wal-Mart Supercenters on Existing Businesses in Mississippi," Kenneth E. Stone, Georgeanne Artz, & Albert Myles, published by Mississippi State University Extension Service, 2002.

This more recent study uses a methodology similar to the previously cited Stone article to assess the impacts of Wal-Mart Supercenters across communities in Mississippi. Mississippi counties are relatively small compared to most in California, and the analysis was limited to counties with less than 100,000 persons with only one Supercenter, to isolate the effects of specific Supercenters. The analysis showed that counties with Supercenters showed an increase in the general merchandise store sales relative to the state, while food store sales declined. Furniture stores showed limited change after a few years, as did building materials (likely related to the opening of home improvement centers, which often build in the same markets as Supercenters). For miscellaneous stores, which included all other categories of stores, the proportion of sales relative to the state declined after a Supercenter entered the market. Overall, sales showed a slight increase relative to the state, but this proportion declined over time; according to the authors this is likely due to saturation of the market by large retailers such as Wal-Mart. Counties without Supercenters tended to be much smaller and rural; while the authors indicate the effects of Supercenter in surrounding counties were likely mixed with other effects, they noted that these counties showed a relative decline in general merchandise, furniture, and building materials store sales over time, but a strengthening of food store sales and flat sales for miscellaneous merchandise. The authors conclude that over time, the Supercenters have captured sales from other retail store types, especially for food stores and miscellaneous retail stores.

Once again, the results do not directly point to impacts on downtown areas, but they indicate a shift in shopping patterns that might affect smaller stores such as those traditionally found on "Main Street." Since Downtown Lodi's food stores are very small and specialized, and do not include conventional supermarkets, the findings regarding food stores are not particularly relevant to an analysis of downtown impacts. As to other store types, most of the impacts in Lodi were likely felt when the existing Wal-Mart opened, followed by Target a few years later; taxable sales data indicate that Downtown sales have been increasing slowly over the last several years, as the City has funded various improvements and the retail mix has shifted away from store types most directly competitive with mass merchandisers.

3. "Has Wal-Mart Buried Mom and Pop?: The Impact of Wal-Mart on Self Employment and Small Establishments in the United States," Russell S. Sobel & Andrea M. Dean, Working Paper 06-05, Department of Economics, West Virginia University, 2006.

This study uses employment and establishment data to measure the impact on the overall small-business sector in the United States. While conceding that opening a Wal-Mart in a town leads to a process of "creative destruction" and closure of directly competitive businesses, the authors argue that based on economic theory these closures allow other types of businesses to take their place, in part by freeing up storefronts that were previously unavailable, and through freeing up

consumer expenditures through lower-cost goods. Thus, while other directly competitive retail outlets may suffer, there may be no overall net loss of small businesses in the economy. They test their hypothesis by examining data on number of sole proprietorships and firms with less than 10 employees. There findings indicate that states with more Wal-Marts (including Supercenters) per capita do not have fewer small businesses, and that the growth of Wal-Mart has not led to a general decline in the amount of small business activity.

These findings indicate that at a macro-level of geography, Wal-Mart may not be causing a decline in the level of small business activity. However, while their analysis discusses new types of businesses replacing old in downtown areas, this discussion is merely anecdotal and their rigorous analysis is not specific to the impacts of an expansion to a Supercenter or to specific conditions at the micro-geographic level of a downtown district. While vacant spaces may get recycled in a downtown following the opening or expansion of a Wal-Mart, the new businesses may also choose to locate elsewhere; furthermore, the rent levels supportable by these new businesses may lead to deferred maintenance, or the inability to do necessary upgrades to structures such as those needed to properly utilize older buildings such as many found in Downtown Lodi. This suggests that while opportunities exist for reuse of downtown storefronts by new businesses, there may be a place for local governments to proactively encourage these newer businesses to locate in the downtown district and it may be necessary for local governments to provide financial assistance to property owners to make structures viable for reuse.

Smart Growth's Response to Big-Box Retailers: City of Villages – A Renewed Orientation Toward Communities and Neighborhoods, Richard A. Parker and Louis M. Rea, Rea & Parker Research, prepared for the Independent Grocers Association of Calexico, 2001.

This study expands on a previous study by Rea & Parker, but is the more relevant of the two because it directly considers the experiences of eight selected merchants in Calexico, CA in the face of Wal-Mart first opening in town and as it planned for expansion. The study includes a sweeping review of other studies covering various impacts of Wal-Mart, but their primary research is the focus of the discussion here. The eight merchants reported a variety of impacts from the existing Wal-Mart, ranging from store closures to improved business. Generally, the merchants felt that the downtown was adversely impacted, and several of them reported having to make adjustments to their merchandise and marketing to respond to Wal-Mart's presence.

This study's relevance to assessing the impacts of the Proposed Project is somewhat limited. First, the past impacts relate to the opening of a regular Wal-Mart rather than the relocation/expansion of an existing store to include a full line of groceries as is slated for Lodi. Second, a proposed expansion is considered, but any impacts are prospective, and thus real "on-the-ground" effects were not assessed. Third, Calexico is a city of approximately 37,000 persons (as of 2006, from DOF estimates), but sits across the border from Mexicali, a city of well over one million persons. Some of the merchants interviewed indicated cross-border shoppers were a key component of their clientele and Wal-Mart's. Finally, this key part of the study was built solely on these eight interviews; there is no evidence that Rea & Parker actually surveyed downtown Calexico to determine vacancy levels and current conditions, or assessed changes in

overall conditions including vacancies, retail/business mix, or physical decline following the opening of the Wal-Mart in 1992.

4. *Wal-Mart Supercenter's Impact on Grocery Shopping Patterns in Carson City, Nevada*, David Rogers, DSR Marketing Systems, Inc. 2004.

This report is considered briefly because it was submitted along with the written public comments on the original EIR for the Lodi Shopping Center. This study consists of a survey of households in Carson City to assess grocery shopping patterns following the opening of a Wal-Mart Supercenter just outside Carson City in Douglas County, as well as presenting information regarding sales impacts at existing stores.

The study concludes that the Supercenter had captured a significant share of grocery sales in the city, and that it did this by attracting shoppers from throughout the city and beyond, with its shoppers coming from a broader area than a typical supermarket. However, Supercenter shoppers continued to shop at other supermarkets, with store loyalty similar to that of those who shopped primarily at other stores. Impacts were slightly greater on nearby stores and those featuring low prices, but were dispersed among all the supermarkets in the area. Sales declines ranged from 10 to 20 percent per store. This analysis took place in 2004, approximately three years after the Supercenter opened. As of the time of the study, the only noted closure was a Super Kmart, which was the most direct competitor in overall store type and product mix to the Wal-Mart Supercenter.

This study, while not focused on downtown impacts, confirms the general level of impacts likely to be felt by existing supermarkets in Lodi; as shown in Table 18, impacts on supermarkets in 2008 are estimated at 16 percent, similar to the 10 to 20 percent range found in Carson City. Downtown Carson City is similar to Lodi in that it is an older area with a number of historic buildings, and smaller users. One key difference is that Carson City is the Nevada state capital, and the Capitol building and numerous state offices are located in the downtown area, adding a considerable daytime population to support downtown businesses.

5. *The Shils Report: Measuring the Economic and Sociological Impact of the Mega-Retail Discount Chains on Small Enterprise in Urban, Suburban, and Rural Communities*, Edward B. Shils, the Wharton School, University of Pennsylvania, 1997.

In terms of output, this is the largest of the studies considered, consisting of approximately 200 pages including appendices. It covers many topics related to potential big-box store impacts, but a primary focus of the study (and relevant to the analysis of the BAE study) is impacts on small retailers, with a major part of the analysis based on a survey of small businesses in four states: Pennsylvania, California, Illinois, and New York. Over 6,000 surveys were mailed from 1993 through 1995, resulting in slightly less than 600 responses.

Despite this report's authorship by an academic, it is not an academic paper, but is somewhat polemic in nature, clearly in favor of policies to preserve small businesses and "Main Street" in the face of competition from large chain retailers. While this does not necessarily invalidate its

conclusions, it should be taken into account when considering the findings. The greatest weakness of the survey is that it is prospective in nature, basically asking the question "what if big retailers like Wal-Mart enter your market?" rather than considering impacts that have actually occurred. Thus it relies largely on the impressions of small businesses rather than actual experience.

As an indicator of the lack of academic rigor, in the discussion of longevity of the responding businesses, Shils points out that the businesses responding were in large part firms that had been in business for many years. Nowhere is there discussion of the potential for survey bias, (the overall response rate was only 10 percent); it is conceivable that newer businesses would be less likely to respond (for instance they could be smaller with less time and resources available to complete a survey).

A blatant example of researcher bias is found in Chapter III in the discussion of the responses to Question 4: "If a large, national discount retail chain that sells similar products/services opened near your present business location, what would you estimate its ultimate impact to be on the economic health of your business?" For those respondents who reported "no effect," Shils states in Chapter III:

> The writer believes that the 19% of respondents who answered "no effect," certainly were not inclined to be "positive" but simply as small business persons needing further documentation or data to make a selection...Thus, the writer believes that 92% of the returns indicated fear, indecisiveness or lack of knowledge.

Thus Shils has decided that the respondents who stated that the large retailers would have no effect on their business must simply be uninformed. In tandem with the prospective nature of the survey, this kind of researcher prejudice, imputing ignorance in survey respondents simply because their answers are not to his liking, effectively invalidates the entire document as an unbiased source of meaningful information regarding real impacts on small and downtown businesses.

6. *Economic Analysis of a Proposed Wal-Mart Supercenter in Lodi, California*, Philip G. King and Sharmila King, California Economic Research Associates, 2005.

This Lodi-specific study was published as a response to the economic analysis completed by Applied Development Economics (ADE) in 2004 as part of the original EIR for the Lodi Shopping Center. Much of this study (the "King Report") is a review and critique of ADE's study and methodology; it provides additional analysis of impacts on supermarkets, other retailers, and Downtown Lodi. This additional analysis is the focus of the discussion here, since BAE has not used the ADE methodology.

The King Report presents findings on store-by-store impacts in Lodi, focusing particularly on the supermarkets. According to the findings, three supermarkets are likely to close: Albertson's, Grocery Outlet, and most likely Safeway. Since their analysis, the Grocery Outlet has already closed. BAE's findings are similar in indicating the Albertson's is the weakest performer and most at risk of closure. However, the King Report appears not to consider reallocation from

closed stores, i.e., if Albertson's closes not all of its sales will go to Wal-Mart, so the other remaining stores may benefit from its closure and see lessened impacts.

With respect to Downtown, the King Report states that the Longs could face closure, along with other restaurants and specialty retail, depending on the tenant mix at the Proposed Project, and due to weak sales currently downtown. They base the weak sales supposition on an average store size of 3,500 square feet, but this is derived through a visit to the downtown and "national averages" rather than any actual measurement of the spaces. Given the smaller buildings and storefronts Downtown, BAE believes that this estimate of average store size may be overstated, thus leading to an understatement of the average sales per square foot. Furthermore, the kinds of small independent businesses found Downtown may not require the level of sales support necessary for a national chain. For example, using *ULI's Dollars and Cents of Shopping Centers: 2004*, the same source as the King Report, overall Restaurants with Liquor in Community Shopping Centers report a national median sales per square foot of $301.85; however, the national chain median is $374.09, and the independent outlet median is only $237.72.

The King Report states that "we believe that the Longs downtown will close following the opening of a new drug store in the proposed build out." However, unlike their supermarket analysis, where they state that it is key to have the individual store sales data, they present no such data here or any supporting analysis. They do state that some of this impact will be due to the presence of a pharmacy in Wal-Mart (in addition to the stand-along drug store), but fail to note that the existing Wal-Mart already has a pharmacy, meaning this pharmacy is an existing condition, not an additional impact. Aside from this specific store closure (they mention Albertson's but Albertson's is not in the Downtown area), they do not call out any specific stores as being likely to close, only that Downtown will reach "a tipping point where the downtown starts to decay." Given the overall lack of supporting analysis, at best this conclusion is conjecture and highly speculative.

One problem with the ADE study that the King Report points out correctly is the lack of consideration of potential cumulative impacts. However, some of the projects they note include the Vintner's Square project with Lowe's and the large retail cluster at I-5 and Eight Mile Road in Stockton. BAE's study follows the opening of much of this retail and takes it into consideration as an existing and assumed condition; to date, Lodi and its Downtown do not appear to have been adversely impacted, with no decline exhibited in overall retail occupancy or by any kind of physical decline or urban decay.

Finally, the King Report cites some of the other analyses reviewed here, as well as other studies, as indicating the potential for urban decay in Lodi. First, they mention the Shils study, but as noted above, this analysis is prospective (studied impacts feared by small merchants rather than actual experience with impacts) and shows strong indications of researcher bias. The King Report also states that "Kenneth E. Stone studied superstore development in a large sample of Iowa cities" but this is a mischaracterization of Stone's Iowa work (also discussed above); the impacts considered by Stone related to conventional Wal-Marts rather than expansions to a Supercenter format. The other studies cited by the King Report discuss impacts that are not related to urban decay or direct impacts on a Downtown, but rather to other issues such as wage

and fiscal impacts. The King Report does not establish or explain how these impacts are related to the causal chain from possible store closure to eventual decline in the physical environment of Lodi.

In summary, these studies, which are cited as indicators of substantial impacts on downtown retailing due to a Wal-Mart Supercenter, do not actually look specifically at actual after-the-fact impacts on downtowns of a Supercenter, albeit in some cases for a regular Wal-Mart. The studies such as the Stone studies that assess conditions also tend to be limited to rural areas and smaller cities in regions with limited or no growth. In addition, aside from the King Report, none of these available studies or others found by BAE relate specifically to the impacts on a downtown district of a Wal-Mart expansion to a Supercenter, where the primary competitive addition to the retail market is the grocery component. Thus, further objective research needs to be undertaken to properly assess the impacts of the opening of and expansion to Wal-Mart Supercenters in more urbanized markets that are larger and growing in population and that already have a wide array of large chain discount stores (e.g., Kmart, which preceded Wal-Mart into many California markets by a number of years).

Discussion of Downtown Impacts

Downtown Lodi has no major supermarket; the smaller food stores have achieved success in competing with major supermarkets by catering to a different or narrower market niche (e.g., health foods or ethnic foods), so it is reasonable to assume that the equivalent of another supermarket-type store should not significantly impact these smaller specialty food stores Downtown. The large non-specialty Downtown business that is likely to be impacted is the Longs Drugs on West Lodi Avenue. The potential impacts on this outlet are expected to be similar to impacts on Lodi drug stores in general. The analysis above estimates that sales at existing drug stores in Lodi are expected to decrease by an average of 13 percent upon the opening of Lodi Shopping Center in 2008, but are expected to recover to a smaller decline of nine percent in 2011. The impacts on the other, mostly specialty retail downtown are more difficult to gauge absent a fixed tenant mix for much of the Proposed Project, but plans do call for 17,190 square feet of restaurant space in a mix of sit-down and fast food formats. As shown in Table 17, this is estimated to lead to a citywide decline in restaurant sales in 2008 of eight percent. Applying this proportion to Downtown restaurant sales leads to a potential reduction of approximately $1.1 million in annual sales, as shown in Appendix O. For other retail in the Downtown, the estimated decline in sales is estimated at approximately $1.6 million annually. Overall, the estimated reduction in retail sales in 2008, assuming a fully tenanted Proposed Project, would be approximately $4.0 million, or about seven percent of Downtown's retail sales. Assuming no other major retail projects enter the pipeline, these sales declines would abate gradually over time as Lodi's population continues to grow.

For the key furniture sector, Wal-Mart typically offers a very limited range of merchandise; the existing store already has some furniture offerings, and it is not clear that the Supercenter would devote an expanded amount of space to furnishings; thus it is not possible to quantify a net reduction in sales due to the Supercenter replacing the existing Wal-Mart, although it is believed to be negligible. Thus while the Wal-Mart itself may have negligible impacts on the furniture store cluster in Downtown Lodi, the potential exists for associated retail in the Lodi Shopping

Center to compete more directly with the Downtown stores. These impacts would be some portion of the estimated $1.6 million in lost sales in other retail as estimated in Appendix O.

These limited levels of reductions in sales cannot be assumed to lead to the closure of the existing Longs store or any other particular business outlet, especially since the exact tenant mix for much of the Proposed Project is unknown. Furthermore, Downtown Lodi's shift from an everyday shopping destination to a mix of small specialty stores, entertainment, and non-chain restaurants puts it in a market niche somewhat distinct from the kind of larger chain retailers likely to tenant the Proposed Project.

However, the Proposed Project, by increasing the overall inventory of retail space in the Trade Area, might slow future Downtown revitalization and preclude the location of some types of retail outlets in the Downtown area, thus hindering the ability of Downtown to grow as a retail destination. For instance, a large chain bookstore in the Lodi Shopping Center would likely preclude the opening of a similar store Downtown.[30] Absorption of retail demand elsewhere in the Trade Area, for instance at the Proposed Project, might delay rehabilitation and reuse of the dilapidated storefronts on Sacramento and elsewhere Downtown. Concerns such as these about the effect of Lodi Shopping Center and big box retailers on the Downtown have been expressed recently in a statement by the Downtown Lodi Partnership, which states, "[n]ew businesses, especially big box companies, situated outside the downtown district will have a direct effect on the budding businesses downtown."[31]

One other factor limiting Downtown's retail sales potential is the limited nearby residential and worker population that might generate sales. As shown in the 2000 Census data presented in Appendix P, approximately 3,200 people (or only six percent of Lodi's total population) live Downtown, and only 11 percent of those working in the City (approximately 2,400 workers) are employed Downtown, limiting daytime expenditures for lunch and other items. As a result, Downtown retailers today and in the future must rely on support from the entire City, Trade Area, and beyond, even if efforts to increase the area's population and employment base meet with some success.

In summary, Downtown Lodi has shifted its retail mix to specialty stores, entertainment, and restaurants less directly competitive with the Proposed Project, and as a result is not predicted to face closures of existing stores as a result of the Proposed Project. While the Proposed Project is not predicted to cause store closures leading to additional urban decay, there could be some decline in sales over the next several years Downtown, and the retail mix of the unspecified tenants in the project could preclude certain types of uses in the future, thus affecting the potential growth of retailing in Downtown.

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[30] An example of such a store in a downtown area is the Barnes & Noble in downtown Santa Rosa, which took over an old department store space.

[31] Jaime Watt, Executive Director, Downtown Lodi Business Partnership, Letter of July 17, 2007 to the City of Lodi.

The retail success of Downtown has been largely limited to School Street, and has been dependent in large part on City intervention for some of the larger key components, such as the theater complex and the parking structure. Overall, however, Downtown can be best characterized as still being in a "fragile" state, and the level of subsidy and intervention required to revitalize the Downtown beyond the School Street retail core will require a higher level of public financial assistance. In particular, some form of assistance will likely be needed for the upgrade of historic structures in order to attract second-floor office users and residents both on School Street itself and on Sacramento Street and other streets nearby. The continued presence of older decaying structures and marginal uses may also detract from the ongoing success of School Street itself as a retail, dining, and entertainment destination.

In conclusion, while the proposed project would not result in urban decay in the Downtown area, the introduction of the additional retail square footage at the Lodi Shopping Center could delay further downtown growth and the reuse of currently vacant properties until retail demand increases through income and population growth to the point where more retail space can be supported. As noted below in Table 21, the estimated annual growth in retail demand from the Proposed Project's Trade Area over the next several years is only approximately 22,000 square feet; to overcome this demand limitation, the Downtown must expand its own market area through regional attractions such as the World of Wonders Museum and additional wine-tasting rooms, as currently in progress.

Potential for Re-tenanting of Vacant Space

The Proposed Project may lead to closure of one or more existing retail outlets in the Trade Area, thus leading to additional retail vacancies. Current retail real estate conditions in Lodi are strong, with extremely limited vacancies in existing space. The major vacancy in Lodi is the former Grocery Outlet store at 215 East Lodi Avenue; this space is slated to reopen in the near future as a Smart & Final store. BAE's tour of the Trade Area found few vacancies overall, an impression confirmed by conversations with City staff and retail brokers.[32] Thus, the market can be assumed to be at stabilized occupancy or better currently, with no significant existing vacancies that would be competing with the Proposed Project or with space vacated due to any closures related to the Proposed Project.

It should be noted that in any retail market, existing retail space is vacated due to functional obsolescence or the general cycle of retail closures and openings over time. For instance, the trend in the supermarket industry has been toward larger stores and consolidation, with older stores reused by "second tier" tenants such as dollar stores, furniture outlets, and even non-retail uses such as fitness centers. Thus any retail market is likely to have a certain amount of vacant space due to normal turnover and changes in retailing. One example of the type of user that might occupy a vacated supermarket space is indicated by the recent announcement by Ross Stores, an off-price retailer (primarily of apparel) that they will purchase 46 sites vacated recently

[32] Brokers and developer representatives contacted included Christopher Sill of Lee & Associates, Jim Stevens of Browman Development Company (the developer of the Proposed Project), Sheila Wages of HRI Property Management, Tracy (last name not disclosed) of Crosspoint Realty Services, and Paul Mertz of Baker Pearson Real Estate.

by Albertsons following that chain's split between two ownership entities. Although the specific sites have not been announced, many of them are likely to be in northern California where a high proportion of these closures by one of the new owners occurred. Ross already has a 33,000 square-foot store in Lodi at the Westgate Shopping Center and thus is not a likely candidate to re-tenant a Lodi store; this is just an indicator of one type of potential reuse for vacated supermarkets.[33]

Using sales data from Appendix H as a baseline, BAE has constructed an estimate of the demand for additional retail space in the Trade Area, as shown in Table 21. Demand for general merchandise stores, food stores, eating and drinking places, and other retail, the categories that showed a net capture of demand by the Proposed Project in 2008, is assumed to be captured in the Proposed Project. Service stations and auto-related retail have been excluded because they are not suitable for the Proposed Project or other similar shopping centers. The remaining categories are apparel, home furnishings, and building materials/farm implements. The project is expected to have some amount of apparel retail to absorb leakage, but this space is assumed to meet current demand, not future demand. As noted, the project is not expected to include space allotted to the building materials/farm implements category, given the presence of Lowe's across the street. The overall estimated demand for additional retail space in the Trade Area but outside the Proposed Project is for approximately 22,000 square feet of retail space through 2011.[34]

This finding indicates that, using a conservative analysis, the Trade Area may have difficulty re-absorbing any vacant space resulting from store closures over the next several years. Vacant space would include the existing Wal-Mart with over 120,000 square feet, and other stores that might close as a result of the project, possibly including a supermarket and Kmart. In the face of the slow increase in overall demand not absorbed by the planned project, there may be difficulties in re-tenanting some of this space. As discussed above, the current Wal-Mart property may be demolished if it is not re-tenanted fairly quickly. However, if it is re-tenanted, this could conceivably absorb demand that might otherwise be absorbed by other closures resulting from the Proposed Project, although the Wal-Mart site, because of its location, is likely to attract a different type of retailer than, for instance, the Kmart location.

Because of their prime location in Lodi's region-serving retail node, the existing Wal-Mart property and the Safeway are more likely to be re-used than either the S-Mart (formerly Albertsons) or Kmart spaces. Overall demand for additional space in the area indicates that finding retail tenants for any of these spaces could prove challenging. However, BAE contacted a representative of the property owners for Kmart; he noted that Kmart is in a very low-rent long-term lease, but stated that he could find other tenants for the space if they vacated, perhaps by subdividing it if necessary.[35] Potential tenants mentioned include non-retail users such as a furniture rental center.

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[33] "Ross Stores to buy 46 Albertsons stores," RetailingToday.com, October 10, 2006, www.retailingtoday.com/story.cfm?ID=83480MIM

[34] This estimate may be conservative, if the approvals for additional residential projects in Lodi leads to growth above recent historic trends, as discussed in the population overview above.

[35] Stan Finberg, Manager/Partner for the Cherokee Center, contacted November 29, 2006.

Table 21: Calculation of Future Demand for New Retail Space in Trade Area		
EXCLUDES CATEGORIES WHERE DEMAND IS ASSUMED TO BE ABSORBED BY THE PROPOSED PROJECT AS WELL AS SERVICE STATIONS, AND AUTO-RELATED RETAIL		
2006		
Key Category Retail Sales in 2005 $ (a)	$143,286,409	
Trade Area Population (b)	79,550	
2011		
Trade Area Population (b)	83,968	
Key Category Retail Sales in 2005 $ (a)	$151,221,310	
Increase in Sales, 2006-2011	$7,934,901	
Sales per Square Foot, All Stores (c)	$359	
Estimated Total Additional Retail Store Retail Demand, 2006-2011	**22,103**	square feet

Table excludes sales from general merchandise stores, food stores, eating and drinking places, and other retail on the assumption that all demand in these categories will be absorbed by the Proposed Project or other existing outlets. Service stations and auto-related retail have been excluded because they are not suitable for the Proposed Project or other similar shopping centers. Remaining categories are apparel, home furnishings, and building materials/farm implements.

(a) From Appendix H. Sales in 2005 dollars.
(b) From Table 2.
(c) Based on weighted average sales per square feet, using benchmarks for sales per square foot from Table 15 and estimated sales from Appendix H for apparel, home furnishings/appliances, and building materials/farm implements.

Sources: Bay Area Economics, based on sources as cited in previous tables.

Cumulative Impacts

Per CEQA, the cumulative analysis for the proposed project must take into account other reasonably foreseeable projects in the Trade Area or elsewhere that might, in combination with the Proposed Project, result in cumulatively significant impacts. Projects to be considered in the cumulative analysis include projects which have been approved but not yet completed, and projects for which development applications have been filed, and can also include other potential projects which may have been announced but not yet formally proposed to the approving agency. The Trade Area includes the City of Lodi and part of unincorporated San Joaquin County. Discussions with staff for the City and the County indicated that there is one pending proposal for a competitive retail project within the Trade Area, the proposed Reynolds Ranch Project at Harney Lane and Highway 99. In addition, the two closest municipalities, Stockton and Galt, were contacted regarding projects that might impact the Trade Area. Staff for Stockton confirmed the plans for additional region-serving retail at Eight Mile Road and I-5, including a Wal-Mart Supercenter.[36] Staff for Galt confirmed plans for a Supercenter in that city. These proposed projects, as well as the existing Hammer Lane Supercenter, have already been taken into consideration in the delineation of the Trade Area, thus effectively accounting for any

[36] As noted previously, Stockton has passed and Galt is considering an ordinance restricting future superstore development, that may impact the planned Wal-Mart superstores in those two cities.

cumulative impacts resulting from these additional Supercenter projects. In other words, since the trade areas for the Supercenters are not expected to overlap to any great degree, the planned Supercenters to the north and south of Lodi are not expected to have a cumulative impact within the defined Trade Area defined for the Lodi Supercenter.

The overall development plan for Reynolds Ranch consists of over 200 acres of residential, office, commercial retail, and public facility uses. The approved Master Plan includes approximately 350,000 square feet of commercial retail development on 45 acres adjacent to the Harney Lane/State Route 99 interchange. The City approvals in late 2006 included amendments to the General Plan and zoning, as well as approval of annexation by LAFCO. Based on recent discussions between the City of Lodi and the representatives of the Reynolds Ranch project, which included the submittal of a preliminary conceptual site plan, it is expected that that the approved retail center will be proposed to be expanded to include at total up to 640,676 square feet of retail building area on approximately 75.6 acres, configured for a mix of users including four anchor spaces of more than 90,000 square feet each and a mix of smaller retail and restaurant spaces ranging from 3,000 to 20,000 square feet (see Appendix Q). While no formal development application has been received by the City of Lodi for an expanded retail center at Reynolds Ranch, it is expected for purposes of this analysis that any such application would generally fit this description. It is also expected that supplemental environmental review on the revised Reynolds Ranch project will commence preparation soon after a formal application is received. This review is expected to include an analysis of potential economic impacts resulting from the expanded Reynolds Ranch retail center, as well as an evaluation of the potential for urban decay impacts to occur as a result.

While the exact tenant mix is unknown, potential tenants for a center this size could come from across the retail spectrum (especially for store types not well-represented in Lodi, with a warehouse club, a home improvement center, a home electronics store, or a large apparel merchandiser as potential anchor tenants. One 13,200 square-foot space in the preliminary site plan is called out for occupancy as a drug store, and one of the pads is called out as a fast food restaurant.[37] Since some of the retailers expected to locate at Reynolds Ranch do not have existing or planned facilities in immediately surrounding communities (e.g., a Costco or Sam's Club), the trade area for those retailers would be larger than the trade area of the Lodi Shopping Center and could extend northward to Galt and beyond, and eastward to the Sierra foothill communities of Jackson, Mokelumne Hill, San Andreas, and Valley Springs.

This large project represents a substantial addition to the retail inventory in Lodi. Table 22 below presents a generalized estimate of the cumulative impact on current retail sales in Lodi; with both centers operating, it is estimated that in 2008, existing stores in Lodi would face a reduction of approximately 30 percent of overall sales, even assuming substantial capture of sales leakages by

[37] While it is assumed for purposes of this analysis that the above tenant types may occupy Reynolds Ranch based on the big box pads shown on the current illustrative site plan, it is important to emphasize that this assumed tenant mix should be considered hypothetical until such time as actual tenants are identified.

both centers and of sales from outside the Wal-Mart Trade Area, especially to the north and east, by Reynolds Ranch retailers.[38]

The additional reduction in sales attributable to Reynolds Ranch would be concentrated among the stores most directly competitive; since the retail mix is unconfirmed, it cannot be stated with great certainty which stores would be most impacted. However, the possible impacts of several potential types as mentioned above can be considered. Given the lack of specific information currently available on the retail mix for the revised Reynolds Ranch project, the following discussion is by necessity hypothetical given that it is based on an assumed retail mix, and therefore should be considered somewhat speculative.

Table 22: Cumulative Sales Impacts

Retail Center	Square Feet	Sales per SF	Estimated Sales
Lodi Shopping Center	339,966	$481	$163,666,000 (a)
Reynolds Ranch	640,676 (b)	$450 (c)	$288,304,000
Total Sales in Proposed Projects	980,642		$451,970,000
Less Leakages	($86,502,000) (d)		
Capture of Leakage	100% (e)		($86,502,000)
Reynolds Ranch Sales fr Outside Wal-Mart Trade Area		25% (f)	($72,076,000)
Additional Sales above Leakage and Captures			$293,392,000
Estimated 2008 Sales in Trade Area Existing Stores			$983,666,000
% Capture of Existing Trade Area Sales by Proposed Projects			30%

All sales estimates in 2005 dollars, rounded to nearest thousand dollars.
(a) From Table 15. Rounded to nearest thousand.
(b) From Appendix Q.
(c) While overall retail averages may be around $300 per square foot, one potential anchor tenant is a warehouse club, and these types of stores typically do much higher sales per square foot. This number is believe to represent a reasonable estimate of overall center performance.
(d) From Table 10. Building materials leakage has been factored out; data from prior to Lowe's opening, Lowe's assumed to capture all leakage.
(e) Assumes that existing categories with capture will continue to capture sales. Assumes that all leakages will be captured in proposed projects. Using a lower assumed capture would raise the percent capture from existing outlets, thus making this a conservative estimate of impacts in the Trade Area.
(f) Because of its location and retail mix, Reynolds Ranch may capture sales from outside the assumed Wal-Mart Trade Area. These sales may come from Stockton, Galt, areas to the east, or other parts of the region.

Source: Bay Area Economics, 2007, based on information from the City of Lodi, the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart Annual Report, Trade Dimensions, Urban Land Institute (ULI/ICSC), and Hinderliter de Llamas (HdL).

A warehouse club store would likely generate much of the attraction of shoppers from beyond the Lodi Shopping Center Trade Area as defined here, especially from the Galt area, and would likely

[38] The trade area for Reynolds Ranch will still be constrained by the presence of most major retailers in the Stockton area. For instance, there are a Costco, Home Depot, and Lowe's on East Hammer Lane, and a Kohl's and Lowe's at the emerging retail concentration at Eight-Mile Road and Interstate 5.

recapture some sales from Lodi shoppers currently patronizing the Costco in Stockton. However, it also would likely attract some pantry-loading grocery shoppers from existing supermarkets in Lodi itself, and also would draw Lodi shoppers frequenting other local outlets, including Wal-Mart.

A home improvement center would take some sales from Lowe's, Orchard Supply Hardware (OSH), and other building materials outlets in Lodi; OSH representatives stated that their Lodi store was already seriously impacted by Lowe's. Such a store could also attract shoppers from Galt and other areas outside the Lodi Shopping Center Trade Area.

A major apparel outlet such as Kohl's could negatively impact similar outlets in Lodi, especially Mervyns and JC Penney. While the apparel category shows significant leakage, the leakages, even if all captured by Reynolds Ranch, are not enough alone to support a Kohl's-type store without drawing shoppers from existing stores within the Trade Area.

The construction of Reynolds Ranch in combination with the Lodi Shopping Center, or even alone, could lead to an oversupply of retail space in the Lodi area. As discussed above and shown in Table 21, the demand for new retail space in the categories of general merchandise, food stores, eating and drinking places, and other retail was assumed to be absorbed by the Lodi Shopping Center. After the opening of the Lodi Shopping Center alone, it is estimated that there would remain a residual demand for approximately 22,000 square feet of retail space over the 2006 to 2015 period, far smaller than Reynolds Ranch, even taking into account that a proportion of the sales would come from outside the Lodi Shopping Center Trade Area.

Following is a discussion of potential impacts, by major retail node. These nodes include nearly all retail outlets in the Lodi area, with the exception of scattered retail outlets unlikely to be competitive with or impacted by the Proposed Project and Reynolds Ranch. Because of the uncertain tenant mix for Reynolds Ranch, this discussion is largely qualitative, and its conclusions are highly dependent on the underlying assumptions of tenant mix at the Reynolds Ranch retail center.

Target Center

The two largest tenants of this center, Target and Safeway, are directly competitive with the Lodi Shopping Center, and those impacts alone have been considered above in the analysis of direct project impacts. Unless Reynolds Ranch includes a tenant type not now under consideration, such as a major food store, these two stores are not likely to be greatly impacted by the additional retail at Reynolds Ranch. However, the Staples and Marshalls store may lose sales, depending in large part on the tenant mix at Reynolds Ranch; for instance, if the new center included an office supply outlet, it would compete with the Staples. But based on assumptions regarding the likely tenant mix for Reynolds Ranch, it is unlikely that any existing stores in this center would face closure under cumulative conditions.

Cherokee Retail Center

As discussed above, the Kmart in this center is at risk of closure just from the Lodi Shopping Center, due to current poor performance and increased competition from the enlarged Wal-Mart general merchandise space. The OSH store, while not directly competitive with the Lodi

Shopping Center, has reported a decline in sales subsequent to the opening of Lowe's. An additional home improvement center, particularly in relatively close proximity, would cause an additional decline of sales and place the Lodi OSH at risk of closure. The Kmart would likely see some sales losses to other stores in Reynolds Ranch, such as a warehouse club store or a major apparel outlet. Thus the two major anchors of this older center could face substantial risk of closure due to the combined impacts of the Lodi Shopping Center and Reynolds Ranch. If these stores were to close and the spaces could not be re-tenanted, many of the smaller retailers might also close or move to other locations.

Sunwest Plaza
This center would lose its primary tenant, Wal-Mart, to the Lodi Shopping Center, and its supermarket tenant, Food 4 Less, would face stiff competition from the Supercenter's added grocery offerings. However, as discussed above in the discussion of direct project impacts, this Food 4 Less is showing extremely strong performance as the only discount warehouse-type supermarket in Lodi. With the addition of Reynolds Ranch, a warehouse club store would offer some additional competition for Food 4 Less, and a major apparel outlet could adversely affect the JC Penney store. Furthermore, the new large anchor spaces in Reynolds Ranch might capture tenants who might otherwise re-tenant the vacated Wal-Mart space. Thus, per the assumed development agreement for the Lodi Shopping Center, this increases the potential that this space would be demolished if it is not re-tenanted in a relatively short period of time.

Vineyard Shopping Center
The cumulative impacts of the two proposed projects puts Mervyns particularly at risk of closure if a retailer such as Kohl's locates at Reynolds Ranch, as expected. The Ace Hardware store would also face new competition from a home improvement center, thereby increasing its risk of closure.

Vintner's Square Center
The major anchor of this center is Lowe's, which could lose sales to a competing home improvement center in Reynolds Ranch. However, Lowe's and its primary competitor, Home Depot, compete head-to-head in many markets, without resulting store closures. For instance, they are located in close proximity in Stockton on Hammer Lane and in Antioch/Brentwood on Lone Tree Way.

Lodi and Hutchins
This center includes the former Albertsons, which is now an S-Mart, and Rite Aid. Although the analysis of direct project impacts indicates that the S-Mart is unlikely to close due to the opening of the Lodi Shopping Center alone, the cumulative impacts of substantial new retail space added by Reynolds Ranch would place it at greater risk of closure and may make it more difficult to re-tenant vacated space if the supermarket closes.

Westgate Shopping Center
The primary anchor of this center is Raley's, more of a local-serving store than the retailers expected to locate at Reynolds Ranch. As a result, this center's anchor is not likely to be at additional risk, with limited if any closures of secondary tenants expected to result from cumulative impacts.

Lakewood Mall
As with the Westgate Shopping Center, this center is occupied for the most part by local-serving tenants, and should not face substantially greater impacts resulting from the cumulative scenario than from those of the Lodi Shopping Center alone. Thus no business closures would be expected to result from the opening of Reynolds Ranch.

Lockeford Payless IGA/True Value Hardware
This small center is local-serving and distant enough from the developments in Lodi that it is unlikely to see substantial impacts from Reynolds Ranch or the Lodi Shopping Center.

Downtown Lodi
As discussed previously, in the face of competition from existing region-serving and local-serving shopping centers developed over the last few decades, Downtown, with financial and other assistance from the City of Lodi, has shifted to a specialty niche market, concentrated on entertainment and dining as well as unique, locally owned shops. The impacts would take the form of some reduction in sales, and some additional limitation on Downtown's ability to expand in its niche. The greatest risk to Downtown would be if Reynolds Ranch developed partially or fully around a "lifestyle center" concept focused on boutique-style stores and restaurants catering to an upscale clientele that would compete with some of the offerings Downtown.

Impacts Outside the Lodi Shopping Center Trade Area
Because of a different retail mix and anchor tenants, Reynolds Ranch is likely to have a larger Trade Area than the Lodi Shopping Center, particularly if it includes a major warehouse club such as Costco, or for instance a major electronics outlet. This larger market area could stretch into southern Sacramento County to include Galt and surrounding areas, and communities in Amador and Calaveras Counties such as Jackson, Mokelumne Hill, San Andreas, and Valley Spring. Plans currently call for a Supercenter in Galt that would attract shoppers from Galt and nearby areas, so while Reynolds Ranch may draw shoppers from the area, it has been assumed that the Lodi Shopping Center Trade Area does not extend to Galt. The Lodi Shopping Center and its anchor Supercenter are assumed to only draw a minimal number of shoppers from communities to the east of its Trade Area, since they are already served by a much closer Wal-Mart in Jackson, and the Lodi Shopping Center is unlikely to attract many shoppers across the sizeable distances involved in reaching a Wal-Mart expansion consisting largely of grocery items. Furthermore, all of these communities to the east would be slightly closer to the proposed Supercenter in Galt, and not much farther from the existing Supercenter in Stockton (see Appendix R).

Additionally, the combined leakage recapture and capture from customers beyond the Lodi Shopping Center Trade Area would represent a small percentage of total sales in the communities affected, as shown in a generalized estimate in Appendix S. Much of the leakage would probably be recaptured from Stockton. Combining Stockton's retail sales with those in Galt and Amador and Calaveras Counties, the estimated sales taken from stores in these areas would lead to a reduction in sales of only approximately four percent from 2005 baseline levels. Moreover, by the assumed project opening date, population growth in these other areas should generate demand to replace much if not all of this projected reduction in sales.

Thus, because of an estimated limited sales capture from outlets outside the Trade Area, the distance and dispersed geography of those outlets, and the population growth in the areas served by those outlets, it is reasonable to conclude that the Lodi Shopping Center would not contribute in a measurable way to any potential economic impacts in these communities cumulatively with the Reynolds Ranch project.

In summary, the cumulative impacts of Reynolds Ranch in addition to the proposed Lodi Shopping Center may lead to substantial cannibalization of retail sales from existing outlets in Lodi and the Trade Area, putting some existing businesses at increased risk of closure. While the tenant mix for Reynolds Ranch is unconfirmed, potential tenants for such a region-serving center include a warehouse club, a home improvement center, a major apparel retailer, and perhaps a major electronics outlet. Outlets competing in these categories would be at the most additional risk. One center with substantial additional risk is the Cherokee Shopping Center, with Orchard Supply Hardware, already impacted by Lowe's, facing possible additional competition, and Kmart, a poor-performing store at risk of closure from the Lodi Shopping Center alone. At Vineyard Shopping Center, Mervyn's and Ace Hardware confront the potential for strong new competition. Sunwest Plaza, where the existing Wal-Mart is slated to close when the Supercenter opens, would have increased risk of closure for the JC Penney store if a large apparel retailer locates at Reynolds Ranch. Throughout Lodi, vacant spaces would face more difficulty in re-tenanting as nearly one million square feet of retail space is added to the area's real estate inventory. Outside the Trade Area, the analysis indicates that the impacts of the Lodi Shopping Center in combination with Reynolds Ranch would not be substantial.

Summary of Retail Impacts Analysis

At full occupancy and using reasonable industry sales benchmarks, the Proposed Project is estimated to achieve sales of approximately $164 million annually. The category with the largest sales is discount general merchandise (i.e., the Supercenter general merchandise component), with nearly $100 million in projected annual sales. The second largest category is food stores or equivalent; this $28 million in estimated annual sales is for the grocery store-equivalent portion of the Supercenter. Other retail shows annual sales of just under $17 million, eating and drinking places shows sales of just above $8 million, and the drug store shows sales of $7 million. The remaining estimated sales are in apparel where there are some leakages of sales in the Trade Area.

The net capture of sales from existing retail outlets in 2008 is estimated at approximately $55 million. The most substantial capture is of slightly over $25 million from food stores, or 14 percent of existing store sales. For non-drug general merchandise stores, capture is estimated at $22 million, or 36 percent of existing outlet sales from stores other than the existing Wal-Mart. For the other subcategory of general merchandise, drug stores, the estimated capture is approximately $6.3 million, or 12 percent of existing store sales. For eating and drinking places, the capture is $6.6 million, or eight percent of sales of existing outlets.

Average annual sales per square foot in the Trade Area's existing supermarkets would decline from current estimated levels of $390 by an estimated 16 percent to $326 in 2008, below the ULI-

derived industry median of $392. By 2011, annual sales per square foot are estimated to recover to only 13 percent below current levels, to $339. BAE estimates that opening of the Supercenter, with its full-service grocery component, may lead to the closure of at least one existing supermarket. Although the Food 4 Less might see the greatest reduction in sales, its extremely strong performance currently gives it a cushion against sales declines and risk of closure. The combination of sales declines and current sub-par performance puts the Safeway or the Albertsons most at risk of closure. If either of these stores does close, impacts on the remaining stores in the Trade Area would be lessened as the closed store's sales are captured by the remaining competitors, making additional supermarket closures unlikely. However, Safeway is trying to exploit a slightly different and higher-end market niche than Wal-Mart for groceries, and within the next several months, Albertsons is slated to be taken over and re-branded by the Save Mart chain, operators of the S-Mart supermarket, so it is somewhat unclear exactly how the impacts will be distributed among Lodi's existing supermarkets.

Due to the expansion in Wal-Mart's general merchandise space, the other two existing discount general merchandise stores are estimated to have average sales per square foot drop nearly 50 percent in 2008 from present levels, to $131 per square foot, with a slight recovery to $152 per square foot in 2011, assuming that Wal-Mart can maintain its current sales per square foot across the larger space in the new store. Even though the Target store is much closer to the existing Wal-Mart and the proposed Supercenter, Target is currently competing successfully with the Wal-Mart, as it does across the country, by positioning itself as a more upscale outlet. It is likely that with the Supercenter expansion/relocation, Target may lose some sales, but will continue to survive with its strategy of differentiation. The Kmart store, however, is more directly competitive with Wal-Mart, and already shows poor performance vis-à-vis the other existing discount general merchandise stores in Lodi (Wal-Mart and Target) and relative to Kmart corporate average performance, and is in a smaller space which is functionally obsolete by new-store standards. As a result, this Kmart is at some risk of closure if the Supercenter is built, although its location across town may work to its advantage. The other general merchandise store closure certain to occur as a result of the Proposed Project is the existing Wal-Mart space. Because of the likely conditions of approval for the Proposed Project, however, the existing Wal-Mart property will either be re-tenanted or demolished within a short period.

The Proposed Project includes a stand-alone drug store that will compete with other major drug stores in the Trade Area. The opening of this store is estimated to result in an average decline in sales of approximately 13 percent in 2008 in the existing stores, recovering to a smaller decline of only nine percent in 2011. None of the existing drug stores is located at the Lower Sacramento/West Kettleman shopping node. As a result, the impacts may not be focused on any particular store. Given the level of impacts (only nine to 14 percent overall), no individual store closures are forecasted as a result of this new drug store opening in the Proposed Project.

Two other major retail sectors show potential for capture from existing outlets: eating and drinking places, and the "other retail" category. The proportionate impacts for these two sectors are smaller, at eight percent and two percent respectively. Because the overall impacts are limited, and because of the large number of generally smaller outlets in these sectors, the overall existing inventory has not been estimated. The impacts here are smaller and are across such a

broad spectrum of outlets, especially for the other retail category, that specific store-by-store impacts cannot be accurately identified and would thus be speculative.

Potential impacts on Downtown Lodi are of particular concern to the City, as it has made considerable investments in upgrading its downtown in recent years, and wishes to continue the process of improving the area and attracting shoppers, businesses, and residents.

The large non-specialty Downtown business that is likely to be most impacted is the Longs Drugs on West Lodi Avenue. The potential impacts on this outlet are expected to be similar to impacts on Lodi drug stores in general, with a decline of 13 percent in sales in 2008, recovering to a decline of only eight percent in 2011. The impacts on the other, mostly specialty retail downtown are more difficult to gauge absent a fixed tenant mix for much of the Proposed Project, but the project does contain space designated for restaurants. It is estimated that there will be a decline in existing restaurant sales in 2008 of eight percent, a reduction of approximately $1.1 million in annual sales if losses fall proportionally to downtown. For other retail in the Downtown, the estimated decline in sales is estimated at approximately $1.6 million annually. Overall, the estimated decline in Downtown retail sales in 2008, assuming a fully tenanted Proposed Project, would be approximately $4.0 million, or about seven percent of Downtown's retail sales. Assuming no other major retail projects enter the pipeline, these declines would abate gradually over time as Lodi's population continues to grow.

In summary, Downtown Lodi has shifted its retail mix to specialty stores, entertainment, and restaurants less directly competitive with the Proposed Project. While the Proposed Project cannot be predicted to cause long-term store closures leading to urban decay, there could be some decline in sales over the next several years Downtown, and the retail mix of the unspecified tenants in the project could preclude certain types of uses in the future, thus affecting the potential growth of retailing in Downtown. The retail success of Downtown has been largely limited to School Street, and has been dependent in large part on City intervention for some of the larger key components, such as the theater complex and the parking structure. Overall, however, Downtown can be best characterized as still being in a "fragile" state, and the level of subsidy and intervention required to revitalize the Downtown beyond the School Street retail core will require a higher level of public financial assistance. The introduction of the additional retail square footage at the Lodi Shopping Center could delay further downtown growth and the reuse of currently vacant properties until retail demand increases through income and population growth to the point where more retail space can be supported. Downtown must expand its own market area through regional attractions such as the World of Wonders Museum and additional wine-tasting rooms, as currently in progress.

Current retail real estate conditions overall in Lodi are strong, with extremely limited vacancies in existing space. Thus, the market can be assumed to be at stabilized occupancy currently, with no significant existing vacancies that would be competing with the Proposed Project or space vacated due to any closures related to the Proposed Project. In any retail market, existing retail space is vacated due to functional obsolescence or the general cycle of retail closures and openings over time. For instance, the trend in the supermarket industry has been toward larger stores and consolidation, with older stores reused by "second tier" tenants such as dollar stores,

furniture outlets, and even non-retail uses such as fitness centers. Thus any retail market is likely to have a certain amount of vacant space due to normal turnover and changes in retailing.

Using available data, BAE has estimated demand for additional retail space in the Trade Area in key categories where demand may not be absorbed by the Proposed Project. The overall estimated demand for additional retail space in these categories in the Trade Area but outside the Proposed Project is for approximately 22,000 square feet of retail space through 2011. This finding indicates that the Trade Area may have difficulty re-absorbing any vacant space resulting from store closures over the next several years. Vacant space would include the existing Wal-Mart space and other stores that could possibly close, including a supermarket and the Kmart. In the face of the slow increase in overall demand not absorbed by the Proposed Project, there may be difficulties in re-tenanting some of this vacated space. As discussed above, the current Wal-Mart property may be demolished in the face of limited demand. However, if it is re-tenanted, this site could conceivably absorb demand that might otherwise be absorbed by other closures resulting from the Proposed Project. However the Wal-Mart site, because of its location, is likely to attract a different type of retailer than, for instance, the Kmart location. Because of their prime location in Lodi's region-serving retail node, the existing Wal-Mart property and the Safeway are more likely to be re-used than either the Albertsons or Kmart spaces. Overall demand for additional space in the area indicates that finding retail tenants for any of these spaces could prove challenging. However, a representative for of the Kmart property stated that he could find other tenants for the space if they vacated, subdividing if necessary. Potential tenants mentioned include non-retail users such as a furniture rental center.

BAE located one competitive retail project within the Trade Area, the proposed Reynolds Ranch Project at Harney Lane and Highway 99. In addition, in the two closest municipalities, Stockton and Galt, there are plans for a Supercenter and additional region-serving retail at Eight Mile Road and I-5, and plans for a Supercenter in Galt. The presence of these proposed Supercenters has already been taken into consideration in the delineation of the Trade Area, thus effectively accounting for any cumulative impacts resulting from these additional projects.

The cumulative impacts of Reynolds Ranch in addition to the proposed Lodi Shopping Center may lead to substantial cannibalization of retail sales from existing outlets in Lodi, putting existing businesses at increased risk of closure. While the tenant mix for Reynolds Ranch is unconfirmed, potential tenants for such a region-serving center include a warehouse club, a home improvement center, a major apparel retailer, and perhaps a major electronics outlet. Outlets competing in these categories would be at the most additional risk. The Cherokee Shopping Center has a substantial risk of anchor closures, with Orchard Supply Hardware facing possible additional competition, and Kmart, a poor-performing store at risk of closure from the Lodi Shopping Center alone. At the Vineyard Shopping Center, Mervyn's and Ace Hardware have the potential for strong new competition. Sunwest Plaza, where the existing Wal-Mart is slated for closure when the Supercenter opens, would face increased risk of closure for the JC Penney store if a large apparel retailer locates at Reynolds Ranch. Throughout Lodi, vacant spaces would be become more difficult to re-tenant as nearly one million square feet of retail space is added to the area's real estate inventory. Outside the Trade Area, the analysis indicates that the Lodi Shopping Center in combination with Reynolds Ranch would not be substantial.

URBAN DECAY ANALYSIS

Introduction

This chapter presents analysis and findings regarding potential urban/suburban decay and physical deterioration resulting from the economic impacts of the Proposed Project. As stated in the Introduction to this report, recent California court decisions have made clear that for large retail developments CEQA requires, as part of the EIR process, that an economic impact analysis assess the possibility of "urban decay" and deterioration and indirect physical impacts on the environment. To fully satisfy the requirements of an EIR, the economic analysis must start with the economic impacts, and follow the causal chain to assess the likelihood of new retail space causing long-term vacancies in existing retail space, ultimately leading to urban decay and physical deterioration of existing retail centers and nodes. In the words of *Bakersfield Citizens for Local Control v. City of Bakersfield, Panama 99 Properties LLC, and Castle & Cooke Commercial-CA, Inc.,* the analysis is required to assess whether a new retail development "could cause a ripple of store closures and consequent long-term vacancies that would eventually result in general deterioration and decay within and outside the market area" of the proposed development. Further, "[t]hese effects include, but are not limited to, physical decay and deterioration resulting from store closures in the same market area or in established areas of the community (i.e., the 'traditional downtown area') due to competitive pressures, followed by an inability to easily re-lease the vacated premises." One concern is that large retailers that dominate sales in their merchandise lines "will displace older, smaller retail stores and shopping centers, leaving long-term vacancies that deteriorate and encourage graffiti and other unsightly conditions." The EIR "must analyze the cumulative impacts resulting from construction and operation of the proposed shopping center in conjunction with all other past, present or reasonably foreseeable retail projects that are or will be located within the proposed project's market area" and determine the likelihood that a project "individually and/or cumulatively, indirectly could trigger the downward spiral of retail closures and consequent long-term vacancies that ultimately result in decay."

Negative Economic Impacts

Project Specific Impacts. As stated in the previous chapter of this report, the Proposed Project may have significant impacts resulting in closure of at least one existing supermarket (likely either the Safeway or the S-Mart that was formerly an Albertsons) and Kmart. Because of limited overall demand in the Trade Area for additional retail space outside the Proposed Project, these spaces may prove difficult to re-tenant as retail spaces. The existing Wal-Mart property and the Safeway space are on the prime retail intersection in the Trade Area, and as a result may successfully be reused, but the tenants may be attracted from other locations within Lodi, creating vacancies elsewhere in the Trade Area at inferior locations. The S-Mart and the Kmart spaces could prove more difficult to re-tenant as retail spaces due to their locations in aging retail centers. If retail demand grows slowly based on projected slow population growth, these spaces

could prove difficult to re-tenant and thus could face long-term vacancies, although non-retail uses are also a possibility.[39]

Cumulative Impacts. As discussed in the previous chapter, there is one reasonably foreseeable project, Reynolds Ranch that cumulatively could result in additional impacts in Lodi and the Trade Area. The Proposed Project and Reynolds Ranch combined would add nearly one million square feet to Lodi's retail inventory. Potential store closures under a cumulative scenario include the supermarket (either Safeway or S-Mart) and Kmart as mentioned under Proposed Project-only impacts, as well as one of the two hardware stores (OSH and Ace) and JC Penney or Mervyns. The particular impacts will depend in large part on the tenant mix of Reynolds Ranch. With any tenant mix at Reynolds Ranch, the addition of this large amount of retail space will make re-tenanting of any closed spaces more difficult. The existing Wal-Mart space would be particularly hard to re-tenant, especially if the JC Penney closed, leaving Food 4 Less as the only remaining major tenant of Sunwest Plaza; however, this center is relatively new, and will be in close proximity to the new Supercenter, and the existing Target, Lowe's and other regional retail draws, and may attract tenants from some of the other centers. The Cherokee Retail Center could face the loss of both anchor tenants due to the increased competition, and the Vineyard Shopping Center could lose its largest tenant, Mervyns, along with Ace Hardware. These centers would all face more limited prospects for re-tenanting with the additional competition from newer and higher-quality space available, especially in Reynolds Ranch.

Potential for Urban Decay and Physical Deterioration

The following discussion considers the potential for urban decay and physical deterioration in the Trade Area, taking into account the impacts of the Proposed Project and possible cumulative impacts due to other retail development in the Trade Area. As indicated above, no large anchor retail spaces are currently vacant in the Trade Area, and BAE's tour of the existing centers found no current evidence of urban decay or physical deterioration resulting from vacancy, deferred maintenance, or disinvestment in the Trade Area's retail centers and districts, with the exception of some smaller and older structures downtown, some of which are reportedly in need of major seismic upgrades.

Project Specific Impacts. As stated above, the Proposed Project may lead to the closure of a supermarket in the Trade Area, with the most likely candidates being the S-Mart that was an Albertsons or the Safeway. Additionally, the Kmart might face closure. The existing Wal-Mart will be vacated, but the expected conditions of approval for the project are assumed to avoid any potential urban decay for the property or in the surrounding Sunwest Plaza. Assuming conservative population growth as projected in this analysis, overall Trade Area demand not captured by the Proposed Project is very limited, meaning retail re-use of large vacant spaces could prove difficult over the next several years.

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[39] As noted in the discussion of population trends, recently approved projects in Lodi may lead to growth over the next several years at a faster pace than indicated by projections. However, to be conservative, the analysis here has assumed growth as assumed by Claritas, which mirrors official projections. Furthermore, while the approvals are in place for more rapid growth, economic conditions (e.g., slowing housing market) may limit growth also.

Because of its prime location, if the Safeway closes, the space has a high probability for re-tenanting, but such a tenant may be attracted from another location in Lodi, resulting in vacancies elsewhere in the City. However, it is not known where such shifting vacancies, if any, would occur and any attempt to predict the locations of such potential vacancies would be speculative. Any further analysis of potential for urban decay based on speculation as to the specific locations of shifting vacancies is not required, and is in fact explicitly discouraged under CEQA.

Both the S-Mart that was an Albertsons and Kmart, however, are in older centers, especially the Kmart, and the actual potential for physical deterioration in the case of store closures will be dependent on the commitment from the current property owners to maintain their properties, which will be more challenging in cases of multiple ownership or control as at the Cherokee Retail Center (where Kmart is located) and the Vineyard Shopping Center where S-Mart is located. Given the lack of support for additional supermarkets or discount general merchandise stores in the Trade Area, and the loss of synergy with the remaining tenants if either the S-Mart or Kmart closes, these centers might undergo secondary closures of other businesses. Already, the Orchard Supply Hardware, the other major tenant in the Kmart center, reports a considerable loss of business following the opening of Lowe's in Vintner's Square, and the OSH representative stated that their store was badly located "on the wrong side of town."[40] The Kmart center already has vacant space adjacent to the Kmart due to fire in June, 2006. However, BAE contacted representatives of the owners of this center in late 2006, and they report that they have applied to the City for building permits to rebuild; the space was previously occupied by three tenants, all of whom reportedly intend to return. Furthermore, as noted above, the owner contact stated that it would be possible to find other tenants for the Kmart space if it were vacated, through subdivision or through a non-retail use if necessary. Additionally, although the Cherokee Lane retail strip is older and generally lacks modern design and amenities, there are very few vacancies along this corridor and the existing properties are well-maintained. The retail and service businesses generally appear to be thriving due in part to support from the ethnic population concentrated on the east side of the city. This provides evidence of further support for potential re-tenanting of the Kmart space in the event the current occupant ceases its operations here. The purchase and conversion to S-Mart of the former Albertsons indicates the potential for reinvestment in this store by Save Mart, the new owner.

Given the change in ownership for the former Albertsons, and the statements from the owners of Cherokee Retail Center that they see potential for re-tenanting of the Kmart should it close, and the possibility that due to recently approved development that Lodi may grow at a more rapid rate than projected in the conservative analysis here, it cannot be stated that there is a likelihood that the possible closures of these stores would result in the "downward spiral" leading to significant urban decay impacts due to the Proposed Project.

Enforcement of Local Building Regulations. In addition to the above analysis indicating the unlikelihood of long-term vacancies occurring as a result of the project, the City of Lodi enforces various ordinances related to property maintenance which would further reduce the potential for

[40] Interview with OSH store assistant manager, November 2, 2006.

urban decay. The City mainly relies on Section 15.03.030 of its Municipal Code which prohibits nuisance conditions arising due to lack of building maintenance. That Code section contains a comprehensive list of undesirable property conditions which are prohibited, including the following: buildings which are abandoned, boarded up, partially destroyed, or having the exterior paint mostly worn off; fences in a dilapidated, partially destroyed, or deteriorated condition; accumulations of dirt, litter or debris; accumulations of discarded refuse such as lumber, appliances, packing boxes, furniture, or abandoned vehicle parts or other personal property; diseased or dying trees, weeds or other vegetation constituting unsightly appearance; among other things. (Other Code sections specifically address abatement of dangerous buildings (Section 15.28.010 et seq.), weed and refuse abatement (Section 15.31.010 et seq.), and graffiti abatement (Section 9.28.010 et seq.) Any property found to be in violation of Section 15.03.030, described above, is considered to be a public nuisance and is subject to administrative procedures under Section 1.10.010 et seq. of the Municipal Code. Under the administrative procedures, owners of properties declared public nuisances are subject to up to three citations, with increasing fine amounts, which typically induces the owner to act, according to Lodi Community Improvement Manager Joseph Wood. However, if the owner is still unresponsive, or if the nuisance conditions warrant summary abatement either prior to or immediately after the initial Notice given to the property owner, the City is authorized under the Code to initiate abatement action by which the City would undertake the necessary maintenance and repairs, and take action to recover its costs. In addition, the City of Lodi is prepared to exercise its authority under the California Health and Safety Code (Section 17980-17992) which allows for placing a nuisance property in receivership, whereby the Superior Court appoints a third party contractor to maintain and upgrade the property as required, with the cost assessed to the owner. In the event of non-payment, the City has the authority to place a lien on the property for the amount owed.

In March 2006, the Lodi City Council approved a Policy Statement for the Code Enforcement Program (Resolution No. 2006-39), which included direction to staff "to undertake focused enforcement efforts to identify code violations and obtain compliance" including "the abatement of nuisance and dangerous buildings." This constitutes emphatic direction to staff to take a more pro-active approach to ensuring proper maintenance of properties through code enforcement and nuisance abatement, with special focus on large residential and commercial facilities with the potential to adversely affect neighboring properties. The City Council also authorized increased staffing in the Community Development Department to implement this directive.

Cumulative Impacts. As stated above, the Trade Area definition inherently takes into account existing and planned competitive projects in surrounding communities, i.e., the Supercenters in Stockton and Galt. However, the cumulative impacts resulting from the Lodi Shopping Center in combination with the Reynolds Ranch retail center, a project approximately twice as large as the Lodi Shopping Center, could result in the closure of additional existing retail outlets in Lodi, and make it more difficult to re-lease vacated space due to the large addition to the inventory in the relatively slow-growing Lodi area. As a result, some existing shopping centers could be subject to long-term vacancies. In the case of the largest potential vacant space, the existing Wal-Mart at Sunwest Plaza, the proposed development agreement would require demolition of the space if it is not re-tenanted in a relatively short period of time. However, even with the potential closure of the JC Penney in this center, Sunwest Plaza is unlikely to be subject to long-term vacancies since

it is relatively new, and will be in close proximity to the new Supercenter, and the existing Target, Lowe's and other regional retail draws, and thus may attract tenants from some of the other centers in Lodi.

For other centers, an oversupply of retail space could result in difficulties re-tenanting vacant retail space in a reasonable period of time, and the vacant space could then be at risk of entering a cycle of long-term vacancies, secondary business closures, the inability to re-tenant existing stores, and the eventual possibility of physical deterioration or urban decay.

The actual potential for physical deterioration to occur at a specific property will be largely dependent on the commitment from the property owner to maintain the property, which could be more challenging in the case of multiple ownership or control. However, in the event of an owner's failure to maintain vacated properties in a condition suitable for releasing, it will be incumbent on the City of Lodi to prevent such conditions from occurring through active and aggressive enforcement of its Code provisions relating to the abatement of public nuisances due to lack of property maintenance and management. The City of Lodi has demonstrated its commitment to preventing physical deterioration of commercial properties within the City through its successful revitalization efforts in Downtown, which involved a multi-faceted long-term program including large expenditures of City funds. Per Resolution No. 2006-39, passed in March 2006, as noted above, the City Council was emphatic in its direction to staff to proactively enforce compliance with its building codes. If conditions warrant, staff is prepared to apply the receivership provisions of the California Health and Safety Code to ensure that the corrective action is taken. As such, it is fully expected that the City will continue to be aggressive in the enforcement of its nuisance ordinances relating to building maintenance. Based on its past performance and policy commitments, it is reasonable to expect that the City will not allow any commercial properties which may become vacant under cumulative conditions to deteriorate physically. Therefore, while there is a remote possibility that certain properties such as the Vineyard Shopping Center and Cherokee Retail Center could be subject to a causal chain ultimately resulting in urban decay under cumulative conditions, such outcomes are considered highly unlikely given that the City can be counted on to take aggressive action to prevent such conditions from occurring.

In conclusion, the limited project definition available for the revised Reynolds Ranch project precludes the preparation of a definitive analysis of potential urban decay impacts under cumulative conditions at this time. Moreover, given the City's commitment to preventing the physical deterioration of commercial properties, even under assumptions of reasonable worst-case conditions, as discussed above, it is expected that the cumulative economic effects of the Lodi Shopping Center, when combined with the economic effects of an expanded Reynolds Ranch project, would result in a less-than-significant cumulative urban decay impact.

APPENDICES

Appendix A: Lodi Shopping Center Trade Area Census Block Groups

Census Block Groups		Census Block Groups	
Tract #	Block Group #	Tract #	Block Group #
4102	1	4303	4
4102	2	4305	1
4103	1	4305	2
4103	2	4306	1
4103	3	4306	2
4103	4	4306	3
4103	5	4306	4
4104	1	4306	5
4201	1	4401	2
4201	2	4401	3
4201	3	4401	4
4201	4	4401	5
4201	5	4401	6
4201	6	4402	1
4202	1	4402	2
4203	2	4500	1
4203	3	4500	2
4204	1	4500	3
4204	2	4500	4
4204	3	4600	2
4302	1	4600	3
4302	2	4701	1
4302	3	4701	2
4302	4	4702	3
4303	1	4702	4
4303	2	4702	5
4303	3		

Note: All Block Groups are located in San Joaquin County

Source: U.S. Census 2000; Bay Area Economics, 2006.

Appendix B: Unemployment and Labor Force Trends in Civilian Labor Force

	City of Lodi				San Joaquin			
	Labor Force (a)	Employ-ment	Unemploy-ment	Unem-ployment Rate	Labor Force (a)	Employ-ment	Unemploy-ment	Unem-ployment Rate
2000	28,000	26,600	1,400	4.9%	259,000	241,000	18,000	6.9%
2001	28,700	27,200	1,500	5.3%	266,200	246,500	19,700	7.4%
2002	29,500	27,700	1,800	6.3%	275,300	251,100	24,200	8.8%
2003	30,100	28,200	1,900	6.5%	280,800	255,300	25,500	9.1%
2004	30,400	28,500	1,900	6.1%	283,000	258,600	24,400	8.6%
2005	30,800	29,100	1,700	5.4%	285,900	264,000	21,900	7.6%
August 2006 (b)	31,100	29,600	1,500	4.7%	287,500	268,400	19,200	6.7%
Change, 2000-2005								
Number	2,800	2,500	300		26,900	23,000	3,900	
Percent	10.0%	9.4%	21.4%		10.4%	9.5%	21.7%	

Notes:
(a) Civilian Labor Force refers to workers by place of residence. Sum may not equal parts due to independent rounding. Data represent annual averages of monthly employment data.
(b) Preliminary.

Sources: California Employment Development Department; Bay Area Economics, 2006.

Appendix C-1: Lodi Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)

Sales in 2005 $000 (a) (b) (c)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$7,853	$7,286	$7,110	$6,212	$5,744	$5,449	$6,137	$5,975	$10,097	$11,468	$11,338
General Merchandise Stores	$121,954	$126,863	$133,061	$138,505	$145,406	$153,834	$162,079	$168,628	$163,660	$156,918	$150,181
Drug Stores											*$14,740*
Other General Merchandise Stores											*$135,441*
Food Stores	$43,719	$43,877	$43,225	$42,498	$44,875	$49,367	$48,909	$47,556	$53,005	$54,002	$55,098
Eating and Drinking Places	$57,574	$57,505	$57,238	$57,313	$59,872	$61,363	$66,574	$71,887	$72,298	$75,455	$77,253
Home Furnishings and Appliances	$16,305	$16,515	$15,318	$21,530	$26,753	$20,923	$18,589	$20,584	$21,598	$19,652	$18,494
Building Materials and Farm Implements	$41,830	$41,078	$37,694	$40,122	$47,328	$52,985	$48,696	$44,363	$45,834	$59,252	$87,545
Auto Dealers and Auto Supplies	$135,800	$132,536	$128,656	$131,825	$148,670	$159,724	$189,534	$202,529	$204,568	$197,547	$206,878
Service Stations	$45,180	$45,252	$45,117	$36,137	$43,869	$52,930	$49,343	$47,075	$47,113	$48,424	$49,730
Other Retail Stores	$45,939	$47,260	$50,182	$56,537	$56,529	$57,782	$56,250	$56,152	$58,173	$61,217	$62,878
Retail Stores Total	**$516,154**	**$518,172**	**$517,600**	**$530,679**	**$579,045**	**$614,358**	**$646,112**	**$664,747**	**$676,346**	**$683,936**	**$719,395**

Sales per Capita in 2005 $ (d)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$148	$135	$131	$113	$103	$96	$105	$100	$166	$185	$181
General Merchandise Stores	$2,297	$2,358	$2,455	$2,527	$2,597	$2,698	$2,777	$2,818	$2,685	$2,534	$2,398
Drug Stores											*$235*
Other General Merchandise Stores											*$2,162*
Food Stores	$823	$816	$798	$776	$801	$866	$838	$795	$870	$872	$880
Eating and Drinking Places	$1,084	$1,069	$1,056	$1,046	$1,069	$1,076	$1,141	$1,202	$1,186	$1,219	$1,233
Home Furnishings and Appliances	$307	$307	$283	$393	$478	$367	$319	$344	$354	$317	$295
Building Materials and Farm Implements	$788	$764	$695	$732	$845	$929	$834	$741	$752	$957	$1,398
Auto Dealers and Auto Supplies	$2,557	$2,463	$2,374	$2,406	$2,655	$2,802	$3,248	$3,385	$3,356	$3,191	$3,303
Service Stations	$851	$841	$832	$659	$783	$928	$846	$787	$773	$782	$794
Other Retail Stores	$865	$878	$926	$1,032	$1,009	$1,014	$964	$939	$954	$989	$1,004
Retail Stores Total	**$9,720**	**$9,631**	**$9,550**	**$9,684**	**$10,340**	**$10,776**	**$11,072**	**$11,111**	**$11,097**	**$11,046**	**$11,486**

Population	**53,100**	**53,800**	**54,200**	**54,800**	**56,000**	**57,011**	**58,355**	**59,830**	**60,948**	**61,917**	**62,632**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) A "#" sign indicates data supressed to preserve confidentiality due to four or fewer outlets or sales of more than 80% of the category in one store. Suppressed sales have been combined with Other Retail Stores.
(d) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2006.

Appendix C-2: Stockton Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)

Sales in 2005 $000 (a) (b)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$67,528	$69,101	$73,426	$74,569	$76,117	$86,089	$90,002	$88,927	$92,553	$109,885	$113,598
General Merchandise Stores	$400,566	$390,462	$402,496	$438,520	$468,012	$486,727	$487,032	$485,475	$479,163	$508,715	$526,078
Food Stores	$134,193	$194,393	$133,750	$125,249	$140,628	$153,802	$160,901	$158,840	$168,375	$177,425	$176,431
Eating and Drinking Places	$198,200	$83,786	$193,868	$200,527	$211,912	$221,414	$233,130	$242,104	$248,606	$257,883	$260,738
Home Furnishings and Appliances	$92,937	$221,997	$74,535	$77,905	$83,344	$88,212	$87,807	$91,428	$89,019	$100,445	$101,949
Building Materials and Farm Implements	$221,636	$422,481	$235,521	$256,363	$286,693	$287,034	$304,046	$310,197	$406,227	$544,554	$529,325
Auto Dealers and Auto Supplies	$400,214	$123,976	$411,659	$427,276	$497,012	$580,919	$643,927	$640,845	$632,410	$645,503	$668,652
Service Stations	$110,184	$123,976	$123,295	$120,631	$141,169	$161,276	$156,419	$146,433	$160,983	$167,997	$177,626
Other Retail Stores	$230,998	$240,183	$241,611	$244,334	$296,130	$357,960	$361,475	$371,711	$394,410	$421,792	$444,493
Retail Stores Total	**$1,856,456**	**$1,870,354**	**$1,890,162**	**$1,965,372**	**$2,201,017**	**$2,423,432**	**$2,524,739**	**$2,535,961**	**$2,671,746**	**$2,934,199**	**$2,998,890**

Sales per Capita in 2005 $ (c)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$297	$300	$314	$314	$318	$353	$361	$348	$352	$404	$405
General Merchandise Stores	$1,762	$1,693	$1,721	$1,848	$1,953	$1,997	$1,955	$1,900	$1,822	$1,871	$1,877
Food Stores	$590	$843	$572	$528	$587	$631	$646	$622	$640	$653	$630
Eating and Drinking Places	$872	$363	$829	$845	$884	$908	$936	$947	$945	$948	$930
Home Furnishings and Appliances	$409	$962	$319	$328	$348	$362	$353	$358	$338	$369	$364
Building Materials and Farm Implements	$975	$1,831	$1,007	$1,080	$1,197	$1,177	$1,221	$1,214	$1,544	$2,003	$1,889
Auto Dealers and Auto Supplies	$1,760	$537	$1,760	$1,801	$2,074	$2,383	$2,585	$2,508	$2,404	$2,374	$2,386
Service Stations	$485	$537	$527	$508	$589	$662	$628	$573	$612	$618	$634
Other Retail Stores	$1,016	$1,041	$1,033	$1,030	$1,236	$1,468	$1,451	$1,455	$1,499	$1,551	$1,586
Retail Stores Total (b)	**$8,164**	**$8,107**	**$8,081**	**$8,282**	**$9,186**	**$9,941**	**$10,136**	**$9,923**	**$10,157**	**$10,791**	**$10,701**

Population	**227,400**	**230,700**	**233,900**	**237,300**	**239,600**	**243,771**	**249,098**	**255,555**	**263,036**	**271,914**	**280,249**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2006.

Appendix C-3: San Joaquin County Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)

Sales in 2005 $000 (a) (b)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$117,595	$124,207	$126,324	$121,001	$119,869	$137,363	$150,059	$152,451	$165,803	$189,978	$196,448
General Merchandise Stores	$688,752	$698,748	$734,561	$800,649	$850,733	$893,382	$913,735	$936,830	$975,066	$1,014,054	$1,030,979
Drug Stores											*$82,208*
Other General Merchandise Stores											*$948,771*
Food Stores	$316,305	$314,838	$333,662	$324,675	$362,931	$391,398	$398,777	$385,278	$396,303	$415,270	$415,277
Eating and Drinking Places	$401,379	$405,552	$409,479	$419,752	$441,426	$466,062	$490,148	$511,622	$527,191	$556,493	$566,576
Home Furnishings and Appliances	$133,682	$125,811	$116,742	$129,457	$143,890	$150,146	$144,762	$153,314	$163,695	$172,049	$176,896
Building Materials and Farm Implements	$402,234	$392,229	$419,217	$457,611	$529,529	$560,125	$605,661	$639,158	$757,130	$955,916	$989,012
Auto Dealers and Auto Supplies	$765,182	$790,424	$793,155	$821,140	$973,939	$1,127,256	$1,316,525	$1,336,267	$1,344,941	$1,360,441	$1,419,483
Service Stations	$364,677	$427,506	$442,470	$403,889	$473,761	$580,479	$571,471	$562,442	$651,471	$725,855	$809,717
Other Retail Stores	$516,149	$563,294	$591,865	$614,414	$688,909	$777,680	$779,692	$872,345	$885,700	$944,089	$1,005,989
Retail Stores Total	**$3,705,956**	**$3,842,608**	**$3,967,476**	**$4,092,589**	**$4,584,987**	**$5,083,889**	**$5,370,829**	**$5,549,707**	**$5,867,300**	**$6,334,145**	**$6,610,377**

Sales per Capita in 2005 $ (c)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$227	$236	$237	$224	$218	$244	$259	$254	$268	$298	$300
General Merchandise Stores	$1,330	$1,330	$1,379	$1,482	$1,549	$1,585	$1,575	$1,562	$1,579	$1,592	$1,573
Drug Stores											*$125*
Other General Merchandise Stores											*$1,448*
Food Stores	$611	$599	$626	$601	$661	$694	$687	$642	$642	$652	$634
Eating and Drinking Places	$775	$772	$769	$777	$804	$827	$845	$853	$854	$874	$865
Home Furnishings and Appliances	$258	$239	$219	$240	$262	$266	$250	$256	$265	$270	$270
Building Materials and Farm Implements	$777	$747	$787	$847	$964	$994	$1,044	$1,065	$1,226	$1,501	$1,509
Auto Dealers and Auto Supplies	$1,477	$1,504	$1,489	$1,520	$1,773	$2,000	$2,269	$2,227	$2,178	$2,136	$2,166
Service Stations	$704	$814	$831	$748	$863	$1,030	$985	$938	$1,055	$1,140	$1,236
Other Retail Stores	$997	$1,072	$1,111	$1,138	$1,254	$1,380	$1,344	$1,454	$1,434	$1,482	$1,535
Retail Stores Total (b)	**$7,156**	**$7,314**	**$7,449**	**$7,577**	**$8,348**	**$9,020**	**$9,258**	**$9,251**	**$9,501**	**$9,945**	**$10,087**
Population	**517,900**	**525,400**	**532,600**	**540,100**	**549,200**	**563,598**	**580,110**	**599,913**	**617,570**	**636,932**	**655,319**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2006.

Appendix C-4: California Taxable Retail Sales Trends, 1995 to 2005 (Adjusted for Inflation)

Sales in 2005 $000 (a) (b)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$13,772,517	$14,274,994	$14,553,156	$14,515,996	$13,774,868	$14,888,154	$14,925,990	$15,270,544	$16,149,702	$17,586,948	$18,236,498
General Merchandise Stores	$44,769,291	$44,718,359	$46,101,398	$47,984,278	$51,150,051	$53,109,276	$52,610,494	$52,777,151	$53,781,044	$55,942,918	$55,871,099
Drug Stores											*$6,116,866*
Other General Merchandise Stores											*$49,754,233*
Food Stores	$19,031,443	$19,576,771	$20,098,969	$19,940,056	$20,650,846	$21,293,138	$20,985,312	$20,628,288	$20,647,994	$20,562,127	$20,829,179
Eating and Drinking Places	$33,491,073	$34,504,027	$35,660,828	$37,179,822	$39,018,555	$41,094,763	$41,081,003	$41,449,244	$42,608,897	$44,882,331	$45,573,569
Home Furnishings and Appliances	$12,949,616	$12,547,263	$12,158,242	$13,036,389	$14,398,261	$15,752,112	$14,863,259	$15,220,569	$16,069,385	$17,014,663	$17,139,184
Building Materials and Farm Implements	$19,859,771	$20,509,229	$22,208,801	$23,960,515	$26,751,863	$28,745,593	$29,500,091	$30,558,343	$32,655,103	$38,509,301	$38,450,082
Auto Dealers and Auto Supplies	$43,974,745	$46,048,879	$47,988,472	$52,468,970	$58,979,514	$65,739,158	$67,755,423	$69,468,226	$71,336,810	$73,397,690	$74,373,223
Service Stations	$22,481,638	$24,555,121	$24,382,467	$21,469,640	$24,424,559	$29,213,670	$27,453,011	$26,045,601	$29,485,616	$33,976,365	$37,221,491
Other Retail Stores	$45,348,639	$48,557,815	$51,049,884	$53,318,522	$58,114,926	$62,832,021	$58,540,290	$56,881,871	$57,944,552	$61,306,225	$62,238,226
Retail Stores Total	**$255,678,734**	**$265,292,460**	**$274,202,217**	**$283,874,187**	**$307,263,442**	**$332,667,886**	**$327,714,874**	**$328,299,836**	**$340,679,103**	**$363,178,569**	**$369,932,551**

Sales per Capita in 2005 $ (c)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	4Q04-3Q05
Apparel Stores	$436	$448	$452	$444	$416	$440	$433	$435	$452	$485	$497
General Merchandise Stores	$1,416	$1,405	$1,431	$1,469	$1,543	$1,568	$1,528	$1,504	$1,507	$1,543	$1,521
Drug Stores											*$167*
Other General Merchandise Stores											*$1,355*
Food Stores	$602	$615	$624	$611	$623	$629	$609	$588	$579	$567	$567
Eating and Drinking Places	$1,059	$1,084	$1,107	$1,138	$1,177	$1,213	$1,193	$1,181	$1,194	$1,238	$1,241
Home Furnishings and Appliances	$410	$394	$378	$399	$434	$465	$432	$434	$450	$469	$467
Building Materials and Farm Implements	$628	$644	$690	$734	$807	$849	$857	$871	$915	$1,062	$1,047
Auto Dealers and Auto Supplies	$1,391	$1,446	$1,490	$1,607	$1,780	$1,941	$1,967	$1,980	$1,999	$2,025	$2,025
Service Stations	$711	$771	$757	$657	$737	$862	$797	$742	$826	$937	$1,013
Other Retail Stores	$1,434	$1,525	$1,585	$1,633	$1,754	$1,855	$1,700	$1,621	$1,623	$1,691	$1,695
Retail Stores Total (b)	**$8,087**	**$8,333**	**$8,514**	**$8,693**	**$9,272**	**$9,821**	**$9,515**	**$9,356**	**$9,545**	**$10,020**	**$10,072**
Population	**31,617,000**	**31,837,000**	**32,207,000**	**32,657,000**	**33,140,000**	**33,873,086**	**34,441,561**	**35,088,671**	**35,691,472**	**36,245,016**	**36,728,196**

(a) Retail sales have been adjusted to 2005 dollars using the California Consumer Price Index for All Urban Consumers, published by the State Dept. of Finance, based on data from the U.S. Bureau of Labor Statistics.
(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.
(c) Per capita sales calculated based on State Board of Equalization reported sales and annual Department of Finance population estimates benchmarked to the decennial Census.

Sources: State Board of Equalization; U.S. Bureau of Labor Statistics; 1990 and 2000 U.S. Census; State Department of Finance; Bay Area Economics, 2006.

Appendix D: Estimate of Retail Sales in Unincorporated Portion of Trade Area

From 2002 Economic Census

San Joaquin County, 2002 NAICS	Category	Sales ($1,000) A	Number of Employees B	Sales per Employee C =A*1,000 / C	Employment Distribution D
441	Motor vehicle & parts dealers	$1,439,736	3,630	$396,621	10%
442	Furniture & home furnishings stores	$85,676	669	$128,066	2%
443	Electronics & appliance stores	$141,546	568	$249,201	2%
444	Bldng mtrial & grdn equip & supplies	$488,312	2,069	$236,014	6%
445	Food & beverage stores	$994,541	4,566	$217,814	13%
446	Health & personal care stores	$356,328	2,229	$159,860	6%
447	Gasoline stations	$502,966	1,377	$365,262	4%
448	Clothing & clothing accessories stores	$211,425	1,847	$114,469	5%
451	Sporting goods, hobby, book, & music stores	$92,697	755	$122,777	2%
452	General merchandise stores	$868,860	4,168	$208,460	12%
453	Miscellaneous store retailers	$124,588	1,169	$106,577	3%
454	Nonstore retailers	$167,107	669	$249,786	2%
	Total Retail Sector	$5,473,782	23,716	$230,805	65%
722	Food services and drinking places	$504,306	12,519	$40,283	35%
	TOTAL	$5,978,088	36,235	$164,981	100%

Unincorporated San Joaquin County, 2002 NAICS	Category	Sales ($1,000) E	Number of Employees F	Sales per Employee G =E*1,000 / F	Employment Distribution H
441	Motor vehicle & parts dealers	$83,229	335	$248,445	8%
442	Furniture & home furnishings stores	$6,793	61	$110,833	1%
443	Electronics & appliance stores	$13,218	61	$215,667	1%
444	Bldng mtrial & grdn equip & supplies	$140,384	558	$251,584	13%
445	Food & beverage stores	$145,537	772	$188,504	17%
446	Health & personal care stores	$41,448	256	$161,906	6%
447	Gasoline stations	$121,947	386	$316,111	9%
448	Clothing & clothing accessories stores	$17,807	180	$99,066	4%
451	Sporting goods, hobby, book, & music stores	$6,513	61	$106,256	1%
452	General merchandise stores	$1,765	10	$180,408	0%
453	Miscellaneous store retailers	$18,884	169	$111,740	4%
454	Nonstore retailers	$38,858	180	$216,174	4%
		$636,384	3,029	$210,097	68%
722	Food services and drinking establishments	$52,504	1,394	$37,664	32%
	TOTAL	$688,888	4,423	$155,751	100%

Cells in gray represent estimates, based on employment class size stated in Economic Census, with an adjustment from the midpoint of the range in order to make overall employment match the published figures. Sales per employee, where estimated, is derived by taking the sales per employee for each category for the County and adjusting all the estimated numbers by the same factor in order to match the overall sales estimates from the Economic Census.

continued on next page

Appendix D, continued: Estimate of Retail Sales in Unincorporated Portion of Trade Area

Unincorporated San Joaquin County by State Board of Equalization Categories	Sales ($1,000)	2002 Number of Employees	2002 Estimated Taxable Sales (2002 $000)	2005 Estimated Taxable Sales (2005 $000)
	I	J	K	L
	grouped from E	grouped from F	adjusted from I	adjusted from K
Apparel stores	$17,807	180	$17,807	$23,039
General merchandise stores	$31,807	190	$10,408	$13,466
Food stores	$145,537	772	$51,797	$67,015
Home furnishings and appliances	$20,012	123	$20,012	$25,891
Building materials and farm implements	$140,384	558	$140,384	$181,630
Auto dealers & auto supplies	$83,229	335	$83,229	$107,682
Service stations	$121,947	386	$121,947	$157,776
Other retail	$75,660	486	$75,660	$97,890
Total Retail Sector	$636,384	3,029	$521,244	$674,389
Eating and drinking places	$52,504	1,394	$52,504	$67,930
Total all SBE retail categories	$688,888	4,423	$573,748	$742,319
Inflator, 2002-2005 (from Appendices, State CPI)				1.0000

Unincorporated Trade Area, 2005	Trade Area Employment	Estimated Taxable (2005 $000)
	M	N
	fr Appendix E	=L*M
Apparel stores		$2,801
General merchandise stores		$1,637
Food stores		$8,149
Home furnishings and appliances		$3,148
Building materials and farm implements		$22,086
Auto dealers & auto supplies		$13,094
Service stations		$19,185
Other retail		$11,903
Total retail sector employment, 2000 Census		$82,003
Eating and drinking places		$8,260
Total all SBE retail categories		$90,263
Employment in Trade Area as Percent of Total Unincorporated Employment, 2005	12%	

Trade Area unincorporated distribution by category assumed to follow distribution for entire unincorporated county. Analysis indicates that sales in unincorporated areas have risen on an actual and per capita bases since 2000, hence it is likely that retail employment has also risen. Growth in retail employment is estimated in Appendix E.

Based on comparison of Economic Census and SBE data:
Taxable sales for food stores calculated based on the assumption that 36% of total food store sales are taxable.
Most of the general merchandise sales shown are in pharmacy. An adjustment factor for taxable sales of 33% has been used. (Food number from County, drug store number from state).
Increase in taxable sales to 2005 estimated using percent increase from 2002 to 2005 in SBE data in Appendix E: 29%

Based on Economic Census data as used here, the overall estimates of taxable sales for unincorporated San Joaquin County are lower than the numbers reported by the State Board of Equalization. Since detailed breakdowns by category are not available from SBE, the more conservative numbers here have been used. Based on the overall comparison for the unincorporated county, the difference is on the order of two percent for the entire Trade Area once Lodi's sales are factored back in, since the unincorporated area estimated sales are a small proportion of the overall Trade Area sales.

Sources: BAE 2006, based on data from 2000 Census Transportation Planning Package, 2002 Economic Census, CA Employment Development Department, CA State Board of Equalization, Bureau of Labor Statistics.

Appendix E: Calculation of Number of Retail Sector Workers in Unincorporated Trade Area

	Taxable Retail Sales in $000					
San Joaquin County	$4,387,019	$4,817,573	$5,098,571	$5,514,895	$6,107,311	$6,380,428
City	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Escalon	$50,281	$54,489	$52,496	$59,453	$63,985	$67,657
Lathrop	$58,619	$61,205	$58,395	$75,303	$72,629	$79,043
Lodi	$530,145	$579,555	$610,710	$635,723	$659,443	$696,172
Manteca	$431,942	$513,494	$515,280	$542,248	$596,869	$616,246
Ripon	$89,756	$94,700	$107,457	$139,434	$154,647	$163,551
Stockton	$2,091,242	$2,264,662	$2,329,812	$2,511,274	$2,829,122	$2,917,162
Tracy	$542,714	$641,371	$743,295	$853,134	$922,429	$959,352
Unincorporated County (Total County Less Cities)	$592,320	$608,097	$681,126	$698,326	$808,187	$881,245
Inflated to 2005	$686,409	$677,932	$741,394	$742,949	$838,204	$881,245

Number of Retail Employees from 2002 Economic Census	**2002** 4,423	See Appendix D for derivation
Sales per Employee Assumed to remain constant	$167,622	in 2005 $

Total Employees - Sales for year/sales per employee	**2000** 4,095	**2005** 5,257
Trade Area Unincorporated Workers (from CTPP, excludes food service)	341	
Food service workers as % of total for Uninc. County	32%	Based on Appendix D
Total Retail Workers in Unincorporated Trade Area (including Food Service)	498	assumes proportion of food service workers same as all of unincorporated county
Total Retail Workers in Unincorporated Trade Area as % of Unincorporated Total	12%	
Total Retail Workers in Uninc. Trade Area (calculated assuming constant % of unincorporated County)		**2005** 639

Sources: BAE 2006, based on data from 2000 Census Transportation Planning Package, 2002 Economic Census, CA Employment Development Department, CA State Board of Equalization, Bureau of Labor Statistics.

Appendix F: Baseline 2006 Per Capita Retail Sales

Store Category	3Q04-2Q05 Per Capita Taxable Retail Sales 2005 $ (a)		Estimated 2006 Taxable Retail Sales 2005 $ (b)		Total Adjusted 2006 Retail Sales 2005 $ (c)		2006 Per Capita Total Retail Sales 2005 $	
	Trade Area	San Joaquin County	Trade Area	San Joaquin County	Trade Area	San Joaquin County	Trade Area	San Joaquin County
Apparel Stores	$180	$300	$14,298,172	$200,518,639	$14,298,172	$200,518,639	$180	$300
General Merchandise Stores	$1,930	$1,573	$153,522,115	$1,052,342,128	$187,572,758	$1,355,993,558	$2,358	$2,027
Drug Stores	*$208*	*$125*	*$16,561,204*	*$83,911,449*	*$50,611,846*	*$303,651,430*	*$636*	*$454*
Other General Merchandise Stores	*$1,722*	*$1,448*	*$136,960,912*	*$968,430,679*	*$136,960,912*	*$1,052,342,128*	*$1,722*	*$1,573*
Food Stores	$804	$634	$63,956,564	$423,882,040	$180,393,076	$1,191,008,191	$2,268	$1,781
Eating and Drinking Places	$1,087	$865	$86,472,676	$578,316,138	$86,472,676	$578,316,138	$1,087	$865
Home Furnishings and Appliances	$275	$270	$21,885,129	$180,561,498	$21,885,129	$180,561,498	$275	$270
Building Materials and Farm Implements	$1,394	$1,509	$110,860,809	$1,009,505,521	$107,103,108	$1,009,505,521	$1,346	$1,509
Auto Dealers and Auto Supplies	$2,796	$2,166	$222,440,294	$1,448,896,400	$222,440,294	$1,448,896,400	$2,796	$2,166
Service Stations	$876	$1,236	$69,688,373	$826,495,313	$69,688,373	$826,495,313	$876	$1,236
Other Retail Stores	$951	$1,535	$75,620,265	$1,026,834,305	$75,620,265	$1,026,834,305	$951	$1,535

Notes:
The purpose of this table is to provide a baseline estimate of per capita sale by major store category. The taxables sales data must be adjusted to take into account non-taxable sales.
The Trade Area is defined as in Figure 1 and Appendix A.
(a) From Table 9.
(b) Per capita taxable sales times 2006 population. 2006 population from Table 2, and shown below.
(c) Sales have been adjusted to take into account non-taxable items for food and drug stores. An additional adjusment has been made in this table for the closure of Albertson's in Suisun City.

Adjustments have been made as follows:

	Trade Area	San Joaquin County	
Percent of Total Sales that are Taxable			
Drug Stores	33%	28%	Based on ratios from 2002 comparing Economic Census data (all sales) with SBE data (taxable sales only). See Appendix G. with exception of Trade Area drug stores, which uses statewide proportion.
Food Stores	35%	36%	
2006 Taxable Sales in 2005 $000			
General Merchandise Excluding Drugs	$136,961	$1,052,342	Most of gen merchandise in uninc trade area is drug stores; used total general merchandise from unincorporated area (Appendix D) + drug store sales in Lodi (Table 8), adjusted to 2006 levels per capita.
Drug Store	$16,561	$83,911	
Adjustment for Non-Taxable Drug Store	$34,051	$219,740	
Total Adjusted General Merchandise	$187,573	$1,355,994	
Total Adjusted Food	$180,393	$1,191,008	
Adjustments for Lowe's Opening			
Building materials and farm implements, from Table 8	$109,631		Adjustment has been done by substituting 1st quarter 05 sales for the sales for 3rd quarter 04, where Lowe's was not open. Based on published quarterly SBE data.
Adjusted building materials/farm implements, 2005	$105,915		No adjustment for inflation in the quarterly numbers, adjustment is not significant in size.
Per capita adjustment to 2006	$107,103		Divide by per capita 2005, then multiply by 2006 population.
2006 Population (from Table 2)	79,550	668,898	

Sources: Bay Area Economics 2006, based on information from the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, and Claritas.

Appendix G: Comparison of Taxable Sales with Total Sales for Food and Drug Stores

FOOD STORES Retail Sales in 1997, in $000 (a)	All Sales - Economic Census	Taxable Sales - State Board of Equalization	Taxable Sales as Percent of Total
Lodi			
Food and beverage/ All food stores (b)	$111,809	$34,247	31%
San Joaquin County			
Food and beverage/ All food stores (b)	$709,442	$264,358	37%
State of California			
Food and beverage/ All food stores (b)	$48,767,273	$15,924,286	33%

Retail Sales in 2002, in $000 (a)	All Sales - Economic Census	Taxable Sales - State Board of Equalization	Taxable Sales as Percent of Total
Lodi			
Food and beverage/ All food stores (b)	$155,407	$55,098	35%
San Joaquin County			
Food and beverage/ All food stores (b)	$994,541	$353,959	36%
State of California			
Food and beverage/ All food stores (b)	$60,243,253	$18,951,412	31%

DRUG STORES Retail Sales in 1997, in $000 (a)	All Sales - Economic Census	Taxable Sales - State Board of Equalization	Taxable Sales as Percent of Total
Lodi			
Pharmacies and drug Stores/ Drug stores (c)	$29,694	na	na
San Joaquin County			
Pharmacies and drug Stores/ Drug stores (c)	$194,383	$74,168	38%
State of California			
Pharmacies and drug Stores/ Drug stores (c)	$11,144,119	$5,132,455	46%

Retail Sales in 2002, in $000 (a)	All Sales - Economic Census	Taxable Sales - State Board of Equalization	Taxable Sales as Percent of Total
Lodi			
Pharmacies and drug Stores/ Drug stores (c)	$67,078	$17,165	26%
San Joaquin County			
Pharmacies and drug Stores/ Drug stores (c)	$313,898	$86,743	28%
State of California			
Pharmacies and drug Stores/ Drug stores (c)	$17,558,938	$5,745,634	33%

(a) Sales expressed in nominal dollars, i.e., not inflated.
(b) Food and beverage is category name from Economic Census; All food stores is category name from State Board of Equalization. Due to differences in classification systems, these categories may describe slightly different universes.
(c) "Pharmacies and drug stores" in Economic Census = NAICS 446110, or 4461101 where available. Due to differences in classification systems, this may not describe precisely the same universe as the State Board of Equalization "Drug stores" category.

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

Appendix H: Leakage Analysis Detail

Store Category	2006 Per Capita Retail Sales 2005 $ (a) Trade Area	2006 Per Capita Retail Sales 2005 $ (a) San Joaquin County	Estimated 2006 Retail Sales 2005 $ (b)	Estimated Additional Sales 2006-2008 2005 $ (c)	Estimated 2008 Retail Sales 2005 $ (d)	Estimated Additional Sales 2006-2011 2005 $ (c)	Estimated 2011 Retail Sales 2005 $ (e)
Apparel Stores	$180	$300	$14,298,172	$312,565	$14,610,736	$794,083	$15,092,255
General Merchandise Stores	$2,358	$2,027	$187,572,758	$3,525,310	$191,098,068	$8,956,193	$196,528,951
Drug Stores	*$636*	*$454*	*$50,611,846*	*$789,433*	*$51,401,279*	*$2,005,585*	*$52,617,432*
Other General Merchandise Stores	*$1,722*	*$1,573*	*$136,960,912*	*$2,735,877*	*$139,696,789*	*$6,950,608*	*$143,911,519*
Food Stores	$2,268	$1,781	$180,393,076	$3,096,381	$183,489,457	$7,866,482	$188,259,558
Eating and Drinking Places	$1,087	$865	$86,472,676	$1,503,505	$87,976,181	$3,819,716	$90,292,392
Home Furnishings and Appliances	$275	$270	$21,885,129	$469,424	$22,354,553	$1,192,589	$23,077,719
Building Materials and Farm Implements	$1,346	$1,509	$107,103,108	$2,341,324	$109,444,432	$5,948,228	$113,051,336
Auto Dealers and Auto Supplies	$2,796	$2,166	$222,440,294	$3,766,839	$226,207,133	$9,569,806	$232,010,100
Service Stations	$876	$1,236	$69,688,373	$1,523,420	$71,211,793	$3,870,311	$73,558,683
Other Retail Stores	$951	$1,535	$75,620,265	$1,653,094	$77,273,360	$4,199,753	$79,820,018
Total			$965,473,851		$983,665,713		$1,011,691,013
For Sectors Not Absorbed in Proposed Project			$143,286,409		$146,409,721		$151,221,310

Notes:
The Trade Area is defined as in Figure 1 and Appendix A.
(a) From Appendix F.
(b) Estimated sales based on continued per capita performance at existing levels times projected 2006 Trade Area population. Potential sales based on countywide per capita sales times projected 2006 Trade Area population.
(c) Based on increase in population from 2006 to 2008, multiplied by the smaller of 2006 Trade Area or County per capita sales. Thus this estimated conservatively estimates that at most the Trade Area may be capturing a smaller share of sales from the increment in population than the share of sales from the current population.
(d) Equal to 2006 sales plus increment to 2008.

2006 Trade Area Population (from Table 2):	79,550
2008 Trade Area Population (from Table 2):	81,289
Population Increase, 2006-2008	1,739

(e) Equal to 2006 sales plus increment to 2011.

2011 Trade Area Population (from Table 2):	83,968
Population Increase, 2006-2011	4,418

Source: Bay Area Economics 2006, based on information from the State Board of Equalization, U.S. Bureau of Labor Statistics, 2000 U.S. Census, State Department of Finance, Claritas, and 2002 Economic Census.

Appendix I: Capture from Leakage and Existing Outlets, 2008

Type of Store	Estimated Sales in Proposed Project (a)	$ Capture from Leakage (b)	$ Capture from 2008 Existing Outlets (c)
Apparel Stores	$2,439,411	$2,439,411	$0
General Merchandise Stores			
Drug Stores	*$7,068,664*	*$0*	*$7,068,664*
Other General Merchandise Stores	*$99,681,300*	*$0*	*$99,681,300*
Food Stores	$28,299,692	$0	$28,299,692
Eating and Drinking Places	$8,165,250	$0	$8,165,250
Home Furnishings and Appliances	$0	$0	$0
Building Materials/Farm Implements	$1,323,749	$1,323,749	$0
Auto Dealers and Auto Supplies	$0	na	na
Service Stations	$0	na	na
Other Retail	$16,823,590	$11,878,619	$4,944,971
Non-Retail Uses	na	na	na
Total	**$163,801,655**	**$15,641,779**	**$148,159,876**

(a) From Table 12.
(b) From Table 11.
(c) Estimated capture from current outlets in Trade Area equals estimated sales in project less sales captured from leakage.

Source: Bay Area Economics, 2006, based on information from the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart, Lowe's, and Home Depot Annual Reports, Trade Dimensions, Urban Land Institute (ULI), and Hinderliter de Llamas (HdL).

Appendix J: Derivation of Sales Estimate for Supercenter Grocery Component

$98,745,400	All supercenter grocery sales, in $000
130,078	Supercenter grocery selling space (in 000s of square feet)
$759	Sales per SF of selling area
31,376	Grocery sales area for Lodi Supercenter, including prep areas
$23,818,291	Estimated sales based on national data
50,555	Gross square feet grocery area, Lodi Supercenter
$471	Sales per gross square foot
$564	Estimate for remainder of store, based on current sales + increment at national average
$564	Assume food store sales at least at overall store average

Detail for Supercenter Grocery Component

26,500	sq ft. sales
4,876	sq. ft. prep areas
19,179	sq. ft. storage
50,555	sq. ft. total

National data from "The Super 50," *Progressive Grocer*, May 1, 2006.

Sources: Progressive Grocer; City of Lodi, BAE, 2006.

Appendix K: Downtown Lodi Businesses

Business name	Business address
Advertising & Print	
Abrahamson Printing	15 W. Pine Street
Lodi News Sentinel Inc	125 N. Church St.
The Record	101 W . Locust, Ste. 4
Appliances	
Cain's Electric Works	230 N. Church St.
Reo's Appliance Center	7 W. Oak St.
Sak's TV - Appliances	200 N. Sacramento St.
Art & Photography	
Brodie Jayne's Photography	14 S. School
Cooks Printing	226 W. Pine St.
Gotta Crop	220 S. Church St., Ste. 4
Ken Sato Studio	224 W. Pine St.
Knowlton Gallery	115 S. School Street, Ste.14
Lodi Art Center	110 S. Church Street
Roger Lammle's Custom Color Lab & Foto Factory	105 S. Sacramento St.
Summit Productions	14 S. School St.
The Artist Edge of Nihilism	27 W. Elm St.
The Family Gallery	21 Downtown Mall
The Hot Body Studio	104 N. School St. #301
Automotive	
Auto & Exhaust Pros	210 S. Sacramento
D & M Central Valley Automotive Technology Inc	201 N. Sacramento St.
Ehlers Auto	217 N. Sacramento
Giant Discount Tire	100 S. Sacramento St.
Golden Gate Auto	104 N. School St., Ste.309
Graffigna Bros Napa Auto Supply	108 N. Sacramento St.
Lo-Cost Automotive	216 S. Sacramento St., Ste. B
Lodi Smog & Tune	216 S. Sacramento St.
Pine Auto Supply	221 W. Lodi Ave.
Tune Up Shop & Service Corp	1 W. Lodi Ave.
Valley Auto Source	228 S. Sacramento St.
Viel Truck & Equipment	2 W. Lockeford St.
Wright Motors	214 N. Sacramento St.
Banks	
Bank of America	31 S. School St.
Bank of Stockton	120 W. Walnut Ave.
Bank of the West	229 S. Church St.
Eagle Credit Union	10 N. School Street
Farmers and Merchants Bank	121 W. Pine St.
Guaranty Federal Bank	200 N. Church St.
Wells Fargo Bank	120 W. Lodi Ave.
Beauty & Barbers	
Beauty of the Beast	13 W. Pine St.
Bymes Barber Supply	104 N. School St., Ste. 320
Ciao Bella	1 W. Pine St.
Color Nails	205 W. Lodi Ave.
Cutting Edge	222 S. School St.
Fashion Beauty Salon	7 W. Pine St.
Gallery Nails	114 N. School St.
Holly's Hair n Nails	203 W. Lodi Ave.
Jake & Clay Barber Shop	41 N. Sacramento
Jewell's Mind, Body & Bath	15 S. School St.
Karen Nowak Indep Dist Nikken Co	9 W. Pine St.
Kevin Jester	13 N. School St.
Lodi Barber Shop	5 1/2 S. School St.
Michelle's Hair & Nails	207 W. Oak St.
My Little Sisters	13 N. School St.
Renaissance	111 N. Church St.
Russell's	207 W. Oak St.
Salon 101	101 S. School Street
Salon Salon	200 N. Church St.
Shimmering Locks Hair & Nails	321 W. Elm St.
The Dermal Clinic	105 W. Walnut St.
Visible Changes	19 Downtown Mall

Business name	Business address
Bookstores	
Tom's Used Books & Stuff	108 N. School St.
Vine & Branches Christian Bookstore	110 W. Oak St.
Business Retail	
Airwave Cellular	114 N. School St.
Bits 'N' Bytes	104 N. School St., Ste. 206
Central Valley Internet Exchange	215 W. Oak St., Ste 1
Frank's Business Machines	17 W. Pine St.
Lodi Alarms, Inc.	223 N. Church St.
Office Staples	115 S. School St., Ste. 11
Rydel Vacuums	26 W. Lodi Ave.
Valley Computer Services	5 1/2 W. Pine St., Ste.10
Clothing	
Burton's Shoes	226 S. School Street
Christensen's Fashions Inc.	7 N. School St.
City Girl	22 S. School
Elegant Illusions	6 W. Oak St.
Hassan Clothing & Western Wear	100 N. Sacramento St.
Hot Gossyp	124 N. School Street
Ooohlala	115 S. School, Ste. 3
Passion 28	39 N. Sacramento St.
Patricia's	6 S. School St.
Pret	15 Downtown Mall
Red's Boutique/A Piece of Heaven	20 N. School St.
Something Special	16 W. Pine St.
The Clothes Closet	16 N. School St.
The Daisy Shop	9 S. School St.
The Elizabeth Of California	20 S. School St.
Tuxedos Of Lodi	12 N. School St.
Willow Tree	16 W. Pine St.
Zoop-A-Loop	40 Downtown Mall
Clothing Servives	
Guild Cleaners, Inc.	17 S. Church St.
Judy's Alterations	110 W. Pine St.
Cocktail Lounge	
Axtion Jackson Card Room	29 N. Sacramento
Casablanca Wine & Piano Lounge	20 W. Elm St.
El Tropical Club Dancing	118 N. Sacramento St.
Garry's Lounge	13 S. School St.
Jack's Back	31 N. Sacramento
Mojo's	114 N. Sacramento St.
Old Arch Brewing Company	115 S. School St.
Ollie's Tavern	22 N. School St.
Rainbow Club	116 N. Sacramento St.
Stogies Cigar Lounge	230 W. Pine St.
Stooges	105 W. Pine St.
Entertainment	
Eagle Music	5 1/2 Pine Street, Ste. 17
Girlz Club	210 S. School St.
International Ballet Theater	4 1/2 W. Pine St.
KinderMusik	225 W. Oak Street
Lodi Stadium 12	109 N. School St.
The Mud Mill	115 S. School St., Ste.1
Facilities	
Merlot	23 W. Elm St.

Appendix K: Downtown Lodi Businesses

Business name	Business address
Financial Services	
Allstate Insurance	123 S. School St.
Awesomeloan.com	5 1/2 W. Pine St., Ste.1
Bravo Mortgage Solutions	9 S. Sacramento St.
Check 'n Go	207 W. Lodi Ave.
Cindi's Bookkeeping & Tax Service	215 W. Oak St., Ste 3
Edward Jones	5 S. School St.
Fireside Thrift	220 W. Pine St.
Georgia A. Martin Accounting	222 W. Lockeford Ste. 6
Haro & Haro Enterprises	115 W. Walnut St., Ste.4
H-R Block Company	8 W. Pine St.
Jackson Hewitt Tax Service	218 S. School St.
Kneeland Insurance	104 N. School St., Ste.214
L & M Tax Service	106 N. School St.
Lend Tek Financial	214 W. Lockeford St.
Linda's Tax Service	210 N. School St.
Lodi 1st Insurance Agency	101 N. Church St.
Marla Parsons Insurance Services	118 N. Church Street
Miladinovich Insurance	5 1/2 W. Pine St., Ste.7
Mortgage Source	118 N. Church Street
New York Life Insurance	215 W. Oak Street, Ste. 4
Piper Jaffray & Co.	215 W. Oak St., Ste. 5
Providence Professional Services	218 S. School St.
Sierra Insurance	214 W. Lockeford St.
Teresa Culbertson CPA	222 W. Lockeford, Ste.7
Tim Bertsch Insurance Planning	221 W. Oak Street
Valley Residential Lending	5 1/2 W. Pine Street, Ste. 8
Funeral Service	
Gierhart-Wells & Donahue Funeral	123 N. School St.
Rocha's Mortuary	215 S. School St.
Furniture	
Classic Living, Inc.	111 S. School St.
Daniger Furniture	4 W. Lodi Ave.
Minerva's	21 S. Sacramento St.
Thornton House Furniture, Inc	6 S. School St.
Health & Wellness	
Beneficial Massage	104 N. School St., Ste. 323
Ehlers Health Supply	9 W. Locust St.
Massage by Patricia	104 N. School St., Ste.216
Royal Day Spa	220 W. Lodi Avenue
Sheri's Sonshine Nutrition Center	6 N. School St.
Simply Therapeutic	103 W. Pine St.
Theresa Robbins Massage	104 N. School St. #314
Home Improvement	
Big Foot Carpet & Floor Covering	210 W. Pine St.
DellaMonica Snyder Architects	222 W. Lockeford Ste. 10
Design Center	222 W. Lockeford Ste. 8
First Impressions in Style	45 N. Sacramento
G G Hust & Sons Inc	20 W. Locust St.
Gienger Floor Covering	15 W. Oak St.
Henderson Brothers	217 S. Sacramento
J & S Equipment Rental	215 W. Oak St., Ste 1
Lodi Tile Works	130 N. Sacramento St.
Monte K Seibel Land Surveyor	221 W. Oak St., Ste.B2
Pacific Range Design Group	5 1/2 W. Pine St., Ste16
Valley Paints, Inc	130 N. School St.
Valley Window Covering	10 W. Locust St.
Jewelers	
Danz Jewelers	220 S. School St.
Fashion Safari	104 N. School St., Ste.100
Inman's Jewlery	208 S. School St.
John Borelli Jewelers	9 N. School
Martinez Jewelery	19 Downtown Mall
Synowicki's Jewel Box	125 S. School St.
The Diamond Mine	5 1/2 Pine Street

Business name	Business address
Legal Services	
Adams, Edwards & Welch	25 N. School St.
Ann Cerney Attorney at Law	45 Hunter Square Plaza
Devoran Hill Attorney	104 N. School St., Ste. 208
E. Walker & Associates	200 S. School St.
Fluetsch & Fluetsch	115 W. Walnut St.
Gaddy Ward & Co.	66 W. Walnut St.
John Gaukel	101 N. Loma Drive
June Fitzpatrick	13 N. School St.
Kurt Henry Siebert Att. at Law	115 N. School St., Ste.1
Marcus Deposition Reporting	5 1/2 W. Pine St., Ste.6
Maria C. Villarreal	112 E. Pine St.
Range & Associates	10 W. Locust St.
Ronald B. Thomas	222 W. Lockeford St.
Ronald M Beckman Atty At Law	111 N. Church St.
Rosa Law Offices, P.C.	115 S. School St., Ste.D
Servpro of the Delta	216 S. School St.
Steven J. Cottrell	125 N. Pleasant Avenue
Thomas S. Mitchell	115 S. School St.
Travis Basil, Patent Attorney	104 N. School Street, Ste. 215
Markets & Liquor	
Longs Drugs #48	100 W. Lodi Ave.
Pak-India Spices	3 W. Oak St.
Payless Markets and Liquor	101 N. Sacramento St.
Tokay Liquors	8 E. Lockeford St.
Professional	
AEI Consultants	23 W. Pine St.
Aspire Advisory Service	104 N. School, Ste. 216
D R Duke & Associates Inc	221 W. Oak St., Ste. C2
Erika M. Pitto	13 N. School St.
Graffigna Fruit Company	2 W. Pine Street
Guana Brothers Farm Labor	130 N. Sacramento St.
Hedy Holmes Staffing Services	112 W. Pine St.
Holt Counseling Center	104 N. School St., Ste.213
JFH Design Group	115 N. School St., Ste. 3
Kirsten Company LLC	118 W. Oak Street
KLSanford Tutoring	104 N. School ST., Ste.210
Lodi Chamber of Commerce	35 S. School St.
Lodi Learning Center	104 N. School, Ste. 204
Lori Moore	215 W. Oak Street, Ste. 1
Neptune Motion Industries	104 N. School St., Ste.212
Patty Wallace	104 N. School St. #213
Red Line Project Development	5 1/2 Pine Street, Ste. 15
Residential Drafting by J. Tallerico	210 N. School St.
Sahara	21 N. School Street
Sammy Pierce	200 N. Church St.
Shoup Land Surveying	221 W. Oak St., Ste.B
Silver Bullet Enterprises	216 N. School St.
Sky Productions	104 N. School Street
Stickers2Go	105 S. School St.
Sunrise Development Center	104 N. School St., Ste. 209
The Shepard's Flower	104 N. School St., Ste.323
Tokay Medical Billing Inc	222 W. Lockeford, Ste. 11
Troy LaRue Construction	5 1/2 Pine Street, Ste. 4
Weezul's	24 W. Elm Street
Realty	
Advantage Real Estate	101 W . Locust St., Ste. 1
Baker Pearson/Property Mgt	221 W. Oak St., Ste. A
Hesseltine Realty	222 W. Lockeford, Ste.3
HRI Property	27 N. Sacramento Street
J & B Properties	104 N. School, Ste.211
Lodi Property Management	101-2 W. Locust St.
Schaffer & Company Realtors	221 S. Sacramento
Tokay Realty	222 W. Lockeford, Ste.1
Residential Building	
El Nuevo Guadaljara Hotel	121 N. Sacramento Street
Hotel Lodi	7 S. School St.
Travelers Hotel	112 N. School St.

Appendix K: Downtown Lodi Businesses

Business name	Business address
Restaurants	
Amicci's Catering Company	116 N. School St.
Angelo's Mexican Food	28 N. School St.
Blewett Dairy	221 S. Sacramento
Cold Stone Creamery	115 W. Elm
Crepe Vine & etc.	114 W. Pine St.
DeVinci's Deli & Catering	220 S. Church St., Ste. 3
El Grullense	117 N. Sacramento Street
El Pajaro Restaurant	212 S. School St.
Honey Treat Yogurt Shoppe of Lodi	201 W. Lodi Ave., Unit A
Hui Chun Kim	200 W. Lodi Ave.
Jan's Sweet Treasures	18 W. Elm St.
King Tsin Restaurant	121 S. School., Ste. B
Kitty Korner Kafe & Yogurt	24 N. School St.
La Hacienda	107 N. Sacramento St.
Lodi Beer Company	105 S. School St.
Long John Silver Seafood Shoppe	16 W. Lodi Ave.
Los GallosTaqueria JMG IV	10 W. Oak St.
Lyon's of California, Inc #472	233 S. School St.
Mazatlan Cafe	125 N. Sacramento St.
Mc Donald's Hamburgers #3580	200 W. Lodi Ave.
Moo Moo's Burger Barn	113 N. School St.
Movie City Bar & Grill	27 W. Elm St.
Pizza Hut	21 W. Lodi Ave.
Quizno's Subs	117 W. Elm St.
Rocky Mountain Chocolate Factory	115 S. School St., Ste.4
Rosewood Bar & Grill	28 S. School St.
Sandoval Salsa	31 N. Sacramento
School Street Bistro	45 N. Sacramento Street Ste. C
Scooters	116 N. School St.
Sinaloa Cafe	43 N. Sacramento St.
Starbucks	111 N. School St.
The Lodi Spot	5 W. Elm St.
Tillie's Coffee, Tea etc	21 W. Pine St.
Security & Storage	
John Gerlack's Storage	104 N. School,. Ste. 314
Paul's Safe Lock & Key	223 N. Church St.
School & Elm Mini Storage	122 N. Church St.
Security Lock & Key Service	14 N. School St.
Specialty Home	
2 Illuminate/Paper Plum	11 N. School Street
AAA Fine Antiques	20 N. School St.
Attic Blessings	105 S. School St.
Avignon of France	108 W. Pine Street
Bella Di Ferro	115 S. School St., Ste. 5
Fireplace Products, Inc.	35 N. Sacramento
Frames & Fine Things	18 W. Pine St.
Mon Petit Chic	100 W. Pine St.
Secondhand Rose	14 N. School Street
The Cabbage Rose	8 N. School St.
The House Of Clocks	208 S. School St.
Virg Raymers Cozy Antique & Collectibles	104 N. School St., Ste.202
Water Outlet	205 W. Lodi Ave.

Business name	Business address
Specialty Other	
6 West Design	6 W. Pine Street
Continental Paper & Plastic Converting	5 1/2 W. Pine St., Ste. 4
Discovery Bay Dental Lab	14 W. Oak St., Ste. 216
Elite Water System, Inc.	115 W. Walnut Ste. 4
H.P. Productions	114 N. Church St
Hard Luck Tattoo & Dermagraphics	7 N. Sacramento St.
Hold-Em High	104 N. School Street, Ste. 320
House of Iron	21 W. Locust St.
JA Sutherland Productions	104 N. School, Ste. 207
Kingdom Of Four Paws	11 W. Pine St.
Landd Special T's	16 W. Oak St.
Lasting Impressions	120 N. School St.
Lodi Cooks	5 N. School St.
Ogren's Auctions	229 S. Sacramento St.
P L International, LLC	5 1/2 W. Pine St., Ste.2
Quality Sound Warehouse Car Audio	10 E. Lockeford St.
Radical RC Hobbies	105 S. Sacramento St.
Roger's Railroad Junction	105 S. Sacramento St.
Russ' Puff & Stuff	228 W. Pine St.
The Comic Grapevine	22 W. Lodi Ave.
Vega's Upholstery	200 N. Sacramento St.
Sports & Fitness	
Don Dobler's Ski Cottage	220 S. Church St., Ste 2
Fitness Pro	11 S. Church St.
It Figures!	14-A S. School St.
Lodi Sporting Goods	220 S. Church, Ste. 1
Moore's Karate & Fitness	41 S. Sacramento St.
Sierra Adventures	19 W. Pine St.
Travel	
Greyhound Bus	24 S. Sacramento St.
L & L Travel	11 S. School St.
Tallerico Hand Made Bicycles	210 N. School St.
Vallarta Travel	207 W. Oak St.
Utilities	
Amerigas Propane LP	106 W. Elm
Pacific Bell	124 W. Elm St.
Pacific Field Service	222 W. Lockeford., Ste.9
Pacific Gas and Electric	12 W. Pine St.
Standard Parking	31 S. School St.
Winery	
Grand Amis Winery	115 N. School St., Ste. 5

Source: Downtown Lodi Business Partnership, November 30, 2006,
http://home.sharednet.com/1stlook/pages/standard.cfm?url=dlbp&a=0&other=10323

Appendix L: Taxable Sales in Downtown Lodi

Fiscal Year	Taxable Sales	As % of City
2002/2003	$46,603,100	6%
2003/2004	$47,828,100	6%
2004/2005	$49,784,900	6%
2005/2006	$52,760,800	6%
2006/2007	$51,607,400	6%

Note: No inflation factor applied. Includes all businesses reporting sales, not just retail establishments. Based on published data, retail establishments account for approximately 80 percent of citywide taxable sales. Excludes non-taxable sales, e.g., grocery items and prescriptions.

Source: City of Lodi.

Appendix M: Key Downtown Stores Selling Home Furnishings

Business Name	Time in Business	Type of Furniture	Building SF (a)	Comments
Second Hand Rose 14 N. School St	10 years	32 dealers of "antiques" and tabletop accessories	7,500	Phone disconnected; unable to contact
Thorton House 6 S. School St	25 years	New furniture only	17,000	Customers from all over region
Classic Living 111 S. School St	n/a	n/a	13,600	Did not respond to BAE inquiries
New & Again 210 S. School St	8 months	Consignment furniture & home accessories	6,400	Customers from throughout the Central Valley, Sacramento down to Modesto
Frames & Fine Things 18 W. Pine St	7 years	New frames & home accessories	3,400	3 floors (includes basement for storage)
Minerva's Furniture & Gallery 21 W. Oak St/S. Sacramento	5 years Relocated 6/07	Furniture & accessories	11,800	Customers 98% from Lodi; recently moved from Sacramento St. location
Daniger Furniture 4 & 8 W. Lodi Ave	68 years	New furniture	16,000	Customer base: Lodi, Stockton, & Galt

Building square footages from City staff.

Sources: City of Lodi; BAE, 2007

Appendix N: City-Funded Downtown Improvements

Project	Year	City Contribution
Central City Revitalization - School Street (excl Cherokee Lane work)	1998	$4,360,000 (a)
Lodi Station (including site purchase, pipeline relocation)	2000	$3,620,000
Sacramento Street Reconstruction (fronting Lodi Station)	2000	$170,000
Lodi Station Parking Structure (includes fronting street)	2002	$6,710,000
Elm Street Reconstruction - Church to Sacramento (w/Theatre project)	2002	$1,370,000
Total City-Funded Improvements		$16,230,000

(a) The downtown property assessment district contributed $1.97 million toward the School St. project.

Source: City of Lodi, 2007.

Appendix O: Estimated Impacts of Proposed Project on Downtown Taxable Retail Sales

Outlet	Current Sales	Estimated % Loss of Sales 2008	Estimated $ Loss of Sales 2008
Longs Drugs	$9,729,000 (a)	-13% (e)	($1,217,861)
Eating & Drinking Places	$14,800,000 (b)	-8% (f)	($1,140,173)
Other Outlets	$28,231,800 (c)	-6% (g)	($1,648,981)
Current Estimated Sales	$57,625,300 (d)	-7% (h)	($4,007,015)

(a) Estimate based on square footage of store times average sales per square foot nationally for Longs Drugs.
(b) Estimated restaurant sales derived from City confidential data. Because of the number of restaurants, disclosing data does not breach confidentiality rules. As noted previously in the text, the proportion of sales in restaurants has risen considerably since the 2000 period cited by ADE.
(c) Total sales less Longs and Eating & Drinking Places estimates.
(d) From Appendix M, adjusted for non-taxable sales at Longs estimated at approximately 50 percent of Longs' sales (based on rough proportion of Longs sales as prescriptions per company Annual Reports).
(e) From Table 20.
(f) From Table 17.
(g) From Table 17; applied estimated loss from "Other Retail" category.
(h) Overall estimated loss of sales divided by overall sales.

Sources: ADE (Applied Development Economics); City of Lodi; additional sources, as cited in Tables 17 and 20; Bay Area Economics, 2007.

Appendix P: Basic Downtown Demographics, 2000

Area	Population	Households	Workers
Downtown (a)	3,177	1,101	2,365
City of Lodi	56,999	20,692	21,450
Trade Area (b)	74,398	26,566	27,110
San Joaquin County	563,598	181,629	195,709

All data from U.S. 2000 Census. Worker data from Census Transportation Planning Package (CTPP).

(a) Downtown is defined by its encompassing Census Block Groups: Tract 42.04, Block Group 1: and Tract 45, Block Group 3
(b) Trade Area is defined using Census Block Groups, as listed in Appendix A.

Sources: 2000 U.S. Census, SF1 and CTPP; BAE, 2007.

Appendix Q: Proposed Reynolds Ranch Retail Mix

Space	Square Feet
Anchors	
A	111,371
B	150,505
C	88,000
D	92,800
Tenants	
A	18,000
B	10,000
C	15,000
D	20,000
Shops	
A	7,000
B	7,500
C	13,000
D	15,000
E	9,700
F	9,700
G	9,700
H	9,700
Pads	
A	5,000
B	5,000
C	8,000
D	4,000
E	7,500
F	8,000
Fast Food	
A	3,000
Drug	
A	13,200
Total Building Area	**640,676**
Garden Center (part of Anchor A)	26,568
Fuel Center	
A	na
B (part of Anchor B)	na

Note: On the site plan, some buildings do not have an assigned letter. BAE has assigned letters to those spaces for the purposes of this table.

Source: MCG Architects; City of Lodi

Appendix R: Travel Time from Amador and Calaveras County Communities to Various Shopping Nodes

	Lodi Wal-Mart		Reynolds Ranch		Galt Wal-Mart Supercenter Site		Jackson Wal-Mart	
	2350 West Kettleman Lane		Highway 99 & Harney Lane		Highway 99 & Simmerhorn Rd.		10355 Wicklow Way	
	Minutes	Miles	Minutes	Miles	Minutes	Miles	Minutes	Miles
Jackson	50	38.42	46	36.37	42	34.35	6	2.79
Mokelumne Hill	54	42.47	51	40.42	50	41.65	14	10.09
San Andreas	52	40.01	49	37.96	50	40.51	24	18.46
Valley Springs	40	30.60	36	28.55	38	31.10	27	21.62

	Sonora Wal-Mart		Placerville Wal-Mart		Stockton Supercenter	
	1101 Sanguinetti Road		4300 Missouri Flat Road		3223 East Hammer Lane	
	Minutes	Miles	Minutes	Miles	Minutes	Miles
Jackson	60	44.76	41	30.10	53	42.62
Mokelumne Hill	51	37.64	49	37.40	57	46.31
San Andreas	40	29.04	59	45.77	55	43.84
Valley Springs	52	38.38	62	48.93	42	34.44

Source: MapQuest, using least-time routes.

Appendix S: Sales Capture from Outlets Outside Lodi Shopping Center Trade Area

Capture of Leakage (a)	($86,502,000)
Sales fr Residents from Outside Wal-Mart Trade Area (a)	($72,076,000)
Estimated Captured Sales Currently Going to Stores Outside Trade Area	**($158,578,000)**

	Total Estimated 2005 Sales (b)	Nontaxable Adjustment	Taxable Retail Sales, 2005
Amador County	$398,635,000	1.19	$334,987,000
Calaveras County	$254,171,000	1.19	$213,589,000
Galt	$106,473,000	1.19	$89,473,000
Stockton	$3,627,126,000	1.19	$3,048,005,000
TOTAL	**$4,386,405,000**		
Loss of Sales Outside Trade Area due to Proposed Project	**-4%**		

All sales estimates in 2005 dollars, rounded to nearest thousand dollars.
(a) From Table 22.
(b) Nontaxable adjustment has been made to account for sales of food, prescriptions, and other non taxable items in the general merchandise and food store categories. Adjustment factor based on statewide 2002 data from Board of Equalization compared to Census of Retail Trade, using the ratio of total sales in those two categories (per Census of Retail Trade) to the taxable sales total (per BOE). No adjustment has been made for other categories, so this estimate of total sales is likely conservative. For additional discussion of this issue, see Appendix G.

Source: Bay Area Economics, 2007, based on information from the City of Lodi, the CA State Board of Equalization, 2000 U.S. Census, 2002 Census of Retail Trade, State Department of Finance, Wal-Mart Annual Report, Trade Dimensions, Urban Land Institute (ULI/ICSC), and Hinderliter de Llamas (HdL).