



DEVELOPMENT SERVICES  
DEPARTMENT

**CITY OF SACRAMENTO**  
CALIFORNIA

1231 I STREET  
ROOM 300  
SACRAMENTO, CA  
95814-2998

Planning Division

**June 6, 2005**

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: Superstore Ordinance: Council Direction on Their Preferred Process  
for Preparation of Final Ordinance – M05-025**

**LOCATION:** Citywide

**RECOMMENDATION:**

Staff recommends that the City Council provide direction to City staff clarifying the manner of establishment for the superstore task force and scope of responsibility for the task force.

**CONTACT PERSON:** Joy Patterson, Senior Planner, 808-5607  
Gary Stonehouse, Planning Director, 808-5567  
Ray Kerridge, Director of Development Services, 808-1930

**FOR MEETING OF:** June 21, 2005 (afternoon)

**SUMMARY:**

On February 15, 2005 the Sacramento City Council adopted an interim ordinance regulating large retail stores known as superstores. The direction of the Council was to prepare a final ordinance for review and approval. The ordinance anticipated that permanent, comprehensive regulations governing superstores would be processed within 180 days; however, the interim ordinance does not expire and is in effect until the permanent regulations are adopted by the City Council. At the May 17, 2005, City Council meeting Councilmember Sheedy indicated that, in her review of the meeting of February 15, 2005, the Council only adopted the interim ordinance and needed to provide further clarification to staff on the manner of establishment of the task force and scope of responsibility for the task force.



City Council  
RE: Interim Ordinance Related to Superstores  
June 21, 2005

**COMMITTEE/COMMISSION ACTION:**

The permanent ordinance will be scheduled for Planning Commission and the Law and Legislation Committee for their recommendation before being scheduled for final adoption before the City Council.

**BACKGROUND INFORMATION:**

The attached interim ordinance defines a superstore as a retail store with more than 90,000 gross square feet that devotes more than 20% of the gross square footage to non-taxable merchandise. The ordinance requires a Planning Commission special permit for superstores in all zones where retail uses are currently allowed. The interim ordinance applies to new retail stores that propose to occupy existing buildings as well as new construction. As part of the special permit review, an Economic Impact Analysis (EIA) would be prepared for the proposed project that would analyze the potential economic impacts of the proposed superstore on the city. The interim ordinance does not apply to wholesale clubs or other establishments selling primarily bulk merchandise that charge dues or restrict merchandise sales in another manner.

On February 15, 2005, the motion approved by the City Council was to adopt the interim ordinance establishing a special permit requirement for superstores. The Council transmittal indicated that, to assist in the development of a permanent ordinance, staff would convene a task force representing groups that would be impacted by superstore regulations. The task force could include, but would not be limited to, community groups, and developer, business, labor and retail associations. A review of the transcript for the meeting indicates that Mayor Fargo stated that if there were suggestions that the Council wished to make for inclusion in the task force, she would be asking each member of the Council for recommendations and suggestions, but that decision would not be made that evening. It was also discussed that a menu of issues related to the superstore ordinance could be sent to the Law and Legislation Committee and they could decide which issues the task force would discuss.

On May 10, 2005, Assistant City Manager Ray Kerridge sent a memorandum to City Council members reporting on a proposed task force composition, task force meeting schedule and public hearing schedule (Attachment B). If the task force were to follow this schedule, the committee's charge would be to review and refine the interim ordinance in two to three meetings, resulting in the final superstore ordinance.

**FINANCIAL CONSIDERATIONS:**

This report has no fiscal implications.

**ENVIRONMENTAL CONSIDERATIONS:**

When the final ordinance is proposed an environmental determination will be made.

**POLICY CONSIDERATIONS:**

Another option for the City Council to consider would be to charge the superstore task force with the task of examining the City's existing policy on big box issues along with developing a permanent ordinance. The City of Sacramento currently has a Power Center and Big Box Retail Policy adopted in 1996 (Resolution 96-072). Recently California cities have seen an influx of retail stores that sell groceries and other non-taxable merchandise in addition to the store's regular merchandise. The existing policy document is almost 10 years old. The interim ordinance would allow for sufficient information to be provided to decision makers regarding the impacts of proposed projects as part of the project approval process, while policy issues are further explored by the task force as part of the development of permanent comprehensive regulations that will govern superstores.

**E/SBD CONSIDERATIONS:**

No goods or services are being purchased under this report.

Respectfully submitted,

  
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GARY L. STONEHOUSE  
Planning Director

**RECOMMENDATION APPROVED:**

  
\_\_\_\_\_  
ROBERT P. THOMAS  
City Manager

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1. Attachment A: Interim Ordinance Establishing A Special Permit Requirement for Superstores, Pgs. 4-6.
2. Attachment B: May 10, 2005 Memorandum To Sacramento City Council Members From Assistant City Manager Ray Kerridge, Pgs. 7-8.

# ORDINANCE NO. 2005-013

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF FEBRUARY 15, 2005

## AN INTERIM ORDINANCE ESTABLISHING A SPECIAL PERMIT REQUIREMENT FOR SUPERSTORES

**BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

### **SECTION 1.**

#### **THE COUNCIL DECLARES AND FINDS AS FOLLOWS:**

1. California cities have recently seen an influx of retail stores that sell groceries and other non-taxable merchandise in addition to the stores' regular merchandise; and
2. These stores are often large, exceeding 90,000 gross square feet in size, and are referred to as "superstores"; and
3. These superstores can generate economic impacts on the jurisdiction where they are located that are different from the impacts that are generated by retail stores generally; and
4. The Council of the City of Sacramento is interested in ensuring a healthy business sector, and in particular, a healthy small business sector; and
5. While superstores generate significant sales tax revenues, the extent to which these revenues displace revenues from existing retail stores, as well as cause other economic impacts, requires additional analysis; and
6. The Council of the City of Sacramento is interested in ensuring that sufficient information regarding the economic impacts of these projects be prepared and presented as part of the project approval process.

**SECTION 2.**

- A. Notwithstanding the provisions of Title 17 of the Sacramento City Code (the Zoning Code), a special permit shall be required to establish a superstore in any zone where retail uses are allowed under Chapter 17.24 of Title 17, whether as a matter of right or otherwise. The requirement for a special permit shall apply to proposals to construct a new building or structure for a superstore, and it shall also apply to proposals to utilize an existing building or structure for a superstore.

Definitions: For purposes of this ordinance, the term "superstore" means a retail store where the use will occupy more than 90,000 gross square feet and where more than 20% of the gross floor area is devoted to the sale of non-taxable merchandise. Notwithstanding the foregoing, the term "superstore" shall exclude wholesale clubs or other establishments selling primarily bulk merchandise and charging membership dues or otherwise restricting merchandise sales to customers paying a periodic assessment or fee.

- B. Prior to approving or disapproving a special permit pursuant to Section 2-A above, and in addition to any other requirements of Title 17 of the Zoning Code, an Economic Impact Analysis ("EIA") shall be prepared for the proposed project. The EIA shall be prepared by the City, or by another qualified entity or consultant retained by the City, and shall be an expense of the applicant. The EIA may not be prepared by the applicant.

The EIA shall be a report that analyzes the potential economic impacts of the proposed superstore, shall be considered by the Planning Commission at the time of consideration of the special permit application, and shall include at least the following:

1. A survey of existing retail stores in the City reasonably likely to be impacted or materially affected by the proposed superstore. A survey of the number of persons employed by existing retail stores in the City, an estimate of the number of persons who will likely be employed by the proposed superstore, and an analysis of whether the proposed superstore will result in a net increase or decrease of jobs in the City.
2. A survey of the wage and benefit differentials, if any, between the proposed superstore and existing retail stores in the City.

3. An analysis of the effects of the proposed superstore on retail sales and whether there will be a net increase or decrease in net retail sales in the City.
  4. An analysis of the sales tax revenues that are likely to be generated by the proposed superstore, and an analysis of the effect of the proposed superstore on sales tax revenues generated by existing retail stores in the City, including an analysis of the sales tax revenues that are likely to be lost by existing retail stores in the City, either due to loss of business or from closure.
- C. This ordinance is enacted by the City Council as an interim ordinance, without notice and hearing before the Planning Commission and City Council as otherwise required by Section 17.208.010 of the City's Zoning Code. It is anticipated that permanent, comprehensive regulations governing superstores, consisting of amendments to Title 17 of the City Code, will be processed in the manner required by Section 17.208.010 within 180 days, and that this interim ordinance will be repealed at that time.

PASSED FOR PUBLICATION: January 11, 2005

DATE ENACTED: February 15, 2005

DATE EFFECTIVE: March 18, 2005

Heather Fargo

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MAYOR

ATTEST:

Shirley Concolino  
CITY CLERK



ATTACHMENT B

DEVELOPMENT SERVICES  
DEPARTMENT

**CITY OF SACRAMENTO**  
CALIFORNIA

1231 I STREET  
SUITE 200  
SACRAMENTO, CA  
95814-2998

**MEMORANDUM**

**Date:** May 10, 2005

**To:** Mayor Fargo and Members of the Sacramento City Council

**From:** Ray Kerridge, Assistant City Manager/Director of Development Services

**SUBJECT:** Superstore Ordinance: Report of Task Force Composition, Task Force Meeting Schedule and Ordinance Public Hearing Schedule (M05-025)

On February 15, 2005, the City Council adopted an interim ordinance requiring a special permit for superstores in the City of Sacramento. The direction of the council was to come back with a permanent ordinance to regulate superstores in approximately six months. The council also directed staff to create a task force to assist with the final ordinance.

Since adoption of the interim ordinance staff has met with council members to get their input on the purpose and composition of the task force. Based upon those discussions, staff will develop a task force of interested groups and organizations that would review and refine the interim ordinance resulting in the final superstore ordinance. The charge of the task force is for members to bring their various ideas and opinions to the table, in the refinement of the new ordinance. It is recognized that with the varying interests of the groups all task force members will not necessarily endorse the final ordinance.

The task force will be open to anyone who wishes to participate in the group. Staff will be inviting people from the following areas to participate in the task force:

- Superstore retailers
- Grocery Chains
- Labor Organizations
- Business Organizations
- Chambers of Commerce
- Environmental Organizations
- Development community
- Representatives from neighborhood groups in each Neighborhood Service Area

The first task force meeting is scheduled for Monday June 13, 2005, 5:30 p.m. in the Planning Commission Hearing Room, 1231 I Street, 1<sup>st</sup> Floor. At the first meeting staff will give a history and overview of the interim ordinance, the purpose of the task force and the time schedule. Staff will also ask for an expression of interest for participation in the task force and answer any questions that attendees may have regarding the ordinance and the task force.



Employees of the Development Services, Economic Development and Transportation Departments and the City Attorney's office will staff the task force.

The proposed schedule for the task force meetings and public hearings for final ordinance adoption is as follows:

- June 13, 2005 – First Task Force Meeting
- June 27, 2005 – Second Task Force Meeting
- July 11, 2005 – Third Task Force Meeting
- July 25, 2005 – Fourth Task Force Meeting
- August 2005 – Final Task Force recommendations reviewed, documents prepared for public hearings (the Development Services Department will also be moving to the new City Hall during this month)
- September 8, 2005 – City Planning Commission review of final ordinance
- September 20, 2005 – Law and Legislation Committee Review of final ordinance
- October 4, 2005 – City Council review of final ordinance

Attached is a copy of the current mailing list for the first task force meeting on June 13, 2005. The four Area Directors will also be adding the names of neighborhood representatives to the list. Please contact Joy Patterson, Senior Planner, at 808-5607, [jpatterson@cityofsacramento.org](mailto:jpatterson@cityofsacramento.org), if you would like to add additional contacts or know of anyone that would like to be added to the list. The notice for the first meeting will be sent out next week.

Please feel free to contact Joy Patterson or me if you have any questions.

- Attachments:
1. Mailing List for First Task Force Meeting
  2. Interim Ordinance Related to Superstores

c:

- Robert Thomas, City Manager
- Gary Stonehouse, Planning Director
- Max Fernandez, Area Director 1
- Derrick Lim, Area Director 2
- Tim Quintero, Area Director 3
- Gary Little, Area Director 4