

City of San José
Costco Wholesale Corporation
Westgate West CUP Application

Frequently Asked Questions and Answers

Project Scope

1. What does the application include?

Costco has applied to develop a Costco Warehouse in the existing Westgate West shopping center at 5287 Prospect Road. The application involves the removal of approximately 188,000 square feet of existing commercial space to be replaced with an approximately 166,000 square foot Costco Warehouse. The project requires a conditional use permit from the City to authorize the demolition, construction, and proposed sale of alcohol for off-site consumption.

2. Will there be a gas station?

No. The Project includes a Costco Warehouse, which features activities such as retail sales, tire sales and installation, optometry services, food service and preparation, alcohol sales, and a bakery. However, this location will not include a gas station.

3. How does the proposal align with the City's planning and development standards for the Project Site?

The existing zoning of the site, Commercial General, allows for a full range of retail and commercial uses, including a Costco Warehouse. The project sponsors and City staff will work closely together to ensure that the project is consistent with the City's applicable standards including building and site design, parking, access, noise and light limits, and landscaping requirements.

4. When would the Costco Warehouse open?

If approved by the City, the Costco Warehouse is scheduled to open in the fall of 2025.

5. Why did Costco pick Westgate West for the Project Site?

The Westgate West Shopping Center is an existing commercial center that is locally and regionally accessible by multiple transportation connections. The shopping center is well-located to serve existing and future Costco members in the area, reducing travel time to other Costco locations. In fact, 68% of households in the immediate San José area, Cupertino, Saratoga, and Campbell are already Costco members. In addition, the shopping center is already zoned and planned to allow commercial uses such as Costco.

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Economic Effects

1. How will Costco affect existing Westgate West tenants?

A new Costco Warehouse would help attract customers to Westgate West and may help existing businesses increase foot traffic that has been reduced due to COVID-19, supply chain challenges, staffing shortages, and other constraints. The shopping center owner has been in close contact with Trader Joe's about planning for the proposed Costco Warehouse. The shopping center owner is also the landlord for several Trader Joe's locations – the highest performing of which is located in the same center as a Costco – and fully expects the project to benefit the center and its tenants. The three tenants that occupy the portion of Westgate West that will be redeveloped for Costco will either be relocated or leave the center.

2. What are employee wages at Costco?

The Costco Warehouse is expected to create 250 to 300 jobs that are good-paying and offer long-term career opportunities. The average wage for Costco's San José locations is \$29.04/hour, which includes a \$2/hour premium to assist with the cost of living in the San Jose area. This average hourly wage moves to \$45.45 when benefits are included. Employee benefits include medical, dental, vision, pharmacy, mental health, life insurance, disability, long term care, employee assistance program, and flexible spending accounts; an employee stock purchase program; 11 holidays per year; a college student retention program; a 401(k) retirement savings plan; and a free Costco executive membership with 2% annual reward benefits. Part-time employees working more than 23 hours per week receive core medical, dental and vacation benefits after 6 months and part-time employees are guaranteed 24 hours per week.

3. What other benefits would Costco create?

Costco is committed to being an active member of the local community. Costco budgets 1% of pretax profits for selected charitable contributions focused on children, education, and health and human services. In fiscal year 2020, Costco contributed over \$48 million to organizations such as United Way, Children's Miracle Network Hospitals, Costco Scholarship Fund, disaster relief, and many programs related to education, children, and health and human services. Two examples:

- o **Volunteer Reading Program.** Costco employees volunteer to help students in first through fourth grades improve their reading skills. Currently, there are over 466 programs across the United States and Canada, with more than 2,500 volunteers working one-on-one with students.
- o **Children's Miracle Network Hospitals Campaign** In 2021, Costco members and employees helped to raise more than \$39 million for 114 Children's Miracle Network Hospitals across the U.S. and Canada.

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In addition, a Costco Warehouse curbs retail leakage and generates significant sales tax revenue that benefits the entire community.

Environmental Review

1. What type of environmental study will be done for the Project?

An Environmental Impact Report (EIR) is being prepared for the project. Under the California Environmental Quality Act (CEQA), an EIR is the most in-depth and comprehensive level of environmental study required, and the resulting analysis will provide the public and the City staff and decision-makers detailed information about the project's potential significant environmental effects..

2. What topics will the EIR address?

The EIR will include a comprehensive analysis of the project's environmental effects. The City is overseeing the preparation of technical studies regarding transportation, circulation, noise, and lighting, each of which will inform the EIR's analysis and ultimately be factored into the design of the project.

3. Will the EIR account for other projects in the area?

Yes. CEQA requires the EIR to consider the effects not just of this project, but of all other reasonably foreseeable projects in the area. Nearby proposed projects in San José and Saratoga will be included in the analysis to provide information about the cumulative effects of development in the area. Among others, the EIR will include the proposed 1312 El Paseo and 1777 Saratoga Avenue Mixed-Use Village projects.

Public Engagement and Project Review Process

1. What are the opportunities for members of the public and other jurisdictions to comment on the proposal?

The City maintains a project website ([available here](#)) that provides the project planner's contact information and lists information about upcoming public meetings. Staff is available to receive and respond to comments and questions throughout the review process. In addition, members of the public and neighboring jurisdictions were invited to participate in the EIR scoping meeting to identify topics for further study. Going forward, all participants will receive notice when the Draft EIR is released, and the City will accept comments throughout the review period. After the City responds to all comments received and completes the EIR, the project will be reviewed at public hearings by the Planning Commission and the City Council, where participation by the public and other jurisdictions is encouraged.

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2. When will the City take action on the Project?

The City is currently working to prepare the EIR and supporting technical studies for the project. The Draft EIR is expected to be released later this year, and the City would hold hearings to review and act on the project late in 2022 or in 2023.

3. How can the public review Project plans and technical studies?

Information regarding the environmental review process and documents for public review are available from the City's Active EIRs website ([available here](#)).

Circulation and Parking

1. How will members and delivery vehicles access the Project Site?

The Westgate West shopping center can be accessed today from Lawrence Expressway, Prospect Road, Saratoga Avenue (via the adjacent West Valley shopping center), and Graves Avenue. Costco envisions that all of these roads would continue to provide access to the site when the Costco Warehouse opens. Farther away from the site, some people (including delivery drivers) may drive on I-280 or SR 85 to get to this part of town. The City is conducting a transportation study that will analyze the effects of Costco's traffic on local streets and will identify any appropriate improvements to roads in the area. In addition, the City will consider the transportation study and the noise analysis being conducted for the EIR to determine whether any changes should be made to the planned site access from Graves Avenue.

2. Where will people park?

The project includes 689 parking spaces for Costco, including a rooftop parking deck on the top of the Costco Warehouse. Costco has successfully used this rooftop parking design scheme in half a dozen countries across the world, but Westgate West in San José will be the first location in the United States to use this approach. The project plans include accessible parking stalls, which will be located at ground level closest to the entrance of the Costco Warehouse, and will comply with City requirements for bicycle parking and storage on-site.

3. What features will be provided to address pedestrian and cyclist safety?

The City's Transportation Analysis Handbook establishes the topics and issues that should be analyzed in a transportation study. The handbook includes requirements to study the effects of any proposed development, including effects on traffic, on bicycle infrastructure and pedestrian access and activity, and the overall safety of all roadway users. The transportation study the City is conducting for the Costco Warehouse project will include these types of analyses. In addition, the pedestrian and bicycle path along Lawrence Expressway will be maintained to allow safe pedestrian and cyclist access along the perimeter of the shopping center.

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4. How will the City conduct its transportation analysis of the project?

The City has worked with transportation engineers to identify the scope of the transportation study to ensure that it covers transportation systems likely to be affected by the project and that it includes information about other proposed projects nearby. The transportation study for Costco will be based on hard data, including trip counts collected at other Costco Warehouses and traffic measurements taken from the surrounding area. In addition, the transportation consultant team has conducted preliminary field reviews to observe general circulation near the shopping center and at site access points, which work will continue as the transportation study is developed.

Operations

1. How have Costco Warehouses in similar neighborhoods been designed to perform?

Costco Warehouses are designed to be safe, secure, and good neighbors. Costco works with employees and contractors to monitor safety conditions, collect and retrieve shopping carts, and reduce impacts from light and noise on site. Costco has a long track record of successfully designing and operating Warehouses near schools and residences. More than one dozen Costco Warehouse locations in California – including in La Habra, Rohnert Park, Almaden, and San Leandro – are located near a school, residences, or both.

2. How will the Costco affect parking elsewhere in Westgate West and the vicinity?

The project will result in a net increase in parking spaces within the Westgate West shopping center to ensure adequate on-site parking to meet the demand for all of the businesses in the center. In addition, parking near the existing Trader Joe's will be reconfigured to create additional on-site parking opportunities. Efforts will be taken to ensure that Westgate West shoppers do not park off site or in the surrounding neighborhood.

3. How and when will deliveries occur?

The proposed Warehouse design includes a receiving dock oriented to the south of the project site, allowing the Warehouse to act as a noise buffer minimizing the amount of noise that can be heard from residential areas outside the shopping center. Costco anticipates an average of 10 larger depot trucks from its Northern California distribution center and up to 15 smaller trucks from local and regional vendors would make deliveries daily. Receiving times can range from 2:00 a.m. to 1:00 p.m., with the majority of deliveries being complete before the Warehouse opens to the public at 9:00 a.m. Further refinements to delivery and receiving operations will be considered based on the results of the transportation and noise studies and in response to comments Costco has received from City staff and the public so far.

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Site Design

1. How will members access the rooftop parking?

The project proposes a moving walkway – sometimes called a “travelator” – to provide assisted pedestrian and cart access to the rooftop parking. The project also includes three elevators to accommodate members and shopping carts.

2. How will the Project minimize effects from lighting and noise?

Project lighting is being designed with full cutoff light fixtures to avoid offsite glare and light pollution. To minimize the amount of noise that can be heard from outside the shopping center, the receiving dock is oriented to the south of the site away from residences, allowing the Warehouse to act as a noise buffer, and the tire center is located on the west side of the building. The EIR will include a light and glare analysis as well as a noise analysis to study and reduce impacts from the Warehouse.

3. What sustainability features will the Project include?

Costco has a sustainability commitment that is detailed on our website here and includes a Climate Action Plan here. As of January 2022, our reduction commitments are as follows:

- Accelerate the phase-out of Hydrofluorocarbons (HFCs) and increase our investment in refrigeration retrofits to reduce refrigerant emission Global Warming Potential (GWP) by 30% by 2030 as compared to our 2020 baseline. (Scope 1)
- Increase purchased renewable electricity in our global operations from 15.8% in 2021 to 30% by 2025; 60% by 2030; and 100% in global operations by 2035. (Scope 2)

Between these two actions we are committing to an annual 2% per year reduction target for Scope 1 and 2 global CO₂e emissions and estimate we can reduce cumulative Scope 1 and 2 CO₂e emission 20% by 2030 and 45% by 2035 from a 2020 base year.

Additionally, the Westgate West Costco project will be enrolled in San José’s clean energy program, Green Source. Some highlights of Costco’s practices for new construction that help conserve energy and other natural resources and are expected to be used in connection with the development of the Westgate West Costco include the use of new and renewable building materials typically extracted and manufactured locally; pre-manufactured wall panels using 100% recycled steel materials and insulation carrying a higher R-Value and greater solar reflectivity; plant material that is primarily climate adapted and will use minimal water; high-efficiency restroom fixtures that can achieve a 40% decrease and water savings over U.S. standards; and advanced and highly efficient HVAC systems, and overall project energy management system.

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4. How will the Project site be landscaped?

The proposed landscape design features a dynamic, bold and visually engaging planting layout with colorful accent trees, diverse shade tree species, and understory plantings at entryways, parking lot islands, and street frontages. The overall intent is to create a unifying and impactful landscape appearance to the site, as well as to achieve a supportive relationship between building and landscape. In addition, the proposed landscape design will achieve an overall aesthetically pleasing experience, not only for Costco customers, but also for the Westgate West retail center and the community at large.