

**PUD-98 & P13-2518, CarMax**

**Work Session to review and receive comments on applications for PUD Development Plan and Sign Design Review to construct an automobile dealership consisting of an approximately 13,064-square-foot sales and presentation building, approximately 45,000-square-foot service building, vehicle sales display area, non-public car wash, project signage, and related site improvements on approximately 19.66 acres of the Auto Mall site at Staples Ranch. Zoning for the property is PUD-C (Planned Unit Development – Commercial) District.**

Shweta Bonn presented the staff report and described the scope, layout, and key elements of the proposal.

**THE PUBLIC HEARING WAS OPENED.**

Keith Henderson, CarMax, thanked Ms. Bonn for a great job of summarizing their project and stated that they are excited to be here and get your feedback on their project. He then made a quick presentation on CarMax because this would be one of their first stores in the Bay Area, and there is not as much an awareness of who they are, and a lot of times when people hear about a car dealer, it brings up images that are not exactly favorable.

Mr. Henderson stated that they are a used car retailer that started in Richmond, Virginia back in 1993 and has grown to become a Fortune 500 company. He indicated that they have about 150 stores in 55 different markets, and they are growing at the rate of about 10-15 stores a year. He noted that for ten years in a row, they have been named as one of Fortune magazine's best 100 companies to work for, which is something we are very proud of. He stated that they work very hard to do good things for their associates and to be a great place in which to work. He indicated that last year, they sold close to 450,000 vehicles across the country and that the key to their success has been their low pressure and their very upfront and transparent sales technique in their process. He stated that they want their customers to feel like they have gotten a good deal, and everything has been very transparent and out on the table so that they do not walk away feeling like this was not a great experience, that they did not really enjoy it, and that the car dealer worked one over on them. He indicated that the biggest piece of that is the no-haggle pricing which is something they have pioneered and have been very successful with, where they have one price for the vehicle, no matter who comes in. He added that they stand behind their vehicles with a 30-day warranty and have a five-day return policy that if the car does not fit into their garage or the coffee cup does not fit into the cup holder, they can bring the car back and they will unwind the transaction and make that right.

Mr. Henderson stated that they focus quite a bit on training and having a culture of diversity; they focus very intently on rewarding and recognizing associates, both from the individual standpoint and then also as a store. He added that they have a lot of competitions within the store that give the associates the chance to excel. He noted that they have competitive compensations and benefit plans and really do a lot to foster a good work/life balance for their associates.

Mr. Henderson stated that another thing CarMax is bringing to the area is the CarMax Foundation, which was established in 2003 and is basically a way that associates can help give back to the communities that they work in. He indicated that, for example, for every hour an associate volunteers with a qualified charity, CarMax will donate \$10 to that charity, and CarMax will match every dollar that they donate to that charity. He noted that this helps encourage their associates to get out into the community where they live and work in and be a part of the community. He indicated that they have given away about \$20 million since that was brought into fruition about ten years ago, and last year, they awarded about \$4.5 million in grants and other payments.

Mr. Henderson then introduced Amanda Steinle, who works for CenterPoint Integrated Solutions, the development company that CarMax uses to help develop sites and do feasibility and entitlements work.

Amanda Steinle stated that she would not reiterate a lot of what Ms. Bonn had presented but would just highlight a couple of things about the site plan and about how CarMax operates. She then presented some slides showing the site plan in the western half of the 37-acre auto mall site within Staples Ranch, the 13,00-square-foot sales building with two entrance vestibules from the customer and employee parking lots, the sales and inventory area, the adjacent building where service exchanges happen, the 45,000-square-foot service building, Final Quality Control (FQC) and carwash area, and offices. She indicated that since receiving comments on their first CarMax application, they have made some modifications such as the increased number and size of trees to screen the service building, and the addition of some windows in the east-facing FQC building.

In summary, Ms. Steinle stated that CarMax is a Fortune 500 company; they are very financially stable and never closed a store. She noted that the project investment is \$42 million, and they can react to market demand based on what kind of inventory the area purchases the most. She added that there is the potential to bring up to 200 jobs in Pleasanton, and they have an active involvement in the community with their corporate foundation.

Andrew Bell and Brian Maslyk signed speaker cards but did not speak. They indicated that they were present to answer questions.

Troy Bourne, Manager Partner of Stoneridge Creek, the Continuing Life Retirement Community adjacent to the proposed project, acknowledged that, while they wanted to have something like a Whole Foods store with 10 to 20 acres of open space around it, an auto usage adjacent to their property was also approved when their project was approved, and what CarMax is proposing is consistent with their expectations for what was supposed to be there. He stated that Mr. Henderson, CarMax, and the landowner have been very flexible and reasonable with CLC as they tried to approach how best they can get these uses to work well together, which may appear to some to not seem particularly compatible on either side of that boundary. He indicated that in an effort to make this work a little bit better between the two property uses, the property owners agreed to sell a portion of the property right next to CLC for some resident storage and other uses, and CarMax proposed

some one- and two-story buildings there to help block the views from their use. He stated that their priority has been to block the views between their use and CarMax. He reiterated that they have been very helpful in terms of working together, and where they cannot make the views invisible, they are relying that they will make it attractive.

Chair Olson asked Mr. Henderson how they source automobiles.

Mr. Henderson replied that they make an offer on any vehicle that somebody brings to them; or and they make a written offer that is good for five days, which the seller can take to the Honda dealership and tell them what CarMax is giving them.

Chair Olson stated that he ran some quick numbers, and 450,000 cars a year by the number of sites comes up with 3,000 to 4,000 cars sold per year per site.

Mr. Henderson stated that they also source cars from local auctions. He noted that their annual report shows that they sell an average of about 300 to 400 cars a month across each one of their stores.

#### **THE PUBLIC HEARING WAS CLOSED.**

Commissioner Pearce referenced the landscaping around the service building and stated that she does not understand what the staff report states that "Landscaping in the vehicle staging area is not possible due to operational constraints."

Mr. Henderson replied that what is called the whip area is an area that needs to be very flexible. He noted that they organize cars in different manners, and it is optimized for their operations, so that in all of their stores, that is basically an open area as they move cars around that they line them up based on what service work needs to be performed or what is going to happen with those cars. He indicated that the landscaping is then very difficult because there are leaves that get all over cars and that sort of thing, and it is just something that they do not do in that area.

Commissioner O'Connor commented that birds also land in trees.

Commissioner Pearce stated that she does not know what the Planning Commission is going to do, but asked Mr. Henderson, should the Commission want CarMax to add more landscaping, if there would be a way to do that without impacting their operations.

Mr. Henderson stated that they talked extensively with staff about that, and they understand their goal to present a project where there is a large area that is not landscaped is pretty difficult. He indicated that what they have tried to do is beef up the landscaping around the exterior of the site so when a customer is coming into the customer and employee lot, or from I-580 or standing in the neighborhood park, that area that is not landscaped is not visible. He added that that area is just for associates and does not face the customer; it is screened with a wall and landscaping, and there is no reason for customers or the public to be back in that area.

Commissioner O'Connor asked what CarMax site today is closest to Pleasanton.

Mr. Henderson replied that it would be the Fairfield store that they just opened. He stated that prior to that, they got a store in Modesto and in the Los Angeles area, although they have been around for a while. He added that they have one in Roseville and are looking at a site in Elk Grove as well.

The Commission then discussed the Work Session Topics.

***A. Are the on-site circulation, parking layout, and positioning of the buildings acceptable?***

Commissioners Pearce and Allen said yes.

Chair Olson also said yes.

Commissioner O'Connor stated that the Commission talked about another car dealership with a carwash that was approved earlier, and there was a lot of concern about the noise from the carwash. He noted that now here is a service building instead of just a carwash that is getting close to the residential side, and he wanted to know if staff has looked at that in any way to make it more soundproof if it is a noise-generating building. He noted, however, that if there is going to be a buffer between the two properties, it may have less of an impact at that point.

Mr. Dolan noted that that is a good point and it was a big issue on the previous application. He noted that this location is a little farther away, and the service activities primarily happen indoors. He stated that it is not set up with a row of bays like what would normally be thought of for auto service, but staff will pay special attention to that as the application moves forward.

Commissioner O'Connor added that he does not know what kind of windows the building might have, but they do not open on that one side.

Mr. Dolan noted that much to staff's disappointment, there are none or very few in the service building, but what was brought up was that the storage facility that will be attached to the adjoining project, which really does separate the two properties and help with the noise as well.

Commissioner Ritter stated that he was also wondering about the noise in the carwash, but it sounds like it will be far away enough. He noted that another concern he has was the lighting next to the freeway. He indicated that he knows when they built the Bay Bridge, they designed those special lights that did not glare outward but behind the vehicles as they drove by. He requested that staff make sure lighting is considered so they do not get into the residents' neighborhoods or carry over onto the freeway to cause unnecessary lighting.

Commissioner O'Connor stated that the standard condition for lighting for most approvals is that they be down-focused lighting so the glare does not go to adjacent properties.

Ms. Bonn confirmed that was correct.

Commissioner Posson stated that he was fine.

***B. Are the building designs, colors and materials, and heights for the sales building acceptable?***

Commissioner Posson said yes.

Commissioner O'Connor stated that some of them looked a little plain, but he thinks that, like the service building windows, that is part of the business. He noted that there may be other consideration like lack of noise that are probably more important to that building than what it looks like. He further noted that there is a lot of open space out there where cars will be parked and not a lot of building to look at. He indicated that it is not a concern to him and he is okay with what he has seen.

Commissioner Olson stated that he is not going to mess with the colors because it is about the corporate logo, and he thinks the heights are fine.

Commissioner Allen also said yes.

Commissioner Pearce stated that she is fine too and will not mess with the corporate logo or the branding. She indicated that the heights are great, super, considering what the Commission just saw.

***C. Are the proposed architecture, architectural detail, and landscaping screening for the service building acceptable?***

Chair Olson stated that he is fine.

Commissioner Allen emphasized the point in the staff report about the landscaping and trees and finding ways to soften the appearance of the service building. She indicated that it is pretty stark.

Commissioner Pearce stated that she is happy with the architecture. She indicated that she understands the operational concerns but would like to soften it with landscaping. She added that she appreciates the visuals but would like to understand what the building is going to look like with additional landscaping.

Commissioner O'Connor stated that he would also like to see additional landscaping wherever possible. He noted that it is such an expansive open area.

Commissioner Ritter agrees. He stated that he thinks there is some wind that blows through there, so it might be a comfort to the customers to have some landscaping to block that.

Commissioner Posson stated that there are some visual renderings looking from the freeway and looking from Stoneridge Drive, but none from the west and from the current residential areas looking east. He indicated that he would like to see some renderings of those.

Commissioner Pearce agreed.

Commissioner O'Connor added that it would be important to make sure the visuals take into account any walls that are going to be in place, just like the parking lots and the light standards.

Mr. Dolan stated that what the Commission is mostly going to see is the proposed storage building, which may have some light standards above it, because that will pretty much be right along the property line and on the CLC property. He noted that there will not be too many; if it is taken from the ground, the top of the service building may be visible, but knowing how much of it is visible might be useful to the Commission. He added that if the Commissioners really wants to see what the whole site looks like looking down, they could go to the top of the apartment buildings and look down.

Commissioner O'Connor stated that he thinks the only concern there is going to be the light emitted from the site, and if it is all contained within the site, then it should not be an issue.

Mr. Dolan requested clarification that he understands that the Commission would like to see a visual from ground looking east from the residential area to the proposed project.

Commissioner Posson replied that is correct.

***D. Are the proposed signs acceptable?***

Commissioner Pearce stated that they are within the 48-foot height limit so they are fine, except that she would like the consistent illumination style that staff has recommended, if at all possible.

Commissioner Allen agreed completely with Commissioner Pearce.

Chair Olson stated that he agrees with the illumination point. He indicated that he is actually wondering whether the monument sign is high enough.

Mr. Dolan said yes, it is plenty high.

Chair Olson stated that it shows a woman standing next to it.

Mr. Dolan replied that she is a very tall woman.

Chair Olson stated that he is fine with that.

Commissioner O'Connor stated that he is fine with the sign but that he would like to see consistency if it is illuminated.

Commissioner Ritter stated that the sign looks good to him and he is fine with it. He indicated that his only concern is its placement and wants to make sure that it does not obstruct traffic coming in and out of the property.

Commissioner Posson stated that he supports staff's recommendations.

Chair Olson asked staff if they need any other input.

Mr. Dolan said no.

No action was taken.