

Report to Mayor and City Council

Tuesday, March 21, 2017
Discussion

SUBJECT:

..Title

CONSIDER ADOPTING INTERIM URGENCY ORDINANCE NO. 17-1615U IMPLEMENTING A 45-DAY TEMPORARY MORATORIUM ON THE ESTABLISHMENT, EXPANSION, OR MODIFICATION OF TRUCK YARDS, LOGISTICS FACILITIES, HAZARDOUS MATERIALS OR WASTE FACILITIES, CONTAINER STORAGE, AND CONTAINER PARKING IN THE CITY OF CARSON, AND DECLARING THE URGENCY THEREOF

..Body

I. SUMMARY

On February 7, 2017, the City Council directed staff to provide solutions to the City's on-going concerns regarding industrial developments and the impacts these developments have on the community. More specifically, City Council discussed the speculative nature of these types of developments, permitted and conditional uses, hours of operation, increased truck traffic, damage to local streets, the fair share cost of the impacts on road maintenance, changing the image of the City from an industrial town, directing the Planning Commission to stop approving warehouse buildings, and lack of proper City regulations to address these issues. The City Council directed staff to provide some options to the City Council within 30-60 days.

The issues raised by the City Council require further land use, environmental, and fiscal analyses. Staff has determined that additional time is needed to conduct these studies. Since the City is about to initiate a comprehensive update of the City's General Plan and Zoning Code, staff recommends that the City Council consider adopting a moratorium to conduct the necessary studies and analyses so that the General Plan and Zoning Code update can address the impacts of truck yards, logistics facilities, hazardous materials or waste facilities, container storage, and container parking going forward (Exhibit No. 1). During this process, through community and stakeholder participation, the City staff can craft recommendations to address these very important policy issues facing the City.

II. RECOMMENDATION

..Recommendation

WAIVE further reading and ADOPT an Interim Urgency Ordinance No. 17-1615U, "AN INTERIM URGENCY ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, ESTABLISHING A 45-DAY TEMPORARY MORATORIUM ON

THE ESTABLISHMENT, EXPANSION, OR MODIFICATION OF TRUCK YARDS, LOGISTICS FACILITIES, HAZARDOUS MATERIALS OR WASTE FACILITIES, CONTAINER STORAGE, AND CONTAINER PARKING IN THE CITY OF CARSON, AND DECLARING THE URGENCY THEREOF,” to ensure the public health, safety, and welfare is protected for 45-day period, by a 4/5ths vote.

..Body

III. ALTERNATIVES

TAKE such other action as the City Council deems appropriate and consistent with the requirements of law.

IV. BACKGROUND

Based on City Council’s direction, complaints received on the state of the City’s pavement conditions, staff is recommending a moratorium to allow time for staff to analyze the issues and provide recommendations.

Big Picture Issues

Logistics facilities are an important part of Carson’s economy as well as state and national economy. Approximately 50% of land uses in the City of Carson are dedicated to industrial uses; therefore, the impacts of industrial uses, both positive and negative, are very pronounced for the community and the City. In addition, industrial facilities are in very high demand because of the City’s proximity to the ports. Currently industrial facilities have a 0.5% vacancy rate. Such high demand for industrial buildings creates market forces encouraging intensification of logistics facilities. While Carson has not experienced 2-story warehouses, Prologis is proposing a 2-story warehouse in South Seattle, and it is only a matter of time until multi-story warehouses become widespread. The industry has also been going through technological advances in e-commerce and robotics. The latter may result in loss of certain jobs and at the same time creating different ones. However, it may be difficult to find reliable and consistent information regarding quantity and quality of jobs lost and gained for the future. However, one industry expert estimates Amazon, stands to save approximately \$400-\$900 million a year in the so-called fulfillment costs by reducing the number of times a product is “touched”. Therefore, it is likely that logistics facilities will further reduce its work force as automation becomes more efficient.

General Plan Policies

The following General Plan policies provide guidance and direction to the City on how to deal with truck related issues.

Land Use

LU-6.8 Manage truck-intensive uses.

LU-7.2 Locate truck intensive uses in areas where the location and circulation pattern will provide minimal impacts on residential and commercial uses.

Transportation

- TI-1.2 Devise strategies to protect residential neighborhoods from truck traffic.
- TI-1.3 Ensure that the City's designated truck routes provide efficient access to and from the I-405, I-110 and Route-91 Freeways, as well as the Alameda Corridor.
- TI-1.5 Require that all new construction or reconstruction of streets or corridors that are designated as truck routes, accommodate projected truck volumes and weights.

Noise

- N-2.1 Limit truck traffic to specific routes and designated hours of travel, where necessary
- N-2.2 Examine the feasibility of implementing sound attenuation measures along the City's arterial streets, particularly along designated truck routes.

Concerns

The proliferation of truck yards, logistics facilities, hazardous materials or waste facilities, container storage, and container parking (logistic facilities) presents several issues for the Community and the City including land use, traffic and safety, environmental and health, and fiscal issues.

Land Use Issues

As discussed earlier, approximately 50% of all land uses in Carson are industrial. The square footage of buildings within the City's industrial zones totals approximately 50 million square feet. By their nature, logistics uses tend to locate on large parcels of land and in large industrial buildings. Similarly, truck yards, cargo container parking, and cargo container storage take large areas of land, albeit with no buildings. Therefore, both types of uses take up land that could otherwise be used to construct a building which would at least generate additional property tax for the City.

The City's Zoning Code is outdated and does not give staff the tools to address the issues created by logistics facilities for the community and the City; the range of permitted uses varies wildly in the Manufacturing Light (ML) and Manufacturing Heavy (MH) zones. Some uses such as manufacturing of poisons and explosives are permitted with a Conditional Use permit (CUP) in the MH zone. In addition, storage of hazardous materials is also permitted with a CUP in the MH zone.

The proximity of Carson to the Ports of Los Angeles and Long Beach often necessitates logistics facilities to operate 24-hours-a-day. In addition, logistics facilities often involve heavy truck traffic. Since 50% of land uses within the City are devoted to industrial uses, these uses are often either directly adjacent to residential areas or in very close proximity. The City's Zoning Code does not provide adequate protection for the residential areas. These compatibility issues along with permitted uses and standards for industrial zones will be closely

discussed and analyzed with the community and other stakeholders during the time the moratorium is in effect.

Traffic and Safety Issues

As mentioned above, by their nature, most logistics facilities generate significant truck traffic, and sometimes the facilities and/or the trucks operate 24-hours-a-day. This truck traffic causes environmental issues including traffic congestion, detrimental air quality, noise, and vibration. The truck traffic generated by the nearly 50 million square feet of industrial uses could potentially be approximately 45,000 truck trips per day. These trucks travel on truck routes as well as other streets to reach their destinations and pose unique and challenging traffic issues because of their sheer size such as:

- Increased safety risk for smaller vehicles, pedestrians, and bicyclists
- Damage to City property/facilities from collisions (reported and unreported); i.e., street lights, traffic signal equipment, signs, trees, curbs, medians, etc.
- Reduced levels of service on streets and at intersections
- Increased impacts from improperly over-loaded trucks

Environmental and Health Issues

Diesel engines emit a complex mixture of air pollutants, including both gaseous and solid material. The solid material in diesel exhaust is known as diesel particulate matter (DPM). DPM is considered a subset of particulate matter less than 2.5 microns in diameter (PM2.5). Most PM2.5 derives from combustion, such as use of gasoline and diesel fuels by motor vehicles, burning of natural gas to generate electricity, and wood burning. DPM is most concentrated adjacent to freeways, truck routes, and roadways traveled by trucks. PM2.5 is the size of ambient particulate matter air pollution most associated with adverse health effects of the air pollutants that have ambient air quality standards. These health effects include cardiovascular and respiratory hospitalizations, and premature death.

The trucks also cause noise and vibrations when travelling on the roadways next to residential areas. According to the City standards, the exterior noise levels for residential areas should be under 65 Community Noise Equivalent Level (CNEL) which is a weighted average of noise level over time. The City's 2004 General Plan showed many residential areas exceeding this standard. The increase in industrial developments since 2004 and the resulting increase in truck traffic has most likely made the conditions worse for the residents who reside adjacent to major roadways and specially adjacent to truck routes.

Fiscal Issues

City Budget

Unlike most cities that derive most of their budget from property tax, the City of Carson is considered a low property tax City with receiving only 6.75% of each property tax dollar collected by the County. As a result, among other things, the City has had a structural budget deficit for the seven of the past 10 years. With the abolishment of the redevelopment agencies in California in 2012, the City's budget issues became even more evident as the City lost approximately \$30

million in revenue per year. As a result, the City has not been able to update and maintain its infrastructure as required. One major area of concern is lack of funding for maintaining the City's streets.

Condition of Streets and Budget Implications

As a result, the City receives numerous complaints regarding the condition of the roads in the City. Sometimes, these complaints result in claims for damages or injury. For example, recently the City received a claim from an out-of-town motorist for a flat tire for \$308.00. Another notable complaint the City recently received is from Watson Land Company who point out the deterioration of the City roads that need maintenance in their industrial parks (Exhibit Nos. 2 and 3). Staff has estimated that to address the road maintenance issues in and immediately adjacent to the three industrial parks would cost the city approximately \$17 million (Exhibit No. 4). The majority of these roads are either on truck routes, overweight truck corridors, or roads that are directly accessible from these corridors (Exhibit Nos. 5, 6, and 7). Comparatively, the City currently has budgeted \$1.5 million per year for the next 7 years to maintain the streets in the entire City.

Staff has received the Final Report on the City Pavement Management Program, prepared for the City by NCE dated January 2017. The City commissioned this study to obtain an inventory of pavement conditions for the entire City's street network, to develop strategies for the City to maintain all streets, and to perform budgetary analysis to determine the funding needs.

The report concluded that average rating for City's entire 46,555,211 square-foot street network is 67 Pavement Condition Index (PCI) with 100 PCI being perfect. Sixty seven PCI is considered "fair" condition which include streets with both non-load related (weathering or raveling) and load related (alligator cracking) distress. Generally, streets with load-related distress are more expensive to repair. The report further breaks down the condition of the roads in the City as follows:

| Class | PCI | Condition |
|--------------------|-----|-----------|
| Arterial | 61 | Fair |
| Secondary Arterial | 50 | Poor |
| Collector | 62 | Fair |
| Residential | 75 | Good |

The study concluded the City currently has \$92.9 million in deferred roadway maintenance costs. With the current budget of \$1.5 million per year for the next seven years, the deferred maintenance will increase to \$145 million by FY 22/23 while the PCI rating will go down from 67 to 55 in the same time frame. The study also found that in order to maintain the same PCI rating of 67 for the same time

frame, the City would have to increase its funding from \$1.5 million per year to \$8 million per year. In this scenario, however, the deferred maintenance only goes down from \$92.9 million to \$87.6 million. Therefore, even with a \$6.5 million increase in annual expenditures, the City's deferred maintenance issue will not be remedied. It is evident, however, that given the state of City's budget deficit; it is difficult for the City to increase the street maintenance budget from its current levels. Therefore, the City would need to reduce programs or services to pay for the \$6.5 million increase. For example, the following programs would have to be cut to save enough money to pay for the increased budget for maintaining roads:

- Stop Park Maintenance:
Total Savings: \$6,723,973

- Stop operating and staffing park (\$4,887,878) and close the community center (\$1,577,548):
Total Savings: \$6,465,426

- Cut 1/3 of the sheriff (20 deputies)
Total Savings: \$6,237,399

- Cut transportation by 40% to free up Prop C funds (\$1,446,4220), Close the Stroke Center, Middle School Enrichment, Early Childhood Program, Adult & Youth Sports, and Veteran's Sports Complex (\$1,241,184), Close the Community Center (\$1,577,548), No General Fund for City Events (\$273,903), Eliminate Cultural Arts Grants (\$164,688), Stop Median Maintenance & Graffiti Abatement (\$800,538), and Stop Legends & Curb Maintenance (\$510,044):
Total Savings: \$6,014,327

- Gas Tax - used for traffic signal maintenance street sweep, and arborist (\$1,950,622), Prop A Revenue - Used for Transit (\$1,743,783), Prop C Revenue - Used for Transit (\$1,446,422), Measure R - used for road projects (\$1,084,839), Measure M - new money (\$1,107,504):
Total Savings: \$7,333,170

Impact of Trucks on Streets

The table below provides a general overview of trips generated in the City by different land uses. These numbers exclude trips going through the City that is not generated from or to the City (prepared by the City's Traffic Engineer):

| Land Use | Quantity | Trip Generation Rate (trips per day) | Generated Traffic (per day) |
|-----------------------------------|-----------------|--------------------------------------|--|
| Residential – Low Density | 18,244 DUs | 9.52/DU | 173,700 |
| Residential – Medium/High Density | 5,330 DUs | 6.23 DU | 33,200 |
| General Commercial | 2,383,114 s.f. | 44.32/ksf | 105,600 100,300 Non-Trucks 5,300 Trucks |
| Regional Commercial | 1,652,268 s.f. | 42.70/ksf | 70,600 67,100 Non-Trucks 3,500 Trucks |
| Industrial | 48,850,426 s.f. | 4.54/ksf (20% Trucks) | 221,800 177,400 Non-Trucks 44,400 Trucks |
| TOTAL | | | 604,900 551,700 Non-Trucks 53,200 Trucks |

Research indicates that a single truck trip is equivalent to 10,000 automobile trips with regard to pavement wear-and-tear and damage. So the 53,200 truck trips per day that are generated in Carson are equivalent to 532,000,000 automobile trips per day. Using these equivalencies, the total volumes relative to pavement wear-and-tear and damage are as follows:

| Vehicle Type | Equivalent Volumes (trips per day) | Percent |
|---------------------|------------------------------------|---------|
| Non-Trucks | 560,500 | 0.1 % |
| Trucks – Commercial | 88,000,000 | 16.5% |
| Trucks | 444,000,000 | 83.4% |
| Total | 532,551,700 | 100 % |

As the table indicates, trucks are responsible for 99.9% of the pavement wear and damage in the City of Carson with industrial land uses being responsible for 83.4%.

Lack of Infrastructure Funding

The aging of the infrastructure and the lack of funding is not an issue just for Carson. This is an important issue at the state and national level as well. At the State level, the legislator will be considering SB1 (Beal) and AB1 (Frazier), if approved by the legislators by a 2/3 vote, the preliminary estimates could bring in

an additional \$3.2 million a year for Carson at full phase-in. In addition, at the Federal Level, there have been discussion about the aging infrastructure and the need for new funding sources; however, the details on source of funding, the amount, and the type of projects that can funded will take more time. Both at the state and federal levels gas tax revenues that pay for road improvements have been decreasing. At the state level, the gas tax has been reduced by 1/3. At the federal level, it has not been increased in 25 years. In conclusion, there may be other sources of money available to the City in the future; however, it is not a certainty.

Gathering Facts

Address the City's concerns regarding the issues identified above, staff needs additional time to obtain all the information necessary to analyze the issues and provide recommendations to the City Council. Below are some examples of tasks and information that need to be performed or gathered:

- Meet landowners, businesses, brokers, community, schools, CC, PC, EDC to understand their issues and concerns;
- Understand the market forces to better address City's concerns and promote economic development at the same time and better understand the quantity and quality of jobs created by the logistics facilities;
- Determine the environmental and health impacts on the community from truck related uses to determine the mitigation measures necessary to better protect the community from these impacts such as sound walls, alternative pavement materials to reduce noise, cleaner trucks to improve air quality, and programs related to improving community's health;
- Examine incompatibility issues between sensitive uses and industrial areas to better address buffering between uses, permitted uses, hours of operations, and transitioning some industrial areas to alternative land uses;
- Initiate an effort to identify legal non-conforming, no longer legal-non-conforming (amortization period has expired), and illegally operating businesses in industrial areas;
- Assess short and long term impacts of large trucks defined as Federal Highway Administration (FHWA) Class 5 or higher excluding recreational vehicles and dually trucks on street maintenance costs and pavement life (Exhibit No. 8);
- Examine funding options for the City on how to address the City's deferred maintenance cost of \$92.9 million. For example, City of Vernon has a Logistics Tax of \$0.28 per square-foot. Another option would be to adopt a truck trip tax;
- Examine alternative pavement materials to reduce the long term maintenance costs of roads heavily traveled by trucks;
- Examine whether the designated truck routes can be modified to both provide the most efficient truck routes and ensure the best protection of the residential areas;

- Identify and determine legal and illegal truck yard and container storage and parking;
- Perform a fiscal impact analysis to obtain a more accurate accounting of the revenues generated by logistics facilities vs. the demand of City expenditures to provide services for these facilities.

Details of the Moratorium

The following provides the most important aspects of the proposed moratorium.

Businesses Subject To Moratorium

All logistics facilities as defined below are subject to this moratorium. Once it is determined a logistics facility is subject to the moratorium, other provisions of the moratorium (Exemptions from the Moratorium, Activities Subject to the Moratorium, Activities Subject to the Moratorium, Exceptions or Off-Ramps to the Moratorium) must be applied to determine how the moratorium impacts a particular logistics facility.

“Logistics facility” means any warehouse for storage and transportation of goods, distribution facilities, logistics services such as but not limited to material handling, production, packaging, inventory, transportation, storage, warehousing, freight forwarding, deposit, storage, safekeeping, or parts thereof, industrial wholesale, self-storage, portable storage rental facility, truck terminals, hazardous materials and/or hazardous waste facilities, truck yards, cargo container storage and cargo container parking, manufacturing uses with less than 50% of floor area devoted to manufacturing.

Exemptions from the Moratorium

The following activities are not subject to the moratorium:

- Business license renewals; routine or emergency maintenance and repair permits;
- Tenant improvements for current tenants within an existing building (no expansion);
- Leases 3 years or less;
- Buildings with 5 truck doors or less;

Activities Subject to the Moratorium

The following activities are subject to the moratorium:

- Establishment of new uses or buildings;
- Expansion of existing buildings by 10%+;
- Any expansion/intensification of truck/container yards;
- Any modifications to an existing building or site that require permits:
 - “Permit” means any City planning land use approvals, issuance of any business license tax permit including the transfer of a business license from one owner to another, and any building, grading, plumbing, electrical or mechanical permit issued by the City, whether the approval or issuance is discretionary or ministerial. The annual renewal of an existing business license and/or any permits

necessary for the routine maintenance the buildings or sites shall not be considered issuance of a permit.

- New Or extended leases longer than 3 years;
- All Planning development applications related to logistics facilities that are submitted and are under review;
- All building permits related to logistics facilities that are under review but have not been issued;
- All logistics facilities that have obtained a building permit but have not started substantial construction.

Exceptions or Off-Ramps to the Moratorium

The City Council can consider the following activities to be exceptions to the moratorium subject to the processes and requirements of the moratorium:

- Necessary for the preservation of the public health, safety, and welfare
- Undue financial hardship; i.e. moratorium results in vacant buildings during moratorium
- Minimal or no truck traffic impacts
- Developer agrees to:
 - Form or annex into a CFD
 - A Development Agreement
 - Facility that can demonstrate:
 - No adverse negative fiscal impacts on the City
- Buildings that their tenant moves out during the effective time of the moratorium;
- Buildings that are empty on the effective date of the moratorium;
- Others:
 - Land controlled by City or any of its agencies and authorities including transactions approved by Department of Finance (DOF)

Schedule

Staff is proposing the following schedule during the next several months:

- Form outreach committee: Immediately
- Develop Scope of Work for studies: Immediately
- 10-Day Report: April 18, 2017
- Extension of the moratorium to March 2018: May 2, 2017
- Proceed with the General Plan and Zoning Code Update to address land use issues May 2, 2017
- Perform studies (RFP Process):
 - Fiscal and Economic Impact Study (estimated cost of study \$50,000)
 - Pavement Management Study (completed but not adopted)
 - Pollution, noise, and vibration
 - Truck route efficiency, effectiveness, and compatibility.

Correspondence

Staff has received one correspondence regarding this issue (Exhibit No. 9).

V. FISCAL IMPACT

None. After the scope of the studies are fully determined, prior to commencement of the consultant work, the fiscal impact of the preparation of the studies will be brought forward to City Council consistent with City's established procedures.

VI. EXHIBITS

1. Proposed Ordinance No 17-1615U. (pgs. 13-25)
2. Watson Land Company Request #1. (pgs. 26-27)
3. Watson Land Company Request #2. (pg. 28)
4. Staff Estimate for Watson Land Company request #2. (pg. 29)
5. Truck Routes. (pg. 30)
6. Overweight Truck Corridors. (pgs. 31)
7. Pictures of Watson Land Company Request # 2. (pgs. 32-36)
8. FHWA Vehicle Classifications. (pgs. 37-39)
9. Correspondence. (pgs. 40-44)

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