

Costco warehouse: fiscal impact vs social cost

There is much hear-say about the benefits of this Costco Site without any purposeful weighing of the “costs and benefits” to the El Dorado Hills population / society. EDH APAC Volunteers have researched the County’s obligation in this regard.

CEQA focuses exclusively on environmental impacts, not economic or fiscal effects. However, fiscal information can be included in the project description or as separate, voluntary documentation. Economic Impacts may be assessed through [CEQA Guidelines §15362, the California Code of Regulations](#). Whereas economic or social effects are not required to be part of an EIR, they can be considered if they lead to physical changes. Furthermore, while not a part of the mandatory CEQA process, a local agency might require the [California Department of Transportation / CALTRANS](#) a separate fiscal analysis as part of the overall development approval process.

To that purpose we have included a point summary **PROS & CONS of a COSTCO WAREHOUSE** below to bolster the case that the Costco warehouse on Silva Valley Pkwy shall have not only significant traffic issues but potential social ones as well. For example, what might the long-term health impact on the adjacent elementary school? What might be the fiscal impact in TIF Zone C be to [EDH area citizens](#).

A consideration of one example regarding TIFs. There are two new traffic signals to be installed along Silva Valley Pkwy, which in the long term will have the volume of traffic on Country Club Drive added to an already burdensome intersection. We note the TIF fee for “general commercial” is \$13.14 which when multiplied by the warehouse area proposed (155,429 sq. ft.) gives a total fee of \$2,042,337.06 which hardly covers the cost of two four-way traffic signals. Does the EDH community really have to pay for the additional traffic lights when at buildout the traffic LOS is failing? Does not the health of students at the elementary school adjacent to the thirty-two pump gas stations require to be evaluated as a health cost? Do we need a fourth mammoth gas station when there are three gas stations one interchange away along El Dorado Hills Blvd and Latrobe Road? Add to this existing gas station inventory a proposed gas station on the northwest corner of Latrobe Road and White Rock Road. What analysis has been completed on the effects of permanent light pollution to the immediate neighborhood that shall materially affect home values there. Case in point the fight at the EDH-CSD on sports facility/park lights; result, no lights!

We are sure the County will require a “fiscal impact analysis” to show the projected fiscal benefits to the County treasury. This is very different from the benefits to the LOCAL community that stands to bear the true cost of the Count’s benefit. The question is, who pays? Who benefits? It is a delicate balance that must be thoughtfully evaluated.

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Therefore, we are requesting, on behalf of the community, that the Applicant be required to have an overall cost / benefit analysis undertaken to include the true economic benefits and social costs to the El Dorado Hills community as projected at build out.

PROS & CONS of a COSTCO WAREHOUSE

The social and economic costs of a Costco warehouse on a local community often involve a complex trade-off between increased economic activity, higher wages and significant tax revenue, weighed against challenges like increased traffic congestion, noise, and potential strain on small businesses, it introduces environmental and infrastructure-related costs.

Does El Dorado Hills need another gas station? It already has: four gas stations within (2) two miles and **nine gas stations** within (3) three miles.



Economic Costs and Challenges

- Small Business Impact: Despite the "Costco Effect" often bringing more shoppers to an area, local businesses may find it hard to compete with the low prices and high volume of a Costco warehouse, according to residents and reports.
- Infrastructure Strain: The high volume of traffic often necessitates upgrades to roads, intersections, and traffic lights, which may be costly for municipalities.

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- Public Incentives: Cities sometimes provide financial incentives to attract Costco, which can take time to recoup, though they often bring higher tax revenues over the long term.
- Retail Landscape Changes: The area surrounding a new warehouse may shift from a community-focused area to a high-traffic commercial zone, changing the local landscape with large signage and heavy parking, note residents, especially in areas with nearby schools.

Social and Environmental Costs

- Increased Traffic Congestion: A key concern for residents is increased traffic, particularly near residential areas, schools, and parks, as warehouses attract thousands of vehicles daily.
- Environmental Impact: Environmental impact reports for new locations often highlight issues with construction dust, **increased traffic-related emissions, and pollution, especially with gas stations featuring high idling rates.**
- Safety Concerns: The surge in traffic can reduce safety for pedestrians and cyclists, leading to local opposition during the planning and development phases.

Positive Economic Factors (The "Costco Effect")

- Higher Wages: Costco is known to pay its workers well, with average hourly wages for U.S. hourly employees reaching approximately \$32, prompting neighboring employers to raise their own wages by up to 40% to remain competitive.
- Tax Revenue Boost: A new Costco warehouse can lead to a notable increase in sales tax revenue for local governments, boosting city general funds.
- Increased Foot Traffic for Neighbors: Contrary to some big-box developments, Costco often acts as a regional destination, attracting shoppers who may also visit surrounding, smaller businesses, thus

Economic Costs and Impacts of a Costco GAS STATION with the warehouse.

- Small Business Competition: Local independent gas stations and small retailers often struggle to compete with Costco's heavily discounted pricing, which can threaten their survival.
- Traffic Congestion and Infrastructure Strain: The high-volume nature of Costco gas stations frequently causes major traffic bottlenecks, requiring, in some cases, costly upgrades to roads and intersections to accommodate the increased traffic flow.
- Economic Disruption of Commercial Areas: The arrival of Costco can change the nature of local business, shifting from smaller, localized retail to large-scale, high-traffic commercial operations.
- Localized Economic Distortions: While neighboring businesses may benefit from increased foot traffic from the warehouse itself, the gas station alone can cause localized economic decline for specialized retailers within proximity.
- Environmental and Health Concerns: High-volume stations with long lines of idling cars contribute significantly to local air pollution. The concentration of volatile organic compounds

(like benzene) and hazardous air pollutants can pose health risks, particularly to nearby residents and schools.

- **Noise and Air Quality Issues:** The continuous, high-volume operation often leads to increased noise levels, negatively affecting the surrounding community and reducing quality of life.
- **Safety Hazards:** The massive increase in traffic poses safety risks to cyclists and pedestrians, especially in areas that were previously designed for quieter pedestrian access.
- **Environmental Injustice:** Like many high-volume fueling sites, Costco stations may disproportionately affect air quality in lower-income communities or areas already facing environmental burdens, particularly if sited in sensitive urban areas.

Counteracting Positive Factors (The "Costco Effect")

While the costs are significant, analysts often note a mixed, or "Costco Effect," where the retailer brings higher wages and increased overall foot traffic to an area, which can boost nearby businesses despite the local congestion.

Not every Costco store has a gas station — it reported 719 gas stations and 905 warehouse stores in a 2024 Securities and Exchange Commission filing. Gas sales accounted for about 12% of its total net sales in that year. **That is n79.4% of Costco warehouses have their own gas station.**

RECENT EXAPLES OF A “NO” COSTCO SITE

NOVATO, CA COSTCO

Costco gas stations are popular with customers for several reasons: they're convenient and often offer lower prices than other gas stations nearby. Why then are the residents of Novato, California, so upset that the existing Costco warehouse store plans to add a gas station?

Costco plans to develop a one-acre site adjacent to its existing store in the Vintage Oaks Shopping Center in Novato. A 10,000-square-foot canopy will cover 14 fuel dispensers, with 28 pumps in total. The project will include three 40,000-gallon tanks stored underground. Rather than celebrating the addition of discounted gas in a region that typically sees prices well above the national average, many residents are opposing the new station. It all has to do with the city's recently adopted Climate Action Plan, an increase in the amount of anticipated traffic, and the location of the proposed gas station. Some residents believe the new gas station shouldn't be allowed at all.

In 2022, the city of Novato banned the construction of any new gas stations, attributing the move to combating climate change. The city's study found that more than 60% of local

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emissions are the result of transportation, and a new gas station will certainly not alleviate that problem. The new location is expected to add about 4,600 new daily trips into the area, which more than doubles local traffic. Those calculations don't account for potential new Costco members who are seeking discount fuel, so the true amount could be even higher.

Some residents are also upset at the location of the gas station, which will be very close to a pediatric clinic and near vulnerable wetlands.

Finally, a local climate activism group called 350Marin also questioned the logic of building a gas station in an area where 40% of newly registered vehicles are electric and clearly won't benefit from such a commodity.

The local planning commission has already accepted a draft Environmental Impact Report and must vote on the final report before construction can begin.

TUSTIN COSTCO GAS STATION SITE

September 1, 2021 North Tustin

A site assessment report on property approved to host a Cost-co gas station at Tustin Ranch Road and Bryan found toxic levels of perchloroethylene. This gave Tustin residents opposing the project more grounds in their appeal of a lawsuit dismissed by a superior court judge last year.

The community group Protect Tustin Ranch had challenged the city's decision not to require an Environmental Impact Report (EIR) in court. The Tustin City Council had approved the 32-nozzle Costco gas station and granted Costco a categorical exemption from an EIR. The residents argued that the exemption was not applicable, and because the gas station was to be built within 500 feet of homes and within one mile of three schools an EIR that studied traffic, noise, air and water quality was necessary.

The court found in favor of the city and Costco last October. Protect Tustin Ranch appealed; the hearing was Aug. 19.

The levels of soil contamination identified in the April 2021 site assessment exceed human-health safety standards by 867%. Protect Tustin Ranch alleges that City of Tustin officials and Costco never revealed the site's contamination to the public and did not disclose it during the original lawsuit between Protect Tustin Ranch, Costco and the city.

"Hopefully this latest development will help us to prevail," Anne Lee of Project Tustin Ranch said. "The newly revealed information about the site's toxic contamination bolsters the urgent need for an EIR. This mega gas station will have a significant negative impact on the health and safety of at-risk communities."

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The site assessment report also notes on-site concentrations of benzene, TCE and vinyl chloride that exceed human health screening levels.

Missing the mark: According to Costco's own reports, the presence of toxins at the project site was known prior to the Tustin City Council vote on Oct. 19, 2019. Therefore, Protect Tustin Ranch asserts, the council incorrectly granted this project an exemption from an EIR.

The group contends that the city conducted inadequate analysis of the impact from tailpipe emissions of particulates, nitrogen oxide, and volatile organic compounds. For example, the number of idling cars was estimated at 20, despite a queue plan for up to four times that amount.

Costco's plans also call for burying three 40,000-gallon tanks within 150 feet of a flood channel that flows directly to Newport Back Bay.

In response to this new public information, Protect Tustin Ranch is calling on city officials to consider enacting a temporary moratorium that would restrict construction of gas stations in Tustin. A growing number of communities in California and across the U.S. are adopting these kinds of policies as part of a safe cities movement. This empowers local authorities to regulate land use and protect public health.

"With another Costco mega gas station only three miles away (at Tustin Legacy), the Tustin Ranch community does not need a toxic cleanup site on our doorstep," Lee said. "We are asking for an Environmental Impact Report, as is warranted for a project of this scope. The city council has a better solution to protect our community's health, our environment, and our climate from harmful projects. They can take immediate steps to analyze the need for new gas stations in Tustin and consider placing a temporary citywide moratorium on the construction of gas stations."