

Commonly Asked Questions

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The Project

Q. Is Merlone Geier Partners (MGP), the project developer, reaching out to future neighbors to solicit community input?

A. Yes. MGP is committed to building a premiere shopping center and being a good neighbor. MGP has participated in a number of neighborhood and public meetings since acquiring the property from Downey Savings and Loan (DSL) in August of 2008. MGP also developed a website that provides local residents information on everything they need to know about the proposed project and fact sheets provide even greater details on proposed designs, green practices, jobs, economic benefits and neighborhood improvements.

Q. Since acquiring the former DSL property, has MGP made any revisions to the proposed project?

A. Yes. The new property owners, MGP, have revised the development plan for the project from what was previously presented by DSL. MGP's plan calls for a mix of uses at the site which will include shopping and office space, recreational opportunities that include trails and exercise stations, and the restoration of Deer Creek as it passes through the project site, among other project revisions such as a public area for a farmers market and street fairs.

Q. What tenants will be included in the project?

A. Deer Creek Village will incorporate an exciting mix of retail, office and recreational uses. The project will likely include a national home improvement retailer, a drug store/pharmacy, a fitness club, multiple restaurants, several medical office tenants, and various other uses. In addition to a potential Lowe's Home Improvement Warehouse, MGP would like to include local Petaluma businesses in the project and will be reaching out to the local business community during construction of the project. Please visit the website's contact page at www.deercreekproject.com to learn more about leasing opportunities.

Jobs and Economic Benefits

Q. What are the economic benefits of the project?

A. At a time when far too many local residents are out of work, the proposed Deer Creek Village project will create over 800 jobs, including approximately 300 construction related jobs and 500 permanent jobs. In addition, the project will generate millions of dollars for the City of Petaluma in the form of development fees, property taxes and sales tax revenue.

Q. Will Deer Creek Village and other proposed retail projects being considered by the city have an adverse impact on existing businesses?

A. No. In fact, a city commissioned retail leakage study revealed that the community could benefit from more shopping centers. The City of Petaluma is losing over \$197 million in taxable sales revenue a year to neighboring communities! This means Petaluma is underserved and its retail market needs to grow if the city wants its residents to shop locally and generate more sales tax revenue that funds critical public services such as roads, public safety and job programs.

Q. How will this project help finance critical public services?

A. The project is expected to generate nearly \$1 million annually in new tax revenue. The city's General Fund will benefit from a fiscal surplus of approximately \$681,000 annually, representing 1.8 percent of the city's General Fund budget, all of which can help fund traffic improvement projects, parks, police and fire services and many other public services. Additionally, the project will result in some \$311,000 annually in property tax increment for the city's redevelopment agency which can be used for neighborhood improvements. The project will also generate millions of dollars in development related fees for the city. All this will ease financial pressure on the city to increase taxes and cut existing government programs, including laying off more public employees.

Q. Given the current state of the economy, is this a good time to build?

A. Absolutely. The project construction should be completed as the national economy recovers from the current fiscal downturn. A number of potential tenants such as Lowe's Home Improvement Warehouse want to invest in Petaluma and create hundreds of new jobs. The sooner the project is approved, the sooner more than 800 people can be put to work and the city can start collecting millions of dollars in new sales tax revenue and development fees.

More Economic Benefits of Project – City's Economic Conclusions

Q. What is a FEIA?

A. A FEIA, or Fiscal and Economic Impact Analysis, is a document prepared by an independent consulting firm hired by the city to study the impacts of potential commercial developments on the community's economy. This study is required to ensure that larger developments will not have an adverse impact on existing businesses or the community at large. The Deer Creek Village FEIA was prepared by Bay Area Economics in conjunction with city staff, at the expense of the applicant, Merlone Geier Partners.

Q. What impact will the project have on the City of Petaluma?

A. The FEIA concludes that Deer Creek Village will have "a relatively significant positive impact on the City's overall fiscal position."

Q. What were the major findings of the FEIA?

A. The study concluded that the Petaluma area is significantly under-retailed and that Deer Creek Village "has the potential to capture a sizable portion of these sales, which are resident expenditures currently going elsewhere." The project will capture approximately \$82.7 million in sales annually. The Deer Creek Village project will create 331 temporary construction jobs and 510 permanent retail, services and office jobs. Additionally, the project will generate nearly \$1 million annually in new tax revenue and millions of dollars in development related fees for the city

Q. What are the economic benefits of a Lowe's Home Improvement Warehouse?

A. Lowe's sees an opportunity to open a profitable location at Deer Creek Village. According to the city's Fiscal and Economic Impact Analysis (FEIA), Deer Creek Village would stimulate an estimated \$82.7 million in annual retail sales. The FEIA states, "sales at Lowe's will constitute the largest share, at slightly above 40 percent of this total." Petaluma has a high rate of retail sales tax leakage in the building materials and the home furnishings and appliances categories. A Lowe's store would capture a "significant share" or \$35.5 million of the \$41.4 million in local building material store leakage as well as help capture \$9.8 million of the \$24.3 million in local home furnishings and appliance store leakage

Q. Can both a Lowe's Home Improvement and Friedman's Hardware store compete in Petaluma?

A. Yes, according to the FEIA, the Petaluma area is "significantly under-retailed" in major retail categories that include building material and home furnishings and appliance stores. The FEIA found that a Lowe's store would capture a "significant share," or \$35.5 million of the \$41.4 million in local building material store leakage. It also found that "some local residents will still prefer to shop at other stores", indicating that the market could also support a competing hardware store. Moreover, the FEIA did not account for the subsequent closure of the Yardbirds Home Depot store, thereby understating the current retail leakage in key categories.

Q. Did the FEIA conclude that the project would generate low paying jobs?

A. No. This mixed-use project includes a diverse mix of retail, office and medical tenants that will generate quality jobs. The FEIA found that, "employee earnings at Lowe's and other tenants at Deer Creek Village would likely be comparable to the prevailing market wages in the area for similar types of employment." As the center's largest tenant, the report found that Lowe's provides "a range of benefits for employees." In addition to retail positions, the project is also expected to generate jobs in the restaurant industry, building and grounds cleaning and maintenance, medical services, and office and administrative support.

The Planning Process and Neighborhood Improvements

Q. Has the city determined that a retail project is a proper use for the property?

A. Yes. In May of 2008 the City of Petaluma adopted the 2025 General Plan. Through this city-wide planning document, the property was granted zoning which allows all of the proposed uses and densities contemplated in the development plan for the project.

Q. Explain the City's approval and environmental review process.

A. The project will be reviewed and approved by the Site Plan and Architectural Review Committee (SPARC). The Environmental Impact Report (EIR) certified for the 2025 General Plan assumed and analyzed the environmental impacts of a larger and more intense development at the site than what MGP has proposed. Projects, like Deer Creek Village, which are consistent with the development density established by an existing general plan for which an EIR was certified, do not require additional environmental review. This reduces the need to prepare repetitive environmental studies.

Q. Has the city studied the project impacts on neighboring properties?

A. Yes. The environmental impacts of development at the project site (including, but not limited to, light, noise, traffic, water, and others) were analyzed in the Environmental Impact Report (EIR) certified for the City of Petaluma 2025 General Plan. The General Plan and EIR analyzed the environmental impacts of an even larger project than what MGP has proposed for the site. As such, the proposed project will be less environmentally impactful to the neighboring properties than what was considered acceptable in the 2025 General Plan.

Q. Will the project be built in phases to avoid project vacancies or all at once?

A. The project will be built in phases. Phase One will include a potential new Lowe's, and boutique size stores and restaurants that front McDowell Blvd. This phase is expected to be completed by Spring 2011. Phase Two will include the larger format stores adjacent to the potential Lowe's and Hwy 101. MGP anticipates leasing these stores following construction and occupation of the potential Lowe's Home Improvement store.

Q. Can this shopping center be built without building a Rainier Avenue/Hwy 101 overpass?

A. Yes. The proposed project does not require construction of an overpass, now or in the future. Should there be an interest in building an overpass or new interchange in the future, the project has been designed to accommodate the necessary infrastructure required.

Q. Will visitors see the project's parking lot and larger tenants from the road?

A. Clustered boutique size stores and heavy landscaping facing McDowell Blvd. will minimize views into the parking lot area and of the project's larger tenants in the rear of the project. Moreover, all the structures and landscaping will also serve as a sound barrier reducing existing noise from Hwy 101

Q. Will the Deer Creek Village project increase noise for neighboring property owners?

A. No, a Noise Study prepared for the project by outside consultants for the City of Petaluma found that "noise from project traffic will not increase the noise level at the surrounding land uses."

Because noise from the traffic area will not exceed the city's standards no noise mitigations are required of Deer Creek Village. The study also found that shielding provided by the project buildings will reduce the noise levels created by Hwy 101 for neighboring residential areas just east of the project.

Q. What will be done to prevent this site from flooding during major storms?

A. The property and project site is located outside of the FEMA designated Petaluma River flood plain and outside of the FEMA designated Lynch Creek flood plain. Additionally, the site is located above the 500 year flood plain for the Petaluma River. A storm water system has been designed, at no expense to taxpayers, to collect storm water and direct it to Lynch Creek and Deer Creek which ultimately feed into the Petaluma River. Both creeks have adequate capacity to safely accept and convey the storm water to the river after the site is developed. 100% of the storm water will be treated for water quality to Standard Urban Stormwater Mitigation Plan (SUSMP) requirements prior to any discharge from the site.

Q. What will happen to Deer Creek once this project is built?

A. MGP is working with the jurisdictional agencies to restore Deer Creek so that it will remain in place on the property. Deer Creek will be restored and enhanced through the addition of natural vegetation and improved water quality, flow and drainage within the project area. See the website to learn how the restoration of the creek and its habitat will complement outdoor dining and recreational opportunities.

Learning More and Lending Support

Q. I know someone looking for work. How can they secure a future job?

A. Visit the website's contact page for more information. MGP will forward job seekers to employers as they tenant the property.

Q. How can I find out more about the proposed project?

A. We are confident that everything that you need to know about the proposed project will be found at www.deercreekproject.com, but if not, provide us your comments in the community survey.

Q. How can I support the Deer Creek Village project? How can my voice be heard?

A. While the project offers many fine shopping opportunities and community benefits, the Deer Creek Village project must be approved by the city before MGP can put one person to work. For your voice to be heard, please contact the Petaluma City Council today by visiting the website's "Action Center." Also, when visiting the website, be sure to sign up as a project supporter.

For More Project Information, Visit www.deercreekproject.com