Attachment S: Concise Summary

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Costco's Business Model Will Create Several Non-Inherent Adverse Effects if S-2863 is Approved

by

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Essentially all of the points made here have been discussed in one or more of our other filings. However, we are concerned that the detailed nature of those filings, as well as their collective length, may not have made the critical points clear. So we have chosen to submit this supplemental filing to provide a synopsis in a single short document.

Restatement and Summary: *[All numbers refer to Endnotes - some of which are quite long - in which details are provided. Our objective here is to keep the narrative clear and brief. .]*

Part of Costco's current business model is to provide to its members the option of buying inexpensive gas, along with their shopping at its warehouse store [1].

The mega station it proposes to build and operate in Westfield's Wheaton Mall will place a 16 nozzle gas station in a portion of a Mall parking lot that is now underutilized but will, when the Costco store opens, be heavily used [2].

Adding the gas station at the proposed location will increase traffic congestion in and around the location [2], because Costco's stations attract large numbers of cars to a facility that must operate very close to the maximum pumping capacity in order to service the regional demand created by the Costco operation. [3]. In turn, this high-demand, capacity-limited operation leads to a situation where many cars wait in line many minutes, with their engines idling [1-3].

The idling cars, and the cars attempting to find parking spaces in the congested parking lot result in air pollution (due to the components of automobile exhaust) [4]. This localized air pollution is in addition to the general level of air pollution in the vicinity (Wheaton/Kensington) [5].

The cumulative effect of the air pollution constitutes a disproportionate health risk to the people who live in the neighborhood, who use or work at the Kenmont Swim Club, who attend or work at the Stephen Knolls School, and who shop or work at the Mall stores closest to the proposed gas station. All of the negative effects stated above are not inherent to a large gas station. They are "non-inherent adverse effects" [6] that will occur if this particular gas station is placed in the specific location proposed in Special Exception application S-2863.

All of those adverse effects are exacerbated by the fact that this station is not needed under any criteria that may be applied to it [7]. It is one thing to accept some burdens as an unavoidable consequence of an activity that is needed by the community; it is quite another to impose them when the community is already amply served.

Conclusion: Strict adherence to the relevant County Code requires that S-2863 be disapproved.

ENDNOTES

1. Costco operates on a members-only warehouse store (big-box) business model. Many Costco stores have extremely large automobile gas stations associated with them. The stations are located very close to the stores and provide gasoline, to members only, but no additional services. Recent versions of the business model involve placing both the store and the gas station in densely populated urban areas, in existing shopping malls.

People choose to become Costco members because of the low prices of the many products sold by the warehouse store. Members are also attracted by the low cost of gas at the stations, although Costco's gas is not always the lowest available on any given day, and even when it is, the price differential may only be a few cents per gallon. One way Costco is able to keep the price of its merchandise and its the gasoline relatively low is by operating a limited number of stores with very high volume patronage. As regards the stations, this means structuring each station so as to attract, and dispense gas to, as many cars as possible, using the minimum space and number of pump nozzles possible. As Costco makes clear in its application, it has stripped out every amenity offered by other stations so that nothing will interfere with pushing as many cars as possible through the station

Gas stations vary greatly in size (footprint) and numbers/configuration of the pump islands and nozzles. It is difficult to find consistent definitions of gas stations in terms of size or other properties. What is clear is that there is no such thing as an average gas station unless one is only interested in the amount of gasoline dispensed per year. If amount of gas dispensed per year is considered, the average (nationwide) would be somewhat more than 1 million gallons per year; in Montgomery County the average is closer to 1.5 million gallons per year. The amount of gasoline sold may vary from as little as several hundred thousand gallons a year to as much as 19 million gallons. Equally important though, in terms of assessing the impact of the station, is to consider how the gas station is configured and how its available pumping capacity relates to the expected volume of sales.

Some effects of a gas station are directly proportional to their size and gallons pumped; a small station that only pumps a million gallons a year or less will simply not generate the volume of emissions that is likely to cause significant concerns. Nor is it likely to draw sufficient customers that they would overwhelm its pumping capacity since a station with as few as four pumps can easily satisfy that demand. For the purposes of this discussion we use the three categories that several studies have chosen. "Small" stations may dispense less that 1 million gallons per year, with a limited clientele and sufficient nozzles that no car ever has to wait before filling up. "Large" gas stations dispense more gas; some regulatory bodies have defined these as dispensing up to 3.6 million gallons per year. [Virtually all of the stations currently found in Montgomery County sell from about 1 million gallons up to about 3 million gallons per year; the Freestate station on Viers Mill is an example of the largest size such stations tend to be.] These "large" stations still do not necessarily generate large levels of emissions; they operate with a large enough number of pump islands and nozzles (and for a sufficient number of hours a day) - and are so configured - that it is extremely rare for any car to have to wait at all to find space to fill up. These stations, moreover, comply with the requirement in the Zoning Code that they satisfy a neighborhood need; as such, they do not necessarily generate large volumes of customers.

Finally, Costco operates what have been called "mega" gas stations (or "hyper" gas stations): these pump anywhere from 3.6 million gallons to as much as 19 million gallons per year (and

have become increasingly "popular" since the late 1990s). Costco's typical station falls squarely within this category, with station sales volumes ranging from 8 to 14 million gallons per year. Costco projects that the station it will place in Westfield's Wheaton Plaza will dispense about 12 million gallons per year. The station will have four islands, each with two pumps, each pump with 2 nozzles, for a total of 16 nozzles.

2. Costco's proposed mega gas station will occupy the space previously allocated for 90-100 parking spaces (the number varies depending on which plan is examined) in the parking lot that is closest to Costco's store, Target, and many other stores that are tenants in Westfield's Wheaton Mall. The parking lot is now well-used, but only rarely congested. When the Costco store opens, the congestion level will increase: how much is impossible to determine, but those who have used the Costco store in Beltsville know that such stores attract a large number of customers who, because they purchase large quantities of goods, are loath to park far from the store and thus often drive around for many minutes looking for a close-in parking spot. If the proposed mega gas station is actually built in the proposed location, congestion will increase even more for several reasons:

a. There will be some 90-100 fewer parking spots available near the stores.

b. Many of the spots that will be "sacrificed" for the gas station are directly adjacent to the Costco store. As a result, those who need to park further away (including on the space that Westfield will apparently reclaim from a portion of landscaped area that now exists) will have to walk through the traffic and emissions created by the cars using the station. The same is true, of course, for those coming from the homes to the south and west and seeking to use the Mall or walk through to the Metro. They will encounter far more traffic than currently uses that area of the mall and the ring road – and far more than would be the case even when the warehouse opens.

c. People who choose to shop at the Costco store first, then return to their cars, and then drive to the gas station will have to leave the parking area and enter the gas station via a path that takes them close to - and may in fact require crossing and re-crossing - the traffic using the ring road adjacent to the gas station, because flow through the gas station is one way: from the ring-road side towards the parking lot side.

d. The gas station has a very small footprint relative to the volume of sales and the number of cars to be processed.. The 4 islands, with a total of 16 dispensing nozzles are squeezed into a space sufficiently limited that all cars must enter one of eight lines (queues) and must proceed via the queue they entered until they reach a dispensing nozzle. Cars in such queues will not tend not to turn off their motors; instead they will idle for many minutes, as they slowly advance in the queues. Because the pumps are operating very near capacity [3], the queues can quickly become very long: in total anywhere up to 60 or more cars at peak times. The plans for the proposed gas station indicate queues up to a total of about 50 cars can be accommodated, at which point the rear-most cars will be very close to the ring road or spilling out onto it should the backups exceed the allowed space. By comparison, a typical WaWa or Royal Farms or similar station with an equivalent number of pumps will have a far larger footprint providing much easier access for cars to reach the pumps without delay.

e. The portion of the ring road closest to the Costco store and the proposed gas station is currently very lightly used. That will change when the store opens (even more if the gas station opens). Much of the increased traffic on that portion of the ring road will exit

the Mall at the point where the ring road intersects with Valley View Avenue, the main point of ingress to and egress from the Mall for patrons traveling via University Boulevard. That intersection (Ring Road/Valley View) is already a bottle-necking point (for example most people going to the Giant use it for access); it can only get worse.

3. While most "small" and "large" gas stations operate at only a small percentage of their pumping capacity (15-30%), Costco's mega gas stations operate at approximately 80-90% of their total pumping capacity (the exact number for the one Costco proposes in S-2863 cannot be determined until it opens). The fact that it designs its stations to operate so close to capacity is inherently related to the business model [1] and is in fact what makes the congestion and queuing/idling problems posed by such mega gas stations [2] totally predictable. While such an operational model is undoubtedly highly economical and contributes to Costco's bottom lines, it is also unquestionably a reason why the stations are so inherently problematic for the surrounding community

4. All automobiles emit pollutants in their exhaust. These include various chemicals (e.g. volatile organic compounds like benzene) as well as particulate materials (both the large particles in "soot" and the micro-fine particles that are not seen, but penetrate deeply into the lungs and can in fact cross the linings of blood vessels). All of these have been shown to increase health risks: risks of cancer, cardiovascular problems, respiratory system disorders, and impaired physical and mental development in children. Cars that are moving slowly (as in zones of traffic congestion) or are idling, burn gasoline much less efficiently that do cars traveling at optimal speed - and they thus contribute more exhaust fumes to the already present levels of air pollution.

5. The Washington Metropolitan area has a very poor level of air quality. The background levels of certain air pollutants in the State of Maryland (especially urban regions like the down-county parts of Montgomery County) is higher than many other regions in the country. The local increase in air pollution in the vicinity around the proposed gas station will be superimposed on the general background levels of air pollution. It is our understanding that even Costco's own modeling shows that current background levels for particulates, specifically, are above current EPA levels. As our expert, Dr. Henry Cole, has shown, those levels are almost certainly not conservative, but probably underestimate the existing levels of pollution. The correct response to that situation is clear – 'when you are in a hole, stop digging!' Whether or not the additional pollution is large or small compared to background, it is clear that we should not be adding to those levels, we should be trying to reduce them. Again, this is *not* a situation where this station is needed to satisfy any lack of capacity in the area. This is a station what will be added onto an areas that is already served by *25* other stations in a 7 minute driving radius. Nor is this a situation where one must decide where to site a school that must be built somewhere and may need to accept some level of risk. This is a situation where the applicant seeks to impose a burdensome use on homes, a swim club, and a public school that houses not just vulnerable children, but the most hypersensitive population in the county. This cannot be what good planning allows.

6. The law that determines how Costco's application must be evaluated is found in Chapter 59 of the Montgomery County Code, specifically sections 59-G-1 and 59-G-2.06. The detailed elements of these sections of the Code make it explicitly clear that the applicant must prove that siting/operating the proposed gas station at the proposed location will not have adverse effects (either inherent or non-inherent) on the neighborhood in which the applicant proposes the specific land use (i.e. the mega gas station). Not only has Costco failed to prove

there will be no non-inherent adverse effects, by virtue of the information available it **cannot** prove the absence of such effects.

7. As discussed in our detailed rebuttal of Costco's "Needs Analysis".