



MILPITAS PLANNING COMMISSION AGENDA REPORT

PUBLIC HEARING

Meeting Date: April 14, 2009

- APPLICATION:** **Conditional Use Permit Amendment No. UA10-0001 and UA10-0002, Walgreens Alcohol Sales**
- APPLICATION SUMMARY:** A request to add beer and wine sales at two existing Walgreen Stores in Milpitas.
- LOCATION:** (1) 342 W. Calaveras Boulevard, Milpitas, CA 95035 (APN: 86-07-042)
(2) 1833 N. Milpitas Boulevard, Milpitas, CA 95035 (APN: 22-02-050)
- APPLICANT:** Dan Perlin, Walgreens Company, 104 Wilmont Rd., 2nd Fl., MS#1420, Deerfield, IL 60015
- OWNER:** (1) 200 Serra Way LLC, 380 N. First Street, San Jose, CA 95112
(2) Crescent Dixon Plaza I LLC Et al., Roxanne S. Chang, 711 Murphy Drive, San Mateo, CA 94402
- RECOMMENDATION:** **Staff recommends that the Planning Commission:**
1. Adopt Resolution No. 010-019 for 342 W. Calaveras, subject to conditions of approval; and
2. Adopt Resolution No. 10-020 for 1833 N. Milpitas subject to conditions of approval.
- PROJECT DATA:**
General Plan/
Zoning Designation: (1) General Commercial (GNC)/General Commercial (C2)
(2) Retail Sub Center (RSC)/Neighborhood Commercial; (C1)
- Overlay District:** Site and Architectural Overlay (-S)
- Specific Plan:** (1) Midtown Specific Plan
(2) N/A
- CEQA Determination:** Categorically exempt pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act.
- PLANNER:** Cindy Hom, Assistant Planner

PJ: (1) PJ 2627
(2) PJ 2628

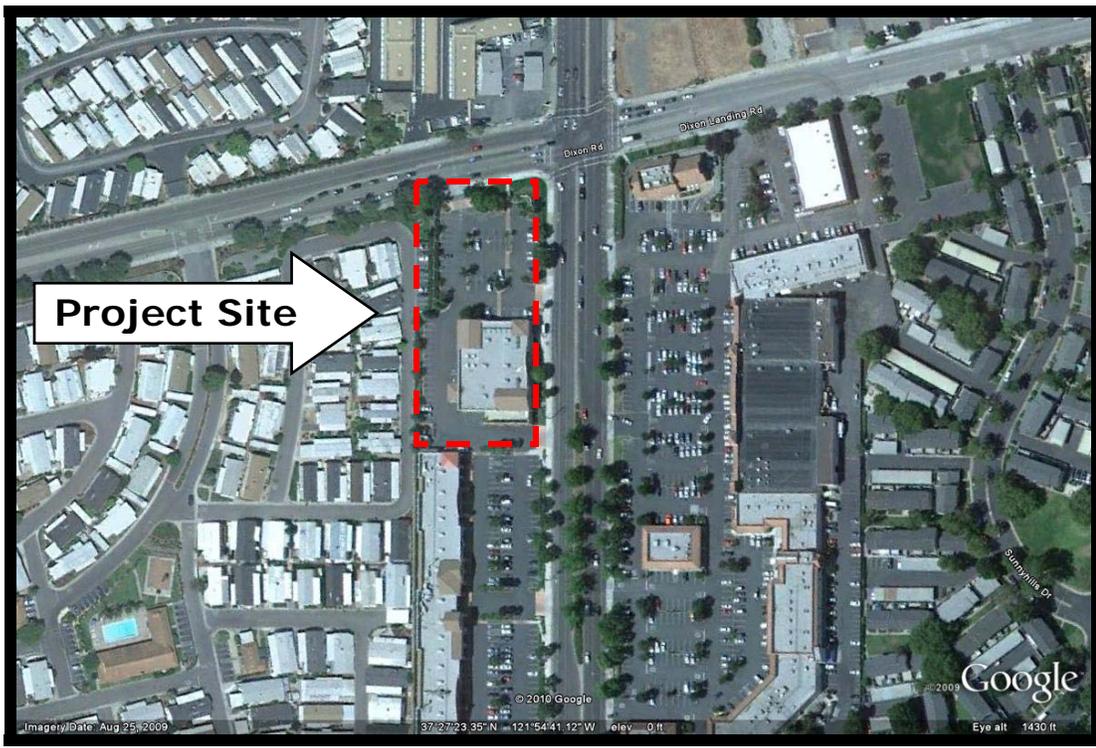
ATTACHMENTS: A. Resolution No 10-019/Conditions of Approval
B. Resolution No. 10-020/Conditions of Approval
C. Project Description Letter for 342 W. Calaveras Blvd.
D. Project Description letter for 1833 N. Milpitas Blvd.
E. Project Plans for 342 W. Calaveras Blvd.
F. Project Plans for 1833 N. Milpitas Blvd.

LOCATION MAP

342 W. Calaveras Blvd. (Project Site 1)



1833 N. Milpitas Blvd. (Project Site 2)



No scale

BACKGROUND

In March 1996, the Planning Commission granted a conditional use permit (UP 1283) and site development approval for the construction of a 13,905 square foot retail drug store with a drive up pharmacy window service and beer and wine sales for the site located at 342 W. Calaveras Boulevard. Although beer and wine sales were approved with the original conditional use permit, the store never exercised the permit approval for the beer and wine sales. An ABC license was never obtained.

In January 1999, the Planning Commission approved a conditional use permit (UP 1497) and site development approval for the development of a Crescent Square Shopping Center that included a 13,760 square foot retail drug store with a drive up pharmacy window service.

On January 22, 2010, Dan Perlin with Walgreens Company submitted an application to add beer and wine sales at two existing Walgreen Stores located at 342 W. Calaveras Boulevard and 1833 N. Milpitas Boulevard. For simplicity, both applications are discussed in one report. Both applications are submitted pursuant to Milpitas Municipal Code XI-10-5.02-1 [Liquor Store (Alcohol Beverage Sales)] and XI-10-57.04(I) (Modifications requested by the applicant). The proposed conditional use permit amendment for the sale of beer and wine sales requires Planning Commission consideration.

PROJECT DESCRIPTION

The project proposal is a request to sell beer and wine off-premises as an ancillary use at its stores located at 342 W. Calaveras Blvd. and 1833 N. Milpitas Boulevard. The project involves no physical changes to the interior space for the exception of minor rearrangement of merchandising to accommodate the alcohol sales displays. The application proposes no changes to the existing store hours of 8:00AM to 12:00AM at the W. Calaveras Blvd. site and 8:00AM to 10:00PM at the N. Milpitas Blvd. site. A vicinity map of both project sites are shown in the aerial photo on the previous page.

Calaveras location

The Walgreens store located at 342 W. Calaveras Boulevard is situated on 1.34 acre site that is developed with a 13,905 square foot commercial building and existing site improvements. The project site is bounded by S. Abbot Avenue to the west, W. Calaveras Boulevard to the north, Serra Shopping Center to the east, and a motel to the south. The site is zoned and designated General Commercial with a Site and Architectural Overlay. The site is surrounding by commercial service and retail uses. Multi-family residential uses are located further south of the project site. For specific information from the applicant about this location's sales and operation plan refer to Attachment C.

Milpitas location

A second Walgreens store is located at 1833 N. Milpitas Boulevard on a 1.57 acre parcel that is developed with a 13,760 square foot building and various site improvements. The project is located at the southwest corner of the intersection at N. Milpitas Boulevard and Dixon Landing Road. The project is bounded by N. Milpitas Boulevard to the east, Dixon Landing Road to the north, Friendly Mobile Home Park to the west, and Crescent Shopping center to the immediate south. The site is zoned Neighborhood Commercial. The site is surrounded by commercial retail uses to the south and east, a gas service station to the north, and residential to the northwest and west of the site. For specific information about this location's sales and operation plan refer to Attachment D.

Development Standards

No exterior modifications are proposed with these applications and maintain the existing development standards.

ADOPTED PLANS AND ORDINANCES CONSISTENCY

General Plan

The table below outlines the projects’ consistency with applicable General Plan Guiding Principles and Implementing Policies:

Table 2
General Plan Consistency

Policy	Consistency Finding
<i>Implementing Policy 2.a-1-3 Encourages economic pursuits which will strengthen and promote development through stability and balance.</i>	Consistent. The proposed alcohol sales would be ancillary to the retail drug store that sells over the counter and prescription medicines, variety of general merchandise, and convenience items. The added alcohol beverages sales would provide a shopping convenience for patrons.

Zoning Ordinance

The projects are consistent with Milpitas Zoning Ordinance in terms of land use and development standards. The proposed beer and wine sales would be ancillary to two existing Walgreens retail drug stores. Alcohol beverage sales are conditionally permitted in the General Commercial and Neighborhood Commercial zoning districts with Planning Commission approval of a conditional use permit.

The proposed alcohol sales will not adversely impact existing properties, improvements, or the public health, safety and general welfare of neighboring residents within the area, in that the sales are intended to service public need and convenience. The proposed beer and wine sales are not located within 600-foot of sensitive areas such as schools, churches, and parks. According to Attachments C and D, to ensure minimal disruptions to neighboring residential uses and that alcohol is sold responsibly, the applicant will enforce the following standard company operating procedures:

- Employees at each must undergo training prior to beer and wine sales being made available in the Store. Training would be provided through a Walgreen internal alcohol sales training program that focuses on recognizing and preventing alcohol sales that would be detrimental to public welfare;
- Each cash register clerk must submit a policy acknowledgement as part of the daily log-in and log-out process;
- Requiring each cash register clerk to request identification and proof of age for any customer attempting to purchase beer and wine who appears to be under the age of 40. Pre-programmed cash register “prompts” will remind the clerks to request this proof;
- Any under-age employees will be required to involve the manager or assistant manager for the sale of beer and wine;

- Walgreens will only see beer in 6, 12, and 18 pack and cases and not sell beer by the individual can or bottle;
- The locations of the alcohol merchandise will not be near exits in order to discourage theft;
- Use of closed circuit security cameras to monitor the alcohol sales area and public view monitor to discourage loitering and acts.

In addition, a condition of approval for ‘responsible beverage service training’ offered by the Department of Alcoholic Beverage Control shall be imposed on both sites.

Department of Alcoholic Beverage Control’s “Undue concentration of Liquor License” Regulations

According to the Department of Alcohol and Beverage Control, the project site at 342 W. Calaveras Blvd. is located within Census Tract 5045.07 that authorizes four (4) off-sale establishments. Currently there are five (5) off-sale licenses active. Therefore, the project is within an undue concentration area that requires the Planning Commission to make a finding that sale of alcohol will not have a negative impact on the surrounding community and serves the public convenience or necessity. In reviewing the proposal, the sale of alcoholic beverages at a drug store/pharmacy is considered ancillary to the sale of over the counter and prescription medicine, general merchandise sales, and convenience items. The proposal is not anticipated to have adverse impacts on neighboring land uses within the area since the Walgreen store is at a Milpitas gateway near the Calaveras Plaza and Serra Center shopping centers.

ENVIRONMENTAL REVIEW

The Planning Division conducted an initial environmental assessment of the project in accordance with the California Environmental Quality Act (CEQA). The projects are categorical exempt from further environmental review pursuant to Section 15301 (Existing Facilities) of the California Environmental Quality Act in they are negligible expansions beyond the existing permitted use in that the retail drug stores are proposing ancillary sales of beer and wine.

PUBLIC COMMENT/OUTREACH

Staff publicly noticed the application in accordance with City and State law. As of the time of writing this report, there have been no inquiries from the public.

In addition, the Department of Alcoholic Beverage Control also notifies residents within 100-feet of the license premise and any sensitive areas within 600-feet from the license premise as part of the ABC licensing application process. Furthermore, the applicant also sends out notices to residents within 500-feet.

CONCLUSION

The proposed projects are consistent with the Milpitas General Plan and Zoning Ordinance and provide a variety of retail goods and products for the convenience of the customer.

RECOMMENDATION

STAFF RECOMMENDS THAT the Planning Commission close the public hearing and adopt Resolution No. 10-019 for Conditional Use Permit Amendment No. UA10-0001 (for 342 W. Calaveras location) and adopt Resolution No. 10-020 for UA10-0002 (for 1833 N. Milpitas location), Walgreens Alcohol Sales, subject to the attached Conditions of Approval.

Attachments:

- A. Resolution No 10-019/Conditions of Approval
- B. Resolution No. 10-020/Conditions of Approval
- C. Project Description Letter for 342 W. Calaveras Blvd.
- D. Project Description letter for 1833 N. Milpitas Blvd.
- E. Project Plans for 342 W. Calaveras Blvd.
- F. Project Plans for 1833 N. Milpitas Blvd.

RESOLUTION NO. 10-019

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MILPITAS, CALIFORNIA, APPROVING CONDITIONAL USE AMENDMENT PERMIT NO. UA10-0002, WALGREEN ALCOHOL SALES, A REQUEST TO ADD THE SALE OF BEER AND WINE AT A RETAIL DRUG STORE LOCATED AT 342 W. CALAVERAS BOULEVARD.

WHEREAS, on, January 22, 2010, an application was submitted by Dan Perlin with Walgreens Company to add the sale of beer and wine at 342 W. Calaveras Blvd (APN 86-07-042). The property is located within the General Commercial Zoning District; and

WHEREAS, the Planning Division completed an environmental assessment for the project in accordance with the California Environmental Quality Act (CEQA), and recommends that the Planning Commission determine this project is categorically exempt.

WHEREAS, on April 14, 2010, the Planning Commission held a duly noticed public hearing on the subject application, and considered evidence presented by City staff, the applicant, and other interested parties.

NOW THEREFORE, the Planning Commission of the City of Milpitas hereby finds, determines and resolves as follows:

Section 1: The recitals set forth above are true and correct and incorporated herein by reference.

Section 2: The project is categorically exempt from further environmental review pursuant to Class 1, Section 15301 (Existing Facilities) in that the project proposes ancillary sales of beer and wine to an existing retail drug store that currently sell a variety of general merchandise, convenience goods, as well as over the counter and prescription medicines. The use is a negligible expansion beyond the existing use which consists of retail uses.

Section 3: The project is consistent with the Milpitas General Plan in that the project would encourage economic pursuits that promote a stable and balanced development by providing a safe environment for ancillary sales of beer and wine.

Section 4: The project conforms to the Milpitas Zoning in that the project is permitted in the Mixed Use Zoning District with a conditional use permit. The project maintains the existing development standards in terms setbacks, height, floor area ratio, and complies with the parking requirements.

Section 6: The project will not be injurious or detrimental to property, improvements or to public health and safety in that the sales are intended to service public need and convenience. The proposed beer and wine sales are not located within 600-feet of any sensitive areas such as schools, churches, and parks. As a condition, the employees handling alcohol sales shall be

required to receive responsible alcohol training to ensure alcohol is sold responsibly and that there are minimal disruptions to neighboring residential uses.

Section 7: The Planning Commission of the City of Milpitas hereby approves Conditional Use Permit Amendment No. UA10-0002, Walgreens Alcohol Sales, subject to the above Findings, and Conditions of Approval attached hereto as Exhibit 1.

PASSED AND ADOPTED at a regular meeting of the Planning Commission of the City of Milpitas on April 14, 2010

Chair

TO WIT:

I HEREBY CERTIFY that the following resolution was duly adopted at a regular meeting of the Planning Commission of the City of Milpitas on April 14, 2010, and carried by the following roll call vote:

COMMISSIONER	AYES	NOES	ABSENT	ABSTAIN
Cliff Williams				
Lawrence Ciardella				
Sudhir Mandal				
Gurdev Sandhu				
Noella Tabladillo				
Mark Tiernan				
Steve Tao				
Erik Larsen				

EXHIBIT 1

**CONDITIONS OF APPROVAL
CONDITIONAL USE PERMIT AMENDMENT NO. UA10-0002, WALGREENS
ALCOHOL SALES**

Planning Division

1. The previous conditions of approval for the project (UP 1283) shall remain in full force and effect except as modified here. (P)
2. The owner or designee shall develop the approved project in conformance with the approved plans approved by the Planning Commission on April 14, 2010, in accordance with these Conditions of Approval.

Any deviation from the approved site plan, floor plans, elevations, materials, colors, landscape plan, or other approved submittal shall require that, prior to the issuance of building permits, the owner or designee shall submit modified plans and any other applicable materials as required by the City for review and obtain the approval of the Planning Director or Designee. If the Planning Director or designee determines that the deviation is significant, the owner or designee shall be required to apply for review and obtain approval of the Planning Commission, in accordance with the Zoning Ordinance. (P)

3. Conditional Use Permit Amendment No. UA10-0002 shall become null and void if the project is not commenced within 18 months from the date of approval. Pursuant to Section 64.06(2) of the Zoning Ordinance of the City of Milpitas. If the project requires the issuance of a building permit, the project shall be deemed to have commenced when the date of the building permit is issued and/or a foundation is completed, if a foundation is a part of the project. If the project does not require the issuance of a building permit, the project shall be deemed to have commenced when dedication of any land or easement is required or complies with all legal requirements necessary to commence the use, or obtains an occupancy permit, whichever is sooner.

Pursuant to Section 64.06(1), the owner or designee shall have the right to request an extension of Conditional Use Permit Amendment No. UA10-0002 if said request is made, filed and approved by the Planning Commission prior to expiration dates set forth herein. (P)

4. The project shall be operated in accordance with all local, state and federal regulations. (P)
5. Private Job Account - If at the time of application for building permit there is a project job account balance due to the City for recovery of review fees, review of permits will not be initiated until the balance is paid in full. (P)
6. The operator shall be responsible for ensuring that all employees receive 'Responsible Alcoholic Beverage Service' training as offered through programs established by the Alcoholic Beverage Control of the State of California. Evidence of such training and the

training records of all employees shall be maintained on-site during business hours, and made available for inspection upon request. (P) (PD)

7. Comply with all Department of Alcoholic Beverage Control licensing requirements pertaining to the sale of beer, wine and distilled spirits. (P) (PD)
8. After receiving a Certificate of Occupancy, the project is subject to a six (6), and twelve (12) month review by the Planning Commission. The review shall be a public hearing to review conformance with conditions of approval. (P)

RESOLUTION NO. 10-020

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MILPITAS, CALIFORNIA, APPROVING CONDITIONAL USE AMENDMENT PERMIT NO. UA10-0001, WALGREEN ALCOHOL SALES, A REQUEST TO ADD THE SALE OF BEER AND WINE AT A RETAIL DRUG STORE LOCATED AT 1833 N. MILPITAS BOULEVARD.

WHEREAS, on, January 22, 2010, an application was submitted by Dan Perlin with Walgreens Company to add the sale of beer and wine at 1833 N. Milpitas Boulevard, Milpitas, CA 95035 (APN: 22-02-050). The property is located within the Neighborhood Commercial Zoning District; and

WHEREAS, the Planning Division completed an environmental assessment for the project in accordance with the California Environmental Quality Act (CEQA), and recommends that the Planning Commission determine this project is categorically exempt.

WHEREAS, on April 14, 2010, the Planning Commission held a duly noticed public hearing on the subject application, and considered evidence presented by City staff, the applicant, and other interested parties.

NOW THEREFORE, the Planning Commission of the City of Milpitas hereby finds, determines and resolves as follows:

Section 1: The recitals set forth above are true and correct and incorporated herein by reference.

Section 2: The project is categorically exempt from further environmental review pursuant to Class 1, Section 15301 (Existing Facilities) in that the project proposes ancillary sales of beer and wine to an existing retail drug store that currently sell a variety of general merchandise, convenience goods, as well as over the counter and prescription medicines. The use is a negligible expansion beyond the existing use which consists of retail uses.

Section 3: The project is consistent with the Milpitas General Plan in that the project would encourage economic pursuits that promote a stable and balanced development by providing a safe environment for ancillary sales of beer and wine.

Section 4: The project conforms to the Milpitas Zoning in that the project is permitted in the Mixed Use Zoning District with a conditional use permit. The project maintains the existing development standards in terms setbacks, height, floor area ratio, and complies with the parking requirements.

Section 6: The project will not be injurious or detrimental to property, improvements or to public health and safety in that the sales are intended to service public need and convenience. The proposed beer and wine sales are not located within 600-feet of any sensitive areas such as schools, churches, and parks. As a condition, the employees handling alcoholic beverage sales

shall be required to receive responsible alcohol training to ensure alcohol is sold responsibly and that there are minimal disruptions to neighboring residential uses.

Section 7: The Planning Commission of the City of Milpitas hereby approves Conditional Use Permit Amendment No. UA10-0001, Walgreens Alcohol Sales, subject to the above Findings, and Conditions of Approval attached hereto as Exhibit 1.

PASSED AND ADOPTED at a regular meeting of the Planning Commission of the City of Milpitas on April 14, 2010

Chair

TO WIT:

I HEREBY CERTIFY that the following resolution was duly adopted at a regular meeting of the Planning Commission of the City of Milpitas on April 14, 2010, and carried by the following roll call vote:

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EXHIBIT 1

**CONDITIONS OF APPROVAL
CONDITIONAL USE PERMIT AMENDMENT NO. UA10-0001, WALGREENS
ALCOHOL SALES**

Planning Division

1. The previous conditions of approval for the project (UP 1497) shall remain in full force and effect except as modified here. (P)
2. The owner or designee shall develop the approved project in conformance with the approved plans approved by the Planning Commission on April 14, 2010, in accordance with these Conditions of Approval.

Any deviation from the approved site plan, floor plans, elevations, materials, colors, landscape plan, or other approved submittal shall require that, prior to the issuance of building permits, the owner or designee shall submit modified plans and any other applicable materials as required by the City for review and obtain the approval of the Planning Director or Designee. If the Planning Director or designee determines that the deviation is significant, the owner or designee shall be required to apply for review and obtain approval of the Planning Commission, in accordance with the Zoning Ordinance. (P)

3. Conditional Use Permit Amendment No. UA10-0002 shall become null and void if the project is not commenced within 18 months from the date of approval. Pursuant to Section 64.06(2) of the Zoning Ordinance of the City of Milpitas. If the project requires the issuance of a building permit, the project shall be deemed to have commenced when the date of the building permit is issued and/or a foundation is completed, if a foundation is a part of the project. If the project does not require the issuance of a building permit, the project shall be deemed to have commenced when dedication of any land or easement is required or complies with all legal requirements necessary to commence the use, or obtains an occupancy permit, whichever is sooner.

Pursuant to Section 64.06(1), the owner or designee shall have the right to request an extension of Conditional Use Permit Amendment No. UA10-0002 if said request is made, filed and approved by the Planning Commission prior to expiration dates set forth herein. (P)

4. The project shall be operated in accordance with all local, state and federal regulations. (P)
5. Private Job Account - If at the time of application for building permit there is a project job account balance due to the City for recovery of review fees, review of permits will not be initiated until the balance is paid in full. (P)
6. The operator shall be responsible for ensuring that all employees receive 'Responsible Alcoholic Beverage Service' training as offered through programs established by the Alcoholic Beverage Control of the State of California. Evidence of such training and the

training records of all employees shall be maintained on-site during business hours, and made available for inspection upon request. (P) (PD)

7. Comply with all Department of Alcoholic Beverage Control licensing requirements pertaining to the sale of beer, wine and distilled spirits. (P) (PD)
8. After receiving a Certificate of Occupancy, the project is subject to a six (6), and twelve (12) month review by the Planning Commission. The review shall be a public hearing to review conformance with conditions of approval. (P)

RECEIVED

JAN 22 2010

Letter of Explanation for Issuance of a Conditional Use Permit for the Sale of Beer and Wine Off-Premises at the Existing Walgreens Store located at 342 W. Calaveras Boulevard, Milpitas, California 95035

CITY OF MILPITAS
PLANNING DIVISION

Walgreen Co. ("Walgreens") desires to sell beer and wine off-premises as an ancillary use at its store located at 342 W. Calaveras Blvd., Milpitas, California 95035 (the "Store"), to provide its customers with the convenience of "one-stop" shopping. Pursuant to the Planning and Zoning submittal requirements of the City of Milpitas, Walgreens respectfully submits this Letter of Explanation in connection with its application for a conditional use permit.

1. Project Description

Walgreens intends to apply for a Type 20, off-sale beer and wine license from the California Department of Alcoholic Beverage Control for the sale of beer and wine at the Store.

Of the Store's approximately 14,040 square feet, only approximately eighteen (18) feet of shelf space, and four and one-half (4.5) feet of cooler shelf space will be devoted to the display of beer and wine (Please see the attached photos). It is estimated that the sale of beer and wine at this Store will amount to less than 5% of total sales.

The introduction of beer and wine will involve no physical change to the interior space (other than some minor rearrangement of merchandise, shelving and coolers) nor to the building envelope, building exterior or landscaping. These minor interior changes will involve no grading, construction or construction equipment at the Store. Moreover, the sale of beer and wine at the Store will not change the existing hours of operation or number of employees.

2. Operational Statement

Walgreens is a retail drugstore selling prescription and over-the-counter medicines as well as a variety of general merchandise, sundries and grocery items to the public. The Store has been in operation at this location since April 30, 1998, and currently has about 33 employees.

The current hours of operation at the Store are from 8:00 A.M to 12:00 A.M., Monday through Sunday.

The intent behind offering beer and wine at the Store fulfills Walgreens' commitment to save its customers time and money with the convenience of one-stop shopping. It is anticipated that the same customers who currently shop at Walgreens will continue to shop there, with the added benefit of being able to purchase beer and wine at Walgreens as opposed to some other possibly more

distant and inconvenient location. As such, it is Walgreens' sincere expectation that (a) the sale of beer and wine for off-premises consumption at Walgreens will not change the existing numbers of customers at the Store, (b) the limited selection of beer and wine will not materially increase the number of truck deliveries or vehicles that currently come to the Store, and (c) the additional traffic generated by the addition of beer and wine will be minimal, and as a result, there will be no need for additional parking or loading spaces.

The Store is located on W. Calaveras Blvd. between S. Abbot Ave. to the west, and S. Abel St. to the east. The site on which the Store is located currently provides parking that meets or exceeds the requirements for C-2. Even if there were new Walgreens customers as a result of the addition of beer and wine (which is not expected), it is highly unlikely that parking demand would ever outstrip parking supply. Moreover, the sale of beer and wine shall not change the vehicular access to Walgreens, which will remain at the existing entry points.

So as to ensure minimal disruption to surrounding neighborhoods from the inclusion of off-sale beer and wine, Walgreens has taken measures to ensure that alcoholic beverages will be sold in a highly responsible and conscientious manner. Detailed alcohol sales policies and procedures, endorsed by legal counsel and senior management, are already in place and will be strictly enforced. Some of these policies and procedures are:

- Employees at each store must undergo training prior to beer and wine being made available at the Store;
- Each cash register clerk must submit a policy acknowledgement as part of the daily log-in and log-out process;
- Requiring each cash register clerk to request identification and proof of age for any customer attempting to purchase beer or wine who appears to be under the age of 40. Pre-programmed cash register "prompts" will remind the clerks to request this proof;
- Any under-aged employees will be required to involve the manager or assistant manager for the sale of beer or wine.

Training will be through a Walgreens internal alcohol sales training program, which is required for all clerks and managers. The training program focuses on recognizing and preventing any sales of alcohol that may be detrimental to the public welfare (i.e., the sale of alcohol to minors and intoxicated persons). Implementation of this program will help ensure that the sale of beer and wine at the Store will not be detrimental to residents, shoppers, or other business in the vicinity of this Store. To prevent abuses, Walgreens will only sell beer in 6 packs, 12 packs, 18 packs and cases.

Walgreens will not sell beer by the individual can or bottle. Moreover, Walgreens will not sell spirits or any other product considered conducive to alcohol abuse.

To further limit any possible nuisance in and around the Store, Walgreens has closed circuit security cameras that monitor the alcohol sales area and a public view monitor, which serves to discourage loitering and acts as an additional security measure. For security purposes, the beer and wine will not be located near any exit area, thereby discouraging theft. In addition, the Store's parking lot is well lit.

3. Conclusion

The sale of beer and wine as an ancillary use at the Store will enable Walgreens to provide shoppers in the City of Milpitas the convenience of one-stop shopping that consumers have come to expect from a national pharmacy and general retailer. Walgreens is committed to providing this convenience in a safe and conscientious manner, with minimal disruption to the surrounding neighborhood.



JAN 22 2010

**Letter of Explanation for Issuance of a Conditional Use Permit for the Sale
of Beer and Wine Off-Premises at the Existing Walgreens Store located at
1833 N. Milpitas Blvd., Milpitas, California 95035**

CITY OF MILPITAS
PLANNING DIVISION

Walgreen Co. ("Walgreens") desires to sell beer and wine off-premises as an ancillary use at its store located at 1833 N. Milpitas Blvd., Milpitas, California 95035 (the "Store"), to provide its customers with the convenience of "one-stop" shopping. Pursuant to the Planning and Zoning submittal requirements of the City of Milpitas, Walgreens respectfully submits this Letter of Explanation in connection with its application for a conditional use permit.

1. Project Description

Walgreens intends to apply for a Type 20, off-sale beer and wine license from the California Department of Alcoholic Beverage Control for the sale of beer and wine at the Store.

Of the Store's approximately 13,905 square feet, only approximately eighteen (18) feet of shelf space, and four and one-half (4.5) feet of cooler shelf space will be devoted to the display of beer and wine (Please see the attached photos). It is estimated that the sale of beer and wine at this Store will amount to less than 5% of total sales.

The introduction of beer and wine will involve no physical change to the interior space (other than some minor rearrangement of merchandise, shelving and coolers) nor to the building envelope, building exterior or landscaping. These minor interior changes will involve no grading, construction or construction equipment at the Store. Moreover, the sale of beer and wine at the Store will not change the existing hours of operation or number of employees.

2. Operational Statement

Walgreens is a retail drugstore selling prescription and over-the-counter medicines as well as a variety of general merchandise, sundries and grocery items to the public. The Store has been in operation at this location since March, 2000, and currently employs roughly 29 employees.

The current hours of operation at the Store are from 8:00 A.M to 10:00 P.M., Monday through Sunday.

The intent behind offering beer and wine at the Store fulfills Walgreens' commitment to save its customers time and money with the convenience of one-stop shopping. It is anticipated that the same customers who currently shop at Walgreens will continue to shop there, with the added benefit of being able to purchase beer and wine at Walgreens as opposed to some other possibly more

distant and inconvenient location. As such, it is Walgreens' sincere expectation that (a) the sale of beer and wine for off-premises consumption at Walgreens will not change the existing numbers of customers at the Store, (b) the limited selection of beer and wine will not materially increase the number of truck deliveries or vehicles that currently come to the Store, and (c) the additional traffic generated by the addition of beer and wine will be minimal, and as a result, there will be no need for additional parking or loading spaces.

The Store is located on N. Milpitas Blvd. near Dixon Landing Rd. The site on which the Store is located currently provides parking that meets or exceeds the requirements for C-1. Even if there were new Walgreens customers as a result of the addition of beer and wine (which is not expected), it is highly unlikely that parking demand would ever outstrip parking supply. Moreover, the sale of beer and wine shall not change the vehicular access to Walgreens, which will remain at the existing entry points on N. Milpitas Blvd.

So as to ensure minimal disruption to surrounding neighborhoods from the inclusion of off-sale beer and wine, Walgreens has taken measures to ensure that alcoholic beverages will be sold in a highly responsible and conscientious manner. Detailed alcohol sales policies and procedures, endorsed by legal counsel and senior management, are already in place and will be strictly enforced. Some of these policies and procedures are:

- Employees at each store must undergo training prior to beer and wine being made available at the Store;
- Each cash register clerk must submit a policy acknowledgement as part of the daily log-in and log-out process;
- Requiring each cash register clerk to request identification and proof of age for any customer attempting to purchase beer or wine who appears to be under the age of 40. Pre-programmed cash register "prompts" will remind the clerks to request this proof;
- Any under-aged employees will be required to involve the manager or assistant manager for the sale of beer or wine.

Training will be through a Walgreens internal alcohol sales training program, which is required for all clerks and managers. The training program focuses on recognizing and preventing any sales of alcohol that may be detrimental to the public welfare (i.e., the sale of alcohol to minors and intoxicated persons). Implementation of this program will help ensure that the sale of beer and wine at the Store will not be detrimental to residents, shoppers, or other business in the vicinity of this Store. To prevent abuses, Walgreens will only sell beer in 6 packs, 12 packs, 18 packs and cases.

Walgreens will not sell beer by the individual can or bottle. Moreover, Walgreens will not sell spirits or any other product considered conducive to alcohol abuse.

To further limit any possible nuisance in and around the Store, Walgreens has closed circuit security cameras that monitor the alcohol sales area and a public view monitor, which serves to discourage loitering and acts as an additional security measure. For security purposes, the beer and wine will not be located near any exit area, thereby discouraging theft. In addition, the Store's parking lot is well lit.

3. Conclusion

The sale of beer and wine as an ancillary use at the Store will enable Walgreens to provide shoppers in the City of Milpitas the convenience of one-stop shopping that consumers have come to expect from a national pharmacy and general retailer. Walgreens is committed to providing this convenience in a safe and conscientious manner, with minimal disruption to the surrounding neighborhood.



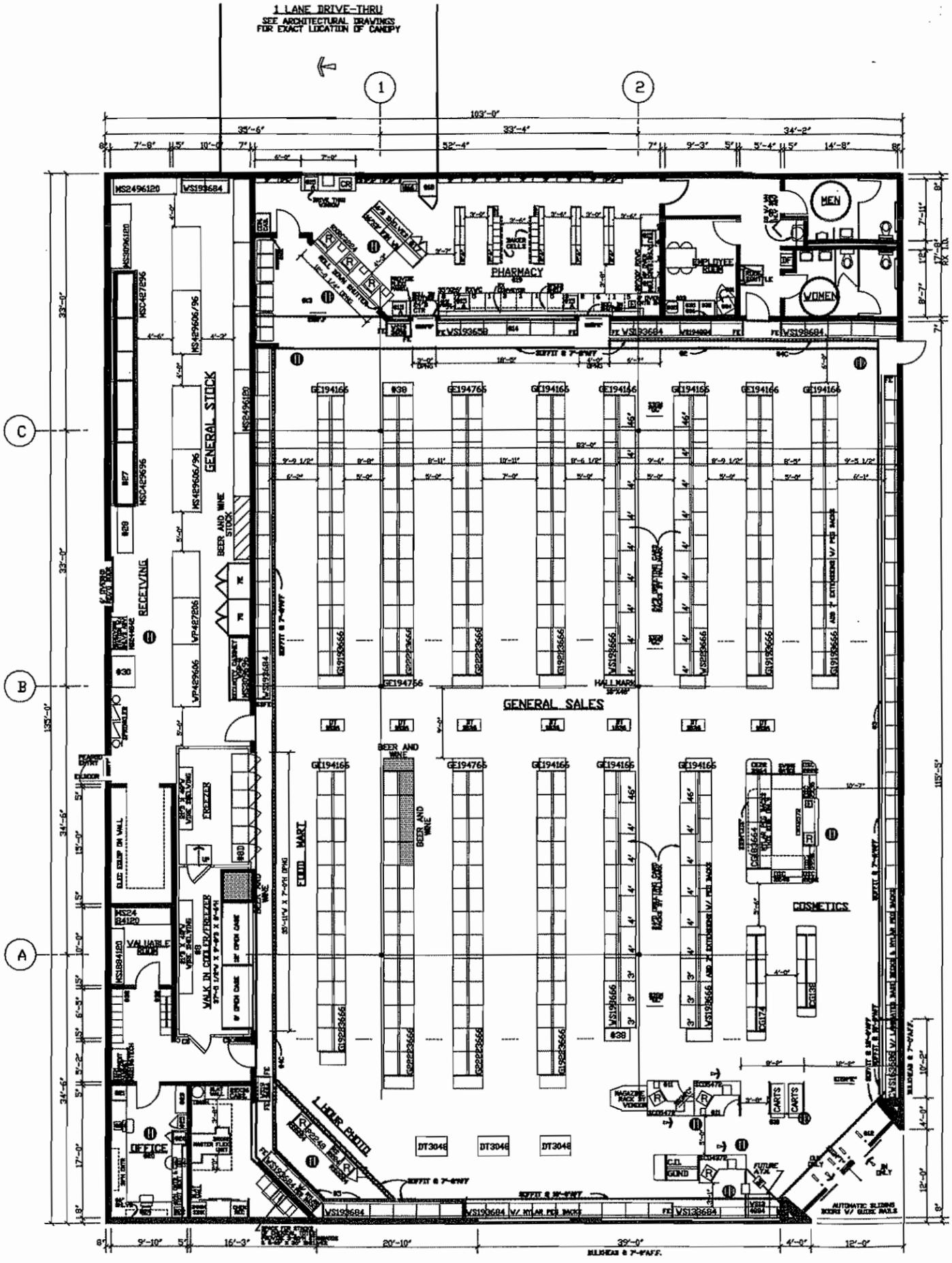
beer

vitamin water 10
10 calories per serving

7.99

Saving the \$





1 LANE DRIVE-THRU
SEE ARCHITECTURAL DRAWINGS
FOR EXACT LOCATION OF CANOPY

RECEIVED
JAN 22 2010
CITY OF MILPITAS
PLANNING DIVISION

RECEIVED
JUN 22 2010
CITY OF MILPITAS
PLANNING DIVISION

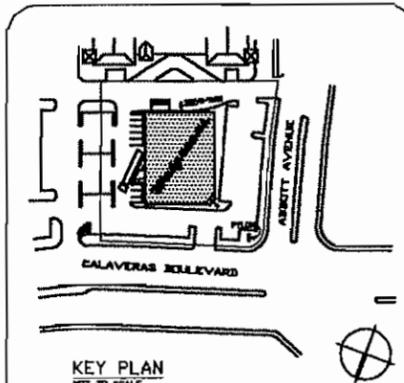
LEGEND

	BEER AND WINE SALES
	BEER AND WINE STOCK

BEER/WINE SQUARE FEET
TOTAL SALES: 44 SQ. FT.
TOTAL STOCK: 18 SQ. FT.

TOTAL BEER/WINE SQUARE FEET
TOTAL BEER AND WINE SALES: 44 SQ. FT.
TOTAL SALES: 6922 SQ. FT.
% SALES FLOOR DEVOTED TO BEER AND WINE = 34%

CEILING MOUNTED CCTV CAMERA CHECK OUT



INTERIOR HANGING SIGNS

GENERAL SALES AREA:
ALL SIGNS AND AISLE MARKERS @ 9'-6" AFF
UNLESS OTHERWISE NOTED

SIGN 'C' CHECKOUT/THANK YOU
SIGN 'E' ENTRANCE/EXIT
SIGN 'P' PEAPOD CUSTOMER SERVICE
SIGN 'T' STORE HOURS SIGN
SIGN 'GC' GREETING CARD CUBE
SIGN 'COS' COSMETIC HANGING CUBE
8' X 8' X 30" @ 8'-0" AFF

PHARMACY DEPARTMENT:
REFER TO FIXTURE PLAN FOR REQUIRED SIGNS

SIGN 'J' PICK UP PRESCRIPTIONS
SIGN 'K' DROP OFF PRESCRIPTIONS
SIGN 'D' CONSULTATION WINDOW

ATTACH SIGNS TO UNDERSIDE OF SOFFIT.
REFER TO FIXTURE PLAN FOR SIGN LOCATION.
PROVIDE (2) 1/2" DIA. WALL ANCHORS PER SIGN.
SCREW THREADED EYEBOLT INTO ANCHOR. HANG
SIGNS FROM EYEBOLTS WITH 'S' HOOKS.

GENERAL NOTES

- PROVIDE SEISMIC ADAPTERS AS REQ'D BY LOCAL CODE ORDINANCE
- SECURITY MIRROR ON SOFFIT OF REAR WALL
- COSMETIC CORNICE
- PLASTIC 'S' CORNICE SPECIFIED ON THIS DRAWING TO BE SOFFIT MOUNTED. CORNICE INSERTS TO CORRESPOND WITH WALL ABOVE AND NOTED AS FOLLOWS: #4A-DARK ROSE, #4B-BROWN, #4C-DARK BLUE, #4D-DARK RED
- PHOTO CORNER MASTER DOORS
- CANDY SCALE SHELF
- REFRIGERATION 3" SPACE BEHIND CASES
 - A. MASTER-BILT 3 DOOR MEDIUM TEMP CASE 84" W X 34.5" D X 78.5" H
 - B. MASTER-BILT 3 DOOR LOW TEMP CASE 84" W X 34.5" D X 78.5" H
 - C. MASTER-BILT 2 DOOR MEDIUM TEMP CASE 84" W X 34.5" D X 78.5" H
 - D. MASTER-BILT 2 DOOR LOW TEMP CASE 84" W X 34.5" D X 78.5" H
 - E. MASTER-BILT 2 DOOR BACK-UP BOX 48" W X 34.5" D X 78.5" H
 - F. MASTER-BILT WINE COOLER 48" W X 34.5" D X 78.5" H
 - G. MASTER-BILT 2 DOOR BACK-UP BOX 48" W X 34.5" D X 78.5" H
 - H. MASTER-BILT WALK-IN COOLER PROVIDE 2 DOOR CORNER MASTER DOORS 26 3/4" X 73" EACH AND 6 WOOD FREEZEMASTER DOORS 26 3/4" X 73" EACH BY ANTHONY.
- DOORS FOR EACH DOOR PROVIDE (2) 26" ANTHONY WIRE SHELVES AND (4) 84" POSTS.
 - A. DOORS FOR EACH DOOR PROVIDE (2) 26" ANTHONY WIRE SHELVES AND (4) 84" POSTS.
 - B. DOORS FOR EACH DOOR PROVIDE (2) 26" ANTHONY WIRE SHELVES AND (4) 84" POSTS.
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 - G. DOORS FOR EACH DOOR PROVIDE (2) 26" ANTHONY WIRE SHELVES AND (4) 84" POSTS.
- ICE CHEST BY VENDOR APPROX 30 X 34 X 78
- RAILINGS BY VENDOR APPROX 2225 (SEE INTERIOR ELEVATION FOR LOCATION)
- FREE STANDING CHECKOUTS TO HAVE A GATE AND 36" H SIDE SCREEN PROVIDE A 6" DARK BROWN VINYL AT ALL CHECKOUTS
- ELECTRONIC ARTICLE SURVEILLANCE SYSTEM PHARMACY DEPARTMENT
- RX WAITING ROOM
 - (1) SEAT
 - (2) TABLE LAMP (WHEN SHOWN)
 - (3) MAGAZINE RACK LOCATE AT 48" AFF
 - (4) PIECES OF ARTWORK 2225 (SEE INTERIOR ELEVATION FOR LOCATION)
- FIXED GLASS PANEL OPENING (SEE ARCH DWGS)
- COMPUTER TERMINAL
 - 15A INTERCOM PLUS TERMINAL
 - 15B INTERCOM TERMINAL
 - 15C TRAINING TERMINAL
- RX SINK AND CABINET
- RX CABINET
- RX REFRIGERATOR
- PROVIDE A CARPETED FLOOR WITH A RUBBER RUNNER. RX UNDERCOUNTER INSERTS
 - #1 - RX 3 DRAWER VIAL UNIT
 - #2 - RX 3 DRAWER FILE INSERT
 - #3 - RX OPEN UNIT
 - #4 - RX PRINTER CABINET
 - #5 - RX 5 DRAWER FILE INSERT
 - #6 - RX PRINTER UNIT W/ CPU SHELF
 - #7 - RX PRINTER INSERT
 - #8 - RX COMMUNICATION CABINET

OFFICE:
20. PROVIDE TILED FLOOR & VINYL WALLCOVERING
21. UNDER COUNTER SHELF UNIT
22. COMPUTER PRINTER
23. LATERAL FILE
24. ADMINISTRATION TERMINAL
25. TELL LOCKER
26. SAFF
STORAGE:
27. GRAVITY CONVEYOR
28. NEST-A-FLEX CONVEYOR
29. POWER ROLLER CONVEYOR
30. ROLLER 56" W X 34" D X 78" H
EMPLOYEE ROOM:
31. TV, VCR & BRACKET PROVIDED BY WALGREENS
32. EMPLOYEE LOCKERS (2) 72" X 72" X 18" H
33. 6'-6" V X 2' D EMPLOYEE COUNTER
34. EMPLOYEE ROOM REFRIGERATOR
35. (2) SUNDRIES CABINETS 24" W X 29" D X 36" H (SEE ARCH COUNTER #33)
36. 6'-6" MIRROR ON WALL ABOVE COUNTER
MISC:
37. (2) ELECTRICAL OUTLET FOR FUTURE USE
38. VENDOR RACKS: REMOVE BASE DECK & SHOES; END PANEL TO REMAIN
39. EMPLOYEE TRAINING CABINET & 6 CHAIRS
40. PROVIDE 1' D BY 7'-6" H ENCLOSURE FOR ATM. AT TIME OF ATM INSTALLATION - REMOVE 3" WALL SHELVING (SEE ARCHITECTURAL DRAWINGS FOR DETAIL)

EXECUTIVE APPROVAL	DATE
EXEC. VICE PRESIDENT DRUG STORE OPERATIONS	
SR. VICE PRESIDENT FACILITIES DEVELOPMENT	
DATE: 11-8-95	STORE NO.
DRAWING TITLE FIXTURE PLAN	DRAWING NO.

Walgreens
FACILITIES PLANNING AND DESIGN
200 WILMOT ROAD DEERFIELD, IL. 60015
708-940-2500

PROJECT DATA

TYPE	GENERAL SALES <input checked="" type="checkbox"/>	FOOD MART <input checked="" type="checkbox"/>
NEW LOCATION	PHARMACY <input checked="" type="checkbox"/>	BEER <input checked="" type="checkbox"/>
NEW LOCATION EXIST'G BLDG	LIQUOR <input type="checkbox"/>	SECURITY <input type="checkbox"/>
REMODEL	1 HOUR PHOTO <input checked="" type="checkbox"/>	24 HOUR STORE <input type="checkbox"/>

SQUARE FOOT AREA SUMMARY

DEPARTMENT	SALES	STOCK	SERVICE	EXIST'G	TOTAL NEW
GEN SALES	EXIST				
GEN SALES	NEW	8697	1764	1235	1169
LIQ.	EXIST				
LIQ.	NEW				
BEER	EXIST				
BEER	NEW	300			3
1 HR PHOTO	EXIST				
1 HR PHOTO	NEW	225			22
RSMT.	EXIST				
RSMT.	NEW				
MEZZ-ANINE	EXIST				
MEZZ-ANINE	NEW				
RX	EXIST				
WAIT'G	NEW	964			96
FOOD MART	EXIST				
FOOD MART	NEW	700			71
TOTAL EXIST					
TOTAL NEW		10906	1764	1235	139
TOTAL AREA FIRST FLOOR				13905	SQ. FT.
TOTAL AREA OTHER LEVELS				0	SQ. FT.
GROSS AREA INCLUDING ALL DEPARTMENTS AND ALL LEVELS				13905	SQ. FT.
RX SHELVING LINEAL FEET				106	LIN. FT.
RX SQUARE FOOT AREA				798	SQ. FT.

FIXTURE MANUFACTURER

KIEHLER/HYERS	<input type="checkbox"/>	MADIX/HYERS	<input type="checkbox"/>	LOTZIER/STORCKRAFT	<input checked="" type="checkbox"/>
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REVISIONS

REV#	DATE	BY	DESCRIPTION	CONS
REV#1	8-31-98	CS	ADD CORNER MOUNTING CABINETS & SIGNAGE FOR PEAPOD DELIVERY	

REVISIONS

REV#	DATE	BY	DESCRIPTION	CONS
REV#1	6-5-97	BG	REVIEWED MERCH PLAN W/ FIXT PLAN	

CERTIFICATION AND SEAL

I HEREBY CERTIFY THAT THIS PLAN AND SPECIFICATION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY REGISTERED ARCHITECT OR ENGINEER UNDER THE LAWS OF THE STATE OF CALIFORNIA AS SIGNIFIED BY MY HAND AND SEAL.

PROJECT NAME
342 W. CALAVERAS
MILPITAS, CALIFORNIA

DRAWING TITLE
FIXTURE PLAN

DATE: 11-8-95 STORE NO. DRAWING NO.

