

BUSINESS PARK LAND STRATEGY

Executive Summary

City of Davis
Community Development and Sustainability Department
Economic Development Division
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What is Davis' economic future? Addressing this important question represents the overarching objective of the Business Park Land Strategy (BPLS): to better understand Davis' long-term economic future and provide guidance for future decisions regarding community economic development goals for the 2010-2035 timeframe.

The need for the BPLS was originally identified by the Davis City Council in December 2008, shortly after Lewis Planned Communities development application submittal for the ConAgra property at 1111 E. Covell Blvd – the last remaining large industrial zoned parcel in Davis. Lewis Planned Communities' "Cannery Park" project application was primarily a residential development a portion of land dedicated for business park uses (approximately 20 acres). The City Council requested a better understanding of long-term business growth implications and land use tradeoffs should the property be rezoned for primarily residential uses. That is, how would Cannery Park affect Davis' commercial land supply and long term ability to accommodate future business growth? This study's original purpose was to answer these questions.

As the project evolved, feedback received through business community interviews and the BEDC, made clear a need to also analyze the projected demand for and economic benefit of business growth. The City contracted with the Center for Strategic Economic Research (CSER) to conduct supplemental economic analysis in response to the following three key questions:

1. What are the benefits of knowledge-based businesses in Davis?
2. How much knowledge-based business growth is projected for Davis?
3. What is the economic benefit/revenue potential of business park development?

Though the original impetus for the BPLS was the Cannery Park application, this study addresses important issues relating to Davis' economic future. Thus, the BPLS continued as a priority despite withdrawal of the Cannery Park application due to its importance for understanding the extent to which Davis' existing land supply can accommodate economic growth.

This study's role is to serve as a technical background report facilitating discussion of Davis' economic future and subsequent policy considerations for a future update of the General Plan's Economic Development element. It will also provide guidance for future land use decisions affecting opportunities for business growth. Finally, the study confirms the value of business growth and its importance in contributing to local economic health.

The timing is appropriate to assess Davis' economic future. The General Plan is reaching the end of its analysis timeframe (2010) and the Housing Element has recently been updated addressing near-term residential land needs. In contrast, the BPLS addresses future business growth and accompanying land needs. It is important for

Davis to plan and competitively position itself for desired business growth post-economic recession.

Study Focus Areas

The BPLS was conducted with a wide analytical scope. Focus areas included (in sequence):

- Summarizing current economic development policy
- Quantifying the value of knowledge-based business growth in Davis
- Analyzing the Davis economy, UC Davis activities contributing to business growth & entrepreneurialism, and economic development partnerships that will play a key role in future business growth
- Drawing conclusions regarding the Davis business climate via interviews with the Davis business community across a broad spectrum of “key informants”
- Providing 25-year business growth projections
- Quantifying the economic impact of two future business growth projection scenarios as well as a hypothetical “business park”
- Analyzing the Davis vacant commercial land inventory and ability to accommodate future business growth in the 25-year timeframe
- Providing a path for near and longer term land decisions to facilitate future business growth

Study Conclusions

Based on focus area analysis, this study draws several conclusions:

1. **Davis economic development policies support knowledge-based business growth.** An overarching community economic development goal is to “...increase higher paying jobs, create greater job diversification, and create a more balanced economy for all economic segments of the community, while also maintaining the City’s fiscal and environmental integrity.” Knowledge-based business growth contributes to these goals.
2. **Knowledge-based business provides substantial local economic value.** Five industries most consistent with economic development goals and policies encouraging knowledge-based business include scientific research and development, computer system design services, clean technology manufacturing, life science & medical device manufacturing, and technical consulting. These were shown to have substantial local economic benefit.
3. **Growth in knowledge-based industries has been steady.** During the 1990 – 2008 period, Davis gained nearly 5,300 jobs. Twenty-eight percent of these occurred in the Combined Knowledge-Based employment sector¹, trailing only

¹ For the purposes of this study, defined as: “Professional, Scientific, & Management” employment as well as high-value manufacturing industries. Excludes UC Davis.

the Retail, Leisure, and Hospitality sector (>39%) in percentage of total growth. Over the past five years (2003 – 2008), Combined Knowledge-Based employment sector growth represents over 44% of all Davis employment growth, followed by Education & Health (27%). The Combined Knowledge-Based employment sector has grown from 6.2% of total employment in Davis in 1990 to 12.6% in 2008.

4. **Opportunity for future business growth is strong.** 39 interviews from a wide range of Davis business community representatives confirm Davis has considerable untapped potential for future business growth, particularly in knowledge-based industries, as a critical mass of businesses has begun to emerge. A consensus among interviewees was Davis should proactively facilitate knowledge-based business growth and ensure the needs of knowledge-based businesses are met.

Five employment growth projections across the entire economy were conducted for this study suggesting a possible range between 3,665 and 8,050 net new jobs in the 2010 – 2035 period. Office and industrial jobs, those most closely associated with knowledge-based industry and business park land in Davis, are projected to increase from between 1,811 and 3,885 jobs.

5. **Future business growth will provide local economic benefit.** Economic impact analysis of two employment projections confirms local economic benefits result from future business growth. A third economic impact analysis of a hypothetical 100 acre (66 acres net) business park equals or exceeds the economic benefit of the two 25-year employment projections.

6. **Davis' vacant commercial land inventory is limited, creating both immediate and future challenges for facilitating future business growth.** Davis currently has a total of 44 vacant commercial sites on 227.9 acres of land. This is considered theoretically sufficient for the purposes of this study as they demonstrate the relative magnitude of alternate growth scenarios, provided the ConAgra property is retained for business growth purposes. However, several factors create both immediate and future challenges for future business growth:

1. If the ConAgra property is rezoned either entirely or primarily for other uses, Davis' ability to accommodate business growth is significantly compromised.
2. Davis has relatively few high quality sites to which business attraction prospects can be directed. A steady supply of high quality sites in a variety of sizes is needed both currently and in the future to facilitate business growth, particularly in knowledge-based industries.
3. The Housing Element update recently completed considers residential development for eight sites on over 101 commercially zoned acres (including ConAgra property). If these sites are approved for housing, Davis' commercial land supply is further reduced.
4. Much of Davis' existing inventory is not immediately *deliverable* due to the following factors:

- The ConAgra property lacks infrastructure and parcel sizes appropriate for the Davis market.
 - Only a small amount of business park-type land is currently actively marketed for sale. This limits immediate business growth potential for those needing ownership and build-to-suit development opportunities.
 - Many remaining parcels are owned by relatively few individuals, including a few by UC Davis which may not be deliverable for private sector business. Current property owners influence the rate and extent of Davis' current and future business growth.
 - Size, location and configuration of several parcels limit development feasibility.
7. **Davis is well positioned for economic growth in industries consistent with existing economic development policies and workforce strengths.** Davis has a unique opportunity to competitively position itself for knowledge-based business growth post-economic recession. With both an existing concentration of knowledge-based businesses and world-renowned UC Davis research strengths in fields expected to drive the future economy, Davis is well-positioned to capitalize on local economic strengths for strong growth in knowledge-based industries consistent with economic development goals and policies.

Key Policy Questions Raised by the Study

The primary objective of the BPLS is to inform and guide policy-making with respect to Davis' land supply's ability to facilitate long-term business growth. Several overarching policy questions raised by the BPLS appropriate have been identified:

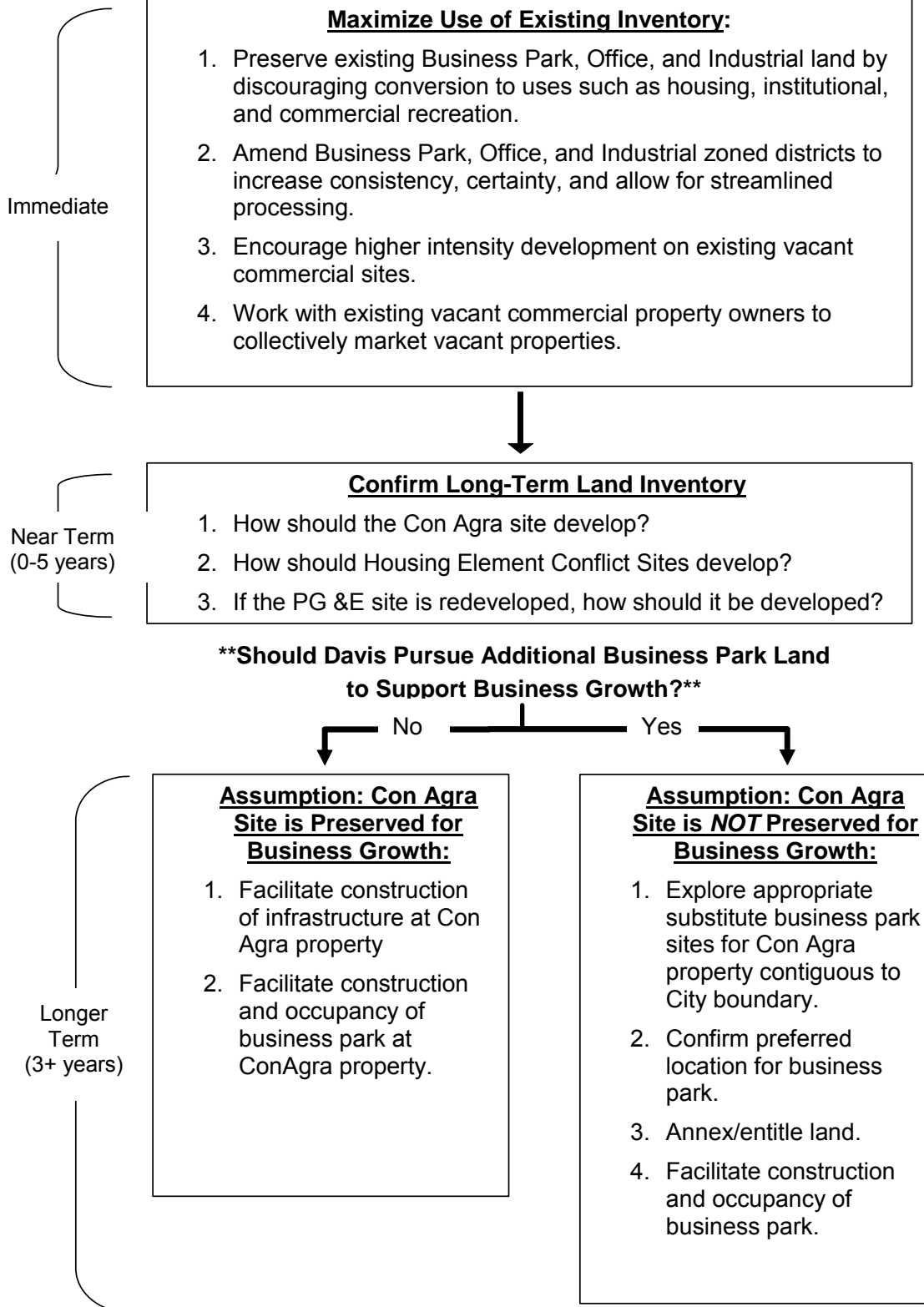
1. How much and what type of business growth should the community pursue?
2. How much and what type of land is necessary to support desired business growth?
3. What actions should the City take to support and encourage desired business growth?
4. What actions should be taken to maximize the benefits from the current land supply?

Community priorities in response to these questions necessarily lead to questions regarding Davis' available land supply including:

- How should the ConAgra site develop?
- How should Housing Element Conflict Sites develop?
- If the PG&E site is redeveloped, how should it be developed?

When community priorities for existing vacant land are established, it may then be appropriate to explore the subject of whether Davis should pursue additional commercial land to support business growth. Figure 5 illustrates a framework for immediate and long-term Business Park, Office, and Industrial land decision making.

Framework for Business Park, Office, and Industrial Land Decision Making



Private sector business growth is an important factor of local economic health and prosperity. This study analyzes several components of the Davis economy and identified opportunities as well as constraints to future business growth. The community and decision-makers will find this study a useful resource to guide future economic development initiatives and land use decisions. Readers are encouraged to explore the Business Park Land Strategy and Technical Report for greater depth, detail, and context surrounding the key issues addressed in this study.