



AGENDA
BUSINESS AND ECONOMIC DEVELOPMENT COMMISSION
Davis Joint Unified School District Administration Building
East Conference Room, 526 B Street
Monday June 28, 2010
7:00 PM

Commission Members: Chair Robert Agee, Vice-Chair Michael Faust, Greg Phister, Sydney Vergis,
Dave Robert, Jim Smith, Brian Horsfield, Alternate
Ex-Officio Members: Jeremy Brooks - Chamber of Commerce, Mark
Rutheiser -DDBA, Reed Youmans -YCVB
Finance and Budget Commission Liaison -Donald Palm
City Council Liaisons: Ruth Asmundson, Don Saylor (Alternate)
City Staff: Katherine Hess, Community Development Administrator
Sarah Worley, Economic Development Coordinator
Brian Abbanat, Economic Development Specialist

Amount of time for each item is approximate and subject to change.

1. **Introduction and Oath of Office for new BEDC Members** (5 min)
2. **Determination of Quorum and Seating of Alternates** (2 min)
3. **Approval of Agenda** (2 min)
4. **Public Comment** (5 min)
This is the time for the public to address the Commission on matters not listed on the agenda. Presentation time will be at the discretion of the Chairperson.
5. **Approval of Minutes** (2 min) – May 25, 2010
6. **Draft Business Park Land Strategy (BPLS)** (60 min)
Staff Summary Recommendations:
 - 1) Confirm Findings of Draft Report:
 - a. Knowledge-based business provides substantial local economic value.
 - b. Growth in knowledge-based industries has been steady.
 - c. Opportunity for future business growth is strong.
 - d. Future business growth will provide local economic benefit.
 - e. Davis' vacant commercial land inventory is limited, creating both immediate and future challenges for facilitating future business growth.
 - f. Davis is well positioned for economic growth in industries consistent with existing economic development policy and local economic and workforce strengths.
 - g. Davis' current economic development policies support knowledge-based business growth.
 - 2) Concur with the Planning Commission recommendation "to include sites other than ConAgra, including sites outside the city limits" for evaluation as future business park/center locations;
 - 3) Appoint BEDC subcommittee to explore options available to increase long term land supply for business growth before reporting back to City Council in September (see Expanded BEDC Recommendations section).
 - 4) Replace Draft Framework for Commercial Land Decision Making (Pg. 6 in Executive Summary; Figure 5, Pg. 38 in Draft BPLS Report; and Figure 11, Pg. 120 in Draft BPLS Technical Report [http://cityofdavis.org/CDD/Business_Park_Land_Strategy/index.cfm]) with revised figure in staff report Attachment 1 reflecting steps outlined in final recommendations.
7. **Staff Communication/Updates** (2 min)

8. **Subcommittee Updates and Organization** (10 min)
9. **Future Agenda Items** (2 min)
10. **Adjourn**

Future Meetings: July 26, 2010, August 23, 2010

Any writing related to an agenda item for the open session of this meeting distributed to the Commission less than 72 hours before this meeting is available for inspection at City Hall, 23 Russell Blvd., Davis. Meeting facilities are accessible to persons with disabilities. Requests for alternative agenda document formats, meeting assisted listening devices or other considerations should be made through Sarah Worley by calling 530-757-5610 (voice) or 757-5666 (TDD).



MINUTES
BUSINESS AND ECONOMIC DEVELOPMENT COMMISSION
Monday May 24, 2010

Commission Members: Chair Robert Agee, Vice-Chair Michael Faust, Greg Phister, Sydney Vergis, Dave Robert, Alternate – (vacant),
Ex-Officio Members: Jeremy Brooks - Chamber of Commerce, Mark Rutheiser -DDBA, Reed Youmans -YCVB
Finance and Budget Commission Liaison -Donald Palm
City Council Liaisons: Ruth Asmundson, Don Saylor (Alternate)
City Staff: Katherine Hess, Community Development Administrator
Sarah Worley, Economic Development Coordinator
Brian Abbanat, Economic Development Specialist

Amount of time for each item is approximate and subject to change.

1. Determination of Quorum and Seating of Alternates –

Quorum established @ 7:03 p.m.
Absent: Ex-Officio Brooks

2. Approval of Agenda

Approved unanimously @ 7:04 p.m.

3. Public Comment

This is the time for the public to address the Commission on matters not listed on the agenda. Presentation time will be at the discretion of the Chairperson.

4. Approval of Minutes– April 26, 2010

Approved unanimously @ 7: 06 p.m.

5. Davis Chamber of Commerce Quarterly Update

Bill Alger, Chamber of Commerce provided an overview of three Chamber items:

1. The Chamber is settling down in their new location on 3rd Street.
2. The Chamber recently completed Celebrate Davis! This was one of the Chamber's better events, primarily due to weather. There was a good crowd and good fireworks.
3. The Government Relations subcommittee is creating a workshop on economic development regarding what Davis should look like as it comes out of this recession. If some thought is given now, initiatives can be in place as Davis comes out of the recession. The Chamber will be partnering with the BEDC, DDBA, and YCVB. This Wednesday there will be a planning meeting on what that workshop will look like and what it should accomplish. The meeting is being planned for late summer, early fall. The Chamber is trying to develop a consensus answer to what Davis should be. Participants will include a broad range of participants. There are complimentary efforts that the

Chamber and BEDC are working on. The Chamber wants to be in a position to support key initiatives.

A commissioner asked what are issues are before the GRC currently. Bill Alger cited wood burning, Picnic Day, and the “piling on” issue for Davis development.

6. Presentation on City Redevelopment Program

Staff gave a presentation on the purpose, objectives, and structure of the Redevelopment Agency. Handouts were provided to commissioners. Presentation focused on:

- Definition of Redevelopment Agency and tax increment
- Purpose of a redevelopment agency
- Focus on physical improvements
- What RDA funds can be used for
- How RDA funding triggers prevailing wage requirements
- What RDA funds cannot be used for
- Pass through agreement
- Completed RDA projects in Davis
- RDA funding and affordable housing
- 5-year Redevelopment Plan and implementation
- RDA revenues and expenditures
- Current capital projects
- Future RDA review process.

Discussion and questions from commissioners followed:

2.8 million in pass-through agreements, the bulk going to Yolo County.

A commissioner asked how much RDA funding remained after the state take-away. Staff responded that \$6-\$8 million remained.

Ex-officio member inquired about advantages/disadvantages of RDA Board of Directors and City Council being comprised of the same members. Staff responded the same five people are making land use and financial decisions, which can be a disadvantage. With separate agencies, there may be duplicated staff efforts which are avoided in Davis. If you want clearer direction, there could be advantages to having a separate board. Some communities have separate Redevelopment Agency boards, such as Sacramento.

A commissioner inquired about how projects are added to the list. Staff responded there is no formal application process. Sometimes an RFP is issued. It depends on the project.

A commissioner inquired about allowable expenses for economic development operations. Staff responded this is part of what the economic development team works on. The RDA provided funds for the B & 3rd Visioning Process. RDA fronted that money, some of which will be repaid when redevelopment occurs through a per unit charge.

A commissioner inquired about low interest loans. Staff responded that could be possible for a physical structure, but RDA funds cannot be used to provide business start-up funds.

A commissioner inquired about the lifespan of the RDA. Staff responded the Davis RDA

is in effect until about 2037. Because of the cap, it is anticipated the City will reach its limit within the next 10-12 years. The agency can last forever, but the project area has an end date.

An ex-officio member inquired about how whether a process exists for redirecting funds and changing the board of directors. Staff responded there is a process for taking land out of the project area. Adding people to the board has been done, but not in Davis.

An ex-officio member stated concern about the lack of tension between the RDA and City Council.

7. Finance and Budget Commission Action on BEDC's BPLS Analysis Request

Staff provided an overview from an item raised at the April BEDC meeting regarding a commissioner's interested in asking the Finance and Budget Commission (FBC) to review whether development of remaining vacant commercial land would cover long term city costs. Staff stated the FBC didn't feel they could take it on. FBC liaison stated they saw too many variables. It's too big a task to do within the amount of time the FBC thought it would be needed.

A commissioner asked whether the City does 5-year financial planning. FBC liaison stated they do and the 5-year plans are pretty good. Commissioner responded that Davis needs to think about how to pay for the community it wants and the kinds of businesses Davis should target attracting.

8. Discussion of Draft Business Park Land Strategy (BPLS)

Staff Recommendation:

- a) Review draft Business Park Land Strategy and Technical Report
- b) Begin to discuss key policy questions raised by draft Business Park Land Strategy
- c) Provide clarifying questions of draft Business Park Land Strategy Technical Report to staff by June 7th.

Commission chair began the discussion by asking if a vision should be created for Davis. It seems like there's always a hurry to discuss the land use questions. Maybe a business park is needed, but maybe it doesn't need to be ConAgra. But a decision on whether it is needed should be made first. It's not something to back into simply because it's available.

Staff confirmed these questions are exactly what the BEDC should be discussing. One of the intents was to look at what do we have and how long it will last. The study's "Alternative Futures" include broader questions such as, "Does Davis want to pursue status quo" or does Davis want to be much more assertive and target certain industries? The study revisits preexisting policies and determines if they're still appropriate. What happens on specific parcels needs to have a broader dialogue.

City Council liaison stated these policy questions are being asked. Maybe a joint meeting between planning commission, BEDC, and City Council would be beneficial. Liaison's last meeting is July 6th and is very interested to be involved in this discussion.

Ex-officio member agreed with the comment regarding the bee line for ConAgra. You have to make sure there's enough space to be competitive.

The commission chair inquired what kind of recommendation could be made that could be useful. The study paints some of the possible scenarios.

Staff stated the Housing Steering Committee looked at a narrower view. This study is a companion effort looking at business growth. The BEDC appears to be asking, how bold a move should be made and is there political will and community consensus? There is also a timeframe component in effect. The recession has bought the city some time. If that is the desire, there is some work that needs to occur to prepare to be ready to take advantage of opportunities. Key issues include:

- Is there enough land?
- Is it appropriate zoned?
- Do we want a business park?
- Is the process easy?

Staff noted that if somebody wants a large parcel, there is a very limited supply. Ex-officio member commented it's a crapshoot if the project is subject to Measure J/R. Developers and businesses will go to Woodland or Dixon.

A commissioner inquired about the Sacramento Area Commerce and Trade Organization (SACTO's) opinion on this issue. Staff responded that the Center for Strategic Economic Research (CSER), the research branch of SACTO, was contracted for employment projections. Also, they've said there is interest in Davis due to proximity to UCD, state capitol, etc. Davis is unique. What is big for Davis isn't that big. SACTO: Davis needs something to offer either for business attraction or internal growth: shovel ready, space to move into, and something larger if the opportunity presents itself.

The commission chair stated it would be bothersome if the BEDC recommendation were no more specific than is already in print. We would have added nothing if did no more than that. But how far down that line you go is a critical question.

Public Comment:

Lucas Frerichs: I think there is a need for land for new businesses. The ConAgra site is not appropriate for a business park. It's close to schools, parks, housing. It provides opportunity for workforce housing types. It's an infill site within the city limits, does not need a measure J/R vote. Access to ConAgra is not good. Housing Element Steering Committee did not look narrowly at this site. Group felt strongly that it should not be developed for business uses. It should be mixed use, not 100% business.

Eileen Samitz: What Lucas said is true. There was consensus on use of Hunt-Wesson site. We definitely talked about the idea of commercial. The Cannery Park site has a history of giving meetings through the community. The project was broad-sided by a requirement for a separate EIR analysis for a business park. One of the biggest issues that came out is that the neighborhoods are opposed to a business park at the site. If we're going to put something this big in the City, we need to put it closer to I-80.

Jeanne Jones: Jeremy Brooks asked me to ask "why the rush?" Not sure about sequence of process.

Chuck Cunningham: We didn't just build our building; we had to create the site so I could create a small parcel. At that time there was really nothing available. There is very little left. You've got this world-class university and we're reduced to a small array of parcels.

Liz Reyes: I lived next to ConAgra for 15 years. A neighbor worked there and said getting in and out of the site was a nightmare. We need to think about who and what we want to bring into Davis. I think it hasn't come to fruition due to access.

Ex-officio member commented that the number one reason people want to be here is because people like the experience being here. They don't need to be recruited, there just needs to be a place for them to land. They will grow into Davis space if the space for them is available.

9. Staff Communication/Updates

Staff mentioned ethics training on 6/11. All city staff is required to attend and is highly recommended for commissioners. Staff mentioned the Big Bang competition that partners UC Davis business students with scientists.

10. Subcommittee Updates and Organization

- Work Plan Assignments
- Economic Indicators

Commission Chair stated a subcommittee meeting was held this morning. The data has been collected and the project is in a position to sketch the first bullet line narrative. It was a good meeting.

- Business Retention

Staff stated they are waiting to get approval of contract from County. The contract approval will allow Davis to subscribe to MetroPulse.

Commission chair inquired about the first concrete action resulting from that project. Staff responded the City will get together with partners to define a process for Davis. Staff is looking for input from business organizations and to understand to what degree do they want to participate? Who should be visited and how is the City of Davis prepared to follow-through with their needs?

11. Future Agenda Items

Staff noted Economic Indicators report may be ready for presentation at the next meeting.

Councilmember Asmundson stated the Council is looking at commission assignments. This is her last Council meeting as BEDC liaison. Stated she and Ted Puntillo pushed for establishment of this commission. The commission has really come to maturity now. Councilmember wished the BEDC well and to continue its active involvement. Expressed a desire for the BEDC to keep pushing for economic development and be bolder in making recommendations to Council, to help Council make decisions. Economic development is needed in Davis.

12. Adjourn

Approved unanimously @ 9:16 p.m.

Future Meetings: June 28, 2010 and July 26, 2010



Memorandum

JUNE 23, 2010

TO: Business and Economic Development Commission

FROM: Sarah Worley, Staff Liaison

RE: June 28, 2010 Meeting

This memo addresses items listed on the agenda for the Business and Economic Development Commission meeting of June 28, 2010 Meeting.

Item 6. Business Park Land Strategy Report (BPLS) – Attachment 1 is a staff memo that contains the staff recommendation on the Business Park Land Strategy Report, correspondence and comments received on the Report, and staff responses to questions received. Please refer also to copies of the BPLS Report and BPLS Technical Report provided in previous BEDC packets.

Attachments

1. Staff Memo: re BPLS with attachments.
2. BEDC Meeting Calendar -June Update
3. New Business Licenses - May 2010
4. June Project Updates
5. Council Long Range Calendar Summary



Memorandum

June 22, 2010

TO: Business and Economic Development Commission

FROM: Katherine Hess, Community Development Administrator
Sarah Worley, Economic Development Coordinator
Brian Abbanat, Economic Development Specialist

RE: Draft Business Park Land Strategy (BPLS)

Summary Recommendations:

1. Confirm Findings of Draft Report:
 - a. Knowledge-based business provides substantial local economic value.
 - b. Growth in knowledge-based industries has been steady.
 - c. Opportunity for future business growth is strong.
 - d. Future business growth will provide local economic benefit.
 - e. Davis' vacant commercial land inventory is limited, creating both immediate and future challenges for facilitating future business growth.
 - f. Davis is well positioned for economic growth in industries consistent with existing economic development policy and local economic and workforce strengths.
 - g. Davis' current economic development policies support knowledge-based business growth.
2. Concur with the Planning Commission recommendation "to include sites other than ConAgra, including sites outside the city limits" for evaluation as future business park/center locations;
3. Appoint BEDC subcommittee to explore options available to increase long term land supply for business growth before reporting back to City Council in September (see Expanded BEDC Recommendations section).
4. Replace Draft Framework for Commercial Land Decision Making (Pg. 6 in Executive Summary; Figure 5, Pg. 38 in Draft BPLS Report; and Figure 11, Pg. 120 in Draft BPLS Technical Report [http://cityofdavis.org/CDD/Business_Park_Land_Strategy/index.cfm]) with revised figure in Attachment 1 reflecting steps outlined in final recommendations.

5. Anticipated future recommendations to City Council (see Expanded BEDC Recommendations section).

Overview:

The BPLS was prepared to inform the Community Policy makers about the adequacy of the city's commercial land supply to support business growth.

The Study and its key findings are intended to inform the community and community policy makers as they:

- Evaluate options available to make the best use of the City's existing commercial land supply;
- Increase its future land supply in order to sustain desired business growth; and
- Consider opportunity costs and relative trade-offs associated with different options.

The BPLS assesses Davis' long-term (25-year) business growth prospects against the remaining vacant commercial land supply. It also addresses projected demand for business growth via alternate employment projections and estimates the economic value of employment growth in a small sample of selected industry sectors considered well suited for a Davis location. Information is also provided from interviews with a small group of business community representatives as to their thoughts about the Davis business climate and actions the City could take to support business growth and need for a business park, among others.

The BEDC's role is to consider the information and communications it has received and make a recommendation to the City Council as to any additions or revisions of the BPLS Draft Report and actions recommended to be taken by the City in response to study findings. Concurring with Planning Commission actions, these recommendations include the need for some additional research and evaluation necessary to make a specific recommendation as to what manner the city should add to its land supply to support long term business growth. These steps are also necessary to more fully answer the original questions raised when the study was initiated.

BPLS Background:

The BPLS assesses Davis' long-term (25-year) business growth prospects against the remaining vacant commercial land supply. 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 Con Agra property at 1111 E. Covell Blvd. Lewis Planned Communities' "Cannery Park" project application was primarily a residential development with 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 the proposed project affect Davis' commercial land supply and long term ability to accommodate future business growth? This study's original purpose was to address these as well as the following questions:

1. What are the City's long term needs for business park-type land?
2. What methodology and/or factors should be used to determine projected need?

3. How is the market for business park land shifting? How is the modern “business park” changing? Are traditional business park land development patterns still appropriate or are they evolving into new land use patterns?
4. Is the City’s current land inventory sufficient to meet its long term needs for business park-type uses? If so, is this still true if the Cannery Park site is approved for other uses?
5. Is a dedicated “business park” needed?
6. What sites in addition to the existing land inventory should be considered for business park type uses; and/or a dedicated business park? How does this change if the Cannery Park site is rezoned? Do we need to consider additional business park sites if the Cannery Park site is not rezoned?
7. What criteria should be used to rank the relative merits of the possible sites?
8. What strategies should be developed or actions should be taken to assure that the City has an adequate supply of business park-type land available to support future development?

The BPLS addresses questions #1-#4 and provides background analysis which help to inform broader policy issues raised by questions #5-#8. To adequately respond to these questions, a second analysis phase resulting from community, BEDC, and Planning Commission feedback is required.

Originally, this study intended to rely upon land absorption-based assumptions to determine the existing land supply’s adequacy in accommodating future business growth. As the project evolved, feedback received through business community interviews and the Business and Economic Development Commission (BEDC), made clear a need to also analyze 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 additional business growth?

The BPLS serves as a technical background report to analyze prospects for business growth, particularly knowledge-based industries, and the adequacy of Davis’ vacant commercial land supply within the existing city limits. The role of the BPLS is to provide a common understanding of Davis’ long-term land needs for business growth. The analysis provided and conclusions drawn will help inform economic development and land use policies and decisions. Drafts have recently been completed and consist of a Draft Executive Summary, Draft BPLS Report, Draft BPLS Technical Report, and Site Evaluations for the remaining vacant commercial land supply. These documents are available on the City’s Community Development Website (http://cityofdavis.org/CDD/Business_Park_Land_Strategy/index.cfm).

BPLS Review:

Business and Economic Development Commission

The BEDC has been reviewing the BPLS for the past few months. Discussion of the key policy questions raised by the study has occurred, including:

- What is Davis' economic future and what is the role of knowledge-based industries?
- What are the barriers to creating and keeping business in Davis?
- What action should the City take related to land supply, land use, and built space?

To date, no actions have been taken by the BEDC. Below are the BPLS-related items presented to BEDC over the past three months:

- *March BEDC Meeting:* Received a staff presentation regarding the Draft BPLS summary findings.
- *April BEDC Meeting:* Received Draft BPLS Report
- *May BEDC Meeting:* Received Draft BPLS Technical Report

BEDC members asked questions and received public testimony at all three meetings.

BPLS Business Community Forum: June 3rd

On June 3rd, a business community forum was held to discuss the findings of the Business Park Land Strategy and three questions cited above. The forum was hosted by the BEDC at Digital Technology Laboratory at 3805 Faraday Avenue from 5:30 p.m. to 7:00 p.m. Approximately 25 people attended representing a range of business interests including development/commercial real estate, retail and hospitality industry, technology companies, and the Chamber of Commerce. Topics discussed included what Davis needs to do to attract and grow knowledge-based business, the need for a community dialogue regarding the economic benefits and role of business growth in the Davis community, and the adequacy of Davis' commercial land supply. A summary of comments from the forum are provided as Attachment 2.

Planning Commission

Planning Commissioners received copies of the Draft BPLS with their packets for the May 26th meeting. The purpose was to inform the Planning Commission about the study findings and economic development and land use/supply issues it raises.

On June 9th, the Planning Commission received a staff presentation of the Draft BPLS summary findings. This was presented as an informational item and no action was recommended. Commissioners noted that the BPLS provided sufficient background information to advance tangible recommendations toward addressing commercial land supply needs. However, a commissioner stated the study lacked clear direction regarding next steps that should be taken to ensure an adequate commercial land supply is available for business growth. Additionally, a general opinion expressed by some commissioners was that to be complete, the study needed to evaluate sites outside the city limits. While the study does identify potential external business

growth sites that could be considered (page 39), the study focused initially on internal sites to better understand Davis' *existing* vacant land supply in relation to demand for business growth before evaluating potential external sites. External sites would be evaluated in a second phase upon BEDC and Planning Commission recommendation. Community and commission input were essential prior to initiating any specific recommendations regarding the amount and location of future business growth sites.

The Planning Commission passed the following motion recommending evaluation of external sites for a business park:

“(That this) Draft Framework for Business Park, Office, and Industrial Land Decision making Chart be amended to include sites other than ConAgra, sites outside the city limits” including “sites such as the Nishi Property, the property outside the Mace curve – the East Mace Ranch 100, etc.”.

The motion passed 4-0-2. Planning Commission comments and recommendations are reflected in BEDC Recommendation #3 below.

BPLS and ConAgra Property

The ConAgra site has been the topic of much of the public comment at the BEDC meetings on the Business Park Lands Strategy. In particular, the BEDC has heard a number of comments on the recommendations of the Housing Element Steering Committee with respect to the viability the ConAgra site as a business park and “Conflict” sites.

In 2006, the Housing Element Steering Committee was charged with identifying possible locations for housing development to meet state requirements and internal needs. A number of the sites that were reviewed by the Steering Committee are currently zoned for non-residential use. These were primarily identified as “yellow-light” sites to be considered for housing only if needed prior to 2010. Several of these sites included a notation that they would “Need analysis of city need and feasibility of non-residential uses of the site.” At the time, the City was processing an application from Lewis Planned Communities for a mix of residential (610 units) and business park/mixed-use (20.3 acres) uses on the 100-acre site.

The Lewis Cannery (now ConAgra) site was identified as a yellow light site. The Steering Committee strongly felt that the site should be predominantly housing, along with some commercial uses. The Steering Committee also unanimously determined that it did not need the results of non-residential viability studies for its purposes. During its deliberations, the Steering Committee considered a range of mixed-use options for the site. After it heard a presentation from Lewis, the final report of the Steering Committee recommended that the site be considered for 500-776 residential units, along with some non-residential uses and that it was not a good location for light industrial/high tech uses (subject to study). The minority opinion was reflected in the statement “Need to preserve land for light industrial / high tech land and its potential for jobs. This large acreage is ideal for light industrial / high tech uses.”

The City Council accepted the report of the Steering Committee in November 2008. This included identification of the Lewis/ConAgra site as a “yellow-light” site, and the direction that the Lewis application should continue to be processed.

In September 2008, a Joint City Council/BEDC meeting was held to receive a presentation from Economic Strategies Group (ESG) regarding the “Cannery Park Business Park Viability Study”. Minutes of the presentation and discussion regarding the study’s conclusions are included in this staff report as Attachment 3. The study is also available on the City’s website (<http://cityofdavis.org/cannerypark/pdfs/viability-study/Business-Park-Viability-Study-Cannery-Park-200809-Final.pdf>).

In October 2008, the BEDC took the following actions on the “Cannery Park” development application for the ConAgra property.:

“Given a mixed use concept for the Cannery Park site aligns with BEDC business attraction and community enhancement goals and merits further consideration, the BEDC recommends the Planning Commission and City Council continue processing the application. BEDC also requests continued involvement in further project reviews throughout the application process.”

“BEDC agrees the Cannery Park Business Park Viability Study was conducted with a sound methodology and is sufficient to inform the commission for the purposes of decision making.”

Minutes from this agenda item at the October 2008 BEDC meeting are included as Attachment 4

On December 2, 2008 the City Council directed staff to solicit requests for proposals for the preparation of an EIR for the project site, and the Council further directed that the EIR analyze a business park development as an equal weight alternative. The Lewis application was withdrawn before the EIR was initiated.

Public Comments

The City has received 4 letters from property owners, 1 letter from a City commissioner, and numerous letters and emails from community members that are provided as attachments. These letters and copies of staff responses to questions raised are also provided as Attachments 5 through 7. These communications raised issues related to:

- Questions regarding employment data
- Appropriateness and viability of ConAgra as a business park location.
- Validity of methodology and conclusions from business community interviews
- Extent of property owner interest in commercial development
- Opinions regarding the importance of industrial development for community economic health

Letters from individual property representatives as to their intentions for development or redevelopment of their properties were not provided at the two previous BEDC and PC Commission reviews as the focus of discussion was proposed to be study findings and general recommendations for Council actions rather than specific sites at this phase. Consideration of specific sites for business growth, particularly large sites and external sites warrant a separate

process allowing a more in depth evaluation of each site. The initial steps to establish such a process is one of the BEDC recommendations to Council.

Staff received criticism from Commission members and members of the public for this decision and in response will provide copies of all correspondence received in Commission and Council staff reports that are available for public review on the City's website as ongoing actions on this project proceed.

Conclusions

The BPLS helps inform a piece of Davis' long term economic puzzle. It represents the beginning of a process to help shape Davis' economic future. A conclusion from the study is Davis will need to be more proactive to assure it can be responsive to ensure business growth "opportunities" don't become "missed opportunities" due to inaction. There is growing regional, national and global competition for the knowledge based businesses considered well suited for Davis from areas able to provide attractive economic incentives. Maintaining an adequate supply of land and ensuring flexible, multi-sized building spaces are available for lease and ownership will allow Davis to leverage its competitive advantages and help to prevent loss of business growth opportunities to neighboring communities.

Expanded Recommended BEDC Actions:

1. Confirm Findings of Draft Report:
 - a. Knowledge-based business provides substantial local economic value.
 - b. Growth in knowledge-based industries has been steady.
 - c. Opportunity for future business growth is strong.
 - d. Future business growth will provide local economic benefit.
 - e. Davis' vacant commercial land inventory is limited, creating both immediate and future challenges for facilitating future business growth.
 - f. Davis is well positioned for economic growth in industries consistent with existing economic development policy and local economic and workforce strengths.
 - g. Davis' current economic development policies support knowledge-based business growth.
2. Concur with the Planning Commission recommendation "to include sites other than ConAgra, including sites outside the city limits" for evaluation as future business park/center locations;
3. Appoint BEDC subcommittee to explore options available to increase long term land supply for business growth before reporting back to City Council in September, including
 - a. Review and summarize findings from previous business park studies in Davis;
 - b. Conduct initial research on business parks from similar university-oriented communities; (identify criteria for success and elements/characteristics suitable for a Davis application uses, size, location, financial feasibility, in similar

University-oriented communities such as Boulder, CO, Madison, WIS, and Lafayette, IN);

- c. Draft initial criteria for site evaluation and selection for a potential Davis business/research park or center, (site configuration, sustainability, freeway proximity, compatibility of uses, property owner interest, entitlements, access (bicycle, pedestrian, vehicular, transit), infrastructure {i.e. sewer, water, telecommunications}, proximity to UC Davis campus, and proximity to downtown Davis);
 - d. Consider need for external technical assistance to conduct independent site evaluations to identify highest ranked sites for business growth;
 - e. Report back to full BEDC for recommendation to City Council on the Draft BPLS Report and recommended actions;
4. Replace Draft Framework for Commercial Land Decision Making (Pg. 6 in Executive Summary; Figure 5, Pg. 38 in Draft BPLS Report; and Figure 11, Pg. 120 in Draft BPLS Technical Report [http://cityofdavis.org/CDD/Business_Park_Land_Strategy/index.cfm]) with revised figure in Attachment 1 reflecting steps outlined in final recommendations.
5. Upon completion of Task No. 3 above, forward BEDC recommendations to the City Council:
- a. Confirm the findings of the Draft BPLS as revised;
 - b. Make best use of existing vacant commercial and industrial land and buildings:
 - i. Direct staff to Revise Business Park, Office, and Industrial zones by preparing amendments to:
 1. Increase development certainty, consistency of development standards and streamlined development review process.
 2. Allow higher maximum floor area ratios (up to 0.5 Floor Area Ratio).
 3. Allow lower/modified parking requirements.
 - ii. Discourage conversion of existing improved sites and buildings in Business Park, Office and Industrial zones to institutional, recreational, entertainment and other similar uses that reduce the supply of space available for, and do not provide direct services for business/research park, office and industrial uses through conditional use permit review process.
 - iii. Direct staff to work with existing property owners to collectively market vacant commercial and industrial properties.
 - c. Maintain a steady supply of developable commercial and industrial land:
 - i. Review BEDC initial findings and recommendations for site options to increase the city's supply of land to support business growth, and provide direction regarding:
 1. Which of identified sites to further analyze;

2. Need for external technical assistance to conduct independent site evaluations to identify highest ranked sites for business growth.
3. Preparation of development and performance standards and design guidelines for a potential Davis business park, for possible consideration by landowners and the City Council.
4. Public review process and business outreach.

Attachments

- Attachment 1.1: Revised figure replacing Draft Framework for Business Park, Office, and Industrial Land Decision Making in Draft BPLS Executive Summary (Pg. 6, Draft BPLS Report (Pg. 38), and Draft BPLS Technical Report (Pg. 120)
- Attachment 1.2: Notes from June 3, 2010 BPLS Business Community Forum
- Attachment 1.3: Minutes from 9/22/08 joint City Council/BEDC meeting “Business Park Viability Study, Cannery Park, Davis” agenda item
- Attachment 1.4: Minutes from 10/27/08 BEDC meeting “BEDC Recommendation: Cannery Park Business Park Viability Study” agenda item
- Attachment 1.5: Letters from Property Owners
- Attachment 1.6: Comments from BEDC Members and Staff Responses
- Attachment 1.7: Letters from the Public and Staff Responses
- Attachment 1.8: Proposed Revisions to Draft BPLS

Immediate

Confirm Summary Conclusions of Draft BPLS Report -

1. Davis's proximity to UC Davis research, educated workforce, and high quality of life offer opportunities to increase growth of knowledge based businesses;
2. Knowledge based businesses provide substantial local economic value and good jobs aligned with workforce strengths;
3. Inventory of commercial space and land in Davis is limited and presents delivery challenges that can impede business growth;
4. Davis must be proactive to ensure an adequate supply of space (developable land, range of type and size of built space), to support long term business growth.

Near Term – 2010/2011

Maximize Use of Vacant Commercial/Industrial land and buildings

1. Amend Business Park, Office, and Industrial zones to:
 - a. Increase development certainty, consistency of development standards and streamlined development review process.
 - b. Allow higher maximum floor area ratios (up to 0.5 Floor Area Ratio).
 - c. Allow lower/modified parking requirements.
2. Discourage conversion of existing improved sites and buildings in Business Park, Office and Industrial zones to institutional, recreational, entertainment and other similar uses that reduce the supply of space available for, and do not provide direct services for business/research park, office and industrial uses through conditional use permit review process. (Ongoing).
3. Direct staff to work with existing property owners to collectively market vacant commercial and industrial properties. (Ongoing).

Near and Long Term

Confirm Long Term Land Inventory –

1. Research business park characteristics; review and summarize findings from previous business park studies, conduct initial research on business parks in similar university oriented communities; draft criteria for site evaluation and selection for potential business park.
2. Identify site options for expansion of City land supply to support business growth and possible business park; include consideration of ConAgra and external sites contiguous to the City boundaries, and internal opportunity sites.
3. Select sites recommended for further evaluation; determine need for technical site evaluation assistance.
4. Confirm need, preferred location, timeframe and necessary elements for development of viable business/research park, and or business centers.
5. Annex if necessary, and entitle land.
6. Facilitate construction and occupancy of business/research park/business centers.

On June 3rd, a business community forum to discuss the findings of the Business Park Land Strategy and key policy issues it raises was held. The forum was hosted by the Business and Economic Development Commission (BEDC) at Digital Technology Laboratory at 3805 Faraday Avenue from 5:30 p.m. to 7:00 p.m. Three primary questions regarding the Davis business climate were asked. The results of the discussion follow.

QUESTION 1:

What is Davis' economic future and what is the role of knowledge-based industries?

- Looking at the study's business growth projections, it appears incremental and much less than historical growth, unless Davis goes after something more specific.
- Davis needs to understand competitiveness in region.
- Davis must be aware of global competition.
- Companies have left Davis because there wasn't an opportunity.
- How do we provide enough opportunity?
- Land scarcity and subsequent high land/lease rates will dictate that knowledge-based industries will establish in Davis.
- What is meant by knowledge-based industry?
- High-tech, green-tech sounds good, but there needs to be more of a push for all business in Davis.
- Davis needs business desperately.
- Incubator space and startups are high risk. What about a discussion about attracting larger companies such as Oracle?
- Companies are averse to coming to Davis due to risk associated with community resistance.
- Genentech concern: Industrial land was too close to residential.
- Start ups can grow into larger companies. How much can they grow before they outgrow Davis?
- Goods & services are important.
- Leverage Davis' market niche: UC Davis and knowledge-based industries.
- Many industries don't need wet lab space.
- Space is being created through vacancies for new businesses. There are underused locations within the community that can be retooled.

- Look at ways to have a spectrum of land use possibilities. Listen to those who will actually start the businesses, rather than dictate locations where it will occur.
- Mid-size companies with employment base of 10-100 employees need adequate available competitive facilities within the community. How to attract them?
- Davis is not set up to support large campus companies.
- How to attract/grow companies like Schilling, DTL, etc. That is a niche that could differentiate Davis.
- Workforce housing is needed as well. Many Schilling employees don't live in Davis.
- Davis will compete well against Bay Area, but not the rest of the region if workforce housing is not addressed.
- Target example: Is business welcome in Davis? Community dialogue needs improvement if we want businesses in our community.
- How do we work with our regional partners? Need to work with County, UCD, Solano to prepare ourselves for opportunities.

QUESTION 2:

What are the barriers to creating and keeping business in Davis?

- Senior assisted living example: DWR and DPD was not supportive. Area has a mix of uses.
- Zoning problems: Industrial pressed against residential areas.
- City processes slow things down. Be more elastic, flexible about mix of uses. Be creative.
- Community dislikes sprawl *and* infill.
- Absence of honest open debate regarding land uses. Will affect business growth.
- Need private and public sector to be able to sell attributes in alignment of goals.
- Outdated General Plan was drafted to say “no” to a lot of things. Updated focus is needed to set clear framework for what we want to say “yes” to.
- Retail is a different discussion than employment creation in office and r&d sector.
- No discussion in last general plan of office, r&d and industrial. Most conversation focused on residential and retail./
- Why did UCD spinoffs locate elsewhere?
 - Distance from venture capital pulls companies to Bay Area, San Diego, and elsewhere.

- How do we lock companies into Davis?
 - Critical mass will allow companies to stay, but we're not there yet.
- Davis will not have an ecosystem revolving around only mid-size companies.
- Lack of coherent plan for incentives available. How does Davis compete with out-of-state locations? There needs to be more than "Davis is a great place to live".
- San Diego had early successes (IPO). Created wealthy founders that stayed local, whose money was reinvested into new companies. If you can get a few companies through the IPO window, that can help.
- Davis hotels = low occupancy because business activity is not visible from freeway.
- Disconnect between residents who desire low visibility and preserving quality of life and also business growth. The dots are connected. We can't have it both ways.
- Early stage startups are not necessarily cost-sensitive. Is more related to capital and where founders live. Economic analysis becomes more critical at later company development stages.
- Multiple businesses have experienced difficult entitlements process. There is little regard for challenges associated with Davis processes. Processes are not as smooth as they could be or should be.

QUESTION 3:

What action should the City take related to land supply, land use, and built space?

- Look not only at what is vacant but also what is underutilized.
- Work with UCD and tech transfer.
- Be ready, not reactionary.
- Extra land entitled is a good idea. Close to freeway and infrastructure. If a developer wants to take the risk, the City should encourage it as quickly as possible.
- It takes multiple years to put a site together for development.
- Opportunities will be lost.
- Need choices, clients need choices. Entitle as much as you can.
- San Fernando Valley analysis land value increased from 46 cents to \$24/sf between 1965 and 1990. Increased tax base.
- Davis does not have an inventory of spec spaces for mid-size companies to move into.
- Brookings white paper. Manufacturing creates highest number of jobs.
- Need to foster competition and innovation among developers, capital markets. Global business park world finds niches to work within rather than being all things to all people.
- Need to create environment supportive of small business.
- Measure J: too difficult an obstacle.
- Create a forum for engaging this conversation with a broader section of this community. So much resistance to development. Creating development for job growth...we haven't had that conversation. Try to foster a more free ranging conversation to explore ideas for this type of job growth might result in a different reaction.
- If you're not growing, you're dying. Growth can be controlled. Need to provide opportunities for growth. Community will not sustain itself otherwise.
- Need a business friendly attitude. Need a variety of spaces for people to go to.
- Davis has an advantage due to proximity to UCD.
- Paying fees at occupancy has been helpful.
- Dedicated BP between 300-500 acres a viable real estate model?
 - Probably not unless you landed 3-4 big trophies early on. Huge expenses.
 - Need opportunity to expand without repeating entitlements process.

- Fewer capable of funding business park development. If you have people capable, do it.
- Need to educate the public that business development is different. BEDC can gather groundswell of support to move things along. Sentiment can change fast.
- Not much of existing land is ready, capable. How do you create incentives to make infill sites deliverable? Challenge property owners to compete and create opportunity.



**JOINT MEETING OF THE CITY COUNCIL AND
BUSINESS AND ECONOMIC DEVELOPMENT COMMISSION
Davis Joint Unified School District Administration Building
East Conference Room, 526 B Street
Monday September 22, 2008
7:00 PM**

City Council: Ruth Asmundson Mayor, Don Saylor Mayor Pro-tem, Sue Greenwald, Lamar Heystek, Stephen Souza

Commission Members: Alan Fernandes Chair, Anthony Costello Vice-Chair, Robert Agee, Greg Phister, Anissa Nachman, Sydney Vergis, Tobin Richardson (Alternate) Mark Braly (Planning Commission Liaison), Matthew Kemmerle (Finance and Budget Commission Liaison)

City Staff: Katherine Hess, Community Development Director, Mike Webb, Principal Planner, Xzandrea Fowler, Planner, Sarah Worley, Economic Development Coordinator
Brian Abbanat, Economic Development Specialist

Amount of time for each item is approximate and subject to change.

AGENDA

7:00 P.M. **1. Determination of Quorum and Seating of Alternates**

Quorum determined at 7:01 p.m.

2. Approval of Agenda

Agenda approved at 7:02 p.m.

**3. Business Park Viability Study, Cannery Park, Davis (90 min)
Recommendation**

- Review the Business Park Viability Study, that was prepared for the Cannery Park site project (available online at: <http://www.cityofdavis.org>); and
- Receive a presentation by the City consultant, Economic Strategies Group (ESG), outlining the findings of the study, and engage in a question and answer session; and
- Review and comment on the scope of the key policy questions that staff has identified for future analysis and consideration.

Katherine Hess provided an overview of the Cannery Park Site, the Business Park Viability Study, and the Cannery Park development proposal.

Michael Conlon, Economic Strategies Group (ESG) provided an overview of the study. He shared the nature of the Davis economy, what makes Davis' economy distinct, the University's effect on the Davis economy, recent office/flex space development, and assumptions for future office/flex space development. Key conclusions include:

1. Davis has a distinct market and distinct economy
2. Office/flex/industrial development in the past 10 years has taken the form of 73% "flex space", 27% office, and 0% industrial. This accounts for approximately 8-9 acres/year
3. ESG assumes this trend will continue.
4. There are 140 acres of land available, 66 of which are on Cannery Park. There is approximately 70 acres of "good" land available.
5. With Cannery Park as a business park, it would take 14-17 years to absorb the office space, 7-9 years without.
6. 14-17 years is a long time to hold land and may be beyond feasible holding period.
7. Narrowing of permitted uses would extend build out period.

Commissioners and Councilmembers then engaged ESG in a question-and-answer format:

- Why is the absorption rate included if the property owners were aware of the zoning when they purchased the property?
- What is an appropriate amount of land inventory?
 - Response: Cities typically plan for 20-25 year time horizon.
- Do you have a recommendation for this site?
 - Response: This project raises a lot of policy questions. It's a complicated site. This will be the first of several land use decisions the city has to make such as use of infill or annexations to meet need
- Why is Scenario 4 (High Tech Park) considered infeasible? Do the existing land use controls limit market feasibility
 - Response: feasibility is based on ability to meet demand. High tech can be defined several ways. If high-tech definition is broadened, then the scenario improves. Davis should stick with a broader definition of high tech. Current zoning is industrial with some zoning (tech) overlays. Developer would want to expand definitions. The current zoning is not intended for a modern business park as currently written.
- Why does the study assume 66 acres of development when the site is 100 acres?
 - Response: Infrastructure. There are 66 net acres of developable land. This is consistent with the Lewis proposal assumptions.
- Where will business park employees live?
 - Response: The business park would capture some people already living in town. Some would move into the city and others in outlying communities and the Highway 50 corridor. A better way to respond is, how can we maximize this in a good way for the Davis economy?
- Is Cannery Park a good location?
 - Response: Yes, absolutely. It's a nice size configuration. It is in the middle of the City and has access from east and west. It does have some access problems. Any real business park will have a mix of uses.
- Did you look at sites outside the city limits?
 - Response: No.
- Where would you, if you did? All in one space or spread around?
 - Response: 66 acres is not a lot of land. Bishop Ranch in San Ramon is 540 acres and Hacienda B.P. in Pleasanton is 800 acres. 66 acres is about the right size for a city the size of Davis.
- Is interstate access important?
 - Response: No. Stanford Business Park, has over 10 million square feet, is one of the most successful in the world and not located near a freeway.

- How does this fit in with the Housing Element Steering Committee? What percentage of projected housing does this site represent?
 - Response (K.Hess): The Steering Committee intentionally focused on housing site suitability only. This site was not part of the near term 700-1300 unit development.
- What is the viability of prospective large single high tech users that could use the site more quickly, such as Genentech?
 - Response: We looked at large users and don't think that these are the most feasible. Big users look for land that is inexpensive with lots of flexibility, and generally away from residential uses that they can grow into slowly. They also spend a long time making decisions. Davis may not want that kind of user. You want an economic base with as many moving parts as possible. It may be better to have two fifty acre sized developments that could compete in price and users. Would favor many smaller firms as big facilities tend to shrink or get merged and growth comes from many smaller facilities.
- Comment on Fullerton Business Park and regrets regarding action to relax zoning. Can we work with existing zoning over a timeframe that fits our needs (25-30 years)?
 - Response: Our analysis is based on the Davis economy. Most of Davis' office/flex space is occupied by smaller companies doing things that don't fit into the "tech" classification. They're working in fascinating specialties. Davis should be attractive and open to all new businesses (e.g. biking, kayaking etc.)
- Concern expressed about the blanket conclusion that a high-tech business park is infeasible.
 - Response: If you want to focus on a business park, you want to allow a broad definition of high intellectual capital uses
- What is the city's projected land supply for business parks given feasible versus infeasible vacant sites, if Cannery Park was not available?
 - Response: Users will take what's available, but the supply isn't good. There is about 8-9 years of usable land available.
- What is the optimal vacancy rate?
 - Response: 10% or a little less for a town like this. Flex vacancy has already fallen as most was attributable to one new building. A city would want developers to build out in front of the demand. Davis vacancy rates are lower than they should be.
- What uses would make a business park more feasible?
 - Response: Cited Stanford B.P. zoning as an example.
- Is there a demand that we're not capturing due to cost?
 - Response: Current zoning is industrial. High tech is allowed, but it's not clear how the city defines high tech. Discretionary zoning approvals are an obstacle.
- What would be the appropriate balance of residential versus non-residential? Are there other examples of successful mixed use projects?
 - Response: Cited Hacienda Business Park and residential uses on the Prudential site, which the City of Pleasanton did not support. It works out quite well.
- What is the effect of the ingress/egress issue?
 - Response: There are two entrances, one signalized. The site needs at least one entrance to the north regardless of the mix of uses.
- Is there the possibility that the absorption rate could be increased? If we do more can we lower the absorption rate?
- We have an application waiting and we're trying to come up with an educated guess. Are we bringing this back to Council to raise the policy question as to should we go ahead with this application?

- Response (K. Hess): At the staff level, we need feedback as to whether these are the right questions.
- We should schedule this for a Council discussion. The Housing Element Subcommittee was not asked what is the better use, housing or industrial? The question that must be asked is if we don't use land within the city, land outside city limits must share tax with the County. We must look at the revenue side to keep land within the city.
- Why have sites within the City not developed with industrial uses in the last 10-15 years?
 - Response: Land is expensive in Davis. Industrial uses have changed; land is going to the highest and best use. Industrial is going to certain locations & configurations. There is not a lot of industrial demand in Davis. Businesses can get industrial land in Woodland/West Sacramento for less cost.
- The report concludes there is no locational advantage to being near the freeway though most office development is near I-80 and Hwy 113....why?
 - Response: All the land happens to be adjacent to the freeway. This is more of a planning accident than anything else. There is no pattern to where companies are locating.
- Given that people commute, do you want people commuting through town?
 - Response: The traffic associated with 2600 jobs would probably be easily mitigated.
- Question about the site's economic viability at 100% business park. Is it feasible to compete with other markets?
 - Response: It's more attractive to develop housing from the developer's perspective, but business park uses generate more revenue. Davis must strike the right balance, and determine what is fair for everybody. Process has just begun.

4. Public Comment (5 min)

This is the time for the public to address the Commission on matters not listed on the agenda. Presentation time will be at the discretion of the Chairperson.

Jen Baker provided comments on what mix of space Davis should have. Davis should not be going after large users. A strong base of many businesses can build a good economy. Mentioned how smaller businesses integrate into the community.

Louise (Ray?) resident since 1976 commented on why Hunt-Wesson left. Does not believe another large user will be attracted to the site. She sees it more as mixed-use/light industrial. Genentech would have taken it if they wanted it.

Eileen Samitz supports 2/3 housing, 1/3 office/industrial. This would be scaled to surrounding neighborhoods. 2001 General Plan supported housing on this site. Study doesn't compare benefits of housing versus business park. Land was available for years with no interest. A huge business park in the middle of residential area is not good planning. Covell cannot be widened, increased traffic must be accommodated. Business park demand is not robust given the current market. Best use is mixed use; you get the best of both worlds.

Dan Ramos provided an update of Mace Ranch property leasing. He expects to build more buildings. Having a big array of uses is good. There is a lot of demand for clean technology space. Businesses are attracted to Davis. Talk to SACTO. The region is real close with

attracting some German companies. Yolo County has a tremendous opportunity to capture part of the clean tech market. Davis can be at the forefront.

Bill Mellerup, Lewis Communities, introduced the project team. He promoted a balanced approach incorporating a mix of uses on the site. Supports a business park with work force housing. Thinks the Lewis plan is a good starting point. Ultimately, there will probably be a mix of uses.

Public Comment closed at 8:42 p.m.

Commission Comments:

Commissioner: Looks at project from advisory role through the BEDC lens. Agree that high-tech-only option is infeasible and may not be the right choice for Davis. Conflicted about secondary effects of a large single user and the effect a very large business park may have on the Core Area. A business park with 2,600 jobs w/out housing conflicts with Davis values to minimize our carbon footprint. A proposal for mixed use is a superior way to go. We should further refine the project through outreach/hearings and match goals for the long term planning of the City.

Commissioner: Thoughts provided on other business parks such as Bishop Ranch and Hacienda. We don't want Genentech in Davis because of what can happen when Genentech merges with another company and all the jobs leave. We need to be careful about how we compete for large companies. We benefit by having people live and work in Davis. The property needs to be a balance of mixed uses. It's not clear what that balance should be but we should remove the bookend options of all housing and all business park uses.

Commissioner: New jobs create a demand for housing favor further study of the economic basis for the project. Mixed use seems reasonable. Putting all eggs in one basket is a concern.

Commissioner: Agree with the policy issues that have been raised. Mixed use is the most consistent with a work/life balance. It's the best position to deal with uncertainty.

Commissioner: Concerned about the fiscal and business benefits of the project. There has been too much focus on a single high-tech user versus mixed-use. Without this site the City will have 8-9 years worth of available business land and only 14 years with the site. The project would develop over time. Concerned about loss of largest business parcel remaining and using it for housing. More housing costs the City more especially with mixed-use as proposed. The project should be weighted heavier to business.

Commissioner: Site has been vacant for years. The current proposal has a lot of potential to fulfill a variety of city policies. We should proceed with processing the application as is with a mix of uses.

Councilmember: Site was purchased by a homebuilder. This is our last business park already zoned for Industrial use. We need jobs where houses are and houses where jobs are. Davis is a huge draw for businesses. This is the last piece of land we have to create any kind of business synergy. Cited why Mori-Seiki chose Davis and there was limited land available. We have to have land available to promote high technology business. We can guarantee conditional use permits, speed up the process, or tweak the zoning, but it's critical not to let it go to housing. It's

the only significant piece of land for this use. We can make concessions that need to be made, but we should say “no” to the current proposal.

Councilmember: The report clearly states that business park use is viable, with some scenarios more feasible than others. We need to retain available land for business park use. We should stick with business park. The Council directed the BEDC to prepare a Business Attraction program to attract higher wage employment. Concerned about how to instruct the applicants on use of the industrial site. Favor discussion of these issues at a regular televised Council meeting.

Councilmember: We have to do something to keep land available for the coming “environmental revolution”. We should stay open to whatever will happen. I would love to see thousands of ideas coming out of Davis. I will not comment on the proposal itself here. We should answer policy questions first before making a decision on the proposal. Going outside our city boundaries will result in a loss of revenue. Intellectual capital based industries are probably more appropriate for Davis.

Councilmember: 2010 General Plan is about to expire and we have no larger vision. We need more forward thought regarding our future needs. We should look at land outside the city limits as done in the Housing Element Subcommittee process. There is a vulnerability of having a single large user on site. Build out time matters. If it takes too long, they won't develop it, and there's no project. How do we make sure it can come to fruition? I'm interested in a mixed-use w/balance. We need to look at the impact of ratios of different uses. This is not the last possible decision where business activity could go. There may be other possible locations for technology startups and housing needs. I caution not to repeal the community outreach that has already been conducted on this site.

Councilmember: We need to agendize this for discussion as soon as possible so we can respond to the policy questions and provide clear direction to proceed with Cannery Park application.

Commissioner: The BEDC should first provide a separate recommendation to Council.

5. Adjourn City Council Meeting

Council meeting adjourned 9:26 p.m.

6. Approval of BEDC Minutes August 25, 2008

Minutes approved at 9:36 p.m.

7. Annual BEDC Business Award (5 min)

Brief discussion on merits of new award category “Extended Excellence in Economic Development”. A. Nachman made motion to approve item #3 in BEDC memo. G. Phister seconded.

Item #3 in BEDC memo approved unanimously at 9:39 p.m.

Commissioner Agee moved to approve minutes upon correction of correct attendance at last meeting. Commissioner Vergis seconded. Motion passes unanimously @ 7:17 p.m.

- 6. Staff Communication/Updates (5 min)**
- 7. BEDC Recommendation: Cannery Park Business Park Viability Study (45 min)**

Staff provided background information and context explaining why the Commission is asked to make a recommendation on the item. Staff provided an overview of policy issues regarding the study as well as development of the Lewis Property site.

Commissioner inquired about the nature of light industrial use in the City, how that relates to the University, and what opportunities exist on the site and in the City to encourage spin-offs. Discussion followed.

Commissioner noted a previous study conducted in the 1990s contradicted the conclusions of this most recent study. Jeanne Jones explained there has been significant development since 1998, which partially explains the difference.

City staff noted a growing recognition that there is not enough land to meet both economic development and residential goals. The BEDC role is to weigh in on what is best for the business community. The Davis workforce is attractive to employers.

Lewis Communities introduced their team and emphasized the approach has been to strive for a balance of uses. Discussed Lewis outreach efforts and that Cannery Park is pressure-neutral with respect to city needs for business park vs. residential land. Discussed practical realities of development with respect to infrastructure, and need to develop infrastructure at beginning of the project.

Public comment: asked if the project would be a LEED project. The response was the project would incorporate LEED elements.

Public Comment: stated the purpose of the BEDC should be to consider the best use of the land for the community, not just business. Mentioned the Housing Element Steering Committee (HESC) unanimously agreed the site should be used for housing. Cannery Park reflects community-based planning through its evolution. It has reduced impacts compared with a business. 2/3 housing 1/3 business park makes the most sense.

Lewis team member recited a letter from Alzada Knickerbocker which stated a 100 acre business park would have a profound negative impact on downtown. The additional services provided would be a threat.

Commissioner stated agreement with a mixed-use concept. The right proportion is the challenge. Recommended the Commission keep the discussion at the macro-level. Noted the property to the north between F Street and Pole Line will be developed at some point and to consider planning the two parcels jointly in a coordinated way. Raised the question whether the timing is right to develop this site now or as part of the next General Plan. Is this the right project, at the right place, at the right time?

Staff recited an absent Commissioner's comments in opposition to a mixed use project and in favor of retention of the property for development as a business park and revenue generating benefits rather than increased costs from residential development.

Staff noted that HESC priority sites could shift when evaluated against economic development/business park needs, which did not occur during that process.

Commissioner asked Lewis Communities when they purchased the site and if they were expecting to be able to rezone. Lewis representative stated they always expected the zoning would change. The question is whether the plan is right. Lewis has focused on outreach to ensure the plan is supported by the community.

A brief discussion occurred regarding the costs of infrastructure and development. Lewis representative stated the business park and residential components could be developed concurrently. Stated site development would cost approximately \$30 million.

Public comment: referenced letters to the Davis Enterprise in support of the Cannery Park project, with one opposed to entire site being developed as a business park because of potential impact on the Downtown.

Commissioner noted the PD zoning presents difficulties as well, but rezonings and plan amendments with are allowable and not atypical means to allow change over time.

Lewis Communities representative agreed the PD zoning complicates the issue. Stated the property is a key, valuable site and the build-out timeframe for a high-tech business park isn't feasible. Also discussed access issues to the site. The question is, "what is the best use of the site?"

Commissioner questioned if the site was purchased with the intention for development of housing, and expressed concern with overloading of residential uses and need for revenue to meet services that additional residents demand.

Commissioner stated the commission must grapple with the viability of the project. Does the project meet the Commission and Community goals for economic viability of the community?

Commissioner noted themes for consideration by future bodies. One theme was business attraction; the Study validated the need for available buildings, especially if not affiliated with the university. Businesses come where there is land or buildings available. Another theme was community enhancement, providing housing for workers was in alignment with green development policies. The project was also in alignment with the HESC recommendations.

Discussion occurred regarding how to move forward with a recommendation. One way was to take a bookend approach recommend the project go forward with evaluation of equal weight alternatives in the EIR, with final action deferred. The question from Council was how or whether to continue processing the application and mislead expectations for action on the project.

In raising the question about how the project met the strategic goals of the BEDC Commissioner made the following points:

- The project merits further consideration
- It is understood that the project is still in process,
- It is aligned with business attraction, the viability study does show that a business park is viable,
- With housing for workers near jobs and shopping reflecting "green" development policies and aligned with community enhancement goals
- Want to stay involved in process and project as EIR progresses

When asked if this was a motion. Commissioner concurred it was a start.

Commissioner was not convinced putting up more houses will answer the questions we have for business development. Concerns expressed about ability to bring in light manufacturing businesses, loss of the tax base and revenue generating commercial properties. The City doesn't have a lot of land to work with and is hesitant to give this land up in an uncertain future.

Commissioner stated it was not the job of the BEDC to endorse this as a final project.

Questions were raised as to whether there was a need to rezone the property and address the lack of clarity with the existing zoning, and what the options were for future BEDC review of the project.

Staff stated the plan would come back to BEDC for review regarding whether it meets Davis business needs. There would be a future role for this commission.

Action 1 (motion by Vergis; Seconded by Agee): Given a mixed use concept for the Cannery Park site aligns with BEDC business attraction and community enhancement goals and merits further consideration, the BEDC recommends the Planning Commission and City Council continue processing the application. BEDC also requests continued involvement in further project reviews throughout the application process.

*Aye: Costello, Agee, Vergis, Hruban,
Noe: Richardson
Absent: Nachman, Phister*

Council Member Saylor questioned the Commission's action on the completeness of the Cannery Park Business Park Viability Study, and whether it concurred with the study conclusion that restricting uses to "high tech" was not considered a feasible option.

Action 2 (motion by Costello; seconded by Vergis): BEDC agrees the Cannery Park Business Park Viability Study was conducted with a sound methodology and is sufficient to inform the commission for the purposes of decision making.

*Passed unanimously
Absent: Nachman, Phister.*

BEDC members acknowledged the recognition that to be successful a business park had to allow a wide variety of uses.

Discussion closed @ 9:50 p.m.

- 8. Business of the Year Award Nominations (20 min)**
- 9. Subcommittee Reports**
 - Business Retention (5 min)

Commissioner Agee suggested a street fair/celebration similar to Celebrate UC Davis should occur every year in a similar location. The downtown location made a difference. It's a good partnership and opportunity to bring everyone together.

- Business Attraction



James Morante
Northern Region Manager
Corporate Affairs

202 Cousteau Place
Davis, CA 95616

(530) 757-5202
(530)757-5240 Fax
J9MC@pge.com

June 4, 2010

The Honorable Ruth Asmundson, PhD
Mayor, City of Davis
23 Russell Boulevard
Davis, CA 95616

Subject: PG&E Service Center Property, 316 L Street

Dear Mayor Asmundson:

Thank you for your inquiry regarding PG&E's interest in jointly and proactively exploring alternative uses for the company's property located at 316 L Street in Davis.

While PG&E fully appreciates the enthusiasm surrounding potential redevelopment concepts, the company is simply not interested in selling the site in the foreseeable future. Several factors contribute to this determination, including the site's ideal location in meeting the company's long-term operational needs, a depressed real estate market that would not allow for maximum sales value, and costs and resources that that would otherwise be necessary to comprehensively assess relocation options away from the Service Center property. Additionally, PG&E has an obligation to the California Public Utilities Commission that all real estate transactions financially benefit our customers.

Thank you for the interest in the Service Center site. As always, I'm available to answer any questions you may have regarding this or any issue. Please don't hesitate to contact me at 530-757-5202.

Sincerely,

James Morante
Corporate Affairs Manager
Pacific Gas & Electric

Cc: Ken Hiatt, Community Development Director, City of Davis

Brian Abbanat

From: Dan Ramos [DRamos@ramco-ent.com]
Sent: Thursday, June 03, 2010 3:29 PM
To: Bill Emlen
Cc: Sarah Worley; Katherine Hess; Ken Hiatt; Brian Abbanat; Kevin Ramos; Troy Estacio; Grant P. Keeney
Subject: RE: REMINDER: City of Davis Business Park Land Strategy Business Community Forum: June 3rd
Attachments: Mace Ranch Bio-Science Park -East 100 acres.Aerial#2.jpg

Bill,

On behalf of the owners of Mace Ranch (Ramco Enterprises and Buzz Oates Companies) and the East Mace 100 acre parcel (APN 033-630-09), I have been asked to contact you and pledge our support for the Business Park Land Strategy Planning effort outlined below. We are very encouraged by this effort and believe that there is in fact a very **Strong Market** for locating knowledge-based companies in the Davis Area. Our companies have over fifty years of experience in developing quality Business Parks throughout the region and believe the Davis community can enjoy tremendous economic development benefits because of its proximity to UC Davis and the I-80 corridor. The Mace Ranch owners would like to participate in any way that will be beneficial to the City in these endeavors.

We encourage you to include our Mace East 100 acre parcel referenced above in your discussions. If you need any pertinent information regarding any of our properties – we will gladly provide the information.

Thank you for letting us participate – we look forward to the discussions.

Dan

Daniel F. Ramos

1450 Harbor Blvd., Suite B
West Sacramento, CA 95691
(916) 372-6170 office
(916) 372-0937 facsimile
(916) 919-1824 cellular

38°33'21.81" N 121°41'21.57" W

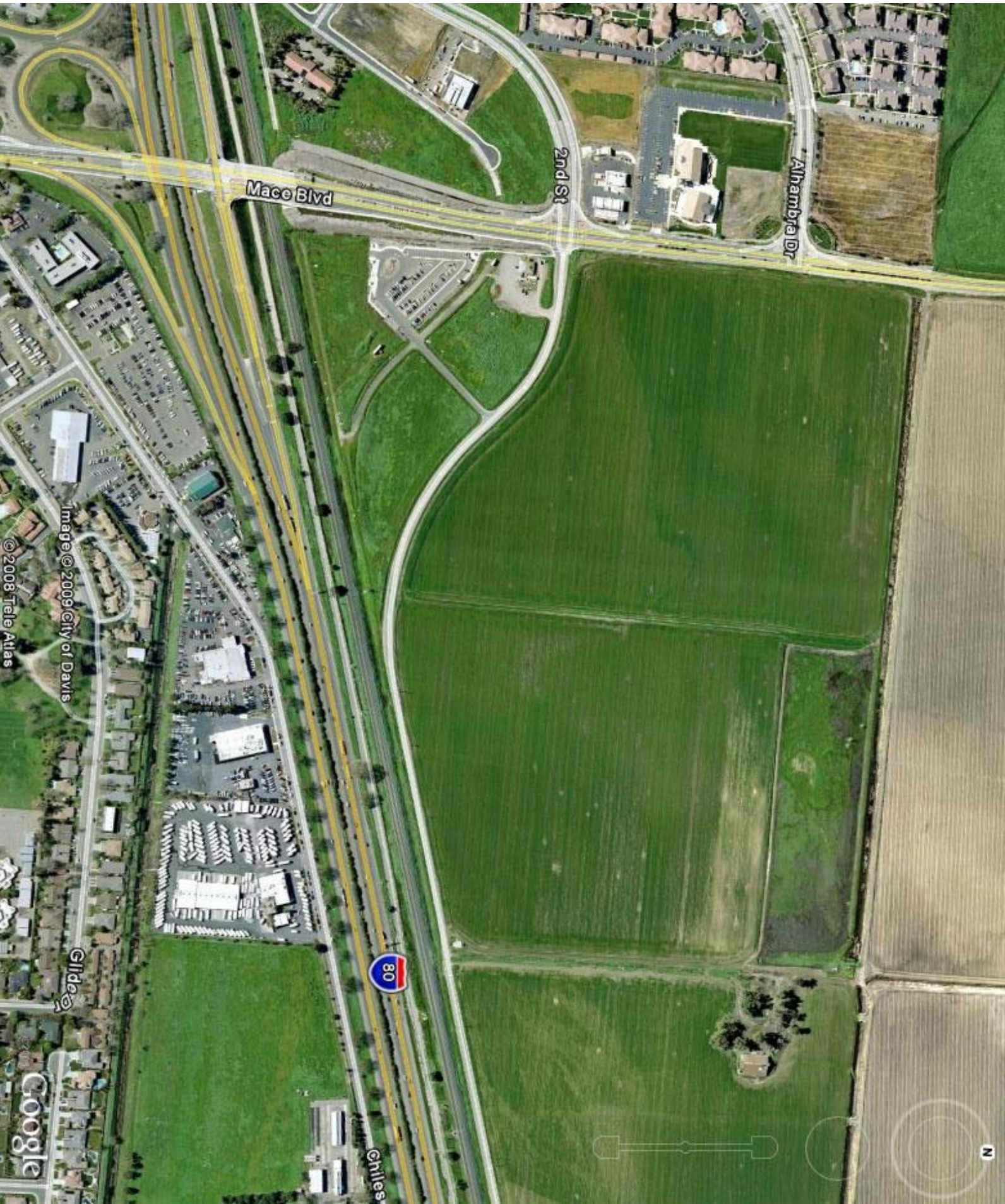


Image © 2009 City of Davis

© 2008 Tele Atlas

elev 7 m

2005

Google

Eye alt 1.16 km

N

Jim Doyle
Vice President
Corporate Real Estate & Facilities



One ConAgra Drive, 1-190
Omaha, NE 68102-5001
jim.doyle@conagrafoods.com
t: 402.240.5232
f: 402.930.3327

RECEIVED

MAY 12 2010

City of Davis
Planning & Building

May 10, 2010

Ken Hiatt
Community Development Director
City of Davis
Community Development Department
23 Russell Boulevard, Suite 2
Davis, CA 95616

RE: Business Park Land Strategy

Dear Mr. Hiatt:

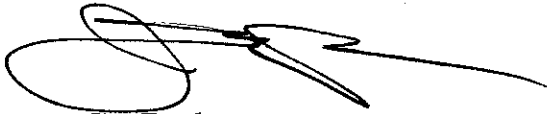
I am in receipt of your correspondence of May 4, 2010 sent to property owners advising of inclusion of their property in your Business Park Land Strategy. I do very much appreciate the courtesy of the notification of the initiation of this study and would respectfully request that ConAgra Foods be advised along the way of the steps of progress of your efforts.

It has been our position supported by independent studies, in fact, encouraged by the City of Davis, that the highest and best use of our site at 1111 E. Covell Boulevard is, in fact, for residential development, with a minor in ancillary commercial component. That remains our position and any land use that would contemplate a requirement of utilizing this parcel as a commercial development could result in an unfair and negative financial impact to ConAgra Foods. In spite of the fact that we closed our facility some time ago, and as you are well aware, Lewis Development cleared the property site of any buildings, ConAgra Foods has made every attempt to remain a responsible corporate citizen of the City of Davis. We have recently allowed the use of our site for a fundraising event for the local PTA and in the past have allowed the use of our site as well by the City of Davis Police & Fire Departments for various training exercises. I am obviously disadvantaged from understanding the day-to-day flow of some of the changes in the strategy and thinking of the Planning Department and Community Development Departments being remote and removed from Davis, California. In that regard, I would appreciate whatever efforts you can take to keep ConAgra Foods informed of the various steps and progress so that our position can be clearly enunciated as part of your study.

Again, let me state my appreciation for the courtesy of your notice. In the past, there have been developments in the City of Davis where ConAgra Foods was not adequately advised in advance of actions and developments, thereby putting us at a distinct disadvantage to express our rights as a corporate citizen. Your efforts to at least advise us of the inclusion of our property in the near completion of your study is appreciated.

I do intend to take advantage of your offer to contact Brian Abbanat or Ms. Worley regarding questions in the study. If there is an early draft of the study that might be available for my review, I would very much appreciate receiving that document. Let me thank you in advance for your prompt attention to my request.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'Jim Doyle', with a long horizontal flourish extending to the right.

Jim Doyle
Vice President
Corporate Real Estate & Facilities

cc: Chris Aupperle, Counsel, ConAgra Foods Legal Department
John Lewandowski

BEDC COMMENTS AND STAFF RESPONSES

Mark Rutheiser (6/4/10)

General Staff Comments on Interview Methodology:

Per page 48 of the Draft Technical Report, “Interviews followed a basic script tailored to each interview category to best capture interviewee’s expertise. This format was purposefully selected to engage interviewees in thoughtful conversation and resulted in a richness and depth of response not possible through other formats. Additionally, minor script refinements occurred throughout the interview process as assumptions regarding relevant discussion topics evolved. Extensive notes were taken during the interviews facilitating thematic comment consolidation. Due to this interview and summary format, results should be interpreted differently than those from a formal survey.” (underline added)

Conclusions for the Business Climate chapter are limited to this study’s analytical context and driven only by the 39 Davis business community interviews and 7 interviews of UC Davis startups that did not locate in Davis. The chapter does not purport or imply that this represents a comprehensive analysis of all possible factors relating to Davis’ business climate. Themes that were raised by interviewees frequently and unsolicited were considered significant. This study does not conclude that an absence of opinions to frequently raised but unsolicited topics by interviewees are considered significant.

Question 1A: Page 48 - I would like to see the "basic script" that was used for each interview category.

Response: Interviews were tailored to interviewee categories and sometimes, individual interviewees, so not everyone was asked identical questions. Additionally, the script was refined as more insight was gained as to which questions were most appropriate. However, below reflects the basic script of questions:

All:

- *Do you think Davis has an adequate long-term land supply?*
- *Does Davis need a dedicated business park?*
- *What three things should Davis do to better support businesses and business growth in our community?*

Innovation/Knowledge-Based Companies:

- *Explain how your company started, its current status, and future plans*
- *What are the benefits and disadvantages of doing business in Davis?*
- *What factors led you to locate your company in Davis?*
- *What were your space needs?*

ATTACHMENT 1.6 – Staff Response to BEDC Comments

- *How do you see your space needs changing in the future?*
- *What are your thoughts on availability of land and/or buildings in Davis?*
- *How can local government assist companies like yours?*

Developers, Property Owners, Commercial Brokers,

- *How does Davis fit into the regional economy?*
- *Who does Davis compete against regionally for business park, flex, R&D, and office space?*
- *What should Davis do to become more competitive in the regional market?*
- *What strategies should be developed or actions taken to ensure that the city has an adequate supply of business park-type land available to support future development?*
- *How is the market for business park land shifting?*
- *Do you consider the Davis entitlements process to be a barrier to development?*

Economists

- *All from Developers, Property Owners, & Commercial brokers*
- *What industry niches are the best fit for Davis?*

Question 1B: Who were the interviewers?

Response: The interviewers were Economic Development Division Staff, Sarah Worley (Economic Development Coordinator) and Brian Abbanat (Economic Development Specialist). Both were present for nearly all interviews.

Question 2: Page 52 - What is a “Davis Site Selector?”

Response: A site selector performs similar services as a commercial broker. However, they are often employed by or work on behalf of larger companies and search a wider geography than a local commercial broker (interstate and national).

Question 3: Page 53 - Is it just high housing cost that is an issue? Or was anything discussed about the quality of our housing stock?

Response: In general, the comments on housing related to costs.

Question 4: Page 54 - What constitutes a frequent citation? There is a disconnect between the I/KBCs and the other interviewees. Since only a minority of I/KBCs cited an untapped potential, I don't see

ATTACHMENT 1.6 – Staff Response to BEDC Comments

how you can make the general statement that this was “frequently cited.” Besides, wouldn’t the I/KBCs have a better understanding of this issue than the other respondents?

Response: There was no threshold of significance for concluding a frequent citation. The subject of “untapped potential” was not a scripted question and was raised unprompted by interviewees themselves. That it was raised independently and by 21 interviewees across all interviewee categories is significant.

Question 5: Page 57 - It is important to note that the majority of interviewees do not think of Davis as Business Friendly. The statement, “When a commercial project is submitted to the city in compliance of zoning requirements, the process is typically quick and seamless” comes from how many interviewees? This seems to be a general statement based on the experience of few, if not one, recent applicant.

Response: The subject of “Davis is/is not business friendly” was not a scripted question, but rather emerged in the conversations. Not all interviews discussed this issue so to state a majority of interviewees do not think of Davis as Business Friendly is incorrect. The question was not directly asked of interviewees so that conclusion cannot be drawn. The conclusion of satisfaction with Davis entitlements process was drawn from multiple interviewees and based on their experience. However, it is acknowledged that not all interviewees have navigated the Davis entitlements process so the sample size is fairly small.

Question 6: Page 58 - For 9 and 10, the issues were raised less than 50% of the time from the interviewees. So, how can terms like consensus and majority be used to draw conclusions? On page 59, ...”consensus emerged that the issue of laboratory/wet lab space is one that needs to be addressed.” How does 16 out of 39 qualify as a consensus?

Response: This was an unscripted question. Theme #10 was raised 16 times unsolicited by a wide range of interviewees and nearly all biotechnology companies interviews. However, staff acknowledges this point and will revise it to state, “consensus emerged among those who raised the issue...”

Question 7: Page 63 - How can you state that a wide range of interviewees noted that Davis lease costs are an issue? It only came up in 12 out of 39 interviews. Wouldn’t a more accurate statement be that a minority of interviewees considered Davis lease costs to be an issue?

ATTACHMENT 1.6 – Staff Response to BEDC Comments

Response: This was an unscripted question. The statement is valid because the issue was raised unsolicited at least once by five of the six interviewee categories. So “wide range” remains accurate. Concluding a minority of interviewees considered Davis lease costs to be an issue would be inaccurate given the topic was not discussed with all interviewees.

Question 8: Page 69 - The statement that most interviewees did not consider City of Davis entitlements and permitting fees excessively burdensome is unbelievable, especially when the supporting quotes call for reduced fees.

Response: The question regarding entitlements and permitting fees was not asked of all interviewees. The statement will be revised to state, “Among those with an opinion...” In general what was heard from interviewees was entitlement and permitting fees were not excessively burdensome or a competitive disadvantage to locating in Davis. The quotes provided support the second and third sentences, “However, sensitivity exists, particularly in today’s economic climate, to fees otherwise overlooked. An underlying theme also exists that reducing regulatory costs is business-friendly and makes Davis more attractive to do business” and reflect recommendations by these interviewees to further improve Davis’ business climate.

Question 9: Page 75 - Who developed the SWOT? The stated Strength, “Davis has an excellent, highly skilled workforce” is disputed earlier by several interviewees. Under Opportunities, how is “Demand for knowledge-based employment may be greater than econometric employment projections suggest” substantiated?

Response: The SWOT was developed by the report author (Brian Abbanat) and internally reviewed. They summarize what was learned through the interviews. By most objective measures, Davis’ workforce is highly educated, skilled, and well suited to the economic development goals and objectives highlighted in this study. The quotes provided were not shared as generalizations of Davis’ workforce in its entirety, but rather reflect on two areas of weaknesses (managerial talent and software engineers), which are small subsets of overall workforce needs. This study’s conclusion regarding the Davis workforce confirms the conclusions made in the ESG Study.

Econometric employment projections closely maintain Davis’ statistical relationships with employment changes in the region. Knowledge-based employment projected for the region through 2035 shows an overall decline in this sector. Given Davis’ historical employment growth in knowledge-based employment has been substantial, particularly in the past five years, and interviewees confirmed Davis’ untapped potential for growth in this sector

supports the conclusion that knowledge-based employment growth may be greater than the econometric employment projections suggest.

Question 10: Page 126 - Incorrect statement in third paragraph. There are a number of Downtown City-owned vacant parcels. Surface parking lots provide a great opportunity for redevelopment of multi-story office.

Response: The City is currently exploring redevelopment of the lot bounded by 3rd, 4th, E, and F Streets with structured parking. This site represents one of the largest City-owned properties downtown. The City would not be able to redevelop the other lots without new locations for parking. While the City owns a small number of lots downtown, their ability to meet Davis' overall long-term needs is limited, comprising less than three acres total.

Question 11: Page 128 - How can you assume that competition from office development from outside the Downtown will motivate building owners to upgrade Downtown office space? I would think that it would apply downward pressure to the Downtown lease rates and likely keep landlords from upgrading.

Response: That assumption is not being made. The statement reads, "Fulfilling citywide economic development objectives may necessitate, to a certain extent, competition from office development outside Downtown to create market conditions that motivate building owners to upgrade Downtown office space." Additionally, an opposing argument follows than an undesirable side effect to Downtown from external office development could potentially occur: "Conversely, if excessive competition suppresses lease rates in the market, Downtown vacancy rates could increase. Low lease rates could also adversely affect redevelopment that could add new Downtown office space by limiting the ability to finance these projects."

BEDC COMMENTS: Mark Rutheiser, 6-4-10

Page 48 - I would like to see the "basic script" that was used for each interview category.

Who were the interviewers?

Page 52 - What is a "Davis Site Selector?"

Page 53 - Is it just high housing cost that is an issue? Or was anything discussed about the quality of our housing stock?

Page 54 - What constitutes a frequent citation? There is a disconnect between the I/KBCs and the other interviewees. Since only a minority of I/KBCs cited an untapped potential, I don't see how you can make the general statement that this was "frequently cited." Besides, wouldn't the I/KBCs have a better understanding of this issue than the other respondents?

Page 57 - It is important to note that the majority of interviewees do not think of Davis as Business Friendly. The statement, "When a commercial project is submitted to the city in compliance of zoning requirements, the process is typically quick and seamless" comes from how many interviewees? This seems to be a general statement based on the experience of few, if not one, recent applicant.

Page 58 - For 9 and 10, the issues were raised less than 50% of the time from the interviewees. So, how can terms like consensus and majority be used to draw conclusions? On page 59, "...consensus emerged that the issue of laboratory/wet lab space is one that needs to be addressed." How does 16 out of 39 qualify as a consensus?

Page 63 - How can you state that a wide range of interviewees noted that Davis lease costs are an issue? It only came up in 12 out of 39 interviews. Wouldn't a more accurate statement be that a minority of interviewees considered Davis lease costs to be an issue?

Page 69 - The statement that most interviewees did not consider City of Davis entitlements and permitting fees excessively burdensome is unbelievable, especially when the supporting quotes call for reduced fees.

Page 75 - Who developed the SWOT? The stated Strength, "Davis has an excellent, highly skilled workforce" is disputed earlier by several interviewees. Under Opportunities, how is "Demand for knowledge-based employment may be greater than econometric employment projections suggest" substantiated?

Page 126 - Incorrect statement in third paragraph. There are a number of Downtown City-owned vacant parcels. Surface parking lots provide a great opportunity for redevelopment of multi-story office.

Page 128 - How can you assume that competition from office development from outside the Downtown will motivate building owners to upgrade Downtown office space? I would think that it would apply downward pressure to the Downtown lease rates and likely keep landlords from upgrading.

PUBLIC COMMENTS AND STAFF RESPONSES

Jeanne Jones: (6/7/10)

From: Jeanne Jones [mailto:jbjonesassoc@comcast.net]
Sent: Monday, June 07, 2010 2:36 PM
To: Katherine Hess; Sarah Worley; Brian Abbanat
Cc: 'Kemble K. Pope'; 'Christi Skibbins'; 'Doby Fleeman'
Subject: BPLN Study Question/Comment regarding employment stats.

All - Thank you for the opportunity to comment further on the BPLN Study.

Can you explain to us what accounts for the difference in the reported employments statistics in reference to the attached documents vs. the BPLS Technical Report page 78, Table 16 where 2008 employment is listed as 18,249.

The ESG Study Davis Area Economic Profile 2008 has 27,422 employees. Footnote 1 indicates this includes City of Davis, UC Davis, and adjacent developed areas. The Palo Alto Transportation Plan dated Feb. 2002 cited 28,500 jobs. The CAFR report for 2008-09 page 142, cited 33,352 w/UCDavis having 30,201 The City's Davis Profile page for July 2008 has 37,300 Employed based on prelim. data of Jan. 2008 with 38,878 jobs including UC Davis; 16, 378City of Davis.

Employment growth is a major aspect of forecasting Davis Land Supply Adequacy, Figure 8, page 107 using Historical Employment Growth and Goal Based Economic Development Alt. 3-A.

So, I would like to better understand these great employee, employment differences.

Thanks,

Jeanne Jones
Jones & Associates
2344 Isle Royale Lane
Davis, CA 95616
530-753-7127
530-848-9222 Cell
jbjonesassoc@comcast.net<mailto:jbjonesassoc@comcast.net>

From: Brian Abbanat [mailto:BAbbanat@cityofdavis.org]
Sent: Monday, June 07, 2010 3:16 PM
To: Jeanne Jones; Katherine Hess; Sarah Worley
Cc: 'Kemble K. Pope'; 'Christi Skibbins'; 'Doby Fleeman'
Subject: RE: BPLN Study Question/Comment regarding employment stats.

Good afternoon Jeanne,

Thank you for the comments. Given the volume of data in the study, it's important to ensure readers interpret the information as intended, so I appreciate the questions.

ATTACHMENT 1.7 – Staff Response to Public Comments

Employment figures for Davis are subject to assumptions and the data source used. In general, the difference between the figures cited and the 18,249 jobs from the Draft Technical Report is explained by whether UC Davis is included or excluded from the employment figures. The Draft Technical Report does provide Davis employment figures that include UC Davis employment. Page 26 (Table 2) illustrates approximately 29,704 Davis jobs in 2008, including UC Davis (borrowing 2007 UC Davis employment data from the ESG report which cross-reference three or four different sources to come up with a UC Davis Davis campus figure). This is in the ballpark of the other sources cited. Precise differences beyond this are beyond our ability to quantify given the wide range of publication dates cited, unknown methodologies, assumptions, and data sources. But that explains the wide difference.

Regarding the 18,249 jobs the section on Page 26 after Table 2 best explains the logic behind excluding UC Davis from employment figures from that point forward in the study:

"Because the Davis market area economic base is substantially driven by UC Davis activity, it distorts local economic analysis in some areas. This is especially so for private sector business growth, the focus of this study. To address this issue, the City acquired the 1990 - 2008 National Employment Time Series Database (NETS) to analyze local employment absent UC Davis. This action was taken with the following considerations in mind:

- * Private sector enterprises generate wealth and contribute property taxes.
- * Davis economic development policy prioritizes private sector business growth, specifically knowledge-based industry.
- * Private sector business growth can be influenced through City policies and actions to improve business climate, increase demand for business growth, and assure land use policy facilitates business growth.
- * City of Davis economic development and land use policies have minimal influence over UC Davis employment growth."

Beginning on page 34 of the Technical report, there is a section titled, "Positive Role of UC Davis" where the connection between UC Davis and its ability to directly stimulate private sector growth is made.

I don't understand the comment " Employment growth is a major aspect of forecasting Davis Land Supply Adequacy, Figure 8, page 107 using Historical Employment Growth and Goal Based Economic Development Alt. 3-A." Please clarify.

I hope this response helps clarify your question.

Brian Abbanat
Economic Development
City of Davis
23 Russell Blvd
Davis, CA 95616
530-757-5610 x7301
babbanat@cityofdavis.org

Jeanne Jones (5/24/10)

Question 1A: The 1998 Comparative Evaluation of Research Park Proposals for Potential Inclusion in the City of Davis General Plan EIR, handwritten page 57, indicated the Hunt Wesson Industrial site was categorized at Tier 3 against criteria used to select any land which might be added for Technology-Related Business Park Land Needs Through 2010. How do you reconcile that Tier 3, the lowest rating, with today's "Class A" Sites, as a most desirable, high quality site with best rating?

Response: The 1998 study occurred in a different time and context. The ConAgra (Hunt Wesson) site was evaluated against sites external to the City boundary. Additionally, a substantial amount of vacant commercial land existed in Davis that has since been absorbed. For this study, the ConAgra property is evaluated against other internal sites. The Draft Technical Report identifies the general characteristics of a "Class A" site for this study. These generally include:

- *Medium to large in size*
- *Capable of subdivision/parcel assemblage*
- *Regular shape*
- *Easy access*
- *High visibility*
- *Compatibility with surrounding uses*
- *Other site strengths/challenges contributing to a "Class A" designation (such as proximity to transit, train depot, downtown, service amenities, rezoning/General Plan amendments required, and whether Measure J/R applies.)*

The ConAgra property scored well according to this set of criteria.

Question 1B: It would be helpful to receive the Business Park Land Strategy Site Evaluation form for the ConAgra site to see the disconnect between current staff vs. 1998 Planning Director Jeff Loux and national research park consultant Vernon George of Hammer, Siler, George Associate.

Response: A copy was provided to the commenter. Individual site evaluations were not included in the Technical Report Appendix due to excessive length. They have been posted on the City's website at:

http://cityofdavis.org/CDD/Business_Park_Land_Strategy/index.cfm.

Question 2: Positive Role of UC Davis, prior draft page 14, current draft page 34, included the statement "As evidence, UC Davis was recently ranked tenth internationally as a top university startup community." Cited from YouNoodle. Is this a social networking site, where is its credibility?

ATTACHMENT 1.7 – Staff Response to Public Comments

Response: YouNoodle is a Bay Area-based firm specializing in researching start-up companies in the US. Their website also has a social networking component to it. On several occasions, YouNoodle has provided research services for Bloomberg Businessweek, a respected business magazine since 1929 including:

- “Top Angels in Tech”
http://images.businessweek.com/ss/10/02/0225_angel_investors/index.htm
- “Fifty Tech Startups You Should Know”
http://www.businessweek.com/interactive_reports/tech_startups_you_should_know_2009.html?sortCol=younoodle&sortOrder=1&pageNum=1&resultNum=50
- “Future of Technology”
http://www.businessweek.com/interactive_reports/future_of_tech_2010.html
- “Top Angel Investors”
http://www.businessweek.com/interactive_reports/future_of_tech_2010.html

Question 3: How do you reconcile the ESG Study conclusion, page 46, that “Because the UC Davis research programs focus on basic research, they produce relatively little commercialization and few startups.” with the YouNoodle remark? The ESG Study concluded “UC Davis has an historically low rate of technology commercialization relative to other UC campuses.” However the important [sic] because statement is missing on page 34 and should be included for balance.

Response: The YouNoodle startup community rankings reflect the entrepreneurial environment on various campuses. UC Davis has made considerable strides through the Big Bang!/Little Bang! competitions, Graduate School of Management, and Center for Entrepreneurship in cultivating an entrepreneurial climate on campus. This progress has been made relatively recently. Improvements in technology commercialization may not be apparent yet as startup companies often take a substantial amount of time developing prior to generating revenue that would result in tangible changes to UC Davis’ technology commercialization figures. Additionally, technology commercialization is not solely dependent on startups generated by UC Davis. Intellectual property can be licensed to well established companies. UC Davis licensing policies may contribute to the relatively low rate of technology commercialization. Thus, low rates of technology commercialization do not necessarily reflect the entrepreneurial environment on the UC Davis campus.

To: Jeanne Jones; Katherine Hess; Sarah Worley
Cc: 'Kemble K. Pope'; 'Christi Skibbins'; 'Doby Fleeman'
Subject: RE: BPLN Study Question/Comment regarding employment stats.

Good afternoon Jeanne,

Thank you for the comments. Given the volume of data in the study, it's important to ensure readers interpret the information as intended, so I appreciate the questions.

Employment figures for Davis are subject to assumptions and the data source used. In general, the difference between the figures cited and the 18,249 jobs from the Draft Technical Report is explained by whether UC Davis is included or excluded from the employment figures. The Draft Technical Report does provide Davis employment figures that include UC Davis employment. Page 26 (Table 2) illustrates approximately 29,704 Davis jobs in 2008, including UC Davis (borrowing 2007 UC Davis employment data from the ESG report which cross-reference three or four different sources to come up with a UC Davis Davis campus figure). This is in the ballpark of the other sources cited. Precise differences beyond this are beyond our ability to quantify given the wide range of publication dates cited, unknown methodologies, assumptions, and data sources. But that explains the wide difference.

Regarding the 18,249 jobs the section on Page 26 after Table 2 best explains the logic behind excluding UC Davis from employment figures from that point forward in the study:

"Because the Davis market area economic base is substantially driven by UC Davis activity, it distorts local economic analysis in some areas. This is especially so for private sector business growth, the focus of this study. To address this issue, the City acquired the 1990 - 2008 National Employment Time Series Database (NETS) to analyze local employment absent UC Davis. This action was taken with the following considerations in mind:

- * Private sector enterprises generate wealth and contribute property taxes.
- * Davis economic development policy prioritizes private sector business growth, specifically knowledge-based industry.
- * Private sector business growth can be influenced through City policies and actions to improve business climate, increase demand for business growth, and assure land use policy facilitates business growth.
- * City of Davis economic development and land use policies have minimal influence over UC Davis employment growth."

Beginning on page 34 of the Technical report, there is a section titled, "Positive Role of UC Davis" where the connection between UC Davis and its ability to directly stimulate private sector growth is made.

I don't understand the comment " Employment growth is a major aspect of forecasting Davis Land Supply Adequacy, Figure 8, page 107 using Historical Employment Growth and Goal Based Economic Development Alt. 3-A." Please clarify.

I hope this response helps clarify your question.

Brian Abbanat
Economic Development
City of Davis
23 Russell Blvd
Davis, CA 95616
530-757-5610 x7301
babbanat@cityofdavis.org

From: Jeanne Jones [mailto:jjonesassoc@comcast.net]
Sent: Monday, June 07, 2010 2:36 PM
To: Katherine Hess; Sarah Worley; Brian Abbanat
Cc: 'Kemble K. Pope'; 'Christi Skibbins'; 'Doby Fleeman'
Subject: BPLN Study Question/Comment regarding employment stats.

All - Thank you for the opportunity to comment further on the BPLN Study.

Can you explain to us what accounts for the difference in the reported employments statistics in reference to the attached documents vs. the BPLS Technical Report page 78, Table 16 where 2008 employment is listed as 18,249.

The ESG Study Davis Area Economic Profile 2008 has 27,422 employees.
Footnote 1 indicates this includes City of Davis, UC Davis, and adjacent developed areas.
The Palo Alto Transportation Plan dated Feb. 2002 cited 28,500 jobs.
The CAFR report for 2008-09 page 142, cited 33,352 w/UCDavis having 30,201 The City's Davis Profile page for July 2008 has 37,300 Employed based on prelim. data of Jan. 2008
with 38,878 jobs including UC Davis; 16, 378City of Davis.

Employment growth is a major aspect of forecasting Davis Land Supply Adequacy, Figure 8, page 107 using Historical Employment Growth and Goal Based Economic Development Alt. 3-A.
So, I would like to better understand these great employee, employment differences.

Thanks,

Jeanne Jones
Jones & Associates
2344 Isle Royale Lane
Davis, CA 95616
530-753-7127
530-848-9222 Cell
jjonesassoc@comcast.net<mailto:jjonesassoc@comcast.net>

Brian Abbanat

From: Elaine Musser [mailto:erobertsmusser@gmail.com]
Sent: Friday, June 04, 2010 11:33 AM
To: Sarah Worley
Subject: Re: Last night's Business Forum - additional thoughts

Sarah,

I would like to commend the BEDC (and city staff) for having last night's excellent Business Forum. This was a much needed discussion that was a long time in coming. I strongly commend BEDC's (and city staff's) efforts to think about ways to encourage business to come to Davis. Here are some additional thoughts I wanted to pass along, after thinking about what was said last night:

- The DDBA has itself been at fault for discouraging business in coming to Davis. I remember when the DDBA was against Target coming to town; against Borders coming to town; and against grocery stores becoming too large. The DDBA's actions at times have been extremely divisive, ugly, and not conducive to making this a business-friendly town. The DDBA has largely been responsible in the past for preventing the 5th Street redesign from happening despite strong citizen support. Only when citizens fought back tooth and nail was progress made on the redesign. In consequence, the perception out there by many is the DDBA has a less than stellar reputation for promoting business. Instead, it has gained the reputation of protecting its own business members at all costs, by keeping any businesses/projects it considers could be potential competition from coming to town. The DDBA needs to improve its image as more welcoming of innovation and new business.
- One gentleman speaking last night wanted to separate the stores like Target (retail) from "knowledge-based" businesses. This just exemplifies the comment made about snobbery in this town. If a business is "high tech" or "green", it is seen as politically correct for Davis. If it is big box retail, somehow it is the big bad wolf coming to take business away from downtown. In consequence, tax dollars are leaking out of Davis to places like Woodland, who have Costco, Walmart, etc. Any business that is not "politically correct" and that might run afoul of the DDBA, will not bother to look in Davis, bc it will know what kind of vicious opposition it will come up against.
- DTL indicated the city process by which it established itself in Davis was smooth, whereas the Carlton Plaza Davis assisted living facility was put through the wringer. Different types of businesses and where they want to locate are treated disparately by the city. It would seem to me that it would be helpful if some sort of universal template was available, so that businesses would know exactly what to expect, and would be treated with equal courtesy when applying to establish a business here. But unfortunately what is happening is that if there are some hidden agendas by city staff or the DDBA or some other politically well-connected entity in opposition, who are resistant to a particular business coming to Davis, that business will have to run a gauntlet that is almost impossible to overcome. City staff will essentially sit on the application, and through inaction, not allow the application process to move forward. Every business that has applied to establish itself in Davis should be given the opportunity for a fair hearing, and none should be subjected to underhanded sabotage.
- Even though the tenor of citizen discussions about residential development are very negative at the moment (e.g. Covell Village Redux), if a large enough business decided to move into Davis, that might change. In other words, if a high tech industry of significant size were to move into Davis, establishing a distinct need for more workforce housing, it is much more likely citizens would agree to allow residential development. Citizens now recognize that residential development alone is not an economic win for the city - it ends up being a net fiscal negative. But if a high tech park moved into town, that would generate a lot of additional tax revenue - but accompanying workforce housing was required to make such a project feasible - I think citizens would be much more amenable to appropriate residential development.
- Con Agra (Cannery) is the largest site zoned industrial that the city has, yet it has sat vacant for years. Why? There has been a push to have the site converted to residential development, despite the need for more commercial property for business to locate on. Are most citizens opposed to business going there, or is it just a very vocal minority? Has there been a real marketing push to invite high tech industries to locate there, or has the

opposition just been too fractious to deal with. Is the opposition assuming that if a business park is established at Con Agra, that will open the door to the Covell Village property being developed? Or is the problem that the Con Agra site is just too far away from the freeway? Seems to me the Con Agra site as a viable option for businesses to locate there should be thoroughly researched as to its marketability - and if it will bring in enough tax revenue, that very will might tamp down a lot of the opposition from citizens. This town needs an infusion of tax revenue from business. And by the way, I have no problem having an open community forum on this issue - I think you might be surprised how many people really want business to come to town.

Again, many thanks for a very thought provoking and informative forum.

Elaine Roberts Musser

Chair, Davis Senior Citizens Commission

Vice-Chair, Yolo County Commission on Aging & Adult Services

June 3 2010 response to Katherine Hess email final on Lewis Cannery ConAgra site (Eileen Samitz):

The Lewis Cannery (now ConAgra) site was identified as a residential yellow light site by the HESC. At the time of this determination, the City was processing an application from Lewis Planned Communities for a mix of residential (610 units) and business park/mixed-use (20.3 acres) uses on the 100-acre site.

The Committee reviewed all of the information presented by staff regarding the Lewis site. After discussion, the consensus was that the site should be used for residential. The Committee was aware of staff's interest in having a commercial feasibility study done for this site. In response, due to the strong recommendation by the Committee that the site should be used for residential, a motion passed 11:0 on July 12, 2007 that the Committee did not want a non-residential viability study done. The concern was that the non-residential (commercial) viability study would fog the issue, and diminish the Committee's strong recommendation that the site was appropriate for residential uses and not a large commercial park. The main reason for the recommendation was that the location was inappropriate for a large business park especially with the nearby high density housing. Additionally, (1) large truck traffic, (2) other safety and traffic issues, (3) distance from major highways, and (4) no demonstrable interest in the site for almost a decade were also cited as reasons why the site was not appropriate for significant commercial development. It was also brought up that there was neighborhood opposition to a large commercial business park due to the impacts that it would bring, such as the safety issues. The neighborhoods had voiced that a large commercial park would bring significantly increased truck traffic, inappropriate to locate in this area surrounded by all of the housing nearby.

The Committee did, however, support the concept that a small amount of business park could potentially be part of the project; and City Staff provided 5 scenario's of various ratios of business park to residential. This reflected the potential outcomes of the number of units that could be expected with the varying acreages of smaller business parks relative to the entire 100-acre site being used for a commercial park. The Lewis Planned Communities group had also submitted a sixth scenario reflecting the Cannery Park proposal at the time on August 16, 2007.

The Lewis group did give the Committee a short presentation on the Cannery Park proposal - which was the product of five years of design including five Davis community outreach meetings (which took design and other project proposal suggestions from the Davis community).

Consistent with the HESC recommendation, the City Council and the Business and Economic Committee both voted to continue processing the Lewis mixed-use project proposal. Community testimony showed significant support the Cannery Park proposal and there was testimony in opposition to a large 100-acre commercial park before both the City Council and the BEDC Commission.

The importance of not linking the Lewis site to Covell Village was also discussed and agreed upon by the Committee. This resulted in the elimination of alternate scenario #31, which proposed a horizontal parcel combining the Lewis site with the southern portion of Covell Village. This proposal was rejected by the committee (9:3 on March 13, 2008) due to the fact that the Lewis site was not subject to Measure J and the Covell Village site was subject to Measure J. The important issue was that the Lewis site should not be held up or delay due to a linkage to Covell Village primarily since it has a Measure J requirement since it is outside city boundaries, unlike the Lewis site which is within city boundaries. Therefore the Committee made clear that the two sites should not be linked but, rather, any planning that went forward on with either site needed to allow access to potential roads and infrastructure for the other parcel regardless of which parcel was developed first.

The language that emerged to reflect this concept (published in the Committees final summary - Recommendations of the General Plan Steering Committee, March 20, 2008) was that “Lewis site should be planned, at a minimum with, thoughtful consideration to circulation and land use compatibility with adjacent property.” This was to assure that the ConAgra property, which is not subject to Measure J, would not be held up or delayed from moving forward with a mixed use plan. The Cannery Park proposal, presented to the Committees after input from many community wide meetings, was completely consistent with the HESC recommendations.

Ultimately the Committee’s final recommendations were adopted by consensus for the Lewis site - covered in the “Recommendations of the General Plan Steering Committee (March 20, 2008)” - was that the 98.4 acre site should have 46.2 acres of residential with a density of 500-776 units. The rationale for recommended site ranking category included key principles.

21.1 An infill site within the city limits; does not need a Measure J vote, promotes compact urban form

21.2 Close to schools, parks shopping and transit.

21.3 Not a good site for large industrial/high tech uses (*subject to study)

*Note: The 2008 ESG Business Park Viability study conclusion was that a 100-acre high tech park was infeasible and that the business park option would need an unacceptably long period of at least 16 years to build out in good economic times. This 16-year build out projection assumed that the economics of the project would be driven by a 10-acre commercial component and that the business park uses would not be restricted to “high tech.” This study was done before the economic downturn had fully had its impact. The reality is that the site is absolutely non-viable for a high tech business park use.

This conclusion is consistent with the 1998 General Plan Business Park study by Hammer, Silver George Associates – which ranked the Hunt Wesson site a Tier 3 (very low probability) for a large business park.

21.4 Large parcel, could add parks and greenbelts in the development.

21.5 Provides opportunity for a mix of housing types including workforce and affordable housing.

The Committee supported a mixed use for the site in concept consistent with the Lewis proposal. The 1998 study established that the site is inappropriate for our business park needs. This assessment was confirmed by the ESG study.

The Housing Element Steering Committee held 2 community-wide workshops. The second workshop was well attended by over 150 Davis residents. The input received at that workshop also demonstrated strong community support for housing on the Lewis site and there were a significant number of comments supporting the Lewis Cannery Park mixed use proposal. The ConAgra site had more comments in support of housing than any other site. At least 70% of the comments submitted on the Lewis Cannery site (site #21) gave the site a “high” ranking for housing.



INDUSTRIAL ZONING AND CIVIC BENEFIT

This is a story of the creation of value, and the resulting increase in tax revenue for local government.

As an industrial real estate broker with over 40 years of experience in the sale, leasing and development of industrial property in Los Angeles and Ventura Counties, I have noted significant benefits to taxing authorities from the economic transition from raw land to finished industrial projects.

My experience in the San Fernando Valley area of Los Angeles includes observing the development of $\pm 1,000$ acres of agricultural land over the period from 1965 to the point in 1990 when the last sale of a 1 acre parcel was completed before the 1990 recession. The trajectory of land value during this era was from a base of $\pm 46¢/s.f.$ for raw land to $\$24.00/s.f.$ for improved land ready for development. That growth in value equals 23.4% per year. Inflation during this same period averaged 1.3% per year.

The corollary to this process of land development is the addition of the value of building improvements to the property tax base during this same period. On average, industrial buildings in that era in that location typically consisted of $\pm 43\%$ of land area. Assuming the development of 1,000 acres (43,560,000 s.f.) of land over 25 years, the added building area was $\pm 18,730,800$ s.f.

In 1965 the cost of building these industrial buildings was $\pm \$10.00/s.f.$ In 1990 the cost was $\pm \$30/s.f.$

In 1965, the Assessor's Value of the above 1,000 acres of property was $\$20,037,600$. Using the Proposition 13 approach to Property Taxes, the resulting annual property tax would be $\$240,451$ ($\$20,037,600 \times 1.2\%$). The same property in 1990 had a presumptive value of $\$1,670,340,000$, with an annual property tax of $\$19,288,080$. However, given that Proposition 13 fixes the basic property tax as the 1975 value plus a small annual increase and/or the adjusted base resulting from a sale or transfer, the more likely actual valuation was in the range of $\$800,000,000$ with a resulting annual property tax of $\$9,600,000$ ($\$800,000,000 \times 1.2\%$).

In that more realistic projection, the property tax revenue on this group of industrial properties increased over 25 years from an estimated annual amount of $\$240,451$ (based on the Proposition 13 formula) to $\$9,600,000$, for an increase of 390%.

Agricultural land cannot begin to match this long-term increase in value. Although property developed for residential purposes will also increase over time as property values increase, it is not likely that its rate of increase will be equal to industrial property due to the relative stability of residential occupancy as well as



INDUSTRIAL ZONING AND CIVIC BENEFIT

Page 2

the different economic factors in the determination of value for properties occupied for residency vs. corporate use.

Another important dimension of industrial property is the dynamic impact of manufacturing employment on the overall economics of a community.

In addition to the property tax benefits to local government from industrial development, bringing manufacturing business into a community has a dramatic economic impact. The Milken Institute in its 2002 white paper entitled "Manufacturing Matters" states that for every new manufacturing job created approximately 3 jobs are created in a community, depending on the particular type of manufacturing involved. This gives manufacturing jobs the highest multiplier effect of any other type of employment. The following is an excerpt from Pp. 10 & 11 of the white paper:

"The Power of Multipliers

It has become all too common among citizens and policy makers in the industrialized world to accept the decline of manufacturing as an "inevitable" byproduct of economic modernization. Manufacturing is frequently viewed as representative of a bygone economic era while the presumed replacement for production-related activities, the service sector, is seen as constituting the new platform for economic growth.

Although a typical conceptualization of industrial progress, such thinking is not only flawed but potentially threatens the economic vibrancy of a society. This paper will strip away many aspects of the fallacy that manufacturing does not matter in California's advanced economy. We start by considering the ripple-effect of manufacturing activities on the economy as a whole by looking at the power of manufacturing's multipliers.

A multiplier, as the name implies, is a measure of the multiple effects produced by a given economic activity. Alternatively, this can also be viewed as a wealth effect. For example, in the case of electronics manufacturing, research shows that this sector has a multiplier of 2.2 for each dollar in value of output. Thus, for every million dollars worth of product a company like Intel, AMD, or some electronics startup manufactures, in fact \$2.2 million is generated for businesses throughout California. This sector's multiplier for earnings (personal income) is 0.6, meaning that for every million dollars worth of product manufactured, an additional \$600,000 is generated for workers throughout the state. Every million dollars worth of output also equates to a multiplier of 15.8, meaning that nearly 16 jobs are likewise created in the electronics industry.

The above types of multipliers are known as "final demand multipliers" – they relate to the value of the final product made by a manufacturer. Multipliers that relate to the employment of a given sector are known as "direct-effect multipliers." Again using the example of electronics manufacturing, the direct-effect multiplier for earnings is 2.3, meaning that for every dollar earned by an employee in that sector, \$2.30 is added to the total pool of income shared by other sectors' employees throughout the state. At the same time, the direct-effect multiplier relating to job creation by the electronics manufacturing sector is 3.3. Thus, for every one job created by electronics manufacturers, a further incremental increase of 2.3 jobs is created for California's non-manufacturing sectors.



INDUSTRIAL ZONING AND CIVIC BENEFIT
Page 3

For manufacturing overall in California, the direct effect employment multiplier is 3.0. However, when the indirect and induced impacts on the overall economy are incorporated, the total impact multiplier for manufacturing is 3.5, an excellent indicator of the wealth effect that this industry generates. (emphasis added)"

This employment multiplier effect is enhanced the more advanced the industry whose manufacturing jobs are involved. For example, according to Milken, the direct-effect multiplier for apparel and other textile mill products is 1.9, while the same multiplier for industrial machinery and equipment manufacturing is 3.6. In a city like Davis, where the focus is likely to be on clean-tech, green-tech or bio-tech industries, the highest level of multiplier effect will be realized.

For a city to have the vision to designate some portion of its undeveloped land for industrial purposes requires courage and a long-term perspective. My purpose in using the specific case of the San Fernando Valley area of Los Angeles to illustrate property tax benefits is intended to provide a rationale for such a long-term view. I recommend that the leaders of the City of Davis incorporate this perspective into their planning for the future.

Manufacturing is the heart of the economic reality of value creation. The City of Davis is uniquely situated to capitalize on the highest and best opportunities for value creation in the world of high-tech manufacturing as a result of its proximity to the vast R & D resources of U. C. Davis. I hope to see these resources fully developed.

Written by: Jim McDonald, SIOR, BCCR
Group 100/Jim McDonald
Calabasas, CA
818.887.0600
jimcdonald@group100.com

Brian Abbanat

Subject: FW: Think back - Cannery Park study

> -----Original Message-----

> From: bluesky7@bigplanet.com [mailto:bluesky7@bigplanet.com]

> Sent: Friday, May 28, 2010 6:17 AM

> To: Katherine Hess

> Subject: RE: Think back - Cannery Park study

>

> Hi Katherine, I hope all is well. I am on travel this week but

> hopefully I can answer this without having my Cannery Park files.

>

> Based on my recollection, the 16 year build estimate for the Cannery

> site was based on a 10 year average build rate for office/flex space

> in Davis. The 10 year average roughly spanned one business cycle with

> 2008 roughly marking the end of this cycle

>

> As with most things, interpretation is more art than science. From a

> purely technical standpoint and assuming that the 10 year average is a

> good proxy for forward expectations, the 16 years started in 2008.

> The other big assumption here is that the Cannery site is entitled,
> available, and marketed as a business park site starting in the early

> years of this 16 year period... definitely within the first 5 years.

> As discussed in the report, how the site is entitled, designed, and

> marketed will have a huge impact on absorption expectations (e.g.,

> narrow entitlements will reduce absorption expectations).

>

> I hope that this helps. BTW, both Mike and I will be in Davis next

> Friday. I am introducing Mike to my former boss from LBNL who is now

> co-director of the California Lighting Technology Center.

>

> Tom Trzcinski

>

>

> ---- Original Message ----

> From: KHess@cityofdavis.org

> To: bluesky7@bigplanet.com

> Subject: Think back - Cannery Park study

> Date: Thu, 27 May 2010 10:15:15 -0700

>

> >Tom, I'm hoping we can get some help from you. We're STILL discussing

> >the viability of the Lewis / Cannery Park / now-back-to-ConAgra site

> >as a business park. We are being asked about the 16 "Year to

> >Buildout" assumption in the ESG study, and when the 16 years would

> >start. Final Map? First Building Permit? September 4, 2008?

> >

> >Can you give me any help on this? The question keeps being raised,

> >and we don't have a satisfactory answer.

> >

> >Hope all is well with you, Mike, and yours.

> >If you want more data about Davis, we've got it. Brian's latest

> >report is at http://cityofdavis.org/CDD/Business_Park_Land_Strategy/

> >

> >Katherine

> >

> >
> >Katherine Hess, AICP
> >Community Development Administrator
> >City of Davis Department of Community Development and Sustainability
> >23 Russell Boulevard, Suite 2, Davis CA 95616 www.cityofdavis.org
> >530-757-5652
>
>

May 24, 2010

Memorandum

To: Bob Agee, Chair of the City of Davis Business and Economic Development Commission

Cc: Katherine Hess, Sarah Worley and Brian Abbanat, City of Davis Community Development and Sustainability Department, Economic Development

From: Jeanne Jones, Jones & Associates

RE: Business Park Land Strategy Technical Report (Draft) May 24, 2010

I would like to acknowledge staff for their 17-month hard work to prepare this well written and annotated draft BPLS report. However, I remain very concerned with staff's representation that the ESG study concluded that a business park is viable on the ConAgra site within the context of the discussion of this new report. Additionally the minutes of the April BEDC meeting exclude my public comments which I have provided in today's memo.

I believe that is it important for staff to provide the appropriate context for a more objective and transparent representation of the facts for the ConAgra site and requested "Buildout time (16 years)" be added to the draft report at the last BEDC meeting. My public comments are not reflected in the minutes of the meeting. Specifically, in Chapter 1, Project Overview, and Background on Page 7 this information remains missing in the latest draft. Specifically "It [ESG] concluded the site *is viable as a business park* provided a broad range of uses is allowed." The ESG study assessed only one feasibility factor in making this determination.

- **Years to Build-Out:** Financial feasibility of development at the Cannery Park site is defined by a variety of factors including the magnitude, phasing, and financing of development costs and the magnitude, timing, and structure of revenue streams. These feasibility inputs have not yet been defined and are largely contingent on the specific definition of site entitlements. However, one feasibility factor that can be assessed is the projected time to build out. This assessment is based on assumptions of market demand permitted for the Cannery Park site and historical Davis market demand for business park

space (described in Chapter II). A 14 to 17 year build out period (equivalent to two real estate cycles) is generally considered to be the feasibility limit for a moderately sized business park such as Cannery Park. Build outs that exceed this period are generally considered not feasible based on industry requirements for project financing and typically reflect mismatches between: 1) entitlements and market demand and 2) development costs and revenue streams.

While recognizing that staff has provided the draft BPLS report to BEDC, I request that you insure the commissioners have an accurate and contextual understanding of the “site is viable as a business with a projected 16-year buildout and is assumed to include other, non business park uses”. Table 22 (attached) provides the critical assumptions and additional footnotes for Scenario 1 Basic Business Park/No Residential that includes approximately 5,000 square feet per year for ancillary supports uses (retail, services, etc.) plus 21 acres of Parks and Open Space if 100 percent of the business park uses are permitted.

Additionally, I request that city planning staff reiterate to BEDC commissioners its two October 27, 2008 actions:

- 1) ***Given a mixed use concept for the Cannery Park site aligns with BEDC business attraction and community enhancement goals and merits further consideration, the BEDC recommends the Planning Commission and City Council continue processing the application.***
- 2) ***BEDC agrees the Cannery Park Business Park Viability Study was conducted with sound methodology and is sufficient to inform the commission for the purposes of decision making.***

and the November 12, 2008 Planning Commission action:

In lieu of staff's recommendation to direct the applicant to redesign the project site, the Planning Commission recommends to the City Council to direct staff to continue to process the Lewis Planned Communities proposal as-is.

Staff and BEDC members tasked with public outreach and the development of handout materials should be provided a clear and complete understanding of the ESG study's conclusion prior to the June 3, 2010 meeting at Digital Technology Lab facilities. This should include defining what is the event, e.g., filing development application, final map stage, etc., that starts the clock ticking for “years to buildout”.

It is grossly unfair and misleading to omit the context of the viability discussion and avoid admitting that the sole basis for judging viability was years to buildout with a period of 16 years in the project overview introduction on page 7 and again on page 84 under the Economic Impacts of Business Park Scenario.

Other comments that I made at the last BEDC meeting that are not reflected in the minutes are the following:

- 1) The 1998 Comparative Evaluation of Research Park Proposals for Potential Inclusion in the City of Davis General Plan EIR, handwritten page 57, indicated the Hunt Wesson Industrial site was

categorized at Tier 3 against criteria used to select any land which might be added for Technology-Related Business Park Land Needs Through 2010.

How do you reconcile that Tier 3, the lowest rating, with today's "Class A" Sites, as a most desirable, high quality site with best rating?

It would be helpful to receive the Business Park Land Strategy Site Evaluation form for the ConAgra site to see the disconnect between current staff vs. 1998 Planning Director Jeff Loux and national research park consultant Vernon George of Hammer, Siler, George Associate.

- 2) Positive Role of UC Davis, prior draft page 14, current draft page 34, included the statement "As evidence, UC Davis was recently ranked tenth internationally as a top university startup community." Cited from YouNoodle. Is this a social networking site, where is its credibility?

Additionally since last month,

- 3) How do you reconcile the ESG Study conclusion, page 46, that "Because the UC Davis research programs focus on basic research, they produce relatively little commercialization and few startups." with the YouNoodle remark? The ESG Study concluded "UC Davis has an historically low rate of technology commercialization relative to other UC campuses." However the important because statement is missing on page 34 and should be included for balance.

The study concludes that "If the ConAgra property is rezoned either entirely or primarily for other uses, Davis' ability to accommodate business growth is significantly compromised." (Staff memo, April 26, 2010)

I would suggest "If the ConAgra property is not rezoned entirely or primarily for other uses now, Davis' ability to accommodate business growth is significantly compromised." Staff time and the public discussion should be focused on potential external business park locations as shown in Figure 10, page 119, primarily the high quality site NE Corner of Mace and 2nd Street with freeway access and visibility.

I will plan to provide further written commentary prior to the June 7th deadline of staff. Meanwhile, I have today provided Katherine with several verbal comments including those specifically related to page 120, Figure 11: Draft Framework for Business Park, Office and Industrial Land Decision Making.

The framework for this decision making guide suggest taking up to five more years in answering "How should the ConAgra site develop?" This suggestion combined with perceived difficulty and uncertainty regarding development entitlements deters innovation/knowledge-based business growth in Davis.

Table 22: Conceptual Cannery Park Development Program Scenarios¹

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Lewis Planned Communities
	Basic Business Park/ No Residential	Business Park with Some Residential	High Tech Business Park & Residential	High Tech Business Park/ No Residential	
Business Park Program					
Building Area (sqft) ²	862,000	603,400	344,800	862,000	225,000
Business Park Uses Permitted ³	100 percent	70 percent	40 percent	40 percent	100 percent
Annual Absorption (sqft/year) ⁴	55,000	38,500	22,000	22,000	28,000 to 49,000
Years to Buildout	16	16	16	39	5 to 8
Other Uses					
Residential Units	0	200	500	0	610
Average unit size (sqft)	N/A	1,500	1,500	N/A	1,600
Parks and Open Space (acres) ⁵	21	21	21	21	21
Roads, Other Infrastructure (acres)	11	11	11	11	11
Total Development Program					
Developable Acres	66	66	66	66	66
Building Area	862,000	903,400	1,094,800	862,000	1,201,000
Floor to Area Ratio	0.30	0.31	0.38	0.30	0.42
Jobs ⁶	2,586	1,810	1,034	2,586	600 to 850
Jobs/Housing Ratio	N/A	9.1	2.1	N/A	1.0 to 1.4

¹ These scenarios are conceptual and intended to highlight policy considerations related to the viability of business park development at the Cannery Park site. Building areas are illustrative and not based on detailed land use plans.

² For scenarios 1, 2, 3, 4: assumes approximately 90 percent of building area is office and flex and approximately 10 percent of building area is ancillary support (retail, services, etc.). It is unknown to what extent the Lewis Proposed Plan includes (or does not include) ancillary support uses.

³ Refers to percentage of Davis market demand for office, flex, and industrial that is permitted by site entitlements.

⁴ For scenarios 1, 2, 3, 4: Assumes absorption of approximately 50,000 sqft/year for office and flex and approximately 5,000 square feet for ancillary support uses if 100 percent of business park uses are permitted. Absorption for Lewis Proposed Plan provided to ESG by Lewis Planned Communities.

⁵ May be reduced by up to 7 acres if no residential uses are included.

⁶ For scenarios 1, 2, 3, 4: Assumes an average of 3 employees per 1,000 square feet of business park and ancillary support space. Jobs for Lewis Proposed Plan provided to ESG by Lewis Planned Communities.

⁷ Development program provided to ESG by Lewis Communities on August 21, 2008.

Economic Strategies Group, August 2008

BUSINESS PARK LAND STRATEGY

Proposed Revisions to Draft BPLS

Jeanne Jones (5-27-10 e-mail)

“Since I missed the explanations and others may be asking, perhaps on page 107 with Figure 8, those reference pages could be put into the footnote or into the "Figure 8 suggests... " paragraph. Something like.... See page 87 - 88 of this Technical Report for an explanation of these scenarios. Just too many pages between 88 and 107 to quickly trace back to without help.”

- Action: “See page 87 - 88 of this Technical Report for an explanation of these scenarios” added to footnote.

“Two story reference for the 2925 Spafford building on the report page 99. It's really a single story building with a loft space above one suite. In keeping with your reference to DTL being "Partial Two Story" building, you could re-label it that or just use "single story with loft area". I built in in partnership back in 2001 so know it in great detail. We couldn't add more sq. ft. because of limited parking.

- Action: 2925 Spafford changed to “One story + loft”

ConAgra has no space between the "n" and "A". Staff has routinely placed a space between them. The company's business corporate identity that I have on file is different. Same with PG&E. No spaces on page 147 and any place else.

- Action: Word search and replace has been executed for all documents.

Mark Rutheiser (6/4/10 letter)

“Page 58 - For 9 and 10, the issues were raised less than 50% of the time from the interviewees. So, how can terms like consensus and majority be used to draw conclusions? On page 59, ...”consensus emerged that the issue of laboratory/wet lab space is one that needs to be addressed.” How does 16 out of 39 qualify as a consensus?”

- Action: Sentence revised to state, “...consensus emerged among those who raised the issue...”

“Page 69 - The statement that most interviewees did not consider City of Davis entitlements and permitting fees excessively burdensome is unbelievable, especially when the supporting quotes call for reduced fees.”

- Action: *The statement will be revised to state, “Among those with an opinion*

2010 BEDC DATES	Agenda Items	Event
June 28	BPLS Report Recommendations	
July 26	DDBA	
Aug. 23	Chamber	
Sept. 27	Guest	
Oct. 25	DDBA	
Nov. 24	Chamber	
Dec. 13*	Guest	
2011 BEDC DATES		
Jan. 24	DDBA	
Feb. 28	Chamber	
March 28	Guest	
April 25	DDBA	
May 23	Chamber	
June 27	Guest	
July 25	DDBA	
August 22	Chamber	
Sept. 26	Guest	
Oct. 24	DDBA	
Nov. 28	Chamber	
Dec. 12 or 19*		

* Dates changed from 4th Monday of month due to holidays.

City of Davis
New Business Report
Commercial Locations
May 1, 2010

NAME	ADDRESS	TYPE
AMARJEET INVESTMENTS INC.	2026 LYNDELL TERRACE	RESTAURANTS
COUGEVAN, KATIE	621 4TH STREET #3	PSYCHOLOGIST
FIREFLY ACUPUNCTURE	129 E STREET #C-4	PROFESSIONAL SERVICES
FRIEZE, ERIKA A	1627 OAK AVENUE #A	PSYCHOLOGIST
LAW OFFICE OF DONALD BEURY	423 F STREET #104	LEGAL SERVICES, ATTORNEYS
LAW OFFICES OF	1756 PICASSO AVE #F	LEGAL SERVICES, ATTORNEYS
MAC PARAMEDIC	1623 5TH STREET	CONSULTANTS
NAMASTE NEPAL RESTAURANT	825 RUSSELL BLVD #30	RESTAURANTS
OLANDER ATTORNEY	424 F STREET	LEGAL SERVICES, ATTORNEYS
QUEEN OF SHEBA	213 E STREET	RESTAURANTS
RESTORATIVE BLENDS, INC.	1460 DREW AVE #300	BUSINESS SERVICES
TAN, AN (ANDY)	207 E STREET	INSTRUCTORS/TRAINERS
THE VIRK ANTHONY	2026 LYNDELL TERRACE	COMMERCIAL LEASING
WEISS MFT, CAROL A	621 4TH STREET #1	PSYCHOTHERAPIST
ZUKIN PRODUCTIONS, KEN	437 F STREET	MISCELLANEOUS SERVICE
JODY MCCARTHY, LCSN	2659 PORTAGE BAY E #9	PSYCHOTHERAPY
NOPPAGON INC DBA CINDY'S	4823 CHILES ROAD	RESTAURANT
THE NATURAL TOUCH,	509 4TH STREET	MASSAGE THERAPY

Project	Lead	June Project Update – REVISED 6/18/2010
Trader Joe's	CD	Under construction
Forever 21	CMO	Lease Signed for Gottschalks space
Target Pad sites	CD	no news on pad sites
New Mishka's Café	CMO	Under construction – Hunt Boyer Tank House moved to south east corner of 2 nd and E Streets
2 nd Street Improv.	PW	2 nd Street, pedestrian and ADA improvements, B to G Streets, corner bulb-outs at some intersections, lighting, drainage, paving and landscaping improvements beginning after July 4, 2010 ending Nov. 2010
Various/Downtown	CD	<p><u>New restaurants/businesses Downtown –</u> D St Baja Fresh, new Mexican restaurant proposed for 237 D Street – design under review 129 E St. # C-4 Firefly Acupuncture 213 E St. Queen of Sheba replacing Pita Pit 437 F St. Zukin Productions 611 2nd Wine Bar replacing Mengalis Florist 715 2nd St. Beer & Tacos restaurant – replacing Togo's 509 4th St. The Natural Touch (Massage therapy)</p> <p><u>Downtown Business Closures still vacant:</u> 706 5th Street (old Bizzarro World) 5th St previous Auto Repair vacant 207 F St. previous James Anthony Men's clothing</p> <p><u>New Neighborhood/Community Shopping Center Businesses</u> Univ. Mall – 825 Russell Blvd #30 Nameste Nepal Restaurant replaces La Esperanza Marketplace – New optometrist in half Blockbuster space Anderson Center – Sushi Restaurant expanding into Chamonix Coffee shop space (620 West Covell)</p> <p><u>Vacancies at Neighborhood/Community Shopping Centers:</u> G Street Shopping Center – Osaka Sushi, The Open Bible, Yolo Federal Credit Union, Lewis Cleaners Davis Manor – 770 E 8th St) ½ of old Ralph's store and Video's to Go sites vacant University Mall – Clockworks, Planet Beach, Sylvan Learning Center Market Place –(1411 W. Covell blvd), Strings Restaurant, half of Blockbuster site is vacant West Lake - Anderson Center - Baskin Robbins site vacant</p> <p>Other Chiles Road –old Abe's location</p>

City Council Long Range Calendar (as of 6/23/10)

Council Date*	Agenda Item
6/29/2010	Second Reading Budget Adoption Ordinance
6/29/2010	Public Hearing - Modification to Temp. Use Permit for Interfaith Rotating Winter Shelter
7/6/2010	Consent: Resolution and Contract Agreement for Sales & Use Tax
7/13/2010	Banking RFP
7/13/2010	YCVB BID Assessment Renewal
7/27/2010	Process Streamlining Options for Development Applications

*Dates subject to change