

COMMUNITY DEVELOPMENT DEPARTMENT

23 Russell Boulevard – Davis, California 95616
530/757-5610 – FAX: 530/757-5660 – TDD: 530/757-5666



**Planning Commission
Regular Meeting
Agenda
Community Chambers
Wednesday, June 9, 2010
7:00 P.M.**

Commissioners: Mark Braly (Chairperson), Ananya Choudhuri,
Lucas Frerichs, Rob Hofmann, Kris Kordana, Terry Whittier

Staff: Mike Webb, Principal Planner; Katherine Hess, Community Development
Administrator; Sarah Worley, Economic Development Coordinator; Brian Abbanat,
Economic Development Specialist; Lynanne Mehlhaff, Planning Technician

7:00

1. Call to Order

Recordation of attendees will occur.

2. Approval of Agenda

This agenda will be considered and voted upon for accuracy and adequacy.

3. Staff and Commissioner Comments (No action).

Staff and Commission members may communicate general information of interest regarding matters within the jurisdiction of the Commission and Liaisons may report on other Commission meetings. Items presented for Commission action will be scheduled for a future agenda.

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7:05

4. Public Communications

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. Consent Items

A. Planning Commission Minutes of February 24, 2010

6. Business Items

The business section deals with matters before the Commission that do not require a public hearing.

A. Business Park Land Strategy; (Sarah Worley, Economic Development Coordinator; Brian Abbanat, Economic Development Specialist)
Recommendation: Review Draft Study and recommended Business and Economic Development Commission (BEDC) actions.

7. Informational Items

The Commission may take action on any of these items if it so wishes.

A. Planning Commission Schedule

8. Staff and Commissioner Comments (continued).

9. Public Communications (continued).

10. Adjournment to the next regular Planning Commission meeting to be held on Wednesday, June 23, 2010 in the Community Chambers (23 Russell Boulevard).

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COMMUNITY DEVELOPMENT DEPARTMENT

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**Planning Commission Minutes
Community Chambers
Wednesday, February 24, 2010, 7:00 p.m.**

Commissioners Present: Mark Braly (Chairperson), Ananya Choudhuri (Alternate),
Kris Kordana, Mike Levy (Vice-Chairperson)

Commissioners Absent: Greg Clumpner, Lucas Frerichs, Rob Hofmann, Terry
Whittier

Staff Present: Mike Webb, Principal Planner; Eric Lee, Assistant Planner;
Lynanne Mehlhaff, Planning Technician

1. Call to Order

Chairperson Braly called the meeting to order at 7:08 p.m.

2. Approval of Agenda

The agenda was approved by consensus.

3. Staff and Commissioner Comments (No action).

Mike Webb, Principal Planner, reminded everyone of the March 10, 2010 Workshop which will have a variety of speakers. Also, he noted that the Willowbank Park Subdivision will go back before the City Council next week.

Commissioner Levy asked about changes proposed by the Willowbank Park developers.

4. Public Communications

There were no public communications.

5. Consent Items

A. Planning Commission Minutes of December 16, 2009



Action: Vice-Chairperson Levy asked for pages 6 and 7 to be corrected by removing his name from the vote count since he had already left the meeting. The minutes were approved by consensus with the correction.

AYES: Choudhuri, Levy, Kordana, Braly

6. Public Hearings

- A. PA #32-09, 2727 Second Street, Conditional Use Permit #09-09, Clearwire Wireless Collocation; (Eric Lee, Assistant Planner)**
Public Hearing to consider approval of a Conditional Use Permit to allow a 10-foot height extension and collocation of a new antenna array on an existing 58-foot tall monopole located at 2727 Second Street, Davis Waste Removal facility. The panel antennas would be located at a centerline height of 64 feet and the microwave antennas at 68 feet. An existing lightning rod would be relocated at the top of the monopole.

Eric Lee, Assistant Planner, presented the staff report.

Mike Webb, Principal Planner, explained how the FCC has new regulations requiring the City to take action in 90 days on collocations so we couldn't put this off to another future meeting.

Commissioner Kordana asked if it may be useful to modify the Telecommunications Ordinance for existing monopoles and allowing co-locations and height changes within reason without having to go before the Planning Commission. It may save a lot of staff time as well as Planning Commission time. Staff responded that this could be explored in the future as an administrative design review possibly. Vice-Chairperson Levy agreed that if most of these don't have anyone objecting to them, they ought to be approved administratively with a right to appeal after public notice.

Chairperson Braly opened the public hearing.

Larry McDonough, representative of Clearwire, said he was there to answer questions.

Chairperson Braly closed the public hearing.

Action: Commissioner Kordana moved approval of the conditional use permit to allow a 10 foot height extension and collocation of a new antenna array. Commissioner Choudhuri seconded the motion.

AYES: Choudhuri, Levy, Kordana, Braly
The motion passed unanimously 4 to 0.

7. Business Items

There were no business items.

8. Informational Items

A. Planning Commission Schedule

9. Staff and Commissioner Comments (continued).

Mike Webb announced that the Hillel House application will be coming back to the Commission for expansion with a new facility. Also, the Verona amendments to their subdivision application will be coming back.

10. Public Communications (continued).

There were no public communications.

11. Adjournment to the next regular Planning Commission meeting to be held on Wednesday, March 10, 2010 in the Community Chambers (23 Russell Boulevard).

The meeting was adjourned at approximately 7:32 pm.



Memorandum

June 9, 2010

TO: Planning Commission

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

RE: Draft Business Park Land Strategy

Recommendation:

Informational only, no formal action requested. Review Draft Study and recommended Business and Economic Development Commission (BEDC) actions.

The Planning Commission received copies of the Draft Business Park Land Strategy (BPLS) in the May 26th meeting packet. No action is requested of the Planning Commission at this meeting. The purpose for receiving the Draft BPLS is to ensure the Planning Commission is aware of the study findings and policy issues raised regarding adequacy of the City's existing land/building inventory to support business growth in a 25-year time horizon. It is also to inform the Planning Commission about recommended BEDC actions that may require future Planning Commission review and recommendation before any City Council action. These include:

1. Possible revisions to zoning on vacant commercial/industrial parcels to improve consistency of development standards and streamline development review process.
2. Continued efforts to maintain a supply of developable land to accommodate future business growth.

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 answer these questions.

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

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

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

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

Study Focus Areas

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

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

Recommended BEDC Actions:

Staff recommendations for consideration by the BEDC on June 28th include the following:

Recommendation 1: Accept the Draft BPLS and confirm the following findings:

a. *Knowledge-based business provides substantial local economic value.*

An analysis of five local knowledge-based industries showed that for every ten jobs in that industry, they generated from 3-20 additional jobs, \$1.7 - \$10.2 million in total output, \$500,000 - \$2.4 million in employee salaries, and from \$180,000 - \$682,000 in state and local taxes.

b. *Growth in knowledge-based industries has been steady.*

From 1990 – 2008, Davis grew 5,200 private sector jobs. 28% of those jobs were in knowledge-based industries. During this time, knowledge-based industries grew from 6.2% of total private sector jobs in Davis to 12.6%. From 2003 – 2008, 44% of job growth occurred in knowledge-based industries.

c. *Opportunity for future business growth is strong.*

39 interviews from a wide range of representatives from the Davis business community confirm Davis has considerable untapped potential for future business growth, particularly knowledge-based industries. Employment growth projections across the entire economy range between 3,665 and 8,050 net new jobs by 2035. Office and industrial jobs represent between 48% and 63% of projected growth.

d. *Future business growth will provide local economic benefit.*

Economic analysis for two of the five business growth projections showed between \$14 - \$19 million in state and local tax generation and \$1.3 - \$1.7 million in local revenue. A hypothetical 66 acre new business park showed \$19 million in state and local tax generation and \$2.3 million in local revenue.

e. *Davis' vacant commercial land inventory is limited, creating both immediate and future challenges for facilitating future business growth.*

Davis currently has a total of 44 vacant commercial sites on 227.9 acres of land, which is mathematically sufficient for most business growth projections over the 25-year timeframe. However, few high quality sites¹ are available for business attraction and business expansion opportunities. Other sites are not immediately deliverable due to an absence of ownership transfer opportunities and practical development limitations with respect to size, location, and configuration. A steady supply of high quality sites (building/land) in a variety of sizes is needed both currently and in the future to facilitate business growth, particularly in knowledge-based industries.

¹ High quality sites typically exemplify the following characteristics: four acres or greater in size, parcel shape does not affect site development potential, parcel assemblage capability for expansion opportunities, easy freeway access, high visibility, compatibility with surrounding uses, or other contributing strengths such as proximity to supporting amenities and/or alternative transportation.

The recently completed General Plan Housing Element considers residential development for eight commercially zoned sites totaling over 94 acres. If these sites are approved for housing, Davis' commercial land supply is further reduced.

f. *Davis is well positioned for economic growth in industries consistent with existing economic development policy and local economic and workforce strengths.*

With an existing and growing concentration of knowledge-based businesses and world-renowned UC Davis research strengths in fields expected to drive the future economy, Davis is well-positioned to capitalize on local economic strengths for strong growth in knowledge-based industries.

g. *Davis' current economic development policies support knowledge-based business growth, including:*

- Increasing higher paying jobs.
- Creating greater job diversification.
- Creating a more balanced economy.
- Adopting policies that make Davis more business friendly.
- Eliminating unnecessary barriers to business.
- Targeting emerging technology and knowledge-based industries.

Recommendation 2: Make best use of existing vacant commercial and industrial land and buildings:

- a. Revise Business Park, Office, and Industrial zones 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 percent Floor Area Ratio).
 3. Allow lower/modified parking requirements.
- b. 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 park, office and industrial uses through conditional use permit review process.
- c. Work with existing property owners to collectively market vacant commercial and industrial properties.

Recommendation 3: Maintain a steady supply of developable commercial and industrial land:

- a. Provide a variety of high-quality sites in a range of sizes to provide for flexible space buildings, research and development, incubator facilities, parcel assemblage, and ownership opportunities in an environment exemplifying high quality design and environmental practices.

- b. If commercial/industrial sites are converted to another use, replace with equivalent or better land area.

Conclusions

The BPLS helps inform a piece of Davis' long term economic puzzle. It represents the beginning of a process to shape Davis' economic future. The BPLS confirms economic development policies in the 2001 General Plan regarding knowledge-based business growth remain appropriate for the Davis community. Additionally, it confirms many commercial land supply constraints identified in the General Plan remain today and are exacerbated by land absorption since then. Immediate and future land supply challenges exist for continuing economic growth, particularly in knowledge-based industries. An adequate supply of land will allow Davis to maintain its competitive advantages and prevent loss of business growth opportunities to neighboring communities. Resolving Davis' land supply needs will be driven by community response to the following key economic development and land use policy questions:

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

The BEDC has begun and will continue to discuss immediate, near, and long-term economic development policy actions needed to encourage business growth. The BEDC will take action on the above recommendations at the June 28th meeting. A date has not yet been scheduled for the City Council.

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 "Conflict" sites, particularly the ConAgra property.

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. On December 2, 2008 the City Council directed staff to solicit request 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.

BPLS Business Community Forum: June 3rd

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 are provided as Attachment 4. Other correspondence received concerning the study are also provided as attachments.

Attachments

Attachment 1: Jeanne Jones memorandum: May 24, 2010

Attachment 2: Eileen Samitz letter: June 3, 2010

Attachment 3: Jim McDonald letter: Received June 3, 2010

Attachment 4: Notes from June 3, 2010 BPLS Business Community Forum

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
	Basic Business Park/ No Residential	Business Park with Some Residential	High Tech Business Park & Residential	High Tech Business Park/ No Residential	Communities Proposed Plan ⁷
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	2,566	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

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

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 economics 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
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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

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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

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.

COMMUNITY DEVELOPMENT DEPARTMENT

23 Russell Boulevard – Davis, California 95616
530/757-5610 – FAX: 530/757-5660 – TDD: 530/757-5666

Meeting Date: June 9, 2010



Staff Report

June 2, 2010

TO: Planning Commission
FROM: Lynanne Mehlhaff, Planning Technician
SUBJECT: Upcoming Meeting Dates

June 23, 2010

Parking in-lieu Fee Options
Duke Drive CUP- second unit

July 14, 2010

Landscape Water Ordinance
416/420 J Street Pre-Application

July 27, 2010

August 4 or 11, 2010 (if necessary)

September 8, 2010

September 22, 2010

October 13, 2010

October 27, 2010



November 10, 2010

December 8, 2010

To Be Scheduled:

2750 Cowell Blvd – Seiber Mixed-Use
Office Zoning District
Joint Meeting with the City Council
Hillel House
771 Bianco Ct-RFPD
4510 2nd St.- DR, FPD, CUP, LLA
1803 Arena Drive – CUP, Minor Mod.
501 G Street – DR, CUP, LLA, GPA, Neg. Dec.
Youth and Education GPA

The scheduled items are subject to change based upon staff's continuing reviews of application completeness and project analysis.