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Title: SUBJECT: Request City Council Direction Regarding Next Steps on Industrial Park Land Development

REPORT IN BRIEF
City staff is requesting direction from the City Council regarding next steps on industrial park land for development.

RECOMMENDATION
Provide direction to staff regarding the annexation of Industrial Park land.

Sponsors:

Indexes:

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Date	Ver.	Action By	Action	Result
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Report Prepared by: Frank Quintero, Director of Economic Development

SUBJECT: Request City Council Direction Regarding Next Steps on Industrial Park Land Development

REPORT IN BRIEF

City staff is requesting direction from the City Council regarding next steps on industrial park land for development.

RECOMMENDATION

Provide direction to staff regarding the annexation of Industrial Park land.

ALTERNATIVES

1. Direct staff to pursue the annexation of Industrial Park Study Area #7; or,
2. Direct staff to pursue the annexation of Industrial designated land with the City Sphere of Influence; or,
3. Direct staff to concurrently pursue the annexation of Industrial designated land within the City's Sphere of Influence and Industrial Park Study Area #7.

AUTHORITY

Merced City Charter, Section 200

CITY COUNCIL PRIORITIES

City of Merced Adopted Budget Fiscal Year 2018-2019, Section 7 - Economic Development, Objective #1 - "Proceed with the necessary steps towards developing a new local and/or regional industrial park."

DISCUSSION

The City Council and staff agree that planning needs to take place now to secure suitable areas for industrial park land development. The consultant team of Chabin Concepts and DSG Advisors conducted a feasibility study of where to site the next industrial park. Five locations were considered for future industrial park development.

The areas making the final cut were Area #6, situated south of Mission Avenue/Highway 99/Campus Parkway interchange and Area #7 located north of the Mission Avenue/Highway 99/Campus Parkway interchange and east of the University Industrial Park (See FIGURE 1). At the City Council meeting of June 19, 2017, the City Council considered selecting Industrial Park Study Area #6 (±728-acres) or Industrial Park Study Area #7 (±1267-acres.) The Council selected Industrial Park Study Area #7.

Consultants Quad Knopf conducted an outreach effort polling the property owners in Study Area #7 if they supported or opposed annexation of the subject area as an industrial park. Quad Knopf reported that 42.3% (761-acres) supported the transition of their land from agriculture to industrial and 34.6% (342-acres) opposed the transition of their land from agriculture to industrial. During the neighborhood meeting, residents expressed concern about losing prime agricultural farmland, additional truck traffic, water, and flooding should the Area become an industrial park.

FIGURE 1 - Industrial Park Study Areas #6 and #7



Staff and the consultant met with County and LAFCO to discuss annexing Study Area #7. Other entitlements and studies required for the annexation include a General Plan Amendment, Pre-Zoning, Sphere of Influence Amendment, Master/Specific Plan, Environment Impact Report, Infrastructure Plan, and Targeted Industrial Analysis.

The discussion at hand relates to providing direction to staff on the next steps to implementing Council's priority project of annexing Industrial Park Study Area #7. Staff anticipates the project will be phased between 3 to 5 years.

New Factors to Consider

One-Voice Meeting with the Economic Development Administration: The Merced County One Voice delegation, including Economic Development Director Quintero and Council members Pedrozo and Serratto met with staff from the Economic Development Administration (EDA). When asked about funding for the development of a new industrial park, the EDA representative suggested that the City of Merced phase the project and secure a private sector developer. Industrial park developments are generally a joint venture between the public and private sectors involving industrial developers such as ProLogis or Panattoni Development Company.

Altamont Corridor Express Train: The Ceres to Merced ACE Extension Project Draft Environmental Impact Report (DEIR) states that to support train layovers, storage, maintenance, and operations associated with the extension to Merced, a new layover facility would be constructed north of downtown Merced. The DEIR identifies a primary and alternative site for the Merced Layover Facility. The primary site is located near southbound Highway 99 and W. 16th Street off-ramp located

in the County. The alternative site is located north of the primary site and is best known as the former Ragu plant found in the Western Industrial Park.

Staff anticipates that support and service industries would want to locate near the layover facility. The information released in the DEIR came after staff began investigating the Industrial Park Study Areas.

Industrial Park Development Phasing and Implementation Alternatives

Industrial Park Study Area #7: Council's priority is to move forward with bringing Area #7 in as the City's next developable Industrial Park. Staff anticipates securing the entitlements and related studies may take 3 to 5 years. Development of the future industrial park is seen as a phased project. A new sizeable industrial park is definitely needed to support and attract job-creating investments to the City of Merced.

As previously stated, Area #7 requires the following entitlements and studies: Annexation, General Plan Amendment, Pre-Zoning, Sphere of Influence Amendment, Master/Specific Plan, Environment Impact Report, Infrastructure Plan, and Targeted Industrial Analysis.

South of the Airport Industrial Park: Immediately south of the Airport Industrial Park are 5-parcels totaling ±258-acres (See FIGURE 2). The parcels are within the City's Sphere of Influence, and are currently designated on the Merced County General Plan as a mix of Industrial Reserve and Agriculture. Infrastructure and utilities are located north of the site at Thornton Avenue and Hawk Drive in the Airport Industrial Park. To bring these properties into the City requires Annexation, Pre-Zoning, and California Environmental Quality Act review. The annexation may be considered an extension of the Airport Industrial Park.

Northwest Merced Industrial Area: Along the west side of Highway 59 between Rascal Creek are 12-parcels totaling ±440-acres (See FIGURE 3). The subject area lies within the City of Merced Sphere of Influence on the General Plan Map with Industrial and Business Park designations. Properties are designated Industrial on the County's General Plan Map. To bring these properties into the City requires Annexation, General Plan Amendment, Pre-Zoning, and California Environmental Quality Act review.

FIGURE 2 - South of the Airport Industrial Park

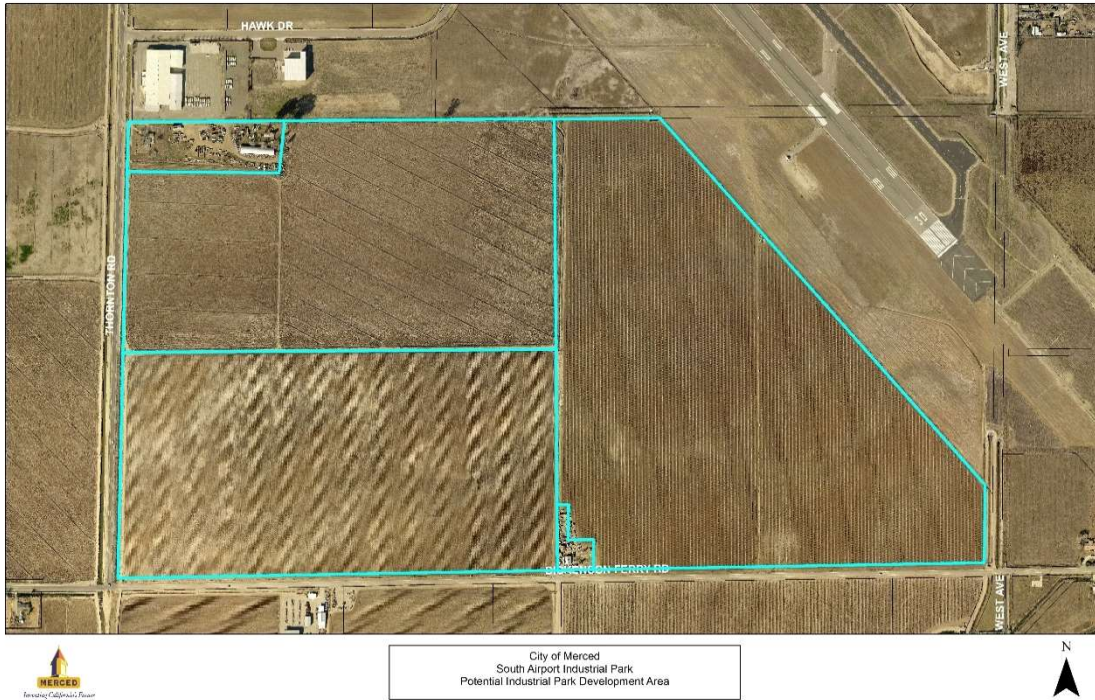
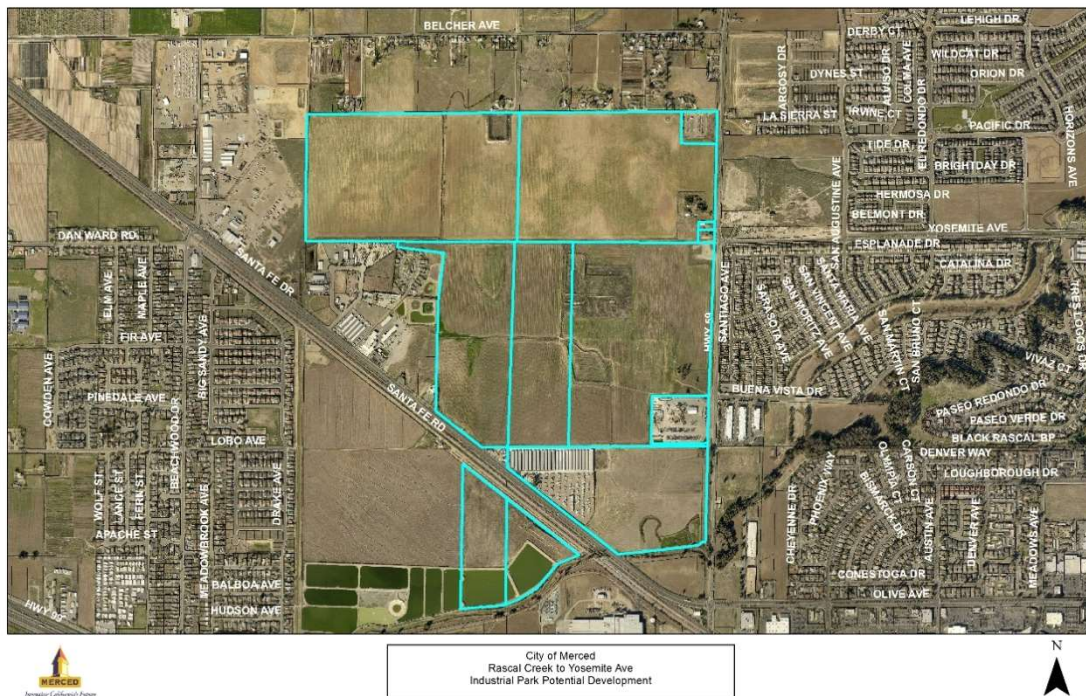


FIGURE 3 - Rascal Creek to Yosemite Avenue



Next Steps: The City Council and staff should continue focusing on annexing and developing Industrial Park Study Area #7. However, given the long-term nature of the project as a whole, requesting funding from the Economic Development Administration, and securing a private developer, the Council may also want to consider pursuing the industrial park areas already located

within the City's Sphere of Influence (Figures 2 and 3) while moving forward with Area #7. These concurrent actions would ensure providing ample industrial park property to support the ACE Train layover facility and secure sufficient developable land for future job generating investments.

IMPACT ON CITY RESOURCES

At this point, no appropriation of funds is needed. However, moving forward with the items identified under the heading of Next Steps will require the use of consultants, securing consultants, and appropriation of funds.