



# COMMUNITY DEVELOPMENT AGENCY

## LONG RANGE PLANNING

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Date: November 1, 2016

To: Board of Supervisors

From: Shawna Purvines, Interim Assistant Director, Community Development Agency,  
Long Range Planning

**Subject: El Dorado Hills Business Park Marketability**

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### **Purpose**

This staff memo is a follow-up to the item Supervisor Mikulaco presented to the Board on August 2, 2016 recommending the Board provide direction to the Chief Administrative Office and Community Development Agency to explore enhancing the marketability of the El Dorado Hills Business Park (“EDH Business Park”). The Board directed staff to explore potential issues, options for action as appropriate (including resource and time frame estimates for each), and report back to the Board in late fall/early winter for consideration.

### **Background**

On March 21, 2016, the Board adopted the County’s 2016-2019 Strategic Plan. Economic Development is one of the Plan’s goals and includes the following objectives: 1) Attract, develop and retain businesses that provide economic sustainability and quality job creation; 2) Increase employment opportunities by improving workforce development skills; 3) Invest in infrastructure needs to improve and maintain competitiveness; 4) Strengthen the County’s business friendly reputation; and 5) Develop and maintain an economic development plan that is time relevant and community and market oriented; and 6) Provide diverse workforce housing options - balance jobs with housing.

Following the August 2, 2016, Board meeting where the Board directed staff to explore potential issues and options for action as appropriate for the EDH Business Park, a working group comprised of staff from the CAO’s office, District One Supervisor’s Office, and the Community Development Agency Long Range Planning have attended several meetings with representatives from the El Dorado Hills Chamber of Commerce, the Greater Sacramento Area Economic Council (GSAC) and three of the largest property owners in the EDH Business Park. Meeting discussions identified some perceived challenges with how the current EDH Business Park functions.

Development planning for the EDH Business Park dates back to 1981. A draft Environmental Impact Report (EIR) for the business park was prepared in August 1982. The EIR noted that the plan was to develop a 909 acre site into a high technology industrial business park including assembly plants, research laboratories, warehouses and business offices. At that time, the land was zoned as Exclusive Agriculture (AE). The EIR indicated that the applicant planned to request cancellation of the Williamson Act Contract No. 124 (1070 acres) and to request a rezone of the entire 1070 acres from AE to Research and Development (R&D).

On March 6, 1984, the Board of Supervisors adopted Resolutions 61-84 through 67-84 pertaining to the establishment of an Assessment District for Phase I of the EDH Business Park.

## **Current Conditions**

### ***Ridge Capital Evaluation***

The County received an evaluation of the EDH Business Park prepared in August 2016 by Ridge Capital, Inc., a real estate investment and development firm headquartered in Sacramento. The evaluation stated that the EDH Business Park is approximately 832 acres, comprised of 829 acres zoned for R&D and three acres zoned for CG (Commercial, General). The Ridge Capital evaluation noted that an extremely slow rate of land absorption has taken place within the EDH Business Park over its life cycle. According to Ridge Capital, *“In ± 36 years since its inception, the EDH Business Park has experienced an average annual absorption rate of ± 8.4 acres per year, with only 302 developed acres out of 832.”* Applying the historical absorption rate on a straight-line basis to the existing land stock results in a *“forecasted build-out date for the EDH Business Park of +2079 – 63 years from now (i.e., 530 acres/8.4 acres per year = 63 years)”*.

The Ridge Capital Evaluation also cites that the absorption rate is significantly underperforming other business park locations within the Sacramento region. During 2000–2015, the industrial land absorption rate for the EDH Business Park averaged 3.68 acres/year, compared to Power Inn (15.97 acres/year), Natomas/Northgate (15.84 acres/year), and West Sacramento (14.27 acres/year).

### ***Changing Workforce***

The changing workforce (e.g., influx of Millennials and their amenity preferences) are also a significant factor in site location. More than one-in-three American workers today are Millennials (adults ages 18 to 34 in 2015), and last year they surpassed Generation X to become the largest share of the American workforce, according to new Pew Research Center analysis of U.S. Census Bureau data. The U.S. Bureau of Labor Statistics predicts that by 2030 this hyper-connected, tech savvy generation will make up 75 percent of the workforce.

### ***Current Statistics***

Currently, 302 acres or 37 percent of the total 832 acres are developed. According to occupancy reports prepared by ProEquity Asset Management on July 28, 2016, the vacancy rate of all developed properties

(148 properties/3,026,243 square footage) is 13.9 percent. The vacancy rate of existing office space only (56 properties/1,038,434 square footage) is 28.8 percent.

Available data varies regarding the reported number of businesses operating and employees working in the EDH Business Park. The number of reported individual businesses range from approximately 200<sup>1</sup> to 500<sup>2</sup> employing from 3,500<sup>1</sup> to 6,000<sup>2</sup> full- and part-time employees. A 2015 data report based on D-U-N-S<sup>3</sup> number information, prepared by Buxton Analytics for the County Treasurer/Tax Collector's Office, identified 305 businesses located within the EDH Business Park employing over 3,500 full- and part-time employees.

Major individual employers comprise the following industries: Billing output services; Aircraft Manufacturing; Building Construction and Specialty Contractors; Computer, Office Equipment and Software Merchant Wholesalers; Architecture and Engineering, Residential Real Estate Leasing; along with the U.S. Department of the Interior.

The types of businesses also vary significantly. Some of the more prevalent types reported include: Health Care Practitioners and services; Construction; Architecture and Engineering; Services including: insurance/real estate agents, consulting, legal, investment, computer system design, banking, child day care; personal care, advertising; amusement and recreation; commercial real estate leasing; printing and publishing; machinery, equipment and metal products manufacturing.

### ***Employment Cap***

The 2004 General Plan Policy TC-1y conditions an employment cap of 10,045 full-time employees within the EDH Business Park "unless it can be demonstrated that a higher number of employees would not violate established level of service standards." This employment cap was calculated as part of the analysis in the [Final Environmental Impact Report](#) (EIR) for the 2004 General Plan (see [Appendix E.1](#), Mitigation Measure 5.4-1(b) Traffic Model Run (Reduced Business Park)). The employment cap may be lifted if the County implements one of the following mitigation measures included in the 2004 General Plan EIR, and addressed by General Plan policies as noted below:

- Mitigation Measure 5.4-1(a): Amend the Circulation Diagram to include a new arterial roadway from El Dorado Hills to U.S. 50. [Policy TC-1u]
- Mitigation Measure 5.4-1(b): Implement growth control mechanism for new development accessing Latrobe Road or White Rock Road [Policy TC-1y]
- Mitigation Measure 5.4-1(c): Modify LOS Policies
- Mitigation Measure 5.4-1(d): Amend the Circulation Diagram to include a frequent transit service on exclusive right-of way to the El Dorado Hills Business Park [Policy TC-1v]

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<sup>1</sup> El Dorado Hills Chamber of Commerce phone survey, 2012

<sup>2</sup> Greater Sacramento Area Economic Council (GSAC), Avention OneSource, 2016

<sup>3</sup> A DUNS number (Data Universal Numbering System,) is a unique, non-indicative 9-digit identifier for each physical location of a business issued and maintained by Dun & Bradstreet (D&B) that verifies the existence of a business entity globally.

Mitigation Measure 5.4-1(a) and Policy TC-1u are being addressed in the proposed Major Capital Improvement Program (CIP) and Traffic Impact Mitigation (TIM) Fee Program Update which includes the Latrobe Connection project (CIP Project No. 66116). This project includes construction of a new arterial connecting the south end of Golden Foothill Parkway to Carson Creek Drive. This new roadway was constructed in 2015. The Major CIP/TIM Fee Program Update includes a proposed General Plan Amendment that includes revisions to the Circulation Diagram (General Plan Figure TC-1) and removal of General Plan Policy TC-1y. On September 20, 2016, the Board tentatively approved the 2016 CIP Book. On December 7, 2015, the Board adopted Resolution of Intention (ROI) 204-2015 and directed staff to proceed with the General Plan Amendment. Adoption of the Major CIP/TIM Fee Program Update is anticipated to be approved by December 2016.

### ***Current Allowed Uses***

The County Zoning Ordinance, which was updated in December 2015 and adopted by the Board of Supervisors on December 15, 2015, allows a variety of uses in Industrial/Research and Development (R&D) zones, as shown on Table 130.23.020 in the [County Code of Ordinances Title 130 – Zoning](#). Some of the uses are allowed without any special permit required, other than a business license. Other uses are allowed with a permit required such as a Conditional Use Permit. The updated Zoning Ordinance includes several new and/or expanded allowed uses in R&D Zones, including but not limited to: Animal Sales and Service: Veterinary Clinics; Brewery (Large Commercial and Micro Brewery); Distillery; Wineries: Production Facilities; Retail Sales (not limited to being incidental to the primary use conducted on site); College & University. Some of these uses may have been allowed in the EDH Business Park prior to the adoption of the updated Zoning Ordinance, but may not have been specifically noted in the prior Zoning Ordinance, but are noted in the current Zoning Ordinance.

### **Potential Opportunities and Constraints**

Following are observations expressed by the working group and studies that may possibly increase the vitality of the business park. These observations are based on: a) staff's discussions with EDH Business Park property owners and board members, existing businesses, EDH Chamber of Commerce, and others; b) information compiled by the Greater Sacramento Area Economic Council (GSAC), El Dorado County Report, August 2016; c) results of the El Dorado Hills Community Survey conducted in late 2013; and d) El Dorado County Industry-Focused Economic Development Study prepared by Center for Strategic Economic Research (CSER), June 30, 2010.

- Existing Capacity Potential – 530 undeveloped acres, many are large parcels that could accommodate large scale businesses
- Existing Infrastructure (e.g., water, sewer, natural gas and roads)
- Transportation – convenient access to U.S. Highway 50 economic corridor
- New developments must include road improvements with pedestrian and bicycle access
- Proximity to the greater Sacramento regional market – potential to attract reverse commute workforce and economic opportunities
- Expanded uses in R&D Zone as part of the Zoning Ordinance updated December 2015
- Educated work force and proximity to colleges and universities

- Community support for attracting industry that provides quality and higher paying jobs
- Community desire for more shopping, dining, and entertainment opportunities
- Close to regional -UPS center and airports for efficient product delivery
- County Community Development Agency Ombudsman for centralized technical assistance team approach to streamline the permit process.
- County commitment to economic development and moderate housing

Observations perceived as constraints to expansion of the EDH Business Park include:

- Limited to R&D zoning – no mixed use, residential component presently allowed
- Low market rents per square foot – discourages new construction
- Oversupply of vacant R&D land (nearly 70% undeveloped after 30 years) – disincentive for future new development
- Vacancy rates of existing space reduces demand for new development
- Undersupply of industrial flex/warehouse space
- Land costs – generally higher than other business parks in the greater Sacramento region
- Development fees associated with infrastructure (e.g., water, sewer, and roads)
- Associated Development fees (fire, etc.)
- County’s regulatory and permitting process perceived as disjointed, cumbersome, costly, and uncertain
- Regional competition – Other regional business parks outperforming EDH Business Park
- Proximity to high-technology jobs along U.S. Highway 50 Corridor west of EDH (e.g., Folsom, Rancho Cordova)
- Changing workplace environment and workforce – downsizing, reduced workspaces, telecommuting, home-based businesses, entrepreneurial start-up business incubators, Millennial generation workplace preferences and access to housing

## **Options for Action**

Recognizing the desire to enhance the image and marketing position of the EDH Business Park, the EDH Business Park Owners Association Board of Directors is in the process of identifying key concerns and solutions to attract new and expanded business opportunities to the Park. The Association has retained a facilitator to work with the Association Board and other stakeholders in the following weeks. Building on existing assets, a priority list of short-, medium- and long- term strategic goals for the Business Park to implement will be brought forward to the working group for discussion and the opportunity for collaboration.

As the Association works to develop targeted objectives for the Business Park, the Board of Supervisors may want to consider the following suggested “general” options that potentially could enhance the marketability of the Business Park. Based on staff’s discussions with EDH Business Park property owners/board members, the Ridge Capital Evaluation, the ProEquity occupancy/absorption rate reports, and other data, these options could be considered in any combination and are not mutually exclusive.

### **A. Revisions to R&D Land Use and Zoning Uses Allowed**

There appears to be a growing interest for residential, commercial and/or mixed use products to be allowed and planned for in the EDH Business Park. The Board may wish to target revisions and enhance the zoning uses allowed in the EDH Business Park to include: mixed use, residential, transient lodging (e.g., hotels and conference centers), and parks/open space; Or projects may be considered by the Board on a case-by-case basis. Staff recommends that the Board wait until after the EDH Business Park Association Board completes its efforts with the facilitator, as other desired uses may be identified.

### **B. “Re-Visioning” Plan**

At the working group meeting on September 22, 2016, the EDH Business Park Association Board member noted that the Association was in the process of hiring a facilitator to help the Association develop a plan to “re-envision” the business park. This “Re-envision” or “Re-Visioning” effort would be led by the EDH Business Park Association.

Items that may be considered as part of the re-visioning of the EDH Business Park include but are not limited to:

- Encourage development and revitalization through a mix of uses that supports the County’s jobs/housing balance consistent with General Plan Objective 2.1.4 (Opportunity Areas) and consider residential product types such as multifamily, townhomes, as well as single family cluster housing products
- Provide transportation, pedestrian and visual connectivity
- Streetscape enhancements (e.g., landscaped medians, sidewalks, bike lanes, transit stops) along Latrobe Road and major roads within the business park
- Identify potential locations which will provide for a centralized mixed use core that benefit residents of the EDHBP, while protecting existing job development opportunities to ensure R&D (high paying) jobs can be created
- Protect existing job base within the EDH Business Park
- Create usable open space and funding mechanisms

This option may include General Plan and Zoning amendments as well as a potential combining zone district (overlay) with development standards and guidelines, and parameters for funding of development and maintenance for infrastructure, roads, open space, landscaping and lighting. Any recommendations for changes to land use or zoning designations, and/or General Plan and Zoning Amendments would require County involvement to process.

### **C. Marketing Strategy/Rebranding**

Given the expanded allowed uses in R&D Zones and other positive features, the EDH Business Park could develop a marketing plan to inform existing and potential property owners of the added allowed

uses and new opportunities in the EDH Business Park. The marketing plan could include components including but not limited to the following:

- Data driven targeted business attraction to create awareness and foster interest (EDH Business Park/GSAC/Chamber of Commerce)
- Brand marketing – Develop new image and catch phrase based on attracting key industries for business park location/community, i.e. EDH Commerce Center, EDH Work Park (EDH Business Park)
- Create a simple but comprehensive County Economic Development website page and feature sections on local business parks, beginning with the El Dorado Hills Business Park (County)
  - Provide links to county chamber pages where they may be better positioned to promote links to park agents and property owners.
  - Feature County benefits, development team assistance and contacts.
  - Provide local and county-wide demographics, retail analytics, housing data, etc.
- Refine business incentive options and business support services coordinating with other agencies such as PG&E services and incentives, workforce training, etc. while strengthening the County's business friendly reputation. (County)
- Co-sponsor (County/Business Park/Chamber) broker and business events at business park ( i.e., Elevate El Dorado II). The County was a sponsor of the Elevate El Dorado I event for a cost of \$5,000 (see Legistar File [10-1057](#) on April 22, 2014).
- Working in partnership with stakeholders, target site specific marketing in available business media (i.e., Site Selection Publications such as [Site Selection Magazine](#)). Seek out cooperative advertising potential. [Cost determined by media agencies] (EDH Business Park/Chamber of Commerce).

## **RECOMMENDATION**

The Board may consider the following approaches:

- 1) Authorize CAO/Economic Development to aid in discussions with the working group in consideration of an Economic Development component to the effort as needed;
- 2) Designate and authorize Community Development Agency representatives to assist the working group and/or the EDH Business Park Association Board, as needed, in development of any requested General Plan and Zoning amendments or potential combining zone district (overlay), due to the land use planning component of the effort; and
- 3) CEDAC to designate a representative to the working group to maintain consistency with other efforts within the County.