

## MEMORANDUM

To: Kyle Zimbleman and Jean Warner, El Dorado County  
Economic Development

From: Amy Lapin and Kate O'Beirne

Subject: El Dorado County Economic Development  
Opportunity Areas Assessment; EPS #172064

Date: March 12, 2020

*The Economics of Land Use*



## Introduction

El Dorado County (County) is undertaking efforts to bolster economic development activities in the County. As such, the County engaged EPS to identify leading areas in the County that could be prioritized to accommodate future nonresidential development. Following the identification of top opportunity areas, EPS will prepare a real estate market analysis to evaluate support for nonresidential development in the identified opportunity areas, as well as any barriers that may preclude development, including requisite infrastructure improvements.

EPS evaluated six potential opportunity areas based on assemblages of vacant commercial and industrial parcels, proximity to a major arterial roadway, existing commercial development, and discussions with real estate professionals and County staff. These six opportunity areas have been narrowed to three and initially ranked based on the above criteria.

The purpose of this memorandum is to present the findings of three key opportunity areas identified in the County for future study, as summarized below. This memorandum also details the three opportunity areas that are proposed to be eliminated from further study.

1. **El Dorado Hills** (El Dorado Hills Business Park and adjacent parcels)
2. **Cameron Park/Shingle Springs** (Barnett Business Park and adjacent parcels)
3. **Diamond Springs** (parcels adjacent to the Missouri Flat Master Circulation and Financing Plan [MC&FP] project area and Park West Business Center)

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172064 El Dorado County Opportunity Areas 04-21-2020

Following County Board of Supervisors direction, EPS will prepare a real estate market analysis to support targeted economic development efforts in the selected opportunity area(s).

## Methodology

EPS used a three-pronged approach to identify prospective opportunity areas for nonresidential development within the County, which encompassed:

1. Evaluating Geographic Information Systems (GIS)-based parcel data throughout the County;
2. Conducting interviews with local real estate professionals; and
3. Soliciting review and gathering input from County Economic Development and Planning and Building staff.

## GIS Analysis

To initiate the analysis of prospective opportunity areas, EPS prepared several informational maps for County staff review and input. EPS created a Countywide map that displayed assessor parcel data indicating vacant commercial and industrial parcels.<sup>1</sup> EPS then used residential population data obtained from the 2017 U.S. Census American Community Survey to contrast clusters of vacant parcels with areas with the highest population density in the County. Refer to **Map 1-1** for the Countywide map of vacant commercial and industrial parcels.

As the next step, EPS incorporated several criteria that would allow for further analysis and identification of potential opportunity areas. EPS applied a maximum 1.5-mile buffer surrounding U.S. Route 50 ("Highway 50") to establish an analysis benchmark. Proximity to a major arterial roadway is a key selection criterion for nonresidential development users, in order to ease worker commutes and facilitate efficient goods movement. EPS also mapped existing commercial development obtained from CoStar to serve as another key analysis benchmark.<sup>2</sup> Situating businesses near each other can support business-to-business synergies. Furthermore, proximity to retail amenities is cited as a preferred location criterion of office and industrial users alike. Finally, EPS mapped existing business park boundaries to determine areas that have already been identified by the County for focused commercial and industrial development.

The final step was preparing focused maps showing potential opportunity areas and accompanying parcel data organized by County zoning designation for County staff review and input.<sup>3</sup> The focused opportunity areas were selected by analyzing the criteria described previously and information obtained from interviews with local real estate professionals, as described further below.

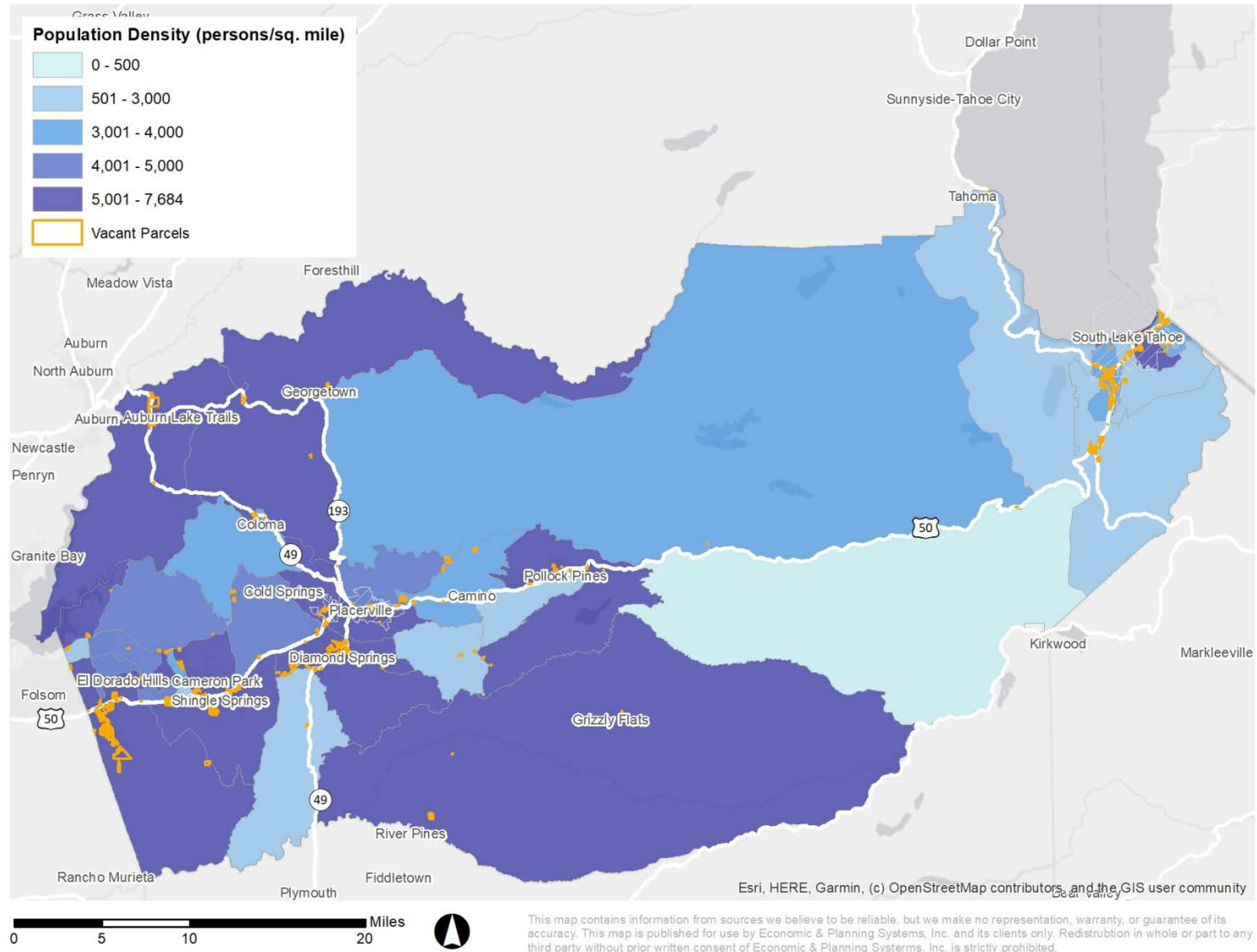
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<sup>1</sup> Assessor parcel data was obtained from County GIS and is current as of December 2019.

<sup>2</sup> CoStar is a web-based research platform for commercial and multifamily real estate property listings and current and historical statistical trend data.

<sup>3</sup> Refer to **Appendix A** for details regarding allowable uses under the County zoning designations of vacant parcels identified in the proposed opportunity areas.

Map 1-1 El Dorado County: Vacant Parcels



## Interviews with Real Estate Professionals

EPS conducted interviews with real estate brokers active in the retail, office, and industrial markets in the County.<sup>4</sup> The purpose of these discussions was to ascertain current County real estate market conditions, and the site, land use, and building criteria prospective tenants are seeking. Additionally, the interviews were conducted to determine specific areas in the County that are best suited to accommodate future nonresidential development, as well as specific opportunities and challenges related to future nonresidential development.

**Preliminary findings** from interviews with local real estate brokers are detailed below. These findings are subject to refinement as additional information is collected as part of the forthcoming real estate market analysis.

- **Demand for Industrial Space.** The largest number of prospective users indicate demand for industrial space, specifically, contractors, manufacturers, etc. However, there is very limited inventory to accommodate users seeking existing building space in the County. Users are generally seeking a minimum of 1,500-5,000 square feet of warehouse space that includes 500-3,000 square feet of office space.
- **Demand for Office Space.** The existing and prospective office market in the County is characterized by limited supply and demand of office space. Brokers have indicated modest demand for office space, with prospective tenants primarily interested in small-scale office condo space, located in or near existing business parks. Further, the limited supply of office space available contains many office buildings that are outdated, including multistory buildings that do not have an elevator. This aging office building stock has deterred potential tenants from leasing space.
- **Challenges Precluding Immediate Future Development.** The cost to construct new office and industrial development currently is higher than achievable lease rates. Brokers also indicated that streamlining the permitting process and considering potential fee reductions are techniques the County could consider to facilitate new development.
- **Opportunities for Future Nonresidential Development.** All user types want to locate near retail amenities. Specific areas identified as having the highest demand potential for future development include:
  - El Dorado Hills off of Latrobe (El Dorado Hills Business Park, Town Center, and adjacent parcels).
  - Durock Road near Cameron Park south of Highway 50 (Barnett Business Park and surrounding area).
  - Along Highway 50 on the west side of Placerville (parcels adjacent to the MC&FP project area and Park West Business Center).

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<sup>4</sup> See **Appendix B** for a listing of real estate brokers contacted for this opportunity area assessment.

- **Potential for Future Multifamily Development.** A mix of uses, including multifamily residential, in and adjacent to the business parks would be supportive to nonresidential development and County General Plan goals of jobs-housing balance, curtailment of sprawl, and the promotion of infill development to reduce vehicle miles traveled, improve air quality, and quality of life elements.

### **Economic Development Department**

EPS provided the County Economic Development and Planning and Building departments with a set of six prospective opportunity areas for consideration and discussion. County staff provided input, including additional information to assist in selecting the top three opportunity areas for further study. Additional information included current and future development occurring near the prospective opportunity areas, development constraints, as well as infrastructure projects that would benefit potential opportunity areas.

## **Recommended Opportunity Areas**

EPS identified six prospective Opportunity Areas, which were narrowed down to the top three opportunity areas and ranked based on the mapping criteria, findings from real estate broker interviews, and County staff input described in the previous sections.

### ***Opportunity Area #1: El Dorado Hills***

The area in and surrounding the El Dorado Hills Business Park was unanimously acknowledged by local real estate professionals and County staff as the leading candidate for accommodating future development opportunities. Refer to **Map 1-2** for the cluster of vacant parcels in this primary, proposed opportunity area. The El Dorado Hills area met the benchmarks discussed in the methodology above including the adjacent location to Highway 50 in a well-populated area and proximity to existing commercial development and amenities. Some of the chosen parcels fall outside of the 1.5-mile buffer, but are included as they are contiguous parcels within an existing business park and represent large tracts of land that can accommodate large-scale development prospects.

This opportunity area contains a large cluster of vacant land comprising close to 680 acres on 96 parcels of land, and is proximate to existing residential, retail, and other nonresidential development. A large majority of the parcels (comprising 512 acres) are zoned Research & Development (R&D), which can accommodate R&D and other industrial and retail land uses. An additional 147 acres are zoned Commercial: General, Commercial: Community, and Commercial: Rural, which allow a broad range of commercial and industrial uses. Refer to **Appendix A** for more details.

**Opportunity Area 1: El Dorado Hills**

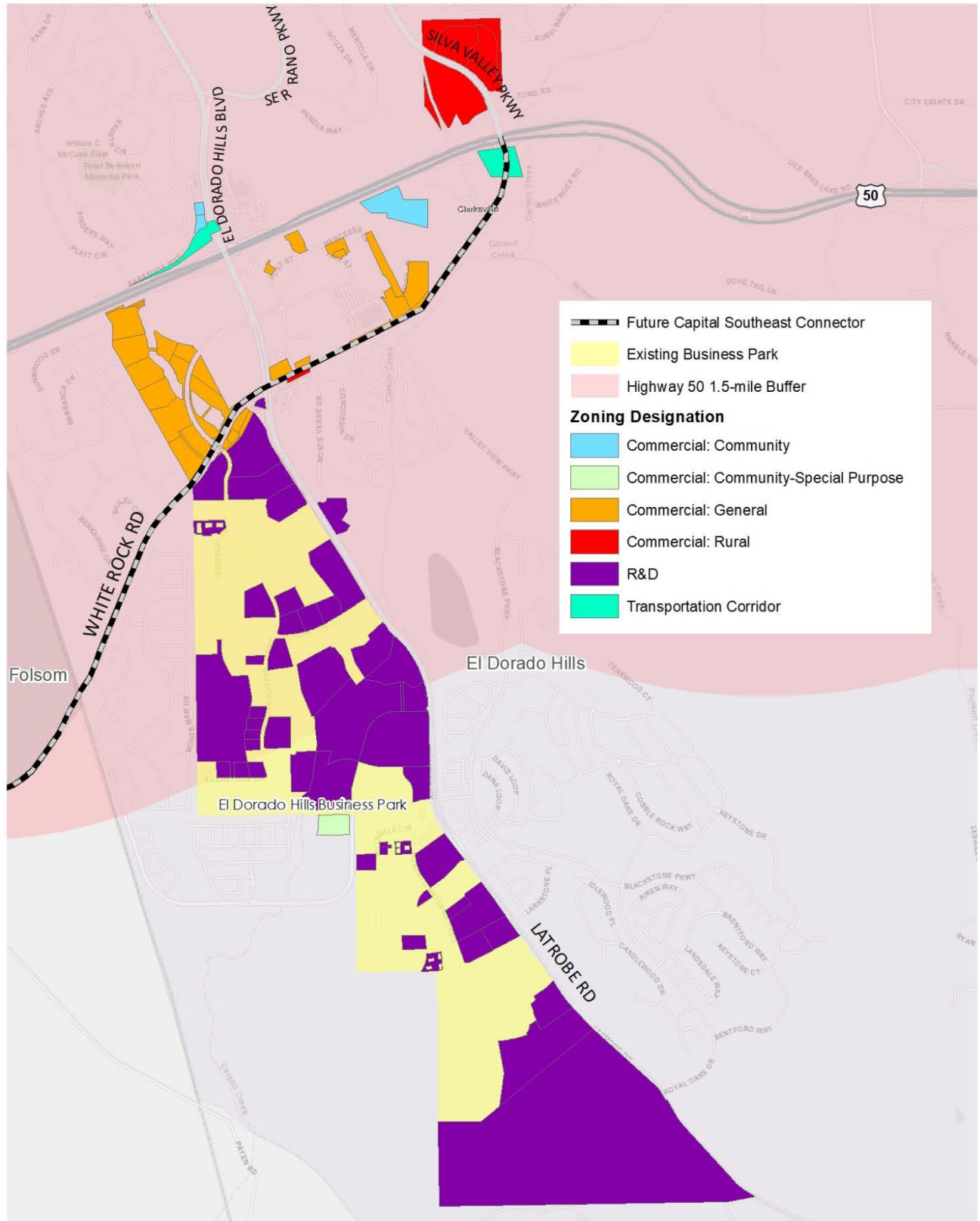
Item	Number of Parcels	Acres	
		Amount	% of Total
<b>Zoning Designation</b>			
Commercial: Community	3	11.24	1.7%
Commercial: Community -Special Purpose	1	4.07	0.6%
Commercial: General	34	76.19	11.3%
Commercial: Rural	6	59.72	8.9%
R&D	48	512.12	76.0%
Transportation corridor	2	10.34	1.5%
<b>Total</b>	<b>94</b>	<b>673.68</b>	<b>100.0%</b>

Real estate brokers consulted for this analysis emphasized the importance of El Dorado Hill’s central location in terms of accessing labor force from both Sacramento and Placerville. The brokers stated that workers find the commute to Placerville from Sacramento and vice-versa an obstacle to long term employment, and El Dorado Hills has the potential to capture workers from both directions. Brokers also relayed that their clients prefer to locate in El Dorado Hills because of the proximity to amenities, including the retail and restaurants in the El Dorado Hills Town Center. One broker specified El Dorado Hills as a key component to bolstering the County’s industrial market because of the limited availability of industrial space east of Rancho Cordova along Highway 50.

***Opportunity Area #2: Cameron Park/Shingle Springs***

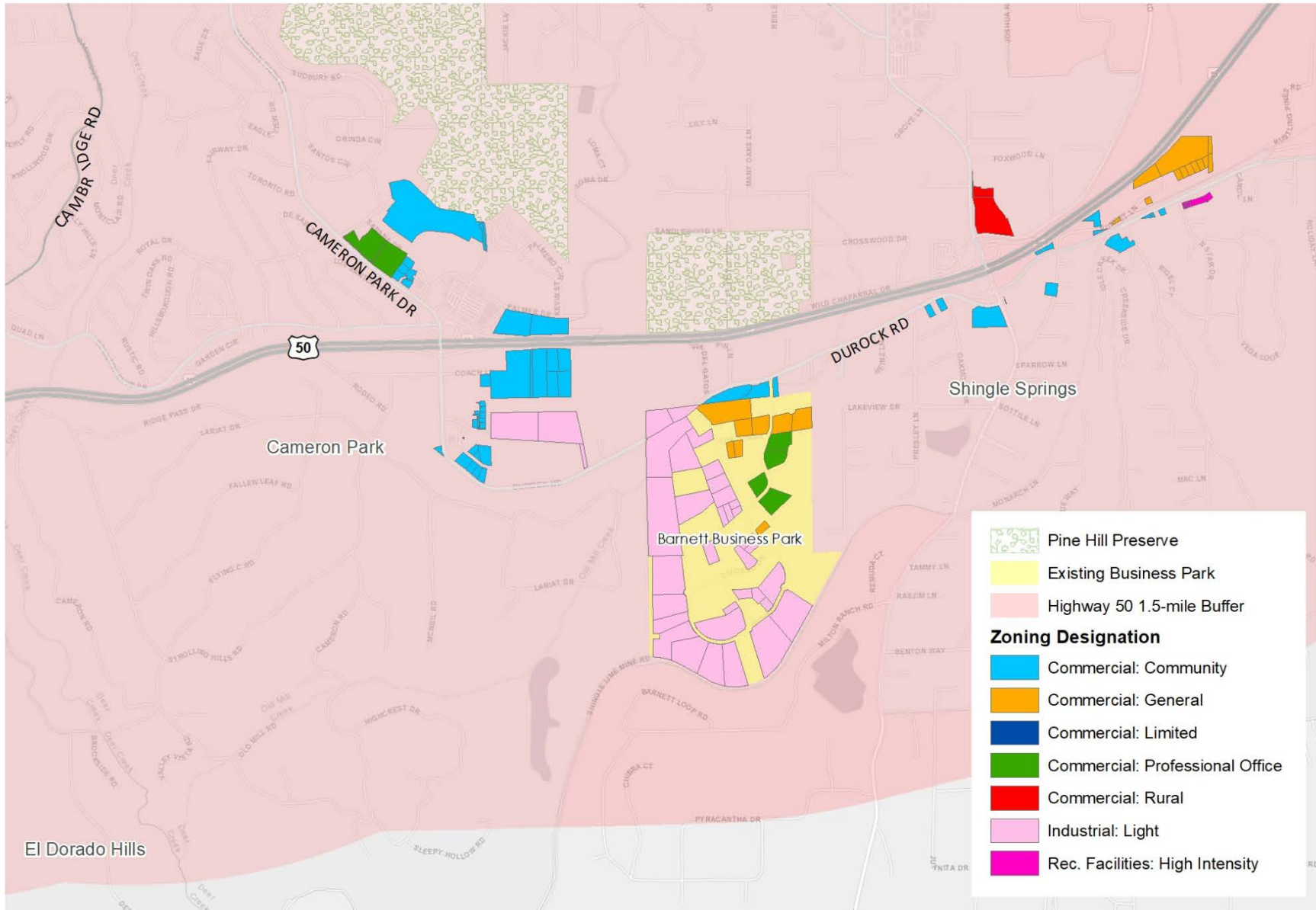
Local brokers frequently identified the area of Cameron Park/Shingle Springs near Durock Road and Barnett Business Park as a secondary opportunity to accommodate future nonresidential development. Refer to **Map 1-3** for the vacant parcels identified in this secondary, proposed opportunity area. The Cameron Park/Shingle Springs area fit the mapping criteria discussed in the methodology above: located adjacent to Highway 50 in a well-populated area, and proximate to existing commercial development and retail amenities. This area contains a large cluster of vacant land comprising over 320 acres on 129 parcels of land and is proximate to existing development. Most of the vacant land is zoned Industrial: Light, which also allows R&D and retail land uses in addition to industrial uses and Commercial: Community, which also allows industrial and R&D in addition to commercial retail and office land uses.

**Map 1-2 Opportunity Area #1: El Dorado Hills Vacant Parcels by Zoning Code**



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**Map 1-3 Opportunity Area #2: Cameron Park / Shingle Springs Vacant Parcels by Zoning Code**



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**Opportunity Area 2: Cameron Park / Shingle Springs**

Item	Number of Parcels	Acres	
		Amount	% of Total
<b>Zoning Designation</b>			
Commercial: Community	53	130.43	40.7%
Commercial: General	20	28.18	8.8%
Commercial: Limited	2	0.02	0.0%
Commercial: Professional Office	8	18.04	5.6%
Commercial: Rural	3	7.96	2.5%
Industrial: Light	36	134.4	42.0%
Recreational Facilities: High Intensity	7	1.21	0.4%
<b>Total</b>	<b>129</b>	<b>320.24</b>	<b>100.0%</b>

Brokers identified the benefit of locating nonresidential development in the Cameron Park/Shingle Springs area is the proximity to the residential development (labor force) in Cameron Park and also the ability to draw workers from eastern Sacramento County and western El Dorado County, as it is not considered “too far up or down the hill”. Please note, parcels located the northern portion of Opportunity Area #2 are proximate to the Pine Hill Preserve, a designated area established to protect rare native plants. Staff from the County Surveyor’s Office indicated that the Planning Department is currently working on approving the final map of the Pine Hill Preserve area and there may be changes to the Pine Hill Preserve areas shown in **Map 1-3** that could potentially affect the ability to develop certain areas if designated as a preserve.

***Opportunity Area #3A: Diamond Springs (outside MC&FP project area); #3B: Diamond Springs (West of Park West Business Center); or a Combination of #3A & #3B***

The third potential opportunity area offers two distinct subareas or a combination of both for consideration. Opportunity Area #3A comprises a small cluster of vacant parcels zoned as Commercial: Main Street located outside of the MC&FP project area to the south. This area encompasses 10 parcels and about 12 acres of land. While this cluster is located beyond the 1.5-mile buffer from Highway 50, it is close to State Route 49 with direct access to Highway 50 via Missouri Flat Road. Opportunity Area #3A is adjacent to the existing MC&FP project area, which represents a vital commercial center in the County and is planned to accommodate an additional 550,000 square feet in nonresidential development over the next 20 years. While a little further from a major arterial roadway, brokers indicated that the relative proximity of Opportunity Area #3A to Park West Business Center and future MC&FP project development has potential to support additional nonresidential development.

Because Opportunity Area #3A is a fairly small cluster, County staff supported the notion of an alternative or additive opportunity area for consideration.

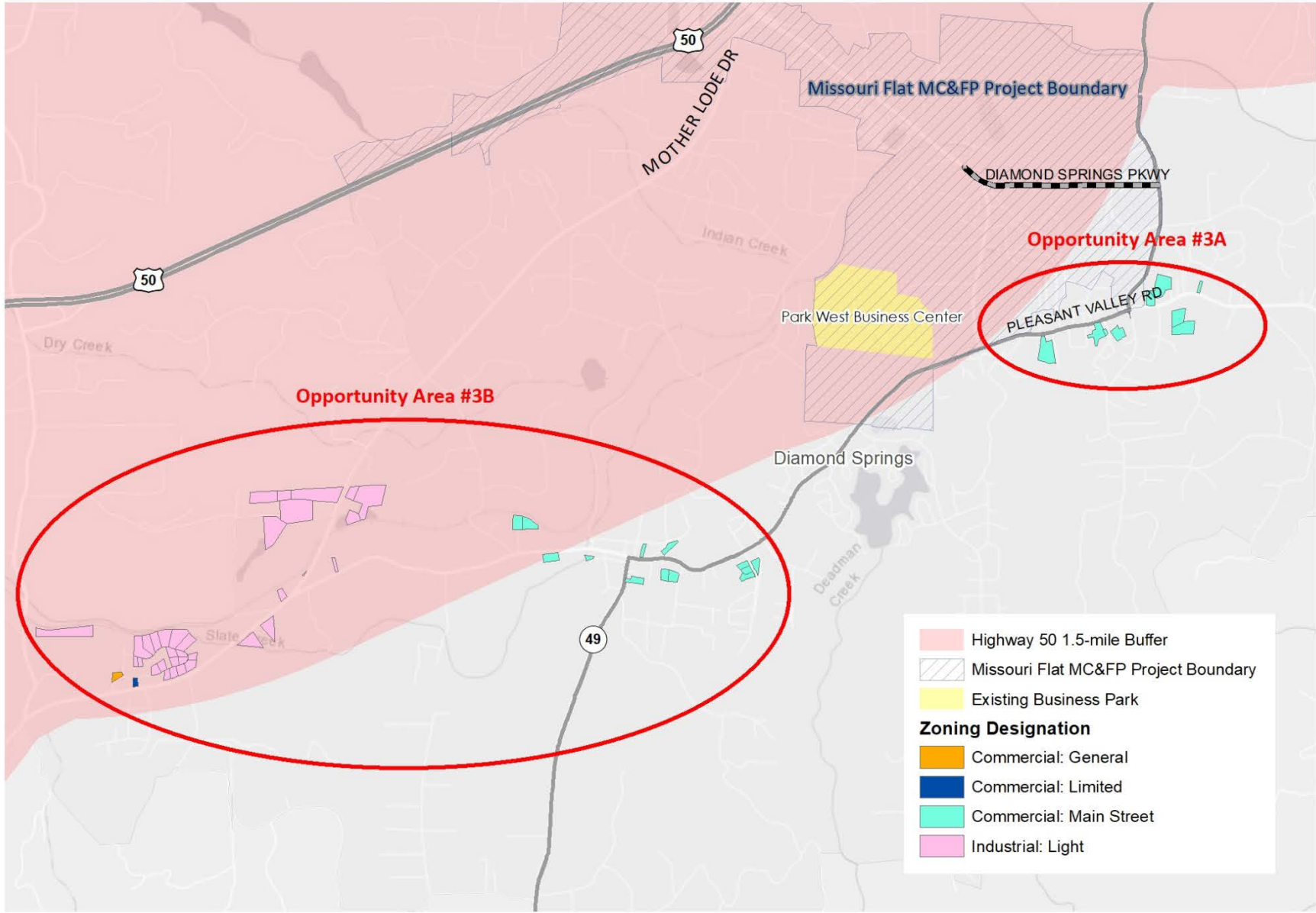
Opportunity Area #3B is located west of the Park West Business Center and comprises 48 parcels on about 61 acres of land. While this area is adjacent to Highway 50, there is no immediate direct access: users can access Highway 50 via Mother Lode Dr to Greenstone Road, Mother Lode Dr to El Dorado Road, or from Highway 49. In this area some of the chosen parcels fall outside of the 1.5-mile buffer, but are included as they are contiguous parcels along the major road and represent tracts of land that can accommodate large-scale development prospects.

If combined, Opportunity Area #3 would contain about 58 acres of land, most of which is zoned Industrial: Light, accommodating a range of nonresidential uses. See **Map 1-4** for both proposed opportunity areas.

**Opportunity Area 3: Diamond Springs**

Item	Opportunity Area #3A			Opportunity Area #3B			Combined Areas		
	Number	Acres		Number of	Acres		Number	Acres	
	of Parcels	Amount	% of Total	Parcels	Amount	% of Total	of Parcels	Amount	% of Total
<b>Zoning Designation</b>									
Commercial: General	0	0	0.0%	1	0.58	0.9%	1	0.58	0.8%
Commercial: Limited	0	0	0.0%	1	0.36	0.6%	1	0.36	0.5%
Commercial: Main Street	10	12.71	100.0%	13	9.43	15.4%	23	22.14	29.9%
Industrial: Light	0	0	0.0%	33	50.98	83.1%	33	50.98	68.8%
<b>Total</b>	<b>10</b>	<b>12.71</b>	<b>100.0%</b>	<b>48</b>	<b>61.35</b>	<b>100.0%</b>	<b>58</b>	<b>74.06</b>	<b>100.0%</b>

Map 1-4 Opportunity Areas #3A and #3B: Diamond Springs Vacant Parcels by Zoning Code



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## Opportunity Areas Proposed to be Eliminated from Future Study

The following initial opportunity areas are proposed to be eliminated from future study based on the rationale described below. Maps of these opportunity areas are provided in **Appendix C** for reference.

### *Opportunity Area #4: Meyers*

Meyers is a small unincorporated community located adjacent to Highway 50, south of the City of South Lake Tahoe. This potential opportunity area comprises 190 acres of vacant commercial and industrial land on 150 parcels. However, this area was eliminated from further consideration based on discussions with area brokers, who indicated the considerable distance from large labor force areas such as Folsom and Sacramento; the difficulty for industrial truck traffic and commuters from the steep contours and winding roads; and almost 67 percent of parcels are located on conservancy land or owned by the U.S. Forest Service, of which the ability for commercial development is undetermined thereby representing increased risk to the development community.

### *Opportunity Area #5: Cool*

While the area of Cool is proximate to two arterial roadways, State Route 193 and State Route 49, and 6.7 miles from Interstate 80, the small unincorporated area was eliminated from further study because of the limited amount of available commercial and industrial acreage comprising approximately 76 acres on 9 parcels, of which, the County Economic Development Department relayed that there are two potential retail projects currently in the development pipeline, further reducing the amount of the available land.

### *Opportunity Area #6: Camino*

Camino is a Census Designated Place located along Highway 50, about 7.5 miles east of Placerville. This area was eliminated based on input from real estate brokers indicating a lack of interest from prospective nonresidential users, as well as the small amount of available commercial and industrial acreage, comprising approximately 54 acres on 10 parcels.



## APPENDICES:

- Appendix A: El Dorado Zoning Permitted Uses and Development Standards
- Appendix B: Opportunity Areas Assessment  
Real Estate Professionals Interviews
- Appendix C: Opportunity Areas Proposed to Be Eliminated from Future Study



APPENDIX A:  
El Dorado Zoning Permitted Uses and  
Development Standards

**Table A-1  
El Dorado County  
Opportunity Areas Assessment  
County Zoning Permitted Uses and Development Standards [1]**

Zoning Designation	Building Parameters	Retail	Office	Industrial	R&D	Residential		Hotel	Other
						SFR	MFR		
<b>COMMERCIAL</b>									
<b>Commercial Community</b>		X	X	X [2]	X [3]			X	X [4]
<i>Density (FAR)</i>	0.85								
<i>Minimum Lot Size (Sq. Ft.)</i>	4,000								
<i>Maximum Building Height (Ft.)</i>	50								
<b>Commercial General</b>		X		X					X [5]
<i>Density (FAR)</i>	0.85								
<i>Minimum Lot Size (Sq. Ft.)</i>	10,000								
<i>Maximum Building Height (Ft.)</i>	50								
<b>Commercial Rural</b>		X	X		X [3]			X	X [6]
<i>Density (FAR)</i>	0.50								
<i>Minimum Lot Size (Sq. Ft.)</i>	10,000								
<i>Maximum Building Height (Ft.)</i>	40								
<b>Commercial Limited</b>		X							
<i>Density (FAR)</i>	0.85								
<i>Minimum Lot Size (Sq. Ft.)</i>	4,000								
<i>Maximum Building Height (Ft.)</i>	50								
<b>Commercial Professional Office</b>			X		X [3]				X [4]
<i>Density (FAR)</i>	0.85								
<i>Minimum Lot Size (Sq. Ft.)</i>	6,000								
<i>Maximum Building Height (Ft.)</i>	50								
<b>Commercial Main Street</b>		X	X		X			X	
<i>Density (FAR)</i>	2								
<i>Minimum Lot Size (Sq. Ft.)</i>	None								
<i>Maximum Building Height (Ft.)</i>	50								
<b>INDUSTRIAL</b>									
<b>Industrial Light</b>		X		X	X				X [7]
<i>Density (FAR)</i>	0.85								
<i>Minimum Lot Size (Sq. Ft.)</i>	10,000								
<i>Maximum Building Height (Ft.)</i>	50								
<b>R&amp;D</b>		X		X	X				X [7]
<i>Density (FAR)</i>	0.50								
<i>Minimum Lot Size (Sq. Ft.)</i>	10,000								
<i>Maximum Building Height (Ft.)</i>	50								

**Table A-1  
El Dorado County  
Opportunity Areas Assessment  
County Zoning Permitted Uses and Development Standards [1]**

Zoning Designation	Building Parameters	Retail	Office	Industrial	R&D	Residential		Hotel	Other
						SFR	MFR		
<b>SPECIAL PURPOSE</b>									
<b>Recreational Facilities: High Intensity</b>		X [8]							
<i>Density (FAR)</i>	N/A								
<i>Minimum Lot Size (Sq. Ft.)</i>	20,000								
<i>Maximum Building Height (Ft.)</i>	35.00								
<b>Transportation Corridor</b>									
<i>Density (FAR)</i>	N/A								
<i>Minimum Lot Size (Sq. Ft.)</i>	None								
<i>Maximum Building Height (Ft.)</i>	None								

zoning

Source: El Dorado County Zoning Ordinance (Title 130, El Dorado County Code) Adopted August 14, 2018, Amended January 8, 2019; EPS.

- [1] Reflects zoning designations of parcels in opportunity areas identified for further study only.
- [2] Printing and publishing only.
- [3] Research and laboratory services only.
- [4] Community care facilities, schools: college and university.
- [5] Emergency shelter only.
- [6] Community care facilities only.
- [7] Intensive community services only.
- [8] Arcade and indoor entertainment only.





**APPENDIX B:**  
**Opportunity Areas Assessment**  
**Real Estate Professionals Interviews**

**Table B-1  
 El Dorado County  
 Opportunity Areas Assessment  
 Real Estate Professionals Interviews**

<b>Contact Name</b>	<b>Title</b>	<b>Company</b>	<b>Date of Interview</b>
Bob Kuhl	Director	KW Commercial	December 23, 2019
Tom Conwell Jr.	Managing Director	Newmark Knight Frank Commercial RE	January 3, 2020
Dan Green	Associate	Colliers	January 6, 2020
Doug Quiroz	President	Cemo Commercial, Inc.	No response

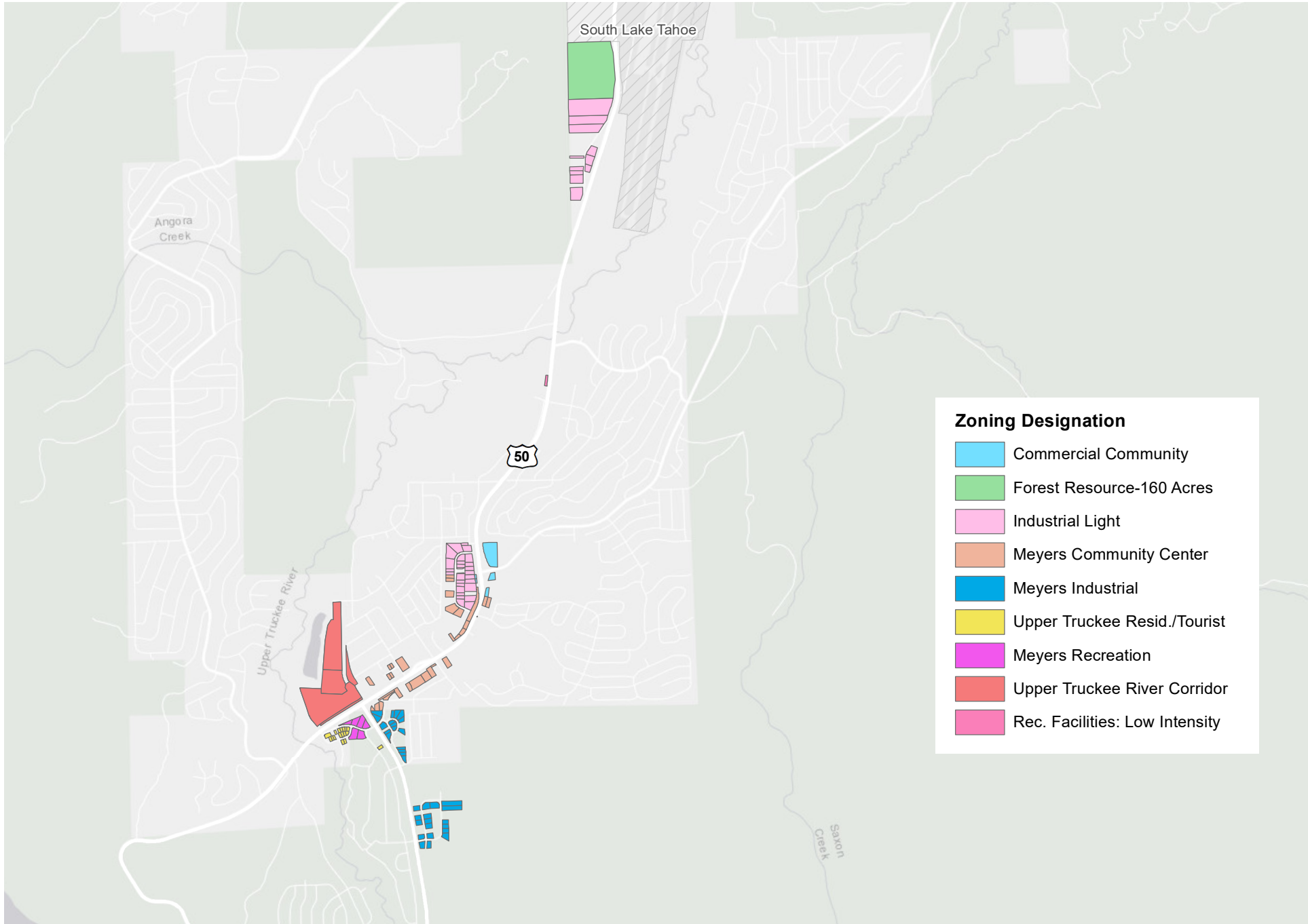
Source: EPS.



## APPENDIX C: Opportunity Areas Proposed to Be Eliminated from Future Study

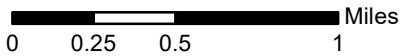
Map 1-6	Opportunity Area #4: Meyers
Map 1-7	Opportunity Area #5: Cool
Map 1-8	Opportunity Area #6: Camino

# Map 1-6 Opportunity Area #4: Meyers Vacant Parcels by Zoning Designation



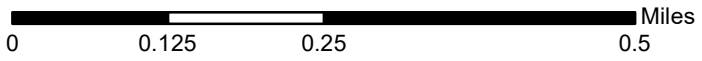
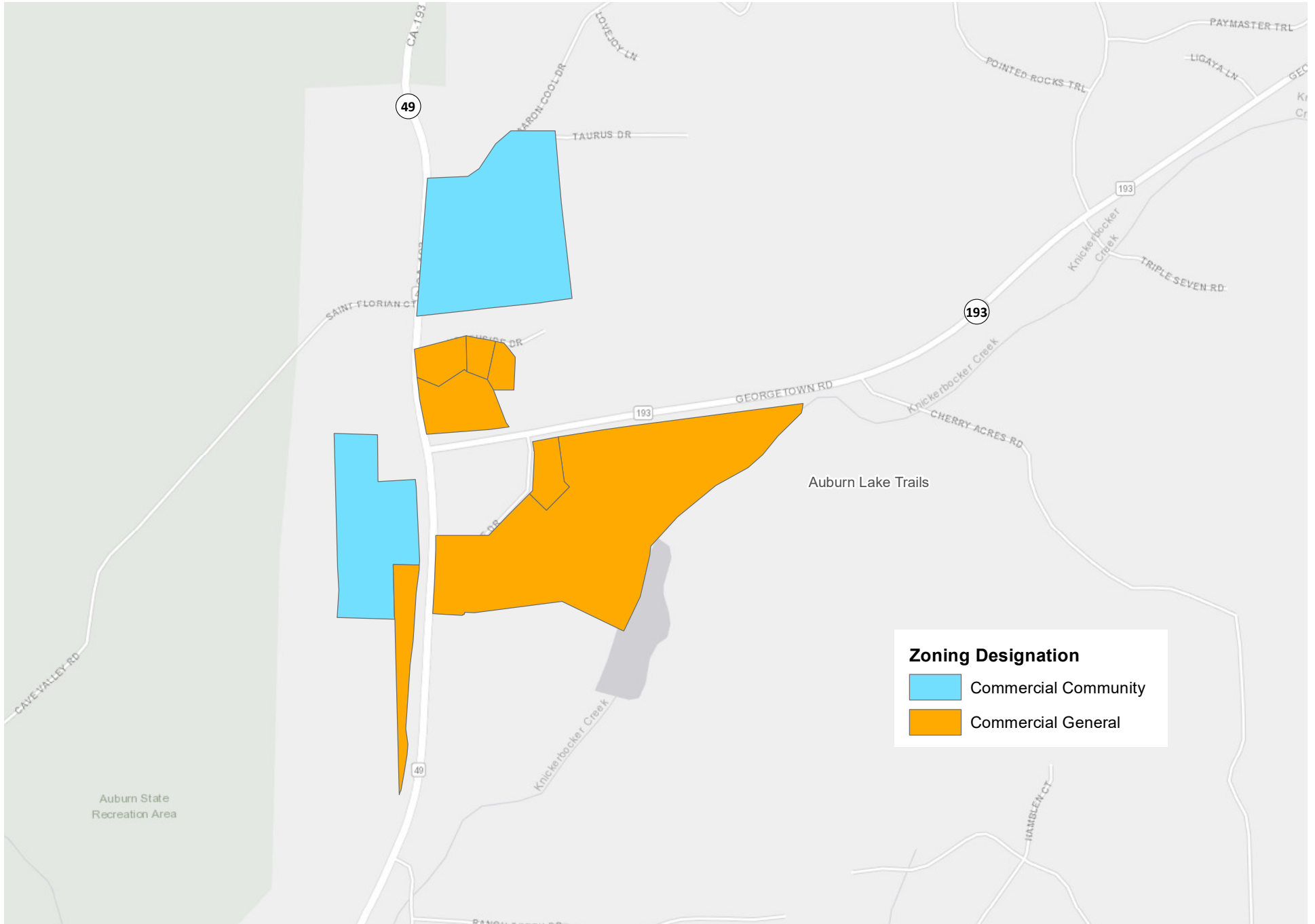
**Zoning Designation**

- Commercial Community
- Forest Resource-160 Acres
- Industrial Light
- Meyers Community Center
- Meyers Industrial
- Upper Truckee Resid./Tourist
- Meyers Recreation
- Upper Truckee River Corridor
- Rec. Facilities: Low Intensity



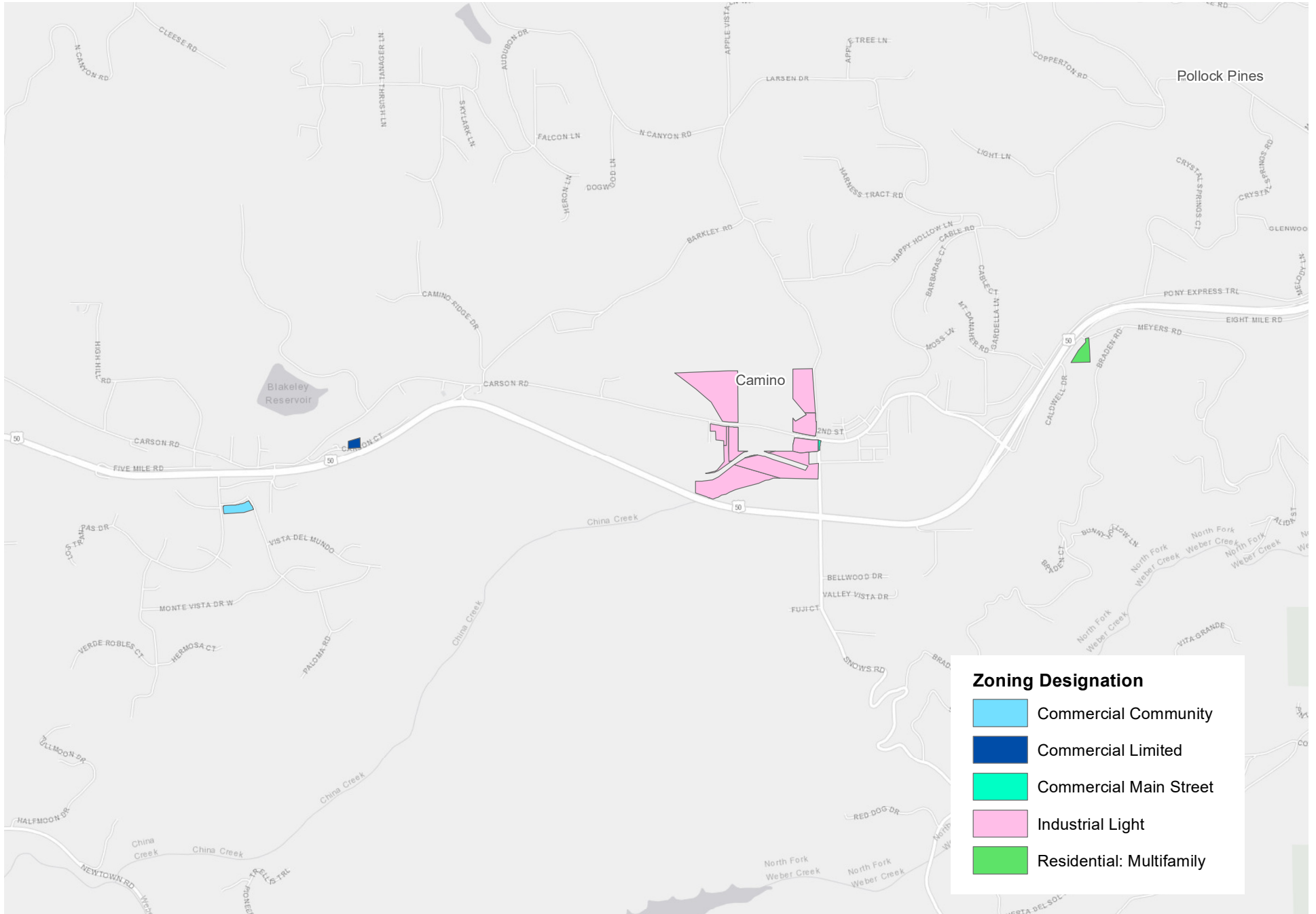
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# Map 1-7 Opportunity Area #5 Cool Vacant Commercial and Industrial Parcels by Zoning Designation



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# Map 1-8 Opportunity Area #6: Camino Vacant Parcels by Zoning Code



**Zoning Designation**

- Commercial Community
- Commercial Limited
- Commercial Main Street
- Industrial Light
- Residential: Multifamily



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