

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY**

DEPT: CHIEF EXECUTIVE OFFICE

BOARD AGENDA# B-11

Urgent _____ Routine X

AGENDA DATE February 15, 2005

CEO Concurs with Recommendation YES X NO _____
(Information Attached)

4/5 Vote Required YES _____ NO ✓

SUBJECT:

AUTHORIZE STAFF TO PROCEED WITH AN ECONOMIC DEVELOPMENT PLANNING STRATEGY FOR A PROPOSED PROJECT AREA WHICH INCLUDES THE CROWS LANDING AIR FACILITY AND ADJACENT PROPERTIES.

STAFF

RECOMMEN-1. AUTHORIZE STAFF TO PROCEED WITH AN ECONOMIC DEVELOPMENT DATIONS: PLANNING STRATEGY FOR A PROJECT AREA WHICH INCLUDES THE CROWS LANDING AIR FACILITY AND ADJACENT PROPERTIES.

2. APPROVE THE PROPOSED VISION, GOALS AND OBJECTIVES FOR THE DEVELOPMENT OF THE PROJECT AREA AFTER CONSIDERING THE OPPORTUNITIES, CONSTRAINTS, WORK AND RECOMMENDATIONS OF THE CROWS LANDING STEERING COMMITTEE

(Continued on Page 2)

FISCAL IMPACT:

In fiscal year 2003/2004 the Board appropriated \$350,000 to cover the cost of the Crows Landing Air Facility title transfer, liability insurance, security fencing, development of UXO Protocol and resources conservation services. The remaining balance in this account is approximately \$60,000. Revenues in the annual amount of \$100,000 are paid to the County from agricultural leases of the Crows Landing Air Facility property. The Board has also appropriated \$500,000 in the CEO Operations Budget for land use planning of county owned properties along the Interstate 5 Corridor. In addition, on March 9, 2004, the Alliance and Board approved \$100,000 from the Economic Development Bank to conduct a General Aviation Market Demand Assessment.

BOARD ACTION AS FOLLOWS:

No. 2005-136


MOTION:

Mayfield/Simon unan. Approved Staff Recommendations Nos. 1 and 2, authorized staff to proceed with an Economic Development Planning Strategy for a Project Area which includes the Crows Landing Air Facility and adjacent properties; and, approved the proposed vision, goals and objectives for the development of the Project Area after considering the opportunities, constraints, work and recommendations of the Crows Landing Steering Committee

Simon/ Mayfield (4-1)(O'Brien opposed) Approved Staff Recommendation No. 3; authorized staff to prepare a RFP for a Master Development Planner; and, directed staff to return to the Board for further recommendations relating to the development of a Master Plan

Simon/ Mayfield unan. Approved Staff Recommendation No. 4; authorized the CEO to sign an agreement with Mead and Hunt of Santa Rosa, CA, in the amount not to exceed \$100,000 to conduct a General Aviation Demand Feasibility Study

B11 The Board referred to the CEO, Staff Recommendation No. 5 "approval of a County policy regarding interim use of the Crows Landing Air Facility"



ATTEST:

CHRISTINE FERRARO TALLMAN, Clerk

File No.

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STAFF RECOMMENDATIONS: (Continued from page 1)

3. AUTHORIZE STAFF TO PREPARE A REQUEST FOR PROPOSAL FOR A MASTER DEVELOPMENT PLANNER AND DIRECT STAFF TO RETURN TO THE BOARD FOR FURTHER RECOMMENDATIONS RELATING TO THE DEVELOPMENT OF A MASTER PLAN.
4. AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO SIGN AN AGREEMENT WITH MEAD & HUNT OF SANTA ROSA, CALIFORNIA, IN THE AMOUNT NOT TO EXCEED \$100,000 TO CONDUCT A GENERAL AVIATION DEMAND FEASIBILITY STUDY.
5. APPROVE A COUNTY POLICY REGARDING INTERIM USE OF THE CROWS LANDING AIR FACILITY.

DISCUSSION:

During the past ten years the Board of Supervisors has strategically pursued an increase in land inventory for business park development. The amount of county owned property along the I-5 Corridor in west Stanislaus County has increased significantly with the recent property title transfer of 1352 acres of the Crows Landing Air Facility (Air Facility). The remaining 176 acres of the 1528 acre Air Facility that has also been authorized by federal law for transfer to Stanislaus County will occur as specific areas of environmental contamination is cleaned up.

Land Inventory

Staff, under Board direction, has proceeded with land use planning to increase the amount of property that is available in Stanislaus County for Business Park development. In this regard, planning is occurring along Highway 99 and the I-5 Corridor. Approximately 2100 acres is being master planned in the unincorporated community of Salida, north of the City of Modesto. Over 800 acres have been master planned for business park development near the I-5 and Sperry Road Interchange and has been subsequently annexed to the City of Patterson. The first phase of this Business Park has been constructed.

The Air Facility and other public and privately owned property adjacent to the Air Facility have been subject to economic development feasibility analysis. All or part of this property, approximately 3500 acres, could be designated and rezoned for economic development. Through the appropriate master planning process, portions of this property can be made project-ready as the demand dictates.

Based on current non-residential land use absorption rates the above estimated inventory from both Salida and the Crows Landing Area would last beyond the next fifty years. It is estimated that the annual Industrial/ Business Park absorption rate in Stanislaus County is between 50 and

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100 acres. On average one hundred acres of land built out with a mixed use of office space, distribution and warehousing facilities can result in approximately 1.5 million square feet of building space. However, successful Master Developers often have the capital, knowledge and business connections to build a market for their respective projects. Regarding the development of West Side property, the County is in an excellent position make sufficient raw land available for potential development at a minimal cost to developers. Also, the land area discussed in this report is in a very strategic location. Several developers have expressed interest in portions of the County-owned property. One such developer has proposed a travel center on approximately seventy acres at the Fink Road/I-5 Interchange.

Economic Development Feasibility

Over the past fifteen years the Board has commissioned several studies to explore the economic development feasibility of development along the I-5 Corridor. Staff has made periodic reports to the Board on the various aspects of planning and Business Park development of properties in the area. A study of the reuse of the Air Facility was included in a document entitled "Economic Development Plan" prepared by Kreines & Kreines, Inc. in September of 1989. This report anticipated many of the economic trends that we are experiencing today, including the large number of residents commuting to the Bay Area for more lucrative jobs. The report predicted that, by the year 2010, transportation constraints and the availability of lower wage rates in Stanislaus County would attract businesses to the San Joaquin Valley making it possible for the County to capitalize on resources, like the Air Facility, to foster economic growth and diversification.

As a follow-up to the Economic Strategic Plan, the Board funded the "Air Cargo Airport Feasibility Study" in October 1991. This study explored the possible success of operating the Crows Landing airfield as an inter-continental Air Cargo facility. That report concluded that air cargo services alone would not produce a financial benefit but, when coupled with warehousing and distribution delivery, had the potential to produce substantial benefits to the County and the community. Subsequent staff discussions with officials from the Port of Oakland and other aviation experts have confirmed this conclusion.

In 1999 the Board authorized the "Interstate Highway 5 Corridor Industrial Business Park Feasibility Study". The feasibility study, prepared by EDAW, examined economic development opportunities and constraints at each of the four interchanges along I-5 and at the Air Facility.

This report estimates the cost of providing the necessary backbone infrastructure, i.e. water, waste water system, traffic circulation, etc. for development at each of the sites. At the time of the Study the site at the I-5/Sperry Road Interchange was identified as having the greatest potential for success as a Business Park in large part because of access to public service from the City of Patterson. Subsequently, 800 acres have been successfully master planned for Business Park development and has been annexed to the City of Patterson.

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The Air Facility was also identified as having substantial development potential primarily because it can be operated as a general aviation airport, it can be planned as a unit and with a the minimal amount of capital invested in the raw land.

The other studied areas along the I-5 Corridor were sited as having development potential, although limited and financially more risky because of the lack of backbone infrastructure, public services, restrictive easements, water use allocation, and the distance from large population centers.

To further examine and consider the potential for the Air Facility property, the Board appointed a Steering Committee consisting of members from the West Side, aviation experts, elected officials, developers and community representatives. (The Steering Committee consists of two Board-appointed individuals from each supervisorial district.) Over the past five years the Crows Landing Steering Committee has met twelve times to discuss and propose a vision and future use scenario for the Air Facility.

Experts in Air Cargo and the master planning of air facilities met with the Steering Committee to share their knowledge. Some of those individuals are:

1. David Zehnder, Airport Reuse and Master Planning, Berkeley
2. John Myers, Air Cargo Facility Development Consultant
3. David Nystrom, Project Director, Mather Air Base
4. Ray Keiser, Airport Planning & Air Cargo Consultant –Port of Oakland
5. Mike Willingham, Executive Director, Sebring Regional Airport
6. Stan Kopazc and Steven Grosseman, Director and Manager Oakland International
7. Craig Sanburn and David Heal, Aviation Planning Consultants

The Steering Committee also reviewed a study by the Great Valley Center entitled “The Economic Future of the San Joaquin Valley.” In this document “the coordination and movement of goods was sited as a \$900 billion industry, which is growing at 20% annually. This total represents a larger share of the U.S. gross domestic product than that of health care.

The impact of advanced transportation systems and information technology has been so great that the industry is being increasingly defined as a “logistics” specialty. Logistics involves “the process of planning, implementing, and controlling the efficient, effective flow and storage of raw materials, inventory of finished goods, services and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements”.

In addition to the above information gathering, staff has meet numerous times with representatives from the Federal Aviation Administration and the Caltrans Division of Aeronautics to examine the condition of the Air Facility runways and to explore the process of obtaining state and federal grants for development of general aviation services.

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Opportunities and Constraints:

There are several obvious opportunities to the economic development of properties located on the West Side of the county:

- Adjacent to the I-5 Corridor – less than a mile
- Proximity to the Greater Bay Area and a population base of over 10 million people
- Minimum capital investment in real property
- Unencumbered property – open space
- Growth in land and air distribution industry – movement of goods
- Proximity to a rail line
- Near an energy producing plant – Waste to Energy Facility

Many of the following constraints have been reported to you in previous Board items:

- The lack of and the high cost of providing and upgrading backbone infrastructure
- Property use restrictions, i.e. floodplains, wetlands, endangered species,
- Public utility easements.
- Business Park inventory – unqualified demand for building space
- Zoning – A portion of the property has an Agricultural zoning designation
- Conversion of water use from Agriculture to Industrial use requires Federal and State approval.
- Non-residential only
- Cost of infrastructure may exceed market value of the property
- On-going remediation of soil and water contamination by the Navy

The Vision, Goals and Objectives

In the process of the transferring the Air Facility from the Federal Government to the County the Board has communicated a general vision, goals and objectives for the reuse of the Air Facility. The Steering Committee has added to the Board's vision, goals and objectives as a result of considerable input from aviation and planning experts, knowledge of the economy and the employment needs of the County. The proposed vision is to:

Create a regional job center that provides good paying job opportunities for Stanislaus County residents and for the region.

Some of the target goals and objectives include:

- Planning with open objectives – looking beyond just air service capacities – toward multi-modal transportation and distribution options
- Ground transportation service should be an integral part of a good movement distribution center.
- Capitalizing on the I-5 corridor proximity

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- Securing and maintaining a buffer region
- Developing and implementing a market niche study (market demand study) to determine best use strategies for self-supporting aviation activities.
- Land set aside for runway expansion.
- Maintaining a sensitivity to the communities of Patterson, Newman, and Crows Landing regarding re-use strategies
- Protecting the air facility (and air space) from potential incompatible land uses.
- Developing an entrance presence that makes a positive (esthetic) statement for the project area

The Steering Committee goals are grounded in solid economic development principles that, when executed, will result in meaningful job creation, an increase in the local tax base and a stimulus to the general economy. The objective is to proceed with minimal risk of public investment, quality development and public/private partnerships.

Short-Term Strategy: Board Adopted Reuse Plan

In 2001, as part of the process of transferring the Air Facility to the County, the Board adopted a short-term Reuse Plan for the Air Facility. This Reuse Plan was subject to CEQA review. Under the Reuse Plan the lease of property for agricultural use would continue, environmental clean up would proceed, master planning for future use would be under taken, and the facility would be used for general aviation aircraft prior to any development of the facility. A general aviation permit application would have to be prepared by the County and granted by the Federal Aviation Administration and the Caltrans Division of Aeronautics prior to operation of a General Aviation Airport.

Caltrans has provided the County with a list of necessary runway improvements for a General Aviation permit. The estimated cost of the improvements to the two runways is approximately \$800,000. The County has also had the runway tested for strength and carrying capacity by Mead & Hunt. This same consulting firm has prepared an Airport Layout Plan for consideration by the County, which is necessary to apply for an aviation permit.

For County property located west of the I-5 Interchange, staff recommends the property be used as a buffer to the landfill and as a possible conservation and mitigation bank, making it more feasible for development in other areas of the County. Exceptions to this recommendation may be made if and when a Master Developer expresses an interest and has the resources to provide the necessary infrastructure for non-residential development compatible with the landfill. To provide project-ready infrastructure and public services to this area in anticipation of development would be very costly and of high risk.

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Long-Term Strategy: Planning for the Future

The preparing for the future economic development of property on the Westside will involve substantial complexity, risk and capital investment.

In order to proceed with the type of development envisioned by the Board and the Steering Committee, land within the Project Area will have to be designated in the General Plan from Agriculture to Planned Industrial and rezoned from General Agriculture to specific zoning districts, possibly Planned Industrial or a unique zoning designation established by a Specific Plan. However, before redesignation can occur, findings must be made to demonstrate that the change is consistent with the goals and policies of the General Plan, will maintain a logical land use pattern without detriment to existing and planned uses of the surrounding area, and allows the affected government agencies to maintain reasonable levels of service. In addition, a CEQA environmental document will have to be prepared to assess and mitigate environmental impacts identified from the project.

Generally, the County has done master planning in-house with the use of outside experts as the need requires. However, master planning of a large area for long-term development can be provided in several ways. Some public jurisdictions have chosen to turn over master planning and subsequent development to the private sector through a negotiated agreement(s) that establishes certain planning and development parameters.

Land use master planning should involve a minimum of seven basic steps: 1) develop a vision; 2) identify the current conditions, constraints and opportunities for development; 3) identify the goals for development of the area; 4) identify alternative development scenarios; 5) evaluate those alternatives to determine how they meet the development goals and select feasible, self-sustaining development alternatives; 6) analyze the environmental effects of those alternatives and potential mitigation measures for significant adverse effects; and 7) select a preferred development scenario.

As summarized above, a substantial body of work has already been completed on the first three steps in this process. However, much more work needs to be done in the areas cited above before any portion of the designated land is ready for development.

Moving Forward

As the County moves forward with planning for additional Business Park development it is critical that the Board establish a clear policy for doing so, make available as much information as practical and define level of public investment.

Perhaps the most significant amenities on the Air Facility property are the two runways. However, in order for the runways to be useful repairs need to be made and an aviation permit needs to be obtained from the Caltrans Division of Aeronautics.

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Grant funding is available for the FAA for runway and runway access improvement. However, for the County to qualify for FAA funding for the Crows Landing Air Facility it must be demonstrated that there is a demand for aviation services and that a minimum of ten aircraft owners would use the Air Facility as their home airport.

An Aviation Market Demand Assessment will qualify the Crows Landing Air Facility for the State Airport System Plan and the Federal Aviation Administration (FAA) National Plan, which is also a prerequisite for grant funding to improve runways and provide security to meet aviation standards.

Staff proposed to the Board in 2004, after completing a Request for Proposal process, that the County contract with Mead & Hunt to conduct a General Aviation Market Demand Assessment. This assessment will address the issues of general aviation demand, operational cost, necessary amenities required to build demand, niche market(s) and the need for capital investment and level of public participation. The study will also help determine how much of the airport property would have to be dedicated to airport-related activities to allow the airport to be self-sustaining.

County staff applied for a \$100,000 loan from the Economic Development Bank to fund the Aviation Market Demand Assessment. The Alliance and the Board approved the loan. However, the Board has not approved the contract with the selected consulting firm, Mead and Hunt, to proceed with the study.

Staff has done some of the preliminary work required for a General Aviation Permit. Under a separate work order Mead & Hunt have prepared for the County an Airport Layout Plan, Airspace Planning Document and a Building Area Plan Document. The boundaries to accommodate a general aviation service as been estimated and encompasses approximately 400 acres.

The Aviation Market Demand Assessment and the other previous work regarding the Air Facility and adjacent properties will greatly aide in the master planning process and may make possible a significant amount of funding for runway and access road improvements at the Air Facility.

Selecting a Master Development Planning Strategy

There are several options available to the Board for proceeding with the master development planning of the property discussed in this report. The Board could direct in house staff to prepare a Master Development Plan. This approach would require considerable staff time and consulting experts in order to be successful. This plan could then be implemented by the County or could be contracted to a Master Developer for implementation with a Joint Venture Agreement.

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An alternative is for the Board to contract with a Master Development Planner who has experience with Aviation and mixed-use development. This person would have primary responsibility for preparing a Master Development Plan within the parameters established by the Board and continued assistance from County staff. The advantage for pursuing this alternative is that a Master Development Planner would be more familiar with the interest and capabilities of Master Developers of large land areas. This outsource would be expected to devote full time to this particular planning effort and to produce an economic development plan of the west side project area within a particular schedule.

Once a Master Development Plan is prepared and approved by the Board, more detailed discussion should take place regarding the advantages and disadvantages of the County developing an agreement with a Master Developer as to realize the full potential of the West Side property. The Board would be in a position to decide if contracting for development of public property is the best course of action, or a joint venture with a private developer would better serve the interest of the County and Community.

Interim Use Policy

Numerous organizations and agencies have requested use of the Air Facility on an interim basis. The request is usually for a limited amount of area for motor sports activities, ultra light aircraft and general tourist and recreational activities. Following is a list of some of the request:

1. Stanislaus County International Speedway, Sports and Recreation Center
2. Stanislaus County Aero Modelers
3. Academy of Model Aeronautics
4. AeroVironment Flight Test Series
5. Sports Car Club of America
6. American Auto Cross
7. US Air Force C-17 Air Squadron

Staff recommends that the Board adopt a policy of no interim use of the Air Facility property until the Master Development Planning is complete. This policy will help to protect the viability of the County's agricultural lease and help to minimize disruption of the environmental cleanup activities and master planning efforts.

POLICY ISSUE:

The Board should decide if staff recommendations are consistent with their priority to develop the Crows Landing Air Facility and adjacent area in way that attracts business and enhances employment opportunities in the County.

STAFFING IMPACT:

The CEO Economic Development Unit, Planning and Community Development, Public Works, Environmental Resources and Council will continue to dedicate significant staff resources to the

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planning of West Side either in a direct role of developing a Master Plan or in a supporting role to a Master Development Planner, under Board direction.

ON FILE WITH CLERK:

**ECONOMIC STRATEGIC PLAN, KREINES & KREINES
AIR CARGO AIRPORT FEASIBILITY STUDY
I-5 CORRIDOR INDUSTRIAL/BUSINESS PARK FEASIBILITY STUDY
GREAT VALLEY CENTER'S "The Economic Future of the San Joaquin Valley"
MASTER DEVELOPER ARTICLE**

Economic Strategic Plan

Air Cargo Airport Feasibility Study

I-5 Corridor Industrial/Business Park Feasibility Study

The Economic Future of the San Joaquin Valley

Master Developer Article

