

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

DEPT: Chief Executive Office

BOARD AGENDA # *B-2

Urgent

Routine

AGENDA DATE September 16, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Adopt a Resolution Initiating a Fifth Expansion of the Stanislaus Enterprise Zone by Approximately 778.5 acres in the Communities of Hughson, Newman, Patterson, and Waterford and Authorization to Submit a Zone Expansion Application Request to the State of California

STAFF RECOMMENDATIONS:

1. Adopt a Resolution initiating a fifth expansion of the Stanislaus Enterprise Zone by approximately 778.5 acres in the Communities of Hughson, Newman, Patterson, and Waterford.
2. Authorize staff to prepare and submit a Zone Expansion Application Request to the State of California - Housing and Community Development Agency (HCD).

FISCAL IMPACT:

The Stanislaus County Enterprise Zone (Zone 40), is the result of considerable time, attention, and resources provided by public and private sectors. The cities of Ceres, Modesto, Turlock and the County of Stanislaus worked directly with private business partners and the Workforce Alliance to develop all pre-application and application documents and analysis. This effort included an environmental impact report (State requirement), which was funded jointly by public and private sectors and included an economic development bank grant for \$41,000 dollars matched by a \$30,000 private/business sector contribution.

BOARD ACTION AS FOLLOWS:

No. 2008-654

On motion of Supervisor Grover, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, and Vice-Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: Mayfield

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

DISCUSSION:

On December 6, 2005 the Board of Supervisors adopted and certified the program Environmental Impact Report (EIR) for the Stanislaus County/Highway 99 Corridor Enterprise Zone (Zone 40). In January 2006 Stanislaus County received its first Enterprise Zone designation with an official effective date retroactive to November 16, 2005. The initial approval included the communities of Ceres, Turlock, Modesto, and parts of unincorporated Stanislaus County. The Zone 40 core footprint totals 67,508.98 acres.

In accordance with State Enterprise Zone law, up to 15% of total (original) zone designation can be sought for zone expansion purposes. In the Zone 40 (Stanislaus) instance this equates to approximately 10,126.35 acres of potential expansion.

To prepare for future expansion processes the original Zone 40 workgroup (comprised of the initial applicant jurisdictions and the County) prepared an expansion criteria primer, which was approved by the Board of Supervisors on February 7, 2006.

Expansion History in Stanislaus County

The Zone 40 work group has aggressively marketed the enterprise zone incentives since program inception. Four (4) successful expansions have been awarded since initial Zone approval. (See attached allocation history and expansion map)

Phase I: In January 2007 the State of California approved significant components of a phase I Zone expansion (3,090 acres) retroactively to July 1, 2006. Several phase I expansion areas were not approved at initial application due to a non-contiguous alignment with the base zone. This issue was later resolved with assistance from new legislation (AB1550) approved in November 2006, which provided significant latitude regarding non-contiguous applications in instances where local strategic planning efforts identified significant need. Those areas in the proposed Modesto expansion were revisited by the State and approved with an effective date of October 1, 2006.

Phase II: On March 20, 2007 the community of Hughson submitted an expansion request for a total of 215 total acres. This expansion was approved by the State with an effective date of May 1, 2007.

Phase III: On May 15, 2007 Stanislaus County made application on behalf of Bronco Winery (unincorporated county) for 120 total expansion acres. The Bronco Winery application was approved by the State with an effective date of July 1, 2007.

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Phase IV: On February 12, 2008 the communities of Turlock and Patterson submitted an expansion request for a total of 809 acres. This application was approved by HCD with an effective date of June 12, 2008.

Current Expansion Request: Phase Five Application

The Cities of Hughson, Newman, Patterson and Waterford are the expansion Phase V applicants. Following the expansion criteria developed by the Zone 40 workgroup and approved by the Board of Supervisors – the expansion applications were received and reviewed by the Zone 40 workgroup on May 21, 2008 (The City of Newman's application was reviewed electronically by the Zone 40 team). It was the workgroup's unanimous determination that all phase five expansion requests meet the specified criteria which includes:

- Business interest
 - Business interest should include a discussion of the number of businesses interested, number of potential new jobs created, expansion and retention issues, and overall private sector commitment to the zone philosophy
- Community support/commitment
 - Community support and commitment should include a discussion of public sector (community/jurisdictional) administrative support, including local human resources and logistics, local promotional commitment and acceptance of the resolution requirements set forth by the State (Housing and Community Development) HCD.
- Land Eligibility – Status of Development
 - Land eligibility should include detailed discussion regarding the development ready/capacity of zone expansion requests. This should (at minimum) discuss general plan and zoning designations, infrastructure status, extent of existing development (synergy), and speak directly to the “business readiness” of the location.

The phase five expansions include primarily commercial and light industrial properties. The 778.5 proposed expansion acres are currently located within respective city limits/spheres with right of way acreage accounted for in the Waterford and Newman applications. There are no right of way issues to consider in the Patterson and Hughson applications, as both of these expansion requests are contiguous to earlier Zone 40 boundary development.

City of Hughson: Expansion Acreage – 54.5 acres

The city of Hughson is applying for their second Zone 40 expansion request. The area requested has recently been annexed into the City of Hughson and is zoned industrial.

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The area is currently undeveloped however the properties are fully served by the City for future business development projects.

Business Interest

The City has provided letters of support from businesses located in the proposed area and has identified existing manufacturing that wishes to expand current operations. In addition, several large new business possibilities are interested in this location with a potential to create up to 150 new living wage jobs.

Community Support

Through the prior expansion and subsequent activity, the City has demonstrated their commitment and support of the Zone 40 program. The City of Hughson is fully committed to assist in marketing, community presentations and Zone 40 team activities. The City Manager is the local program administrator for the proposed expansion.

Land Eligibility/Status of Development

The proposed acreage is zoned industrial and is within the city limits. The properties are fully served by the city and include all infrastructures. In addition, there is an interested property owner ready to actively participate in the marketing and development of this location. The expansion areas attach to the existing Stanislaus Enterprise Zone boundary and are either contiguous or connected by public conveyance. The City's sewage treatment plant is currently being upgraded and is at 100% design. The projected completion date is spring of 2010. The City currently has limited capacity until the expansion to the Waste Water Treatment Plant is completed.

City of Newman: Expansion acreage – 401 acres

The City of Newman is making an initial application for Zone 40 inclusion. The proposed expansion area includes industrial and commercial areas bordering Hwy 33 as well as the Newman Industrial Park. Approximately 20% of the proposed area to the north is in the City's sphere of influence and is currently zoned industrial in the City's General Plan, which defines this area as future industrial park.

Business Interest

Over 100 businesses are currently located in the Zone expansion area. The majority of these businesses are small, locally owned and may be able to expand operations and hire additional employees due to the benefits associated with an enterprise zone program. The success of these small businesses is a key component to continued economic development and job creation within the City of Newman. The City has provided several letters of support for the expansion of the zone area. Further, the City has provided an extensive listing of businesses that would be located in the Zone area.

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Community Support

The City Council, City Manager, and staff are committed to the Zone 40 program and will be fully engaged in the marketing and promotion of zone benefits to the Newman business community. City staff will become an active member of the Zone 40 team assisting in countywide marketing efforts, marketing support and program assistance as required. The City Manager will be the program administrator for the proposed Newman area expansion request.

Land Eligibility/Status of Development

80% of the proposed expansion area is located in the City of Newman and is a mixture of industrial and commercial zoning. The remaining 20% is in the City Sphere of Influence (SOI) and is expected to be submitted to LAFCO for annexation consideration within the year. The General Plan designation for this acreage is industrial. Nearly all acreage is currently fully served with City infrastructure and is capable of supporting expansion and/or new development in the area.

City of Patterson: Expansion Acreage – 64 acres

The City of Patterson is applying for a third Zone 40 expansion request. The area requested represents the Patterson airfield and is the remaining acreage designated as a part of the West Patterson Business Park. The area of proposed expansion is contiguous to the current Zone 40 area within the West Patterson Business Park.

Business Support

There is limited, direct business support or reference to existing business for this acreage as there is limited development in the area. However, the property is contiguous to a very large Business and Industrial development (West Patterson Business Park) and is strategically situated in close proximity to Interstate 5 (I-5) and the Sperry Road interchange. There has been some significant new business interest in the zone expansion area for possible industrial and commercial uses that could bring a minimum of 1,000 additional jobs to the area.

Community Support

Through prior expansions and on-going zone activity, the City of Patterson has fully demonstrated their involvement in marketing and business participation. This expansion will allow the City to respond to direct development interest on the 64-acre site. The City Manager is the program administrator for the proposed City of Patterson expansion area.

Land Eligibility/Status of Development

The proposed expansion area is currently undeveloped, zoned industrial and is fully served by the City with all required infrastructure. The City's water and sewage treatment plants both have substantial unused capacity to meet the needs of existing businesses seeking to expand as well as new industrial or commercial development.

This proposed expansion also aligns with the footprint boundary of the West Patterson Business Park development.

City of Waterford: Expansion acreage – 259 acres

The City of Waterford application is this community's initial enterprise zone inclusion request. The expansion includes the principal downtown area as well as commercial property bordering Hwy 132 entering the City. All areas are within the current city limits. The acreage includes right of way land, which connects the proposed zone area to the existing Zone 40 boundary at the intersection of Yosemite Blvd (Hwy 132) and Root Road, via Hwy 132 East, a distance of 7.25 miles.

Business Interest

The City has provided a number of support letters from business owners in the proposed expansion area. In addition the City has identified and contacted all business located in the proposed zone area.

Community Support

This expansion application is the first Enterprise Zone activity for the City of Waterford. To promote the support for the application, the City Manager, staff and City Council have been fully engaged in the process and have attended information sessions prior to the submittal of the application. The community is committed to full participation in all marketing, community presentations/outreach and all other Zone 40 activities once approved.

Land Eligibility/Status of Development

The proposed expansion area is a combination of developed and undeveloped land, the majority of which is zoned commercial. There are a few smaller areas zoned industrial. The primary industrial land designations for the City are non-contiguous and to the north of the downtown area. A subsequent application for expansion may be presented at a later date to incorporate this proposed industrial area. All proposed expansion acreage is fully served with city infrastructure.

The Zone 40 workgroup believes that the phase five-expansion application areas provide viable business retention and expansion locations, are appropriate examples of well-defined processes, are fully supported by local communities, and include clear and defensible expansion methodologies.

Enterprise Zone Remainder: The Big Picture

This fifth phase expansion of approximately 778.5 acres is 34% of the total expansion remainder (2,296.35). With approval of this expansion request, there will be a zone balance of 1,517.85 to be considered for future expansion.

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The original zone application clearly defined our intention to include all interested jurisdictions in Stanislaus County. Through a very inclusive, successful zone expansion protocol that regional intent will be realized with this expansion. The Cities of Waterford and Newman will have joined all seven of the incorporated jurisdictions in utilizing this powerful job creation and job retention incentive program.

The Enterprise Zone program can be a very powerful relocation or business expansion tool. With several large development project areas on the horizon the greatest and best regional uses should continue to be a primary focus. The remaining 1,517.85 acres will require careful consideration into the future.

POLICY ISSUES:

The Board of Supervisors should consider the Enterprise Zone expansion request for the Cities of Hughson, Newman, Patterson, and Waterford and determine whether this effort is consistent with stated board objectives of Strong Local Economy and developing Strong and Effective Partnerships.

STAFFING IMPACTS:

The Stanislaus Economic Development and Workforce Alliance has been identified as the Enterprise Zone Administrator however, there will be on-going County staff time required to assist the preparation and review of expansion recommendations and reports. The Chief Executive Office – Economic Development Unit, Planning and Community Development, and Public Works departments (GIS technical support) will provide on-going assistance with this effort including the preparation of formal expansion applications to the State of California – Housing and Community Development Agency.

Attachments:

1. Expansion Allocation History / Expansion Map
2. E.Zone Application Summaries: Hughson, Newman, Patterson, Waterford

ATTACHMENTS AVAILABLE
FROM YOUR CLERK

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

*B-2

Date: September 16, 2008

No. 2008-654

On motion of Supervisor Grover Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, and Vice-Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: Mayfield

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Approval to Adopt a Resolution Initiating a Fifth Expansion of the Stanislaus County Enterprise Zone 40 by Approximately 778.5 Acres and Authorization to Submit a Zone Expansion Application Request to the State of California

WHEREAS, Stanislaus County has historically had high unemployment rates and significant job to housing imbalances; and

WHEREAS, Stanislaus County, the communities of Ceres, Modesto, Turlock, and the private business sector have successfully partnered to develop, apply and be awarded with one of the most recent State Enterprise Zone designations – Zone 40 in Stanislaus County which was established on November 16, 2005; and

WHEREAS, the current Stanislaus County Enterprise Zone consists of approximately 67,500 total acres; and

WHEREAS, existing law allows an enterprise zone to expand its geographic boundaries by up to a maximum of 15% of the original zone boundaries; and

WHEREAS, the Stanislaus Enterprise Zone has the current expansion capacity of approximately 10,100 acres; and

WHEREAS, the Stanislaus County Board of Supervisors (on February 7, 2006) approved an expansion criteria protocol which includes all initial zone participants - designated as the zone 40 workgroup; and

WHEREAS, there have been four successful Zone expansions to date; and

WHEREAS, the Stanislaus Enterprise Zone expansions approved to date have totaled 7,830 acres leaving an expansion zone remainder of 2,296.35 acres as balance for future expansion activities.

NOW, THEREFORE BE IT RESOLVED that the Stanislaus County Board of Supervisors does hereby unanimously proclaim that the Phase Five Enterprise Zone expansion application for approximately 778.5 total acres is of significant importance to the continued vitality and development of our local economies. The Board further authorizes County staff to prepare and submit a formal expansion application to the State of California – Housing and Community Development Agency per authorized procedural guidelines.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California


