



Community and Economic Development

P.O. Box 642
Modesto, California 95354
209.577.5200
Modestogov.com

September 22, 2023

Dear Members of the Economic Development Action Committee,

I am writing on behalf of the City of Modesto's Community and Economic Development Department to submit our comments on the Draft 2023-2028 Comprehensive Economic Development Strategy (CEDS) document.

We appreciate the opportunity to review and provide feedback on this important document. Our team has thoroughly reviewed the draft and we are generally supportive of the strategies and goals outlined. However, we would like to highlight a few projects and initiatives wherein we believe an additional focus could enhance the overall impact of the CEDS, particularly in its role to align regional infrastructure efforts.

Downtown Modesto

Modesto is the county seat for Stanislaus County with a population of over 215,000 residents. The Tri-County Region's population of 1.5 million, with a combined workforce of 518,000, forms the megaregion of the north Central Valley. Modesto's 100-mile market radius encompasses over \$1 Trillion GDP, larger than 47 states. Modesto intersects agriculture, manufacturing, distribution, services, and technology with affordable livability. Modesto feeds the world with its bounty. Our fertile environment yields hundreds of agricultural products and plentiful farmer's markets as well as fruit stands. Leading agribusiness companies call Modesto home, as do their top-tier professionals who are on the cutting edge of the agricultural industry worldwide.

As such Modesto's Downtown is the heart of California and is intricately bound to the growth of region's gross domestic product—a thriving Downtown Modesto is a thriving regionally economy. At the last count, Downtown Modesto contained approximately 32 jobs per acre and maintained a value of \$2.3M per acre, which is the highest density of jobs and real-estate in the County. Downtown Modesto is worthy of regional infrastructure investment as a vehicle for economic opportunity for residents throughout the County.

MODESTO

The following is a list of planned water capacity projects that if funded would unlock density and catalyze job opportunities in Downtown:

Downtown	Fire	Flow	Pipeline	Improvements:
New 8-inch diameter pipelines		2,230 LF	\$724,750	
New 12-inch diameter pipelines		29,540 LF	\$11,077,500	

Downtown	Strengthen and Replace (S&R)	Improvements:
Upsize to 8-inch diameter pipes	59,640 LF	\$19,383,000

Downtown	Grid	Improvements:
Distribution/ transmission improvements for new 12-inch diameter pipelines along	the	following:
- 5th Street between G Street and H Street		
- H Street between 5th Street and South Washington Street		
Sub-Total:	2,100 LF	\$1,207,500

Downtown Water Capacity Infrastructure \$32,392,750

Transit Oriented Development in Downtown – Modesto ACE

The Altamont Corridor Express (ACE) train is a commuter rail service that operates between Stockton and San Jose, with plans to extend service to Modesto Downtown, the County Seat of Stanislaus County, and the heart of California. The ACE train offers four weekday, round-trip routes with 10 stops, connecting the Central Valley to the Tri-Valley and Silicon Valley. It provides a comfortable, stress-free alternative to driving, helping to alleviate traffic congestion and reduce carbon footprints.

The ACE train trips are specifically timed for commuters to Bay Area jobs. By extending this service to Modesto, the ACE train could provide residents with greater access to job opportunities in the Bay Area. While we would prefer businesses relocate to the heart of California, reducing the need to commute, providing a commuter rail service can increase the job access and support transit-oriented development near the proposed station location. Such development can stimulate local economies by attracting businesses and residents, increasing property values, and encouraging pedestrian activity. Transit orient development is important for Modesto for several reasons:



- Bolster tourism, bringing additional revenue to the region.
- Support sustainable transportation choices, resulting in lower levels of vehicle use, reduced greenhouse gas emissions, improved air quality, and healthier lifestyles.
- Stimulate economic growth by attracting businesses and residents, increasing property values, and encouraging pedestrian activity.
- Promote equity—when people can live near transit, they have affordable access to jobs, shops, services, and community without the need to pay for a car.
- Cultivate healthy, sustainable, vibrant communities focused more on placemaking, aesthetics, and walkability. Increased ridership on transit systems is spurred by a planning process that encourages the location of housing and amenities in proximity.

The extension to Modesto is part of a larger plan to eventually reach Merced. Merced is the planned terminus in the northern Central Valley for the California High Speed Rail system. The ACE train extension provides an opportunity to connect with the future high-speed rail in Merced. This could further enhance regional connectivity and stimulate economic development. This extension would operate on the Union Pacific (UP) corridor adjacent to SR-993. The ACE train service is expected to enhance connectivity in the region, providing residents with more convenient access to various destinations. The cost to extend the Altamont Corridor Express (ACE) train to Modesto includes an estimated \$102.8 million in track and other work in San Joaquin County and \$96.2 million worth in Stanislaus. However, it's important to note that these costs are estimates and the actual costs could vary.

Modesto ACE Extension Improvements	\$96,200,000
---	---------------------

Modesto Quiet Zones in Downtown

The ACE train extension to Modesto is a strategic investment that can stimulate economic development in multiple ways. The City looks forward to supporting regional efforts to expand this important connector. In the meantime, the Quiet Zones project in Modesto is an initiative to establish “quiet zones” for trains in the city. Federal regulations require a locomotive to sound its horn for 15 to 20 seconds before entering a crossing. However, these horns can be disruptive, especially in residential areas.



A “quiet zone” is an area where train horns are silenced in crossings, except when the engineer determines there is a safety concern. To establish a quiet zone, additional safety measures must be implemented at the crossings to mitigate the risk of not having the horn as a universal warning.

The goal of this project is to reduce noise pollution from train horns, improving the quality of life for residents while maintaining safety standards at railroad crossings. Modesto’s Economic Development Committee has been studying what it would take to get a quiet zone. In a presentation to the City Council, order of magnitude estimates on these safety improvements range from \$465,000 at one crossing to over \$1 million at another. More project costing estimates are under development, and we look forward to the cooperation and support of regional stakeholders.

Quiet Zones Improvements \$ 1,465,000

Tuolumne River Regional Park

The Tuolumne River, a significant natural resource in California’s Great Central Valley, originates from the Sierras in Yosemite National Park and is the largest tributary of the San Joaquin River. It plays a crucial role in Stanislaus County, providing water and power to homes and businesses, supporting a rich agricultural region, and sustaining a diverse biological community, including the largest naturally reproducing population of chinook salmon in the San Joaquin Valley.

However, despite its significance, public access to the river is limited due to its inaccessibility in rural areas and its obscured presence within the urban landscape. To address this, civic leaders in Stanislaus County began acquiring land along the Tuolumne River about 40 years ago with a vision to make it an important focus for life in the region. This land has been set aside as the Tuolumne River Regional Park (TRRP), which currently consists of over 500 acres of land along a seven-mile stretch of the river. However, only approximately 180 acres of the TRRP have been developed for recreational purposes so far.

The current TRRP Master Plan efforts are focused on a comprehensive update to the 2001 Master Plan, suspending the 1968 Master Plan. It aims to provide a long-range



vision for the park with projects that will enhance recreational amenities, environmental values, and educational programs. The plan responds to contemporary environmental practices, recreational preferences, and issues of regulatory compliance. The TRRP Master Plan aims to enhance recreational amenities, providing new opportunities for public enjoyment. For example, the Neece Drive Non-Motorized Boat Launch and River Access Project will allow for commercial rafting and provide new river beach access, creating a significant destination for recreational activities.

Quality of life projects like parks play a crucial role in job creation, economic development, and educational attainment for several reasons. High-quality parks and recreation can play a pivotal role in attracting and retaining quality businesses. Investments in improving a community's quality of life create a virtuous cycle: high-quality locations attract workers, which attract employers, which in turn attract even more investments and jobs. Parks also enhance property values, increase municipal revenue, bring in homebuyers and workers, and attract retirees. Just as important, parks shape perceptions of a community and its overall quality of life that help build a sense of place.

The City of Modesto is currently undertaking an economic opportunity study in the Southwest Modesto plan area to develop and integrate underserved, underinvested communities south and west of downtown. This area is adjacent to major Tuolumne River Regional Park assets and could benefit from joint planning. Denser, mix-use development near the Modesto Nuts Stadium and Municipal Golf course presents a prime opportunity for planning a "River District"—unlocking the development-aiding capacity of the Tuolumne River Regional Park.

Most importantly, research has demonstrated that neighborhoods with resources such as quality parks provide more opportunities for young children in terms of unstructured play, unschooling, social interaction, positive role models, and other resources that are important for healthy child development and early indicators for performance in math and science. This can positively impact children's subsequent economic outcomes.

Parks are not just recreational spaces but are significant contributors to job creation, economic development, and educational attainment. As the regional park of choice, it is imperative that we continue to invest in the Tuolumne River Regional Park Master Plan set of specific projects:



- Expand irrigation and electrical connections throughout to facilitate landscape, habitat restoration efforts \$35,000,000.
- Reconfiguration of Wastewater Treatment Plan and Storm Drains \$6,200,000
- Restoration of Riparian terraces \$17,180,000
- Stormwater Wetlands and Vegetated Swales and improvements in the Gateway Parcel and in the Carpenter Road Area \$19,400,000 and \$49,900,000, respectively
- Implementation of Southwest Modesto Opportunity Study: Install capacity building infrastructure with a multi-agency EIFD/CRIA or a Climate Resilience District to fund and support the transition to a River District in Southwest Modesto

Tuolumne River Regional Park Investments

\$ 127,680,000

Virginia Corridor Phase VIII

The Virginia Corridor in Modesto is a 4.2-mile trailway that follows the old Tidewater Southern Railway line from Needham Avenue to Bangs Avenue. It's quickly becoming a favorite destination due to its numerous amenities, such as picnic areas, shade structures, barbecues, and gardens. The trailway is popular for activities like birding, road biking, and running. There are benches and some shade along the way, and it's accessible for wheelchairs and strollers. The Virginia Corridor Trailway has been made possible through generous grants, private businesses, and local families.

The expansion plans for the Virginia Corridor in Modesto are currently in Phase 7 and 8. This phase includes a continuation of the existing Virginia Corridor Trail, adding three quarters (0.75) of a mile of Class 1 trail from Woodrow Avenue to the Hetch Hetchy Trail intersection. The expansion will include a 10-foot-wide pathway flanked by landscaping, benches, lighting, site amenities, and a bicycle and pedestrian bridge. Phase 8 includes trail improvements from Pelandale Avenue to Bangs Avenue.

Additionally, there are plans to extend the Virginia Corridor bike and walking trail farther north to cross Standiford Avenue and connect with the east west Hetch Hetchy trail at Wesson Ranch Park. The city will build a bridge or tunnel at the Standiford junction.

These expansions aim to enhance the recreational amenities of the Virginia Corridor and improve accessibility for residents—improving health outcomes. Inherent in the project are also many other benefits: By promoting cycling and walking, the trailway helps reduce carbon emissions, contributing to the sustainability goals of the city. This could potentially attract environmentally conscious businesses and residents to the area. Further, properties near well-maintained bike lanes and trails often see an increase in value. This can lead to increased revenue for the city through property taxes.

The cost of the Virginia Corridor bike lane expansion in Modesto is \$4.5 million. The funding for this project will primarily come from \$1.3 million in state and federal funding dedicated for these types of projects. The project is funded by various sources including California Natural Resources Agency Grant Funds, Congestion Mitigation and Air Quality Grant Funds, Local Non-Motorized Transportation Grant Funds, and Local Parks Capital Facility Fee Funds

Virginia Corridor Phase VIII \$ 319,200

Bioeconomy Agriculture Manufacturing (BEAM) Circular

BEAM Circular is an initiative that aims to transform waste into opportunity through the circular bioeconomy. They are working with the communities of the North San Joaquin Valley to rethink our relationship with waste. Our region is a leader in American agricultural production and food processing, but some of its most promising resources are discarded every day.

BEAM Circular is working to transform organic waste and byproducts from the food and agriculture system—such as orchard trimmings, nut shells, food scraps, and livestock waste—into everything from building materials to renewable energy to industrial chemicals to consumer goods.

They aim to generate accessible quality jobs, build community wealth, and advance environmental solutions. BEAM Circular was launched in January 2023 with a lead investment from Stanislaus County and incubation at Opportunity Stanislaus to advance the initiative.

Together with local communities and a growing network of state and national collaborators, BEAM Circular is now aligning resources, policy, talent, and partnerships



to make the North San Joaquin Valley the best place in the world for innovators in the circular bioeconomy to bring their solutions to scale.

To transform waste into opportunity on a large scale, significant infrastructure is needed. This includes facilities for processing and transforming waste, as well as systems for collecting and transporting waste materials. Coordination with Modesto can help ensure that the necessary infrastructure is developed in a way that benefits the community and supports the goals of the BEAM Circular initiative.

BEAM Circular's efforts are likely to require changes in local policies and regulations. We understand that the initiative will require substantial infrastructure investment and possible sphere of influence amendments and subsequent annexations. As the City is in the process of updating the General Plan, we are amid a prime policy window to clear the path for zoning policy that supports the goals and objectives of BEAM Circular. Working closely with Modesto can help ensure that these changes are made in a way that supports the initiative's goals while also respecting the interests of the local community.

In addition to zoning policy an important next step for us to consider is the aligning our Infrastructure Master Plan and to accommodate the expected site planning needs of BEAM Circular. Modesto and the County can work with the U.S. Economic Development Administration (EDA) to seek funding for technical studies for infrastructure planning through the EDA's Planning and Local Technical Assistance programs. Applications for EDA funding opportunities from the region should focus on supporting studies for siting a business park for BEAM Circular.

Support Policy Alignment and Development of a Proposal for EDA's Planning and Local Technical Assistance Programs for BEAM Circular

Climate Resiliency Planning Grant

The City of Modesto is applying for the Regional Resilience Planning Grant Program, offered by the State of California Office of Planning and Research. This grant aims to support regional climate resilience efforts in California by providing grants to public entities, California Native American tribes, community-based organizations, and academic institutions that form regional partnerships. The program focuses on identifying climate resilience priorities, building capacity, and implementing projects that respond to the greatest climate risks in their respective regions. The RRGP is part of the Integrated

Climate Adaptation & Resiliency Program (ICARP), which is a statewide collaboration to prepare California for the impacts of climate change. The program will award \$125M over multiple rounds in regional resilience efforts. Regional climate resilience is crucial for economic development for several reasons:

- **Economic Prosperity:** Regional economic prosperity is linked to an area's ability to prevent, withstand, and quickly recover from major disruptions (i.e., 'shocks') to its economic base. Economic resilience aims to better prepare regions to anticipate, withstand, and bounce back from any type of shock, disruption, or stress it may experience.
- **Economic Opportunities:** Investing in climate resilience presents an enormous economic opportunity. On average, \$1 invested in resilient infrastructure yields \$4 of benefits, with a total net benefit of \$4.2 trillion over the lifetime of new infrastructure assets in low- and middle-income countries.
- **Sustainability:** Integrating climate resilience in development and financing, including in public financial management, is a sound policy that promotes sustainability and thus can protect development gains.
- **GDP and Economic Growth:** Climate action can help manage the negative impacts of climate change while generating positive impacts on GDP and economic growth and delivering critical development outcomes such as reducing poverty.
- **Diversification:** Undertaking efforts to broaden the industrial base with diversification initiatives, such as targeting the development of emerging clusters or industries that build on the region's unique assets and competitive strengths; and provide stability during downturns that disproportionately impact any single cluster or industry.

Regional climate resilience is not just about mitigating the impacts of climate change but also about leveraging it as an opportunity for sustainable economic growth and development. The RRGPP Grant awards are based on regional partnerships, designed to address climate risks, and strengthen responses, by working across jurisdictional



boundaries and with both public and private entities. The City is proposing a sustainable community strategy that engages the following major areas in our community:

- Air conservation and quality
- Economic vitality
- Energy resilience
- Environmental conditions
- Sustainable housing initiatives
- Land use guidance
- National resource management
- Waste management
- Transportation
- Water conservation and quality
- Community awareness and engagement

As an organization involved in sustainability and environmental policy in the greater Modesto region, we are seeking County and regional participation in this partnership to help seek necessary funding for this vital work effort.

Measure H

Modesto's Measure H was a ballot measure approved on November 8, 2022, that authorized an additional sales tax of 1% to fund general city services in Modesto. The services include police patrols, gang, drug, and crime prevention; fire protection, paramedic/911 emergency response; addressing homelessness; cleaning-up trash and illegal dumping; keeping streets, parks, sidewalks, landscapes, and infrastructure safe, clean, and well-maintained. The measure is expected to provide \$39 million annually for general government use in Modesto until ended by voters. Measure H could have a substantial positive impact on Modesto's economy.

- The Rental Housing Safety Program is now funded and operational as of September 15, 2023. This program's aim is to ensure the safety and well-being of residents in rental properties throughout the City by requiring property owners to adhere to specific safety standards.



- Completing the work on deferred maintenance projects throughout the City will help reduce safety and visibility concerns surrounding local businesses and areas of overall visitor attraction such as the Gallo Center for the Arts.
- Public Safety: About 80% of the general fund is spent on public safety. The additional funding from Measure H could enhance public safety services, potentially reducing crime and making Modesto a safer place to live and do business—positively impacting commercial insurance rates.
- Parks: Investments in parks can stimulate local economies by attracting businesses and residents, increasing property values, and encouraging pedestrian activity.
- Homelessness: Addressing homelessness is not only a social imperative but also an economic one. By providing services to the homeless population, the city can reduce the costs associated with emergency healthcare and law enforcement. Moreover, addressing homelessness can improve the quality of life in the city, making it more attractive to businesses and residents.
- Economic Stimulus: The additional revenue can stimulate economic activity in the city. It can fund projects that create jobs and attract investment, leading to a multiplier effect that benefits the local economy.

A Measure H Oversight Board has also since been established which is comprised of nine Modesto citizens that represent a cross-section of the community. The Measure H Oversight Board is established to review all revenues and expenditures of funds from the sales tax revenue generated from the passage of Measure H. The Measure H Oversight Board plays a critical role in ensuring that the voter approved funds are being spent appropriately by the City of Modesto. Regular meetings will be held in accordance with the approved Board Bylaws. This board is in the beginning stages of development and the Bylaws are still being determined.

The strategic plan for the use of Measure H funds is being developed by city officials in coordination with the City Council and Oversight Board. The plan will guide the allocation of the tax revenue expected to be generated in Modesto's future budget years. The

strategic plan aims to ensure that the funds are used effectively to enhance city services and improve the quality of life for Modesto residents.

The Taxpayer Protection and Government Accountability Act, sponsored by the California Business Roundtable, is a statewide initiative measure to amend the California Constitution. This act proposes significant new tax and fee limitations on both state and local governments. If enacted, it could potentially impact the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges.

Given that Measure H is a local tax, it could potentially be impacted by the Taxpayer Protection and Government Accountability Act. The act proposes to increase the vote requirements for new or higher taxes and invalidate recently adopted taxes and fees that do not conform to the new requirements. However, the specific impact to Measure H would depend on various factors including the final provisions of the act, its interpretation by courts, and its implementation at the state and local levels. We ask that the County continue to closely monitor the development of this Act and continue to support educational material for our shared constituents.

We believe that these suggestions will strengthen the CEDS and further promote economic development in our region. We look forward to continuing our collaborative work with the County of Stanislaus and other regional partners to implement these strategies and achieve our shared economic development goals.

Thank you for considering our comments. Please do not hesitate to contact me if you have any questions or need further clarification on any of our points. We look forward to hearing from you soon.

Sincerely,

/s

Trevin W. Barber (he/him)
Community and Economic Development
Economic Development Manager
m. 209.860.1251
e. tbarber@modestogov.com



ATTACHMENT A

List of Projects and Initiatives

Downtown Water Capacity Infrastructure	\$ 32,392,750
Modesto ACE Extension Improvements	\$ 96,200,000
Quiet Zones Improvements	\$ 1,465,000
Tuolumne River Regional Park Investments	\$ 127,680,000
Virginia Corridor Phase VIII	\$ 319,200
Support Policy Alignment and Development of a Proposal for EDA's Planning and Local Technical Assistance Programs for BEAM Circular	
Support for Climate Resiliency Planning Grant	
Continued Support for Measure H	