

MEMORANDUM

DATE: November 17, 2015
TO: Honorable Board of Supervisors
FROM: Michael J. Johnson, AICP, Agency Director
E.J. Ivaldi, Deputy Planning Director
BY: Sherri Conway, Senior Planner
SUBJECT: Sunset Area Plan Update



ACTION REQUESTED

1. Update - Receive a presentation on the initial findings of the Sunset Area Plan Update.

BACKGROUND

In 2014, the Placer County Board of Supervisors directed the initiation of a new Sunset Area Plan, the overall objective of which is to re-brand the area in order to achieve the County's long-term vision of creating economic and job growth for the County. Your Board affirmed its commitment to facilitating economic development in the Sunset Area through the allocation of funds as a part of this update, a comprehensive economic analysis that would serve to inform resulting land use alternatives.

AREA PLAN UPDATE STATUS

Since the last status report to the Board in May 2015, staff continues to make progress on the Sunset Area Plan Update. Presented for the Board's information is a summary of the Economic Market Analysis' Key Findings, as well as a discussion of the Assets, Issues, and Opportunities for development within the Sunset Area. The full Opportunities and Constraints Report will be completed by early November 2015. Additionally with the recent withdrawal of the Placer Ranch application, staff concluded it was timely to identify how the Placer Ranch property fits into the long-term vision for the Sunset Area.

ECONOMIC MARKET ANALYSIS

Key Findings

A critical element of the planning process is establishing the economic context and market demand for future development. To that end, the Economic Market Analysis provides an overview of the dynamics in the South Placer market and explores the development potential in the Sunset area from an economic perspective. The Key Findings include:

- The Sunset Area occupies a strategic position in a dynamic market area.
- South Placer County's growth rate was more than double the rate of the region.

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- The Sunset Area has the potential to support an expanded economic base and better use the large local labor forces, of which two-thirds commutes outside the area for employment.
- Placer County could target a combination of several viable industry clusters for Sunset Area development, including: Advanced Manufacturing, Agriculture and Food, Clean Energy Technology, Education and Knowledge Creation, Information and Communications Technology, and Life Sciences and Health Services.
- General economic recovery and momentum created by the Placer Parkway, Placer Ranch, and University of Warwick plans are prompting Sunset Area landowners to explore development options
- The South Placer office market has outperformed the industrial/flex market since 2000. Annual average absorption between 2000 and 2014 has exceeded 330,000 square feet for office space, while only about 132,000 square feet of industrial/flex space was absorbed annually in the period.
- The size of the Sunset Area, along with existing and proposed development patterns, suggest planning and marketing efforts for the area would be best served by a district concept.

The Sunset Area Economic Market Analysis suggests there could be demand for as much as 500 acres of business/industrial park uses through 2035, with the insertion of major "game-changing" projects bringing total demand up to about 800 acres. The Sunset Area's potential to capture a notable share of this demand and attract a major corporate campus or destination entertainment/retail use could support more than 15,000 additional jobs by 2035.

To accomplish more aggressive economic development objectives, the updated Sunset Area Plan will need to directly establish policies and programs and help facilitate the conditions necessary to encourage new development and compete for projects within the South Placer market and the broader region. A number of strategies could be implemented to maximize the Sunset Area's capture of market opportunities including:

- Mitigate impacts from potentially incompatible land uses
- Expedite transportation infrastructure investments
- Encourage catalytic projects and speculative development
- Implement incentives that help close the competitive cost gap
- Consider use compatibility in the existing industrial core
- Develop and implement a branding and marketing strategy
- Maintain relationships with higher education institutions
- Allocate economic development resources around viable cluster targets
- Understand the implications of planned regional projects
- Continue to regularly engage representative Sunset Area stakeholders
- Collaborate locally and regionally on economic development initiatives

ASSETS, ISSUES AND OPPORTUNITIES

Land Use

Over the years, an assortment of light and heavy industrial facilities was built in the eastern portion of the Sunset Area, particularly along Industrial Avenue, Cincinnati Avenue, and on Athens Avenue near the northeast corner of the landfill. These include large sites such as the former Formica plant, the Ace warehouse, and the Placer Corporate Center campus.

One of the characteristics of the SIA developing over an extended period of time and through many up and down real estate cycles is that there are both significant incongruous land and building uses. Many of the buildings throughout the SIA are currently being used for purposes other than industrial, including churches and recreational (indoor basketball and gymnasium) uses. These uses create conflicts with other industrial uses, particularly in relation to overloaded parking lots which were not sized for congregations and tournaments, pedestrian circulation from parking on adjacent streets, and significant numbers of children running within the industrial complexes. For example on Tinker Road, in the southeast quadrant of the Plan area, several warehouse buildings have been converted into indoor basketball facilities which host year round tournaments and events. These activities have created a safety hazard, as unanticipated volumes of personal vehicles and pedestrians are at odds with the industrial truck traffic. As well, these uses serve as a deterrent for industrial users to co-locate with businesses catering to large gatherings of families and children.

In the western portion of the Sunset Area, only a minimal amount of development has occurred as a lack of infrastructure and utilities, wetland mitigation considerations, the timing of economic cycles, and various other regulatory and site constraints have limited options.

Because of the availability of large acreages of land, the Sunset Area presents itself as a leading prospect in the region to capture any new large-scale campus users, which could result in one or more collections of multi-building campuses.

Major Land Owners

A key consideration in assessing the development potential for the Sunset Area are the perspectives and interests of major land owners in the area. Six highly-engaged land owners control the majority of the developable area in the Sunset Area. Most of the major land owners in the Sunset Area have held properties for several economic cycles and anticipated being able to move development plans forward prior to the recent recession. The general economic recovery has led some of these owners to begin to seriously explore options that would allow them to take advantage of the current recovery and expansion phases. These owners have been closely monitoring infrastructure investments that could benefit their property.

Thunder Valley Casino Resort

Thunder Valley Casino Resort opened in 2003 in the northeastern corner of the Sunset Area, changing the character of the surrounding area and attracting a significant amount of entertainment-oriented visitors. The United Auburn Indian Community (UAIC) is also in the early stages of assessing opportunities for non-sovereign land it owns adjacent to the Thunder Valley Casino Resort. UAIC has acquired substantial land holdings around its primary resort area and may consider compatible, complementary land uses that can enhance the larger Sunset Area. It will be important to ensure that a logical and supportive relationship exists between this area and adjoining land use designations.

Western Regional Sanitary Landfill

The Western Placer Waste Management Authority landfill and related material recovery facility (MRF) are situated in the middle of the Sunset Area along with a large amount of surrounding land for potential expansion purposes. The Landfill and industrial uses create odors and noise that could potentially discourage or prohibit development of certain uses, including residential, office, and entertainment uses. Western Placer Waste Management Authority (WPWMA) staff is currently identifying future uses for its western and eastern properties near the MRF as well as other modifications to its existing facility layout.

While the Landfill currently presents a constraint to development, primarily due to odor impacts, there are potential opportunities and technologies available to mitigate these effects and reduce the necessary buffer around the site. Obtaining specific information regarding the types, frequency, and sources of odor could better enable the identification of strategies to reduce this type of nuisance. Identification of these strategies could lead to greater flexibility in the types of acceptable uses that could locate near the Landfill.

The Western Placer Waste Management Authority has initiated a planning and permitting strategy for the remainder of its property. County staff works closely with the landfill partners to align land uses to maximize development potential.

Regional University Specific Plan (University of Warwick)

While located outside of the Sunset Area, the Regional University Specific Plan area also has the potential to support a major asset for development in the Sunset Area. In early 2015, the Coventry, United Kingdom-based University of Warwick announced plans to develop a campus on 600 acres of land donated by AKT Development. The highly-ranked, research-oriented university is still in the early stages of its planning, but has set a goal of establishing a 6,000-student campus by 2031 with various progress milestones over the implementation period. Warwick's main campus in Coventry includes an integrated science park and has established strong relationships with industry aligned with its core academic and research strengths. The University anticipates building ties

with industry in the Sacramento Region, which could ultimately benefit activities in the Sunset Area.

Environmental Constraints and the Placer County Conservation Program

The Placer County Conservation Program (PCCP) is a comprehensive natural resource planning effort for western Placer County. The goal of the PCCP is to provide an effective framework to protect, enhance, and restore the natural resources in specific areas of western Placer County, while streamlining the permitting of a range of land development, infrastructure development, maintenance and habitat restoration actions known as "covered activities." The proposed PCCP has the potential to enhance development opportunities on constrained land and will work to substantially improve the form and economic performance of the Sunset area. Once the PCCP is in place, development patterns in the Sunset Area will better conform to best practices, including appropriate clustering of related uses and realization of industry standard densities. The PCCP will also lead to an expedited and more consistent development review and approval process.

Roadways and Service Levels

All roadway study segments within the Sunset Area operate at an acceptable Level of Service (LOS) under existing conditions. Existing key north-south roadways that provide access to and within the Sunset Area include Industrial Avenue, Foothills Boulevard and Fiddlyment Road; key east-west roadways include Sunset Boulevard, Sunset Boulevard West, and Athens Avenue.

Existing congestion and projected increases in congestion on State Route 65 and Interstate 80 are expected to impact access to/from the Sunset Area. The Sunset Area is more difficult to access from the west than other competitive Interstate 80 locations, and increasing congestion on State Route 65 is viewed as a threat in this regard. The extension of Foothills Boulevard north of Blue Oaks Boulevard in Roseville to the Sunset Area, planned as part of the Placer Ranch project, could be a very positive planned improvement which will allow direct access to the Sunset Area without requiring drivers to use State Route 65.

Placer Parkway

In the future, the Sunset Area will be bisected by the Placer Parkway, a 15-mile long regional limited access multi-lane east-west transportation facility that will provide a connection between State Route 65 and State Route 99. A total cost for the project is approximately \$660 million, with \$10 million funded through South Placer Regional Transportation Authority (SPRTA). The County and cities have a Tier II fee on new development areas to fund the Placer Parkway project. Approximately \$500 million will also be collected from the new development areas to fund the Placer Parkway project. The 15-mile, high-speed transportation facility will create alternative access points to

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Sacramento's central business district, the Sacramento International Airport, and a north-south highway route.

Goods Movement

Within the Sunset Area, SR 65 provides direct truck access and help with goods movement. I-80 provides indirect access for the Sunset Area that allows truck traffic to travel through Placer County. Nearby and within the Sunset Area, there is an existing terminal access truck route designation for Blue Oaks Boulevard, Foothills Boulevard, and Industrial Avenue that can provide access for trucks exceeding California length limit. Fiddymont Road is designated the California legal truck route. Athens Avenue is currently serving as a major truck route for Western Regional Sanitary Landfill operated by Western Placer Waste Management Authority. It is expected that a completion of future Placer Parkway will diverge the truck traffic from Athens Avenue.

Railway Access

Railroad Facilities for freight are owned by Union Pacific Rail Road (UPRR). UPRR owns the right-of-way for freight and passenger rail services and operates freight trains through Placer County with a terminal in the city of Roseville. UPRR owns the right-of-way and operates a 915-acre rail yard in Roseville that provides east-west transcontinental freight services. The rail yard is also a major freight classification facility for northern California. UPRR freight tracks run along the eastern edge of the Sunset Area, with some sidings extending from the mainline. All of the roadway crossings are grade-separated within the Sunset Area with the exception of the at-grade crossing at Athens Avenue. Rail-spur access for users in the established industrial sites in the eastern portion of the Sunset Area is a key strength for the Sunset Area.

Public Services and Utilities

An overall weakness in the Sunset Area is a general lack of critical infrastructure and utilities to serve new development. While new infrastructure can be built as development occurs, the cost and time to construct new facilities creates a constraint to near-term investment. In addition, because of the large areas of undeveloped and underdeveloped land in the Sunset Area, financing needed infrastructure will be a challenge for early projects.

The County entered into a contract with Keyser Marston to investigate the feasibility of forming an Infrastructure Financing District for the Sunset Area to provide a means to finance portions of the critical backbone infrastructure. With the withdrawal of the Placer Ranch application, staff is updating its analysis of bonding capacity and fiscal/revenue projections to determine the feasibility of establishing an Infrastructure Financing District for the Sunset Area. Staff will return to the Board at a later date with these results and recommendations for formation of the Infrastructure Financing District.

Water Supply and Delivery

Placer County Water Agency (PCWA) currently supplies water to the Sunset Area via a single 24-inch pipeline in Sunset Boulevard crossing State Route 65. Water treatment to the Sunset Area is currently provided by two PCWA regional water treatment plants to the northeast of the area. A third treatment plant is planned in Ophir that will include service to the Sunset Area and other PCWA retail areas. PCWA currently operates one 10-million-gallon treated water tank in the Sunset Area at the same site as this interconnection.

Staff is working with PCWA and other water partners to evaluate the capacity needs and financing of the Ophir Water Treatment Plant concurrent with the Sunset Area Plan Update.

Wastewater Collection and Treatment

There are existing sewer force mains, gravity pipelines, three sewer lift stations, and other sewer infrastructure within the eastern portion of the Sunset Area. There is no sewer infrastructure currently in the western part of the area. A Sewer System Master Plan should be prepared prior to additional major development coming on line to evaluate the current sewer system for deficiencies and plan for future pipeline extensions.

Stormwater Capture and Conveyance

The Sunset Area existing drainage systems accommodate most storm events with the exception of the larger storm events (100 year or 200 year). The general terrain is relatively level, which may require force mains within the Sunset Area as development increases. Although there is a recently developed Dry Creek Watershed Flood Control Plan, dated November 2011, a more detailed study of the Pleasant Grove Creek and Auburn Ravine will need to be performed to consider the effects of flooding as development increases within the Sunset Area.

Placer Ranch Specific Plan

The Placer Ranch development project proposed by Westpark Communities accounted for about 26.9 percent or 2,195.6 acres along the southern portion of the Sunset Area. The Placer Ranch area is nearly equal in acreage to the identified undeveloped and underutilized sites in the area. Westpark Communities recently withdrew its application for the Placer Ranch project. The Placer Ranch Specific Plan included a 300-acre area for development of a satellite campus for California State University, Sacramento which could support up to 25,000 students and 5,000 faculty along with a Sierra College transfer center that would serve up to another 5,000 students. Additionally, the land use plan included approximately 720 acres of residential uses, 506 acres of commercial uses and 687 acres of open space public and roadway uses. The project has the potential to act as a market signal and a catalyst for

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infrastructure investments that could create momentum in other parts of the Sunset Area more viable over time.

While the region is disappointed that the most recent application for the Placer Ranch project has been withdrawn, staff remains confident that some rendition of that project will be developed in the coming years. And, as seen in other innovation hubs, mixing the commercial/industrial uses with residential uses results in a well-balanced community. As discussed previously in this report, the market analysis has concluded that over the next 20 years, there will be a demand for 500 to 800 acres of industrial land in the Sunset Area. Accordingly, developing the Placer Ranch property with a university and an array of residential land uses will be critical to the long-term success of the Sunset Area.

The data from the Market Study has demonstrated that 39 percent of workers living in South Placer commute upwards of 30 minutes to work. A better balance of jobs and housing in South Placer would help to reduce commute times and improve quality of life, particularly by reducing congestion on Highway 65 and Interstate 80. The development of Placer Ranch with a balance of proposed land uses is critical to the long-term health of the South Placer region.

LAND USE ALTERNATIVES

While still in the development stage, the next effort that will be presented to your Board will be land use and circulation alternatives for the future growth of the Sunset Area. These alternatives will show different approaches to accommodating development in the Sunset Area. The base case will be predicated on continued implementation of the existing Sunset Area Plan. The analysis will provide a description of each alternative and their respective growth and development implications. An evaluation of the impacts of significant issues associated with each alternative will be described. Finally, a set of policy options will be included that offer different ways the County could address the topic in the updated Area plan.

NEXT STEPS/TIMELINE

It is anticipated that the full Opportunities and Constraints Report will be completed in early December 2015. This report will allow an inclusive understanding of all of the internal and external factors impacting development potential in the Sunset Area, which is important for informing scenarios of land use demand and the ability of the area to capture anticipated market growth. A Public Workshop presenting key findings to date has been scheduled at the Materials Recovery Facility for November 19, 2015. Based on the findings in the Opportunities and Constraints Report, an evaluation of Land Use Alternatives will be developed and subsequently presented to your Board in January 2016. At that time, the Board may also consider options for re-branding, re-defining, and even potentially re-naming the Sunset Area.

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Following Board direction in January 2016, the Administrative Draft of the Sunset Area Plan will be prepared, which will include: the development of Corridor Design Standards, the Capital Improvement and Finance Plan, and the Environmental Review process. The following table provides a general overview of the current timeline to adoption of the Sunset Area Plan:

| | |
|-------------------------------------------------------|-------------------|
| Opportunities and Constraints Report | December 2015 |
| Public Workshop | November 19, 2015 |
| Land Use Alternatives Evaluation | January 2016 |
| Board of Supervisors Update | January 2016 |
| Corridor Design Standards | February 2016 |
| Public Workshop | February 2016 |
| Capital Improvement and Finance Plan | February 2016 |
| Commence Environmental Analysis | Spring 2016 |
| Draft EIR & Draft Area Plan | Fall 2016 |
| Planning Commission Deliberations on Draft Documents | Fall 2016 |
| Board of Supervisors Deliberations on Final Documents | Early Winter 2016 |

SUMMARY

No action is necessary, as this status update is intended to generate discussion and feedback from the Board regarding the Sunset Area Plan Update. Staff will continue to move forward on the Area Plan Update and will return to the Board to request future direction as warranted.

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