



*City of Clovis*

# MEMORANDUM

TO: Mayor and City Council

FROM: Administration

DATE: August 3, 1998

SUBJECT: Research and Technology Business Park Feasibility Study - Master Plan.

## STAFF RECOMMENDATION

1. That the City Council accept the Research and Technology Business Park Feasibility Study - Master Plan.
2. That the City Council direct staff to proceed with the four-track implementation effort recommended in the Feasibility - Master Plan to change the land use designation, establish a property owner involvement program, attract technology based businesses and/or developers, and develop a financial and infrastructure improvement program for major off-site improvements to the business park.

## BACKGROUND

The City Council, at its regular meeting of October 6, 1997, directed staff to prepare a special study to evaluate the potential of designating approximately 120 acres of land located north of the Highway 168 alignment, east and west of Temperance Avenue (Attachment "A"), to a "smart park" business park. Staff's initial determination of the financial and technical feasibility of

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expanded area. Of the 25 responses to the survey, 12 strongly supported, 2 supported, 6 had no opinion, 2 opposed, and 3 strongly opposed the use of the area for a research and technology business park. (Attachment "C").

The survey also asked that the respondents rank their preference for the 4 options presented. These options included the original 120 acres (option A), the Original boundaries expanded to Armstrong, and 2 option that included the expansion area with realignment of Alluvial Avenue (Option B1 and B2). While there was relatively strong support to expand the park boundaries, staff and the consultants determined that there was enough land in the original proposal to attract high technology business to Clovis and that the expanded area could be considered at a later date depending on the success of the park.

## MARKET AND ECONOMIC FEASIBILITY

The following are factors that enter into determining the success for attracting high technology type businesses to Clovis.

1. Market potential for attracting high technology businesses is limited and at this time uncertain, however, it is possible. The development of the business park should be considered long term (5 to 10 years) and speculative.
2. Current market conditions, workforce readiness, and product/service demand for the R&T uses in the Fresno/Clovis area may be the single largest barrier to successful development of the business park.
3. There is a lack of high technology businesses in the Fresno/Clovis area, which can be seen as good and bad. Good in that there is room for absorption of this type of business. Bad in that these businesses like to cluster and attracting high technology businesses to the area will require pioneering efforts from the City and the prospective business.
4. The site is not currently well served by business supported services and amenities, nor well positioned with respect to the existing transportation network. However, the planned extension of Route 168 in the year 2001

and associated interchange improvements will significantly enhance the site's access, visibility and development potential.

5. The cost and availability of providing infrastructure to the project area is reasonable. In many business park developments, the developer has been responsible for the cost of building a highway interchange and overpass. The highway interchange improvements that serve the proposed park, at Temperance Avenue, will not be incurred by the developer of the business park. This is a large cost savings to the park. Other infrastructure improvements (such as sewer, water, telecommunications, storm drainage, etc.) are easily available for extension to the park.
6. Cost of Living and Quality of Life factors for Clovis are very strong.
7. The workforce in the Fresno/Clovis metropolitan area does not have all of the skills typically needed by high technology businesses. However, there are positive educational institutions and workforce development agencies, such as the Workforce Development Board, Clovis Unified School District and Center for Advanced Research and Technology, State Center Community College, California State University Fresno, and University of California that may be able to meet the needs of these businesses.

## CONCLUSIONS AND RECOMMENDATION

The consultant has concluded that development of the site as a research and technology business park is possible. The consultants caution, however, that at present the Fresno/Clovis metropolitan area is distinguished by the lack of high technology firms. Promotion of the R/T Park would be a pioneering effort and would require close collaboration of property owners and the City and aggressive leadership by the City. The Schematic Master Plan is intended to serve as the basis for a recommended General Plan amendment and Specific Plan. The Schematic Master Plan provides for up to 1.78 million square feet of research and technology-based development and ancillary uses.

A four-prong implementation program entailing the following elements is recommended.

- **Enactment of appropriate Development Entitlements.** Two steps are proposed.
  - ⇒ Begin the process leading to a General Plan amendment changing the current land use designation for the proposed R&T Park site from medium high and high density housing to a designation permitting research and technology-based use.
  - ⇒ Prepare a Master Plan/Specific Plan to provide prospective R&T Park tenants and investors with the certainty needed for them to proceed with their planning and investment decisions. This will also ensure development standards are met.
  
- **Marketing Program.** A national marketing program directed to three potential types of investors is recommended.
  - ⇒ Major technology-based firms desiring large sites of 15 or more acres for expansion and decentralization of their current operations.
  - ⇒ Major business park developers capable of acquiring the entire subject site and acting as a master developer.
  - ⇒ Hotel developers and operators and retail developers with the capability of developing the southeast portion of the site for a hotel and retail center.
  
- **Ownership Participation Program.** The City should undertake a program to involve and inform property owners as to the methods by which they can participate in development of the Park. The City would also serve as intermediary between property owners and prospective tenants and investors. Approaches include the following:
  - ⇒ Creation of a private development corporation or partnership, in which property owners hold interest based on the appraised value of their land.
  - ⇒ Public/Private Partnership (such as the City's existing Economic Development Corporation) to facilitate development.

⇒ Disposal of the property in “blocks” to a business park master developer.

- **Financing Program.** The financing plan would identify and select methods, such as grants and use of an assessment mechanism, for financing construction of all roads, infrastructure, and park improvements required for marketing and developing the R&T Business Park.

## REASON FOR RECOMMENDATION

The City Council authorized staff to hire Thomas Cooke and Associates to prepare a Feasibility Study - Master Plan for the proposed Research and Technology Business Park located in the northeast part of the City of Clovis. Attached is the Executive Summary of the report that includes findings and recommendations. The consultants find that there is potential for a R&T Business Park at this location. However, the likelihood that such development will occur in the short term is slim.

With the efforts of the City and the completion of Route 168 and the interchange improvements at Temperance Avenue, there is a good possibility that this park will attract technology-based development in the long term (5-10 years). In order to be successful in attracting development to this site it will take a strong effort by the City to plan and market the site to potential high technology firms and business park developers. Without proper planning and marketing at this time there is little or no chance of being successful in attracting technology-based businesses to Clovis now or anytime in the future.

## STEPS FOLLOWING APPROVAL

1. Staff will notify the property owners within the boundaries of the site of the City Councils action.
2. Staff will begin the process leading to a General Plan amendment and EIR with the support of the property owners.

3. Staff will work with the property owners to develop a mechanism to obtain their participation and cooperation in the development of the park.
4. Staff will begin to market the site to potential technology-based businesses and business park developers.
5. Staff will continue to identify sources of funding to help pay for public improvements in the park.

Submitted by:

  
Mike Dozier, Community & Economic  
Development Director

Recommended by:

  
Kathy Millison, City Manager

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Attachment "B"

CITY OF CLOVIS  
RESEARCH & TECHNOLOGY BUSINESS PARK  
FEASIBILITY STUDY  
FINDINGS AND RECOMMENDATIONS

Submitted to

THE CITY OF CLOVIS

Submitted by

THOMAS COOKE ASSOCIATES

In association with

ECONOMIC PLANNING SYSTEMS

July 16, 1998



# 1. EXECUTIVE SUMMARY

## STUDY PURPOSE AND SCOPE

The Clovis Research and Technology Business Park Feasibility Study was conducted to determine if development of the approximately 140-acre study area shown below (hereafter referred to as the R & T Park site), is feasible and beneficial to the City. The feasibility study was undertaken for the City of Clovis by Thomas Cooke Associate, community planners and urban designers (Oakland, California) in association with Economic Planning Systems, real estate economists (Berkeley, California.) Additional technical assistance on site and building space requirements of technology-based firms was provided by ADD, Inc. architects (Cambridge, Massachusetts and San Francisco, California).

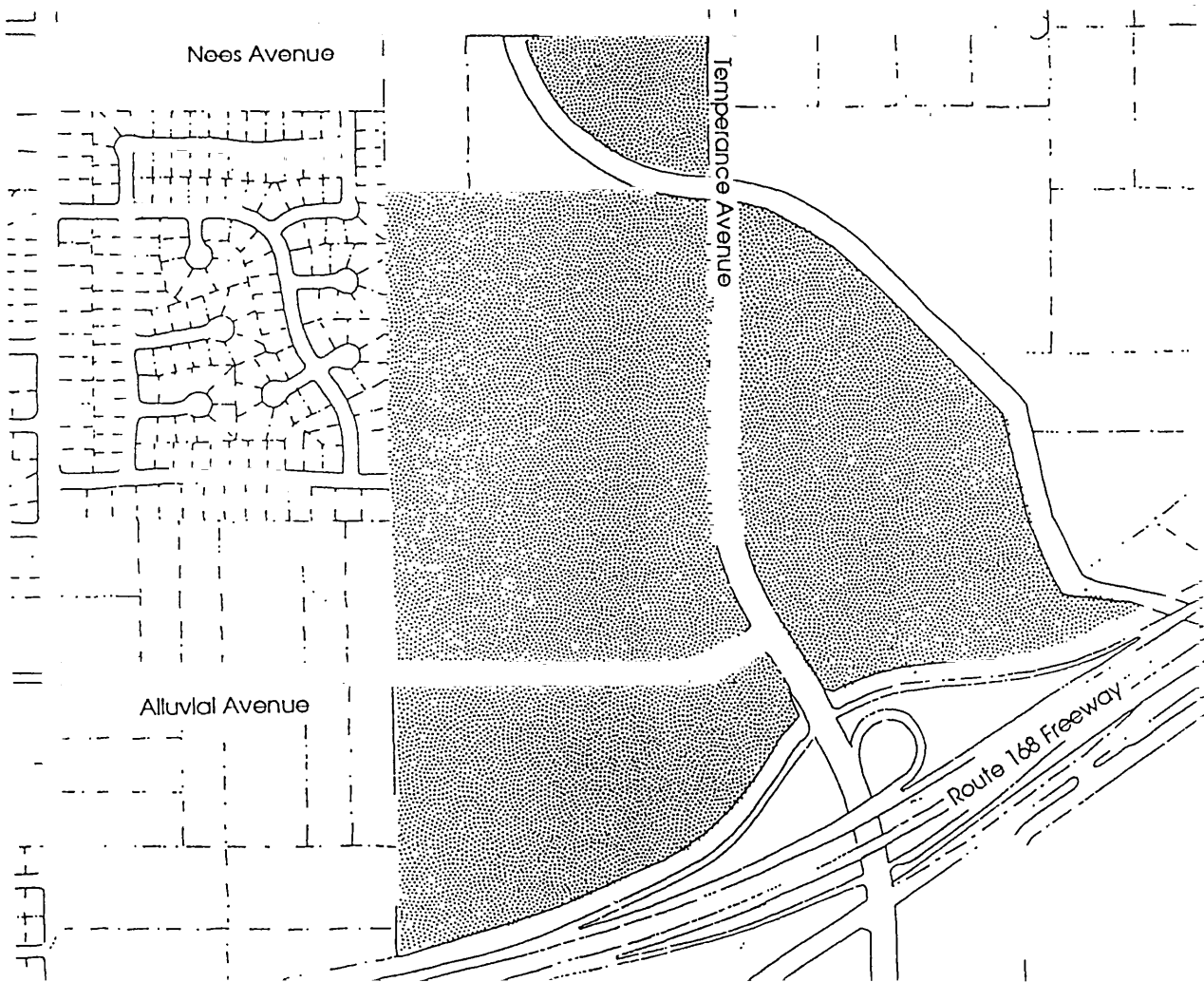


Figure 1-1 STUDY AREA

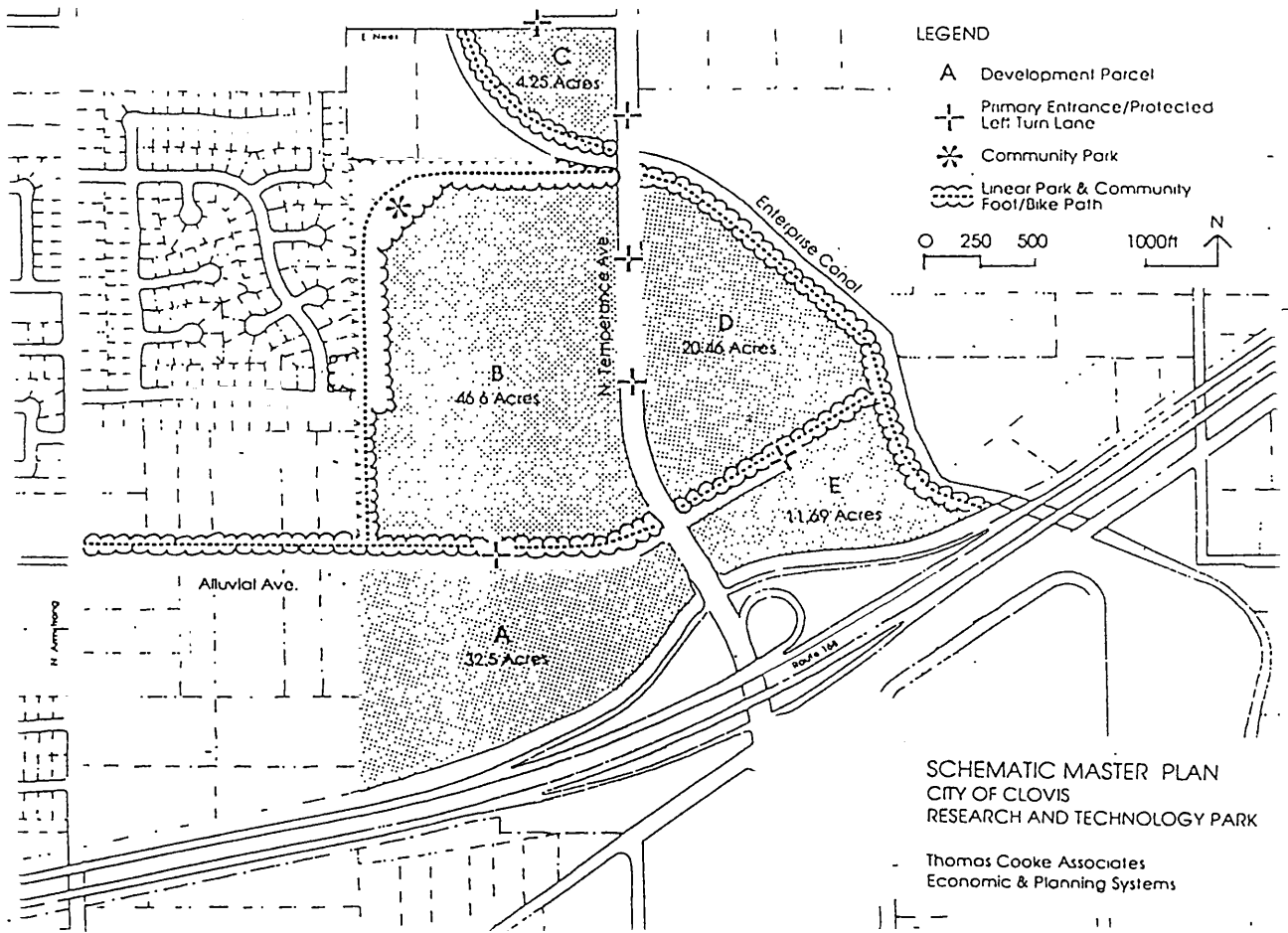


Figure ES-2

The study examined five basic questions.

1. Are the physical characteristics of the site suitable for construction of major research and technology-based uses? The factors examined include regional and local accessibility, potential for providing development sites of sufficient size to accommodate space needs of major users, and ability to provide required infrastructure in a timely and cost competitive manner.
2. Is the market demand for research and technology-based development sufficient to justify amending the City's current General Plan residential designations for the R&T Park site?
3. Is there sufficient market demand to justify designating the site for research and technology-based uses and can the R&T Park site compete with other business parks in the Fresno/Clovis metropolitan area?

4. Is there sufficient interest by the 14 private property owners to develop their land for research and technology-based uses to justify proceeding with amendment of the General Plan?
5. Can the area be developed for research and technology-based uses without adversely affecting neighboring residences?

The study scope called for preparation of a schematic plan, to serve as basis for subsequent planning and regulatory actions by the City, and drafting of a preliminary implementation strategy if city staff determined the initial studies justified proceeding further. Based on the study findings and comments received at the two public workshops, staff determined it was desirable to proceed with the remainder of the study.

## CONCLUSIONS AND RECOMMENDATIONS

The study concluded development of the site as a research and technology business park is possible. The consultants caution, however, that at present the Fresno/Clovis metropolitan area is distinguished by the lack of high technology firms. Promotion of the R&T Park would be a pioneering effort and would require close collaboration of property owners and the City and aggressive leadership by the City.

The Schematic Master Plan, shown in Figure ES-2, is intended to serve as the basis for a recommended General Plan amendment and Specific Plan for the R&T Park. The Schematic Master Plan provides for up to 1.78 million square feet of research and technology-based development and ancillary uses.

A four-prong implementation program, each of which is more fully described in Section 4, entailing the following elements is recommended.

- ✓ *Enactment of Appropriate Development Entitlements.* Two steps are proposed. The first step is processing of a General Plan amendment changing the current land use designation for the proposed R&T Park site from medium high and high density housing to a designation permitting research and technology-based use. The second step entails preparation of Specific Plan/Master Plan to provide prospective R&T Park tenants and investors with the certainty needed for them to proceed with their planning and investment decisions. This second step also helps ensure that future development will meet the high standards desired by the community. In conjunction with this latter step, the Herndon-Shepherd Specific Plan will have to be amended to either incorporate the more detailed provisions for the R&T Park site or delete that area and have it governed by the R&T Park Specific Plan/Master Plan.
- ✓ *Marketing Program.* A national marketing program directed to three potential types of investors is proposed. One target group would be major technology-based firms desiring large sites of 15 or more acres, for expansion or decentralization of their current operations. Another target group would be major business park developers capable

of acquiring the entire subject site and acting as master developer. The third target group would be hotel developers and operators and retail developers with the capability of developing the southeast portion of the site for a hotel and retail center.

- ✓ *Owner Participation Program.* Concurrent with the above programs the City should undertake a program to involve and inform property owners as to the methods by which they can participate in development of the R&T Park. In this role the City would also serve as necessary as an intermediary between property owners and prospective tenants and investors.
- ✓ *Financing Program.* Development fees in the order of \$71,000 per acre will pay for future R&T Park site developers' fair share of the cost for improvement of Alluvial Avenue, Temperance Avenue, off-site storm drainage facilities, water and sewer facilities, and park improvements. These fees, however, do not cover the full cost of improvements for parks nor for Alluvial and Temperance Avenues, which serve a much broader area. The financing program, therefore, would identify and select methods, such as securing of grants and use of an assessment mechanism, for financing construction of all roads, infrastructure, and park improvement required for marketing and developing the R&T Park site.

## PROS AND CONS OF R&T DEVELOPMENT

The key findings described below are structured as responses to questions that have been asked about the economic and market feasibility of an R&T park, the implications of the development on area landowners, neighboring residents, and the City, and the type of actions likely to promote such a development. These commonly asked questions are listed below, followed by answers implied by the findings from this analysis.

1. *What is the probability that an R&T park at the project site will be able to attract the type of high-technology firms necessary for its success?*

Given current market conditions, site characteristics, and the planning status of the project area, the probability that a high-technology user(s) would seek to locate at the site in the near term future is unlikely. Consequently, the overall development feasibility of an R&T park should be considered opportunistic and a mid- to long-term goal. The following points underscore this conclusion:

- ✓ *Market Conditions.* Current market conditions for R&T uses in the Fresno Region are the single largest barrier to successful development of an R&T park in the near term. At present the market for research and development or related high-technology building space (e.g., "office flex") in the Fresno area is virtually nonexistent. The Region's relatively small and undeveloped high-technology sector, in turn, inhibits further growth since the firms in this field are generally attracted to areas with an existing nucleus of related businesses and economic activity. In addition, high vacancy rates, relatively low lease rates, and an abundant supply of land in the region have suppressed prices for office and industrial land in general. These factors make it unlikely that a private land

developer would invest in the site on a speculative basis.

- ✓ Site Characteristics. The project site is not located immediately within the existing clusters of office or industrial activity in the Fresno area. In addition, the site is currently not well served by business-supporting services and amenities, nor well positioned with regard to the existing transportation networks. However, the setting provided by the project site's location and the pleasant residential neighborhoods and quality of life in Clovis will be appealing to selected high-technology tenants. In addition, the planned extension of Route 168 in the year 2001 and associated interchange improvements will significantly enhance the site's access, visibility, and development potential. Site-related improvements will still be required; however, these costs fall within a normal range for such improvements and public/private investment strategy can reduce costs to the private end-users.
- ✓ Planning Status. The site is currently designated for residential use in the General Plan and will require amending the General Plan. The site is also within the Herndon - Shepherd Specific Plan area and thus is also subject to that Plan's standards and guidelines. Approximately 70 percent of the site is under Williamson Act contracts and no applications have been filed for non-renewal. Consequently, the contracts still remain in effect for 10 years. In order to permit development prior to the current expiration date of the contracts, the City Council must approve cancellation of the contracts in accordance with conditions and limitations contained in the California Land Conservation Act (Government Code Section 51282 et. seq.). Timely planning approvals will require time and effort on the part of the City to prepare and process the necessary documentation including CEQA review, the General Plan amendment and preparation of a Specific Plan. As in any major planning decision this process should also achieve public consensus regarding the creation of the R&T Park.

Due to the issues described above, the R&T Park should be regarded as an economic development-oriented project requiring substantial public sector involvement and participation. The probability of success associated with such an effort will depend to a large degree on the type, coordination, and effectiveness of the corresponding programs, policies, and activities pursued by the City to realize the R&T Park. It will also depend on successful coordination with existing property owners and the decisions of select third party participants, such as a master developer, a major corporate or institutional tenant, and/or a State or Federal funding agency. The outcome of these efforts cannot be predicted a-priori.

2. *What is a reasonable time frame within which to expect development of the site for the proposed uses?*

As discussed above, a number of steps will need to be taken before the project site is available for R&T development. These steps include City planning approvals, the completion of Route 168 as expected in year 2001, the implementation of a site development marketing and financing strategy, and others. In addition, the market conditions suggest that the development potential should be considered long-term. Assuming that economic, public policy, and institutional contingencies discussed above are accommodating, initial development of high-technology uses at the project site could occur in the 5- to 10-year time

frame. Total project bulldout should be considered likely within the 15-year time frame.

3. *What are the potential advantages to the property owners within and surrounding the project site from pursuing the development of an R&T Park?*

If successfully developed, an R&T park is likely to generate significantly more value to the project site than development in residential uses consistent with current General Plan designations. For example, improved R&T-oriented land with ready tenants is likely to sell for about \$4.00 to \$6.00 per square foot, compared to about \$1.00 to \$2.00 for residential uses. In addition, residential development on the site is likely to compete with planned development projects elsewhere in the City. With the exception of property immediately adjacent to the proposed expansion of Route 168, other commercial uses (e.g., retail or industrial) are not likely to be financially feasible. In short, a successful R&T park can maximize the financial return of the current landowners.

The property adjacent to the project site also stands to benefit from a well-designed and successfully developed R&T park. The nearby residential communities will benefit from project-wide land improvements such as improved road access, landscaping, and the park and trail-related facilities planned for the project. In addition, homes conveniently located adjacent to a high-end employment generating use are often in high demand by local employees. As a result, assuming that the project is well designed, visually appealing, and that potential use conflicts are properly mitigated, nearby home values will be unaffected or may actually increase relative to other portions of the City.

4. *What are the potential disadvantages to the property owners within the project site from pursuing the development of an R&T Park?*

The primary disadvantage to the current landowners associated with pursuing an R&T park development is the potential time delay between residential uses that would be allowed under the current General Plan and the R&T use. Specifically, the R&T Park project may not be able to develop as fast as a residential project, despite the planning efforts and investment. The converse is also possible. With a slowing of the housing market and aggressive marketing of R&T development by the City, the demand for R&T use might be more favorable than for housing. If the former occurs, the costs to current landowners will equal the revenue that the property could have achieved from alternative uses, in addition to the time and resources that selected landowners may have committed to the project. It is important to note that these risks will only accrue to those landowners that choose to hold on to their land in anticipation of future return. For those who sell, this risk/value trade off will presumably be reflected in the sales price.

An ill-conceived and/or failed R&T park project may also have a negative impact on surrounding properties, especially if alternative uses are not found. If the site sits vacant for a long period of time in a partially developed state, it could present a poor appearance, thus possibly affecting adjacent property values. In addition, reversion to an alternative use once one development project has commenced and failed is often more problematic than if no development had been initiated at all.

5. *Will the property taxes of the property owners within and surrounding the project site be increased as a result of the development of an R&T park?*

Proposition 13 limits the increase in property taxes to 2 percent per year unless (1) the land undergoes improvement, and/or (2) the property is sold. If the land is sold, the property taxes become the responsibility of the buyer. If the property undergoes significant improvement, presumably the improvement value offsets the increased property taxes that are incurred. If an improvement does not increase the value of the property, it will generally qualify for an assessment appeal reducing property taxes to fair market value.

In addition to normal property taxes, it is possible that the City may utilize one form or another of "land secured financing" for funding site improvements. In all cases such land secured financing (e.g. Mello Roos Community Facilities District) would be the responsibility of land buyers and/or future tenants, not existing property owners. There are no, nor will there be any additional taxes on existing residential uses or vacant land related to the financing of improvements needed to promote and accommodate the R&T uses.

6. *What are the potential advantages and disadvantages to the City of Clovis from pursuing the development of an R&T park at the project site?*

There are a number of fiscal and public policy-oriented benefits that would result from a successfully developed R&T park. From a fiscal perspective, the development is likely to generate additional revenue to the City by increased property, sales, business license, and other tax revenue sources. For example, high-technology uses often generate relatively high property taxes due to the valuable personal property items associated with these types of activities (e.g., computers and laboratory equipment). In addition, retail establishments and point-of-sale activity by park tenants can generate substantial sales tax revenue.

From a broader economic perspective, an R&T park will enhance the jobs/housing balance within the City relative to residential development scenarios. In addition, if successful an R&T park will support regional efforts to diversify the local economy and promote higher-paying employment opportunities in the Region.

From the City's perspective, the most significant disadvantage associated with pursuing an R&T park development is the risk of not achieving development goals in a reasonable time frame. An unrealized project will strand any City investment that may be involved and could weaken the City's resolve to embark upon similar economic development-oriented projects in the future.

7. *What features and conditions do research and technology-based firms look for when selecting a site?*

Since technology industries tend to be in information or knowledge-based fields, they often require highly skilled workers, proximity to cutting edge research institutions, and require being near a critical mass of related businesses. The cost of production (wages) and site development costs is often less important than the individual expertise and scientific or entrepreneurial environment provided by an area. In addition, the perceived quality of life

offered by a particular area is also an important factor in attracting the required technical and professional employees, entrepreneurs, or CEOs, since most of these individuals have a variety of options in terms of place of residence.

With regard to physical features, high-technology firms generally seek sites of 15 or more acres capable of accommodating a complex of large one to two story buildings, often with 150,000 square feet or more per building. The prototypical R&D facility generally has the outward appearance of an office building but with an interior that offers more flexibility with regard to the configuration and use of space. For non-office and non-research portions of the buildings one story construction with interior floor heights of 18 feet or more are common. Development costs are generally lower than Class A office space but higher than conventional manufacturing facilities. Visually pleasing landscaping and a campus environment are also desirable.

8. *What steps can the City of Clovis take to promote the development of an R&T park at the project site?*

As mentioned above, the City will need to take an active role in facilitating the development of an R&T Park at the project site. Initially, the R&T Park should be regarded as a city-led economic development program rather than a private sector development project. As the project progresses, the private sector will, by necessity, play a more significant role. It is important to note that effective City involvement will be a necessary but not sufficient precondition for the project's success. The City's efforts will likely need to include the following:

- (1) Gain fast-track planning approval.
- (2) Obtain landowner consensus, cooperation, and support.
- (3) Conduct a national marketing campaign.
- (4) Design and implement a financing strategy.
- (5) Seek business partners and/or land developers.
- (6) Recruit and/or negotiate with potential tenants

9. *Are there other types of commercial uses that could be pursued at the project site that would enhance the overall feasibility and attractiveness of an R&T park?*

The inclusion of business-supporting commercial uses such as a lodging facility and business-serving retail establishments on the project site could greatly enhance the success of the R&T Park development. First, such uses would make the site more attractive to prospective tenants by providing convenient access to amenities and services frequently demanded by business. Second, these uses could serve as a successful first phase of the development since the market support and feasibility of freeway frontage retail or lodging facility is less uncertain than an R&T park. Finally, this early development could help stimulate additional investment in the site and cover the initial costs of required land improvements.

10. *I live near by. Will I be affected by noise, traffic, or other adverse effects if the area is developed for R&T uses?*



The Initial analysis indicates automobile traffic on nearby residential streets would be slightly greater during the peak morning and evening travel periods if the area for R&T uses rather than for housing in accordance with existing General Plan policies. The differences in traffic volume, however, are not considered significant. Truck traffic would use Route 168 and the proposed Temperance Expressway south of the site and should not affect local residential streets.

Potentially nearby residents could be adversely affected by noise and nighttime lighting. These impacts, however, can be avoided by good site planning, city development and design requirements, and private covenants and restrictions attached to the land at the time of sale or lease. The Schematic Master Plan responds to these concerns by locating the proposed community park along the west side of the site to buffer existing residences from the R&T uses. The Master Plan also recommends other measures for inclusion in the subsequent Specific Plan such as more detailed setback, landscaping, building design and construction requirements to address these concerns.

During the General Plan amendment and Specific Plan preparation phase there will be ample opportunities to address these issues in further depth and to devise appropriate mitigation measures.

11. *If the project were to proceed approximately 1.79 million square feet of non-residential space could be constructed? How will this project affect city streets, Route 168, and community water, sewer and storm drainage facilities?*

The initial studies investigated this question by comparing proposed R&T use with development in accordance with existing General Plan policies. Water usage is expected to be lower with R&T use and no significant differences in either the load imposed on the city's trunk sewers or the sewer treatment plant is projected. And based on the conditions proposed in the Schematic Master Plan, the amount of impervious surface, and thus storm water runoff, would be equivalent for R&T and residential use.

The total number of vehicle trips per day would increase with R&T use by about 24 percent when compared to residential use. However, due to the location of the R&T Park site, the majority of motorists will be traveling in the reverse direction of the majority of trips, thereby minimizing impacts on the city's more heavily traveled routes. Conversely residential development produces traffic patterns which add traffic in the peak direction. The area of most critical concern is the intersection of the eastbound Route 168 off-ramp at Temperance Avenue. During the morning peak hour combined traffic destined for the R&T Park and the Clovis Community Hospital area will require a high capacity intersection. More detailed traffic analysis should be undertaken to determine if the off-ramp at the intersection will eventually need to include an exclusive right turn lane and two left turn lanes leading onto the Temperance Avenue undercrossing of Route 168.

12. *The study area is currently designated for residential uses. What steps must the City take to allow the proposed non-residential development?*

The City's General Plan would need to be amended to change the current medium high and high residential land use designations to a designation appropriate for research and technology-based uses and other ancillary and complementary uses. This step will also require preparation of an Environmental Impact (EIR) and its certification by the City Council prior to adoption of the General Plan amendment. About 8 months is needed for preparation of the General Plan amendment and EIR and certification and adoption. As noted previously development on major portions of the site cannot proceed until existing Williamson Act (farmland preservation) contracts are canceled.

Before development applications could be proceed the City would also need to either amend the City's zoning code to permit R&T type uses or prepare and adopt of a Specific Plan/Master Plan which fulfills the same regulatory function. The latter course is recommended since a Specific Plan can more easily incorporate specific development and design requirements designed to both address local impacts issues and special site and design requirements of R&T uses. Preparation of the Specific Plan/Master Plan could be undertaken in about 9 months. Preparation of the Specific Plan/Master Plan could be undertaken concurrently with later phases of the General Plan work, thereby permitting the entire planning and entitlement process to be accomplished within a year.