



**JOINT MEETING OF THE CITY COUNCIL AND  
BUSINESS AND ECONOMIC DEVELOPMENT COMMISSION  
Davis Joint Unified School District Administration Building  
East Conference Room, 526 B Street  
Monday September 22, 2008  
7:00 PM**

**City Council:** Ruth Asmundson Mayor, Don Saylor Mayor Pro-tem, Sue Greenwald, Lamar Heysteck, Stephen Souza

**Commission Members:** Alan Fernandes Chair, Anthony Costello Vice-Chair, Robert Agee, Greg Phister, Anissa Nachman, Sydney Vergis, Tobin Richardson (Alternate) Mark Braly (Planning Commission Liaison), Matthew Kemmerle (Finance and Budget Commission Liaison)

**City Staff:** Katherine Hess, Community Development Director, Mike Webb, Principal Planner, Xzandrea Fowler, Planner, Sarah Worley, Economic Development Coordinator  
Brian Abbanat, Economic Development Specialist

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*Amount of time for each item is approximate and subject to change.*

**AGENDA**

7:00 P.M.     **1.     Determination of Quorum and Seating of Alternates**

Quorum determined at 7:01 p.m.

**2.     Approval of Agenda**

*Agenda approved at 7:02 p.m.*

**3.     Business Park Viability Study, Cannery Park, Davis (90 min)  
Recommendation**

- Review the Business Park Viability Study, that was prepared for the Cannery Park site project (available online at: <http://www.cityofdavis.org>); and
- Receive a presentation by the City consultant, Economic Strategies Group (ESG), outlining the findings of the study, and engage in a question and answer session; and
- Review and comment on the scope of the key policy questions that staff has identified for future analysis and consideration.

Katherine Hess provided an overview of the Cannery Park Site, the Business Park Viability Study, and the Cannery Park development proposal.

Michael Conlon, Economic Strategies Group (ESG) provided an overview of the study. He shared the nature of the Davis economy, what makes Davis' economy distinct, the University's effect on the Davis economy, recent office/flex space development, and assumptions for future office/flex space development. Key conclusions include:

1. Davis has a distinct market and distinct economy
2. Office/flex/industrial development in the past 10 years has taken the form of 73% “flex space”, 27% office, and 0% industrial. This accounts for approximately 8-9 acres/year
3. ESG assumes this trend will continue.
4. There are 140 acres of land available, 66 of which are on Cannery Park. There is approximately 70 acres of “good” land available.
5. With Cannery Park as a business park, it would take 14-17 years to absorb the office space, 7-9 years without.
6. 14-17 years is a long time to hold land and may be beyond feasible holding period.
7. Narrowing of permitted uses would extend build out period.

Commissioners and Councilmembers then engaged ESG in a question-and-answer format:

- Why is the absorption rate included if the property owners were aware of the zoning when they purchased the property?
- What is an appropriate amount of land inventory?
  - Response: Cities typically plan for 20-25 year time horizon.
- Do you have a recommendation for this site?
  - Response: This project raises a lot of policy questions. It’s a complicated site. This will be the first of several land use decisions the city has to make such as use of infill or annexations to meet need
- Why is Scenario 4 (High Tech Park) considered infeasible? Do the existing land use controls limit market feasibility
  - Response: feasibility is based on ability to meet demand. High tech can be defined several ways. If high-tech definition is broadened, then the scenario improves. Davis should stick with a broader definition of high tech. Current zoning is industrial with some zoning (tech) overlays. Developer would want to expand definitions. The current zoning is not intended for a modern business park as currently written.
- Why does the study assume 66 acres of development when the site is 100 acres?
  - Response: Infrastructure. There are 66 net acres of developable land. This is consistent with the Lewis proposal assumptions.
- Where will business park employees live?
  - Response: The business park would capture some people already living in town. Some would move into the city and others in outlying communities and the Highway 50 corridor. A better way to respond is, how can we maximize this in a good way for the Davis economy?
- Is Cannery Park a good location?
  - Response: Yes, absolutely. It’s a nice size configuration. It is in the middle of the City and has access from east and west. It does have some access problems. Any real business park will have a mix of uses.
- Did you look at sites outside the city limits?
  - Response: No.
- Where would you, if you did? All in one space or spread around?
  - Response: 66 acres is not a lot of land. Bishop Ranch in San Ramon is 540 acres and Hacienda B.P. in Pleasanton is 800 acres. 66 acres is about the right size for a city the size of Davis.
- Is interstate access important?
  - Response: No. Stanford Business Park, has over 10 million square feet, is one of the most successful in the world and not located near a freeway.

- How does this fit in with the Housing Element Steering Committee? What percentage of projected housing does this site represent?
  - Response (K.Hess): The Steering Committee intentionally focused on housing site suitability only. This site was not part of the near term 700-1300 unit development.
- What is the viability of prospective large single high tech users that could use the site more quickly, such as Genentech?
  - Response: We looked at large users and don't think that these are the most feasible. Big users look for land that is inexpensive with lots of flexibility, and generally away from residential uses that they can grow into slowly. They also spend a long time making decisions. Davis may not want that kind of user. You want an economic base with as many moving parts as possible. It may be better to have two fifty acre sized developments that could compete in price and users. Would favor many smaller firms as big facilities tend to shrink or get merged and growth comes from many smaller facilities.
- Comment on Fullerton Business Park and regrets regarding action to relax zoning. Can we work with existing zoning over a timeframe that fits our needs (25-30 years)?
  - Response: Our analysis is based on the Davis economy. Most of Davis' office/flex space is occupied by smaller companies doing things that don't fit into the "tech" classification. They're working in fascinating specialties. Davis should be attractive and open to all new businesses (e.g. biking, kayaking etc.)
- Concern expressed about the blanket conclusion that a high-tech business park is infeasible.
  - Response: If you want to focus on a business park, you want to allow a broad definition of high intellectual capital uses
- What is the city's projected land supply for business parks given feasible versus infeasible vacant sites, if Cannery Park was not available?
  - Response: Users will take what's available, but the supply isn't good. There is about 8-9 years of usable land available.
- What is the optimal vacancy rate?
  - Response: 10% or a little less for a town like this. Flex vacancy has already fallen as most was attributable to one new building. A city would want developers to build out in front of the demand. Davis vacancy rates are lower than they should be.
- What uses would make a business park more feasible?
  - Response: Cited Stanford B.P. zoning as an example.
- Is there a demand that we're not capturing due to cost?
  - Response: Current zoning is industrial. High tech is allowed, but it's not clear how the city defines high tech. Discretionary zoning approvals are an obstacle.
- What would be the appropriate balance of residential versus non-residential? Are there other examples of successful mixed use projects?
  - Response: Cited Hacienda Business Park and residential uses on the Prudential site, which the City of Pleasanton did not support. It works out quite well.
- What is the effect of the ingress/egress issue?
  - Response: There are two entrances, one signalized. The site needs at least one entrance to the north regardless of the mix of uses.
- Is there the possibility that the absorption rate could be increased? If we do more can we lower the absorption rate?
- We have an application waiting and we're trying to come up with an educated guess. Are we bringing this back to Council to raise the policy question as to should we go ahead with this application?

- Response (K. Hess): At the staff level, we need feedback as to whether these are the right questions.
- We should schedule this for a Council discussion. The Housing Element Subcommittee was not asked what is the better use, housing or industrial? The question that must be asked is if we don't use land within the city, land outside city limits must share tax with the County. We must look at the revenue side to keep land within the city.
- Why have sites within the City not developed with industrial uses in the last 10-15 years?
  - Response: Land is expensive in Davis. Industrial uses have changed; land is going to the highest and best use. Industrial is going to certain locations & configurations. There is not a lot of industrial demand in Davis. Businesses can get industrial land in Woodland/West Sacramento for less cost.
- The report concludes there is no locational advantage to being near the freeway though most office development is near I-80 and Hwy 113....why?
  - Response: All the land happens to be adjacent to the freeway. This is more of a planning accident than anything else. There is no pattern to where companies are locating.
- Given that people commute, do you want people commuting through town?
  - Response: The traffic associated with 2600 jobs would probably be easily mitigated.
- Question about the site's economic viability at 100% business park. Is it feasible to compete with other markets?
  - Response: It's more attractive to develop housing from the developer's perspective, but business park uses generate more revenue. Davis must strike the right balance, and determine what is fair for everybody. Process has just begun.

#### **4. Public Comment (5 min)**

This is the time for the public to address the Commission on matters not listed on the agenda. Presentation time will be at the discretion of the Chairperson.

Jen Baker provided comments on what mix of space Davis should have. Davis should not be going after large users. A strong base of many businesses can build a good economy. Mentioned how smaller businesses integrate into the community.

Louise (Ray?) resident since 1976 commented on why Hunt-Wesson left. Does not believe another large user will be attracted to the site. She sees it more as mixed-use/light industrial. Genentech would have taken it if they wanted it.

Eileen Samitz supports 2/3 housing, 1/3 office/industrial. This would be scaled to surrounding neighborhoods. 2001 General Plan supported housing on this site. Study doesn't compare benefits of housing versus business park. Land was available for years with no interest. A huge business park in the middle of residential area is not good planning. Covell cannot be widened, increased traffic must be accommodated. Business park demand is not robust given the current market. Best use is mixed use; you get the best of both worlds.

Dan Ramos provided an update of Mace Ranch property leasing. He expects to build more buildings. Having a big array of uses is good. There is a lot of demand for clean technology space. Businesses are attracted to Davis. Talk to SACTO. The region is real close with

attracting some German companies. Yolo County has a tremendous opportunity to capture part of the clean tech market. Davis can be at the forefront.

Bill Mellerup, Lewis Communities, introduced the project team. He promoted a balanced approach incorporating a mix of uses on the site. Supports a business park with work force housing. Thinks the Lewis plan is a good starting point. Ultimately, there will probably be a mix of uses.

*Public Comment closed at 8:42 p.m.*

Commission Comments:

Commissioner: Looks at project from advisory role through the BEDC lens. Agree that high-tech-only option is infeasible and may not be the right choice for Davis. Conflicted about secondary effects of a large single user and the effect a very large business park may have on the Core Area. A business park with 2,600 jobs w/out housing conflicts with Davis values to minimize our carbon footprint. A proposal for mixed use is a superior way to go. We should further refine the project through outreach/hearings and match goals for the long term planning of the City.

Commissioner: Thoughts provided on other business parks such as Bishop Ranch and Hacienda. We don't want Genentech in Davis because of what can happen when Genentech merges with another company and all the jobs leave. We need to be careful about how we compete for large companies. We benefit by having people live and work in Davis. The property needs to be a balance of mixed uses. It's not clear what that balance should be but we should remove the bookend options of all housing and all business park uses.

Commissioner: New jobs create a demand for housing favor further study of the economic basis for the project. Mixed use seems reasonable. Putting all eggs in one basket is a concern.

Commissioner: Agree with the policy issues that have been raised. Mixed use is the most consistent with a work/life balance. It's the best position to deal with uncertainty.

Commissioner: Concerned about the fiscal and business benefits of the project. There has been too much focus on a single high-tech user versus mixed-use. Without this site the City will have 8-9 years worth of available business land and only 14 years with the site. The project would develop over time. Concerned about loss of largest business parcel remaining and using it for housing. More housing costs the City more especially with mixed-use as proposed. The project should be weighted heavier to business.

Commissioner: Site has been vacant for years. The current proposal has a lot of potential to fulfill a variety of city policies. We should proceed with processing the application as is with a mix of uses.

Councilmember: Site was purchased by a homebuilder. This is our last business park already zoned for Industrial use. We need jobs where houses are and houses where jobs are. Davis is a huge draw for businesses. This is the last piece of land we have to create any kind of business synergy. Cited why Mori-Seiki chose Davis and there was limited land available. We have to have land available to promote high technology business. We can guarantee conditional use permits, speed up the process, or tweak the zoning, but it's critical not to let it go to housing. It's

the only significant piece of land for this use. We can make concessions that need to be made, but we should say “no” to the current proposal.

Councilmember: The report clearly states that business park use is viable, with some scenarios more feasible than others. We need to retain available land for business park use. We should stick with business park. The Council directed the BEDC to prepare a Business Attraction program to attract higher wage employment. Concerned about how to instruct the applicants on use of the industrial site. Favor discussion of these issues at a regular televised Council meeting.

Councilmember: We have to do something to keep land available for the coming “environmental revolution”. We should stay open to whatever will happen. I would love to see thousands of ideas coming out of Davis. I will not comment on the proposal itself here. We should answer policy questions first before making a decision on the proposal. Going outside our city boundaries will result in a loss of revenue. Intellectual capital based industries are probably more appropriate for Davis.

Councilmember: 2010 General Plan is about to expire and we have no larger vision. We need more forward thought regarding our future needs. We should look at land outside the city limits as done in the Housing Element Subcommittee process. There is a vulnerability of having a single large user on site. Build out time matters. If it takes too long, they won't develop it, and there's no project. How do we make sure it can come to fruition? I'm interested in a mixed-use w/balance. We need to look at the impact of ratios of different uses. This is not the last possible decision where business activity could go. There may be other possible locations for technology startups and housing needs. I caution not to repeal the community outreach that has already been conducted on this site.

Councilmember: We need to agendaize this for discussion as soon as possible so we can respond to the policy questions and provide clear direction to proceed with Cannery Park application.

Commissioner: The BEDC should first provide a separate recommendation to Council.

## **5. Adjourn City Council Meeting**

*Council meeting adjourned 9:26 p.m.*

## **6. Approval of BEDC Minutes August 25, 2008**

*Minutes approved at 9:36 p.m.*

## **7. Annual BEDC Business Award (5 min)**

Brief discussion on merits of new award category “Extended Excellence in Economic Development”. A. Nachman made motion to approve item #3 in BEDC memo. G. Phister seconded.

*Item #3 in BEDC memo approved unanimously at 9:39 p.m.*

**8. Designation of New BEDC Chair (5 min)**

Chair Fernandes announced his term on the commission has ended and will not be seeking another term. Councilmember's, commissioners, and city staff expressed gratitude for his accomplishments, service, and commitment to business and economic development in Davis.

**9. Adjourn BEDC Meeting**

*Meeting adjourned 9:51 p.m.*

Any writing related to an agenda item for the open session of this meeting distributed to the Commission less than 72 hours before this meeting is available for inspection at City Hall, 23 Russell Blvd., Davis.

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**Future Meetings: October 27, 2008, November 24, 2008**