



**COUNTY OF PLACER**  
Community Development/Resource Agency

Michael J. Johnson, AICP  
Agency Director

**PLANNING  
SERVICES DIVISION**

E.J. Ivaldi, Deputy Director

**MEMORANDUM**

**TO:** Honorable Board of Supervisors

**FROM:** Michael J. Johnson, AICP  
Agency Director

By: Sherri Conway, Senior Planner

**DATE:** June 16, 2015

**SUBJECT:** **Sunset Area Plan Update Status Report**

**ACTION REQUESTED**

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

**BACKGROUND**

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

**AREA PLAN UPDATE STATUS**

In November 2014, County staff initiated a contract with Mintier Harnish to facilitate the development of the Sunset Industrial Area Plan Update. Components of the workplan include:

- An Existing Conditions and Constraints Analysis
- A Market Analysis
- An Opportunities and Constraints Report
- An Evaluation of Land Use Alternatives
- A Capital Improvement Plan and Finance Plan
- A Design Vision Plan and Corridor Design Standards

Additionally, County staff has launched a comprehensive public outreach campaign for the Plan update process. Partnering with the County's Public Information Office, staff will solicit input and showcase the project milestones utilizing a number of techniques, including a dedicated County webpage, monthly newsletters, press releases, public workshops, stakeholder meetings, focus groups and periodic study sessions with the Planning Commission and Board of Supervisors.

The sub-consultant team of Economic & Planning Systems is currently completing the Market Analysis component of the work plan, which includes:

- a market conditions analysis;
- an existing business retention analysis;
- an area economic analysis; and
- a SWOT (strengths, weaknesses, opportunities, and threats) analysis.

While the Background Report regarding current economic conditions is not yet completed, the preliminary findings include the following:

- **The Sunset Area Occupies a Strategic Position in a Dynamic Market Area.** The Sacramento Region has been and continues to be one of the State's leading inland markets. The Sacramento Region has had a 23 percent increase in population since 2000, compared to the statewide average of just 13 percent. South Placer County's growth rate was more than double the rate of the region. While the number of jobs in the South Placer market has increased by 40 percent over the past 10 years, the market's share of the region's employment is 11 percent. The South Placer region continues to demonstrate the market's capacity to expand its employment base and play an even larger role in the regional economy.
- **The Sunset Area Offers a Leading Opportunity to Realize Desired Economic Development Outcomes in the South Placer Market.** With an orientation toward employment-generating uses, the Sunset Area represents a major opportunity to continue to expand the job base in the South Placer market to come closer to the role as a regional population center. From a workforce perspective, the Sunset Area has access to a high quality and growing labor force. The EPS analysis found the region's development fees to be competitive and regional efforts on roadway improvements makes the South Placer area a desirable place to locate businesses.
- **Placer County Economic Development Efforts Could Target a Combination of 10 Viable Industry Clusters.** Through the "Next Economy" initiative, regional economic development organizations and local jurisdictions, including Placer County, have prioritized six industry clusters for targeted efforts to grow and retain jobs and investments, including: Advanced Manufacturing, Agriculture and Food, Clean Energy Technology, Education and Knowledge Creation, Information and Communications Technology, and Life Sciences and Health Services.

These clusters utilize staffing patterns that align with the South Placer labor force, and a number of the activities are represented among the University of Warwick's research priorities. Growth in these clusters, all of which contain economic base activities, often generate other benefits such as strong employment multiplier effects, regional linkages and import substitution.

- **General Economic Recovery and Momentum Created by Major Planned Projects are Prompting Sunset Area Landowners to Explore Development Options.** As noted in the EPS analysis, most of the major landowners in the Sunset Area have held properties for several economic cycles and are currently anticipating being able to move development plans now that the economy has returned. In addition, Placer Parkway, Placer Ranch, and University of Warwick plans have generated momentum in the market as other landowners are now able to better understand the components and timing of these major projects.

The Nichols Industrial Park located within the Sunset Area is experiencing an increase in development activity, and plans have been submitted for an industrial park which incorporates the former Formica facility and its undeveloped lands to the east. The United Auburn Indian Community is also in the early stages of assessing opportunities in the areas surrounding the Thunder Valley Resort.

- **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, compared to 132,000 square feet of industrial/flex space. The Industrial/Flex space segments represent the greatest amount of space available in the Sunset Area at more than 3.9 million square feet, which equates to about one-quarter of the South Placer market.
- **Market Forecasts Suggest That There Could be Demand for Approximately 500 Acres of Industrial/Flex and Office Land in the Sunset Area Through 2035, with Major “Game-Changing” Projects Bringing the Total Demand Up To 810 Acres.** Estimates from the Sacramento Area Council of Governments suggest that roughly 94 percent of the projected acreage demand for Placer County will be captured in the South Placer market. Market forecasts suggest 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.
- **A Distinct Group of Real Estate Prototypes Represent the Types of Facilities That Could Be Competitive in the Sunset Area and Align With Users In The Viable Clusters.** The primary prototypes envisioned for the Sunset Area are expected to include light industrial/flex developed on a speculative basis, complemented by owner-user manufacturing and offices. In addition, it is envisioned that one- to three-story office developments will be a component of the Placer Ranch project and could also be developed on select parts of the remainder of the Sunset Area. Manufacturing product is likely to be developed on a build-to-suit basis and may vary in its form and function. The Sunset Area presents itself as a leading prospect in the region to capture new large-scale campus users, which could result in one or more collections of multi-building campuses.
- **There Is A Significant Amount Of Undeveloped Acreage And A Number Of Major Planned Projects Throughout the South Placer Market And Broader Sacramento Region That Will Introduce Competitive Industrial/Flex And Office Space Over The Next Few Decades.** Users seeking commercial and industrial space in the Sacramento Region over the next 20 years will have a number of options, including existing vacant space and facilities in expanded or new projects. The Sunset Area will be competing with some very formidable projects for its market-share as nearly every major market area in the region is planning for new capacity. The long-term competitiveness of the Sunset Area will be impacted by the extent to which Placer County is able to address or mitigate the existing challenges, including the availability of infrastructure and utilities.
- **The Long-Term Competitiveness Of The Sunset Area Will Be Impacted By The Extent To Which The County Is Able to Build On Its Strengths and Mitigate Existing Challenges In The Area.** To move from the baseline scenario into the realm of the more aggressive demand scenarios, the County will need to directly establish policies and programs and help

facilitate the conditions necessary to encourage development and compete for projects within the South Placer market and the broader region. Strategies to consider include:

- Mitigate the landfill, Materials Recovery Facility, biomass facility and propane storage impacts.
  - Expedite transportation infrastructure improvements.
  - Encourage catalyst projects and flexible development.
  - Address negative perceptions of development processes and fees.
  - Continue to regularly engage representative Sunset Area stakeholders.
  - Collaborate locally and regionally on economic development initiatives.
- **The Size of the Sunset Area Suggests That Planning And Marketing Efforts Would Best Be Served By A District Concept.** Breaking the Sunset Area into several self-defined districts is likely the most effective approach for both planning and marketing purposes. Each zone could have uses, design guidelines, and an identity reflecting its location in the Sunset Area, surrounding uses and major development constraints.

**NEXT STEPS/TIMELINE**

It is anticipated that the full Opportunities and Constraints report will be completed in August 2015, with a study session to be scheduled before your Board in September 2015. This report will allow an inclusive understanding 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. Based on the findings in the Report, an evaluation of land use alternatives will subsequently be presented to your Board in November 2015. During that time, staff will conduct workshops presenting findings.

Following Board direction in November 2015, 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:

<b>Opportunities and Constraints Report</b>	<b>Summer 2015</b>
Board Study Session	September 2015
Land Use Alternatives Evaluation	October 2015
Board Study Session	November 2015
Corridor Design Standards	January 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

**INFRASTRUCTURE FINANCE DISTRICT STATUS UPDATE**

As the Board is aware, staff has been working with representatives of Keyser-Marston to identify possible financing solutions to assist with the development of infrastructure for the Sunset Area. Concurrent with the update to the Sunset Area, County staff continues to analyze the feasibility of forming an Infrastructure Finance District (IFD) in the area. On July 8, 2014, staff received approval from your Board to enter into a contract with Keyser Marston Associates, Inc. to analyze the feasibility of an IFD. The IFD study area included the proposed Placer Ranch Specific Plan Area, Regional University Specific Plan area, and the remaining Sunset Industrial Plan Area. Task 1 of the contract scope of work was completed and involved evaluating the revenue potential of establishing an IFD.

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The result of Task 1 analysis indicated that sufficient IFD revenue potential existed to warrant continuing to evaluate IFD formation. On December 9, 2014, your Board authorized staff to proceed with Task 2 to evaluate the financial feasibility of an IFD, folding into the analysis impacts on revenue potential due to costs associated with Countywide Services. Upon completion of the draft report analysis, staff will return to your Board for a formal presentation of findings.

**FISCAL IMPACT**

There is no fiscal impact associated with this presentation of initial findings. The analysis and report is budgeted at a net County cost of \$581,000 in FY 2014-15

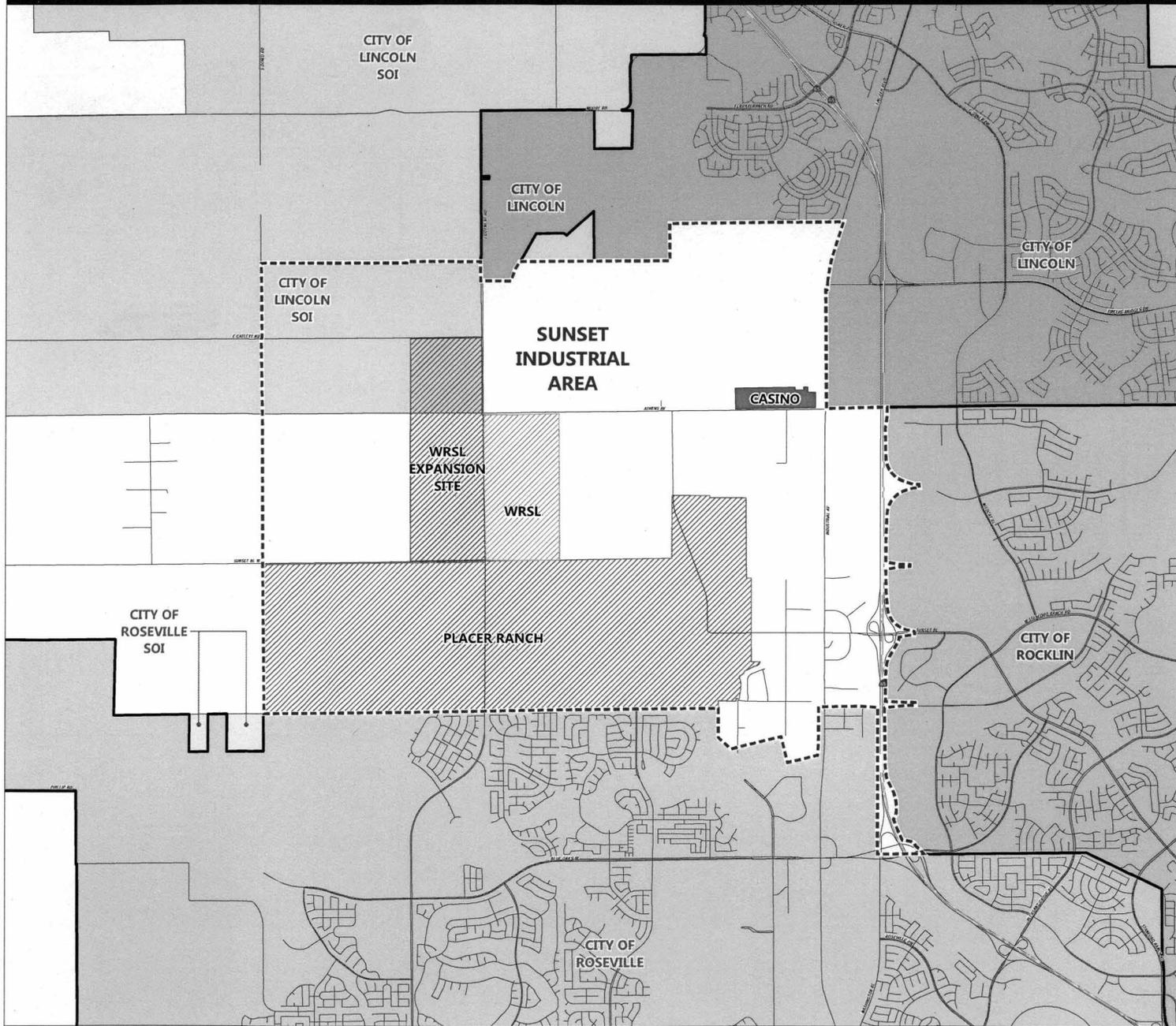
**SUMMARY**

No action is necessary, as this status update is intended to generate discussion and feedback from the Board regarding the Sunset Area Plan Update. David Zehnder, EPS, will provide the Board with the update on the Market Analysis.

Attachment 1 - Sunset Industrial Area Map

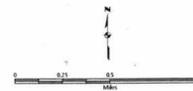
Attachment 2 - EPS Memo

# VICINITY OF THE SUNSET INDUSTRIAL AREA



**LEGEND**

- |                   |                        |   |                  |
|-------------------|------------------------|---|------------------|
| CITY OF LINCOLN   | SUNSET INDUSTRIAL AREA | PLACER RANCH SP                                   | INTERSTATE       |
| CITY OF ROSEVILLE | LINCOLN S.O.I.         | WESTERN REGIONAL SANITARY LANDFILL                | HIGHWAY          |
| CITY OF ROCKLIN   | ROSEVILLE S.O.I.       | WESTERN REGIONAL SANITARY LANDFILL EXPANSION SITE | LANDMARK STREETS |
|                   |                        |   | ROADS            |



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## SUNSET PLAN AREA: DRAFT MARKET FINDINGS

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**Readers Note: The following draft summary is preliminary and was written before developing the conclusions of the draft economic analysis because of County scheduling requirements. The conclusions and specific figures cited are subject to change based on EPS's analysis, in progress at the time of writing.**

Placer County's 8,200-acre Sunset Industrial Area (SIA) is one of the county's primary industrial nodes, offering major potential for supporting regional economic growth in the future. With momentum created by the economic recovery and proximate planned projects, the SIA has the opportunity to shift to a more active and vibrant employment base. Major initial findings of the economic analysis include those outlined below.

**1) The SIA occupies a strategic position in a dynamic market area.**

The Sacramento Region has seen its population expand by 23 percent since 2000, compared to the statewide average of just 13 percent. South Placer's growth rate was more than double the rate of the region. Although the market's share of the region's employment base is just 11 percent, change is occurring quickly as the South Placer market captured 65 percent of the absolute job gains in the region over the past decade.

**2) The SIA offers a leading opportunity to realize desired economic development outcomes in the South Placer market.**

Employment in economic activities that generate net new wealth and drive growth in other segments of the economy, generally referred to as the "economic base," has been declining in the South Placer market, while local-serving activities have seen job gains in the past 10 years. The SIA has the potential to support an expanded economic base and better use the large local labor force, of which, two-thirds commutes outside the area for employment opportunities.

**3) Placer County could target a combination of 10 viable industry clusters for SIA development.**

Regional economic development priorities captured in the Next Economy initiative include the Advanced Manufacturing, Agriculture & Food, Clean Energy Technology, Education & Knowledge Creation, Information & Communications Technology, and Life Sciences & Health Services clusters. Additional clusters identified by EPS include Advanced Materials, Business & Financial Services, Distribution & Electronic Commerce, and Recreation & Tourism. All 10 of these clusters are well-matched to the South Placer labor force and University of Warwick's research priorities.

**4) General economic recovery and momentum created by the Placer Parkway, Placer Ranch, and University of Warwick plans are prompting SIA landowners to explore development options.**

Most of the major land owners in the SIA have held properties for several economic cycles and anticipated being able to move development plans forward before the recent recession. The general economic recovery coupled with the market catalysts presented by major planned

projects has led some of these owners to begin to seriously explore options that would allow them to take advantage of the current market expansion phase.

**5) 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 this period. Just more than 61,000 square feet of office and industrial/flex space were absorbed in the SIA on an annual average basis over the past 14 years, averaging fewer than 5 acres per year. Regional competition from major existing and planned projects will continue to be strong.

**6) Market forecasts suggest there could be demand for as much as 500 acres through 2035, with the insertion of major "game-changing" projects, bringing total demand up to about 800 acres.**

Estimates from SACOG suggest that 94 percent of the projected acreage demand for Placer County will be captured in the South Placer market.<sup>1</sup> The SIA'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. While Placer Ranch is proposing 329 acres of commercial park space and may be a viable location for higher end uses, it is expected that the rest of the SIA also will have excellent prospects for a much broader array of business/industrial park uses, with the upper end of demand accounting for one-third of available capacity.

**7) The size of the SIA, along with existing and proposed development patterns, suggest planning and marketing efforts for the area would be best served by a district concept.**

Breaking the SIA into several self-defined districts likely is the most effective approach for both planning and marketing purposes. Each zone could have its own set of uses, design guidelines, and identity that consider its location in the SIA, consistency with surrounding uses, and any major development constraints.

**8) The long-term competitiveness of the SIA will be impacted by the extent to which Placer County is able to address or mitigate the existing challenges in the area.**

In addition to effectively planning for potential uses in the SIA, considering major internal constraints and availability of infrastructure and utilities, there are several other factors that Placer County will need to address or mitigate to compete effectively for users. Placer County will need to evaluate its development process and fees, invest in a marketing campaign, and consider incentives to close competitive cost gaps to effectively compete for users and change the growth trajectory of the SIA.

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<sup>1</sup> The SACOG MTP projections available to EPS at the time of study show differing shares of regional employment compared to historical sources used in this study. These difference as well as changing dynamics presented in the draft version of the new SACOG projections are under further review.

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