



Transportation for Economic Development

final
report

prepared for

California Department of Transportation

prepared by

Cambridge Systematics, Inc.

with

System Metrics Group
Hausrath Economics Group

June 2003

The contents of this report reflect the views of the author, as compiled from the comments of local workshop participants and members of an advisory committee. The author is responsible for the facts and the accuracy of the data presented herein. The contents of this report do not necessarily reflect the official views or policies of the STATE OF CALIFORNIA or the DEPARTMENT OF TRANSPORTATION. This report does not constitute a standard, specification, or regulation.

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1.0 Introduction

1.0 Introduction

■ 1.1 Purpose of Study

This study describes a method to direct some of Caltrans' transportation investments to the state's worst pockets of poverty and joblessness. Methodology is intended to help Caltrans play a role in each poverty-stricken area's own efforts to create jobs and relieve economic hardships. To demonstrate the real benefits of such targeted investments, this report describes 10 areas where specific transportation improvements, coupled to other economic development initiatives, will help attract new businesses and create more secure, year-round employment. But the study's findings indicate there are hundreds of such pockets that would benefit from an ongoing program of Transportation for Economic Development (T4ED), and the report describes the means to select areas that will be most capable of leveraging a targeted transportation improvement.

At the present time, Caltrans and many regions program transportation money based on a set of conventional criteria: congestion relief, accident reduction, pavement and bridge preservation, air quality improvement, and others. Using these conventional criteria, an impoverished community, with little prospect for growth and roadways that are neither congested or dangerous, has no access to state transportation funding.

This study evaluates supplemental criteria which would expand conventional transportation programming practice by using the potential for transportation to catalyze economic development as a programming criterion.¹ This criterion, however, is composed actually of two equally important parts: It must not only identify areas that deserve transportation investments because of their economic hardship, but also determine how effectively they can leverage the investment. Thus, for each of the 10 illustrative projects described in this report, the authors demonstrate why the proposed transportation investment is critical to the community's economic development efforts and how it will lead to new jobs and improved prosperity. This *effectiveness* measure is also built into the selection methodology the study recommends as part of any future Caltrans T4ED program.²

¹ This study is focused on catalyzing economic *development* as opposed to economic *growth*. The former seeks to create jobs and improve incomes for communities suffering from severe economic hardships relative to the state average. Economic *growth* involves increasing the amount of any community's economic activity irregardless of their present economic well-being.

² Other criteria for T4ED investment include a) reduction of congestion in prosperous areas of the State, because businesses locate to the uncongested economically-depressed areas; and b) the jobs

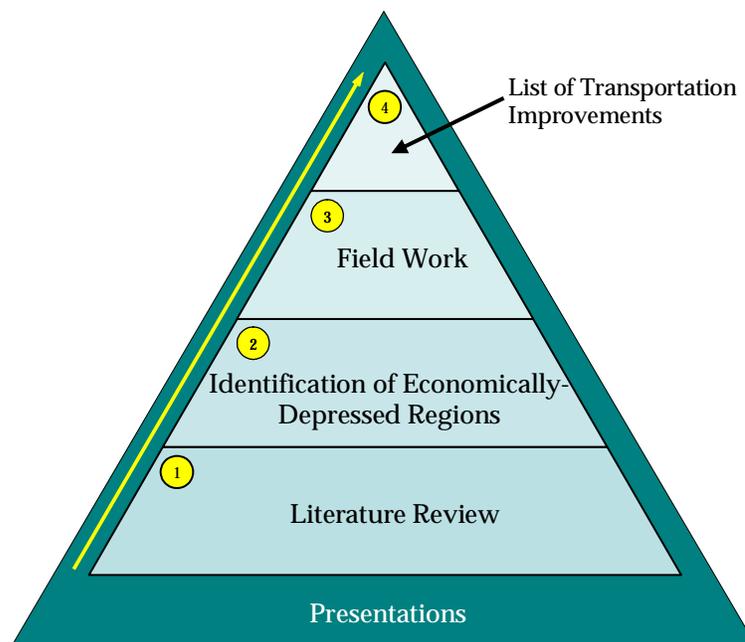
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1.2 Organization of the Report

The T4ED study was generated through a multi-stage process that examined the benefits of transportation investments on distressed areas (Figure 1.1). The following four key stages made up the body of work for the study:

1. A literature review demonstrating both the link between transportation and economic development generally and identifying key projects in other states that have realized specific economic development benefits from transportation investments;

Figure 1.1 T4ED Study Methodology



2. Identification of economic distressed areas in California that might benefit from economic development and selection of 10 key areas to visit, based on the strength of the potential link between transportation and economic development;
3. Local economic development conferences to identify economic development needs and to discuss key issues linking transportation and economic development in each area; and

retained if the relocated businesses would have left the State altogether without the opportunity to relocate within the State.

4. Analysis of potential transportation projects for their impact on local economic development.

Section 2.0 describes the identification and selection of 10 areas for local conferences and the process for conducting those conferences. Sections 3.0 through 12.0 describe the potential transportation projects identified by conference members and through interviews and further analysis that would help alleviate economic distress in these areas. Section 13.0 summarizes the findings across each of these areas and provides suggestions for future program development.

The literature review, local area conference presentation, and other materials are contained in several appendices.

■ **1.3 Summary of Findings**

The following pages provide descriptions of 15 candidate projects in 10 areas of the State. These projects serve as examples of the types of projects that might compete for funding in transportation for economic development program. Table 1.1 presents very brief descriptions of these projects. The one-page summaries provide additional overviews of this information. The following sections of this report provide detailed information of each area.

Table 1.1 Summary Table of 15 Candidate Projects

Areas/County	Brief Description	Problem/ Economic Conditions	Economic – Transportation Nexus
Southeastern Bakersfield, Kern County	Widening and grade separations between ITTC Intermodal Yard and 7th Standard Road Access	Economic diversification away from agriculture	Key highway link to industrial sites, I-5, and SR 99
Southeastern Bakersfield, Kern County	Reconfiguration of Lava Road Interchange	High dependence on seasonal agriculture employment	Support development of the Tejon Industrial Complex
Mesquite Lake, Imperial County	Widen two county roads, Dogwood Road and Keystone	Poorest county in the State, seasonal and extremely high unemployment	Direct access for larger trucks to the new industrial sites (EcoPark)
Coachella and Indio, Riverside County	Railroad grade separation, new interchange at Avenue 52 on SR 86, and a bridge	Low wages and high unemployment	Improve access to approximately 1,850 acres of vacant industrial land
Eureka, Humboldt County	Widen and straighten SR 299 Buckhorn Grade	Lack of economic diversification and very slow growth	Make SR 299 accessible to large (STAA) trucks
Yurok Tribe reservation, Humboldt County	Widen and straighten SR 169 over 21 miles and paving Bald Hills Road	Extreme isolation and high unemployment	Develop recreation and timber resources and quarrying businesses and provide power and telephones
Orange Cove, Fresno County	Widening Manning Ave.: re-paving, provision of left-turn lanes, shoulders, curbs, sidewalks, and gutters	Very high unemployment and only seasonal agriculture jobs	Develop an east-west corridor between SR 99 and I-5 to stimulate economic development
Marysville, Yuba County	Repair three Beale Air Force Base access roads	Very little economic diversity, high unemployment	Better access to Beale AFB, which contributes diversity to economy
Yuba City and Marysville, Yuba/Sutter Counties	New interchange and railroad grade-crossing separation on SR 70	Very little economic diversity, high unemployment	Freeway access to the Yuba County Sports and Entertainment Zone
Merced, Merced County	Merced Loop System: a four-lane expressway and interchange connecting SR 99, SR 59, SR 140, Bellevue Road, Castle Airport, and the new UC Merced campus	High dependence on seasonal agricultural employment and very poor jobs housing balance	Connect all major industrial development sites to the new UC Merced campus
Atwater, Merced County	New four-lane road overhead structure and a new interchange to connect SR 99 to the Applegate Business Park in Atwater	High dependence on seasonal agricultural employment and very poor jobs housing balance	Remove biggest obstacle to further development of Applegate business park

Table 1.1 Summary Table of 15 Candidate Projects (continued)

Areas/County	Brief Description	Problem/ Economic Conditions	Economic – Transportation Nexus
Oroville, Butte County	Full diamond interchange at Georgia Pacific Way and SR 70	Strong seasonal variations in labor market dependent on agriculture, recreation, and tourism	Redevelopment of 126-acre Highway 70 Industrial Park, dependent on an interchange at Georgia Pacific Way
Indian Tribes clustered along SR 76, San Diego County	Road widening and operational improvements in the communities of Pala and Pauma-Yuima	High unemployment and over dependence on gaming	Better access would expand agriculture, entertainment facilities, eco-tourism, and hotels, in addition to gambling
Stockton, San Joaquin County	Arch-Sperry Connector: Widen from four to eight lanes, and connect to an interchange at I-5	High unemployment in South Stockton and very high housing-jobs imbalance	Arch-Sperry Connector would improve access from Interstate 5 at French Camp to the Stockton Airport
Stockton, San Joaquin County	Daggett Road improvements connect Rough and Ready Island to SR 4, and then east to Interstate	High unemployment and heavy trucks currently must cut through a low-income neighborhood	Replaces indirect access to a 1,400-acre site on Rough and Ready Island; new port facilities, new residential development, and industrial sites with easy access to I-5

1.3.1 Bakersfield Metropolitan Area – ITTC Intermodal Yard and 7th Standard Road Access Improvements

Transportation Improvements. Two sets of transportation improvements are proposed to support future development at the International Trade and Transportation Center (ITTC) in Shafter, just north of Bakersfield. Access improvements include widening 7th Standard Road from two to four lanes between SR 99 and Interstate 5 and eliminating two grade crossings. Facility improvements include developing an intermodal yard to connect the two main railroads in the State and provide truck-rail transfer and container management facilities.



Project Setting. Bakersfield is the county seat of Kern County and the administrative center for agriculture and oil production industries. Both the City and the County have seen significant population growth, and those trends are projected to continue. The Bakersfield region straddles a centralized location along California's two main north-south transportation corridors: Interstate 5 and SR 99. The transportation system provides year-round access to markets and distribution points throughout the West Coast, and connections to markets in the Midwest and the East. The Central Valley has increasing conflicts between its rapidly urbanizing cities and the continuing need to transport agricultural and industrial goods.

Economic Development – Transportation Nexus. The ITTC is an important component of the Bakersfield region's economic diversification strategy. Offering over 650 acres of land for industrial, warehousing, and distribution uses, the ITTC currently lacks direct four-lane highway access to the major road network in the Central Valley. Widening 7th Standard Road the entire distance from Interstate 5 to SR 99 and eliminating grade crossings will provide that key highway link that is important to freight operations. Target's decision to locate a 1.7-million-square-foot distribution center at the ITTC hinged on commitments by the Kern Council of Governments (COG) to eliminate the railroad grade crossing at SR 99 and widen 7th Standard Road from SR 99 to Santa Fe Way. The intermodal yard will provide direct access to the business park for rail shipments, and the container management facility will reduce the number of empty containers shipped to and from ports, thereby, reducing costs for shippers and truckers, and reducing reliance on trucks.

Project Funding and Planning Status. The first phase of the access improvements (from SR 99 to Santa Fe Way, including one grade separation) is currently in environmental analysis. Kern COG has committed to fund this first phase, but later phases remain unfunded. The State recently funded the first phase of the intermodal yard at a cost of \$5 million. Full build out of the intermodal yard is estimated to cost \$20 million, and there is no funding commitment for future phases. The container management facility planned for the ITTC will eventually cost \$10 million, with most of the cost borne by shipping companies. A grant of \$350,000 to \$500,000 would enable regional planners to secure commitments for the facility.

1.3.2 Kern County – Laval Road Interchange

Transportation Improvement. The Laval Road interchange provides access from Interstate 5 to the Tejon Industrial Complex (TIC) near the intersection of SR 99 and Interstate 5, south of Bakersfield. Reconfiguration of the interchange would replace a two-lane bridge with a four-lane bridge, and would improve the alignment of the interchange at Interstate 5, which would significantly increase capacity.

Project Setting. Kern County's economy relies heavily on agriculture and oil production, which support related industry sectors. Agricultural services, petroleum refining, heavy construction, food processing, and distribution are all significant employers in the County. The agricultural sector remains the third largest employer in Kern County, causing the demand for labor to fluctuate seasonally and lead to high unemployment in the off-seasons. Kern County is trying to diversify away from an agriculture and oil industry base. Target industries include manufacturing, distribution and warehousing, and value-added agriculture. Kern has had success attracting some warehousing and distribution businesses, which include warehouses for Target, Ikea, and Sears.



Economic Development – Transportation Nexus. Reconfiguring the Laval Road interchange will support development of the TIC as a major source of employment and economic activity in the Bakersfield region. The industrial park opened in 1999, and has attracted several businesses, including a warehousing and distribution facility for Ikea that employs 150 people. The industrial park has over 350 acres of remaining space in its existing configuration, and the Kern County Board of Supervisors has zoned an additional 1,100 acres for future development. In total, this land could support up to 6,000 new jobs or \$500 million of new payroll, when fully developed.

To accommodate future development, however, the TIC requires improved truck access at the Laval Road interchange. Currently, about 120 trucks use the interchange on a daily basis. As the industrial site is built out, it will attract substantial additional truck volumes. At the current pace of development, truck volumes at the interchange are expected to reduce the level-of service (LOS) at the bridge to LOS D within three to five years. Beyond LOS C, the County will not permit the TIC to develop further, essentially extinguishing a major source of economic development.

Project Funding and Planning Status. TIC planners estimate that widening the interchange will cost \$10 million, but have not estimated the cost of reconfiguring the interchange to be perpendicular to Interstate 5. TIC has committed \$1.5 million in funding for this project and has tentative commitments for Federal demonstration funding. Caltrans is in the process of developing a project study report, but has not conducted environmental review.

1.3.3 Imperial County – Mesquite Lake Access Improvements

Transportation Improvement. The Mesquite Lake EcoPark (EcoPark) is bordered by SR 86 on the west and SR 111 on the east, and is served by two county roads, Dogwood Road and Keystone Road. The Union Pacific tracks also run near the site. The proposed project would widen the county roads that provide direct access to the EcoPark to accommodate larger trucks.

Project Setting. Imperial County borders Mexico on the south, Riverside County on the north, San Diego County on the west, and the State of Arizona on the east. Without irrigation, Imperial County would remain largely desert, and agricultural production – the second largest industry in the County after the government sector – would be non-existent. The Mexican city of Mexicali is located just over the border from Calexico. Mexicali has a population of over one million and hosts a diversified maquiladora industry (manufacturing facilities established in Mexico for export to the United States). The maquiladoras result in significant cross-border traffic and cargo shipment through Imperial County.



Imperial County frequently ranks as the poorest county in the State. The dominance of agriculture has resulted in seasonal employment and extremely high unemployment in the County. During the 1990s, Imperial County was the fifth fastest growing county in California, and the population is expected to more than double over the next 20 years. Over 70 percent of the County's population is of Latino origin.

Economic Development – Transportation Nexus. EcoPark is an industrial park undergoing development between the Cities of Imperial and Brawley. The industrial park is planned to attract businesses focused on ethanol production from sugar crops and by-product processing plants. These businesses would be a major source of ethanol-based oxygenated fuel additives required due to the phase-out of MTBE. The planned development may bring as many as 2,000 skilled jobs to the region. Improved connections to the industrial park will allow it to take advantage of growing international business opportunities through connections between maquiladoras in Mexicali and the Los Angeles metropolitan area. Already funded improvements to SR 111 (upgrading to a 4-lane divided expressway to accommodate NAFTA traffic, provide regional transportation

connections, and alleviate operational deficiencies that result from heavy truck traffic) will increase the potential for development of this industrial park, but additional road connections are needed to realize the site's full economic potential. Raw materials, such as sugar cane, are shipped to EcoPark by truck. The county roads that provide direct access from SR 111 are only 24 feet wide and cannot handle large trucks. The two roads are not sufficient to serve the burgeoning needs of the sweetener/waxes cluster targeted for business attraction. These improvements will be critical to the success of the site.

Project Funding and Planning Status. Funding has been identified for all but \$1.8 million of the \$80 million to improve SR 111. Because planning for EcoPark has just begun, engineering studies, cost estimates, and funding plans for widening Dogwood Road and Keystone Road are not completed yet.

1.3.4 Coachella – Avenue 52 Interchange

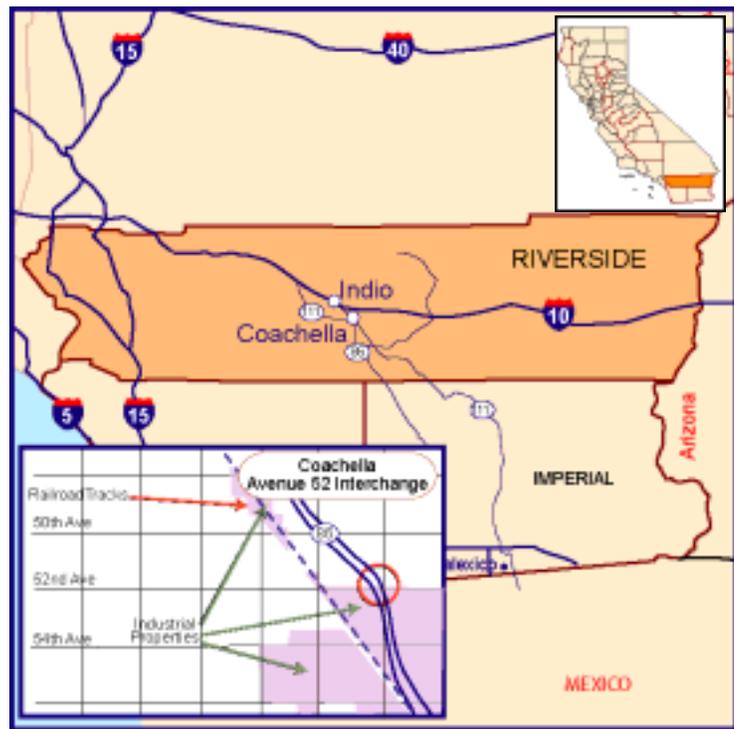
Transportation Improvement.

The project would eliminate an at-grade railroad crossing, install an interchange at Avenue 52 on SR 86 in Coachella, and build a bridge to cross a storm channel.

Project Setting. Mountain ranges and expansive desert define the Coachella Valley in eastern Riverside County. Agriculture and tourism are the key economic sectors for the eastern County. Most jobs require limited skills and wage levels are low.

Located central to all Southern California markets, the Coachella Valley, while remote, is well-connected to major production areas and major markets.

Coachella is at the intersection of Intersection 10 and the recently realigned and improved NAFTA Highway (SR 86) linking the Coachella Valley to Mexicali, Mexico. The City of Coachella is interested in attracting new light manufacturing businesses and distribution centers to the area and generally improving the accessibility of the area to industrial business with freight hauling needs. Goods movement along the Alameda Corridor and its eastward extensions through the Coachella Valley will likely increase freight traffic, resulting in safety concerns and longer delays at railroad crossings while waiting for longer and slower trains to cross. There are 59 railroad grade crossings along the three main lines in Riverside County.



Economic Development – Transportation Nexus. The Avenue 52 interchange will provide improved access to approximately 1,850 acres of vacant industrial land in Coachella. Nearly all of the land is within a two-mile radius of Avenue 52, and 1,000 acres have all necessary infrastructure and utilities. Without the grade separation, traffic on the Union Pacific mainline through Coachella makes accessing these properties unreliable. Roughly 35 trains pass through Coachella on an average day; San Pedro harbor expansion at the Port of Los Angeles is expected to double that number by year 2020.

In the last two years, several major business have been interested in the area, including two plastic bag manufacturers and two food processing companies. These businesses would have added several hundred jobs, but backed out because of the lack of reliable access to industrial parcels. Lack of reliable transportation access has been a major stumbling block to realizing many of these leads. Railroad grade separations will also improve connections within the City of Coachella by linking housing on the west side to industrial properties that are located on the east.

Project Funding and Planning Status. Caltrans is currently funding a grade separation on SR 86 Expressway at Avenue 50. There are no cost estimates or funding plans for the Avenue 52 interchange and grade separation project. The Coachella Valley Association of Governments has no existing plan to fund this interchange project.

1.3.5 Eureka/Humboldt County – SR 299 Buckhorn Grade Improvements

Transportation Improvement. SR 299 connects Humboldt County east to Interstate 5. A seven-mile portion of SR 299 traverses the Buckhorn Grade – a steep, twisted alignment over rugged terrain with a design speed of 25 miles per hour at a 5.5-percent grade. The proposed project would widen and straighten the roadway and build passing lanes to accommodate long trucks permitted by current Federal law.

Project Setting. Humboldt County is located in northwest California on Highway 101, about 200 miles north of San Francisco. Forestlands, protected redwoods, and recreational areas comprise 80 percent of Humboldt County land. Eureka, the county seat, borders Humboldt Bay. The County’s population and employment are concentrated around the Bay.



Historically, the lumber and wood products industry, along with sport and commercial fishing, dominated the County's resource-based economy. More recently, employment has shifted toward education, manufacturing, and tourism.

Economic Development – Transportation Nexus. The Surface Transportation Assistance Act (STAA) of 1982 allows large trucks to operate on interstate highways and designated primary routes. These trucks require larger turning radii than SR 299 can accommodate, making Humboldt County one of only three California counties without access for STAA trucks. The Buckhorn Grade is the only obstacle that bars large trucks and oversized loads from connecting to the upper Sacramento Valley and the interstate highway system.

Truck manufacturers are no longer making non-STAA trailers. As a result, shipping companies must pay extra for custom-made short trailers or incur higher maintenance costs to keep older, short trailers on the road. Humboldt County businesses incur extra costs associated with transferring goods between non-STAA and STAA trucks. In addition, many businesses, such as the local newspaper and manufacturers, must maintain higher inventories due to erratic deliveries, damage during transfers, and lack of nearby port access. Companies with major freight activities have relocated or gone out of business due in part to transportation problems. Local businesses and residents pay about 10 to 15 percent more for goods due to poor truck access, increasing the leakage of retail business out of Humboldt County. Several businesses, including lumber, floral, food manufacturing, and the local newspaper, have noted higher costs and have considered relocating out of Humboldt County.

Project Funding and Planning Status. In 1998, Caltrans funded a project study report and environmental analysis. In its 2002 Regional Transportation Improvement Program, the Shasta County Regional Transportation Planning Agency identified \$120 million as the full cost of the project, but none of the money is allocated in current State Transportation Improvement Program cycles. This project would require most of the transportation money available for Humboldt, Shasta, and Trinity Counties.

1.3.6 Humboldt County – SR 169 and Bald Hills Road Improvements

Transportation Improvement. These two projects involve widening and straightening SR 169 over 21 miles and paving Bald Hills Road. These roads serve several rural communities and the Yurok, Hoopa, and Karuk Tribes in northern Humboldt County. Bald Hills Road also provides public access to the 58,000-acre Redwood National Parkland the Six Rivers National Forest.

Project Setting. Humboldt County is located in northwest California on Highway 101, about 110 miles south of the Oregon border and 200 miles north of San Francisco. The County's population and employment are concentrated around Humboldt Bay, but several Indian tribes are located in northern Humboldt County and have historical unemployment rates well above the County as a whole. SR 169 and Bald Hills Road provide access to Redwood National Park, Six Rivers National Forest, the Trinity and



Klamath Rivers, the Yurok and Hoopa Reservations, and the traditional lands of the Karuk Tribe.

Economic Development – Transportation Nexus. Improving SR 169 would help the Yurok Tribe develop recreation and timber resources and develop quarrying businesses. Road construction could also provide the Tribe with power and telephones, which they currently lack. Employment and services are completely unavailable on the upper reservation, requiring residents to travel long distances for employment, education, medical care, and basic services. Adequate roads would enable the Tribe to develop these on-site.

Improvements to Bald Hills Road would improve access to the upriver portions of the Yurok Reservation, which currently has access only by the unpaved Bald Hills Road. The alternative route to accessing this portion of the reservation from Highway 101 is a 2.5-hour drive to SR 299 to SR 96 through Hoopa to SR 169. Paving Bald Hills Road would improve opportunities for recreational tourism, and reduce the dust and silt that negatively impact endangered fish populations in the Klamath River watershed. With improved travel conditions, Bald Hills Road would serve as a link for the recreational visitor from the Smith River Recreational area and Redwood National Park to the National Forest System Lands along the Klamath and Trinity Rivers. Such improvements would cut several hours of travel time for recreational visitors. Increased tourist and recreational traffic will create economic development opportunities for the Yurok and Hoopa Valley Tribes.

Project Funding and Planning Status. The funds needed to reconstruct and pave Bald Hills Road are estimated at \$40 million. Reconstruction and paving would occur over five years, but Public Land Highway funds are insufficient to support this project each year. The project is a cooperative effort of Redwood National Park, the Bureau of Indian Affairs, the Yurok and Hoopa Valley Tribes, and Humboldt County, with support from the Karuk and the Elk Valley Tribes, the California State Recreation Department, Del Norte County, and the Del Norte Chamber of Commerce.

1.3.7 Fresno County – Manning Avenue Corridor Improvements

Transportation Improvement. Manning Avenue is the major east-west route for traffic in the eastern part of Fresno County. It is not grade separated (except at SR 99), and eventually connects to Interstate 5 at its western terminus. Identified transportation improvements



include a series of road widening projects; reconstructions; re-paving; and provision of left-turn lanes, shoulders, curbs, sidewalks, and gutters.

Project Setting. Fresno County is in the geographic center of the State, about 200 miles from each of the major metropolitan areas of Los Angeles, San Francisco, and Sacramento. It is one of several counties that comprise the fertile Great Central Valley region of California. The communities of Orange Cove, Parlier, Reedley, and Selma are located on the eastern side of the County. Orange Cove is nestled up against the Sierra Nevada foothills; Manning Avenue links Orange Cove and the other communities to the west and the City of Fresno. About five per-

cent of the County's population live along the Manning Avenue Corridor. The cities along Manning Avenue have formed cooperative efforts to help encourage economic development. Businesses in the Manning Avenue corridor draw more than one-half of their employees from one of the five cities in the Corridor.

Economic Development – Transportation Nexus. One regional transportation priority is developing an east-west corridor to help stimulate economic development in the County. SR 99 and Interstate 5 provide north-south access through the County, but there are no four-lane roads connecting the eastern and western parts of the County. Cities such as Orange Cove and Parlier do not benefit from the County's north-south roads.

The Fresno County Manning Avenue Transportation and Economic Development Study, completed by the Federal Highway Administration in September 2002, included a survey of local employers to identify major economic development concerns. Nearly one in five businesses in the corridor has considered relocating because of transportation problems. The majority of businesses suggested that poor road conditions were the primary deterrents to economic development in the area, ranking above workforce skills, labor costs, and operating costs.

The Corridor Study identified improvements that would double roadway capacity along some segments. As a whole, the projects would reduce peak-hour congestion, and reduce conflicts among automobiles, trucks, and pedestrian traffic. The Manning Avenue Study identified job growth and economic benefits: 9,006 jobs; \$242.1 million in income benefits; \$4.1 million in sales tax revenue; and \$3.7 million in property tax revenue for the corridor cities.

Project Funding and Planning Status. The total estimated cost for Manning Avenue improvements is estimated to be \$18.8 million. These projects are not currently part of the Fresno regional transportation plan and have no commitment of future funding.

1.3.8 Marysville – Beale Air Force Base Access

Transportation Improvement.

Five two-lane county roads provide access to the gates at Beale Air Force Base (AFB). This project would fund repairs and maintenance to the most popular access road for the family housing area on the base, one road that provides access to a gate that is closed pending road improvements, and another road that remains hazardous due to heavy use by 18-wheel gravel trucks.

Project Setting. Yuba County forms the northern edge of the Sacramento Valley. Agriculture remains the core of the economic base for the area resulting in high unemployment rates and slow population growth.



Beale AFB in rural Yuba County contributes some diversity to that County’s economy and is the County’s largest employer (about 4,800 people). The base covers almost 23,000 acres 10 miles east of Marysville, the county seat. The U.S. Department of Defense estimates that Beale AFB generates \$330 million per year for the region in terms of spending on payroll, construction, services, education, and health care. This creates an economic impact of about 1,200 indirect jobs.

Beale AFB survived the base closures of the late 1980s and early 1990s, but could be earmarked for closures or cutbacks in a new round of base closures expected in 2005. Recently, local civic and business leaders successfully lobbied to have the Air Force Global Hawk Unit stationed at Beale AFB. Current base retention efforts are focused on attracting the planned Coast Guard Global Hawk Unit, implementing a plan to improve infrastructure around the base, and improving connections between Beale AFB and local businesses.

Economic Development – Transportation Nexus. Beale AFB is the only military facility in the United States that does not have a four-lane road connecting it to principal interstates or state highways. One military transportation decision-maker described the base access as the “worst” road access of any military base in the United States. Lack of access may contribute to closing the base when the next base realignment occurs, which is

expected in 2005. Upgrading the road access would allow the base to operate all of its gates and would improve roadway safety for people working at the base. In October 2000, the Military Traffic Management Command recommended that one of the gates be closed until repairs to the connecting roadway are completed. In discussions over the last four years, Beale AFB and Yuba County officials concurred that improvements were vital to the survival and growth of the base.

Project Funding and Planning Status. About \$10 million would be needed to improve local county access roads to the base, of which \$4 million are already funded. Funding for at least the next five years will continue to fall well-short of that needed to make any real improvements. In March 2003, Yuba County will consider whether to allocate a \$500,000 Federally-earmarked project to complete improvements for Spenceville Road providing access to family housing on the base.

1.3.9 Marysville/Yuba City – SR 70 Interchange

Transportation Improvement.

This project would build an interchange and railroad grade-crossing separation on SR 70. The interchange would provide access from SR 70 to the Yuba County Sports and Entertainment Zone. There is currently only a minor access point from SR 65 at Forty Mile Road. Long-term plans for the SR 70 and SR 65 corridors include a bypass around Wheatland in Yuba County.

Project Setting. Yuba and Sutter Counties are located on the northern edge of the Sacramento Valley, about 40 miles north of Sacramento. Yuba City, county seat of Sutter County, and Marysville, county seat of Yuba County, are neighboring cities separated by the Feather River. The twin cities are the centers of population and economic activity for these largely agricultural counties. The two Counties, as a whole, have been experiencing accelerating population growth. Economic development officials have been trying to diversify the regional economy by attracting recreational and commercial businesses.



Economic Development – Transportation Nexus. The Yuba County Sports and Entertainment Zone is planned for SR 65 near Wheatland in southern Yuba County. In

1998, Yuba County voters approved County Measure “R” to rezone 900 acres for an amphitheater and a raceway. Located on 90 acres in the Sports and Entertainment Zone, the amphitheatre held its first concerts in 2000. The venue seats 20,000 people and is owned and operated by SFX Entertainment, the world’s largest promoter of live entertainment events. Contrary to expectations, most audiences come from Yuba and Sutter Counties and cities and towns north of the amphitheatre, and not from Sacramento County. Motels in Yuba City are typically booked when there is a concert.

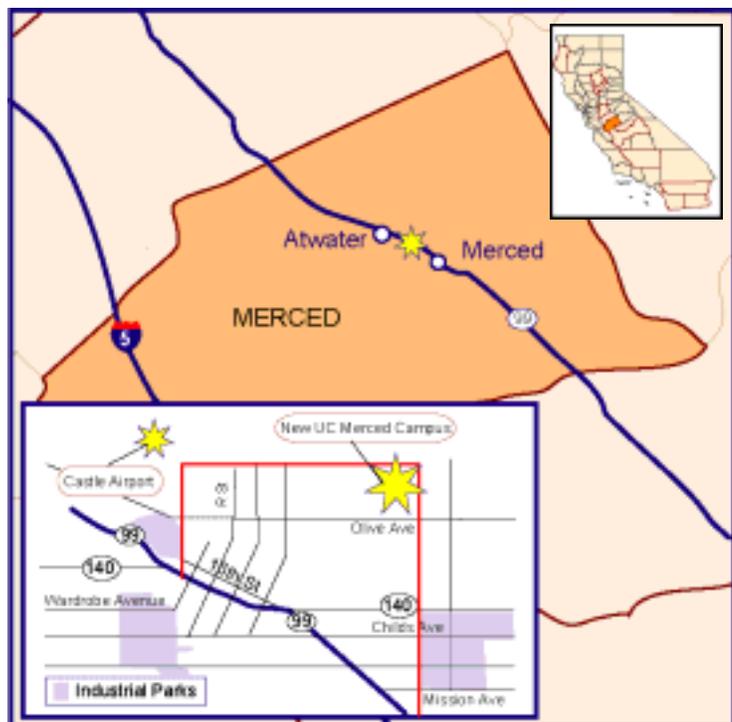
The lack of a highway interchange on SR 70 is a major impediment to full development of the Sports and Entertainment Zone. Sutter and Yuba Counties are attempting to attract a racetrack featuring professional auto racing, such as NASCAR Winston Cup and Indy 500-style racing. An Indian casino and hotel have been proposed for the area if an interchange were constructed. These projects would help the Sports and Entertainment Zone attract tourists to the area.

Project Funding and Planning Status. The cost of the grade-separated interchange and access road is expected to exceed more than \$20 million. According to the Sacramento Area Council of Governments Final Draft 2003/05 Transportation Improvement Program, \$70,000 is allocated for engineering and \$630,000 for construction from prior year allocations.

1.3.10 Merced County – Merced Loop System

Transportation Improvement. The proposed Merced Loop System includes the Atwater/Merced Expressway, Campus Parkway, and an upgraded connector between the two. Improvements include a four-lane expressway and interchange connecting SR 99, SR 59, SR 140, Bellevue Road, Castle Airport, and the new University of California campus (UC Merced) and its surrounding community.

Project Setting. Merced County is rapidly becoming home to an increasing number of long-distance commuters seeking affordable housing. Key issues for countywide planning include assessing the impacts of com-



muters on highways and roads and enhancing economic activity in the County to improve the local jobs-housing balance. Business development efforts focus on tourism and light industry and on the economic benefits of the new UC Merced campus – the 10th UC campus.

Economic Development – Transportation Nexus. The Merced Loop System would connect all of the major industrial development sites in the Merced area with a four-lane highway. The loop system would also connect to the new UC Merced campus that is expected to be a major economic engine for the area.

The proposed expressway would provide direct highway access to Castle Airport and several industrial properties. Castle Airport (formerly Castle Air Force Base) is intended to be developed as a hub for freight distribution and intermodal shipping. The airport has rail access on the Burlington Northern-Santa Fe Railroad and a usable runway for air cargo, but the current interchange on SR 99 that provides access to the airport will be closed in 2004. In addition, the proposed expressway would help support two industrial parks in the region that have hundreds of acres of available land: Airport Industrial Park and Westside Industrial Park. Lack of access to these industrial properties has been a constraint to new businesses development.

The loop road will also improve access to the new UC Merced campus and surrounding community. Numerous economic benefits to the local community are expected from the \$600 million investment in the campus, including new jobs and increased spending in the local economy. Local leaders expect the campus to help make Merced the educational and cultural center for the San Joaquin Valley.

Project Funding and Planning Status. The components of the Merced Loop System are at various stages of project development. The new Mission Street interchange on SR 99 (part of the Campus Parkway project) has been funded. Other projects are at intermediate and early stages of project planning and cost estimates – totaling more than \$200 million – are preliminary. Some costs are expected to be borne by developers of the residential and business community planned near the campus.

1.3.11 Atwater – Applegate Business Park Interchange

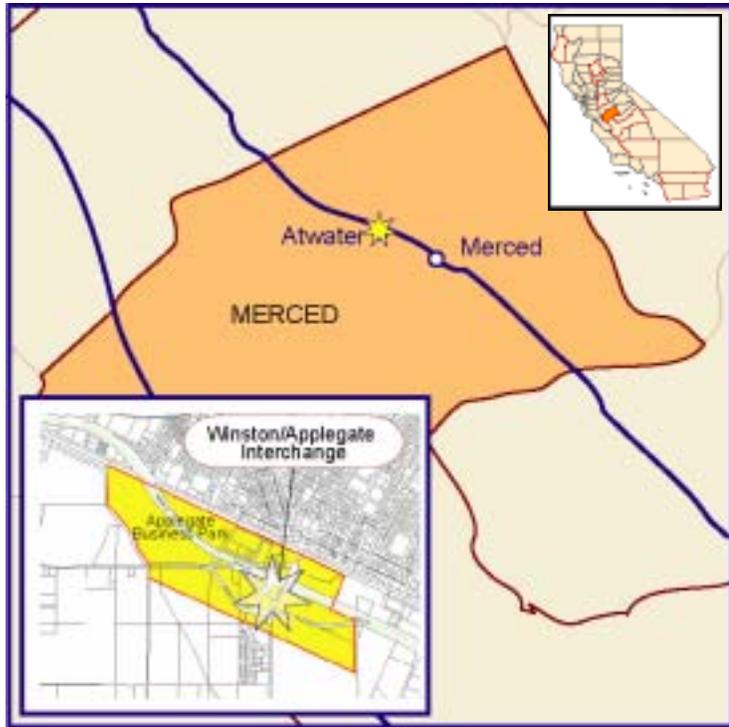
Transportation Improvement. This project would develop a four-lane road overhead structure and build a new interchange to connect SR 99 to the Applegate Business Park in Atwater.

Project Setting. The closure of Castle Air Force Base (AFB) outside of Atwater was announced in 1991 and was completed in 1995. At full operating strength, Castle AFB employed over 5,000 military personnel and 1,200 civilians. The City lost about 2,400 residents – about 10 percent of its population – between 1994 and 1996. Population growth and residential development in Atwater revived in the latter part of the 1990s; the City’s population (24,000) now exceeds the peak level before base closure. New regional retail development in Merced at about the same time as the closure of the Air Force Base depleted the retail base in Atwater. The City’s current business development efforts

emphasize small commercial development projects, a storefront façade improvement rebate program in downtown Atwater, and industrial development at two business parks: Atwater Business Park and Applegate Business Park.

Economic Development – Transportation Nexus.

The Applegate Business Park offers over 200 acres for development on sites, ranging from less than one acre to 50 acres. The business park offers flexible zoning and enterprise zone incentives. The redevelopment agency has upgraded utilities and roadways, and provides a streamlined development process to encourage business development. The biggest obstacle to further development of this business park is the condition of the SR 99 interchange and overhead structure and the access road to the park. The existing interchange cannot accommodate truck trips generated by potential development.

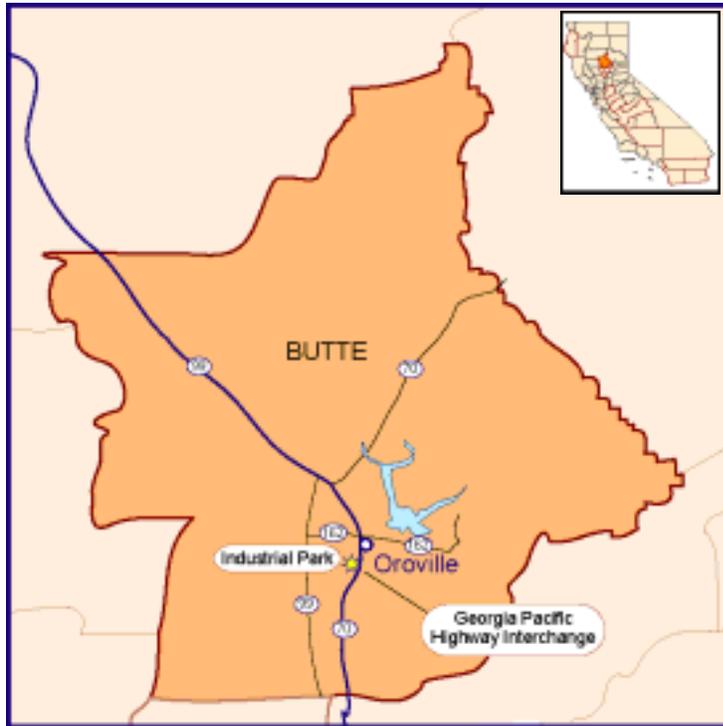


Local economic development planners estimate that development projects representing about 1,000 jobs and \$75 million worth of direct investment have located elsewhere in the last several years because of the constraints of the Applegate interchange. For example, Applegate was a finalist for an 800,000-square-foot warehouse and distribution center that would have employed 500 people. This \$25 million investment was eventually located elsewhere, because of difficulties accessing the business park.

Project Funding and Planning Status. Caltrans prepared preliminary designs for this project nearly 10 years ago, but never generated a project study report. Local economic development planners estimate that the intersection reconfiguration would cost a minimum of \$20 million, but cost estimates for the project have not been completed. The project is not listed in the regional transportation plan.

1.3.12 Oroville – Georgia Pacific Way Interchange

Transportation Improvement. The Ophir Road interchange project on SR 70 in Oroville will construct a grade-separated freeway interchange at the intersection of Ophir Road and SR 70 – currently an at-grade intersection with stop signs on Ophir Road. Current plans for the interchange, however, will result in an over-crossing of Georgia Pacific Way, eliminating the



intersection of SR 70 and Georgia Pacific Way. The proposed improvement would construct a full diamond interchange at Georgia Pacific Way.

Project Setting. The 60,000-resident population of the greater Oroville area has been relatively stable, but stronger growth is forecast for the future. Countywide, both the labor force and employment have expanded in recent years and unemployment has declined. The labor market remains subject to seasonal variations, however, primarily because of the role of agriculture, recreation, and tourism in the local economy. There is no continuous four-lane freeway/expressway system in Butte County, creating a

regional and interregional constraint to the movement of people and goods through the north state. Two-lane SR 70 is the main connection for people and freight from Oroville to Marysville and on to Sacramento, sharing the road with automobiles, farm equipment, school buses, and other vehicles.

Economic Development – Transportation Nexus. Oroville’s primary economic development concerns are improved access to industrial properties and tourist opportunities in the area. Redevelopment of the 126-acre Louisiana-Pacific site, now the Highway 70 Industrial Park, is dependent on an interchange at Georgia Pacific Way. The site includes 600,000 square feet of vacant space, and is well suited for growth. It is the only large property in Butte County that is zoned for heavy manufacturing. In addition, the property has full rail service, 22 megawatts of power available, a four-inch high pressure gas main, direct access to a sewer plant with 50 percent of its capacity available, access to two water districts with excess capacity, and 390 tons of air credits. Because of the unique capacity of the industrial park, the developer receives several requests about the property every month. Over 80 percent of interested businesses look elsewhere because of concerns about access for trucks. Some of these businesses include Wal-Mart, a manufacturer of pre-fabricated homes, and a renewable energy generator.

Project Funding and Planning Status. The total cost to build the Ophir Road/SR 70 interchange is \$45.4 million, of which \$12.3 million are currently programmed, but have not been released. Butte County Association of Governments (CAG) has committed to fully funding the Ophir Road Interchange over the next several years, including an overcrossing of Georgia Pacific Way. No study has been completed to build an interchange at Georgia Pacific Way, but local transportation planners estimate the cost to be between

\$5 million and \$10 million. Butte CAG has not included this project in their long-range plan.

1.3.13 San Diego County Tribes Along SR 76 – SR 76 Improvements

Transportation Improvement. The proposed project would provide improvements to SR 76, which is a two-lane highway east of Interstate 15. Improvements include road widening and operational improvements to support developments in the communities of Pala and Pauma-Yuima.

Project Setting. San Diego County has more Indian tribes and reservations than any county in the United States.

There are 18 Federally-recognized tribes and reservations covering 116,000 acres in the County. Five of the tribes have reservations near SR 76 and the Town of Valley Center in northern San Diego County, covering over 34,000 acres. The tribal areas clustered along SR 76 are home to about 26,000 people. While the new Indian gaming facilities are among the largest employers in the area, most of the jobs are held by non-Indians from neighboring communities in Riverside and Imperial Counties. Most of the economic activity in northern San Diego County is located south and west of the tribal lands in the rapidly growing Cities of Escondido, San Marcos, Vista, Carlsbad, and Oceanside.

Economic Development – Transportation Nexus. Since January 2001, these tribes along SR 76 have developed almost 500,000 square-feet of casinos, restaurants, entertainment centers, hotel rooms, and parking. The tribes plan additional casino resort and hotel development to expand existing or interim facilities. Gaming and hotel development has introduced a substantial increase in economic activity and traffic to a formerly remote area on the fringe of the San Diego metropolitan area. The new Indian gaming and resort facilities are sited in back country locations served by rural two-lane county roads and state highways. Casino-related traffic requires expansion of roadway capacity, as well as operational improvements.

Native American tribes along SR 76 are also exploring other economic development opportunities, including agriculture (fruit orchards), entertainment facilities, eco-tourism, and hotels, in addition to gambling. These economic development activities would also be supported by improvement on SR 76.



Project Funding and Planning Status. Previous Regional Transportation Plans (RTPs) and other planning efforts did not anticipate the intensive commercial development that has occurred on reservation lands in recent years. The 2020 San Diego Association of Governments (SANDAG) RTP does not include improvements for SR 76 east of Interstate 15, and Caltrans does not have operational or capacity improvements programmed for that portion of SR 76. Specific improvements and their costs have not been determined. SANDAG has agreed to involve the tribes in the 2030 RTP Update. The Rincon, San Pasqual, and Pauma Bands have entered into voluntary cooperative agreements with San Diego County to provide significant contributions to access and off-site roadway improvements.

1.3.14 Stockton – Arch-Sperry Connector

Transportation Improvement.

The proposed Arch-Sperry Connector would improve access from Interstate 5 at French Camp to the Stockton Metropolitan Airport. Sperry and Arch Roads form a four-lane facility that runs approximately three miles west of SR 99 to McKinley Road, stopping less than a mile short of Interstate 5. The proposed improvement would widen access from four to eight lanes, and connect Sperry Road from McKinley Road to French Camp Road and an interchange at Interstate 5. This section would include an aerial span to traverse a water-crossing and three railways.



Project Setting. Stockton is the county seat of San Joaquin County in the heart of California’s Central Valley. The area’s geographic position within California’s Central Valley growth corridor and extensive transportation facilities offer companies relatively good access to a number of consumer markets. San Joaquin County offers relatively low capital and operating costs for businesses; ample sites and facilities; and a low-cost, skilled labor force. However, much of the area’s infrastructure was developed to serve a rural economy. As a result, economic development and diversification goals suffer from a lack of urban infrastructure.

Economic Development – Transportation Nexus. The area served by the Arch-Sperry Connector is a prime candidate for business attraction, redevelopment, and economic

development. The Arch Sperry Connector would provide direct interstate access to several industrial parks in the City of Stockton, including Massie Industrial Park, the Airport Gateway Center, and the AirMetro Business Park. The airport is located nearby, and the Burlington Northern-Santa Fe Railway has an intermodal transfer facility in close proximity.

All of these industrial sites in Stockton lack direct access to Interstate 5, the major north-south goods movement corridor in California. Some of the businesses interested in Stockton include a major coffee roasting facility for Starbucks and a distribution warehouse for the Gap. These businesses and others chose other locations because of poor access to Interstate 5.

Project Funding and Planning Status. The Arch-Sperry Connector is identified by the San Joaquin County Council of Governments in the 2001 Regional Transportation Plan. The City of Stockton and San Joaquin County are conducting project-level environmental impact report and preliminary engineering design. Initial cost estimates for the project are over \$60 million. The 2001 RTP includes \$32.6 million primarily for the environmental document and preliminary engineering. Another \$5.5 million are committed for modifying the Interstate 5/French Camp Road interchange in 2020. This leaves a shortfall of about \$32 million for project construction, including the connection from the French Camp Road interchange to Arch and Sperry Roads.

1.3.15 Stockton – Port of Stockton Daggett Road

Transportation Improvement. Daggett Road runs north-south in separate sections on Rough and Ready Island and the mainland. The proposed improvement would connect the two sections via a bridge over the Burns Cutoff of the San Joaquin River. The bridge would connect Rough and Ready Island to SR 4, and then east to Interstate 5. Existing sections of Daggett Road require improvements to accommodate additional traffic, and SR 4 also requires improved signalization and turnouts.

Project Setting. The City of Stockton has a long history as a California inland port, and has become a focal point for San Joaquin Valley agriculture-related business. Much of the economic activity in San Joaquin County relates to Stockton’s function as a transportation



hub. About 200 major trucking lines and contract carriers are located in the Stockton area. In addition, a number of distribution centers are relocating to the County to take advantage of a rich transportation network. The Port of Stockton offers access to world-wide markets. The Port specializes in bulk cargo and is served by Union Pacific and Burlington Northern Santa Fe. The planned expansion at Rough and Ready Island is expected to provide a broader range of business and industrial sites in the vicinity of the Port.

Economic Development – Transportation Nexus. The Port of Stockton has recently taken over a 1,400-acre site on Rough and Ready Island as part of a military base conversion. The site includes semi-obsolete warehousing and 500 acres of undeveloped land. The Port’s redevelopment Master Plan for Rough and Ready Island includes new port facilities, new residential development, and industrial sites that would accommodate 8,000 to 12,000 jobs. Currently, there is only indirect access to Rough and Ready Island passing through a low-income neighborhood on a two-lane road with no grade-separated crossing. Although the Port recently upgraded the bridge between Rough and Ready Island and mainland Port facilities to handle heavier loads, lack of easy access to Interstate 5 remains a key constraint to further development at all Port facilities. The three qualified proposals submitted for a master development on Rough and Ready Island cited transportation access as a “must-fix” condition. The Daggett Road improvements and bridge would provide an alternative route to Interstate 5, thereby, enhancing access and also addressing environmental justice issues related to Boggs Tract.

Project Funding and Planning Status. Both the Port of Stockton and the San Joaquin Council of Governments have identified funding to improve the two segments of Daggett Road: one on Rough and Ready Island and the other leading up to it. There are as yet no estimates of total costs for construction of the bridge that would connect these two segments.

2.0 Area Selection and Potential Project Identification

2.0 Area Selection and Potential Project Identification

Typical transportation evaluation methodologies first require identification of all possible projects, and then evaluation on a number of specific criteria, including the economic impact of the project. This study departs from this standard practice by first identifying the areas that have economic development needs, and then examining potential transportation projects that might benefit economic development.

Projects from economically-distressed areas were not simply assumed to benefit these areas. Instead, the projects were scrutinized for their impact on economic development, with a specific and detailed case developed for each project identified by the study. Any project that could not describe a detailed link nexus between the transportation project and economic development of the area was not included in the project.

■ 2.1 Identification of Candidate Areas

After developing the underlying rationale through a review of the literature on transportation and economic development, the first step in the study was the identification of candidate areas. The main objective was to find existing measures of economic distress that have strong credibility among the largest number of stakeholders. In addition, the measures needed to be accurate, simple to understand, and provide good geographical diversity (see criteria below).

After examining over two dozen existing methods to identify distressed areas, the California Infrastructure and Economic Development Bank (CIEDB) Tier 2 criteria were selected as a basis for identifying candidate areas. These criteria produced a long list of areas ranked according to widely accepted and accurate economic statistics. These criteria produced a list of over a hundred candidate areas that were ranked using several well-understood economic statistics, producing a final list of 25 candidate areas.

Criteria Considered

The primary sources of candidate areas for inclusion came from existing programs that identified economically-distressed areas in California. Four main reasons motivated this choice:

1. **Reinventing the wheel** – Both California and the Federal government are involved in programs to improve the economic prospects of distressed areas and have identified areas that need help. Though it is possible to identify distressed areas from scratch, such an effort would not leverage the credibility of existing measures, would require annual updates, and be more susceptible to manipulation.
2. **Varied geography** – One of the keys to the project is to identify areas throughout the State and in all types of communities. Existing programs have identified both urban and rural areas, and identified whole counties, particular cities and neighborhoods that require special attention.
3. **Collateral activities** – Transportation can be an important contributor to economic development, but it is only one of several strategies that can stimulate a local economy. Existing economic development programs only identify areas, and also provide strategies and funding sources for development activities in areas outside of transportation that transportation investments can build upon (e.g., size and quality of the labor force, job training, affordable housing stock, access to capital, quality of the schools, etc.).
4. **Existing champions and contact information** – These existing programs often have agency staff assigned as administrators, and may have advocates from the community, local business, or local government. They also provide a first round of contacts for the areas. Knowledgeable local contacts are important for developing a complete understanding of the issues and needs of a particular area. Effective champions are crucial to the area’s ability to acquire the assistance needed to leverage transportation investment.

Several programs at both the state and Federal level provided potential lists of candidate areas (Table 2.1).

Table 2.1 Programs Considered for Selection of Areas

State	Federal
<ul style="list-style-type: none"> • Enterprise zones • Local area military base recovery areas • Los Angeles revitalization zone • Manufacturing enhancement areas • Tulare targeted tax area 	<ul style="list-style-type: none"> • GAO economically-distressed areas • Urban development action grant • Urban empowerment zone • Rural empowerment zone • Urban enterprise community • Renewal community • Rural champion communities

Each of these areas presented a list of California cities or areas that could be considered economically distressed. Some of these programs only include particular counties or cities (e.g., the Tulare targeted tax area and the Los Angeles revitalization zone). Other programs cover larger areas of the State. The programs identify distressed areas using indicators, such as high poverty or unemployment, welfare receipt, limited tax base, overcrowding, dilapidated housing stock, and other related indicators.

California Infrastructure and Economic Development Bank

After reviewing these Federal and state programs that designate economically-distressed areas, the criteria established by CIEDB rose to the top as the best guiding principle for identifying distressed areas. Administered by the Technology, Trade, and Commerce Agency, the CIEDB provides two tiers of loans for California communities. Tier 1 loans are available to any local government infrastructure project. Tier 2 loans are for projects located in, or adjacent to and directly affecting a community experiencing economic distress.

The CIEDB uses several potential criteria for identifying areas eligible for Tier 2 loans:

- State-designated enterprise zone (including local agency military base recovery area, manufacturing enhancement areas and targeted tax area);
- Federally-designated empowerment zone or enterprise community;
- Local redevelopment project area;
- Federally-recognized economic development district;
- City or county with a military base designated for closure;
- Unemployment rate equal to or greater than 125 percent of the statewide average;
- Median family income less than 80 percent of the statewide median; and
- Poverty rate equal to or greater than 100 percent of the statewide average.

These overlapping sets of criteria allow for the selection of areas that are distressed under multiple different definitions. This process was implemented by identifying all state enterprise zones, local agency military base recovery areas, manufacturing enhancement areas, and targeted tax areas, and all of the Federal empowerment zones, enterprise communities, and renewal communities. In addition, all local redevelopment project areas were identified by jurisdiction, and summed for all of the cities and counties in the State.

A total of 65 jurisdictions in the State have at least one redevelopment project area and one other type of state or Federal designation. Based on geographical proximity, some cities, towns, and unincorporated areas were consolidated, generating a list of 39 economically-distressed areas for consideration as candidates for local area conferences. These areas

include entire communities, county subareas, pockets of larger cities, and entire counties, all of which could be considered to be economically distressed.

Ranking Areas

The ranking of these 39 areas utilized three economic factors: 1) unemployment, 2) median family income, and 3) percent of individuals in poverty. Table 2.2 lists the 25 worst off areas, ordered by the average of these three indicators of distress. Figure 2.1 provides a graphical representation of the three indicators of economic distress for each of the areas.

Data for the ranking were drawn mostly from Census 2000 demographic profiles for each of the areas. At the time of the study, however, these profiles were available only for incorporated cities and Census-designated places. As a result, data for neighborhoods used data from the 1990 Census. Although using two different years presents a potential compatibility problem, analysis of current Census data indicates that these areas remained economically distressed in 2000.

■ **2.3 Selection of Areas for Local Visits**

Having identified candidate areas for examination in the study, the second step involved selecting 10 candidate areas that could benefit from transportation investments. Although one possibility would have involved detailed analysis of the 10 most distressed areas, areas were first screened for potential projects and interest by local stakeholders. This process screened for unfunded transportation needs that could be linked to the economic distress of the area.

Transportation Linkage Screening Process

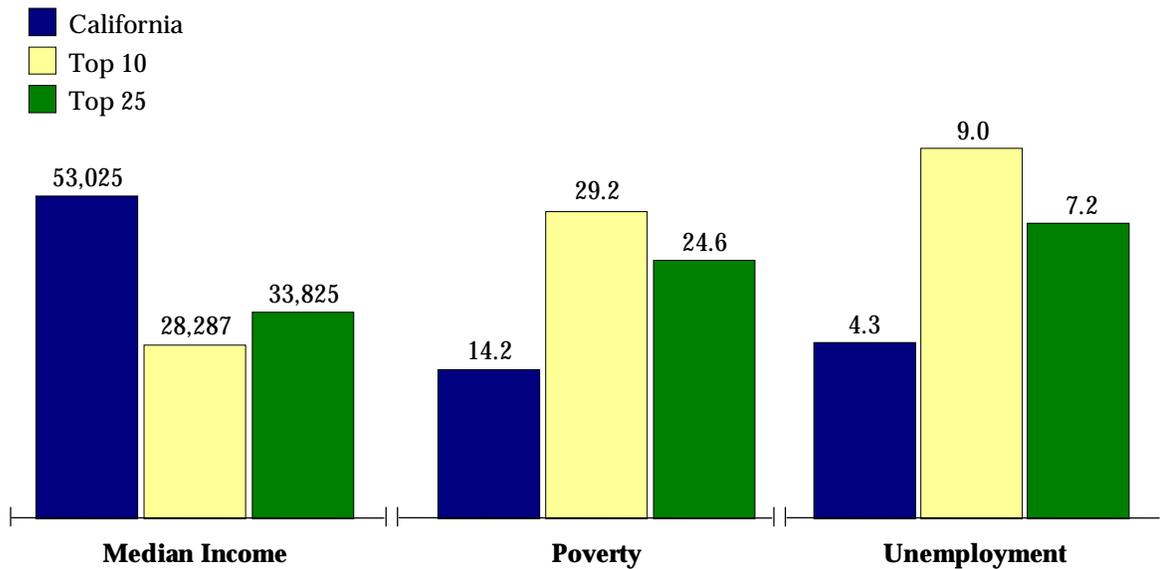
Areas were screened through telephone interviews with local economic development and transportation professionals in each of the areas. The following three methods were used to identify areas that had potential projects:

1. The local regional transportation plan (RTP) identifies one or more transportation projects that have been linked to the area's economic development, but were not placed on the funded list of projects (first tier).
2. The officials in a target area have identified transportation projects with strong links to economic development initiatives, but they have been unable to place these projects in the RTP or have not tried.

Table 2.2 Candidates for Local Area Conferences

Rank	Jurisdiction	County	Percent of Statewide Average		
			Average Unemployment	Median Family Income	Average Poverty Level
1	Orange Cove/Parlier	Fresno	370%	44%	276%
2	Bakersfield Targeted Employment Area/ Enterprise Zone	Kern	229%	33%	245%
3	Madera	Madera	256%	60%	229%
4	Los Angeles Renewal Community/ Enterprise Zone/Empowerment Zone	Los Angeles	186%	45%	200%
5	Weed	Siskiyou	228%	61%	168%
6	Calexico	Imperial	177%	57%	181%
7	Oroville	Butte	149%	52%	233%
8	Atwater/Merced	Merced	182%	65%	176%
9	West Oakland Renewal Community/ Enterprise Zone (Census tracts West of 580)	Alameda	167%	48%	163%
10	Fresno	Fresno	156%	68%	185%
11	Stockton	San Joaquin	170%	76%	168%
12	Eureka	Humboldt	128%	63%	167%
13	Brawley/Calipatria	Imperial	146%	66%	158%
14	Coachella/Indio	Riverside	125%	63%	165%
15	Dinuba/Exeter/Farmersville/Lindsay/ Porterville/Tulare/Visalia/Woodlake	Tulare	155%	74%	153%
16	Corcoran	Kings	98%	62%	189%
17	Watsonville	Santa Cruz	184%	76%	135%
18	Yuba City/Marysville	Sutter/Yuba	172%	72%	124%
19	Long Beach	Los Angeles	135%	75%	161%
20	West Sacramento	Yolo	126%	69%	157%
21	Bakersfield/Delano/Shafter	Kern	158%	82%	134%
22	Blythe	Riverside	128%	77%	147%
23	Montague/Yreka	Siskiyou	102%	68%	153%
24	Colton/Rialto	San Bernardino	140%	77%	127%
25	Hanford/Lemoore	Kings	162%	80%	111%

Figure 2.1 Economic Distress of Candidate Areas



3. After some discussions with economic development agencies and city economic development departments in the target area, transportation projects that could directly support efforts to revitalize their economy were identified. Although this was the least likely method to identify worthwhile transportation projects, it provided the local officials with the best (and last) opportunity to be included in the T4ED study.

This methodology suggests the following benefits to the final screening of target areas:

- It excludes areas where local economic experts are not actively pursuing transportation needs as part of an overall economic development strategy. Local contacts had to identify actual projects (e.g., a road widening or new road in a particular part of town, a rough location for an interchange), and not simply a general need for new transportation investments.
- It requires a well thought out connection between the transportation project and its economic development benefits. Local contacts had to detail the specific industries or businesses that would benefit.
- It avoids already funded projects, but allowed the local contacts to discuss projects that are currently impacting economic development in their area.

Table 2.3 provides a summary assessment of the transportation needs for each of the 20 most distressed areas identified above. The assessment was provided based on the original telephone interviews and does not include information gathered at the local area conferences. The table is grouped into the following three tiers:

Table 2.3 Assessment of Transportation Projects for Distressed Areas

Jurisdiction	Local Conference	Project Information
Orange Cove/ Parlier	Yes	<ul style="list-style-type: none"> Manning Avenue is a 2-lane road that is the primary truck access for several cities in Eastern Fresno County. Several upgrades, including widening the road, turning lanes, and signalization, would allow food processing and distribution companies to more easily locate in cities along the Manning corridor.
Fresno	Yes (w/Orange Cove)	<ul style="list-style-type: none"> Because Manning Ave. originates in the city of Fresno, contacts suggested combining it to Orange Cove and Parlier during field visits. Several interchange and other issues on SR 99 have been identified that would help economic development in this area.
Oroville	Yes	<ul style="list-style-type: none"> Highway 70 in Oroville has needs for two new interchanges, one of which is at least partially funded (Ophir Road), but the other is not (Georgia Pacific Way). There is a 300-acre industrial site by this interchange, plus access to a tribal casino to the east. An expanded Chico regional airport could attract technology businesses searching for locations for satellite manufacturing.
Southeast Bakersfield	Yes	<ul style="list-style-type: none"> The Kern River freeway project, a new alignment for SR 58, would help distribution and warehousing business by linking SR 99 and I-5 through the area. Distribution and warehousing businesses are already interested in Bakersfield Want to consider new or realigned interchanges on SR 99 for improved access to SE Bakersfield.
Stockton	Yes	<ul style="list-style-type: none"> There are a number of industrial parks in Stockton located between SR 99 and I-5 that are low cost for western distributors, but trucks must use local surface streets. The Arch Sperry Connector could fix this problem and has local congressional support.
Coachella and Indio	Yes	<ul style="list-style-type: none"> Coachella: Several grade crossings are needed to separate roads from Union Pacific Railroad. These interchanges will attract value-added food manufacturing and distribution businesses. Indio: Wants to develop a downtown intermodal passenger facility and transportation history center as part of a major downtown revitalization plan to attract new retail and other businesses.
Atwater/ Merced	Yes	<ul style="list-style-type: none"> The planned access roads to the new UC Merced campus are underfunded and cannot handle projected traffic. UC Merced could be a major economic engine for the area. SR 140 is a limited two-lane facility between I-5 and SR 99, and is heavily used by trucks for manufacturing. Castle Air Force Base is a major redevelopment area for Merced County and is designated as a foreign trade zone. The only access to this potential economic engine is through surface streets.
Eureka	Yes	<ul style="list-style-type: none"> Access over SR 299 is limited and U.S. 101 is too narrow to allow the largest allowable trucks. Eureka is attempting to attract industries, improve its port, and upgrade a rail line to attract businesses. Manufacturing firms are unable to ship computer-controlled equipment due to load restrictions. The only fish processing plant left in Eureka is threatening to leave because of trucking and the lack of an ice processing plant. The Yurok Tribe in the northern Humboldt County has identified safety and access improvements for the reservation's main access road.

Table 2.3 Assessment of Transportation Projects for Distressed Areas

Jurisdiction	Local Conference	Project Information
Calexico	Maybe	<ul style="list-style-type: none"> Calexico has several major highways that are operating below standard. Improvements to SR 98 and SR 7 will help greatly with NAFTA through traffic, attracting additional trips to the point-of-entry near Calexico. Projects on these roads will help position Calexico to better attract distribution and manufacturing firms. FedEx is considering expanded operations at the Imperial County freight airport that would provide jobs in the area.
Brawley and Calipatria	Maybe, but a big project is already underway	<ul style="list-style-type: none"> A major upgrade is underway for SR 111, including a Brawley bypass, that will greatly improve access to these areas. Could use a business route, signage, and other minor improvements. SR 86 splits a major industrial area that could use improved connections. This area should be combined with Calexico for field visits.
Yuba City and Marysville	Maybe	<ul style="list-style-type: none"> An additional bridge is proposed to link SR 70 from S. Yuba to Placer County. The bridge is part of a link between I-5 and I-80 that would provide economic benefit for several counties. A major project to widen SR 70, including a bypass around Marysville, is on the books, but is not under construction. This will help with truck traffic and economic development opportunities.
West Sacramento	Maybe	<ul style="list-style-type: none"> SR 275, a highway that leads to the Tower Bridge from the Capital City freeway, bisects a major redevelopment area in West Sacramento known as the Triangle Area. This area is designated as the hub of an entertainment, mixed use residential/commercial/retail area. There are plans to turn SR 275 into a city arterial street that will open this prime piece of riverfront to development and help transform the face of the City. The Tower Bridge also needs to be widened to allow for greater pedestrian traffic between Downtown/Old Sacramento and the Triangle Area.
West Oakland	Maybe	<ul style="list-style-type: none"> West Oakland is very well served by both road and rail transportation, but remains distressed. Oakland has examined developing a transit village at the West Oakland BART station, upgrading several of the roads in the area, improving transit connections from West Oakland to other areas. Several of these projects may be possibilities, but the specific economic development linkages have not been made.
Watsonville	Maybe	<ul style="list-style-type: none"> Several major road safety issues in the Watsonville area, especially the SR 17 to SR 1 hairpin turn connector. Economic development relationship was not made explicit in discussions with local officials.
Long Beach	Maybe	<ul style="list-style-type: none"> Widening of a major arterial that would help attract big box retail. A Home Depot wanted to locate in the area, but chose not to because of street conditions. Pursuing several parking garages for park-and-ride on the Los Angeles MTA Blue line. These would attract additional retail businesses to the downtown. Pacific Coast Highway through Long Beach is narrow, and the properties do not have sufficient depth for commercial development. There is no clear immediate solution to this problem.
Los Angeles Enterprise Zones	No	<ul style="list-style-type: none"> Enterprise zones in Los Angeles were selected because of existing infrastructure. Other problems are more immediate. Local contacts could not suggest major projects in the area.

Table 2.3 Assessment of Transportation Projects for Distressed Areas

Jurisdiction	Local Conference	Project Information
Madera	No	<ul style="list-style-type: none"> Major industrial properties for expansion are well served by SR 99. Several contacts suggested that transportation was not a major consideration for Madera.
Weed	No	<ul style="list-style-type: none"> Signage for improved access to underutilized downtown business district. Weed is very well served by I-5.
Corcoran	No	<ul style="list-style-type: none"> A couple minor projects were suggested for SR 43, but the projects did not have a clear economic development component.
Tulare County	No	<ul style="list-style-type: none"> Local area officials did not suggest projects that would benefit economic development in their area.

1. **Yes** denotes areas that presented projects with a clear and compelling link to economic development.
2. **Maybe** denotes areas that presented some information about the link between transportation and economic development, but have not made a completely compelling case. Some of these areas may only require additional contacts, while others may not make the final list.
3. **No denotes** areas that suggested no transportation projects that would benefit economic development or could make no case for the projects they suggested.

The list of projects are not meant to be final selections for these areas. The in depth field work, to be conducted over the next two to three months, will guide the selection of actual transportation projects in these distressed areas. The projects in Table 2.3 demonstrate that these areas have considered transportation investments as part of their overall economic development strategy.

Table 2.4 lists the contacts made for each of the top 20 areas screened.

Final Area Selection

Through consultation with the Transportation for Economic Development (T4ED) Advisory Committee (see Table 2.5 for membership), the following 10 areas were selected (in no particular order) for in-depth analysis and local area conferences:

1. Orange Cover, Parlier, and the surrounding area;
2. Stockton, especially focused on South Stockton and the area around the Port;
3. Oroville and the surrounding area;

Table 2.4 Contacts for Top 20 Areas

Jurisdiction	Contacts
Orange Cove and Parlier	<ul style="list-style-type: none"> • Ralph Garcia, Fresno County EDC • Ashley Swearengin, Fresno Area Collaborative Regional Initiative • Jim Gordon, Orange Cove Renewal Community
Fresno	<ul style="list-style-type: none"> • Ralph Garcia, Fresno County EDC • David Bayouth, Fresno County EDC
Oroville	<ul style="list-style-type: none"> • Bob Linscheid, Butte County EDC • Don Smail, Butte Co EDC
Southeast Bakersfield	<ul style="list-style-type: none"> • David Lyman, Bakersfield Community Development Department • Keith Brice, Midstate Development Corporation • Jesse Mach, Kern County EDC • Paul Sippel, Bakersfield Community Development Department • Ron Brummet, Executive Director, Kern COG
Stockton	<ul style="list-style-type: none"> • Mike Locke, President, San Joaquin County Economic Partnership • Art Taylor, Economic VP, San Joaquin County Economic Partnership • Lee Hieber, Deputy Director of Finance, Port of Stockton
Coachella and Indio	<ul style="list-style-type: none"> • Bill Claire, City of Coachella Economic Development Department • Gary Werner, Director of Community Development, City of Indio • Dave Kennan, City of Indio
Eureka	<ul style="list-style-type: none"> • Kirk Girarde, Executive Director EDC • Jacqueline Debets, EDC • Cynthia Trobitz-Thomas, Redevelopment Director, City of Eureka • Marie Liscom, Economic Development Coordinator, City of Eureka
Tulare County	<ul style="list-style-type: none"> • Paul Saldana, Tulare Economic Development Corporation
Calexico	<ul style="list-style-type: none"> • Ralph Morales, Calexico Economic and Community Development • Rosa Lopez, Imperial County Associated Governments • Louis Fuentes, Imperial Valley EDC
Brawley and Calipatria	<ul style="list-style-type: none"> • Tim Kelly, Imperial Valley EDC
Atwater and Merced	<ul style="list-style-type: none"> • John Fowler, Merced County Business Development Department • Scott Galbraith, Merced County EDC • Brian Bentley, Measure M Coordinator • Jess Brown, Merced COG
West Oakland	<ul style="list-style-type: none"> • Bruce Kern, Executive Director, Economic Development Alliance for Business • Stephanie Floyd-Johnson, Community and Economic Development Agency • Margot Lederer-Prado, Community and Economic Development Agency • Nancy Nadel, City Council Member (District 3)
Los Angeles Enterprise Zones	<ul style="list-style-type: none"> • Craig Johnson, LA County Community Development Commission • Richard Hollingsworth, Gateway Cities Partnership • Monica Walters, City of Los Angeles, Community Development Department • Bob Biller, City of Los Angeles, Community Development Department • Wally Baker, Los Angeles County Economic Development Corporation
Madera	<ul style="list-style-type: none"> • Jim Claybaugh, Madera County EDC • James E. Taubert, Executive Director, Madera Redevelopment Agency • Les Jorgensen, City of Madera, Community Development Department

Table 2.4 Contacts for Top 20 Areas (continued)

Jurisdiction	Contacts
Weed	<ul style="list-style-type: none"> • Shari Fiock, Shasta Valley Enterprise Zone • Kelly McKinnis, Weed Finance Director • Joyce Oliver, Weed Revitalization Coalition
Corcoran	<ul style="list-style-type: none"> • John Lehn, President/CEO Kings County EDC
Watsonville	<ul style="list-style-type: none"> • Jan Davison, Director Watsonville Area EDC • Quentin Roland City of Marina
Tribal Areas	<ul style="list-style-type: none"> • Cynthia Gomez, Caltrans Native American Liaison Branch
West Sacramento	<ul style="list-style-type: none"> • George Cleveland, West Sacramento Economic Development Department • Caroline Quinn, West Sacramento City Engineer
Long Beach	<ul style="list-style-type: none"> • Chet Yoshizaki, City Long Beach Economic Development Department • Ed Shikata, City of Long Beach Public Works Director
Yuba City	<ul style="list-style-type: none"> • John Flemming, Yuba/Sutter EDC • Steve Brammer, Yuba/Sutter EDC • Tim Johnson, Yuba/Sutter EDC

Table 2.5 Transportation for Economic Development Advisory Committee

Name	Organization	Telephone	Email
Kazem Attaran	California Department of Transportation	(916) 653-0709	kazem_attaran@dot.ca.gov
Jeff Brown	Senate Office of Research	(916) 445-1727	jeff.brown@sen.ca.gov
Shannon Cairns	Cambridge Systematics	(510) 873-8700	shannon_cairns@camsys.com
Roma Cristia-Plant	California Infrastructure Bank	(916) 324-8942	rcristia-plant@commerce.ca.gov
Larry Davis	Department of Housing & Community Development	(916) 263-0468	ldavis@hcd.ca.gov
Bill Felts	California Department of Transportation	(916) 651-6007	bill_felts@dot.ca.gov
Greg Hribar	California Technology, Trade & Commerce Agency	(916) 323-9559	ghribar@commerce.ca.gov
Francisco Lujano	State Treasurer's Office	(916) 653-5616	flujano@treasurer.ca.gov
Mahmoud Mahdavi	California Department of Transportation	(916) 653-9525	mahmoud_mahdavi@dot.ca.gov
Chuck Oldham	California Transportation Commission	(916) 653-2068	chuck_oldham@dot.ca.gov
Frank Ramirez	Governor's Office of Planning & Research	(916) 445-0613	frank.ramirez@opr.ca.gov
Wayne Schell	California Association for Economic Development	(916) 448-8252	wshell@caled.org
Chris Wornum	Cambridge Systematics	(510) 873-8700	chris_wornum@camsys.com
Hugh Louch	Cambridge Systematics	(510) 873-8700	hugh_louch@camsys.com
Chris Williges	System Metrics Group	(415) 395-7003	chris_williges@sysmetgroup.com

4. Bakersfield and the surrounding area, focused on Southeastern Bakersfield, Delano, and Shafter;
5. Coachella and Indio;
6. Eureka and the surrounding area;
7. Imperial County, focused on Calexico;
8. Merced and Atwater;
9. Yuba City and Marysville; and
10. Eight Indian Tribes clustered along SR 76 in San Diego County.

The last of these areas arose because Indian tribes are not able to participate in many of the state and Federal economic development programs described above. As a result, a great number of Native Americans would be excluded from this study. Given the high rate of unemployment and poverty for many of these tribes, one group was added to the existing criteria after consulting with the Caltrans Native American Liaison office. In addition, tribal members were encouraged to participate in the events held in each of the other nine locations.

■ 2.4 Local Area Conferences

The overall purpose of the local area conferences was to ascertain which transportation projects might support economic development in the area. Working with local economic development officials in each of the areas, a cross section of community interests were invited to participate in the meetings, including local politicians, business people, local and regional transportation officials, economic development officials, labor groups, and citizens, including affected Native American and other minority groups.

The meetings were designed to accomplish six specific objectives:

1. Verify a strong, direct connection between the proposed transportation project(s) and the industries and firms you believe will benefit from the project(s).
2. Identify specific industries, firms, industrial/commercial sites, or other private sector stakeholders that will benefit from the transportation improvement(s) and obtain any compelling evidence of this benefit.
3. Confirm that the proposed transportation project(s) has no other funding or insufficient funding. We would also like to document efforts made to date to obtain funding from other sources.

4. Determine how the project(s) fit in the area's local transportation plans (e.g., whether it is included in the RTP, has support from local cities, is compatible with Caltrans plans, etc.).
5. Assess the likely influence of stakeholders on key state decision-makers. This could be an elected State Assemblyperson, State Senator, or their senior staff. It also includes business people with good Sacramento connections and labor groups with political savvy.
6. Assess the needs for other non-transportation types of investment and assistance (i.e., collateral activities) that would be critical to economic development in the area.

The meetings were usually two hours in length. The project team provided a short presentation describing the study (Appendix B), and then discussed a standardized list of questions that addressed each of the six objectives described above.

3.0 Bakersfield

3.0 Bakersfield

■ 3.1 Geography and Economic Conditions

Bakersfield is the 12th largest city in California. Bakersfield is the county seat of Kern County and the administrative and services center for significant economic activity based in agriculture and oil production. The city's population of almost 260,000 people represents about 40 percent of the county population. The population of the greater metropolitan area accounts for 60 percent of the county total. Both the city and the county have seen significant population growth, and those trends are projected to continue.

3.1.1 Industry Profile

Kern County's economy relies heavily on agriculture and oil production. Agricultural production in Kern County is diverse, including over 250 different crops. In 2000, Kern County ranked fourth among California counties in terms of the value of agricultural production, and the County consistently ranks among the top five in the state. Much of Kern's agricultural production goes to foreign markets. The County's leading commodities are grapes, cotton, almonds, citrus, and milk. Kern County produces two-thirds of California's crude oil and 82 percent of the state's on-shore production, representing 10 percent of the nation's oil production. Kern is also the state's top natural gas producer, accounting for almost 60 percent of the state supply.

Both agriculture and oil production support related industry sectors in Kern County. Agricultural services, petroleum refining, heavy construction, food processing, and distribution are all significant employers in the County.

The agricultural sector remains the third largest employer in Kern County, causing the demand for labor to fluctuate seasonally and lead to high unemployment in the off-seasons. Unemployment in the Bakersfield area was 6.8 percent in 2000 (158 percent of the state-wide average). Several communities within the area, especially Delano and Shafter, had unemployment levels of 14.7 and 10.8 percent, respectively.

Government and services are the other major employment sectors in the County. Health services and engineering services have experienced strong growth. State Farm Insurance made a major commitment to Bakersfield in 1996, opening the company's largest U.S. regional office serving the greater California region. The office employs more than 1,000 workers.

Expansion Management Magazine recently ranked Bakersfield among the top 50 cities in the nation as a location for manufacturing expansions and relocations. Site selection consultants made the rankings of metropolitan areas based on analysis of business environment, work force quality and availability, operating costs, incentive programs for new and expanding businesses, workforce training programs, and ease of working with local officials.

Bakersfield is the only California community that placed in the Western Top 10 Most Affordable Housing list published by the National Association of Home Builders, placing fifth for the fourth quarter of 2001. According to the NAHB, 70 percent of Bakersfield's families can afford a median-priced home.

In April 2002, the City of Bakersfield Development Services Department and Economic Development Division organized a weekend-long charrette to support the revitalization of Southeastern Bakersfield. Participants included 150 residents, business owners, clergy, community organizations, design professionals, and city and county staff. They recommended implementing an aggressive capital improvement program. This included providing basic neighborhood infrastructure; encouraging infill development and housing rehabilitation; and continuing streetscape improvements program, crime prevention programs, and an economic development strategy to recruit businesses to the area.¹

Downtown Bakersfield is recognized as the center of community identity. In recent years, new public and private investment have enhanced the function and identity of the downtown, including seismic upgrades, façade improvements, public landscape and streetscape improvements, and expanded government activity.

In November 2002, the State of California awarded the City of Bakersfield a \$143,000 planning grant to identify opportunities for revitalization and economic development in the Old Town Kern/Baker Street Corridor. Funding comes from the Sustainable Communities Grant and Loan Program of the California Pollution Control Authority. Bakersfield was one of 16 cities that received funding.

Favorable Economic Attributes

The Bakersfield area has several advantages that help it attract new businesses, including the following:

- A centralized location along California's two main north-south transportation corridors (Interstate 5 and SR 99) provides year-round access to markets in the Midwest and to the East;
- A pro-business government that levies no local utility or inventory taxes;

¹ <http://www.ci.bakersfield.ca.us/cityservices/devsrv/planning/index.htm>.

- Several career programs and colleges, including California State University (CSU) at Bakersfield and the Kern County Community College District (four campuses in Kern County);
- Extensive affordable land, housing, and labor;
- A growing local market supported by strong population growth;
- A diverse and productive farming region; and
- A temperate climate

Constraints/Limitations

Bakersfield also has several constraints on economic development, including the following:

- A relative lack of amenities, compared to competitive areas;
- Heavy reliance on seasonal agricultural work, undermining the area's ability to maintain a steady, well-paid workforce;
- Relatively low educational and skill levels for the existing labor force;
- A lack of resources to maintain county roads in the face of growing road use; and
- Limitations on air service, though improvements to Meadows Field currently under construction should improve this situation.

3.1.2 Local Economic Conditions

Kern County has been growing rapidly, adding over 120,000 residents since the 1990 Census. Economic opportunities in the County have not kept pace with population growth, however. In 2000, unemployment in the County as a whole was more than 50 percent higher than the State of California (6.7 percent compared to 4.3 percent).

The Bakersfield area contains several pockets of economic distress that are substantially higher than the County as a whole. Unemployment in the Bakersfield Targeted Employment Area, for example, was more than double the state average in 2000. The nearby communities of Delano and Shafter have unemployment rates that are two to three times higher than the state average. Almost one-third of the residents in these areas are living below the poverty line.

Personal income in Bakersfield is substantially below the statewide average. The City of Bakersfield has a median household income of \$39,000, more than 15 percent less than the statewide average of \$47,000. The Cities of Delano and Shafter have median household incomes that are over one-third smaller than other residents of California, on average.

Educational attainment in the City of Bakersfield is fairly close to the statewide average, with over three-quarters of the City's residents having completed high school. College graduation rates are somewhat lower than the State as whole, at 20 percent, compared to 25 percent. Both high school and college graduation rates are substantially lower in the surround areas. Under 50 percent of residents of Delano and Shafter have completed high school, one-third less than the statewide average. College graduation rates are even worse, with under six percent of residents completing college. This is over three-quarters less than the statewide average.

3.1.3 Transportation

A major freeway system with convenient corridors through the state and across the country runs through Kern County. SR 99 and Interstate 5, running north-south, cover the entire west coast meeting at Interstate 80 in Sacramento and Interstate 10 in Los Angeles. SR 99 connects with SR 46, providing access to the central coast. SR 58 runs east-west and connects with Interstates 40 and 15, offering access to Arizona, Nevada, Utah, and other major markets to the East.

Goods movement in the Central Valley is a concern due to rapid population growth and increasing demand for transport of agricultural and industrial goods between the Central Valley and ports and intermodal distribution facilities on the coast. The Kern Council of Governments (Kern COG) has begun the second phase of a goods movement study designed to improve traffic safety, operational efficiency, and air quality in the face of increasing competition for transportation facilities.

Two major railroads provide freight service to Bakersfield: 1) Burlington Northern-Santa Fe (BNSF) and Union Pacific (UP). The BNSF yard is located in downtown Bakersfield and the SP yard is in East Bakersfield.

Public transportation in Bakersfield includes local buses, intercity buses, Amtrak, and paratransit service. The largest system is Golden Empire Transit, the local bus operator, which carries 23,000 passengers per day – one percent of total travel in the metropolitan area. Amtrak provides passenger rail service linking downtown Bakersfield to Los Angeles, San Francisco Bay Area, and Central Valley cities to the north and south. The City would like to develop an intermodal passenger transportation terminal downtown.

Metropolitan Bakersfield is a station location along potential alignments for the proposed high-speed rail system. The Kern Transportation Foundation and Kern COG analyzed potential station locations in metropolitan Bakersfield and recommended three for further study: 7th Standard Road/West of SR 99 (an outlying location), Golden State/ M Street (near downtown and existing rail corridor), and Truxtun Avenue and S Street/Union Avenue (closest to downtown core). In January 2002, the California High-Speed Rail Authority agreed to consider all three station locations for review. The Authority is expected to make a final decision on both the alignment and terminal locations in December 2003, after environmental review studies are complete.

Meadows Field provides scheduled air carrier and commuter airline services to close to 300,000 passengers per year. Flight schedules include daily non-stop service to San Francisco, Los Angeles, Las Vegas, and Phoenix. A major new airport terminal with supporting commercial and industrial uses is planned just north of the existing terminal at Meadows Field. Bakersfield Municipal Airport in southeast Bakersfield is a general aviation airport owned by the City of Bakersfield. The airport has a master plan that calls for runway expansion and improvements. The airport serves business, agriculture, recreation, and personal aviation users.

Regional Transportation Priorities

In response to continued growth and associated transportation needs, the Kern COG, the City of Bakersfield, the County of Kern, and Caltrans initiated the Bakersfield Systems Study in 2000. The study addressed regional and interregional connectivity issues, congestion and gridlock, and system continuity. Improvement goals were set for four main areas: inter-regional east-west mobility, local east-west circulation, access through downtown, and north-south circulation in west Bakersfield. In July 2001, the County Board of Supervisors and the Bakersfield City Council selected a locally-preferred system alternative that will add approximately 38 miles of new highways, including Westside Parkway, Centennial Corridor, SR 204 Corridor, and Seventh Standard Corridor.²

The following are the Bakersfield-area needs and priorities outlined by Kern COG and described in the Metropolitan Bakersfield General Plan Update Circulation Element.

- Three freeways are planned to relieve congestion and accommodate growth in metropolitan Bakersfield: 1) the Crosstown Freeway (from Route 178 around the south side of downtown Bakersfield to SR 99); 2) the Westside Parkway (a continuation of the Crosstown Freeway across SR 99 and the Kern River and parallel to the Kern River on the north side); and 3) the West Beltway (linking SR 99 with Interstate 5, providing a bypass to SR 99 and a link across the Kern River from southwest Bakersfield to the Westside Parkway).
- The \$171 million Westside Parkway project is the region's number one priority. In April 2002, the Parkway was officially recognized in the 2002 State Transportation Improvement Program (STIP) as a regional highway project with construction planned for 2006-2007.
- The General Plan also identifies the following future freeway corridors in concept as an aid to right-of-way preservation: The South Beltway would extend from Route 178 around southeast Bakersfield to Interstate 5, completing the freeway ring around Bakersfield. Another corridor would extend west from Interstate 5 from the terminus of the Westside Parkway completing a Route 178 freeway link to Interstate 5. The

² <http://www.ci.bakersfield.ca.us/study/>

third corridor would upgrade to freeway status a short segment of Route 204 that is now an arterial street.

- The General Plan also identifies widening projects for existing freeways: Route 178 from Fairfax Road to Alfred Harrell Highway and SR 58 between SR 99 and Cottonwood Road.

■ 3.2 Economic Development Goal

3.2.1 Economic Development Strategy

Kern County is trying to diversify away from an agriculture and oil industry base. Some of the industries it is trying to attract include manufacturing, distribution and warehousing, and call centers. It is also looking at high-tech manufacturing and value-added agriculture. Kern has had success attracting some warehousing and distribution, including warehouses for Target, Ikea, and Sears.

Bakersfield and its surrounding communities have identified two major industrial areas as centers for future economic development: 1) the Shafter International Trade and Transportation Center (ITTC), located at Seventh Standard Road near SR 99; and 2) the Tejon Industrial Complex (TIC) located at the Laval Road interchange on Interstate 5. The ITTC has over 650 acres of land for industrial development. The existing TIC site, TIC West, has over 250 acres currently available for industrial development. In addition, the Kern County Board of Supervisors recently approved the development of TIC East, which will add another 1,100 acres for industrial development. Both of these industrial parks are master planned and are largely surrounded by agriculture production.

3.2.2 Other Economic Development Activities

Bakersfield and the surrounding cities have actively pursued economic development and have lined up several key pieces of the economic development picture, including job training, providing non-transportation infrastructure, and related activities to help attract businesses to the area.

The County is very active in providing job training. There is an existing program to link the communities of Arvin and Lamont to the TIC, including providing day care, public transit, and other activities. TIC is also building a wastewater treatment plant and a fire station, and will pay a firefighter to enable it to expand.

Bakersfield has numerous existing organizations working to improve the economic development of the area, including the following:

- **Team Bakersfield.** Within the City's Economic Development Division, Team Bakersfield offers a single point of contact for any dealings with the City. The Team's mission is to provide exceptional customer service for businesses moving to the City and to those already located in Bakersfield.³
- **Bakersfield Enterprise Zone.** The Zone covers about four square miles of land in southeast Bakersfield. The Bakersfield Zone has received two state awards recognizing efforts to bring jobs to the Zone, and train local residents for those jobs.
- **Kern County Administrative Office.** This office administers the County's Economic Development Strategy and Economic Incentive Program and coordinates the efforts of the Economic Development Partnership. The Kern County Economic Development Strategy, adopted in 1999, is intended to generate additional jobs for adults transitioning from welfare and for workers downsized in defense-related and oil industries, as well as to diversify the economic base. Other members of the Economic Development Partnership include the Kern Economic Development Corporation (see below), the County Resource Management Agency, Kern Department of Human Services, Employer's Training Resource, Career Services Centers, San Joaquin Valley Air Pollution Control District, Kern County Air Pollution Control District, Small Business Development Center, State Employment Development Department, Kern County Board of Trade, Greater Bakersfield Chamber of Commerce, CSU Bakersfield, Airports Department, Mid State Development Corporation, and Kern County U.S. Exports Assistance Center.⁴
- **Kern County Economic Development Corporation (KernEDC).** Designated by the Board of Supervisors as the County's lead economic development entity, the KernEDC is responsible for economic development marketing, site and real estate information, and business services. All business inquiries are directed here. The KernEDC actively markets Kern County to seven industry clusters: 1) high technology, 2) financial/back office, 3) warehouse/distribution, 4) plastics/chemicals, 5) value-added agriculture, 6) aerospace, and 7) film/tourism/retirement.⁵
- **Greater Bakersfield Chamber of Commerce.** A referral and resource guide for information about the City of Bakersfield and Kern County.⁶
- **CSU Bakersfield.** The CSUB School of Business and Public Administration Business Research and Education Center offers interactive programs between the faculty and

³ <http://www.ci.bakersfield.ca.us/edcd/econdev/>

⁴ <http://www.co.kern.ca.us/econdev/>

⁵ <http://www.kedc.com/>

⁶ <http://www.bakersfieldchamber.org/>

students and the business and government communities. The Center hosts the Family Business Institute, the Kern County Technology Transfer Group, the Export Facilitator Internship Program, and the Kern County Export Trade Program. Kern Economic Journal is a quarterly publication of the Economics Department at CSU Bakersfield. Its main purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. The journal provides useful information and data to help the community make informed economic decisions.

- **Bakersfield College Small Business Development Center.** The Small Business Development Center at Bakersfield College is a one-stop business counseling, training, and economic development resource. Free and low-cost training is available in a wide range of areas, including management, marketing, finance, accounting, strategic planning, taxation, regulation, and human resource management.⁷

■ 3.3 Transportation Improvements

The local economic development workshop held for this study suggested three major transportation projects, which stakeholders regard as the most vital, unfunded transportation improvements linked to the economic development of the Bakersfield area. Two of these would benefit economic development at the Intermodal Trade and Transportation Center (ITTC) in Shafter, and the other would benefit economic development at the Tejon Industrial Complex (TIC). These projects could help the Bakersfield area attract businesses from congested urban areas, like Los Angeles, by providing lower cost options for businesses that are considering leaving the State. This section describes the links between these three projects and each of the two industrial parks.

3.3.1 Intermodal Trade and Transportation Center

The following two projects would benefit economic development at the ITTC:

1. The project to redevelop 7th Standard Road is a multi-stage project between SR 99 and Interstate 5. The first phase of this project involves widening 7th Standard Road from two to four lanes from SR 99 to Santa Fe Way and grade separating the Union Pacific Railroad parallel to SR 99. Caltrans is also developing a new interchange for 7th Standard Road and SR 99. Later phases of this project call for the widening of 7th Standard Road from two to four lanes from Santa Fe Way to Interstate 5, currently a 17-mile stretch of two-lane road. This project also includes eliminating an at-grade crossing of the BNSF railroad.

⁷ <http://www.weill-sbdc.com/>

2. A related project is the development of an intermodal yard at the ITTC. This project includes adding siding and set out tracks for intermodal transfers and developing a container management facility of 120 acres or more. The yard would have direct connections to the BNSF railroad and a short spur to the Union Pacific (UP) railroad. The intermodal yard will include truck-rail transfer facilities. The intermodal yard will also include a container management facility for inland storage of shipping containers.

Economic Development – Transportation Nexus

ITTC Intermodal Yard. The proposed intermodal yard will connect the two main railroads in California to an intermodal yard, including a 124-acre or larger container management facility. The BNSF railroad currently runs directly through the ITTC, and the UP railroad is within five miles of the site.

Building the intermodal yard and container management facility will allow the ITTC to develop as a regional hub for warehousing and storage businesses. The intermodal yard will provide direct access to the business park for rail shipments to the Southern Central Valley. The container management facility will help the area exploit these intermodal freight opportunities by shifting container storage operations from major ports in California to the ITTC.



Existing warehousing operations at the ITTC in Shafter require a minimum of 35,000 container movements from the Ports of Los Angeles and Long Beach each year. These containers typically return empty to the Ports for storage and future use. A similar number of containers are needed to ship cotton internationally, and are typically moved empty from the Ports to the Bakersfield area to pick up these exports. The container management facility will allow those containers to be stored at the ITTC, instead of being moved empty back and forth to the Ports.

Container storage at the ITTC would significantly reduce the cost of businesses for shippers and truckers. Currently, costs for trucking these containers average between \$400 and \$500 round trip. For each container that remains at the container management facility in Shafter, this cost will be halved. Shippers typically rent land

at a cost of \$120,000 per acre at the Ports of Los Angeles and Long Beach. Storage facilities at the ITTC will rent for closer to \$80,000 per acre.

Relocating container storage to the ITTC will help produce jobs in the area in two ways. First, it will require numerous employees to run and manage the intermodal yard and container facility. **Some of these jobs would likely be transferred from the Ports of Los Angeles and Long Beach to the ITTC.** Second, and more importantly, reduced business costs for shippers will increase the competitiveness of the ITTC and enable it to better attract new warehousing, distribution, and manufacturing businesses.

Finally, the container management facility, in combination with the intermodal yard, will allow shippers to shift some freight movements from truck to rail. By bringing together rail and truck movements in one place, the container management facility will be able to store containers with time-insensitive commodities (such as cotton) for future rail shipment, instead of shipping them by truck and storing them at the Ports.

7th Standard Road. Widening 7th Standard Road to four lanes the entire distance from Interstate 5 to SR 99 is a key highway link that will support future freight operations at the ITTC. With the improved intermodal yard and container management facility, the ITTC will only lack direct four-lane highway access to the major road network in the Central Valley.

The ITTC currently has three clients, including a 1.7-million square foot distribution center for Target. The industrial park has over 500 acres of available land to develop industrial, distribution, and warehousing businesses. Developers of the ITTC are working to attract more similar types of businesses.

The ITTC has been contacted by numerous large companies looking for substantial space for freight operations. Several large companies, including agricultural and hard goods importers and exporters, distribution companies, frozen storage, and others, have expressed interest in the industrial park. Transportation is the first concern that these companies raise when considering the ITTC. Target's decision to locate at the ITTC hinged on a commitment by Kern COG to eliminate the railroad grade crossing at SR 99 and widen 7th Standard Road to four lanes from SR 99 to Santa Fe Way.

Widening 7th Standard Road to four lanes all the way to Interstate 5 will further support the ITTC by improving access to the park from the north. The majority of truck movements to the north of Bakersfield use Interstate 5. Full use of the intermodal facility and container management yard depend on reliable highway access to their sites. Widening 7th Standard Road to Interstate 5 will put the ITTC in a strong competitive position for future growth.

Planning and Funding Status

ITTC Intermodal Yard. The first phase of the intermodal yard at the ITTC was funded in this year's Caltrans budget. This first phase will involve building a rail spur to the UP line and building 5,900 feet of side track and 5,000 feet of set out track; and will include

purchasing forklift-like side packers for transferring containers. Estimates of the cost for full build out of the intermodal yard run to \$20 million, which will include building additional track and purchasing overhead container loaders. No funding commitment has been made for the second phase of the intermodal yard.

The container management facility planned for the ITTC will eventually cost \$10 million. Much of this cost will be borne by shipping companies that would be the customers of the facility. A small grant between \$350,000 and \$500,000 would provide funds needed to start securing commitments for the facility.

7th Standard Road. The Metropolitan Bakersfield 2010 General Plan identifies 7th Standard Road as a key piece of its circulation system. The project was adopted in the Kern COG Regional Transportation Plan (RTP) in 1998 and added to the State Transportation Improvement Program (STIP) in March of 1998. The 7th Standard Road is ultimately planned as a six-lane arterial, with potential designation as SR 58.

In Shafter, \$1,400,000 is programmed for preliminary engineering on 7th Standard Road from Coffee Road to Santa Fe Way. An additional \$250,000 is available for right-of-way purchase in 2003 or 2004. The total amount programmed for the project so far is \$1,650,000. Construction funding is not yet programmed. According to 1998 RTP cost estimates, widening 7th Standard Road to four lanes from the ITTC to Interstate 5 will cost approximately \$25 million.

In addition, an interchange upgrade at SR 99 has been programmed through the Governor's Traffic Congestion Relief Program (TCRP). This project is slated to begin in late 2003, but concerns about the availability of TCRP funding available may delay the project.

Finally, the County has examined widening 7th Standard Road to four lanes east from SR 99 to Meadows Field air terminal. This project would support the development of the new air terminal set to begin construction at the end of 2003.

3.3.2 Tejon Industrial Complex

The reconfiguration of the Laval Road interchange on Interstate 5 would improve access to the Tejon Industrial Complex (TIC). The existing Laval Road interchange is a two-lane bridge that is aligned at an oblique angle to the interstate. The project includes widening the bridge to four lanes and relocating the interchange to be perpendicular to Interstate 5.

Economic Development – Transportation Nexus

Reconfiguring the Laval Road interchange will provide the opportunity for the TIC to develop into a major employer in the Bakersfield Region. The park opened in 1999 and has attracted a number of business, including the following:

- Petro Travel Plaza occupies 51 acres with a one-stop, multi-service facility with over 240 employees in fueling facilities, service, and retail jobs;
- Ikea has a 1.7-million square-foot warehousing and distribution facility currently employing 150, with 300 employees expected by years end; and
- Daisytek is an office and computer equipment supply company with over 50 employees.



The industrial park has over 350 acres of remaining space in its existing configuration, and the Kern County Board of Supervisors has zoned an additional 1,100 acres for future development. In total, this land could support up to 6,000 new jobs or \$500 million of new payroll if fully developed over the next eight years.

To provide for future development, however, the site requires improved truck access at Laval Road interchange. The existing interchange cuts across the interstate at an oblique angle with a two-lane bridge, significantly limiting the capacity of the interchange. Currently, about 120 trucks use the interchange on a daily basis. As the industrial site is built out, it will attract substantial additional truck volumes, increasing from 500 to 600 trucks for TIC West and as many as 1,700 trucks for TIC East. The current bridge over the interstate can handle about double the existing use (240 trucks). With a steady rate of build out, this will reduce the bridge to LOS D within three to five years at the latest. Beyond LOS C, the County will not permit the TIC to develop additional businesses at their site, essentially preventing a major source of economic development in the area.

Without the interchange improvements, TIC will be unable to continue to develop its industrial properties, effectively foreclosing a major source of economic development in the region. There is already strong interest in the site and TIC has made numerous investments in other infrastructure and job training. Upgrading the interchange will allow TIC to make use of these existing advantages.

Planning and Funding Status

TIC estimates that widening the interchange to four lanes will cost \$10 million, but has not estimated the cost of reconfiguring the interchange to be perpendicular to Interstate 5. TIC has committed \$1.5 million in funding for this project and has tentative commitments for federal demonstration funding. Caltrans is in the process of developing a project study report for this project, but as of this writing has not conducted environmental review.

4.0 Imperial County

4.0 Imperial County

■ 4.1 Geography and Economic Conditions

Imperial County extends over 4,597 square-miles in the southeastern corner of California. The County, part of San Diego County until 1907, borders Mexico to the south, Riverside County in the north, San Diego County in the west, and the State of Arizona in the east. The terrain varies from 235 feet below sea level at the Salton Sea to 4,548 feet at Blue Angel Peak.

Imperial County has seven incorporated cities: 1) El Centro, 2) Brawley, 3) Calexico, 4) Imperial, 5) Holtville, 6) Calipatria, and 7) Westmorland. El Centro, with a 2000 population of 38,000 people, is the county seat. Calexico, the second largest city, is south of El Centro, and has two ports-of-entry (POE) to Mexico. The City of Mexicali is located just over the border from Calexico. Mexicali has a population of over one million and hosts a diversified maquiladora industry (manufacturing facilities established in Mexico for export to the United States). The maquiladoras result in significant cross-border traffic and cargo shipment through Imperial County. The liberalization of trade under the North American Free Trade Agreement (NAFTA) is expected to have a major impact on Imperial County.

4.1.1 Industrial Profile

Imperial County depends heavily on the government sector for employment. The public sector accounts for over one-third of total employment.¹ Local government is the largest component of this total, but the California Department of Corrections is a major employer with two state prisons located in Imperial County.

Agriculture is the second largest industry in the County, accounting for about one-quarter of all jobs. The County has over 400,000 acres of irrigated farmland, which produce alfalfa, lettuce, sugar beets, and carrots, among many other crops. Cattle and livestock are an important part of the agricultural sector in Imperial County, accounting for the highest annual production value. In 2001, Imperial County ranked 11th among the State's counties

¹ Source: California Department of Finance, 2001 California County Profiles.

in terms of total value of agricultural production. Agricultural production value amounts to about \$1 billion per year.²

Strong population growth in the County has stimulated growth in the retail sector. El Centro is the regional retail center for the Imperial Valley. El Centro and Calexico also attract shoppers from Mexico seeking American retail products. Growth in employment and income from Mexican maquiladoras benefits retail businesses in Imperial County. Caltrans estimates there are about 200 maquiladoras in Mexicali.³

In 2002, the U.S. Department of Commerce designated El Centro and the surrounding communities as an *urbanized area* (defined as a densely settled territory that contains 50,000 or more people). Local civic and business leaders see this as important confirmation of growth and diversification in the County, and anticipate a subsequent Office of Management and Budget (OMB) designation of Imperial County as a *metropolitan area*, which would confer business attraction benefits and opportunities.

One of the major employers in the County is U.S. Gypsum, which has operated a plant in Plaster City since the late 1920s. The facility is the largest gypsum plant in the nation. It produces wallboard, plaster for construction, flooring, pottery, statuary, dentistry and casting, agricultural and feed-grade gypsum, and Portland cement rock. The company also operates a quarry 26 miles northwest of Plaster City. The quarry is connected to the manufacturing plant by a narrow-gauge rail line. U.S. Gypsum has undertaken several modernization and expansion projects at the Plaster City facility.

The Imperial Sand Dunes Recreation Area and the Salton Sea National Wildlife Refuge are Imperial County's major tourist attractions. The Imperial Valley is very popular with birdwatchers. The farms and ranches offer some of the best birding habitats in Southern California. The availability of water in the desert makes the region attractive for many birds migrating along the Pacific Flyway. The Salton Sea attracts rare and uncommon western birds. The Imperial Sand Dunes Recreation Area has the largest collection of sand dunes in the State and attracts thousands of off-highway vehicle users. Environmental regulations have resulted in interim closures of 49,000 acres of the 159,000 acre recreation area. Local business leaders are concerned about the economic impact of these closures.

4.1.2 Local Economic Conditions

Imperial County is frequently ranked as the poorest county in the State. During the 1990s, Imperial County grew rapidly – the fifth fastest growth in California. The population (149,000 in 2000) is expected to more than double over the next 20 years. The majority

² Source: California Department of Food and Agriculture, 2002 California Agricultural Statistical Review.

³ According to Caltrans District 11 representative at the local area workshop.

of the population of the County (72 percent) is of Latino origin. In Calexico, the population is 95 percent Latino.

Approximately 58,500 people were in the labor force in 2000. The dominance of agriculture has resulted in seasonal employment and extremely high unemployment in Imperial County. The County's unemployment rates are among the highest in the State (26.3 percent compared to 4.9 percent statewide in 2000). The annual unemployment rate averaged between 20 and 30 percent during the 1990s. With a 1999 per capita income of \$17,550, Imperial County ranks 55th among California's 58 counties. Average earnings per job were \$29,196, compared to \$38,677 statewide in 1999.

According to the 1990 U.S. Census, Imperial County residents have a median of 12.2 years of school, while California as a whole has 13.4 years. As of Fall 2000, there were 6,976 students enrolled in colleges and universities (primarily community colleges) in the County. San Diego State University operates an Imperial Valley campus with a center that studies cross-border economics.⁴

4.1.3 Transportation

Imperial County's transportation system reflects its proximity and ties to Mexico. There is a significant cross-border traffic in cargo and people at Calexico. **The recent construction of a new Port of Entry (POE) for U.S.-Mexican freight traffic has begun to strain the highway system.** Local leaders connect Imperial County's economic future with its ability to serve this cross-border traffic.

Some highlights of the transportation system in Imperial County include the following:

- Interstate 8, beginning in San Diego and continuing east to Arizona, is the major east-west thoroughfare in Imperial County. SR 78, which connects to Blythe and Brawley in the Valley to Escondido and continues on to the north coast area in San Diego County, is also an important link in the county transportation system.
- SR 111 is a major North-South route from Calexico at the border with Mexico, north through Brawley and Calipatria, and past the Salton Sea to link with Interstate 10 in Coachella.
- SR 86, a designated NAFTA Highway, provides another link between Interstate 8 (which connects to San Diego) and Interstate 10 (which connects to Los Angeles).
- SR 78 connects SR 86 and SR 111 to the Eastern part of Imperial County.
- There are two international border crossings between the U.S. and Mexico at Calexico – one provides access for non-commercial vehicles and pedestrians, and the

⁴ Source: California Department of Finance, 2001 California County Profiles.

other for commercial and non-commercial vehicles and pedestrians. The recently constructed POE east of Calexico is intended to reduce the burden on the existing POE. The new freight POE currently lacks some of the necessary connections to freight routes. Cargo has been restricted to the new POE. Thirty million vehicles and pedestrians cross the border each year at Calexico. There are outstanding safety, environmental, and labor impacts of cross-border truck traffic. A third POE is located at Andrade in eastern Imperial County.

- The Union Pacific (UP) Railroad provides the only direct rail line to Mexico City, and links the Imperial Valley to the Coachella Valley and Mexicali.
- There are ongoing efforts to re-establish the San Diego and Arizona Eastern Railway, connecting San Diego, Tijuana, Tecate, and the Imperial Valley. The line was closed in 1983 when a fire destroyed two tunnels. In Imperial County, the line is seen as an important addition to local infrastructure and to interregional connections. The line is important to plans to develop an international cargo airport facility in Imperial County, and as an eastbound transportation link for the San Diego area. A market study conducted in 1999 concluded that the line had the potential to serve a diverse market of bulk and low-value freight, and increased container traffic in the long term. In May 2002, the San Diego Metropolitan Transit District Board, which owns the U.S. section of the line, granted operating rights to the Carrizo Gorge Railway, which received a \$10 million Federal grant and plans to have freight service operating on the line by December, 2003. Passenger service to San Diego may be possible at some point in the future.
- The Calexico International Airport is a U.S. immigration checkpoint for private passenger and air cargo flights entering the U.S. from Mexico. The Airport recently constructed new customs facilities. A second airport, the Imperial County Airport (Boley Field), provides scheduled passenger and air cargo services, as well as general aviation facilities, but is struggling to keep scheduled passenger service. United Express has reduced flights to Los Angeles from three to two per day. San Diego's airport agency recently selected five military locations in Imperial County as sites for a new regional airport.

Imperial Valley's location offers overnight access for cargo to transportation hubs in Los Angeles, San Diego, Phoenix, and Mexicali, as well as to the ports of Long Beach and Ensenada in Baja California. It is the closest U.S. location to maquiladora industrial development in Mexicali.

Calexico's future depends on international trade and border business opportunities. An expanded enterprise zone and redevelopment project areas, as well as industrial development opportunities near the airport, are part of the City's strategy to capitalize on its unique border location and the blending of Californian and Mexican cultures. According to local Caltrans studies, trucks crossing the border at Calexico, which primarily use SR 7 and SR 111, produce about \$9 billion in trade annually. Only about 21 percent of the trucks benefit the Imperial Valley directly, 57 percent have destinations in other California counties, and the rest go to other destinations.

■ 4.2 Economic Development Goal

4.2.1 Economic Development Target

Although the region is currently conducting a cluster analysis to identify base industries to target for economic development, local stakeholders have already identified a number of potential development activities. Many of these activities build on the area's available land and proximity to Mexico. The Imperial Valley has recently tried to attract a regional landfill serving the Los Angeles area, and economic development planners are generally interested in attracting distribution and light manufacturing industries.

The region is developing the Gateway to the Americas (The Gateway) as a master-planned industrial and commercial complex with 1,570 gross developable acres in private ownership. The Gateway surrounds the 87-acre Calexico East POE and is bounded on the west by Ash Canal, the north by a line parallel to SR 98, on the east by the west bank of the Alamo River, and the south by the northern right-of-way of the All American Canal. The complex is intended to provide a full range of uses, emphasizing base-sector manufacturing, wholesale trade, distribution, assembly operations, transportation infrastructure, and retail commercial development. The area has been proposed as a foreign trade zone to help the region capitalize on the NAFTA. The first phase of development was recently completed and landowners expect to start leasing properties soon.

It is anticipated that The Gateway's unique location adjacent to the Calexico East POE and the availability of large tracts of developable land will help make it attractive for businesses. The Gateway may also help attract business to other industrial sites in the Valley. Few businesses have been attracted so far, but development of The Gateway is in the early stages. The region is trying to make road improvements (on SR 7 and SR 98) to support development. A cargo airport is also proposed. **The airport is estimated to bring millions of dollars in revenue and create more than 7,000 jobs.**

The region has begun to develop the Mesquite Lake EcoPark industrial park and planned community. The project is located on land near Imperial Valley College and bounded by SR 86 and UP railroad tracks in the west, Harris Road in the south, SR 111 in the east, and Carey Road in the north. Development would be focused northeast of Imperial and south of Brawley. The park is intended to be an environmentally-friendly community planned around sugar crops, ethanol, and by-product processing plants. A 2001 feasibility study analyzed sugarcane-to-ethanol production and concluded that such refining would be "nearly economically feasible."⁵ Future changes in Federal and state environmental regulations may generate large in-state demand for ethanol. Currently, California has little ethanol production capacity, creating a potential niche for the Imperial Valley. **The**

⁵ *On the Economic Feasibility of Sugar Cane-to-Ethanol Operations in the Imperial Valley*, M. Bazdarich, UCR Forecasting Center, UC Riverside and P. G. Sebesta, UC Desert Research and Extension Center, December 3, 2001.

planned development may bring as many as 2,000 skilled jobs to the region.⁶ The EcoPark has targeted a cluster group of sweeteners (e.g., Holly Sugar Plant) and waxes for the cosmetic industry.

Imperial County has also marketed its advantages as a location for dairies. Advantages include abundant and low-cost land, available water and power, convenient feed and services, development of modern dessert dairying techniques, short permit process, lack of groundwater contamination problems, and easy waste disposal. Proponents describe the County as a relocation option for dairies with difficulties maintaining or expanding operations in other locations in California, such as the San Joaquin Valley, where urbanization raises conflicts with large-scale agricultural operations.

4.2.2 Other Economic Development Activities

Imperial County was designated a *Federal Rural Enterprise Community* in 1993. The designation covers the Cities of Brawley, Calexico, and Calipatria. Through 2002, the Enterprise Community Program in Imperial County posted a total of \$48 million in funding received from Federal, state, regional, and local sources for programs related to business development, capital investment for new and existing businesses, education and job training, literacy, and environmental clean-up. Funds have also been used for infrastructure improvements.

Imperial County and various cities have submitted an application to the U.S. Department of Commerce for designation of a *Foreign Trade Zone* at The Gateway site. A public hearing regarding the designation was held in Calexico in January 2003.

The *California Center for Border and Regional Economic Studies (CCBRES)*, established in 1999 at the San Diego State University – Imperial Valley Campus, is a university research center that compiles and disseminates trade, economic, and industry data related to California and Baja California. The center also coordinates conferences and workshops on border topics, maintains a database on the Imperial Valley, and conducts research projects to develop sustainable economic growth in the region. CCBRES is a designated National Center for Excellence funded by the U.S. Department of Agriculture, in cooperation with institutions of higher education and rural communities with enterprise community designations. CCBRES is working with communities in Imperial County to develop local economic development capacity and an economic development plan.

CCBRES has worked with the *Imperial County Overall Economic Development Commission (OEDC)* to sponsor annual economic development conferences and to develop a community vision and action plan for 2010. Recent economic development proposals include: 1) an Institute for Agribusiness Entrepreneurship to address the lack of value-added in the agricultural sector by attracting higher-paying jobs in processing plants and related

⁶ According to the Regional Technology Alliance of the Inland Empire and Imperial County in I2rta-TechNews, July 30, 2002.

activities, 2) ongoing development of funding sources for projects for Arizona-California border communities, 3) new water and sewer infrastructure for the Holtville industrial park, 4) fiber optic connections supporting workforce development agencies, 5) renovation and restoration of the historic Carnegie Library in Calexico, and 6) a micro-loan program supporting rural community leadership.⁷

The purpose of the *Imperial Valley Economic Development Corporation (IVEDC)* is to assist companies with expansion and relocation needs. The IVEDC was founded two years ago by a group of public and private sector leaders with the cooperation of the Imperial Valley Joint Chambers of Commerce to market the Imperial Valley to corporate decision-makers. The IVEDC is a clearinghouse for economic demographics and a marketing agent for the Imperial Valley as a region. The IVEDC collaborates with local economic development agencies and chambers of commerce to bring new industrial plants and facilities to the Imperial Valley. The IVEDC and the Workforce Investment Board (WIB) plan to release an economic development action plan. The action plan will include strategies for coordination and implementation of the CCBRES work that identifies industry clusters for the Imperial Valley.⁸

The *Tri-Valley Alliance* was formed in 2001 to promote business development in Imperial County, the Coachella Valley, and Mexicali as a single region. The alliance includes the IVEDC, the Coachella Valley Economic Partnership, and the Consejo de Desarrollo Económico de Mexicali.

The *Imperial County WIB* is a collaboration of private sector businesses, organized labor, community-based organizations, local government agencies, and local education agencies. The WIB is charged with assessing workforce development in Imperial County, analyzing regional and local labor markets, assessing the hiring needs of employers, and identifying gaps between those needs and the local capacity to meet the need and establishing partnerships to address local employment and economic development needs. The WIB has designated nine one-stop centers in Imperial County to provide services to employers and prospective employees.⁹

The *Southern California Association of Governments (SCAG)* is the Metropolitan Planning Organization (MPO) for the Imperial Valley. SCAG covers a much larger portion of Southern California that includes Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties. The Imperial Valley Association of Government is among the many local and regional agencies involved in the development of the Regional Transportation Plan (RTP). Imperial County is a relatively small part of the system, accounting for about one percent of regional funding.

⁷ For more information, see <http://www.ccbres.sdsu.edu>.

⁸ Source: <http://www.ivedc.com>.

⁹ Source: <http://www.wibic.org/index.php>.

The *University of California Agriculture and Natural Resources Department* operates the Desert Research and Extension Center in Holtville. The center provides management and facilities for research and public education related to agriculture. Primary research areas are desert agriculture, field crops, alfalfa breeding, vegetable crops, livestock environmental and feedlot management, irrigation and drainage management, and pest management. The center boasts the nation's largest research cattle feedlot operated by a university.¹⁰

Without irrigation, Imperial County would remain largely desert and agricultural production non-existent. Cultivation of the desert depends on the diversion of Colorado River water – a project began in the early 1900s. The *Imperial Irrigation District (IID)* is the largest irrigation district in the nation, providing Colorado River water through the All-American Canal, a 1,668-mile network of main and lateral canals. The district expanded into a hydro-electric power generation in the 1930s, and today provides electricity to customers in the Imperial and Riverside Counties. The IID and other Southern California water agencies are in the midst of protracted negotiations to finalize a settlement agreement specifying how California will reduce reliance on Colorado River water supplies. In early December 2002, the IID rejected a long-negotiated agreement to sell water to the San Diego County Water Authority. Negotiations continue, and the Secretary of the Interior has ordered significant cuts in the IID water order for 2003. Court challenges to this order are underway. Economic issues for Imperial County include water costs, costs of conservation requirements, the fallowing of agricultural land, and impacts to farm workers and others employed in the agricultural sector.

■ 4.3 Transportation Improvements

The region has identified several priorities for the economic development of the area. Nearly all projects are related to improving cross-border traffic and trade and attracting associated development, particularly in the Gateway area and the Mesquite Lake EcoPark. The two improvements proposed for the area consist of improving access to a new industrial park near SR 111 and upgrading SR 98 to provide improved connectivity within the region.

4.3.1 Mesquite Lake Access

The Mesquite Lake EcoPark is bordered by SR 86 on the west and SR 111 on the east. EcoPark is served by two county roads, Dogwood Road (running north-south) and Keystone Road (running east-west). The UP tracks also run near the site. The proposed project would widen the county roads to accommodate larger trucks.

¹⁰<http://desertrec.ucdavis.edu>.



Economic Development – Transportation Nexus

Mesquite Lake EcoPark is an industrial park undergoing development between SR 111 and SR 86. Improved connections to the industrial park will allow it to take advantage of growing international business opportunities through connections to the maquiladoras in Mexicali and the Los Angeles metro area. **Already funded improvements to SR 111 will increase the potential for development of this industrial park, but additional road connections are needed for it to realize the site’s full economic potential.**

The funded improvements consist of widening SR 111 to four lanes

from Ross Road near El Centro to Mead Road near Brawley. This will connect with the SR 78/Brawley Bypass project that is also underway. SR 111 is a major north-south corridor in Imperial County that serves local, regional, and international business, as well as recreational travel to the Salton Sea, the Imperial Sand Dunes, and the Colorado River.

There are proposed improvements to Dogwood Road and Keystone Road, however, that remain unfunded. They will provide a direct connection from SR 111 to the EcoPark. Raw materials, such as sugar cane, are shipped to the EcoPark by truck. Dogwood Road and Keystone Road are only 24 feet wide, with a 40-foot access width; and cannot handle large trucks. The two roads are not sufficient to serve the burgeoning needs of the sweetener/waxes cluster targeted for business attraction. Improvements to SR 111 and increasing the lane width on Dogwood Road and Keystone Road to accommodate larger trucks will be critical to the success of the site.

Stakeholders, including the participants in the local area workshop, provided a few examples of how inadequate transportation infrastructure has hurt the region. They noted several businesses that have expressed interest in the region, including the following:

- Windshield suppliers for Nissan and Toyota considered locating in Imperial County. Both companies have manufacturing plants in Mexicali, and the proximity of Imperial Valley to these plants might be convenient for the suppliers.
- **Imperial County Community Economic Development has been trying to attract several biotech companies to the Imperial Valley. Many of these companies currently lack sufficient land and water for manufacturing, which the Imperial Valley has in abundance.**

These businesses and others may be more interested in Imperial County with improved access to industrial parks, including EcoPark. Other road improvements, such as the extension of SR 7 from SR 98 to Interstate 8 and improvements to SR 111 may help attract some of these businesses as well.

Funding and Planning Status

Planning for the Mesquite site has just begun, and sufficient cost estimates and engineering for widening Dogwood Road and Keystone Road are not available. Project proponents, therefore, have not identified any funding sources. **Nevertheless, these projects cannot be justified with traditional criteria, such as congestion, safety, air quality, or pavement management. Only economic development criteria would give these projects priority in the regional competition for funding.**

4.3.2 SR 98 Corridor Improvements

SR 98 is an east-west, two-lane conventional highway that parallels the U.S.-Mexican border. Two projects are underway that will improve this route. The first project would widen the highway to four lanes just west of Navarro Avenue to SR 111 and construct traffic signals on SR 98 at Eady Avenue and Ollie Avenue. The second project would realign and widen SR 98 to four or six lanes from SR 111 to SR 7.

Economic Development – Transportation Nexus

The SR 98 projects will help accommodate the anticipated increase in local and international truck traffic as a result of NAFTA. Participants in the area workshop thought that improvements on SR 98 would help small, local, and retail businesses by removing freight traffic from store fronts.

Funding and Planning Status

The SR 98 projects were included in the Governor's Traffic Congestion Relief Program (TCRP) as part of an effort to relieve congestion around Calexico. The TCRP designation should accelerate completion of the projects. However, budget shortfalls may delay TCRP funds. A Project Initiation Document (PID) was finalized in June 2000 for the first of the two SR 98 projects. Environmental work is currently underway, and is expected to be complete in late 2003. The estimated cost for the project is \$9 million, of which \$2 million are funded.

The second SR 98 project is in the project report/environmental studies phase. A value analysis study was prepared to help identify alignment alternatives. Environmental studies are anticipated to be complete in 2005. Approximately \$12.5 million have been programmed for completing the project report and environmental document. An additional \$37.5 million are needed to fund this project through the final design and construction phases.

5.0 Coachella and Indio

5.0 Coachella and Indio

■ 5.1 Geography and Economic Conditions

Riverside and San Bernardino Counties to the north, commonly referred to as the Inland Empire, comprise one of the fastest growing metropolitan areas in the United States. The population of Riverside County increased by 32 percent between 1990 and 2000. The centers of population and economic activity in the County are its three largest cities: 1) Riverside, 2) Moreno Valley, and 3) Corona. The residential building boom has fueled significant growth in construction employment in Riverside County. Other strong growth sectors include retail trade, personal services, private educational services, engineering and management services, and local government.

There are distinct differences between the geography, land use patterns, and economies of Western Riverside County and Eastern Riverside County. The Western Riverside County is a bedroom community supplying a substantial portion of the labor pool for the Los Angeles and Orange County metropolitan areas. Eighty percent of County population and almost 90 percent of County employment are located in Western Riverside County.

Mountain ranges and expansive desert define the Coachella Valley in Eastern Riverside County. A spectacular natural environment surrounds the urbanized areas and rural centers along Interstate 10 and SR 111. The land use pattern in the Coachella Valley is characterized by small urban areas of mixed uses surrounded by low intensity agricultural uses. Agriculture and tourism are the key economic sectors for the Eastern Riverside County. The area is also a haven for recreational vehicle enthusiasts and others seeking diverse recreational experiences.

5.1.1 Industry Profile

Major employers in the Coachella Valley include agriculture, tourism, hospitality (i.e., hotels), and services industries. These businesses have jobs requiring limited skills and wage levels are low.

Agribusiness is important to the Coachella Valley economy. The agricultural sector depends on large areas of cultivated land supported by infrastructure, such as packing houses, irrigation pipelines, agricultural tile drains, and easy access to rail and highway transportation. As a result of Coachella Valley production, Riverside County is one of the top agricultural counties in the state. Important crops are table grapes, dates, eggs, nursery products, lemons, and milk.

The Riverside County Fair and National Date Festival – held annually in Indio in February – attracts hundreds of thousands of visitors from across the country. Indio is also known as a center for the equestrian industry and boasts extensive polo facilities. The City’s event facilities host major religious gatherings, athletic events, recreational vehicle (RV) rallies, and concerts.

There are currently two Indian casinos at the intersection of Interstate 10 and SR 86 near Coachella and Indio. A third casino is planned, along with more entertainment uses in this area. The Fantasy Springs Casino was recently expanded to a total of 265,000 square feet of gaming and entertainment space. The casino attracts more than one million visitors per year. In 2002, an expanded Spotlight 29 Casino re-opened as the Trump 29 Casino under the day-to-day management of Trump Hotels and Casino Resorts of Atlantic City. A 200-room hotel is planned for future development.

The Cabazon Band of Mission Indians has developed a Regional Recovery Park on 640 acres of tribal land near Mecca in the Coachella Valley. The industrial park is designed for recycling technologies. Businesses include a 48-megawatt biomass waste energy facility and a crumb rubber recycling facility. Proposed projects include metals reclamation, biomass gasification, soils and fertilizer production, and other industries that recycle, reuse, or transform waste streams into useful commodities.¹

Favorable Economic Attributes

The Coachella Valley area has a number of advantages that recommend it as an area for further development, including proximity to major markets, availability of land, and a low business costs. In addition, the City of Coachella Economic Development Department points to benefits, such as the City’s new entertainment district, large-scale agribusiness sector, accessible local officials, stable work force, and central location. The area has numerous retirement communities, country clubs, and related industries that provide a significant portion of the local economy.

The Coachella Valley is strategically located close to Los Angeles, San Diego, Phoenix, and Mexico; and central to all Southern California markets. It is at the intersection of Interstate 10 and the recently realigned and improved NAFTA highway (SR 86) linking the Coachella Valley to Mexicali, Mexico.

The Coachella Valley has ample level land ready for industrial development at much lower cost than the surrounding urbanized areas of Los Angeles and San Diego. Businesses can take advantage of several overlapping incentive zones, including a Foreign Trade Zone, State Enterprise Zone, and Federal Empowerment Zone.

Many business costs in the Coachella Valley are lower than other areas in Southern California. Overall, the cities and county are business friendly and easily accessible. The City of Coachella owns water and sewer systems that offer stable, low rates. Similarly, the Imperial

¹ <http://www.cabazonresourcerecoverypark.com/synergy.html>

Irrigation District provides some of the lowest power rates in the southwest to industrial customers.

Finally, the area offers an attractive quality of life, including year-round sunshine, a resort lifestyle, and lack of congestion. The area is home to a world-renowned resort industry. Housing prices and general living costs are low, helping to ensure a supply of low-cost, abundant labor.

Constraints/Limitations

Coachella and Indio also face several constraints that have limited their ability to develop as they would like, including the following:

- They are in a remote, rural location;
- **They lack resources for basic infrastructure, such as local street maintenance;**
- Most of the key economic sectors provide low-wage jobs with low skill requirements, keeping household incomes low;
- Much of the population is of Hispanic origin, creating cultural and language barriers; and
- Support systems do not have resources to meet the basic needs of the large number of migrant laborers and their families, resulting in homelessness and unsafe living conditions for many families.

These constraints are a barrier for business attraction efforts in the area.

5.1.2 Local Economic Conditions

Both Coachella and Indio have had difficulties attracting industries, leading to high unemployment, low incomes, and high poverty rates. Coachella and Indio are two of the poorer communities of Riverside County. **Median household income in these two areas is between one-half and two-thirds of the statewide average.** In Coachella, almost 30 percent of the residents subsist on incomes below the poverty level, over twice the state average.

The unemployment level in Indio is just slightly higher than the state average (4.8 percent compared to 4.3 percent in 2000), though families who do work in Indio are paid 25 percent less, on average, than other families in California. **In Coachella, the unemployment rate was 50 percent higher than the state average in 2000,** and the median household income is even lower, over one-third less than the State as a whole.

Educational attainment is much lower in the Coachella Valley area than the rest of the State. In Coachella, less than two percent of the residents have completed college (compared

to over one-quarter of the State's population as a whole). Similarly, fewer than one-third have completed high school, compared to three-quarters in the State as a whole. Residents of Indio are slightly better educated, with over 50 percent having completed high school, and almost 10 percent having completed college. But these rates are still well below the statewide average.

5.1.3 Transportation

The Coachella Valley has several key pieces of transportation infrastructure that have the potential to draw business to the area. Interstate 10 passes through the area; and SR 86, part of the NAFTA highway, links the Coachella Valley to Mexicali, Mexico. The freight rail lines in the area are connected to the Alameda Corridor, providing freight rail service to the ports of Los Angeles and Long Beach.

The Regional Transportation Plan (RTP) for the area is developed and adopted by the Southern California Association of Governments (SCAG). SCAG covers the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura. The Riverside County Transportation Commission (RCTC) and the Coachella Valley Association of Governments (CVAG) are among the many local agencies and stakeholders that are involved in the development of the RTP.

Most of the transportation investments in the County are planned for the Western Riverside County and relate to solving highway traffic congestion. Some of these improvements will improve access between the Coachella Valley, Western Riverside County, and other Southern California cities, increasing the potential for tourism and recreational opportunities in the Coachella Valley. The following priorities for the Coachella Valley are specifically identified in the RTP:

- Goods movement along the Alameda Corridor and its eastward extensions will likely increase freight traffic, resulting in safety concerns and longer delays at railroad crossings, while waiting for longer and slower trains to cross. There are 59 railroad grade crossings along the three main lines in Riverside County. In March 2001, RCTC adopted a prioritized list of crossings recommended for grade separation. Three rail crossings in Indio and Coachella are among the top 15 in the County's list. The County General Plan also encourages grade-separated crossings on SR 86 at Mecca.
- The Southwest Passage connects the region's ports (Los Angeles, Long Beach, and Hueneme) to the east along the Interstate 10 Corridor, traversing the Coachella Valley. Development of this passage is designed to promote freight movement and economic growth by taking advantage of the fast-growing international trade sector. The RTP recommends coordination with southwestern neighbor states, MPOs, COGs, and private stakeholders; and lobbying for funding additional study.
- Inland ports and inland intermodal terminals are identified in SCAG's six-county regional RTP as an alternative to container storage and sorting areas immediately behind the docks. These inland ports would take advantage of the less expensive and

more available land resources inland, and could take advantage of enterprise zone and other incentives. The inland port facilities would be sorting centers combined with shuttle trains that convey marine containers for re-assembly into line-haul trains for transport to the Middle West or Gulf Coast. The inland port facilities could be a magnet for related industrial development. An example of the inland domestic rail intermodal terminal is the proposed Morongo Intermodal Transload and Industrial Center (MITIC) in the Cabazon area in the Coachella Valley.

Public Transportation

Sunline Transit Agency provides public transportation services in the Coachella Valley. Sunline operates fixed-route service, and also operates the SunDial System that provides dial-a-ride services for people requiring such assistance. The agency received Federal funds under the Job Access/Reverse Commute program to expand Sunlink service to workers for hotel, restaurant, retail, and casino uses located along Interstate 10.

Currently, the only rail passenger service in the Coachella Valley is a thrice-weekly long distance train (the “Sunset Limited”), which is operated by Amtrak, between Los Angeles and Florida. The Coachella Valley station is in Palm Springs. The Sunset Limited train operates through this area in the very early hours of the morning in both directions, and primarily serves the leisure and tourism market. The RCTC and the State of California have been evaluating the feasibility of establishing an intercity passenger rail route between the following cities: Los Angeles, Fullerton, Riverside, Palm Springs, and Indio. The UP Railroad has indicated its firm opposition to any new passenger service on its tracks through this area. Notwithstanding this opposition, the California Department of Transportation (Caltrans) is now proposing to initiate such service in fiscal year 2006-2007, with a single-round trip, and adding a second round trip in 2008-2009. This recommendation is contained in the California State Rail Plan: 2001-2002 to 2010-2011. The public agencies requesting the intercity service may be required to invest large sums in the physical infrastructure of the railroad. Some estimates place the capital investment requirement at a minimum of \$150 million for a new set of tracks.²

Airports

There are two regional airports in Eastern Riverside County: 1) the Palm Springs Airport and 2) the Deserts Resorts Regional Airport. The Palm Springs Airport provides commercial air service for Coachella Valley and other communities in Riverside.

The Desert Resorts Regional Airport is owned and managed by Riverside County and is located outside Thermal, six miles south of Interstate 10. The airport does not provide commercial airline services, but serves business travelers and tourists using private, corporate, and charter aircraft. Several hundred acres are available for long-term leases for non-aviation-related business development, and the County Redevelopment Agency

² http://www.rctc.org/projects/future_coachella.asp

owns 610 acres adjacent to the airport that are for sale for industrial development. The airport and adjacent properties are within the Coachella Valley Enterprise Zone, the Desert Communities Empowerment Zone, and Riverside County's Desert Communities Redevelopment Project Area.

■ 5.2 Economic Development Goals

5.2.1 Economic Development Strategy

Indio and Coachella each have somewhat different economic development targets for their areas. These overall economic goals are described below, and the transportation links are described in the following section.

Coachella. The City of Coachella is interested in attracting new light manufacturing businesses to the area, increasing value-added food manufacturing operations, attracting some distribution centers, and generally improving the accessibility of the area to major industrial business with freight hauling needs. The City of Coachella has a number of industrial sites that are suited for development.

The area is considering an entertainment district with two casinos and a new interchange off of Interstate 10. It would require a bridge over a canal and a new interchange at Avenue 50 to get people back into town. These interchanges would open an east-west corridor the length of the Valley. Some funding for this project will come from the casinos or other private sources.

Indio. The City of Indio is especially interested in redeveloping its downtown area. This area has been in steady decline since Interstate 10 was built and completely bypassed the area. The City of Indio has developed a land-use redevelopment study for the downtown area that will guide redevelopment. One key aspect of this is a major transportation center. Indio is hoping to attract numerous new retail and service businesses.

5.2.2 Other Economic Development Activities

The Coachella Valley area has several economic development organizations working to attract new businesses to the area, including the following:

- **Coachella Valley Enterprise Zone.** This includes the commercial areas of Thousand Palms, Indio, Coachella, Thermal, and Mecca. The Zone covers a 56-square mile, 36,000-acre area. It includes the Desert Resorts Regional Airport. In addition to typical

enterprise zone incentives, relocating businesses can take advantage of the power provider's special economic development rate.³

- **Desert Communities Empowerment Zone (DCEZ).** One of only 10 Federally-designated Rural Empowerment Zones in the nation, the DCEZ is the only one designated in the 13 western states of the U.S. It encompasses nearly 4,200 square miles of Eastern Riverside County and includes representatives from local and county governments and Native American tribes. The strategic plan is implemented by the Desert Alliance for Community Empowerment (DACE) in partnership with the Riverside County Economic Development Agency. The DCEZ was the 2002 winner of the U.S. Department of Agriculture (USDA) Rural Development Office of Community Development "Midas Touch Award" for most funds secured by a community.⁴ The DCEZ also includes a Small Business Development Center providing free business consulting services and business seminars to potential and existing businesses located within the borders of the Empowerment Zone.
- **The Riverside County Recycling Market Development Zone.** This encompasses the Coachella Valley. Businesses locating in the zone that use post-consumer or secondary waste materials to manufacture new products are eligible for low-interest loans. Target materials for the zone include paper, plastic, glass, green waste, inert solids, and wood waste. The County provides fast-track permitting for industrial site plans in the zone.
- **The Riverside County Economic Development Agency.** This agency offers the following business expansion and relocation services: employee recruitment and training; a Fast Track Program helping businesses with land use and permit approvals; a Rapid Response Program helping companies or individuals deal with career transitions; and environmental health and safety advisory services provided by the Office of Industrial Hygiene.
- **Workforce Development Center (WDC).** The Riverside County one-stop WDCs assist businesses and individuals with a variety of employment and job training services. Service providers from the Riverside County Economic Development Agency, the State Employment Development Department, the Small Business Development Center, Riverside County GAIN Program, and many more partners are located under one roof at each of five centers. One of the centers is located in Indio.
- **The Inland Empire Lenders Community Development Corporation (IELCDC).** This is a consortium of financial institutions, government agencies, and private citizens that provides loans to minority and woman-owned businesses and to companies in low and moderate income areas in the Riverside and San Bernardino Counties.

³ <http://www.cveza.com/>

⁴ <http://www.dcez.org/>

- **Indio Chamber of Commerce.** This agency promotes civic and commercial progress through business advocacy and specific services to the community. The Chamber of Commerce doubles as the City of Indio’s Visitors and Information Center, providing business referral services and marketing the City to visitors. Chamber of Commerce committees work on business recruitment and retention and on special events in the City of Indio City of Festivals.
- **Leadership Coachella Valley.** This is a program offered by the six chambers of commerce in the Coachella Valley to identify and educate future leaders. The program includes monthly all-day seminars in which present and potential community leaders review and discuss challenges, such as economic development, housing, education and ethnic diversity, the environment, and transportation.⁵
- **Coachella Valley Association of Governments.** This is a joint powers agency formed to address issues of Valley-wide significance. Members include Cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; Riverside County; and the Agua Caliente Band of Cahuilla Indians, the Cabazon Band of Mission Indians, and the Torres Martinez Desert Cahuilla Indians.⁶
- **Economic Development and Community Education.** Located at the College of the Desert in Palm Desert, it provides a variety of programs and services designed to assist in the growth and stability of area businesses. Programs use faculty experts and business professionals to deliver specialized training, workshops, seminars, continuing education units, and individual counseling on topics appropriate to the needs of local business and industry.⁷

■ 5.3 Transportation Improvements

The Cities of Coachella and Indio identified two very different projects that would spur economic development in the Coachella Valley. Coachella identified several major grade crossing eliminations and interchanges that would improve access to industrial properties. Indio identified a major intermodal passenger transportation center that would help redevelop its downtown.

⁵ <http://www.leadershipcv.com/Default.htm>

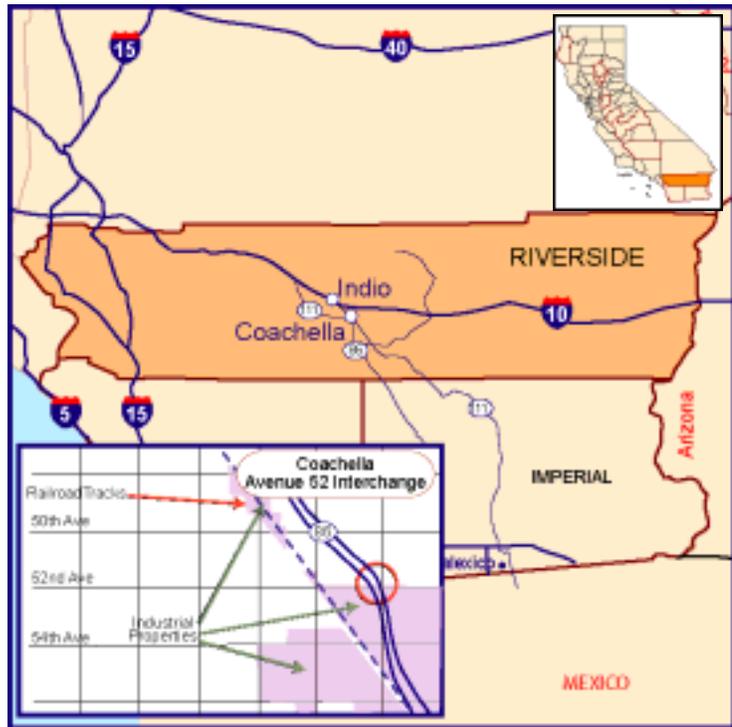
⁶ <http://www.cvag.org>

⁷ <http://desert.cc.ca.us/Students/Academics/Community Education/index.asp>

5.3.1 Coachella

Several interchanges and grade crossing eliminations on SR 86 have been identified as important to the economic development of the area. These projects would also provide a less congested location in California for businesses to locate, instead of moving out of State.

Development of an interchange for SR 86 at Avenue 52 would have the greatest impact. This interchange is currently at grade, and Caltrans has considered installing stoplights or stop signs at this interchange that would substantially reduce the flow of traffic through this area. The interchange project includes constructing a bridge over the Whitewater channel and railroad tracks that connect to the Alameda Corridor.



Other potential projects include developing interchanges at Avenue 56, Avenue 50, and Avenue 54; and railroad grade separation projects at Avenue 54. These projects would provide additional access to industrial properties, but are not as crucial as the interchange at Avenue 52.

Economic Development – Transportation Nexus

The Avenue 52 interchange will provide improved access to key industrial parcels in Coachella. There are approximately 1,850 acres of vacant and available industrially-zoned land with the proper land use designations. About 600 acres of land are currently used for agribusiness (processing, storage) and light manufacturing. Nearly all of the existing industrial land is located within a two-mile radius of the proposed Avenue 52 and SR 86 intersection. Approximately 1,000 of the available vacant acreage have all necessary improvements, such as utilities and streets abutting the properties. The area served by the proposed interchange already supports nearly 4,000 jobs.

The existing intersection configuration and at-grade rail crossing make access to these industrial properties unreliable. The UP mainline runs through town connecting to the Alameda Corridor. Roughly 35 trains pass through Coachella on an average day, and the number is increasing. Rail planners expect this number to more than double after the completion of the Los Angeles/Long Beach Harbor plan. The lack of grade separations on

this route makes it very difficult for reliable auto and truck access to the industrial properties in Coachella.

Coachella has been active in its attempts to recruit new industries to the area, but is often rebuffed because of the lack of transportation access. In the last year, several major opportunities for economic development have been lost, because of a lack of transportation access, including the following:

- A major big box retail company was interested in locating 1.2 million square feet of cold storage distribution space near Avenue 52 on the east side of SR 86 Expressway, but ended up choosing a location closer to Los Angeles. The extra cost of running trucks out to Coachella, combined with extraordinary development costs – they would have built two new interchanges at a cost of \$17 million to \$18 million per interchange – more than offset the Enterprise Zone and Empowerment Zone Tax Credits they would have received by locating in Coachella. They would have added between 1,000 and 1,250 jobs to the area in one million square feet of space.
- A plastic bag manufacturer and a plastic bag and furniture manufacturer expressed interest in locating in Coachella. Each would have added between 150 and 200 jobs to the area at sites on Avenue 54 and Industrial Way. **One of these employers was interested in relocating from the relatively congested City of Commerce, because of concerns about quality of life, including graffiti, gang-related activity, lack of housing, and other related concerns.** Coachella has thousands of available homes, inexpensive property, and other infrastructure, but reliable access to Interstate 10 was a major stumbling block.
- A food processor that would have added 200 jobs to the area has consider relocating from the City of Industry to a location on Avenue 54, because of congestion and the lack of housing for employees. **They have looked at the Coachella area, but are especially concerned about access to the interstate.** This business distributes throughout the Southern California area, and is heavily reliant on trucks.
- A company that conducts flash pasteurization of soy milk and fruit-based products was interested in the area. They would have built a large, highly automated plant that used third-generation food processing techniques. These techniques take raw materials from tank trucks to mixed, packaged, palletized, and wrapped products without being touched by human hands. A combination of transportation access and economic uncertainty halted their expansion in Coachella.

These represent several examples of companies that were interested in Coachella, but chose other locations – in part because of transportation access. The Coachella Valley Economic Partnership has received over 200 business relocation leads from the California Technology, Trade, and Commerce Agency over the last two years. Lack of reliable access to Interstate 10 has been a major stumbling block to realizing many of these leads.

In addition to improving reliable access for businesses, the grade separation and interchange on SR 86 will also improve connections within the City of Coachella. Most of the housing in the area is on the west side, but industrial properties are located on the east

side. Connecting residents to jobs will ease commutes and provide an additional incentive to businesses interested in the area.

Funding and Planning Status

Caltrans is currently funding a grade separation on the SR 86 Expressway at Avenue 50. The Avenue 52 interchange and grade separation project have not received any funding or cost estimation yet. The Coachella Valley Association of Governments has no existing plans to fund this interchange project.

5.3.2 Indio

The downtown revitalization is in the developing process. One of the projects is an intermodal passenger transportation center that includes a transportation museum. The transportation center will serve Sunline Transit bus service; taxis; Greyhound intercity bus service; car rental companies; and, eventually, MetroLink commuter rail service into the Los Angeles metropolitan area.

Economic Development – Transportation Nexus

The Indio transportation center is geared towards making the downtown area more attractive for retail and service businesses, as well as some light manufacturing. The transportation center is part of a downtown redevelopment that includes reconfiguring the street network, building new parks and civic buildings, improving streetscapes, and other improvements. It would be a major hub that would tie these improvements together through improved access to the downtown.

The transportation center also would help get people to use the downtown. Some of the traffic at the transportation center will be using it simply to transfer modes, but increased connections to other areas in Coachella Valley will increase foot traffic in downtown. The downtown redevelopment will provide opportunities for up to 150 retail, service, and tourist-oriented businesses. There will also be a transportation museum on site that will help attract some clientele. Several businesses have recently moved to the area and are expecting the transportation center to help employees access their businesses. Ernie Ball, a guitar string manufacturer recently relocated from San Luis Obispo, is a light manufacturing business. Numerous other businesses have expressed interest in the area.

In addition to business interest, a university has expressed interest in locating a campus in downtown Indio to leverage the improved access provided by the transportation center. The university will attract substantial additional traffic by students, faculty, and staff; and have major implications for the development of the downtown area.

The transportation center will help provide access to festivals that take place in Indio, which currently attracts thousands of visitors each year; and the transportation center would provide easy public transportation access. These visitors provide substantial

opportunities for tourist-related businesses that would be attracted by the downtown revitalization.

Funding and Planning Status

The downtown redevelopment plan includes both transportation and non-transportation aspects. The City of Indio has purchased a 6.5-acre site for development into the transportation center. Other transportation costs for this project, including right-of-way purchases, roadway reconfiguration, interchange construction, building the structure, bus and rental car storage facilities, and other related costs, have not yet been estimated.

6.0 Eureka

6.0 Eureka

■ 6.1 Geography and Economic Conditions

Humboldt County is located in northwest California on U.S. 101, about 110 miles south of the Oregon border and 200 miles north of San Francisco. The county is bounded on the north by Del Norte County, the east by Siskiyou and Trinity Counties, and the south by Mendocino County. Humboldt County encompasses 2.3 million acres, 80 percent of which is forestlands, protected redwoods, and recreational areas.¹ Eureka, the county seat, borders Humboldt Bay. The County's population and employment are concentrated around the bay. Other cities in the area include Arcata and Fortuna.

6.1.1 Industrial Profile

Historically, the lumber and wood products industry, along with sport and commercial fishing, has dominated the county's resource-based economy. More recently, employment has shifted toward education, manufacturing, and tourism.

Humboldt County is in the midst of a transition to a more diversified economy: smaller manufacturing, service, and hospitality businesses are important elements of that expansion. There have been steady employment gains in government, education, services, and retail trade. The expanse of parks, recreation areas, national forests, and range lands have led to substantial Federal and state government employment. The shift towards tourism is helping to build a new economic base for an economy that supports many small businesses in the retail and service sectors. Manufacturing employment accounts for about 12 percent of the total employment in the Humboldt County. Most of that employment is in lumber-based manufacturing. Lumber and forest products companies remain among the County's largest employers.

Favorable Economic Attributes

Eureka has several advantages that help attract businesses, including the following:

- Rich natural resources and access to certain raw materials (pasture land, fish, timber, water, and gravel);

¹ Humboldt County Government web site: <http://www.co.humboldt.ca.us>.

- High quality of life, including small town atmosphere, slow pace of life, sense of personal safety, recreation and access to natural amenities, and an abundance of arts and cultural activities;
- Numerous entrepreneurs and small owner-resident businesses attracted by the quality of life;
- Low cost of housing compared to rest of California;
- Excellent educational opportunities at Humboldt State University and the College of the Redwoods; and
- Several types of agricultural production zones due to variations in Humboldt County climate.

Constraints

Economic development in Eureka also faces several constraints, many related to transportation, including the following:

- **Lack of easy access to the area due to trailer length restrictions on U.S. 101 and SR 299;** lack of rail service; and Federal laws restricting consecutive U.S. ports of call for foreign-flag ships, thereby, limiting access to Humboldt Bay (i.e., Jones Act).
- Higher costs, because of long distances to markets and to suppliers.
- Relative isolation creates marketing challenges.
- A general lack of venture capital.
- Traffic congestion on U.S. 101 in Eureka's commercial and retail areas due to heavy overlapping uses for trucking, through traffic, and local traffic.

6.1.2 Local Economic Conditions

Out of a total county population of 127,700, approximately 60,300 people were in the labor force in 2000. The ongoing decline of the lumber and forest products industry has led to a relatively high unemployment rate (6.3 percent compared to 4.9 percent statewide in 2000). With a 1999 per capita income of \$22,871, Humboldt County ranks 34th among California's 58 counties. Average earnings per job were \$25,899, compared to \$38,677 statewide in 1999.

Education levels are near the state median due to the presence of Humboldt State and a number of community colleges. According to the 1990 U.S. Census, Humboldt residents have a median of 13.3 years of school, while California as a whole has 13.4 years. As of Fall 2000, there were 14,572 students enrolled in colleges and universities. About one-half

of these students were enrolled at Humboldt State.² The inability to find employment in the Humboldt area means that this well-educated population tends to relocate to other regions of the State and the U.S.

Humboldt County is also home to several Native American tribes. Several of these tribes have extreme unemployment rates (close to 50 percent), in part because there are no direct routes for tribal members to reach employment locations and services using their existing infrastructure.

6.1.3 Transportation

Humboldt County has limited transportation access, reflecting the rise and decline of the lumber and forest products industry. The county's relative geographic isolation has spared it from some of the sprawl and growth pressures that have impacted many of California's coastal communities, lending the area a quality of life cherished by residents. Nevertheless, this isolation has also restrained growth and led many residents to demand greater transportation access.

Improved access to Humboldt County can build on much of the existing transportation infrastructure. Two major highways serve Eureka and Humboldt County: 1) U.S. 101 and 2) SR 299. Both provide connections to Interstate 5, which is the major north-south corridor for freight movement in the western U.S. Connections to Interstate 5 are critical to the more than 40 trucking companies that serve Humboldt County.

- U.S. 101 runs north-south through Humboldt County and provides connections to San Francisco and Oregon. Just north of Humboldt in Del Norte County, U.S. 101 connects to Interstate 5 via U.S. 199. Most of U.S. 101 is a four-lane, limited-access roadway built to freeway or expressway standards. Nevertheless, portions are two-lane conventional highway, because of geographic or environmental restrictions (most notably at Richardson's Grove near the border with Mendocino County).
- SR 299 is a two-lane conventional highway that connects Humboldt County east through Trinity County to Interstate 5. Although much of the route has 65 mph posted speeds, the grade at Buckhorn Summit is steep and has many curves. The winding terrain requires a lower posted speed (25 mph) and restrictions on permissible vehicle lengths at Buckhorn Grade.

Prior to 1998, the Northwest Pacific Railroad provided limited freight service to Eureka and Humboldt County, but this service has since been discontinued. Freight service was offered three days per week with occasional excursion passenger service on weekends and holidays. The line was plagued by storm damage, resulting in slow and unreliable service. Under the auspices of the North Coast Railroad Authority, substantial state and

² Source: California Department of Finance, 2001 California County Profiles.

Federal funds were invested in rehabilitation and deferred maintenance during the 1990s. Despite this investment, unsafe conditions along the length of the track caused it to become the first and only railroad to be officially closed by the Federal Railroad Authority.

Humboldt Bay is the only deep-water port in California north of San Francisco. The Humboldt Bay Harbor, Recreation, and Conservation District recently dredged the shipping channel to accommodate large freighters and tankers. Historically, outgoing cargo consisted almost exclusively of forest products exports, including chips, pulp, lumber, and logs. Recent regulations have restricted timber industry production and outgoing shipments have been curtailed. Incoming cargo is predominantly petroleum products and chemicals for the paper and pulp mills.

Many cruise ships pass Humboldt Bay on their way to and from Alaska. Large ships tend not to stop, partially as a result of U.S. regulations limiting ports of call. Although all cruise ships may stop at more than two consecutive U.S. ports, the Jones Act restricts non-U.S. flagged ships from boarding new passengers at two consecutive U.S. ports. Two cruise ships are scheduled to stop in Eureka this year – the first in five years. Eureka has joined a consortium of smaller West Coast ports in joint-marketing efforts. **Furthermore, California’s Congressional delegation have committed themselves to repealing the Jones Act in the near future. This could lead to significantly more port calls for San Francisco, Eureka, and other West Coast ports.**³

Commercial fishing facilities are concentrated along the Eureka waterfront. Over 200 commercial vessels list Eureka as a homeport, and over 500 vessels from other West Coast ports use Humboldt Bay’s facilities annually.

The Eureka-Arcata Airport accommodates large jets, passenger commuter service, and general aviation aircraft. The airport is operated by Humboldt County and is the only airport in the County providing scheduled passenger service. Currently, the airport is served by two airlines: Skywest (flying as United Express) and Horizon Air. Twenty daily flights provide service to San Francisco, Sacramento, Redding, Crescent City, Portland, and Seattle.

Regional Transportation Priorities

The Humboldt County Association of Governments (HCAOG) includes the following as priorities for the region:

- Improvements to Buckhorn Grade on SR 299 to allow large Surface Transportation Assistance Act (STAA) trucks and improve safety (i.e., prevent truck rollovers on tight turns);
- Restoration of rail freight and passenger excursion service;

³ Hawaii recently received an exemption to the Jones Act and proposed expansion of the ferry fleet to the San Francisco Bay with boats built in Australia.

- Resolution of congestion-related problems on U.S. 101 through Eureka, including intersection improvements at 4th and 5th Streets at V Street, Waterfront Drive extension, and improvements along South Broadway;
- Building passing lanes on U.S. 101 in Humboldt and Mendocino Counties, and converting portions of U.S. 101 in Mendocino to four-lane roads to accommodate large trucks; and
- Construction of an interchange and frontage road at the intersection of U.S. 101 and SR 36.⁴

■ 6.2 Economic Development Goal

6.2.1 Economic Development Targets

Attracting good paying jobs and building the infrastructure to support businesses are priorities for the region. Local officials are concerned that the area is exporting students and educational skills, losing both intellectual capacity and a continuous community. These losses contribute to the economic distress of the area.

The Humboldt Area Foundation, a community foundation that brings social, economic, and environmental prosperity to California's North Coast, estimates that 80 percent of the jobs developed in the area will come from business expansion and not attraction. The area has recently developed an economic development strategy that provides a collaborative framework for economic development, identifies existing industry clusters, and focuses on industries that are nationally/internationally competitive through value-added production. The area's priorities are roads, rail, fiber optics, and affordable housing.

Humboldt County has prepared a Comprehensive Economic Development Strategy (CEDS) to enable the County to continue to qualify for U.S. Economic Development Administration (EDA) funds. The County and the CEDS committee produced "Prosperity: the North Coast Strategy," using an industry cluster model. The following are the goals of the strategy:

1. Focus on growing base industry clusters;
2. Support business growth and development;
3. Enhance the area's competitive edge through new technologies and better linkages between industry and the workforce development system;

⁴ Humboldt County Association of Governments, *Final Draft 2000-2002 Regional Transportation Plan*.

4. Invest in business by developing local venture capital funds and investing in the restoration of natural resources; and
5. Enhancing the regional quality of life.

The strategy identifies the following nine industry clusters as important to the future economic development of Humboldt County:

1. Lumber and wood products;
2. Education and research;
3. Tourism;
4. Fisheries, processing, and aquaculture;
5. Dairy and dairy processing;
6. Specialty agriculture and horticulture;
7. Manufacturing (especially textiles, specialty and gourmet foods, furniture making, industrial manufacturing, and sports-related products);
8. Arts and culture; and
9. Information technology.

6.2.2 Ancillary Activities

Eureka and Humboldt County are actively working to attract new businesses and encourage existing businesses to expand, including the following:

- **Redwood Region Economic Development Commission (RREDC).** A collaboration of Humboldt County communities to coordinate countywide economic development, the RREDC is a joint powers authority composed of the County, seven cities, the Hoopa Valley Tribe, the Humboldt Bay Harbor Recreation and Conservation District, and other special districts. The Redwood Center for Business was recently created to provide one-stop service for employers. The RREDC administers \$3.5 million in revolving loan funds available to businesses throughout Humboldt County.
- **The Prosperity Network.** This includes the Humboldt County Economic Development Division, the Arcata Economic Development Corporation (AEDC), the North Coast Small Business Development Center (NCSBDC), and the RREDC. Regional Prosperity centers offer business technical assistance and loans. Loan programs include Small Business Administration (SBA) micro-loans and USDA rural development loans. The Prosperity Network makes an effort to assist businesses in

remote Humboldt County communities. Special programs target agriculture, artisans, food processors and manufacturers, and the hardwoods industry.⁵

- **Arcata Economic Development Corporation.** One element of the countywide economic development strategy is to explore establishing a multi-county economic development district with Del Norte, Mendocino, and Lake Counties. The Arcata Economic Development Corporation is taking the lead to conduct a feasibility study for such a district.
- **Humboldt Bay Harbor, Recreation, and Conservation District.** In collaboration with the City of Eureka and Humboldt County, the Humboldt Bay Harbor, Recreation, and Conservation District is preparing the Port of Humboldt Bay Harbor Revitalization Plan. The plan focuses on 15 percent of shoreline devoted to port-related, marine activities. The plan will “assess development potential and prepare a strategy and implementation plan that will balance commercial shipping, commercial fishing, and other bay-related industrial/commercial uses with the protection of natural resources in Humboldt Bay.” The primary objective of the revitalization plan is to build a foundation for increased cargo handling. The following are key issues for harbor revitalization:
 - Development of new marine terminals,
 - Redevelopment of existing docks,
 - Permitting for new uses,
 - Re-permitting for historic uses,
 - Port maintenance,
 - Redevelopment of the Samoa site,
 - Tourist-oriented development in Eureka,
 - Aquaculture,
 - Preservation of the rail link between Humboldt Bay and the main lines, and
 - **Continuing the development of road (including U.S. 101 and SR 299) and air links to Humboldt County.**⁶
- **City of Eureka Enterprise Zone.** The City of Eureka has established an enterprise zone and a foreign trade zone. The City of Eureka Enterprise Zone covers most of the City’s commercial and industrial areas, plus a large portion of the Samoa Peninsula. In an effort to develop Humboldt Bay and its port further, the City of Eureka recently applied and received approval for the City of Eureka Foreign Trade Zone (FTZ). Marketing and implementation are currently in progress following designation in 2001.

⁵ For more information, see <http://northcoastprosperity.com>.

⁶ http://humboldtby.cnrs.humboldt.edu/harbor_district/five_year_plan.html.

The FTZ offers savings on customs duties and provides flexible procedures for handling domestic and imported merchandise.

The Cities of Eureka, Arcata, and Fortuna each have redevelopment zones covering downtown and industrially-zoned areas. Humboldt County has initiated proceedings to set up a county redevelopment agency and survey potential project areas. As many as 16 areas are being evaluated as possible targets for redevelopment.

- **North Coast Recycling Market Development Zone.** In partnership with the California Integrated Waste Management Board, the North Coast Recycling Market Development Zone provides low-interest loans and other business assistance to enterprises that use secondary waste materials as inputs to manufacturing. The North Coast Zone is one of 40 such zones in the State. The zone includes Humboldt and Del Norte Counties, as well as incorporated cities.
- **Humboldt State University Small Business Institute.** Humboldt County has a number of educational and training opportunities. The Humboldt State University Small Business Institute, headquartered in Arcata, provides management, marketing, finance, and business planning assistance services countywide.
- **College of the Redwoods.** Through its Community Education Program, the College of the Redwoods offers entrepreneurial and employee training programs, including customized training. It has recently trained a number of students in information technology, computer-aided design (CAD), machining, and other marketable skills. College of the Redwoods also supports other industries, such as tourism and hospitality, and develops programs to meet the needs of these industries.
- **Humboldt County Workforce Development Partnership.** This is one of six workforce preparation and economic development demonstration projects in the State created under the California Regional Workforce Preparation and Economic Development Act (AB 1542, enacted in 1998). The Partnership is an informal collaboration of Humboldt County agencies and organizations representing economic developers, vocational educators, and job trainers. The Partnership seeks to improve the responsiveness of the workforce development system to the needs of businesses and job seekers. Projects include offering more relevant and accessible vocational education courses and improving job market access in isolated areas of the County.
- **Headwaters Fund.** In 1999, Humboldt County received \$22 million to mitigate the economic impacts of the sale and preservation of the 7,400-acre Headwaters Forest. The Headwaters Fund is intended to help create well-paying jobs in the community to replace jobs lost with the decline of natural resource industries. The fund includes an \$8 million revolving loan fund, a \$10 million grant fund, and a \$5 million investment fund. Loans issued from the revolving loan fund may be available by the end of January 2003. The County Board of Supervisors, working with County staff and the Headwaters Fund Board, manage the Fund.
- **Humboldt County Economic Forum.** This is an informal group of individuals representing key industry clusters, education, economic development organizations, and

local government agencies. The group was established as part of the North Coast Prosperity strategy and has met as a roundtable since 1989.

■ 6.3 Transportation Improvements

Several infrastructure projects were identified that would help Eureka prosper through improved access to the rest of the State. A consensus of local economic development planners, including participants at the local area workshop, recommended the following potential projects:

- Improved access for large trucks to Eureka via SR 299 or alternatively U.S. 101; and
- Improved access to several Indian reservations and national forests via SR 169 and a local road.

6.3.1 Large Truck Access to Eureka

The following two projects would improve access for large trucks to Eureka:

Widening SR 299 at Buckhorn Grade. SR 299 is the principal route between Interstate 5 and U.S. 101. Caltrans designates this section of the highway as a high-emphasis route in the Interregional Road System. A seven-mile portion of SR 299 traverses the Buckhorn Grade in Trinity County. This portion of the roadway was constructed between 1923 and 1931, and is one of the last sections built to old design standards. The road follows extremely rugged terrain closely, forming a steep, twisted alignment with a design speed of 25 miles per hour at a 5.5-percent grade. The current roadway is narrow with limited passing lanes, has few areas for emergency parking, and cannot accommodate long trucks permitted by the Surface Transportation Assistance Act (STAA) of 1982. The project would increase the lane width of this road and straighten several curves to allow access by STAA trucks.

Widening U.S. 101 at Richardson Grove. Some members of the community suggested a second project to improve access to Humboldt County for STAA trucks would involve increasing the lane width of U.S. 101 near Richardson Grove. Although U.S. 101 provides direct access between Humboldt and the San Francisco Bay Area, improvements at Richardson Grove would require the removal of protected redwood trees. Due to these environmental obstacles, improvements on SR 299 would provide a less disruptive solution to Humboldt County's access issues.

Economic Development – Transportation Nexus

These two projects would improve accessibility by making it possible for all Federally-permitted trucks to reach Eureka. The STAA of 1982 allows large trucks to operate on

interstates and designated primary routes. These trucks, referred to as STAA trucks, require larger turning radii than can be accommodated on the Buckhorn Grade portion of Highway 299.

Humboldt County is one of only three counties in California without access for STAA trucks. None of the primary roads into the County (U.S. 101, U.S. 199, SR 299, and SR 36) support the turning radius required by STAA trucks. The trucking industry is shifting primarily to STAA trucks, and the majority of big trucking companies do not have equipment that can operate on roads into Humboldt County. Humboldt County needs a way to get STAA trucks into the County legally.

SR 299 has a major economic importance to the region, as it is the most direct route between the upper Sacramento Valley and the deep-water port in Eureka. The Buckhorn Grade is the only obstacle that bars large trucks and oversized permit loads from using the route.

The use of non-STAA (shorter trucks) requires Humboldt County businesses to incur extra costs associated with transferring goods between non-STAA trucks and STAA trucks. In addition, many businesses, such as the local newspaper and manufacturers, must maintain higher inventories due to port access, erratic deliveries, and damage during transfers.

Truck manufacturers are no longer making non-STAA trailers. As a result, shipping companies and other firms that maintain their own fleets have to pay extra for custom-made short trailers, or incur higher maintenance costs to keep older, short trailers on the road. Target, Winco, and other firms have had tractor trailers manufactured specifically for deliveries to Humboldt County. A trucking company representative estimated that it costs about \$20,000 to customize a trailer for legal use on Humboldt County roads. In a few years, there may be few, if any, small trailers left. There are also maintenance and environmental concerns associated with older trucking equipment.

One effect is that some Humboldt County businesses choose to relocate to Interstate 5 corridors to avoid the higher shipping costs, further deteriorating the economic conditions of Humboldt County. Businesses with sizable freight components to their production costs will not locate in the County.



A number of companies that started in Humboldt County relocated or went out of business due, at least in part, to transportation issues. These include Yakima, Premier Meats, Cascade Paper Company, and Eureka Fish. Del Norte faces similar access problems. For example, the Rumiano Cheese Company of Crescent City must maintain a distribution center in Willows because of STAA access issues. As local companies grow and the freight portion of their business gets larger, they must consider relocating. Only companies that have value-added production with a small freight component can stay in business. Companies staying in Humboldt are at a competitive disadvantage due to STAA truck limitations.

The cost of trucking is an issue not only for manufacturing, but also for local residents in the way that it affects the cost of living. Some local residents view transportation costs like an additional tax on businesses and consumers. **Local economic development planners estimate that Humboldt businesses and residents pay about 10 to 15 percent more for goods as a result of poor truck access.** These extra costs add to the leakage of retail business revenue and taxes out of Humboldt County.

Improved truck access would also greatly benefit the Port of Humboldt Bay. A Humboldt Bay Port Improvement Project was completed two years ago, but the Port has lost business opportunities due to the lack of access to the Port by rail or large trucks. Heavy equipment and long-span construction items cannot get to the Port or to an intermodal rail facility due to weight and length restrictions. Recently, a company was unable to move concrete spans through the port in Eureka, increasing the cost of doing business in Eureka. Local planners contend that Northern California businesses would be more likely to consider using the Humboldt Bay Port over ports in the San Francisco Bay Area with improved highway access. **If this is realized, the business activity in Eureka will lessen congestion in the San Francisco Bay Area.**

Eureka area businesses, community leaders, and citizens provided a number of testimonials about the effects of STAA-truck access on local business.

- **Cypress Grove Chevre, Inc.**, a goat cheese manufacturer, is currently located in McKinleyville, but will move soon to Arcata. Many of the companies used to transport cheese want to use longer trucks, but are unable to do so as a result of length restrictions on U.S. 101 and SR 299. The use of non-STAA (shorter) trucks requires Cypress Grove Chevre to incur extra costs associated with transferring cargo from non-STAA trucks to STAA trucks to reach the firm's markets.
- **Sun Valley Floral Group** stated that the restriction on 53-foot trucks creates higher costs for business. Larger trucks reduce transportation costs, because flowers do not weigh much and a 53-foot truck with flowers does not exceed maximum weight restrictions. Currently, Sun Valley Floral must ship flowers in smaller trucks and reload in San Francisco. A representative of the company estimated that, at non-holiday times, approximately nine truckloads are sent daily along U.S. 101. Flower bulbs are brought from Vancouver and Oakland. Truck-length restrictions and extra transfers cost approximately \$100,000 in additional transportation costs per year. The transportation cost currently drives many business decisions. The flower company has probably reached its limit in terms of expansion, but better freight access would

improve productivity. The representative noted that a \$1,500 fine is imposed for a violation of the length restriction.

- A representative of **Simpson Timber/Resource Company** noted that a report written a few years ago showed forest product-related industries contributed over \$500 million to the local economy. This makes forest products the biggest industry, even bigger than tourism, in the region. Transportation is a large-cost component for the industry. Currently, trucks must be reloaded in either Redding or Santa Rosa, which escalates shipping costs. Reloading makes the timber industry competitive in only seven western states. The representative suggested that a truck-length exemption made for cattle trucks be expanded to other commodities.
- **Pacific Lumber Company** runs 250 to 300 trucks per week. The percentage of trucks that require reloading varies, but reloading costs the company about \$1 million annually. Pacific Lumber also hauls gravel. At least one cement block plant in the region shut down, in part, because of the truck-length restriction. The lack of direct rail access hurts the agate and cement block businesses. The company has about 30 to 35 rail cars per month reloaded in Redding. The cost of reloading must be passed to the customers, so the company loses several million per year in revenue due to the lack of direct rail access.
- A representative of the **Eureka Times-Standard**, the local newspaper, commented that some businesses, such as newspapers, must keep higher inventory levels due to poor access, erratic deliveries, and damage during transfers. The newspaper's shippers do not want to bring in newsprint because of the limitations on trucks. The paper probably loses two to three truckloads of newsprint per year. The extra handling due to transferring loads to smaller trucks causes problems. Advertising inserts are printed elsewhere and added to the paper. Typically, about 30 percent of the inserts are bent through extra handling, which requires them to be inserted by hand (rather than using machines). The newspaper has to pay overtime for extra staff to add the inserts. The newspaper is unable to recoup the higher costs through advertising revenue.
- A local truck driver who has operated in the area since 1957 suggested that a fishery, which has since closed, had to have all shipments reloaded in Vallejo. Truckers are concerned about California Highway Patrol crackdowns on truck lengths and hefty fines.
- A representative of the **North Coast Leadership Council Transportation Commission** and **Eureka Chamber of Commerce** has been involved in financial management for four forest projects companies, and estimated that layoffs and shutdowns at **these companies alone account for 1,000 high-paying jobs lost in Humboldt County**. Some of the job loss were related to harvesting issues, but transportation cost also played a role. Forest companies have used the port, railroad, and trucking to move timber products. STAA-truck access would improve job retention. The additional cost for the average forest product company in Humboldt County is about \$1 million. Improved transportation would allow forest companies to integrate vertically (e.g., two pulp mills on Samoa Peninsula could become paper manufacturers). One com-

pany recently converted into a recycle mill. Other conversions could occur if the area had better transportation access.

- A local automobile supply company could not receive a truckload of parts because of the truck-length limitation. The owner had to go to Redding and transfer the cargo to smaller trucks himself in order to get the parts to Eureka.
- A lumber company representative claims that a 2x4 can be shipped from Seattle to Los Angeles for less than from Humboldt to Los Angeles. Humboldt County has the only chlorine-free paper pulp mill in the United States, but the plant is unable to ship its pulp to most of the country competitively. A New Zealand competitor can ship chlorine-free pulp to the southeastern United States for less than the Humboldt company can. The northeastern United States also can get this pulp cheaper from Europe.

Funding and Planning Status

Several attempts have been made over the years to obtain funding for a Buckhorn realignment. All failed until 1998, when Caltrans, in partnership with Shasta, Trinity, and Humboldt Counties, received funding to complete an environmental compliance and project report. This agreement shows the commitment of the primary partners (Caltrans, Shasta County, Trinity County, and Humboldt County) to the project, but no commitment has been made for construction funding.

In its 2002 Regional Transportation Improvement Program (RTIP), the Shasta County Regional Transportation Planning Agency (RTPA) has identified \$120 million as the full cost of the project. None of the money is allocated in current State Transportation Improvement Program (STIP) cycles. In future cycles, there is a placeholder of 10-percent regional funding and a 90-percent match by the State in interregional funding. Recent declines in available TCRP and other transportation funds make full funding of the project less likely.

The Project Study Report (PSR) was approved on February 2, 1999. The environmental documentation, which is fully funded, will be completed between 2004 and 2005. With the allocation of additional money, construction could begin as early as 2007. If environmental review, design, and construction went smoothly, the improved highway section could be open by 2010. Construction could begin somewhat earlier with expedited funding.

The project requires most of the transportation money available for Humboldt, Shasta, and Trinity Counties. One option for expedited funding (and construction) is to get the project designated as a Federal demonstration project. Staff for Congressman Mike Thompson suggest that the Congressman is very supportive of the Buckhorn Summit project, even though it is not in his district. He is working to get the project included in the Transportation Equity Act for the 21st Century (TEA-21) reauthorization bill.

6.3.2 Northern Humboldt County Access Improvements

The following two projects would provide improved access for several Indian reservations and national forests in Northern Humboldt County:

SR 169. The Humboldt County Planning Department also proposed SR 169 as a project with conspicuous economic development benefits. SR 169 consists of 21 miles of one-lane paved road, with many hairpin curves and blind corners, as it winds along the steep Klamath River gorge from Weitchpec to Wautec (Johnson's). Currently, Caltrans District 1 and the Yurok Tribe are undertaking a corridor needs assessment study to develop priorities for improvements on this road. Together with the Bald Hills Road improvements (described below), improvements to this roadway will provide access to jobs for tribal members and access to regional recreation areas

Bald Hills Road. The proposed project is to reconstruct and hard-surface Bald Hills Road, which is located in Northern Humboldt County, roughly 20 miles north of the City of Eureka. The subject route, Bald Hills Road (County Road F4P300), serves Redwood National Park, the Yurok Reservation, Six Rivers National Forest, the Hoopa Reservation, and the traditional lands of the Karuk Tribe. The road is categorized as an arterial road within the County Maintained Road system. The westerly commencement of Bald Hills Road begins at U.S. 101 (approximately one mile north of Orick), and traverses through private property and the Yurok Indian Reservation to its terminus at SR 169 for a total length of 32 miles.

Bald Hills Road is the only public access route into the 58,000-acre Redwood National Park and is the primary access route for the Hoopa, Yurok, and Karuk Tribes. In addition,



it provides access to the wild and scenic-designated Trinity and Klamath Rivers.

Economic Development – Transportation Nexus

SR 169 runs through the middle of the Yurok Tribal reservation and ends half way to U.S. 101. The road has one lane only with sheer drop-offs to the river. Bald Hills Road is an unpaved road that connects SR 169 to U.S. 101. Improvements to these two roads could help the Tribe develop natural resource extraction business, improve tourism in the region, and improve access to employment opportunities for

tribal members. The alternate route between these roads is a 36-mile route, instead of the short five-mile distance on Bald Hills Road.

Two major natural resource extraction businesses would benefit from the roadway improvements described above. Forestry products, especially timber, cannot be easily harvested on the reservation without improvements to SR 169. The Tribe has also investigated extracting gravel from the area for use in metropolitan areas. A study of this industry in the area indicated that transportation accounts for about 80 percent of the total cost.

Northern Humboldt County has significant opportunities for tourism that would benefit from improvements to SR 169 and, especially from paving Bald Hills Road. A significant issue for local tribes and for continued recreational tourism in the area is the amount of dust entering the Klamath and Trinity Rivers watershed. Paving Bald Hills Road will reduce the amount of dust generated and silt entering the Klamath River watershed, which is affecting endangered fish populations in the region. Improved access to Federal lands served by Bald Hills Road would increase the amount of tourist and recreational traffic on the Yurok Reservation and in the immediate area. The resulting increased traffic will create economic development opportunities for the Yurok Tribe.

The Hoopa Valley Reservation will be served by a second point of paved access. Currently, the Tribe has only one point of paved access that connects to U.S. 101 via SR 96 and SR 299. Similar to the Yurok Tribe, the Hoopa Valley Tribe is concerned about dust entering river watersheds and increasing recreational traffic to generate economic development opportunities.

With improved travel conditions, Bald Hills Road would serve as a link for the recreational visitor from the Smith River Recreational Area and the National Park to the National Forest Systems Lands along the Klamath and Trinity Rivers. Such improvements would cut several hours of travel time for recreational visitors.

Finally, these transportation improvements will help tribal members access jobs and essential services off of the reservation. The unconstructed section of SR 169 between Wautec and Klamath Glen chokes off the movement of goods and services to the Yurok and Hoopa Indian Reservations, and isolates tribal members living on the reservation. The route from one end of the reservation to the other is unreasonably long. Employment and services are completely unavailable on the upper reservation. Residents are burdened with a disproportionate struggle to travel to basic services, such as laundromats and grocery stores; and to gain access to employment, education, and medical care.

The installation of electrical power and telephone utilities for the Yurok Indian Reservation would also become more feasible with road improvements. Currently, electrical power is only available near Weitchpec, and does not serve the rest of the upper reservation. With adequate roads and power, the development of natural resource, including timber, retail businesses, and services could be feasible.

Bald Hills Road is the major access point from the upriver portions of the Yurok Reservation to the town of Klamath. The alternative route to accessing this portion of the reservation

from U.S. 101 is a 2.5-hour drive from SR 299 via SR 96 through Hoopa to SR 169. Paving Bald Hills Road will cut access time to these reservation in half.

Funding and Planning Status

The Bald Hills Road project is included in the Humboldt County Regional Transportation Plan, and is a cooperative effort through Redwood National Park, the Bureau of Indian Affairs, the sovereign nations of the Yurok and Hoopa Valley Tribes, and Humboldt County, with support from the Karuk Tribe, the Elk Valley Tribe, the California State Recreation Department, Del Norte County, and the Del Norte Chamber of Commerce. The proposed project is compatible with the State of California's Strategic Plan for Northern California Outdoor Recreation. Reconstruction and paving of Bald Hills Road would occur over five years, and would cost \$40 million. Historic allocations of Public Lands Highway (PLH) funding to the State of California are significantly below that needed for the completion of the route in any one fiscal year.

No planning has been completed for the improvements to SR 169, and cost estimates are not available for this project.

■ **6.4 Other Material**

In addition to the transportation projects described above, the following two other projects would provide improved access to Eureka and Humboldt County by rail and for communication:

Rail Improvements. Rail supporters contend that restoration of rail service is vital to the North Coast economy, and would be an important stimulus to Humboldt Bay Harbor. The railroad's governing board has submitted a \$61 million proposal for funds from the Governor's Transportation Congestion Relief Program. Restoration of the line would require \$46 million in capital funds, and could require continuing operating subsidies of up to \$4 million each year without substantial increases in shipping demand. The railroad has the potential to provide passenger service as part of efforts to draw tourists. There is interest in passenger and excursion service along the corridor, but restoring the North Coast Railroad (freight service) is the first priority.

7.0 Orange Cove and Parlier

7.0 Orange Cove and Parlier

■ 7.1 Geography and Economic Conditions

Fresno County is located in the geographic center of the State, about 200 miles from the major metropolitan areas of Los Angeles, San Francisco, and Sacramento. It is one of several counties that comprise the fertile Great Central Valley region of California. The County is bordered by the Diablo Mountain Range to the west, and the Sierra Nevada Mountains to the east. The County covers roughly 6,000 square miles with a population of 800,000. The largest city in the County is Fresno, located roughly in the middle of the County, with a population of over 400,000.

The communities of Orange Cove, Parlier, Reedley, and Selma are located on the eastern side of the County. Orange Cove is nestled up against the Sierra Nevada foothills, with the other communities linked along Manning Avenue to the City of Fresno. These cities comprise roughly five percent of Fresno County's total population.

Two of these communities, Orange Cove and Parlier are Federal rural renewal communities. Incorporated in 1948, the City of Orange Cove with a population of 7,000 has a rural atmosphere, and is located on SR 63, a popular route to Kings Canyon and Sequoia National Parks. Pine Flat Lake is situated nearby at the edge of the Sierra Foothills. Incorporated in 1921, Parlier has a population of 11,400, and was recently ranked as California's second fastest growing community.

7.1.1 Industry Profile

Fresno County's primary industry is agriculture. The proportion of agricultural employment is nearly seven times greater in Fresno County than in the State of California. Food processing remains a strong industry, but technological changes and farm consolidation have increased the need to diversify the economy. Services, wholesale trade, and retail trade activities are expected to grow and replace some of the agricultural employment in the County. Other major industries in the area include health care and social assistance, retail trade, accommodation and food services, and wholesale trade.

In Orange Cove, agriculture is the only major industry. Post-harvest crop activities make up the vast majority of work, with some employment in the fruit and vegetable wholesale industry, including two wholesalers each employing over 50 people. Major commodities in the area include citrus, tree fruit, grapes, and olives.

Parlier's local economy is more heavily based on manufacturing with a few large employers in wholesale, health care, and social assistance. Wholesalers in Parlier deal primarily in farm supplies, fresh fruits, and vegetables.

Economic development organizations in Fresno County are especially interested in diversifying the local economy. The Fresno County general plan update identifies several industrial sectors that have been targeted for future growth, including value-added food manufacturing and agricultural services; metal and machinery manufacturing; information processing, including back office insurance, accounting, and other business service employment; and tourism.¹

Favorable Economic Attributes

Eastern Fresno County has several economic advantages that help attract new business, including the following:

- A central location to serve the California market of over 29 million people;
- Proximity to major highway networks and rail service;
- Recreational opportunities in the Sierra Nevada's within a short distance of Eastern Fresno County; and
- Low costs, including an abundant labor force, low land costs, and an affordable supply of housing.

Constraints

Several constraints also currently work against economic development in Eastern Fresno county, including the following:

- Low educational attainment, health concerns, crime, and other related social problems;
- A low skill workforce;
- Insufficient sewer, water and storm drain capacity;
- Limited financial and intellectual capital;
- **No major east-west transportation corridors link the region;** and
- Few industrial parks that are ready to begin operation.

¹ <http://www.co.fresno.ca.us/4360/special.htm>

7.1.2 Local Economic Conditions

Eastern Fresno County contains several of the poorest communities in California. In 2000, both Orange Cove and Parlier had **unemployment rates over four times greater than the statewide average, median family income less than 50 percent of the statewide average, and the percent of residents in poverty over 250 percent of the statewide average.** The rest of Fresno County does not fair much better, with unemployment hovering around 12 percent (compared to 4.3 percent for California as a whole in 2000).

Median household income in the County is 25 percent less than the State as a whole, at \$34,000 a year. In several of the communities in Eastern Fresno County, median household income is as low as \$22,000 a year, less than one-half the statewide average.

The education level in Fresno County is somewhat lower than the State as a whole, but in Orange Cove and Parlier, it is substantially lower. In California, 77 percent of residents graduated from high school, compared to 68 percent in Fresno County, 33 percent in Parlier, and 25 percent in Orange Cove.

7.1.3 Transportation

Fresno County is well served by major highways and rail lines. SR 99 and Interstate 5 are major expressways that pass through the center and western parts of the County, respectively. Over 500 trucking and warehousing firms operate out of Fresno County to deliver products all over California. Two railways – Burlington Northern-Santa Fe (BNSF) and Union Pacific (UP) – have operations, including two intermodal facilities in the County. These facilities serve rail traffic in all directions. The nation’s largest parcel carriers – UPS, FedEx, and DHL – operate out of the Fresno Yosemite International Airport, with guaranteed next-day service available anywhere in California.

Orange Cove is the closest city for the SR 180 entrance to the Sequoia and Kings Canyon National Parks. This proximity, however, has not afforded the town significant tourism-based commerce. Transportation for low-income workers to and from work is a problem in Orange Cove. In particular, transportation for farm workers is a concern for both economic development and safety reasons.

Regional Transportation Priorities

The Fresno Council of Government’s (COG) 2001 Regional Transportation Plan (RTP) cites the importance of agriculture in the County’s economy. Moving agricultural goods from farms to markets is the highest priority for transportation providers in the region. Fresno COG has a Freight Advisory Committee that identifies and supports strategies to improve freight mobility in the region. The COG would like to shift some of the freight movement to rail to remove congestion from SR 99 and other local roads. The COG is part of an ongoing effort to develop an inland port and freight rail line that connect to the Port of Oakland to increase shipments into and out of the Central Valley by rail.

One major priority is the development of an east-west corridor to help stimulate economic development in the County. SR 99 and Interstate 5 provide north-south access through the County, but there are no four-lane roads connecting the eastern and western parts of the County. Cities in the foothills of the Sierras, such as Orange Cove and Parlier, receive less benefit from the north-south roads than other parts of the county.

Rural transit is given considerable attention in the RTP with an emphasis on continuing and protecting existing service in anticipation of service expansion requests. Some strategies to increase rural transit include vanpools, demand responsive systems, and fixed-route services for employees working at nearby correctional and mental health facilities and farm workers accessing field operation and processing plants.

Several projects that would affect the towns in eastern Fresno County are listed in the RTP, including the following:

- SR 65 Route Adoption Study to determine the appropriate location for a future transportation corridor along the east side of the San Joaquin Valley. Projected population growth in the State and the Central Valley will increase the need for an alternate and parallel transportation corridor to SR 99.
- Widen and add a lane to Academy Avenue from Parlier to the end of a future industrial park.
- Widen and add a lane to Mendocino Avenue from Manning Avenue to South of the future industrial park.
- Construct new two-lane facility on Tuolumne Street from Fett Avenue to Madsen Avenue.
- Construct new three-lane facility on Tuolumne Street from Madsen Avenue to Mendocino Avenue.

■ **7.2 Economic Development Goal**

7.2.1 Economic Development Strategy

Under the renewal community plan for Orange Cove, the City hopes to attract 2,500 new jobs. The existing citrus industry is targeted for expansion, and three projects have been identified involving packing houses. The three planned packing house projects include adding a new facility; expanding another by 150,000 square feet; and opening an entirely new packing house company. These three projects are expected to add a total of 650 to 800 new jobs.

The City's economy, however, is entirely dependant on seasonal agriculture and related packing houses. There is also fear that Orange Cove may lose some of the existing

packing houses as a result of new technology and pressures for modernization. Only one existing packing house in Orange Cove operates with the most up-to-date technology.

The Cities along Manning Avenue and the County of Fresno would like to diversify their economic base. To that end, the Fresno County general plan contains a preferred growth scenario with the following four goals:

1. Encourage shifts in agricultural production to maximize employment benefits;
2. Promote value-added agriculture industries with national and global markets;
3. Diversify the economy to create non-agricultural basic employment; and
4. Boost the county's visitor serving tourism sector.

7.2.2 Other Economic Development Activities

Orange Cove and Parlier are designated as Federal rural renewal communities with approximately \$65 million of Federal tax incentives for businesses. These incentives include wage credits, tax deductions, capital gains exclusions, and bond financing. In addition to these incentives, the cities along Manning Avenue have formed several cooperative efforts to help encourage economic development, including the following:

- The Manning Avenue Business Development Corridor is a business development organization that was initiated as part of the Federal Highway Administration (FHWA) Manning Avenue Corridor Study, and includes Orange Cove, Reedley, Parlier, Fowler, Selma and Sanger.
- The Five Cities Joint Powers Authority Consortium includes the Cities of Fowler, Selma, Parlier, Reedley, and Fresno. The objective of this organization is to work on coordinated economic development strategies to support business growth in the area.

Several economic development agencies serve the greater Fresno area, including the Fresno Economic Development Corporation (EDC), the Fresno Business Council, and the Great Valley Center, which provides technical analysis capabilities for the Central Valley.

Fresno State University is working to develop industry clusters to diversify the economy. Water technology is to be the new manufacturing base intended to attract intellectual capacity. In order to build on the agricultural sector, food technology involving value-added processing will increase the value of products from the region. For example, Harris Farms Cattle Ranch developed recipes for microwave-ready meals that sell for much higher prices than the meat alone.

Orange Cove is actively upgrading infrastructure to improve business attraction efforts. The City has purchased more than double the current water supply, and has acquired grants to upgrade the sewer system. There are also plans to reconfigure the street grid in downtown to eliminate an abandoned rail line that runs in a ditch through the center of town.

■ 7.3 Transportation Improvement

A consensus of stakeholders identified transportation projects in three areas that would support economic development in Eastern Fresno County, including improvements to Manning Avenue connecting five economically distressed cities in eastern Fresno County, interchange improvements to Dinuba Street in Selma that would improve access to industrial properties, and several road widening projects that would provide improved access for the City of Sanger.

7.3.1 Manning Avenue Improvements

Manning Avenue is the major east-west route for traffic in the eastern part of Fresno county. It is not grade separated, except at SR 99, and eventually connects to Interstate 5 at its western terminus. Planned transportation projects include a series of lane widening projects; adding additional lanes in several locations; reconstructing or repaving much of the roadway; and constructing new left-turn lanes, shoulders, curbs, sidewalks, and gutters. As a whole, these projects would reduce peak hour congestion, and reduce conflicts between automobiles and trucks. Specific improvements are provided in Table 7.1.



Economic Development Nexus

The *Fresno County Manning Avenue Transportation and Economic Development Study*, completed by the FHWA in fall 2002, provides several key pieces of information that support the economic development potential of improvements to the Manning Avenue Corridor. The study included a survey of local employers to determine the major economic development concerns. **Nearly one-half of businesses responding to the survey indicated that there are intersections they are unable to use, because the physical characteristics of the intersection prevent truck movements.** The majority of businesses located in Parlier and Reedly noted that they cannot use Manning Avenue for trucks between those two cities, because of conflicts with local vehicle and pedestrian traffic. Nearly one in five businesses

Table 7.1 Manning Avenue Corridor Improvements*

Summary Descriptions of Improvements	Cost (\$2002)
Unincorporated Fresno County	
1 Two Lane Reconstruction from Crawford Avenue to Hill Avenue	\$1,700,000
2 Two Lane to Four Lane Widening from Alta Avenue to Hill Avenue	\$4,875,000
3 Two Lane to Four Lane Widening from Buttonwillow Avenue to Alta Avenue	\$3,425,000
City of Reedley	
4 Right of Way Acquisition and Sidewalk Construction	\$525,000
5 Rehabilitate Kings River Bridge and Install Guardrails	\$200,000
6 Widening from Haney to Buttonwillow on South Side of Manning Avenue	\$450,000
7 Reconstruction and Overlay from Kings River Drive to Eastern City Limits	\$2,950,000
8 Widen from Two to Four Lanes from I Street to Columbia	\$2,100,000
City of Parlier	
9 Reconstruction and Addition of Turn Lanes with Median, Curb and Gutter, from Academy Avenue to Riverbend Avenue	\$2,600,000
Total Estimated Cost of Planned Improvements	\$18,825,000

* This list of improvements was taken directly from the FHWA Study, *Fresno County Manning Avenue Transportation and Economic Development Study*, September 2002.

in this corridor has considered relocating to areas outside the corridor, because of transportation concerns. **Finally, when asked about deterrents to economic development, the majority of business suggested that roads were the primary problem, above workforce skills, labor costs, and operating costs.**

The physical characteristics of Manning Avenue create substantial constraints on truck traffic. Total capacity of the roadway by segment, by current conditions, and with the planned improvements is provided in Table 7.2.

Increased capacity from Manning Avenue is demonstrated graphically in Figure 7.1.

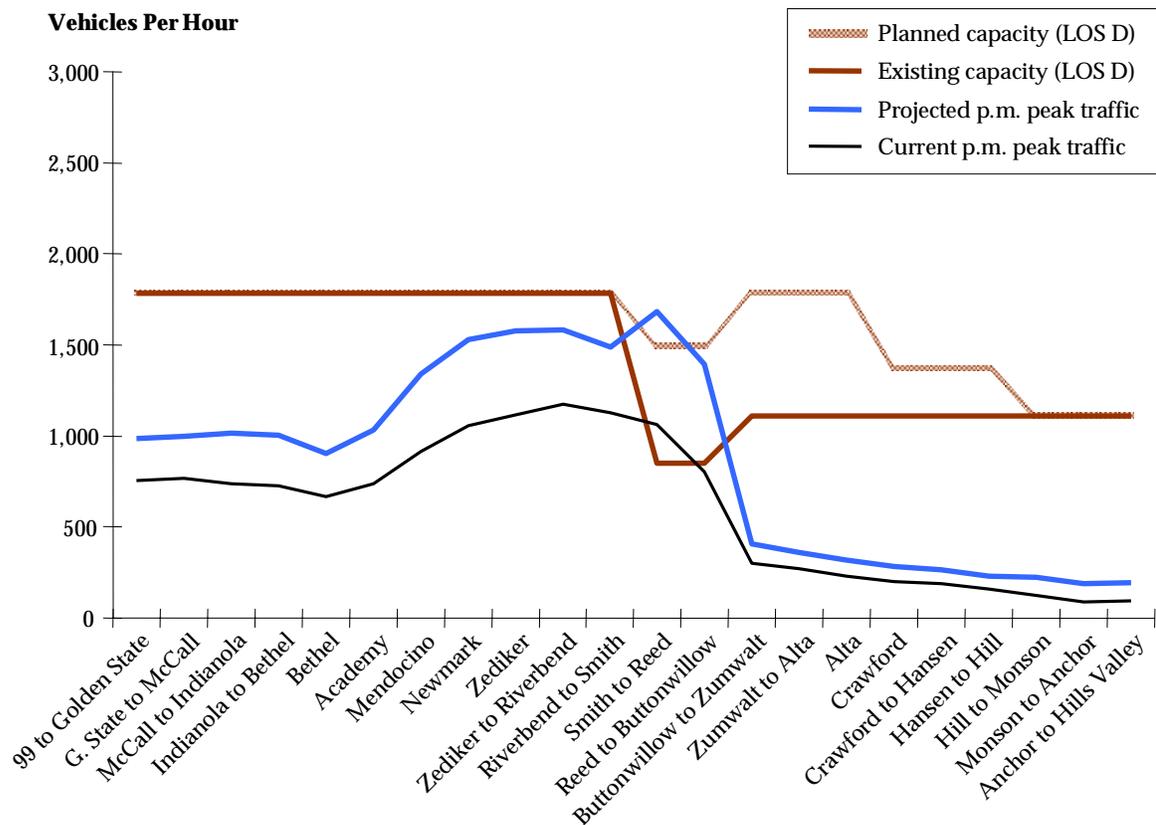
In addition to capacity improvements, the Manning Avenue study identified job growth and economic impacts that result from the transportation improvements. **Businesses in the Manning Avenue corridor draw more than one-half of their employees from one of the five cities in that corridor. For the five cities along Manning Avenue, the study estimates that 9,006 jobs would be created (Table 7.3).** In addition, they estimate \$242.1 million in income benefits, \$4.1 million in sales tax revenue, and \$3.7 million in property tax revenue for the corridor cities. These benefits will not be realized without the transportation investments.

Table 7.2 Existing and Planned Capacity of Manning Avenue*

Manning Avenue Segment	Existing Capacity	Planned Capacity
SR 99 to Smith Avenue	1,787	1,787
Smith Avenue to Buttonwillow Avenue	850	1,500
Buttonwillow Avenue to Crawford Avenue	1,112	1,787
Crawford Avenue to Hills Valley Road	1,112	1,373

*Adapted from the *Fresno County Manning Avenue Transportation and Economic Development Study*.

Figure 7.1 Existing and Planned Capacity on Manning Avenue



Source: *Fresno County Manning Avenue Transportation and Economic Development Study*.

Table 7.3. Expected Job Growth from Manning Avenue Study by City*

City	Expected Job Growth
Orange Cove	945
Reedly	2861
Parlier	1401
Selma	2863
Fowler	936
Total	9,006

*Adapted from the *Fresno County Manning Avenue Transportation and Economic Development Study*.

Economic development officials have been trying to attract businesses to the area, but have been hampered by the conditions of Manning Avenue. A tortilla factory considered locating in Orange Cove. The City provided numerous incentives, including waiving development fees, providing free land, and others. The City provided these incentives specifically to make up for the lack of adequate transportation, but even with them, transportation was enough of an issue for the owners of the factory to locate it elsewhere.

Planning and Funding Status

The total estimated cost for these projects is \$18.8 million (Table 7.1). These projects are not currently part of the Fresno RTP, and have no commitment of future funding.

7.3.2 Dinuba Street Interchange in Selma

This project would involve building a new interchange on SR 99 at Dinuba Street in Selma. The interchange would be located between the existing Floral Avenue and Manning Avenue interchanges.

Economic Development – Transportation Nexus

Floral Avenue is the main interchange that serves industrial properties in Selma. Over the last two to three years, the number of vehicles using this interchange has increased from 18,000 per day to over 28,000 per day. According to Caltrans, this interchange has reached its maximum capacity and the City will be unable to continue to develop industrial properties without a new interchange. One development for 20 acres is currently in the works, but no future developments will be allowed.

A new interchange at Dinuba would provide direct access to 150 to 200 acres of industrial property. Several businesses have expressed interested in locating in the area, including the following examples:

- A large trucking company was considering locating a new terminal there. Currently, they have no such facility in California. **The terminal would use a 20-acre parcel and have between 40 and 75 employees.**
- A number of large scale retailers have expressed interest in the area, including a nursery. These businesses would serve a large region.

Planning and Funding Status

The new interchange at Dinuba has been identified as a priority project by the Fresno COG. Currently, it is listed as a Tier 2 project in the regional transportation plan, and has no identified funding sources. No analysis or environmental review has been conducted for the projected, and there are no existing cost estimates.

7.3.3 Sanger Access Improvements

The City of Sanger has identified three projects that would improve access to industrial properties in that town, including the following:

1. Widening Academy Avenue from two lanes to a four-lane divided expressway from SR 160 to SR 99;
2. Extending SR 180 as a divided highway east from Clovis Avenue to Academy Avenue, linking the southeast portion of Fresno County to the metropolitan transportation system; and
3. Widening Central Avenue from a two-lane roadway to a four-lane divided expressway from Central Avenue to SR 99.

Economic Development – Transportation Nexus

The primary project that would benefit economic development in Sanger is widening Academy Road to four lanes through the City of Sanger. Sanger Industrial Park has approximately 350 gross acres zoned for light- to heavy-industrial uses. Of this total, 73 acres can be built on now, with all necessary infrastructure in place. Currently, approximately 17 small- to medium-sized businesses occupy an industrial park, including manufacturing, food processing, and cogeneration operations. The main access to these industrial areas is along Academy Avenue, and adding additional lanes to this road would help the City attract new businesses to the industrial park.

In addition to providing direct access to Sanger’s industrial areas, widening Academy Avenue from two to four lanes would also benefit goods movement and tourist traffic in

southeastern Fresno County. Academy Avenue is the primary corridor for agricultural goods movement in southeast Fresno County. Adding lanes to this road would provide a key connection between SR 99 and SR 168, and could be a tourist access route with connections to the national parks, lakes, camping, skiing, and other recreational amenities.

The second project to support economic development for Sanger is extending SR 180 as a divided highway east from Clovis Avenue to Academy Avenue. This project would provide access to agricultural and manufactured goods movement in eastern Fresno County. Most importantly, SR 180 serves as a major route for more than one million visitors to Sequoia and Kings Canyon National Parks annually. SR 180 will also support growth and development on the northern side of Sanger, a key area for growth in Sanger's General Plan.

The final project that would support economic development in Sanger is widening Central Avenue, which provides access to the southern end of the Sanger Industrial Park. Central Avenue currently is a two-lane rural road with limited capacity for truck traffic. An aggregate gravel extraction company that will extract and transport gravel directly from the Kings River to the regional market by way of Central Avenue has expressed interest in locating in Sanger, but the County is requiring upgrades to Central Avenue at a cost of \$8 million to \$10 million before the County can issue a conditional use permit, forcing the company to put its project on hold.

These sites have particular appeal to industrial businesses located in the Los Angeles metropolitan region and the San Francisco Bay Area. These congested urban areas have become too expensive and their communities increasingly hostile to many industrial land uses. Industrial developers have targeted land adjacent to SR 99 and Interstate 5 in the Central Valley as the most desirable locations for businesses being pushed out of the congested urban areas. Indeed, many firms have expressed interest in the Central Valley because of accessibility to the urban markets, its large and relatively low-wage labor force, and willing local governments. Critical to the attractiveness of many Central Valley industrial sites, however, is providing easy access to Interstate 5 and SR 99. Without a large supply of prime industrial site, many businesses will locate outside California, thus draining the State of industrial jobs.

Planning and Funding Status

Fresno County is currently widening Academy Avenue from two to four lanes from SR 99 to the boundaries of Sanger, and has prepared an environmental analysis and cost estimate for that segment. The remaining three-mile portion that connects to the industrial park will cost \$20 million, but there is no existing funding for this project.

Extending SR 180 was listed in the rural program of the Measure C Expenditure Plan of the Fresno County Transportation Authority. Measure C would have extended the one-half-cent sale, but failed to receive the required two-thirds majority in November 2002. Some segments of the SR 180 extension are available from other sources, but the segment from Clovis Avenue to Academy Avenue remains mostly unfunded. Funds are available for the environmental review and right-of-way purchase from Clovis Avenue to Temperance

Avenue. There are no funds for planning or construction for this segment or for the final segment to Academy Avenue.

Adding lanes to Central Avenue was identified by the County of Fresno as part of a conditional use permit submitted by a gravel extraction company. The County and the company estimate that this project will cost \$8 million to \$10 million. There is no public funding available for this project.

8.0 Marysville and Yuba City

8.0 Marysville and Yuba City

■ 8.1 Geography and Economic Conditions

Yuba and Sutter County are located on the northern edge of the Sacramento Valley, approximately 40 miles north of Sacramento. Yuba City, county seat of Sutter County, and Marysville, county seat of Yuba County, are neighboring cities separated by the Feather River. The twin cities are the centers of population and economic activity for these largely agricultural counties. The two counties as a whole have been experiencing accelerating population growth. The three largest causes are:

1. The region's emerging role as a bedroom community for Sacramento, because of its affordable housing;
2. Beale Air Force Base continues to increase its employment; and
3. Baby boomers are retiring from the urban centers of the State and from out of state, and are attracted to the region's lower-cost, rural lifestyle.

8.1.1 Industrial Profile

Agriculture remains the core of the economic base for Sutter and Yuba Counties, with Sutter County being one of the State's most extensively farmed counties. The area boasts abundant water and long growing seasons, producing a variety of crops. Tomatoes, rice, peaches, dried plums, nuts, and other grains are shipped nationally and internationally. Of the two counties, Sutter County's economy is more dependent on agriculture.

Strong competition in the agricultural sector and its seasonality have pushed unemployment in Yuba and Sutter Counties to higher levels than in other areas of the State, more than double the statewide average in 2000. Economic development officials, therefore, have been trying to diversify the regional economy by attracting recreational and commercial businesses.

For over 50 years, Beale Air Force Base (Beale AFB) in rural Yuba County has contributed some diversity to the local economy and is the County's largest employer (about 4,800 people). It covers 22,944 acres and is located approximately 60 miles north of Sacramento and 10 miles east of Marysville. The U.S. Department of Defense estimates that Beale generates between \$30 million and \$400 million per year for the region in terms of spending on payroll, construction, services, education, and health care. This creates an economic impact of about 1,200 indirect jobs.

Beale AFB survived the base closures of the late 1980s and early 1990s, but could be earmarked for closures or cutbacks in a new round of base closures expected in 2005. Recently, local civic and business leaders successfully lobbied to have the Air Force Global Hawk Unit stationed at Beale AFB. Current base retention efforts are focused on attracting the planned Coast Guard Global Hawk Unit, implementing a plan to improve infrastructure around the base, and improving connections between Beale AFB and local businesses.

Yuba City (in Sutter County) is the retail and business center for the region. Large retail outlets attract shoppers from parts of Butte and Colusa Counties, as well as Butte and Yuba. A Wal-Mart is under construction in unincorporated Yuba County and is the first new retail development in that County in almost 20 years. Other major employers in the two-county area are food processors and packing companies, wood products companies, medical care facilities, education, security services, the local newspaper publisher, and machinery and equipment manufacturers. The Caltrans Regional Headquarters is located in Marysville and has contributed to local job growth in recent years.

Favorable Economic Attributes

The area has several advantages that can be exploited to improve the economic well-being of the region:

- Relatively low land costs, high availability of usable property, favorable business climate, and abundant water resources.
- Large labor surplus with skills for most manufacturing productions and agricultural support industries.
- Strong agricultural base.
- Temperate climate and diverse outdoor recreational opportunities enhance the quality of life for residents and businesses.
- Fast-track permitting and no special taxes.
- **Forbes Magazine in 2001 ranked the Yuba-Sutter region number one among smaller metropolitan areas as the “Best Place to Do Business in California.” That ranking translated to a number 10 ranking nationwide among smaller metropolitan areas.**

Constraints/Limitations

The area also faces several constraints that make it difficult for it to compete for new businesses, including the following:

- Lack of identity in the state and nationally;
- Lack of adequate funding for economic development projects and infrastructure;

- Flooding and high costs for levee restoration and flood protection; and
- **Yuba City-Marysville is one of only two metropolitan areas in California without direct four-lane highway access.**

8.1.2 Local Economic Conditions

Sutter and Yuba Counties have roughly similar populations (80,200 in Sutter County and 60,800 in Yuba County in 2000). Yuba City is nearly four times the size of Marysville (44,300 compared to 12,200 in 2001). Yuba City's larger population reflects its substantial population growth during the 1990s, as it attracted Sacramento commuters and retirees. By comparison, population growth in Marysville and Yuba County was more modest – Yuba County was one of the slowest-growing counties in the State during the 1990s. Infrastructure investments could help the area attract population and businesses from congested urban areas that might otherwise leave the State. Over the next 20 years, however, the two-county region is projected to experience significant population growth. South Placer County and Grass Valley in Nevada County may provide job centers that contribute increasingly to housing demand and residential development potential in Sutter and Yuba Counties.

In 2000, out of a combined population of 141,000, approximately 58,200 people were in the labor force in Yuba and Sutter Counties. The area's continuing dependence on agriculture has resulted in seasonal variation in employment and relatively high unemployment rates (13 percent in Sutter County and 11.8 percent in Yuba County, compared to 4.9 percent statewide in 2000). Although unemployment rates have dropped somewhat in recent years, they are among the highest in the State. **During the 1990s, annual average unemployment rates in Sutter County ranged from 13 to 19 percent, and from 10 to 18 percent in Yuba County.**

Average earnings per job are somewhat better in Yuba County (\$29,822) than in Sutter County (\$26,330), but rates in both counties were significantly below the statewide average (\$38,677) in 1999. When total personal income is considered, the relationship of the two counties is reversed. With a 1999 per capita income of \$24,233, Sutter County ranks 27th among California's 58 counties. **Yuba County has a per capita income of only \$17,485 and ranks 57th.**

Education levels are somewhat below the state median. According to the 1990 U.S. Census, residents have a median of less than 13 years of school (12.9 years in Sutter County and 12.7 in Yuba County), while California as a whole has 13.4 years. As of fall 2000, there were 11,011 students enrolled in local colleges, primarily the Yuba College system.¹

¹ Source: California Department of Finance, 2001 California County Profiles.

8.1.3 Transportation

The Yuba-Sutter area is the focus of several state highways. The Feather River, which runs between the two counties, is crossed by only two bridges. This situation has led to a number of parallel facilities:

- SR 99 connects Sutter County north to Chico and Interstate 5 in Butte County and south to Sacramento. In Yuba City, SR 99 becomes a conventional highway, but returns to freeway north of Yuba City.
- SR 70 connects Yuba County north to Butte County and south to Sacramento via connections to SR 99. There are plans to realign this highway around Marysville.
- SR 65 connects the two-county area east via Yuba County to the communities of South Placer County and Interstate 80 near Roseville. Long-term plans include a bypass around Wheatland in Yuba County.
- SR 20 connects west to Lake County and east through Marysville to Nevada County and Interstate 80. SR 20 becomes a city street in Marysville and a six-lane boulevard in Yuba City.
- SR 113 connects Sutter County to Yolo County and the San Francisco Bay Area via Interstate 80.

The Union Pacific Railroad (UP) provides freight rail service south to Roseville, Sacramento, and north to Oregon. A second UP line connects south to Sacramento and north to Idaho via eastern Oregon. A seldom-used spur of this second line connects Marysville to the industrial park in Central Yuba City. The right-of-way extends to the east through Sutter County to Colusa County. Amtrak provides regular passenger service between Sacramento and Yuba City.

The Yuba County Airport is a general aviation airport capable of accommodating jet air carriers, freight carriers, and all general aviation business jets and private aircraft. Recent airport improvements include a complete overlay of the primary runway, overlays of the taxiway system, new fueling facilities, rehabilitation of the apron, and removal of underground fueling tanks. Plans include construction of a terminal building and other infrastructure investments.

■ 8.2 Economic Development Goal

8.2.1 Economic Development Strategy

Three principal areas are targeted for transportation projects related to economic development.

Yuba County Sports and Entertainment Zone

The region is seeking to develop the Yuba County Sports and Entertainment Zone between SR 65 and SR 70 near Wheatland in southern Yuba County. In 1998, voters approved County Measure “R” to rezone 900 acres for an amphitheater and a raceway.

Located on 90 acres, the AutoWest Amphitheatre held its first concerts in 2000. The venue seats 20,000 people and is owned and operated by SFX Entertainment, the world’s largest promoter of live entertainment events. The amphitheatre’s revenues have been stable since its opening in 2000.

Beale AFB

Beale AFB is the largest single employer in the area, supporting nearly 5,000 jobs for local residents. The base risks closure in the next round of military base realignments scheduled for 2005. Representatives from Beale AFB and from the local community suggest that access to the base is one of the primary factors that may contribute to its closing. Beale AFB is the only military facility in the United States that does not have direct access to a four-lane road. In 2000, the Military Traffic Management Command traffic engineer recommended that Beale permanently close one gate until repairs were made. As the single largest employer in the region, closing the base would leave many residents unable to find other work, which would require them to leave the area.

Industrial Parks

Along with the Sports and Entertainment Zone, the eight county-owned industrial parks surrounding the airport are the focus of economic development efforts in Yuba County. Of a combined 265 acres, 100 acres remain available for purchase or long-term lease. Recently, firms looking to relocate and expand from more costly locations in Placer County have shown interest in these business parks. Other potential areas for industrial expansion in Yuba County include 2,492 acres of land east of SR 65 and southwest of Beale AFB. The land is currently in agricultural use and funding will be needed for the requisite land use studies and infrastructure improvements.

In Sutter County, the South Sutter Reserve Master Plan is undergoing final approvals. This plan includes two industrial development opportunities: 1) South Sutter County Industrial/Commercial Reserve (10,500 acres of contiguous bare land); and 2) the Sutter Industrial Park (670 acres zoned for industrial development). Both of these areas need an interchange around SR 20 and Acacia Road.

8.2.2 Other Economic Development Activities

Yuba-Sutter Economic Development Corporation (YSEDC). A private, non-profit organization founded in 1994, it represents the business interest of the public and private sectors in the region. The YSEDC works for business recruitment and retention. It pro-

vides economic research services, as well as financial and technical assistance to businesses. The YSEDC has received significant grants in support of economic development, including flood prevention and welfare-to-work. The YSEDC operates a revolving loan fund providing loans for gap financing. It also manages the Yuba-Sutter Intermediary Re-Lending Program.²

Yuba-Sutter Enterprise Zone. One of the original 10 zones established in 1986, the 15 square-mile zone has been expanded several times and now covers just over 70 square-miles or about 45,107 acres. It is the State's largest enterprise zone and includes about 70 percent of all of the industrial and commercial property in Yuba and Sutter Counties. In 2001, the Zone was granted a five-year extension that allows the original 15-year term to continue through 2006. The Yuba-Sutter Enterprise Zone has received numerous state awards, including Innovative Financing Incentive Program for the Yuba-Sutter Micro-Enterprise Training and Loan Program (2000); Success Story of the Year for Motorplex and Amphitheatre Negotiations (1999); Most Innovative Vouchering System (1999); and Best Overall Marketing Program (1998). Yuba City has developed a Town Center master plan for business park development on 26 acres within the Yuba-Sutter Enterprise Zone.³

One Stop Center. A network of workforce development agencies that provides services to employers and connects prospective employees with business needs. Center locations in Yuba City, Marysville, and Colusa (in Colusa County) provide customized recruitment services, labor market information, computer labs, customized training, conference rooms, and interviewing facilities. Partners include local school districts, Yuba College, Yuba-Sutter Economic Development Corporation, Yuba County Regional Career Center, Yuba-Sutter Small Business Development Center, and others.⁴

Yuba College. Delivers onsite training for businesses (e.g., customized workshops, seminars, and classes to enhance employee skills). The College's district headquarters and the main campus are in Marysville. Satellite facilities are located at Beale AFB in Colusa and in Clearlake (in Lake County).

Industrial/Commercial Reserve. Sutter County has recently designated 3,500 acres of land as an industrial/commercial reserve in the southern part of the county. The reserve is intended to capture some of the growth from the Greater Sacramento Area. It is located only five minutes from the Sacramento International Airport.

Bryant Field Stadium. The City of Marysville recently completed a new 3,000-seat baseball stadium to replace Bryant Field Stadium that was dismantled in the 1970s. The new stadium hosted the Western Baseball League Sutter Gold Sox in the 2002 season.

² <http://www.yse.dc.org/index.htm>

³ <http://www.yubasutterez.com>

⁴ <http://www.1stop2work.com>

■ 8.3 Transportation Improvements

The Chico and Yuba-Sutter Metropolitan Statistical Areas (MSAs) are the only MSAs in California not accessible by four-lane freeways. There is a perception that this has limited the development in the area. Local economic development officials, elected officials, business leaders, and other stakeholders, many of whom participated in the T4ED workshop held in Yuba City on February 19, 2003, identified three projects that could help promote economic development in the region: improved access to Beale Air Force Base; a new interchange on SR 70 that would improve access to an entertainment area; and a new interchange on SR 20 to improve access to local industrial properties.

8.3.1 Beale AFB Access

Beale AFB Access. Five two-lane county roads provide access roads to the bases gates. This project would improve the maintenance and repairs on at least one-half of the total miles (about 22 miles).

Economic Development – Transportation Nexus



Beale AFB is the only military facility in the United States that does not have a four-lane road connecting it to principal interstates or state highways. **One military transportation decision-maker described the base as having the “worst” road access of any military base in the country.** This facility generates a \$300 million to 400 million economic impact on the tri-county region. Lack of access may contribute to closing the base as soon as 2005, when the next base realignment occurs. Upgrading the road access would allow the base to operate all of its gates, and improve roadway safety for people working at the base.

There have been 447 accidents from 1998 to 2001. In October 2000, the Military Traffic Management Command recommended that one of the gates be closed until repairs to the

connecting roadway are completed. Discussions between Beale AFB officials and Yuba County over the last four years have led to concurrence that improvements are vital.

Funding and Planning Status

About \$10 million would be needed to improve local county access roads to the base. Yuba County declares that funding has been insufficient, and predicts funding will continue to fall well-short of that needed for at least the next five years to make any real improvements. Table 8.1 details the funding needs for this project.

Table 8.1 Beale AFB Access Roads – Prioritized Requirements

Priority/Road	Comment	Miles	Unfunded	Funded
1. Spenceville Rd.	Most popular entry point for Beale AFB family housing area	7.0	\$0.55m	\$0.85m
2. Smartville Rd.	In October 2000, Military Traffic Management Command traffic engineer recommended gate closure until road repairs made	7.0	\$3.40m	
3. Hammonton-Smartville Rd.	Hard use by 18-wheel gravel trucks; many personnel avoid road due to road hazards	16.0	\$4.50m (9 miles)	\$1.9m (7 miles)
4. North Beale Rd.	Fair condition	8.0		\$0.85m (1 mile)
5. South Beale Rd.	Good condition; light use	3.2	Not Estimated	
Total		41.2	\$8.45m	\$3.6m

Source: Beale Air Force Base.

On March 2003, Yuba County will consider whether to allocate a \$500,000 Federal earmark project to the Spenceville Road access road, which would complete around three miles of roadway improvements.

8.3.2 SR 70 Interchange

This project would build an interchange and grade-crossing separation of SR 70 that would provide connections between SR 70, SR 65, and the Yuba County Sports and Entertainment Zone.



**Economic Development –
Transportation Nexus**

The lack of a highway interchange on SR 70 is a major impediment to building the Yuba County Sports and Entertainment Zone. One minor access point is currently located on SR 65 at Forty Mile Road. Sutter and Yuba Counties are attempting to attract a racetrack to add to the 18,500-seat amphitheatre, which opened in June 2000. A casino has also expressed interest in locating in the area if an interchange were constructed.

The amphitheater has seen a reduction in the number of concerts from 30 to 20. However, the revenues remain stable. Contrary to pre-construction

expectations that most concertgoers would come from the Sacramento area, around 50 percent of the audiences come from north of Yuba City/Marysville. When there is a concert, all of the motels in Yuba City are booked.

The Motorplex at Yuba County is a proposed racetrack development at the site that would feature professional auto racing, such as NASCAR Winston Cup and Indy 500 style racing. **The 810-acre raceway would support over 1,200 new jobs, with an estimated annual economic benefit of over \$120 million.** The racetrack would feature a 1.3-mile banked oval, a 4,650-foot drag strip, and several road courses ranging from 1.2 to 2.1 miles. Grandstand seating would be available for 40,000 on the oval, 10,000 on the drag strip, plus open spectator viewing areas and luxury suites. Around 20,000 parking spaces, in addition to parking for motor homes and buses, would be available for visitors.

A casino and hotel project also has been proposed for 40 acres near the site. In December 2002, Yuba County supervisors voted to allow the casino-hotel project in exchange for development fees and other payments in-lieu of taxes. The project still needs approval from state and Federal governments.

Funding and Planning Status

The Motorplex racetrack is expected to cost around \$100 million. The cost of the access road is expected to exceed more than \$20 million. The Union Pacific railroad does not want potential raceway visitors to cross the tracks. According to the Sacramento Area Council of Governments Final Draft 2003/05 MTIP, \$70,000 is allocated for engineering and \$630,000 for construction from prior year allocations, falling well-short of the funds needed to complete construction by the target date of 2004.

8.3.3 SR 20/Acacia Road Interchange

An interchange is needed at SR 20 and Acacia Road to facilitate the movement of goods and people to the Sacramento International Airport, SR 99, Interstate 5, Interstate 80, and U.S. 50.

Economic Development – Transportation Nexus

The South Sutter County Industrial/Commercial Reserve and the Sutter Industrial Park are strategically located in the Capitol Region’s northern corridor. The South Sutter County Industrial/Commercial Reserve has 10,500 acres of contiguous bare land ready for industrial or commercial development. The Sutter Industrial Park has 670 acres zoned and ready for industrial development. Adjacent to the Sacramento International Airport and near all of the regions major highway corridors, the land is privately held and property owners endorse the South Sutter Reserve Master Plan. This reserve will provide greenbelts to protect business and agriculture from residential intrusion. A distribution company has expressed interest in locating in one of these industrial parks, but is concerned about truck access.

SYSCO Food Services of Sacramento, Inc. considered moving to Yuba City or Marysville. The company wanted to build a 250,000-square foot warehouse, which would have generated about 200 truck trips per day. In the end, SYSCO selected Pleasant Grove on SR 70 in Sutter County, because it has better access to Interstate 80.

This interchange is part of a larger plan to upgrade SR 20, SR 67, and SR 70 to provide a bypass from Interstate 5 to the north of the Sacramento Metropolitan area to Interstate 80 to the east. This bypass route could reduce congestion in Sacramento, and help to develop businesses in Yuba City and Marysville that would benefit from the improved access.

Funding and Planning Status

The South Sutter Reserve Master Plan is undergoing final approvals. There are currently no estimates or planning studies related to the Acacia Road interchange.

9.0 Merced and Atwater

9.0 Merced and Atwater

■ 9.1 Geography and Economic Conditions

The City of Merced is the commercial, financial, and government center for Merced County. The County is rapidly becoming home to an increasing number of long distance commuters seeking affordable housing. Many of these people live in Los Banos and vicinity in the western part of the County and commute via SR 152 to Santa Clara County and beyond. Key issues for countywide planning include assessing the impacts of commuters on highways and roads and enhancing economic activity in the County to improve the local jobs-housing balance.

9.1.1 Industry Profile

Historically, Merced County's economy has been based on agriculture. Agriculture, government (primarily local government), and retail trade are the dominant economic sectors, accounting for over one-half of all employment in the County. Business development efforts focus on tourism and light industry and on the economic benefits of the new University of California (UC) campus at Merced – the 10th UC campus.

Agriculture is also one of the County's main sources of revenue. Based on production, Merced is the fifth-leading agricultural county in the State. Milk and milk products from commercial dairies generate the greatest amount of revenue. Other important commercial crops are poultry, almonds, tomatoes, and alfalfa.

Downtown Merced is located just off SR 99, with several freeway interchanges providing access. It houses all of the local government services, most of the finance and banking services, and cultural activities for the region. It also has major private sector employers, including food processors and distributors, agriculture, back office, hospitals and health services, and retailers.

Tourism in the County is based primarily on outdoor recreational opportunities. The City of Merced is considered the Gateway to Yosemite. Travelers use SR 140 to access Yosemite, and planners are developing alternative modes of transportation to the park to support tourism growth in the county.

The closure of Castle Air Force Base outside of Atwater was announced in 1991, and was completed in 1995. At full operating strength, Castle Air Force Base employed over 5,000 military personnel and 1,200 civilians. Merced County and the Cities of Atwater and Merced quickly established a joint powers authority (JPA) to oversee base reuse. The

closure announcement alone was a blow to commercial and residential development in Atwater. The City lost about 2,400 residents – about 10 percent of its population – between 1994 and 1996. Population growth and residential development in Atwater revived in the latter part of the 1990s; the City’s population (24,000) now exceeds the peak level before base closure. New regional retail development in Merced at about the same time as the closure of the Castle Air Force Base depleted the retail base in Atwater.

Merced County also experienced financial difficulties during the 1990s, leading to employment losses and declines in public services. The County had few resources to devote to planning for Castle Air Force Base reuse.

The City of Merced is a regional retail center for California’s Central Valley between Fresno and Modesto. The regional market includes almost all of Merced County, as well as Mariposa County and parts of Madera County. Over one million square feet of retail space have been added in recent years. Per capita retail sales in Merced exceed per capita retail sales in Modesto and Fresno.

In May 1995, the UC Regents selected Merced as the site for the system’s 10th campus. Numerous economic benefits to the local community are expected from the \$600 million UC investment in campus development. The campus will add jobs to the local area, as well as substantial additional spending supporting local economic activity. Local leaders expect the campus to help make Merced the educational and cultural center for the San Joaquin Valley. When the campus opens its first facilities in 2004, it is expected to house about 2,000 students.¹

Merced County is preparing the University Community Plan, a master plan for the new community that will develop on about 2,000 acres around the future UC campus. The City of Merced General Plan proposes an expanded city sphere-of-influence around the future UC Campus, and anticipates a joint city-county planning process for the surrounding community area.

UC Merced plans include a downtown center in anticipation of opening the campus northeast of the City near Lake Yosemite in 2004. The Downtown Center will provide 40,000 square feet of office space, and will function as the interim UC Merced headquarters.

North Merced has been the location of most growth and development in the community since the 1970s. The area encompasses new subdivisions, Merced College, the Merced Mall (the only enclosed shopping center in the region), as well as other major shopping and office streets.

Merced’s Gateways Community includes the south and southeast sections of the city, with frontages along SR 99. Motels are concentrated adjacent to the freeway. The area includes residential neighborhoods, commercial arterials, the county fairgrounds, and Mercy Medical Center – the City’s largest hospital.

¹ http://www.ucmerced.edu/about_merced/

The Merced General Plan guides urban development to the north towards the least productive agricultural land and away from environmentally sensitive areas to the east, west, and south. The City and County have jointly defined an urban growth boundary. Urban expansion goals in the General Plan are designed to maintain compact urban form, preserve significant agricultural areas, and promote annexation. The plan proposes that a greenbelt be maintained between Merced and Atwater. Recognizing the impediments to development on some existing industrial sites, the General Plan designates more land for industrial use than is likely to be needed over the 20-year planning period to provide large sites attractive to certain types of industries and to provide a full range of options for market choice.

Favorable Economic Attributes

Access to markets. Central location in the San Joaquin Valley within overnight truck delivery to any location in the State. All major regional, transcontinental, and California less-than-truckload common carriers serve Merced. Strategic location at the junction of three major highways – SR 99, SR 59, and SR 140.

Ample industrial sites are located near SR 99 that also offer direct rail access. Local redevelopment agencies have invested in substantial improvements at industrial parks – offering sites that have city sewer/water stubbed to the site, electrical, gas, and telephone services in the street right-of-way, and storm drainage connections to each site.

Population growth throughout the County offers one of the fastest growing California retail markets; population and income are expected to see significant gains over the next decade. ***American Demographics* ranked the Merced metropolitan area second in the nation in terms of projected change in per capita income – a 24-percent increase is expected, compared to a 16-percent increase for all U.S. metropolitan areas.**

Business incentives. The agencies described in Section 9.2.2 (Other Economic Development Activities) have crafted the following business incentives:

- Local industrial parks offer the advantages of an enterprise zone, a recycling market development zone, and a redevelopment area;
- Development fees are low compared to other locations in the Central Valley;
- Economic development entities offer personalized assistance and customized incentive packages;
- Merced Irrigation District (MID) offers an alternative to Pacific Gas and Electric (PG&E) for electrical service in and around the Cities of Atwater, Merced, and Livingston, including the key industrial areas;
- Abundant labor across a wide range of skill levels, reasonable wage rates, and low employee turnover;

- Affordable housing supply, small-town feeling, and abundant recreational opportunities;
- Merced is one of California's most seismically stable areas.

Constraints/Limitations

The economic development agencies and business stakeholders described the following constraints to their efforts to attract more and diverse businesses:

- Substantial infrastructure upgrades and improvements are required to accommodate growth. Investments in the circulation system are particularly important. How to pay for this infrastructure is a critical issue.
- Lack of resources for maintenance of existing local road system.
- Current design of SR 99 is antiquated, and not to Caltrans standards.
- Deteriorating air quality is a problem throughout the San Joaquin Valley.
- Distance from major ports and airports compared to other competitive locations adds costs.
- **Lack of access to the new UC Merced campus and Merced area industrial parks.**

9.1.2 Local Economic Conditions

The highly seasonal employment in agriculture and tourism result in high unemployment rates in Merced County – ranging from 15.4 to 13.3 percent over the last five years. **Unemployment rates in Merced County are consistently more than double the state-wide unemployment rate.**

Despite high unemployment, many of the jobs in the Merced area pay fairly well. Median household income in Merced County is over three-quarters of the state average, which compares favorably to other distressed areas in California. City of Merced residents earn somewhat less money than the rest of the County (\$30,000 compared to \$36,000).

Educational attainment levels are also somewhat higher than other distressed areas in California, but still much lower than the State as a whole. Close to 70 percent of residents of Merced and Atwater have completed high school, only 10 percent less than the State as whole. Fewer have completed college (just under 15 percent, or roughly one-half the statewide average).

9.1.3 Transportation

Merced County's transportation assets include Interstate 5 and SR 99. In addition, the county offers the following transit, rail, and air services and facilities:

- Merced County Transit (The Bus) consolidates three former area bus systems. The Bus operates scheduled fixed-route bus service and dial-a-ride services throughout Merced County. Merced's Southern Pacific Depot has been renovated to provide a central interchange for transportation services. It is a transfer point for the County bus system, as well as Greyhound and VIA bus services.
- The UP and Burlington Northern Santa Fe (BNSF) main lines traverse Merced County. Rail service has been key to Merced's growth and development.
- Amtrak provides passenger rail service to the San Francisco Bay Area and Los Angeles.
- The Merced Municipal Airport is a general aviation airport; one airline provides charter passenger service. Fresno's Air Terminal – offering more than 90 daily commercial flights – is one hour away.
- Castle Airport serves Atwater and Merced County, and is owned by the Castle JPA. The paved runway is the fourth longest on the west coast, extending for 11,802 feet. The Airport accommodates Piper Cubs and 747s. The facility is about three miles from Atwater. The airport has the potential to provide major cargo service with necessary infrastructure investments.

Regional and Local Transportation Priorities

Local planning documents identify the following transportation needs:

- Provide a beltway or “ring-road” to carry cross-town traffic around established portions of the community.
- Provide access to the new UC campus – construct a new road on the east side of Merced, upgrade existing roads and intersections/interchanges, and provide reliable transit.
- Improve access from SR 99 and north Merced to Castle Airport Aviation and Development Center.
- Improve connections to rail and highway systems: key elements include grade separations, new highway interchanges, and upgrades to existing interchanges.
- Develop M Street in Merced as a major transit corridor.
- Upgrade SR 99 to full freeway status, and eliminate at-grade crossings.

In September 1992, the eight regional transportation planning agencies in the San Joaquin Valley entered into a Memorandum of Understanding to ensure a coordinated regional approach to transportation and air quality planning. The eight agencies meet regularly to coordinate preparation of RTPs and regional transportation improvement plans (RTIPs). Coordinated planning efforts also include Caltrans, the California Air Resources Control Board, the State Office of Planning and Research, the San Joaquin Valley Air Pollution Control District, and the Federal Highway Administration. Key issues for coordinated planning include the following:

- Rapidly expanding population, air quality, and growth pressures from nearby metropolitan areas;
- Separation of relatively low-density urban centers by large areas of agricultural production;
- Locally developed road and rail network that primarily serve farm-to-market activity, major transportation facilities serve to connect major metropolitan areas and national recreation areas; and
- Dwindling supply of jobs from an increasingly automated economic base in agriculture and oil production.

■ **9.2 Economic Development Goal**

9.2.1 Economic Development Strategy

The Merced area has several key sites for future industrial and commercial growth, including the following:

- The new UC Merced campus is expected to be a major economic engine for the region and the State. Providing access to the campus and surrounding community will increase potential spin-off business opportunities.
- The Castle Airport (formerly Castle Air Force Base) is slated for major redevelopment. Re-use of Castle Air Force Base is supported by its designation as a Local Military Base Recovery Area. The Castle Airport Aviation and Development Center is marketed to serve regional, corporate, private, and commercial aviation needs: flight testing, pilot training, ground operations, heavy aircraft maintenance, or cargo operations. The airport facilities include one of the state's longest, heavy jet runways; 34,000 square feet of existing hangars; and more than one million square yards of aircraft apron area and an adjacent commercial industrial park. Current business activity at the former base includes: Pacific Bell call center, a federal prison, the Castle Air Museum, local government offices, numerous small businesses, and educational operations. These operations employ an estimated 2,000 people. Merced County is negotiating with the

Air National Guard to bring a unit to the former base, and the County recently issued a request for qualifications for a master developer for 262-acre research and development (R&D) and industrial land. The County is also considering establishing the former base as a redevelopment project area.

- Merced has three major industrial areas targeted for future development: 1) Western Industrial Park, 2) Airport Industrial Park, and 3) University Industrial Park. The parks offer over 800 acres of land for light- and heavy-industrial uses. All parks offer the advantages of an enterprise zone, recycling market development zone, and redevelopment. Two of the parks offer direct rail service, and one has airport access.
- Atwater's business development efforts are focused on small commercial development projects, a store-front façade improvement rebate program in Downtown Atwater, and industrial development at two business parks: 1) Atwater Business Park and 2) Applegate Business Park.
- Castle Airport has been designated as a free trade zone, which provides a major incentive for companies to locate there. Improved access to the site would enable the City to take advantage of this opportunity.

9.2.2 Other Economic Development Activities

Several economic development organizations are actively attempting to attract business to the City of Merced, including the following:

- **Merced-Atwater Enterprise Zone.** This Zone was established in 1991, and covers portions of the Cities of Atwater and Merced and the unincorporated Merced County. In addition to state tax benefits and incentives, the City of Atwater offers local incentives: waiver of public facility impact fees on new development projects, 10 percent discount on planning and building permit fees, fast-track permit processing, assistance with applications and fees for tax-exempt industrial development bonds, and in some cases, redevelopment agency assistance for public improvements.
- **Foreign Trade Zone (FTZ).** In December 1997, the City of Merced became part of the Merced FTZ, which encompasses 2,600 acres on sites in seven Central Valley counties that includes Stanislaus, Merced, Mariposa, Madera, Fresno, Kings, and Tulare. Benefits that may be offered include duty deferrals, duty elimination, duty reductions, and custom fees reduction.²
- **Recycling Market Development Zone.** The Merced/Atwater Recycling Market Development Zone program offers assistance to businesses who stimulate markets for recycled material. The assistance includes recycling equipment tax credit, technical

² <http://www.ftz226.co.merced.ca.us/>

assistance, and many local business incentives. In addition, the program provides low interest loans for 50 percent of project costs, up to a maximum of \$1 million.

- **Merced Redevelopment.** The redevelopment agency operates a commercial rehabilitation loan program within redevelopment project areas. The agency also provides customized assistance through Disposition and Development Agreements for low-interest financing, cost-sharing for public improvements, or other assistance.
- **Merced County Department of Business-Economic Opportunities.** This center provides several programs and services to help entrepreneurs build businesses and to create and retain jobs. It operates a revolving loan fund to provide gap financing in support of job creation. The center also provides business education and training events; marketing and other technical assistance; permit and licensing information; access to Federal, state, and local financial assistance; and one-on-one business counseling.³
- **Merced County Work Net.** A consortium of four job training and recruitment agencies (the Private Industry Training Department (PITD), the State Employment Development Department, Merced County Economic Development Corporation, and Merced College), Merced County Work Net is an integrated workforce development system for employers, job seekers, and students. Services include recruitment programs, financial incentives, customized training, labor market information, and after-hire follow-up support. Work Net also provides facilities for testing, interviewing, training, and counseling.⁴
- **City of Merced One Stop Permit Center.** A joint effort of the City's Inspection Services, Planning, and Engineering Divisions, the Center also works with Economic Development staff to expedite all development permits.
- **Merced County Economic Development Corporation (MCEDCO).** A private-public, non-profit corporation that is dedicated to helping local businesses expand and recruiting new industry, jobs, and investments to Merced County. In taking the lead to market and recruit new industry and business to Merced County, MCEDCO assists in the site selection process, provides updated demographic and economic information, helps structure and negotiate agreements, and promotes responsible pro-growth public policies.⁵
- **Greater Merced Chamber of Commerce.** The Chamber promotes economic vitality, community development, and a positive image of the City of Merced and Merced County. It assists the City of Merced on business retention and expansion visits to

³ <http://www.abc.merced.ca.us/>

⁴ <http://www.co.merced.ca.us/wi/worknet/worknet.html>

⁵ <http://www.mercedcountyedc.com/>

businesses in the greater Merced Area, and conducts monthly mini workshops for businesses to provide ongoing education for small- to medium-sized businesses.⁶

- **Merced County Job Access Plan Update (2002).** In 1999, the Merced County Association of Governments (MCAG) prepared a Job Access Plan for Merced County stressing a central role for public transit in overcoming job access barriers for welfare recipients and lower-income workers seeking employment in the County, as well as the need for related support services such as transit information, evening shuttle services, and emergency ride home programs. On the basis of this plan, Merced's Job Access Reverse Commute Project received funding from the Federal Transit Administration. The Merced County Children and Families Commission also provided funding from state tobacco tax (Proposition 10) sources. A 2002 Plan updates the potential projects and provides updated information on services, needs, and opportunities for use by service providers in ongoing planning.
- **Self Employment and Job Opportunities Office.** This office is an innovative partnership between all Merced County chambers of commerce local human services agencies, and government offices, including the Merced County *Private Industry Council* and the California Employment Development Department. The program is funded through a U.S. Department of Labor grant. Services to employers include referrals of work-ready individuals for entry-level positions, specialized training for employees requiring job-specific skills, and support for employees and assistance for employers in completing forms related to putting welfare recipients to work
- **Merced College Employer Focused Training Center.** This center offers business training programs customized to teach job-specific skills. Merced College also offers John Deere Ag-Tech and Toyota Technical Education Network programs providing certified training for John Deere and Toyota technicians.
- **Merced College Tri-College Center.** For the first time, this is a new facility that combines the resources of the three public higher education institutions in the State. Partnering in this venture are UC Merced, California State University (CSU) Stanislaus, and the Merced College. The new center, housed at Merced College, offers courses drawn from the programs of each institution. It also offers video-conferencing facilities and state-of-the-art computer labs.

⁶ <http://www.merced-chamber.com/>

■ 9.3 Transportation Improvements

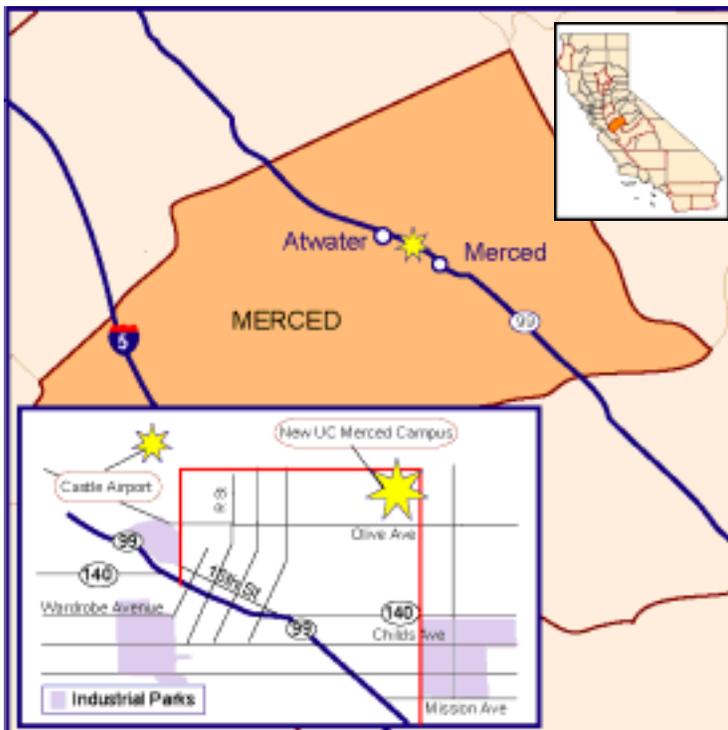
Economic development experts in Merced have identified two basic transportation and economic development needs for the area: developing a loop road for the Merced area, and improving access to industrial parks in Atwater.

9.3.1 Merced Loop Road

The Merced Loop road includes three separate components, each of which would improve economic development in the Merced-Atwater area:

1. **Atwater/Merced Expressway.** A proposed four-lane expressway connecting SR 99 to SR 59, Bellevue Road, and Castle Airport to the north and SR 140 to the south. The project includes building a new interchange at an undetermined location between the Cities of Atwater and Merced.
2. **Campus Parkway.** A proposed two- or four-lane parkway connecting SR 99 north at a new Mission Street interchange to the new UC campus and its surrounding community.
3. **Two-Part Connector Between Atwater/Merced Expressway and Campus Parkway.** This would involve widening Bellevue Road to an arterial and connecting it to the new Mission Street interchange.

Economic Development – Transportation Nexus



The three-part loop road described above would connect all of the major industrial development sites in the Merced area with a four-lane highway. They would also provide connections to the new UC campus that will likely be a major economic engine for the area.

The proposed Atwater/Merced expressway would be the main connector to Castle Airport and several existing and industrial properties. Castle Airport is a resource that the region would like to develop into a site for freight distribution and intermodal shipping.

The airport has rail access on the BNSF railroad and a useable runway for air cargo, but no direct highway access at this time. The site is slated for a mix of commercial office and industrial uses when fully redeveloped.

A proposed four-lane expressway from SR 99 to the airport would provide the access that the airport needs to be developed. It has the capability to be a major intermodal shipping and warehousing terminal. Castle Airport has been designated as a free trade zone, which provides a major incentive for companies to locate there. Improved access to the site would enable the City to take advantage of this opportunity.

In addition to the benefits to Castle Airport, Castle expressway would help support two industrial parks in the region: 1) Airport Industrial Park (to the east of SR 99) and Westside Industrial Park (to the west of SR 99). These industrial parks have over 100 acres of undeveloped land that could be productively used if the new expressway were built. The Westside Industrial Park already has more than 250 double trailers leaving its facilities per day.

Lack of access to these industrial properties has made it difficult for the area to attract new businesses. For example, Wal-Mart considered Merced as a location for West Coast distribution, but opted for Porterville, because of direct access to SR 99. This would have meant 350 trucks entering and leaving the distribution site per day, and would create numerous jobs.

Atwater/Merced Expressway is a key piece of the UC Merced access loop. The expressway would provide connections to the campus from north of Merced, and the proposed Campus Parkway would provide access from the South.

The Campus Parkway will provide direct access from SR 99 to UC Merced. UC Merced will have 1,000 students in 2004 and 25,000 by 2030, as well as faculty and support staff for the campus. Currently, there is no direct connection from the City of Merced or SR 99 to the campus, a distance of five miles.

A connector linking these two road segments together will provide a continuous loop that will improve access for the entire region. This project has received the least study by regional transportation planners and economic development officials. No estimates of the direct economic impact of this road are available at this time, but local area officials believe that it is a key component that will make the loop system effective in the future.

Funding and Planning Status

The three pieces of the Merced loop road are at different stages of planning, though none has received enough funding to construction.

Atwater/Merced Expressway. The Atwater/Merced Expressway is at an early stage of project development. Caltrans and Merced County Association of Governments are currently developing alternatives, which will likely include at least three interchange locations and routing alternatives. No comprehensive analysis of funding for this project has

been conducted, but local transportation planners estimate that it will cost between \$100 million and \$175 million.

Campus Parkway. The proposed Campus Parkway has several components. The new Mission Street interchange on SR 99 has already been funded and is in development.

A connection from Mission Street interchange to Yosemite Avenue would cost a total of \$65 million, of which \$41.7 million are available. This is enough to fund a right-of-way acquisition, building major structures, and building a two-lane road. Widening to four lanes would be done during the second phase, although an interchange is funded in the current RTP. A substantial piece of this funding (\$23 million) comes from the Transportation Congestion Relief Program (TCRP) program, putting it at risk to be eliminated in the current budget negotiations. If this money disappears, the County will have enough to fund a right-of-way acquisition and some basic infrastructure only, but not enough to build even the two-lane road.

Connector. The final two-mile segment of this road would connect Yosemite Avenue to the new UC Merced community just south of the university. No cost estimate has been made for this segment, but the County of Merced expects the developers of the residential and business community to pay for it.

The final piece of the Merced loop that would connect the Atwater/Merced Expressway and the Campus Parkway remains completely unfunded. Though it has been identified as a corridor for some years, there has been no review of alternatives, environmental analysis, or cost estimates for it. County transportation planners estimate that it will cost at least \$4 million per mile for the 10-mile segment, but this number will change greatly depending on the design of the road and a detailed estimate of costs.

9.3.2 Improved Access to Applegate Business Park

Located at Applegate Road and Winston Road, the Applegate Business Park and the surrounding area currently has a two-lane overhead connector to SR 99. This project would develop a four-lane road overhead structure and build a new interchange connecting SR 99 to the business park.

Economic Development – Transportation Nexus

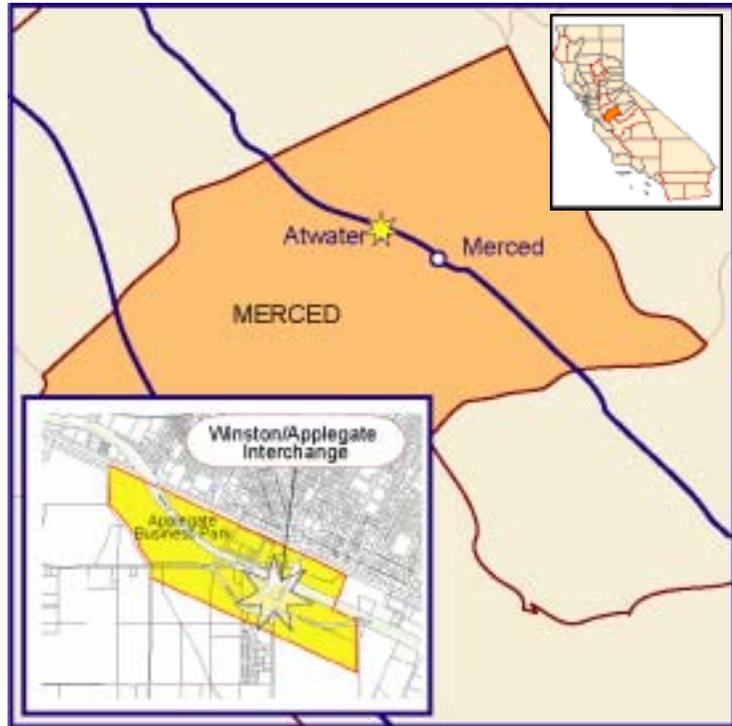
Applegate is an existing business park with over 200 acres available for development. The biggest obstacle to further development of this business park is the condition of the interchange and SR 99 overhead structure at Applegate Road and Winston Road.

The existing interchange and access road arrangement are blocking investment and development of the business park. The parks developers are concerned that their projects will generate truck trips that cannot be accommodated by the existing interchange. For example, Applegate was a finalist for an 800,000-square-foot warehouse and distribution center that would have employed 500 people. This \$25 million investment was eventually

located elsewhere, because of difficulties accessing the business park. In total, local economic development planners estimate that about 1,000 jobs and \$75 million worth of direct investment have decided on other locations, because of issues with the Applegate interchange.

Funding and Planning Status

Caltrans prepared preliminary designs for this project nearly 10 years ago, but never generated a project study report. Local economic development planners estimate that the intersection reconfiguration would cost a minimum of \$20 million, but cost estimates for the project have not been completed. The project is not listed in the regional transportation plan.



10.0 Oroville

10.0 Oroville

■ 10.1 Geography and Economic Conditions

Oroville is the county seat of Butte County, but the 13,000 city residents account only for six percent of the County's population. The 60,000 resident population of the greater Oroville area has been relatively stable, but stronger growth is forecast for the future. The largest city in Butte County is Chico, home to a large California State University (CSU) campus. Oroville and Chico are the employment centers for the County, but many of the jobs in these two cities are held by commuters who live in unincorporated parts of the County. The Town of Paradise and some unincorporated parts of the County have attracted a substantial retirement community.

10.1.1 Industry Profile

Countywide, both the labor force and employment have expanded in recent years and unemployment has declined. The labor market remains subject to seasonal variations, however, primarily because of the role of agriculture, recreation, and tourism in the local economy.

Butte County's economy relies on services, government, and retail trade. These sectors account for over 70 percent of total employment in the county and have contributed significantly to employment growth. Health and social services are important components of the services sector, and education (CSU Chico and Butte Community College in Oroville) is a key component of the government employment count. In recent years, the finance, insurance, and real estate sector (FIRE) has also posted significant employment gains. Natural and recreational resources support the retail trade and hospitality service sectors.

Agriculture remains an important mainstay of the County economy. This part of the northern Sacramento valley boasts ideal conditions for agricultural production, supporting rice, almonds, walnuts, prunes, peaches, and kiwi fruit. Agribusiness from food processing and packaging to research and development is encouraged in Butte County.

The moderate climate and outdoor recreation opportunities draw tourists and retirees to Butte County. Lake Oroville (the second largest man-made lake in California) is a significant state recreation area for fishing, boating, hiking, and camping; and ranks as the top bass fishing location in the State. The Feather and Sacramento Rivers offer salmon, trout, catfish, and shad fishing.

Major manufacturing employers in Oroville include food processors and producers of wood products, plastics, plastic bags, electrical equipment and supplies, and specialized machinery. Education, social services offices, and gaming are top employers in the service sector. Construction of the Oroville Medical Complex began in December 2001. The facility will be one of the largest medical centers north of Sacramento.

A key economic development issue for Oroville is retaining the economic activity represented by the local labor pool and household retail spending potential. Oroville residents and residents of the surrounding unincorporated area travel to Chico, Roseville, and Marysville/Yuba City to shop, and many also commute to other cities to work. The City wants to revitalize the historic downtown.

Favorable Economic Attributes

Oroville has several economic advantages that help it attract business, including the following:

- High quality of life, including small town atmosphere, moderate climate, low levels of congestion, and abundant outdoor recreation opportunities;
- Pro-business and pro-growth attitude;
- Low business costs, including land and space costs (land prices are around \$5 million per acre) and labor costs;
- Low housing costs compared to major metropolitan areas in California; and
- Excellent educational opportunities at CSU at Chico and Butte-Glenn Community College (main campus in Oroville).

Economic Constraints

The area also faces several constraints on economic development, many of them specifically related to transportation.

There is no continuous four-lane freeway/expressway system in Butte County, creating a regional and interregional constraint to the movement of people and goods through the north state. SR 70 is the main connection from Oroville to Marysville and on to Sacramento. This facility is a two-lane highway located between four-lane facilities to the north and south.

Most goods moved in and out of Butte County use this two-lane rural roadway, sharing the road with automobiles, farm equipment, school buses, and other vehicles. The competing demands create unsafe travel conditions, reduce capacity, and lower levels of service for truck operations.

In addition to the transportation constraints, mitigation for impacts to threatened and endangered species may become an increasing cost to public and private development in Butte County. For example, the SR 149 project, programmed and completely funded since 1994, faces a two-year delay and an additional \$10 million in costs (about 10 percent of total project costs) due to recent environmental concerns raised by the U.S. Fish and Wildlife Service and the U.S. Environmental Protection Agency.

10.1.2 Local Economic Conditions

In 2000, unemployment in Butte County was more than double the State of California as whole (9.3 percent compared to 4.3 percent). In the City of Oroville unemployment was almost 13 percent, three times the statewide average.

Median income in this part of the State is much lower than California as a whole. Butte County household income is one-third less than the statewide average, at \$32,000 per household. **Oroville's household income is roughly one-half of the statewide average, and almost one-third of all individuals in Oroville live below the poverty line.**

Educational attainment is relatively high in Oroville and Butte County, given high unemployment and low household income. Over 82 percent of Butte County residents have completed high school, higher than the statewide average of 77 percent. Over 20 percent graduated from college, which is roughly 80 percent of the statewide average, and the highest level of college graduation of any of the counties examined in this study. Educational attainment levels are somewhat lower in Oroville, with 74 percent of residents graduating from high school and over 10 percent going on to complete college.

10.1.3 Transportation

Two highways link the greater Oroville area to California's major metropolitan areas. SR 70 passes directly through Oroville city limits, connecting south to Sacramento and east to US 395 and Interstate 80 near Reno. SR 99 provides a parallel route through the County, connecting to Interstate 5 north of Chico and to Interstate 80 in Sacramento to the south. SR 149 is an important connector between SR 70 and SR 99. Travelers between Oroville and Chico use SR 149.

Two Union Pacific (UP) rail lines serve Butte County – one connects Chico, Biggs, and Gridley North to Oregon and South to Sacramento; and the other runs from Sacramento through Oroville, up the Feather River Canyon, and on to Idaho. Sidings in and near Oroville serve lumber mills and various manufacturers with some limited use by commercial enterprises. On an average day, between 24 and 50 trains move through Butte County, shipping bulky items such as grain, rice, vehicles, and fuel. The rail lines provide access to and from major port facilities in Sacramento, Stockton, and Oakland.

The Coast Starlight offers interstate rail service between Seattle and San Diego. Two trains, one northbound and one southbound, stop daily in Chico at the inconvenient hours

of 2:00 a.m. and 3:00 a.m., respectively. The Butte County Association of Governments studied the feasibility of extending intercity passenger rail service to the North Sacramento Valley cities in 1994, concluding that ridership forecasts would not support intercity rail passenger service.

The Chico Municipal Airport serves commuter flights to San Francisco and overnight carriers. The Oroville Municipal Airport is a regional general aviation facility owned by the City. The airport covers 795 acres about 2.5 miles west of the rest of the City. In addition to single-engine general aviation aircraft, the airport serves some overnight carriers.

Regional Transportation Priorities

The following are the needs and priorities outlined by the Butte County Association of Governments (BCAG):

- **Completion of the Marysville Bypass to the Oroville Freeway. This is the highest priority for Butte County, and would provide a continuous expressway between Chico and Sacramento.** The project is the cornerstone of long-term corridor improvements involving the construction of a new four-lane expressway parallel to the existing SR 70. Caltrans and associated agencies have completed a project study report (PSR) and a major investment study. The project is now in the project approval and environmental document stage.
- Providing an intersection on SR 70 at Ophir Road would bring a section of SR 70 near Oroville to freeway standard.
- Upgrading SR 149 between SR 99 and SR 70 from the existing two-lane facility to a four-lane facility with freeway-to-freeway interchanges, creating an expressway and a continuous four-lane facility between Chico and Oroville.

■ **10.2 Economic Development Goal**

10.2.1 Economic Development Strategy

Oroville's primary economic development concerns are improved access to industrial properties and tourist opportunities in the area. A new owner is marketing a vacant site in Oroville formerly owned by Louisiana-Pacific as the SR 70 Industrial Park. At 126 acres with 600,000 square feet of space for manufacturing, the site is the largest heavy-industrial site in Butte County. The site is just off SR 70 at Georgia Pacific Way, and a rail spur provides direct connection to the UP mainline. This site requires a direct connection to SR 70 to be fully developed as an industrial park.

Several opportunities for increased tourism exist in the area, including Lake Oroville and two Native American-operated casinos. Lake Oroville is the second largest man-made

lake in California and includes opportunities for fishing, boating, hiking, and camping; and ranks as the top bass fishing location in the State. The state recently invested \$50 million in the lake to improve recreation facilities.

10.2.2 Other Economic Development Activities

Oroville and Butte County have several active economic development organizations, including the following:

- **Butte County Economic Development Corporation (EDC).** A countywide lead agency for regional collaboration, marketing, and business attraction.¹ EDC implements a proactive and aggressive industrial recruitment program. The goal is to establish Butte County as the economic, educational, recreational, medical, and services hub for the Northern California region. The EDC is a member of the *Butte County Job Creation Team*. Other members of the team are described below.
- **Butte County Administrative Office.** This county office is the lead agency for economic development in the County. The Administrative Office works with other local economic development officials. The County has assisted cities to secure funding for infrastructure to support economic development, and the County funds business retention and attraction studies.
- **Tri-County Economic Development Corporation (TCEDC).** A private, non-profit corporation established in 1988 to coordinate economic development efforts in Butte, Glenn, and Tehama Counties. It focuses on obtaining capital for businesses and communities. The TCEDC manages various small business loan funds designed to provide gap financing and stimulate job creation. It also prepares grant applications and manages economic development projects.
- **CSU Chico.** The University offers a number of economic development resources. The *Center for Economic Development* provides research and social and economic data to area firms interested in knowing more about the regional economy, as well as export trade assistance to local companies.² The *Center for Manufacturing Excellence* provides technical and management services to area manufacturing firms.
- **Butte College Small Business Development Center.** The center serves Butte, Glenn, and Tehama Counties from a main office in Chico. There is a satellite office in Oroville. Working in partnership with the California Trade and Commerce Agency, the Small Business Administration, the Chancellor's Office of California Community Colleges, local cities and economic development entities, the center provides comprehensive business management services and training to help promote the development, retention,

¹ <http://www.butte-edc.com/>

² <http://www.csuchico.edu/cedp/>

and expansion of small businesses. Counselors provide up-to-date technical assistance to small business owners and entrepreneurs. The center also offers “how-to” courses, workshops, seminars, and conferences.³

- **Oroville Area Chamber of Commerce.** The Chamber works locally in tourism, relocation, and economic growth.⁴
- **City of Oroville Enterprise Zone.** The zone covers 5,000 acres of commercial and industrial land in the City of Oroville and adjacent unincorporated areas.
- **City of Oroville Foreign Trade Zone (FTZ).** Designated in February 2002, this FTZ was then the newest in the nation. It offers users savings on customs duties, and provides flexible procedures for handling domestic and imported merchandise.
- **Redevelopment Zone.** Oroville’s redevelopment zone includes all land within the 1982 city limits.
- **Recycling Market Development Zone.** In partnership with the California Integrated Waste Management Board, it provides low interest loans and other business assistance to enterprises that use secondary materials from the waste stream as inputs to their manufacturing processes. It also is one of 40 in the State. The boundaries are the same as those of the Oroville Enterprise Zone.

■ 10.3 Transportation Improvements

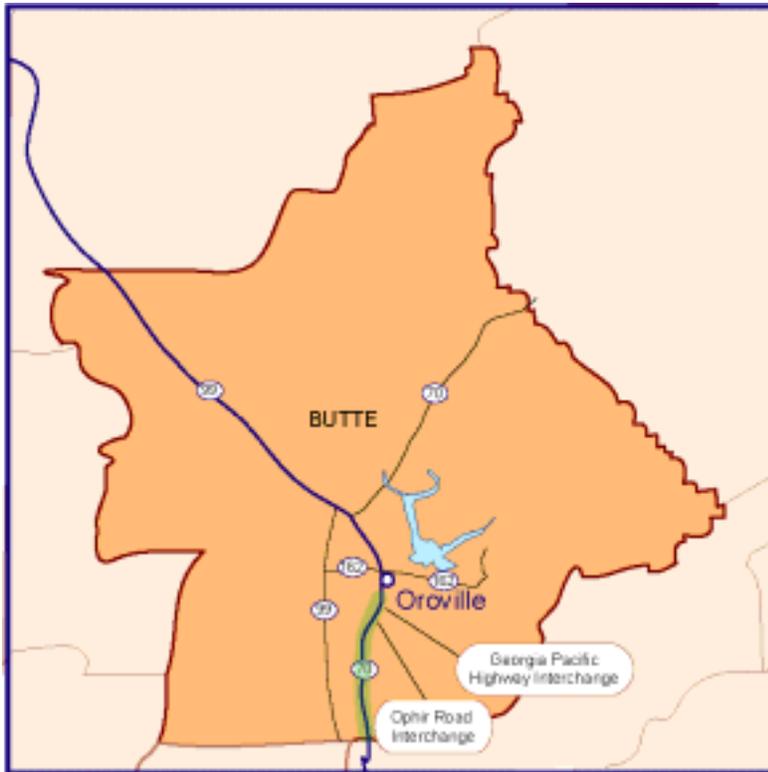
Oroville has identified four transportation projects that would spur economic development in the area, including widening SR 70 from two to four lanes to improve connections from Oroville to Marysville and Sacramento; constructing two new interchanges in the Oroville area to provide improved access to industrial properties; and widening SR 162 from two to four lanes to better connect the City to Lake Oroville.

10.3.1 Widening SR 70

The number one priority project from an economic development perspective is to improve SR 70 to four lanes from Marysville to Oroville, described above as the completion of the Marysville bypass to the Oroville freeway. This project would involve the construction of a four-lane highway for SR 70 on a new alignment between SR 65 in Marysville and SR 70 at the Ophir Road Interchange, a distance of 30 miles. Caltrans is in the process of

³ <http://www.bcsbdc.org/>

⁴ <http://www.oroillechamber.net/>



widening SR 149 to four lanes, which will provide a four-lane expressway from Oroville to Chico. When this project is complete, the SR 70/Marysville bypass project will be the only remaining two-lane link between Marysville and Chico. The overall goal for the SR 70 corridor is to have a continuous four-lane facility connecting the urbanized areas of Chico and Marysville to Sacramento. Chico is the largest urbanized area in California not connected to the state's four-lane expressway and freeway system.

A second related project, is the construction of an interchange on SR 70 at Ophir Road. This project includes the construction of a freeway interchange on SR 70 at

Ophir Road and an upgrade of SR 70 to expressway status from Ophir Road to SR 149. The existing interchange at Ophir and SR 70 is an at-grade intersection with stop signs on Ophir Road for the east and west approaches. The new interchange will be completely grade separated with both north and south access. Current plans for this project also include replacing the at-grade intersection at Georgia Pacific Way with an overpass.

Economic Development – Transportation Nexus

These two transportation projects work together to provide opportunities for economic development in Oroville. Oroville leaders actively pursue opportunities for economic development, but currently avoid discussing transportation issues with prospective new businesses. Improvements to these roadways will also provide a location for businesses to locate that might otherwise relocate to another state.

The lack of four-lane highway access to Oroville has been a substantial barrier to economic development of the area. Several firms have expressed interest in Oroville, but chose other locations because of transportation issues, including the following:

- Wal-Mart chose to locate in Red Bluff (near Redding) over Oroville for a distribution center due in part because SR 70 is two lanes. Red Bluff has direct access to Interstate 5.
- A firm that constructs manufactured housing considered relocating to Oroville from the East Coast, but pulled out in part because of inadequate transportation facilities.

Timing was the biggest issue, but they were also concerned about the lack of an off-ramp to access the site.

- A renewable energy generator considered locating an ethanol plant that would have used existing local raw materials in Oroville. Farmers currently burn rice straw in the fields or process the rice straw at substantial cost. The plant would have used 300,000 tons of rice straw a year, requiring numerous truck trips for both incoming raw materials and outgoing ethanol products. The lack of adequate transportation facilities, especially an interchange to access the site, forced the developer to reconsider. The operator was very concerned about adverse public reaction to increased truck traffic through city streets.
- Several years ago, a housing developer backed out of a deal for a 46-acre property, because of concerns about the ability of the area to support residents. The developer would not build without improvements to SR 70, because he believed that the demand for housing would be depressed until there was improved access for businesses.

Funding and Planning Status

The SR 70 project is a priority project for the City of Oroville and Butte County for several reasons, including economic development. The total cost to build the 30-mile stretch of road is \$363.5 million, of which a total of \$17 million in Federal funds has already been programmed. The remaining \$346.5 million remain unfunded.

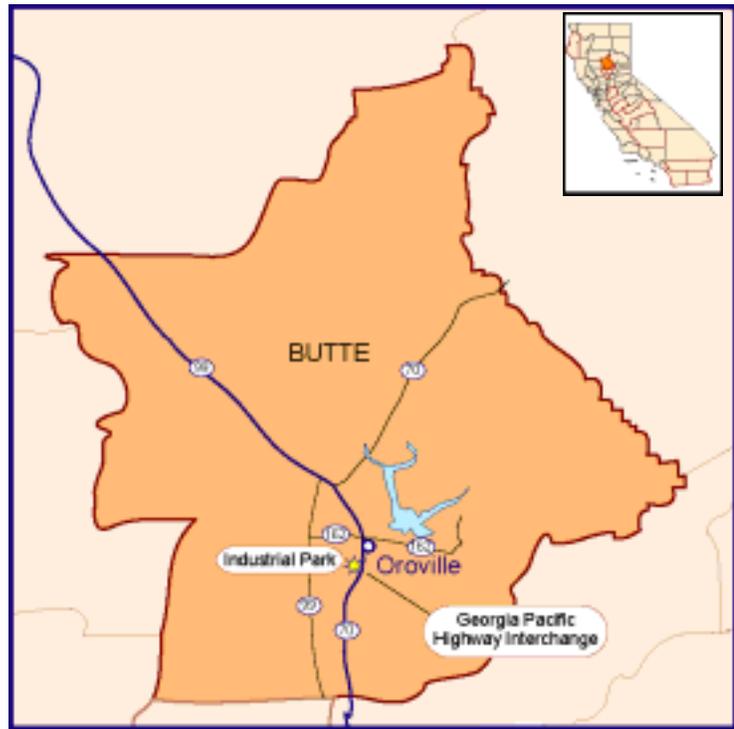
Caltrans is currently involved in preparing an alternatives analysis and technical studies for a draft environmental impact report/statement (DEIR/S) for this project, and Butte County Association of Governments (BCAG) has worked with Caltrans to fund the project approval and environmental document component to bring a continuous four-lane facility between Oroville and Chico.

The Ophir Road interchange is a priority project for the region, and is listed in the first tier of Butte County Association of Government's (BCAG) long-range transportation plan. The total cost to build the Ophir Road interchange is \$45.4 million, of which \$12.3 million are currently programmed but have not been released. The remaining \$33.1 million does not yet have an identified source. In late spring or early summer, over \$1 million will be made available to complete the environmental review of the project.

10.3.2 Georgia Pacific Way Interchange

The second major project suggested was to construct an interchange on SR 70 at Georgia Pacific Way. The existing Ophir Road interchange project includes replacing the at-grade intersection with an overcrossing at Georgia Pacific Way. The City of Oroville would like to develop a full diamond interchange at this location.

Redevelopment of the Louisiana-Pacific site, now the SR 70 Industrial Park, is dependent on the development of an interchange at Georgia Pacific Way. The site includes 600,000 square feet of vacant space and is well suited for growth. It is the only large property in Butte County that is zoned for heavy manufacturing (M2). In addition, the property has full rail service, 22 megawatts of power available (enough to power Chico), a four-inch high pressure gas main, direct access to a sewer plant with 50 percent of its capacity available, access to two water districts with excess capacity, and 390 tons of air credits.



Currently, trucks can access to this property at a stoplight on SR 70 at Georgia Pacific Way. As part of the Ophir Road interchange project, this intersection will be replaced with an overpass, essentially eliminating access to the industrial park.

The developer of the site receives three or four requests for information every month from realtor companies due to the unique potential of this site. The park owner estimates that 80 percent of these contacts raise concerns about the lack of transportation infrastructure. Some of these concerns regard the lack of air service at Chico Airport, but the vast majority are concerned about access to the site and the lack of a four lane road to Oroville.

Funding and Planning Status

No study has been completed to build an interchange at this location, but local transportation planners estimate the cost to be between \$5 million and \$10 million. BCAG has not included this project in its long-range transportation plan.

10.3.3 Widening SR 162 to Lake Oroville

This project would include widening SR 162 from two to four lanes from Grand Avenue to Oakdale Avenue. SR 162 is the main access road from the City of Oroville to Lake Oroville, connecting to SR 70 at Oro Dam Boulevard.

Economic Development – Transportation Nexus

Improvements to SR 70 and SR 162 could provide substantial additional tourist activity at Lake Oroville and at Tribal Casinos in the Oroville region. Lake Oroville has 16,000 surface acres of water and 167 miles of shoreline. The State has invested nearly \$50 million in Lake Oroville recreation facilities, including boat launches, marinas, fishing piers, camping sites, hiking trails, and other recreation facilities.

Access constraints on SR 70 and SR 162 limit tourist use of the lake. SR 162 is a winding two-lane road that connects from SR 70 in Oroville to the lake. Lake recreation planners expect that adding additional lanes to SR 162, in combination with recreation improvements, will increase visitors to the lake by up to 50 percent in the first 10 years.

Currently, at least one-half of all visitors who use Lake Oroville come from within Butte County. Lake recreation planners suggest that Lake Shasta, by contrast, draws visitors from much of the State and is used each year to its capacity. Lake Oroville is a shorter distance for visitors from the San Francisco Bay Area and Sacramento, but Lake Shasta has direct four-lane highway access on Interstate 5, drawing many of these visitors away from Lake Oroville.

Oroville has two casinos operated by Native Americans. Mooretown Rancheria operates the Feather Falls Casino located on Lower Wyandotte Road. The main access to this casino from SR 70 is Ophir Road. Bear Creek Rancheria operates the Gold Country Casino, which is located on SR 162 (Olive Highway). The two rancherias have developed expansion plans for casinos and related development, potentially including hotels, retail outlets, recreational vehicle parks, housing, and business parks. The casinos and related developments face potential constraints on attracting visitors without improved access to Oroville.

Funding and Planning Status

This project is not programmed for funding in the current regional transportation plan. The cost for this project is undetermined yet likely between \$5 million and \$7 million. Caltrans is expected to complete a PSR by fall 2003. After the PSR is completed, Caltrans and BCAG will address the funding needs and potential timing of when the project should be included in the State Transportation Improvement Program.

11.0 San Diego County Tribes Along SR 76

11.0 San Diego County Tribes Along SR 76

■ 11.1 Geography and Economic Conditions

San Diego County has more Indian tribes and reservations than any county in the United States. There are 18 Federally-recognized tribes and reservations covering 116,000 acres in the County. Five of the tribes have reservations near SR 76 and Valley Center in northern San Diego County with a total of over 34,000 acres. The nearest cities are Escondido to the south and Temecula in Riverside County to the north.

Since January 2001, these tribes have developed almost 500,000 square-feet of casinos, restaurants, entertainment centers, hotel rooms, and parking. The tribes plan additional casino resort and hotel development to expand existing or interim facilities. Gaming and hotel development has introduced a substantial increase in economic activity and traffic to a formerly remote area on the fringe of the San Diego metropolitan area.

11.1.1 Industrial Profile

The tribal area along SR 76 straddles two community planning areas, which are defined in the San Diego County General Plan: 1) the Valley Center and 2) Pala/Pauma. Agricultural uses and estate-style residential development have resulted in low population density. The terrain is rugged and includes important watershed resources and sensitive biological habitats. The Pauma Valley is an important agricultural center for citrus, Avocado, and nursery plants.

Key issues for future planning in the area include maintaining agriculture, preserving the rural character of the area, and mitigating the impacts due to the development of gaming facilities and tribal land. The San Diego County General Plan projects that the population of the area along SR 76 will more than double over the next 20 years.

Although the Indian gaming facilities are among the largest employers in the area, most of the jobs are held by non-Indians from neighboring communities in Riverside and Imperial Counties.

11.1.2 Local Economic Conditions

The tribal areas clustered along SR 76 are home to about 26,000 people, about one percent of San Diego County's total population (2,856,300 in 2000).¹ The population is distributed among the following five tribes:

1. The La Jolla Band of Luiseno Indians has 652 tribal members. On the reservation, there are about 175 housing units with a residential population of 300.
2. The Pala Band of Mission Indians has almost 900 members (650 of whom live on the reservation) and is one of the largest tribes in southern California.
3. The Pauma-Yuima Band of Mission Indians numbers 200 tribal members, 87 of whom live on the reservation. An additional 81 people live on the reservation to support Casino Pauma.
4. The Rincon San Luiseno Band of Mission Indians has about 552 members, one-half of whom lives on the reservation. With the expansion of Harrah's Rincon Casino and Hotel in August 2002, a total of 1,800 people live on the reservation.
5. The San Pascual Band of Mission Indians has total tribal enrollment of 335 people. There are 204 units on the reservation, housing a total of 500 people (86 people are tribal members).

The tribal areas are part of Valley Center and Pala/Pauma community planning areas. There are approximately 5,300 jobs in the two planning areas.² This is a ratio of about one job for every five people, compared to nearly one job for every two people for all of San Diego County.³ Many of these jobs are filled by non-tribal members. Most of the economic activity in the North County region is located to the south or west of tribal lands in the rapidly growing Cities of Escondido, San Marcos, Vista, Carlsbad, and Oceanside. Extreme unemployment rates on these reservations have translated into extended periods of poverty for many tribal members.

11.1.3 Transportation

The North County portion of San Diego County is served by Interstate 15, which runs from the City of Escondido to Riverside County.

¹ Information compiled for the San Diego County General Plan update.

² Information compiled for the San Diego County General Plan update.

³ As of the Year 2000, civilian employment was 1,362,100, with an unemployment rate of only three percent in San Diego County, California Department of Finance, 2001 California County Profiles.

The five tribes are served by SR 76, which is a two-lane highway east of Interstate 15. The route provides access to the rural communities of Pala, Pauma Valley, and Valley Center. The route also directly serves tribal reservations for the La Jolla Band of Luiseno Indians, the Pala Band of Mission Indians, the Pauma-Yuima Band of Mission Indians, and the Rincon San Luiseno Band of Mission Indians.

The San Pascual Reservation is accessible from SR 76 via Valley Center Road, which is a two-lane county road. Valley Center Road also provides a second access road to the Rincon reservation. The road continues south from the Rincon Reservation past the San Pascual Reservation to the City of Escondido.

Finally, the Pala-Temecula Road is a county road extending north on SR 76 from northern San Diego County to Riverside County.

■ **11.2 Economic Development Goal**

11.2.1 Economic Development Strategy

There are five Indian tribes and reservations in this part of unincorporated San Diego County. All five tribes have embarked on or plan intensive programs to develop gaming and casino/resort facilities on reservation land.

The reservations are in remote, isolated locations. In addition, mountains, floodplains, and sensitive biological habitats limit the development potential of the area. Continued tribal isolation is fostered by complex Indian law and politics, as well as dependence on Federal programs and services. Other constraints on tribal development include the limitation on using reservation land as collateral for financing without waiving tribal sovereign immunity, land tenure issues concerning the jurisdiction of tribal governments over reservation land, and renegotiations on the compact agreements governing tribal gaming.

There has been some difficulty coordinating development on tribal lands with surrounding jurisdictions. The tribes are not represented on the Board of the San Diego Association of Governments (SANDAG), the regional metropolitan planning organization (MPO). As a result, the tribes do not have an official voice in the process for setting regional transportation planning priorities.

Previous Regional Transportation Plans (RTPs) and other planning efforts did not anticipate the intensive commercial development that has occurred on reservation lands in recent years. Much of the growth has occurred since the signing of the Tribal State Compact in September 1999, which allowed gaming on tribal lands in California. The changes in land use on tribal lands conflict with many of the County's conservation and long-range planning goals. The MPO and tribes are attempting joint planning to address these issues. San Diego County concerns include the following:

- Air quality impacts of increased traffic near gaming facilities;
- Impacts on biological resources;
- Compatibility with community character, light pollution interfering with observations at nearby Palomar Observatory;
- Integration of long-range tribal development plans with County and regional planning efforts;
- Intensification of land use in the vicinity of tribal development projects;
- Potential growth-inducing effects of wastewater treatment plants providing urban service levels beyond the bounds of reservation lands; and
- Adequacy of storm drainage, water supply, and public safety services.

11.2.2 Other Economic Development Activities

Many of San Diego's local tribes are active in promoting local economic development, including the following:

- **Southern California Tribal Chairmen's Association (SCTCA)** is a consortium of 19 Federally-recognized Indian tribes, including all five of the tribes along the SR 76 corridor. SCTCA coordinates and administers numerous grant programs for its members and the Southern California Indian community, including Tribal Temporary Assistance to Needy Families (TANF), law enforcement, food commodities, information technology services, Rincon Community Day Care, adult vocational training, the Career Development Center, the Low Income Home Energy Assistance Program (LIHEAP), the Library Program, child care development services, Tribal Digital Village (TDV), and the Resource Prevention Program.
- **Alliance of California Tribes (ACT)** is a statewide tribal organization that encourages cooperation on issues of mutual concern not related to Indian gaming. ACT provides a collective voice on legislative and regulatory activities to further the economic development of member tribes and it works to benefit the cultural and spiritual life, economic well-being, educational opportunity, and health and general welfare of all California tribes.
- **Reservation Transportation Authority (RTA)**, based in Temecula, is responsible for planning, designing, building, and maintaining roads on member reservations. The consortium contracts with the Bureau of Indian Affairs for road construction and maintenance programs, seeks additional transportation funding for its projects, and provides transportation planning and administration for tribal governments.
- **Indian Gaming Special Distribution Fund** is a trust fund established by the tribal-state gaming compact that legalized gambling on Indian lands. The Fund addresses

problems at the local level caused by gambling, such as traffic and gambling addiction. The RTA is advocating that at least 50 percent of the trust fund be set aside for addressing local traffic problems.

- **Palomar College** is a public two-year community college that is part of the California Community Colleges System, and has an educational center on the Pauma-Yuima Reservation. The Pauma Valley Educational Center offers classes in American Indian studies, child development, computer science and information systems, and mathematics. Students can also take a variety of classes at the other seven education centers.
- **Southern California Tribal Digital Village** is a collaboration among the San Diego area tribes, the University of California San Diego (UCSD), Palomar College, local school districts, and other organizations. The digital village, funded by a \$5 million grant from Hewlett-Packard, is constructing high-speed, broadband connections to Indian reservations. The intent is to enhance connections among communities and provide a foundation for continuing education and economic growth. The grant includes training on maintaining the digital network, as well as basic and advanced computer skills training.

■ 11.3 Transportation Improvements

In July 2002, San Diego County prepared an update to its traffic assessment of gaming projects. **The new document entitled, *Draft Update on Impacts of Tribal Economic Development Projects in San Diego County*, identified improvements needed to accommodate the traffic impacts of the four gaming tribes along SR 76.**

The proposed project would provide improvements to 17 miles of SR 76, including road widening and operational improvements on seven miles from Interstate 15 to Lilac Road to support developments in Pala and Pauma-Yuima. Operational improvements include building left-hand turn lanes, acceleration/deceleration lanes, and other access improvements within Indian reservation land. Additionally, major reconstruction of the SR 76 to Interstate 15 interchange will be necessary to support the full use of SR 76 to access the Indian reservations along SR 76.

Economic Development – Transportation Nexus

The proposed project will provide three major economic development benefits to the tribal areas of San Diego County. First, improved access to several existing and proposed gaming facilities could increase tourism in the area, providing new jobs for tribal residents. Second, the improvements will enable tribal residents to better access employment and services off the reservations. Finally, an upgraded SR 76 will stimulate additional industrial growth.



The reservations are sited in back-country locations served by rural two-lane county roads and state highways. Casino-related traffic is already impacting SR 76 and other local roads. Some development has occurred on each of the five tribal areas and improved roadway access would provide for additional growth in tourism and other industries, as described below.

La Jolla Band of Luiseno Indians.

The reservation encompasses about 8,000 acres off SR 76. The La Jolla Band operates several commercial businesses on the reservation: a water park, campground, off-road and paved race tracks, a gas station, and a convenience store with a 30-slot machine arcade. The arcade

employs 18 people. The La Jolla Band's economic development goals are to provide year-round, family-oriented recreational facilities with cabins; build and operate a water bottling plant; develop eco-tourism opportunities; and open a small casino and resort complex.

Pala Band of Mission Indians. The reservation of the Pala Band of Mission Indians covers 12,000 acres of largely mountainous terrain on either side of SR 76. Pala Road and County Highway S-16 (the Pala-Temecula Road) provide access. The San Luis Rey River runs through the reservation and establishes a major flood zone over substantial areas of the reservation. Reservation development includes 400 housing units, a recreational pond, cultural center, school, fire station, convenience store, gas station, and, more recently, a permanent casino. The Pala Casino and Entertainment Center opened in April 2001. The gaming facility comprises almost 200,000 square feet, including a casino; restaurants; entertainment facilities; and a multi-purpose space that can be configured as a bingo hall, concert theatre, boxing arena, or banquet hall. Expansion plans include a 500-room hotel, more gaming and restaurant development, and meeting space. The casino employs 1,500 people, and has a payroll of \$50 million. Tribal development priorities include upgrading infrastructure for water supply, distribution, and storage; providing housing; and preparing a reservation master plan.

Pauma-Yuima Band of Mission Indians. The 5,900-acre reservation covers four separate tracts. One tract consists of a forested area of steep terrain without any transportation access. The other three tracts are accessible via SR 76 and Pauma Reservation Road. Of these tracts, about 250 acres are developable. Reservation development includes 47 housing units, Pauma Education Center of Palomar College, a fire station, and an agri-business yard. In 1985, the Band started an Avocado agri-business operation that has

expanded to include oranges and lemons. The produce, supplied to three local packing houses, is exported to the Pacific Rim. Casino Pauma, an interim casino of 65,000 square feet, opened in May 2001. Future plans include a permanent casino with direct access from SR 76.

Rincon San Luiseno Band of Mission Indians. The reservation occupies 4,200 acres located east of Valley Center. Of this land, 1,600 acres are developable. However, most of that area have been designated as critical habitat for Federally-listed endangered species. Development on the Rincon Reservation includes 415 housing units, a power plant, a school, a health clinic serving all North County reservations, a market, a mini-mart and gas station, trucking companies, an equipment manufacturer, and a permanent casino/hotel. The Rincon Band was the first of the tribes in the area to open an interim casino operation (January 2001) following the signing of the Tribal State Compact in September 1999. An expanded permanent facility opened in August 2002 – Harrah’s Rincon Casino and Hotel, developed and operated by Harrah’s under contract to the tribe. The facility includes 180,000 square feet of gaming, restaurant, entertainment, and retail space and a 200-room hotel. The casino/hotel operation employs 1,300 people.

San Pascual Band of Mission Indians. The reservation consists of 1,400 acres on four non-contiguous tracts east of Valley Center. The Band operates the Valley View Casino. The first phase opened in April 2001 and covers 41,000 square feet. The casino employs 430 people. An expansion is planned. The Band is also considering development of a permanent casino/hotel resort.

In addition to casino and related development by five area tribes, the Pechanga Resort and Casino – the largest Indian gaming complex in California – recently opened in Riverside County just north of the San Diego County line. Although SR 79 is the primary access route to this casino, the Pala-Temecula Road (County Highway S-16), terminating to the south at Pala Village on the Pala Reservation, is another popular route.

The improvements to SR 76 will help the tribes attract tourists to their casino operations, and enable agri-business operations to ship goods to major markets in San Diego and Los Angeles.

Funding and Planning Status

The 2020 SANDAG RTP does not include improvements for SR 76 east of Interstate 15. Also, Caltrans does not have operational or capacity improvements programmed for that portion of SR 76. According to the San Diego County traffic assessment, the tribal development projects on the Pala, Pauma-Yuima, Rincon, and San Pasqual reservations cause traffic conditions on SR 76 to drop from level of service (LOS) B to LOS D between Interstate 15 and Lilac Road. Specific improvements and their costs have not been determined.

Several of the land development projects submitted by developers to the San Diego County for discretionary approval include fair-share contributions to new on and off ramps between Interstate 15 and SR 76, as well as operational improvements along SR 76.

The timing of these improvements depends upon construction of the land development projects.⁴

The Rincon, San Pasqual, and Pauma Bands have entered into voluntary cooperative agreements with San Diego County to provide significant contributions to access an off-site roadway improvements. Total contributions (to be spent on appropriate routes) are \$7,030,000 from Rincon; \$6,149,349 from San Pasqual; and \$1,451,800 from Pauma.

The degree to which the tribes must comply with state and Federal environmental requirements remains unresolved. SANDAG has agreed to involve the tribes in the 2030 RTP Update.

⁴ County of San Diego, *Draft Update on Impacts of Tribal Economic Development Projects in San Diego County*, July 2002.

12.0 San Joaquin County

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■ 12.1 Geography and Economic Conditions

San Joaquin County is located in California's Central Valley near the San Francisco Bay Area, the Sacramento metropolitan region, and Yosemite National Park. The County is one of the most agriculturally rich regions in California, and has seven cities within its boundaries. The City of Stockton is the county seat.

Stockton has a long history as a California inland port and has become a focal point for San Joaquin Valley agriculture-related business. More recently, Stockton and San Joaquin County have been among the fastest growing regions in the State. Much of the growth is due to residential housing pressures from the San Francisco Bay Area. The result is increased urbanization.

12.1.1 Industrial Profile

San Joaquin County ranks sixth among counties in California in gross value of farm products, and ranks among top 10 agricultural producing counties in the nation. Leading commodities are milk (21 percent of gross value), grapes (18 percent), cherries (seven percent), tomatoes (seven percent), and walnuts (six percent). Other crops include almonds, apricots, and asparagus. San Joaquin has the most production of asparagus in California. More recently, thousands of acres have been planted with wine grapes.¹

Major manufacturing employers include produce packers, food processors, wineries, and wood products manufacturing. Major non-manufacturing employment is concentrated in health care, grocery distribution, utilities and telecommunications, education, military distribution, and financial services. Other major employers are in the public sector: local and state government, public hospitals, school districts, and the Federal government (military distribution center).

12.1.2 Local Economic Conditions

Out of a total county population of 573,600, approximately 260,800 people were in the labor force in 2000. **The County's dependence on agriculture and related food-processing**

¹ Source: San Joaquin County, <http://www.co.san-joaquin.ca.us>.

industries has resulted in seasonal variation in employment and relatively high unemployment rates (8.8 percent compared to 4.9 percent statewide in 2000). For example, the three top manufacturing employers are food processors and produce packers, for which employment ranges from 50 to 300 workers during the low season to 1,100 to 2,800 workers in the high season. Unemployment dropped somewhat in recent years with reductions in agriculture, but pockets of joblessness remain. **The South Stockton area (near Arch-Sperry Road), which is populated with industrial parks, the Stockton Metropolitan Airport, and the intermodal facility, has an unemployment rate of around 15 percent.**

With a 1999 per capita income of \$21,544, San Joaquin County ranks 39th among California's 58 counties. Average earnings per job were \$21,544, compared to \$38,677 statewide in 1999.

Education levels are somewhat below the state median. According to the 2000 U.S. Census, only 14.5 percent of San Joaquin County residents had completed college, compared to 26.6 percent in California as a whole. As of fall 2000, there were 25,633 students enrolled in colleges and universities (primarily community colleges). California State University (CSU) Stanislaus also operates a center in Stockton.²

12.1.3 Transportation

Much of the economic activity in San Joaquin County relates to Stockton's function as a transportation hub. About 200 major trucking lines and contract carriers are located in the Stockton area. In addition, a number of distribution centers are relocating to the County to take advantage of a rich transportation network, including the following:

- The confluence of Interstates (Interstate 5 and Interstate 205) and SR 99, SR 120, and SR 88) enable goods movement and increasingly serve commuters that live in San Joaquin County and travel to skilled jobs outside the County (primarily in Sacramento and Silicon Valley).
- The Port of Stockton offers access to worldwide markets. The Port specializes in bulk cargo and is served by Union Pacific (UP) and Burlington Northern Santa Fe (BNSF). A planned expansion at Rough and Ready Island is expected to provide a broader range of business and industrial sites in the vicinity of the Port.
- The County has extensive rail links to the rest of California and the nation. Both UP and BNSF have intermodal facilities in San Joaquin County. A recently completed, state-of-the-art BNSF facility increases annual lift capacity in the Stockton area by 250 percent, and is expected to be a catalyst for new manufacturing and logistics development on adjacent parcels in South Stockton near Arch-Sperry Road.

² Source: California Department of Finance, 2001 California County Profiles.

- The Stockton Metropolitan Airport provides passenger services and air freight packing and shipping facilities and services. The airport offers same-day delivery service to major California urban markets, as well as access to Pacific Rim markets.
- In 1998, the Altamont Commuter Express (ACE) began providing train service for commuters between San Joaquin County and the Silicon Valley. Service has been expanding in recent years. ACE encourages economic development in the vicinity of stations.

■ 12.2 Economic Development Goal

San Joaquin County's economic basis is shifting away from agriculture, so the area needs to attract new business, in part through better transportation access. Mexican producers have been competing for tomato products. Indonesia has made significant inroads into sugar beets production, with the San Joaquin area losing six of its eight refining plants due to insufficient infrastructure for handling wastewater. Wine, a major industry, has been hurt by a drop in the price of grape juice by about 25 cents per gallon for Central Valley growers.

The area's unique geographic position within California's Central Valley growth corridor and extensive transportation facilities offer companies relatively good access to a number of consumer markets. San Joaquin offers relatively low capital and operating costs for businesses; ample sites and facilities; and a low-cost, skilled labor force. However, much of the area's infrastructure was developed to serve a rural economy. **As a result, economic development and diversification goals suffer from a lack of urban infrastructure.**

12.2.1 Economic Development Target

Several industries have been growing in the Stockton area and are targeted for economic growth, including the following:

- Building materials;
- Glass manufacturing;
- Wood products;
- Plastics; and
- Automobile distribution and components within the enterprise zone (e.g., New United Motor Manufacturing, Inc.).

An industry-cluster analysis undertaken by the California Central Valley Economic Development Corporation (EDC) (a collaboration begun in the late 1980s by the professional

economic development organizations serving the Central Valley) identifies several industry clusters with either a strong existing base in the area or potential for future expansion, including the following:

- Agriculture;
- Value-added food processing;
- Computer, data processing, call centers, and fulfillment centers;
- Software and hardware development;
- Electronic components and accessories;
- Manufacturing; and
- Plastic products and advanced materials.³

Although the area has not targeted the logistics industry, distribution and warehousing businesses have grown in recent years. For example, Safeway has constructed a distribution center in Stockton, and BNSF Railway recently completed a \$139 million intermodal facility near the Stockton Metropolitan Airport.

12.2.2 Other Economic Development Activities

The local economic development corporation, the San Joaquin Partnership, has a fairly successful track record attracting companies to the County. The Partnership is a non-profit, private-public EDC assisting business and industry to locate in San Joaquin County. A key goal of the partnership is to attract new job development in technology sectors and manufacturing to diversify the economy.

Several organizations are actively working to attract new businesses in Stockton and the surrounding area, which include the following:

- **Stockton/San Joaquin Enterprise Zone.** Designated in 1993, it is located in the City of Stockton and unincorporated San Joaquin County. The Zone includes over 11,325 acres of land reserved for industrial and commercial development. Development areas include the Airport Industrial Area, the East Stockton Commercial Industrial Area, the Central Business District, and the Port of Stockton Industrial Area. A Targeted Employment Area Zone (TEA Zone) is also designated. The State provides tax credits as incentives, while local incentives include fast-track permitting and reduced fees.
- **University Park.** Within the City's Enterprise Zone, the Grupe Company has received approval for an education-dominated, mixed-use community called University Park. The community will be located on a 103-acre parcel, which is the former site of the

³ Source: California Central Valley EDC, <http://www.californiacv.com>.

Stockton State Hospital. The development will include a campus for CSU Stanislaus, elementary and high schools, market rate apartments, and retail businesses.

- **Port of Stockton.** A \$10 million loan was received by Port of Stockton. This is one of the largest loans provided from the Infrastructure State Revolving Loan (IRSF) Program of the California Infrastructure and Economic Development Bank. The loan is for bridge improvements as part of converting Rough and Ready Island to port use.
- **San Joaquin Delta College Small Business Development Center.** The center serves San Joaquin, Amador, Alpine, and Calaveras Counties. It offers programs and resources for existing and start-up businesses, and manages the San Joaquin County Business Incubator Loan Program.
- **Northern San Joaquin Regional Collaborative.** This is one of six workforce preparation and economic development demonstration projects in California created under the California Regional Workforce Preparation and Economic Development Act (AB 1542, enacted in 1998). The Collaborative serves Alpine, Amador, Calaveras, Mariposa, Merced, San Joaquin, Stanislaus, and Tuolumne Counties. The governing board consists of representatives of private industry councils, county offices of education, local school districts, community colleges, human service/CalWORKS agencies, private businesses, and economic development entities in the eight-county region. The goal is to develop a regional employment and education system that meets or exceeds employers needs. The Collaborative is conducting an industry cluster study to create a regional business and employment profile, developing education programs to provided skills needed in basic and technology workplaces, and identifying education and training resources for health care occupations.

■ 12.3 Transportation Improvements

Participants at the local area workshop held for this study noted that there is a regional consensus on project priorities and that the focus is on attracting businesses to Stockton. Regional stakeholders understand that business improvement in Stockton helps all of San Joaquin County. **Residents of Manteca, Lathrop, Tracy, and Stockton could benefit from jobs created in Stockton.**

Participants listed two necessary transportation improvements:

1. Arch-Sperry Expansion and Connection to Interstate 5; and
2. Port of Stockton, Daggett Road to SR 4 Connection.

12.3.1 Arch-Sperry Expansion and Connection

The Arch-Sperry Connector would improve access from Interstate 5 at French Camp to the Stockton Metropolitan Airport. Sperry and Arch roads form a four-lane facility that runs approximately three miles west of SR 99 to McKinley Road. The roadway stops less than a mile short of Interstate 5. The proposed improvement would widen access from four to eight lanes. Additional roadway would connect Sperry Road from McKinley Road to French Camp Road and an interchange at Interstate 5. This section would include an aerial span to traverse one water-crossing and three railways.



The improved facility would connect Interstate 5 to industrial parks, the Stockton Metropolitan Airport, and potentially further east to the BNSF intermodal facility.

Economic Development – Transportation Nexus

The area served by the Arch-Sperry Connector is a prime candidate for business attraction, redevelopment, and economic development. The City of Stockton has a number of industrial parks in the area, including Massie Industrial Park, the Airport Gateway Center, and the AirMetro Business Park. The airport is located nearby, and the BNSF Railway has an intermodal transfer facility in close proximity. **All sites lack direct access to Interstate 5, which is the major north-south goods movement corridor in California. The region has had some trouble attracting tenants to the industrial parks due to transportation access issues.** Existing tenants include warehousing, plastics, metal stamping and a few high technology firms.

Participants at the local area workshop held for this study shared a few examples of lost business opportunities for the region:

- Starbucks evaluated the airport industrial area for a roasting facility. Stockton was the only potential site in California and the move would have led to Starbucks shifting 60 percent of its imports from Port of Long Beach to Port of Oakland. The region offered over \$8 million in incentives. Starbucks decided to locate in Douglas County, Nevada. Starbucks cited the lack of access to Interstate 5, air quality conformance issues, and state income tax as reasons for not choosing Stockton.

- The Gap considered constructing a major West Coast distribution center in Stockton. The clothing company considered a location in the economically-distressed South Stockton area, the home of a number of business parks, but it refused citing the lack of direct road access to Interstate 5.
- Cardinal Pharmaceuticals considered relocating to the Stockton area, but also cited transportation issues as impediments.

Funding and Planning Status

The Arch-Sperry Connector is one of the transportation priorities identified by the San Joaquin County Council of Governments (SJCOG) in the 2001 Regional Transportation Plan (RTP). The City of Stockton and San Joaquin County are putting together a plan that includes a project-level environmental impact report (EIR) and preliminary engineering design. Initial cost estimates for the project are over \$60 million, but final construction costs may be higher. The 2001 RTP includes \$32.6 million as a Tier 1 project for extending Arch-Sperry road to Interstate 5 and widening the road to six lanes in 2010. The money is primarily for the environmental document and preliminary engineering. Another \$5.5 million is committed as a Tier 1 project for modifying the Interstate 5/French Camp Road interchange in 2020. No Tier 2 projects related to the Arch-Sperry Connector are listed in the RTP. This leaves a shortfall of about \$32 million for project construction.

Another Tier 1 project is related, but not directly tied, to the Arch-Sperry Connector. Approximately \$33 million have been allocated to reconstructing the SR 99/Arch Sperry interchange in 2004. Along with the other Arch-Sperry improvements, this would allow the roadway to connect SR 99 and Interstate 5. The San Joaquin Partnership is working on building a state coalition for the Arch-Sperry Connector.

12.3.2 Port of Stockton, Daggett Road

The second major project identified that would benefit economic development is improved access to the Port of Stockton along Daggett Road. To access the Port of Stockton, trucks must exit Interstate 5 at Washington Street and travel through a low-income neighborhood (called Boggs Tract) on a two-lane road with no grade-separated crossings. The Port has recently taken over a 1,400-acre site on Rough



and Ready Island as part of a military base conversion. The site includes semi-obsolete warehousing and 500 acres of undeveloped land. The Port is planning a mix of port, industrial park, and residential development on the island, which is likely to generate 47,000 average annual daily traffic (AADT). Rough and Ready Island is accessible by a bridge connecting the island to existing port facilities. The bridge between Rough and Ready Island and the rest of the Port was upgraded recently to handle heavier loads.

Daggett Road runs north-south in separate sections on Rough and Ready Island and the mainland. The proposed improvement would connect the two sections via a second bridge over the Burns Cutoff of the San Joaquin River. The bridge would connect Rough and Ready Island to SR 4, which runs east to Interstate 5. The link would provide the Port an alternate route to Interstate 5. Improvements are needed on existing sections of Daggett Road to accommodate the additional traffic. SR 4 also requires improvements, such as signalization and turnouts.

Economic Development – Transportation Nexus

At its height, the former base on Rough and Ready Island employed 4,000 people. The Port hopes to create 8,000 to 12,000 jobs on the island through four proposed developments as part of its redevelopment Master Plan. Proposed improvements include new port facilities, industrial sites, and residential development. The three qualified proposals submitted for a master development on Rough and Ready Island cited transportation access as a “must-fix” condition.

AMB Realty Investors has prepared a confidential report showing strong demand for moving goods through the Port of Stockton. Capturing traffic destined for the Port of Oakland would spur local economic development and relieve some traffic congestion over the Altamont Pass. **The Port may also capture cargo otherwise diverted to Mexico or Vancouver. A key constraint to further development at the Port (in the existing port area and on Rough and Ready Island) is the lack of easy access to Interstate 5.** The Daggett Road improvements and bridge would provide more direct access.

The Daggett Road project also addresses environmental justice issues related to Boggs Tract, a low-income community that is currently impacted by ingress and egress to the Port.

Funding and Planning Status

The Port has proposed improvements to Daggett Road as part of its Port Master Plan. The Port has also recently completed a dredging study to help prepare the Port for additional cargo traffic. SJCOG lists Daggett Road as a priority in its RTP. However, total costs for improvements to Daggett Road, construction of the bridge, and improvements on SR 4 have not been estimated.

The region has allocated \$10.9 million as a Tier 1 project for improvements on the portion of SR 4 east of the San Joaquin River (Charter Way) in 2011. Caltrans is currently examining traffic issues on SR 4 (east and west of the San Joaquin River), but the project is only

at the preliminary study report (PSR) stage. Funding would need to be found for any improvements identified west of the San Joaquin River. Another \$12.8 million is set aside as a Tier 1 project for improvements to Daggett Road on Rough and Ready Island in 2010.

The Port has recently upgraded the bridge between Rough and Ready Island and the existing facilities. The Port also borrowed \$11 million from the California Infrastructure Bank to build a separated rail crossing.

■ 12.4 Other Supporting Material

The San Joaquin Partnership sent a list of priority projects in San Joaquin County, which includes the following:

- Arch-Sperry Expansion and Connection to Interstate 5.
- Port of Stockton, Daggett Road Connection to Interstate 5 via SR 4.
- San Joaquin Corridor, Container-Rail Movement between the Port of Oakland and San Joaquin County (involving the Port, BNSF, Sharpe Depot, and UP).
- Interchange Development and/or Expansion, including the following:
 - McKinley Avenue and SR 120, Manteca;
 - Paradise Road and Interstate 205, Tracy and Lathrop; and
 - Lammers Road and Interstate 205, Tracy.
- Lathrop Road Rail Separation Project, Lathrop.

A representative of the Tuolumne Me-Wuk Rancheria (located in Tuolumne County) attended the local area workshop in Stockton and provided some information on the needs of the Tribe. The Tribe is small and occupies about 1,000 acres of rural land in Central Tuolumne County. There are about 150 residents on tribal property. There are another 150 tribal members that live in the local area surrounding the Rancheria, because there is not enough housing available on tribal property. The Tribe intends to add about 175 additional homes in the next 10 years; and plans several commercial projects, such as a 150-room hotel and conference center.

These plans will require a variety of transportation projects, some of which involve road construction and improvements on tribal property, and some that involve highway improvements to surrounding roads maintained by Tuolumne County. Most of the needed projects are currently only concepts and need funding to begin project design and engineering studies. Many of these projects would require associated infrastructure work, such as installing utility lines along highway right-of-way.

In order to promote job growth near the Rancheria, the Tribe's priority is to build new homes to alleviate overcrowding in existing homes. Many of the Tribe's most needy individuals do not own automobiles, so there is a need to expand non-motorized access to planned commercial developments. One potential project would be to revise or relax mandated farebox returns for public transit systems supporting low-income and/or rural communities.

The tribal representative noted that the long lead times required for highway projects creates a strong barrier to economic development. Nationwide, 63 percent of new businesses fail within six years. If a typical highway project requires a minimum of 10 years to complete, most proposed businesses used as the justification for a transportation project will have long since gone out of business before ground is broken for highway construction. The representative noted that perhaps a categorical exclusion is needed under the National Environmental Policy Act and the California Environmental Quality Act to enable the timely construction of highway projects authorized for economic development purposes. Otherwise, disadvantaged communities need to be able to get highway projects approved in advance of concrete economic development plans.

13.0 Conclusions and Next Steps

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■ 13.1 Conclusions

The Transportation for Economic Development (T4ED) study had two goals: Its immediate goal was to identify 10 communities whose dire economic conditions would improve if key transportation projects were completed. Its longer-term goal was to establish a methodology to rank communities based on their level of economic distress, and then screen potential transportation projects in each community based on their effectiveness in improving the area's economic condition. This methodology would be useful if Caltrans were to implement a T4ED program or apply economic development criteria in its existing programming process.

The achievement of the study's first goal has been documented in this report. The report provides a start on the second, long-term goal by identifying potential areas and examining the potential for transportation to provide economic development. This report provides a testimonial for the need for a Transportation for Economic Development program in California.

Some conclusions may be ventured in regards to the proposed methodology. First, the methodology produced a long list of well-qualified communities and made it straightforward to rank them more or less objectively. The exception involved Indian tribes, but, once they were manually included in the list of candidate communities, the methodology could be readily used to rank them relative to the other communities.

Second, the list of 10 communities were dispersed across the State, but a majority were clustered in the rural areas of the State. The consulting team investigated this clustering and especially why only a few candidate communities were located in dense, urban areas. This outcomes seems to indicate that, while urban areas have some of the worst poverty in the State, their distress does not appear to be linked to transportation deficiencies. Nevertheless, some attention to the clustering of projects in the Central Valley may be advised.

The methodology identified a wide range of roadway projects, including at least:

- Highway widenings and/or straightenings to improve access to outlying metropolitan areas;
- New interchanges that would improve access to sites for industrial development;
- Rail grade crossing eliminations that would improve access to industrial properties;

- Intermodal terminals and connections that would provide an incentive for industries to locate in a particular area; and
- Minor road improvements to allow access to full-size trucks.

Most, but not all, of the projects address goods movement deficiencies. The exceptions include the improvements around the new University of California at Merced and the Indian tribe in Humboldt County (State Route 169 and Bald Hills Road). The emphasis on goods movement, however, is consistent with the larger potential for economic development when industries can access raw materials or inputs and move their products to market more quickly and at less cost.

Finally, the initial selection of 10 communities and selection methodology in general places a high level of importance on a community's ability to articulate their need clearly, motivate their stakeholders, and obtain support and funding from other state and federal agencies. Given the need for this program is so great, the study concluded funding priority should be given to those communities who show the most determination and seem most effective at leveraging a transportation investment.

■ **13.2 Proposed Next Steps**

In the course of this study, numerous concerns and potential problems were resolved. Nevertheless, some issues remain for further study and some must be dealt with if Caltrans moves forward with implementation. First, implementation of the proposed T4ED program was not a requirement of this study, but the study does point to several major issues to be addressed prior to implementation. Although this study identified candidate projects, a detailed analysis of these projects would be required before they are officially advanced. Second, the breadth of the study – examining 10 separate areas – made it difficult to examine each project in depth and a number of transportation projects are worthy of further study.

From Project Identification to Selection

The projects identified here are presented as examples, but it was not possible to develop a clear rank ordering of the projects for selection. Implementing a T4ED program would require a different study focused on the mechanics of developing the program. This study did suggest several important issues that would need to be addressed in the areas of project identification and project selection.

Proper project identification in the T4ED requires focusing investments into areas of economic distress. One major problem that arose through this study was the appropriate identification of Indian tribes in the original list. These groups are precluded from qualifying for Federal and state economic incentive programs (e.g., enterprise zones),

effectively excluding them for consideration in T4ED. At the same time, Indian tribes are often among the most distressed areas in the State and also have substantial transportation and other infrastructure concerns. Many Indian reservations have limited or non-existent connections to utility grids. A future consideration of T4ED would either add Indian reservations as a separate category or develop a system that included these groups directly.

A second issue that was not addressed in this study was the ranking of individual projects among those identified. The study did suggest at least four key criteria for use in project selection:

1. A strong nexus between transportation and economic development evidenced by an analysis of potential job growth, new investments by particular businesses that have identified transportation as their primary concern, or other similar evidence;
2. Active pursuit of the projects by local jurisdictions (e.g., environmental studies already funded);
3. Existing economic development efforts focused on the same economic development target (e.g., water and sewer infrastructure for an industrial park); and
4. The potential to move businesses and traffic from congested urban areas into other parts of California.

These four criteria provide a basis for considering implementation of the T4ED program. An actual implementation would need to formalize all aspects of this process – area identification, project identification, and project selection – and develop a system to work within the programming process currently used by Caltrans.

Further Analysis of Economic Benefits in Candidate Communities

The primary purpose of this study was to develop a methodology for selecting areas within the State that are the most economically depressed and identifying transportation projects that would have the most significant impact on job creation and other indicators of economic development. As a result of this effort, the study identified a list of projects that indeed had the greatest economic benefits to very depressed communities. To that end, this study documents the merits of these projects and provides some background on their connection to the areas' plans for economic development.

A broad study such as this one, however, could not produce in-depth statistics on direct and indirect economic benefits, such as job growth, increased investment, and other economic factors. Such a study would focus on particular areas and identify accurate costs and benefits of particular investments. Some of the most compelling data for this study came from a more rigorous analysis that the areas had already conducted to document the economic development benefit of specific transportation projects. The Manning Avenue Corridor study conducted by Caltrans and the FHWA is one example of the type of study

that provides detailed economic benefit information about particular transportation projects.

Future study of the 10 candidate communities might usefully examine the economic development benefits of some of the other projects identified here. These could generate a range of results from more qualitative understanding of the employment that would result from the transportation investments to a more rigorous benefit/cost analysis with quantification of the new jobs, income, and output. These measures could be used for the next round of candidate areas in an ongoing T4ED program.