

4.10

LAND USE AND URBAN DECAY

4.10.1 INTRODUCTION

The Land Use and Urban Decay section of this EIR includes a description of the existing land use setting of the project site and the adjacent area, including the identification of existing land uses and current General Plan policies and zoning designations. The section also identifies the relevant Davis General Plan goals and policies that govern land use development within the General Plan Planning Area. Following a list of the relevant land use policies, the section evaluates the proposed project's consistency with the policies, including identification of proposed General Plan and zoning designations for the project site. Other sections of this EIR analyze consistency with General Plan policies related to specific subject areas such as aesthetics and traffic; this section focuses on goals and policies relating to development in general.

The Land Use and Urban Decay section also evaluates the potential for the proposed project to result in urban decay. The CEQA threshold for this impact is to cause the potential for urban decay resulting from significant adverse physical impacts related to economic and social changes and/or effects.¹ Therefore, for the purpose of this analysis, urban decay is defined as extended long-term business vacancies, directly or indirectly resulting in physical deterioration to properties or structures that is so prevalent, substantial, and lasting a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. Physical deterioration includes abandoned buildings, boarded doors and windows, long-term unauthorized use of the properties and parking lots, extensive or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees and shrubbery, and uncontrolled weed growth. Typically, pursuant to the Fifth District Court of Appeal in decision in *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, urban decay analyses are primarily prepared for retail development, or the retail components of large-scale mixed use projects. Over time, some environmental impact reports also conservatively extend the urban decay analysis to other land uses, including hotel, office, and industrial land uses. Such is the case for this current analysis for the multiple land uses envisioned for the project, in addition to retail.

The proposed project is analyzed in this section for compatibility with the *Davis General Plan*² and associated EIR,³ the Davis Municipal Code,⁴ the Yolo County Local Agency Formation Commission *Standards of Evaluation of Annexation, Exclusion, Formation, Change of*

¹ CEQA Guidelines Section 15064(e), 15064(f)(6), 15131, and 15182.

² City of Davis. *Davis General Plan*. Adopted May 2001. Amended through January 2007.

³ City of Davis. *Program EIR for the City of Davis General Plan Update and Project EIR for Establishment of a New Junior High School*. January 2000.

⁴ City of Davis. *Davis Municipal Code*. Current through November 23, 2014.

*Organization and Reorganization Proposals.*⁵ In addition, documents utilized to prepare this section include but are not limited to the *Sacramento Region Blueprint Project*,⁶ the *2035 Metropolitan Transportation Plan/Sustainable Communities Strategy*⁷ and associated EIR,⁸ the *County of Yolo 2030 General Plan*⁹ and associated EIR,¹⁰ the *Yolo County, CA Code of Ordinances*,¹¹ the *City of Davis Economic Evaluation of Innovation Park Proposals*¹² prepared by BAE Urban Economics (see Appendix G), and the *Davis Innovation Center Urban Decay Analysis* prepared specifically for the proposed project by ALH Urban & Regional Economics (see Appendix H).¹³

4.10.2 EXISTING ENVIRONMENTAL SETTING

The following section describes the existing physical land uses on the project site, as well as the site's land use and zoning designations.

It should be noted that the proposed project includes a request for annexation of 229 acres from Yolo County to the City of Davis. The 212-acre portion of the project site proposed for development is known as the MRIC. The remaining 17-acre portion of the project site is known as the Mace Triangle, which has been included within the overall limits of the project site to avoid the creation of an unincorporated County "island" property upon annexation of the 212-acre MRIC site. This EIR has assumed that the Mace Triangle, with the exception of the existing Park-and-Ride lot, could be developed at a later date, subject to approval of additional discretionary entitlements. Therefore, the undeveloped portion of the Mace Triangle is proposed for development, but not as a part of the MRIC. The potential for impacts associated with development of 71,056 square feet of the Mace Triangle is considered in this EIR. In addition, the proposed project is currently located outside of the City of Davis' adopted Sphere of Influence (SOI). As a result, the City of Davis' SOI will need to be amended to include the 229-acre project site.

⁵ Yolo County Local Agency Formation Commission. *Standards of Evaluation of Annexation, Exclusion, Formation, Change of Organization and Reorganization Proposals (Resolution 2007-07)*. Adopted December 10, 2007.

⁶ Sacramento Area Council of Governments. *Sacramento Region Blueprint Transportation/Land Use Plan Special Report*. April 2010.

⁷ Sacramento Area Council of Governments. *Metropolitan Transportation Plan/Sustainable Communities Strategy*. Adopted April 19, 2012.

⁸ Sacramento Area Council of Governments. *Metropolitan Transportation Plan/Sustainable Communities Strategy EIR*. February 2012.

⁹ Yolo County. *County of Yolo 2030 Countywide General Plan*. November 10, 2009.

¹⁰ Yolo County. *Yolo County 2030 Countywide General Plan EIR*. April 2009.

¹¹ Yolo County. *Yolo County, CA Code of Ordinances*. Current through January 15, 2015.

¹² BAE Urban Economics. *City of Davis Economic Evaluation of Innovation Park Proposals*. July 9, 2015.

¹³ ALH Urban & Regional Economics. *Davis Innovation Center Urban Decay Analysis*. March 2015.

LAND USE

Project Site Characteristics

The proposed 229-acre project site is located immediately east of the City of Davis city limits near the “Mace Curve”, in Yolo County, approximately 2.5 miles east of downtown Davis (see Figure 4.10-1).

MRIC

The 212-acre MRIC site, identified by Assessor’s Parcel Numbers (APNs) 033-630-009; 033-650-009, and -026, which is the site of the project applicants’ proposed innovation center project, has been historically used for agricultural operations, including row crops. Tall, dense, and dry weed grasses occur along the perimeter of the site and along a City drainage ditch, known as the Mace Drainage Channel, which runs west-to-east through the central portion of the MRIC site. A detention basin is located south of the Mace Drainage Channel, in the east-central portion of the project site.

Mace Triangle

The 17-acre Mace Triangle site consists of three parcels located south of CR 32A. The northernmost parcel, APN 033-630-011, is partially developed with an Ikedas Market and a gravel parking lot. The southwestern parcel, APN 033-630-006, is developed with a City-owned water tank and a Park-and-Ride lot. The third and easternmost parcel, APN 033-630-012, is undeveloped but disturbed as a result of on-going agricultural operations. Vehicular access is provided to the Mace Triangle site by a single driveway from CR 32A.

Surrounding Land Uses

The surrounding land uses are discussed for the MRIC and the Mace Triangle separately below.

MRIC

Immediately west of the MRIC site, on the opposite side of Mace Boulevard, is an ARCO gas station and the University Covenant Church. The Mace 391 and Howat permanent agricultural easements, totaling 718 acres, are adjacent to the north, northeast, and east of the site. The Mace Triangle site is located to the south.

The nearest residential area is the Alhambra Apartments located approximately 725 feet west of the project site, opposite of Mace Boulevard. In addition, the Mace Ranch Subdivision, a single-family residential community is located approximately 1,100 feet west of the project site, opposite and adjacent to the Alhambra Apartments. The Frances Harper Junior High School is located approximately 0.28 miles west of the project site; and the Target shopping center is located approximately 0.25 miles west of the project site.

Figure 4.10-1
Project Vicinity Map



Mace Triangle

The Mace Triangle site is located south of the MRIC site and north of the Union Pacific Railroad (UPRR) tracks and Interstate 80 (I-80). Mace Boulevard forms the western boundary of the Mace Triangle site and the curve of CR 32A makes up the eastern boundary.

Existing General Plan Land Use Designations

The 229-acre project site is located within unincorporated Yolo County, and as a result, the proposed project includes a request for annexation of the project site to the City of Davis. The applicable General Plan land use designations for the project site are discussed in the following section.

Yolo County General Plan

As illustrated in Figure 4.10-2, the project site has a Yolo County General Plan land use designation of Agriculture (AG) and Public and Quasi Public (PQ). The Yolo County General Plan defines the AG and PQ designations as follows:

Agriculture

The AG designation includes the full range of cultivated agriculture, such as row crops, orchards, vineyards, dryland farming, livestock grazing, forest products, horticulture, floriculture, apiaries, confined animal facilities and equestrian facilities. The AG land use designation also includes agricultural industrial uses (e.g. agricultural research, processing and storage; supply; service; crop dusting; agricultural chemical and equipment sales; surface mining; etc.) as well as agricultural commercial uses (e.g. roadside stands, “Yolo Stores,” wineries, farm-based tourism (e.g. u-pick, dude ranches, lodging), horseshows, rodeos, crop-based seasonal events, ancillary restaurants and/or stores) serving rural areas. The AG designation also includes farmworker housing, surface mining, and incidental habitat.

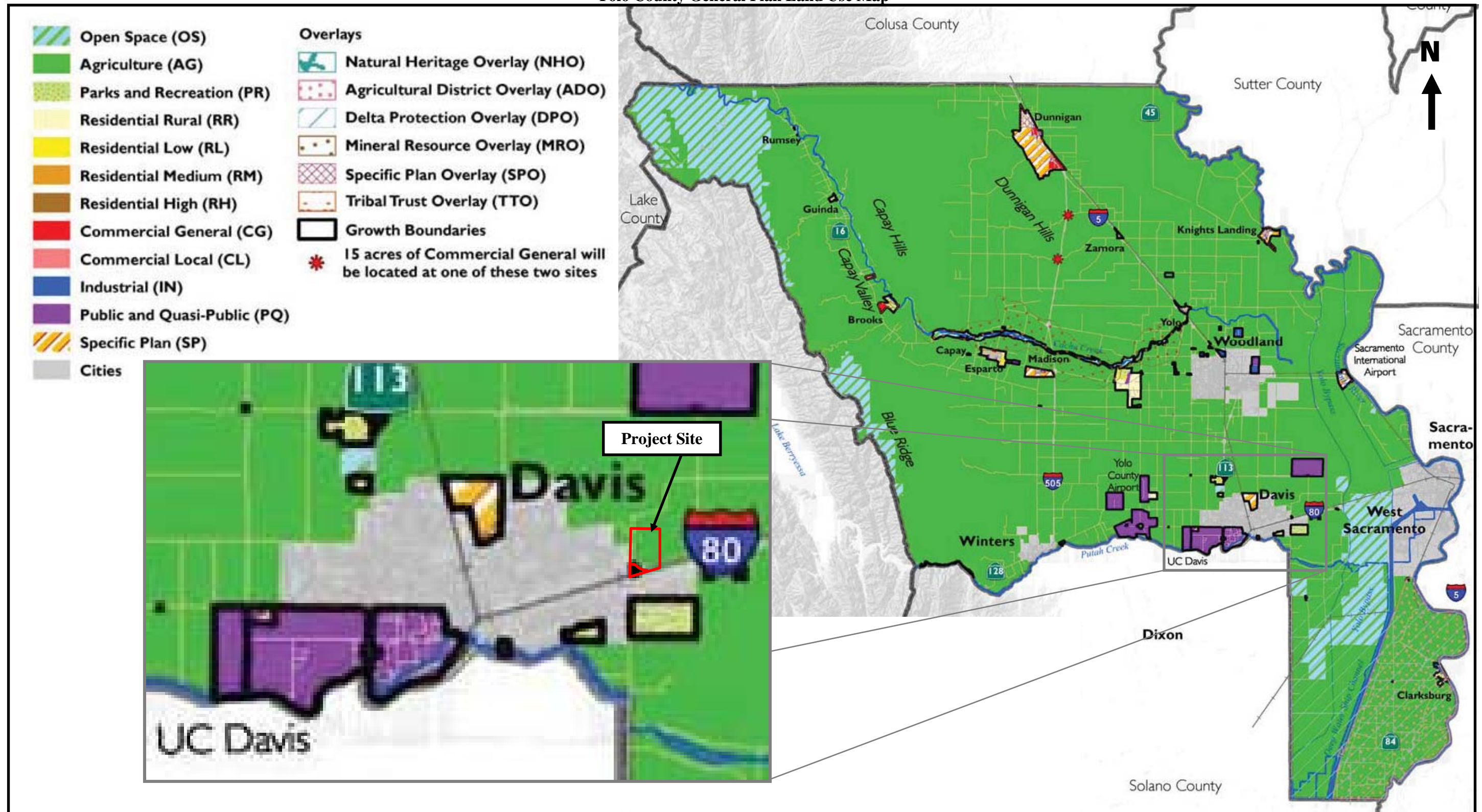
Public and Quasi Public

The PQ designation includes public/governmental offices, places of worship, schools, libraries, and other community and/or civic uses. Also includes public airports, including related visitor services, and infrastructure including wastewater treatment facilities, municipal wells, landfills, and stormwater detention basins. The PQ designation may include agricultural buffer areas.

City of Davis General Plan

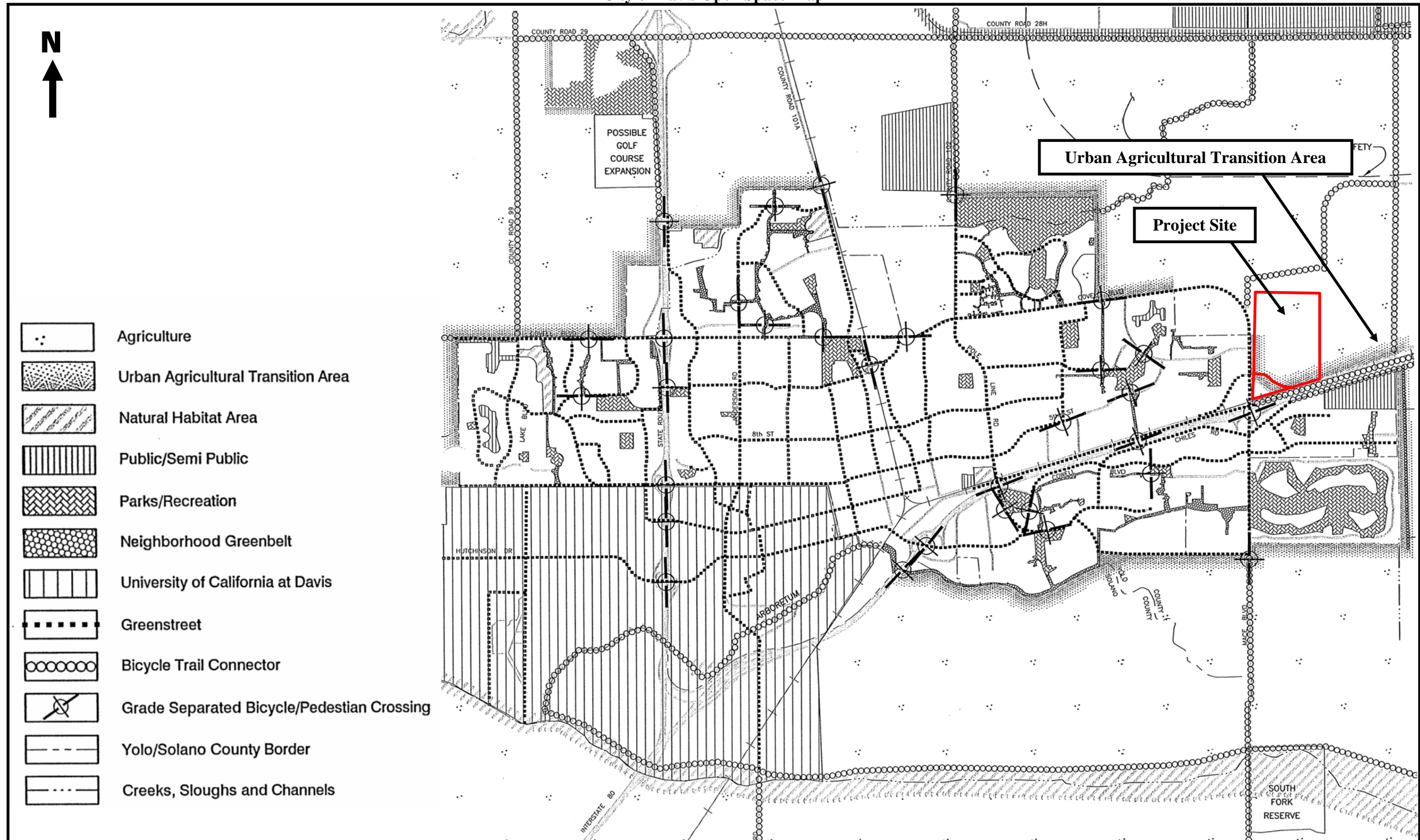
The City of Davis General Plan designates the project site Agriculture (AG) with an Urban Agricultural Transition Area (UATA) on the eastern side of Mace Boulevard and northern side of CR 32A (see Figure 4.10-3). The Davis General Plan Land Use Principle 14 calls to “Create an open space buffer between urban and agricultural uses to maintain the integrity of the adjoining agricultural/natural areas, to serve as a transitional space between urban and rural lands, to

Figure 4.10-2
 Yolo County General Plan Land Use Map



Source: 2030 Yolo County General Plan, 2009.

Figure 4.10-3
City of Davis Open Space Map



Source: City of Davis. Davis General Plan [pg. 235]. Adopted May 2001. Amended through January 2007.

provide a visual edge, and to be an aesthetic and recreational resource. The Davis General Plan describes the intent of the AG and UATA designation as follows:

Agriculture

The intent of the City of Davis AG land use designation is to protect valuable natural resources such as agricultural land and wildlife habitat, to allow for productive agricultural use surrounding or within Davis, to ensure a permanent buffer between adjacent jurisdictions that will maintain the separate identities of Davis and the surrounding cities, and to serve as a visual amenity around urban development.

Urban Agriculture Transition Area

The intent of the City of Davis UATA land use designation is:

- 1) To provide a buffer and minimize conflicts between urban and agricultural areas.
- 2) To provide public open space.
- 3) To define the planned urbanized edge of the City, as one of many useful growth management tools.

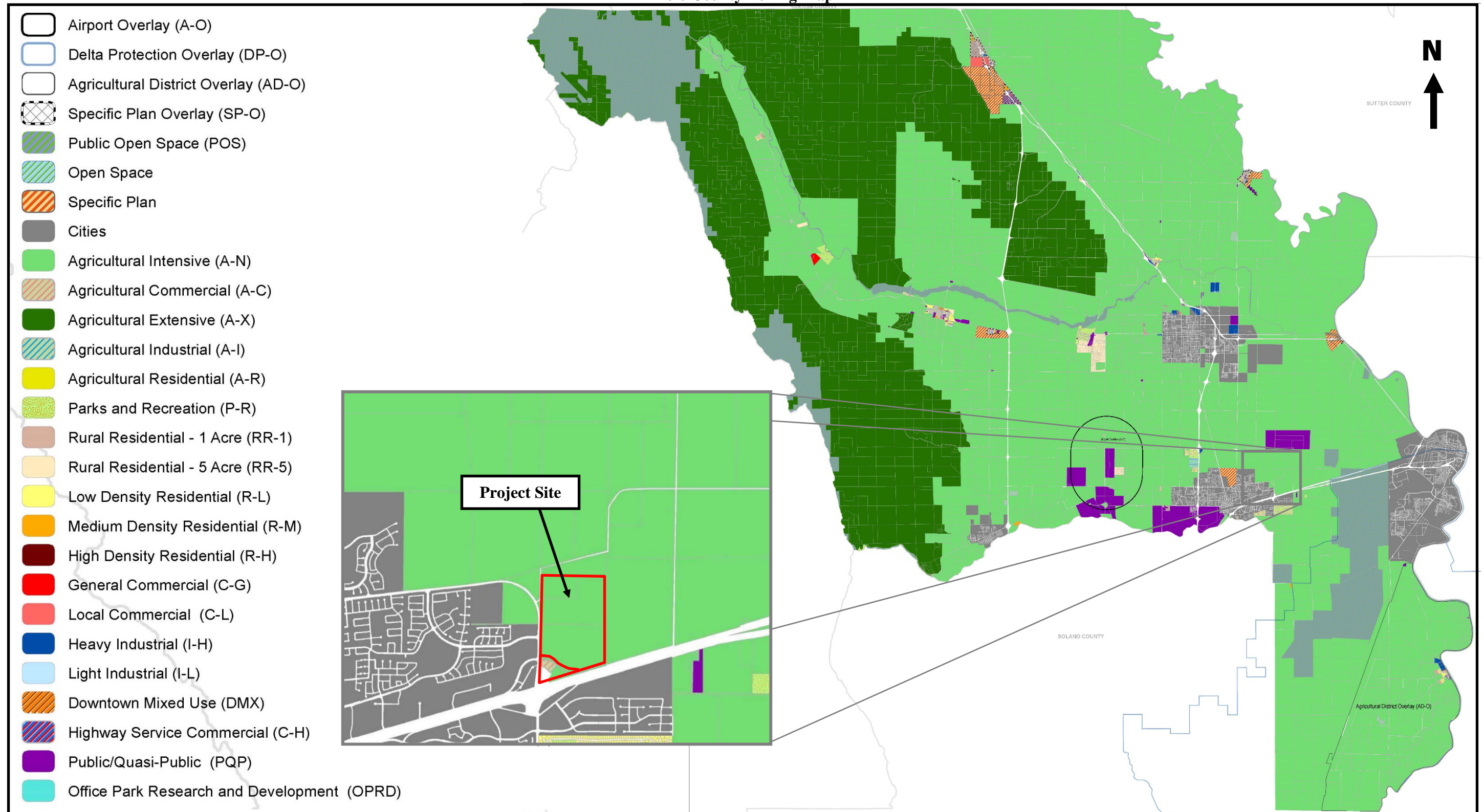
Existing Zoning Designations

The site is currently located within the Yolo County and upon annexation, the site would be rezoned with a City zoning designation. As illustrated in Figure 4.10-4, the project site has a Yolo County zoning designation of Agricultural Intensive (A-N), Public and Quasi-Public (PQP), and Agricultural Commercial (A-C), which are defined in the Yolo County, CA Code of Ordinances as follows:

Agricultural Intensive

The A-N zone is applied to preserve lands best suited for intensive agricultural uses typically dependent on higher quality soils, water availability, and relatively flat topography. The purpose of the zone is to promote those uses, while preventing the encroachment of nonagricultural uses. Uses in the A-N zone are primarily limited to intensive agricultural production and other activities compatible with agricultural uses, which includes allowing agriculturally-related support uses, excluding incompatible uses, and protecting the viability of the family farm. Minimum lot size for newly created parcels in the A-N zone is forty (40) acres for irrigated parcels primarily planted in permanent crops, such as orchards or vineyards; eighty (80) acres for irrigated parcels that are cultivated; one hundred sixty (160) acres for parcels that are generally uncultivated and/or not irrigated.

**Figure 4.10-4
Yolo County Zoning Map**



Source: Yolo County, 2014.

Public and Quasi-Public

The PQP zone is applied to lands that are occupied or used for public and governmental offices, places of worship, schools, libraries, and civic uses. Other typical uses include airports, water and wastewater treatment plants, drainage basins, and sanitary landfills. As with park facilities, smaller public/quasi-public uses involving less than five thousand (5,000) square feet of building space may be permitted in commercial and some industrial zones. The PQP zone implements the PQ land use designation in the 2030 Countywide General Plan.

Agricultural Commercial

The A-C zone is applied to existing and planned commercial uses in the agricultural areas. The Agricultural Commercial Use Types set forth in Section 8-2.303(c) and Table 8-2.304(c) of the Yolo County, CA Code of Ordinances do not require rezoning to the A-C zone. The A-C zone is to be applied only when the primary use of the property is for significant commercial agricultural activities. The commercial activities must be compatible with and enhance the primary agricultural use of the greater area. Maximum parcel size in the A-C zone shall be determined by the existing or proposed use, and shall have a minimum parcel size of one (1) acre, and a maximum parcel size of twenty (20) acres.

Adjacent Land Use Designations

Yolo County and the City of Davis have adopted the following land use designations for the areas adjacent to the project site. The County's and City's land use designations for the surrounding areas can be seen in Figure 4.10-2 above, and Figure 4.10-5 respectively.

North	County: AG
East	County: AG
West	County: AG; City: Office (O) and Neighborhood Retail (N-R)
South	City: General Commercial (G-C)

Yolo County General Plan Land Use Designation

The Yolo County AG land use designation has been defined above.

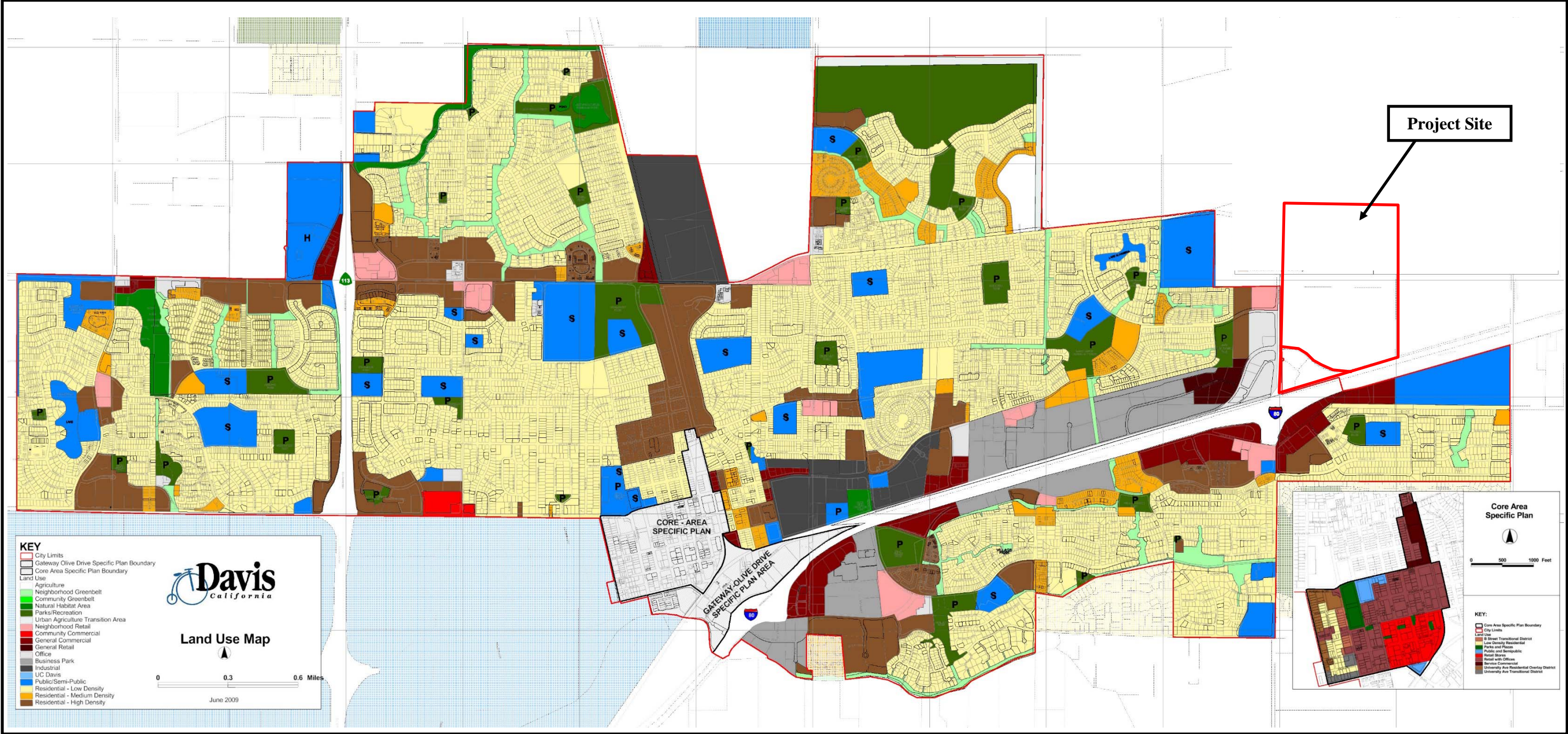
City of Davis General Plan Land Use Designation

The Davis AG land use designation has been defined above, and the O, N-R, and G-C land use designations are defined as follows.

Office

The O land use designation is intended to provide locations for small administrative, professional and medical offices in centrally located areas near the downtown and/or residential neighborhoods. Residential uses would be conditionally allowable.

Figure 4.10-5
City of Davis General Plan Land Use Map



Source: City of Davis, 2009.

Neighborhood Retail

The N-R land use designation is intended to provide shopping opportunities to meet Davis residents' daily needs in areas conveniently located to each neighborhood. The City supports many smaller neighborhood commercial centers each at a focal point instead of fewer larger centers. Residential uses would be conditionally allowable.

General Commercial

The G-C land use designation is intended to provide locations in several sectors of the City for a broad range of commercial service uses, such as automotive sales and repair, building materials, contractors' offices, nurseries, and similar uses.

Adjacent Zoning Designations

Yolo County and the City of Davis have adopted the following zoning designations for the areas surrounding the project site. The County's and City's zoning designations for the surrounding areas can be seen in Figure 4.10-4 above, and Figure 4.10-6 respectively.

North	County: A-N
East	County: A-N
West	County: A-N; City: Planned Development (P-D)
South	I-80

Yolo County Zoning

The Yolo County A-N zoning designation has been defined above.

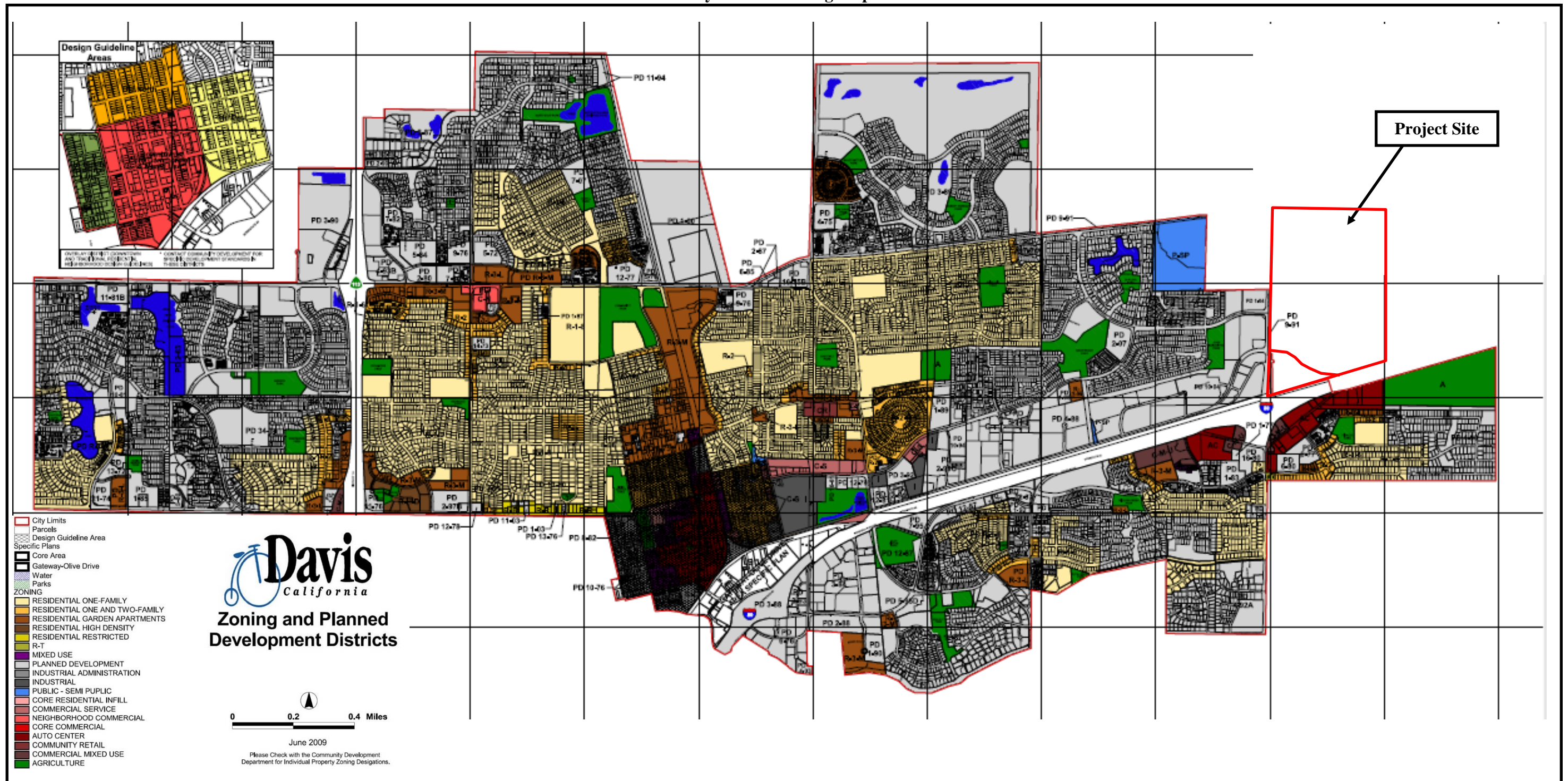
City of Davis Zoning Designation

The Davis P-D zoning designation is defined as follows.

Planned Development

The purpose of the P-D district is to allow diversification in the relationship of various buildings, structures and open spaces in order to be relieved from the rigid standards of conventional zoning. A planned development district shall comply with the regulations and provisions of the general plan and any applicable specific plan and shall provide adequate standards to promote the public health, safety and general welfare without unduly inhibiting the advantages of modern building techniques and planning for residential, commercial or industrial purposes. The criteria upon which P-D districts shall be judged and approved include the development of sound housing for persons of low, moderate and high income levels, residential developments which provide a mix of housing styles and costs, creative approaches in the development of land, more efficient and desirable use of open area, variety in the physical development pattern of the City and utilization of advances in technology which are innovative to land development.

Figure 4.10-6
 City of Davis Zoning Map



Source: City of Davis, 2009.

Applicable Special Districts

The 229-acre project site is currently located within the East Davis County Fire Protection District. The East Davis Fire Protection District encompasses an area of approximately 45 square miles in southeastern Yolo County, from the City of Davis on the west to the Deep Water Ship Canal. The District consists of mostly agricultural land uses, but also commercial and industrial establishments that are mainly oriented toward agriculture. Annexation of the project site to the City of Davis would also require Yolo County Local Agency Commission Formation (LAFCo) approval of the detachment of the project site from the East Davis County Fire Protection District, as the City of Davis Fire Department would provide fire protection services to the proposed project upon annexation.

URBAN DECAY

As discussed in the Introduction section of this section, for the purpose of this analysis, urban decay is defined as extended long-term business vacancies, directly or indirectly resulting in physical deterioration to properties or structures that is so prevalent, substantial, and lasting a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community. Physical deterioration includes abandoned buildings, boarded doors and windows, long-term unauthorized use of the properties and parking lots, extensive or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees and shrubbery, and uncontrolled weed growth.

When considering urban decay, it is important first to understand the inventory of uses within the City of Davis that are similar to the types of uses proposed for the MRIC. Therefore, it is appropriate to include a brief summary of the development proposed for the MRIC here.

The proposed MRIC would include up to up to approximately 2,654,000 square feet of innovation center uses, of which up to 260,000 square feet (10 percent of the site) may be developed with supportive commercial uses (see Table 4.10-1).

Table 4.10-1	
MRIC Site – Summary of Uses by Type	
Land Use	Size
Total Square Footage	2,654,000 sf
<i>Research; Office; R&D</i>	<i>1,510,000 sf</i>
<i>Manufacturing; Research</i>	<i>884,000 sf</i>
<i>Ancillary Retail</i>	<i>100,000 sf</i>
<i>Hotel/Conference</i>	<i>160,000 sf (150 rooms)</i>
<i>Total Acres</i>	<i>212</i>
<i>Open Space</i>	<i>75</i>
<i>Residential (units)</i>	<i>0</i>
Notes: sf = square feet Source: BAE Urban Economics. City of Davis Economic Evaluation of Innovation Park Proposals. July 9, 2015.	

The 260,000 square feet of supportive commercial uses includes 160,000 square feet of hotel/conference center use and 100,000 square feet of supportive retail throughout the MRIC, most of which would be located on the ground floor of the proposed research/office/R&D uses south of the Oval park area. The ancillary retail space within the innovation park is intended to provide employees and visitors with basic convenience shopping and dining opportunities in close proximity to the businesses, as well as fitness center amenities.

Existing City of Davis Office and Industrial

The City of Davis currently has an existing combined base of 2.9 million square feet of office and industrial space (see Table 4.10-2).

Table 4.10-2			
City of Davis Existing Office and Industrial Inventory¹			
Type of Space	Number of Buildings	Square Feet	Vacancy Rate
Office	189	1,752,394	9.7%
Industrial	26	656,967	1.6%
Flex industrial	23	521,595	24.1%
Total	238	2,930,956	10.4%
Notes:			
1. Fourth quarter 2014.			
<i>Source: ALH Urban & Regional Economics, 2015.</i>			

As seen in Table 4.10-2, of the three major classifications of real estate, the office base has the largest increment, at approximately 1.8 million square feet, which is followed by the industrial base at approximately 657,000 square feet, and then the industrial flex base at nearly 522,000 square feet, totaling 2.9 million square feet.

Office Base

Market performance data prepared by CoStar indicate that the Davis office market is operating at a 9.7 percent vacancy, compared to the regional average of 14.2 percent.¹⁴ The Davis office vacancy rate is generally considered a healthy office market vacancy rate, allowing for some movement but not resulting in an oversupply of space. During the recession at end of 2009, the Davis office vacancy rate peaked at 12.0 percent. Since 2009, the number of office vacancies has reduced, thus improving the Davis office vacancy rate, indicating the presence of a stable office market. In addition, the City of Davis office inventory is well-maintained and is generally characterized by good physical conditions, without signs of urban decay or deterioration among the existing stock.¹⁵

¹⁴ ALH Urban & Regional Economics. *Davis Innovation Center Urban Decay Analysis [pg. 14]*. March 2015.

¹⁵ Based on fieldwork conducted by ALH Economics in January and February of 2015.

Industrial Base

According to CoStar, the Davis industrial base totals almost 1.2 million square feet of space, operating with a vacancy range from a low of 1.6 percent for the estimated 657,000 square feet of industrial space and 24.1 percent for the estimated 522,000 square feet of industrial flex space, compared to the overall regional market of 10.1 percent for warehouse and industrial flex space.¹⁶ The relatively high flex industrial vacancy rate, could be explained by a temporary gap in the market due to the relocation of AgraQuest and Nunhems, purchased by Bayer CropScience, to West Sacramento and imminent but not yet completed backfilling of the space by expansion of existing Davis tenant Marrone Bio Innovations.¹⁷ However, this high vacancy rate has prevailed for several years; therefore, other market fundamentals are assumed to be responsible, such as a mismatch between landlord expectations and market willingness to pay. Yet, even with this high vacancy rate, Davis' existing industrial space appears to be in good physical condition, without obvious signs of urban decay or deterioration. Thus, the existing industrial vacancy rate does not appear to be hindering the maintenance and physical condition of Davis' industrial stock.

According to the MRIC Urban Decay Analysis prepared for the proposed project, the City of Davis has a lack of suitable leasing opportunities for large space users over 10,000 square feet, which hinders the City of Davis' ability to attract and serve the needs of businesses requiring larger amounts of office and/or industrial space. In addition, the analysis documents cases of businesses expanding to or locating in other nearby markets due to the lack of available space or developable land in Davis, which includes the relocation of AgraQuest, a former Davis-based firm, following acquisition by Bayer CropScience. About 75,000 square feet of industrial space in Davis became vacant after Bayer CropScience relocated AgraQuest to West Sacramento, in association with an overall acquisition strategy. Furthermore, other agricultural tech businesses that chose to expand by more than 130,000 square feet relocated in the nearby community of Woodland, increasing the missed opportunities for Davis given the lack of available space.¹⁸

Current Knowledge-Based or Innovation Sector Occupancy

The proposed project and other innovation parks are conceptualized by the City of Davis as components of an economic development strategy to substantially alter the City's employment growth trajectory in the coming decades.¹⁹ The focus of the innovation parks is to leverage research activity that is conducted at UC Davis. As cited by BAE Urban Economics, the Brookings Institution indicates that the types of firms attracted to innovation centers include "high-value, research-oriented sectors such as applied sciences (from life and material sciences to energy technology to nanotechnology) and the burgeoning app economy."²⁰

¹⁶ ALH Urban & Regional Economics. *Davis Innovation Center Urban Decay Analysis* [pg. 15]. March 2015.

¹⁷ BAE Urban Economics. *City of Davis Economic Evaluation of Innovation Park Proposals* [pg. 12]. July 9, 2015.

¹⁸ *Ibid.*

¹⁹ BAE Urban Economics. *City of Davis Economic Evaluation of Innovation Park Proposals* [pg. i]. July 9, 2015.

²⁰ *Ibid* [pg. 4].

The innovation park strategy has been under consideration by the City of Davis for a number of years, and was discussed in a 2010 study prepared by the City of Davis Community Development and Sustainability Department. The study is titled “Business Park Land Strategy” and is dated October 27, 2010. The Business Park Land Strategy employed a sectoral analysis to employment in Davis, wherein “targeted knowledge based” sectors were deemed most relevant to growth in the Davis economy. The targeted knowledge-based sectors included a subset of the manufacturing and professional, scientific and technical North American Industry Classification System (NAICS) codes 33 and 54. The Business Park Land Strategy also indicated these knowledge-based sectors were interchangeable with “innovation company.”²¹ As such, ALH Economics considers the study findings regarding targeted knowledge businesses and employment to be most relevant to the analysis of the current City of Davis innovation park proposals.

Based upon detailed sectoral employment analysis, the Business Park Land Strategy estimated that innovation-based employment in Davis in 2008 totaled 1,427.²² At the time, this level of employment totaled 4.8 percent of total employment including UC Davis and 7.8 percent excluding UC Davis. In a later section of the Business Park Land Strategy, estimates are provided regarding the amount of square feet required to meet the space needs of projected target knowledge based employment, or innovation employment. While the employment growth figure is based on earlier analysis, the projection is useful in that it is based upon an estimate of 355 square feet of space per worker.²³ If one assumes this figure is applicable to the estimated 2008 base of innovation employees, this equates to innovation employees occupying 506,585 square feet of the 2008 office and industrial base in Davis.

Overall employment in Davis between 2008 and 2015 has remained relatively unchanged. The finding is pursuant to ALH Economics evaluation of estimated Davis employment reported by the U.S. Census Bureau, American Community Survey. However, the BAE report indicates that rapid growth in Davis’ knowledge-based industries between 1999 and 2008 appeared to continue after 2008.²⁴ One such growth example included the completion of a 225,000-square-foot manufacturing plant for DMG/Mori Seiki in 2012.²⁵ In addition, Expression Systems, which provides media formulations to the insect cell culture markets, relocated to Davis in 2012 to occupy a 27,000-square-foot lab/warehouse facility.²⁶ Expression Systems also comprised new construction, thus expanding the base of occupied innovation sector space. The BAE report cites other economic activities associated with innovation businesses, including investments and projections for future space needs, but these two examples are the most relevant to Davis’ occupied inventory. Adding these two expansions to the 2008 innovation-based space estimate results in a total estimate of at least 758,850 square feet of space in Davis currently meeting the

²¹ City of Davis, Community Development and Sustainability Department, Economic Development Division. *Business Park and Land Strategy, Technical Report* [pg. 25]. October 27, 2010.

²² *Ibid* [pg. 27].

²³ In Table 20 of the Business Park Land Strategy (page 83), 454,638 square feet of square are estimated for 1,282 employees, resulting in a per employee estimate of 355 square feet.

²⁴ BAE Urban Economics. *City of Davis Economic Evaluation of Innovation Park Proposals* [pg. 10]. July 9, 2015.

²⁵ *Ibid*.

²⁶ *Ibid*.

needs of innovation sector businesses. This comprises approximately 25 percent of the combined Davis office and industrial base, an increasing percentage of the overall limited space.

City of Davis Undeveloped Land

A recent May 2015 update of vacant land available for new research and development/office/flex space within the City of Davis showed that there is approximately 153 net acres remaining in 32 properties or undeveloped portions of partially developed properties. This includes the sites that are zoned for office/flex and industrial building types and other commercial sites suitable for business growth (see Figure 4.10-7). The May 2015 vacant land survey is updated from the 44 vacant internal sites and 228 undeveloped acres identified in the 2010 Business Park Land Strategy described above.

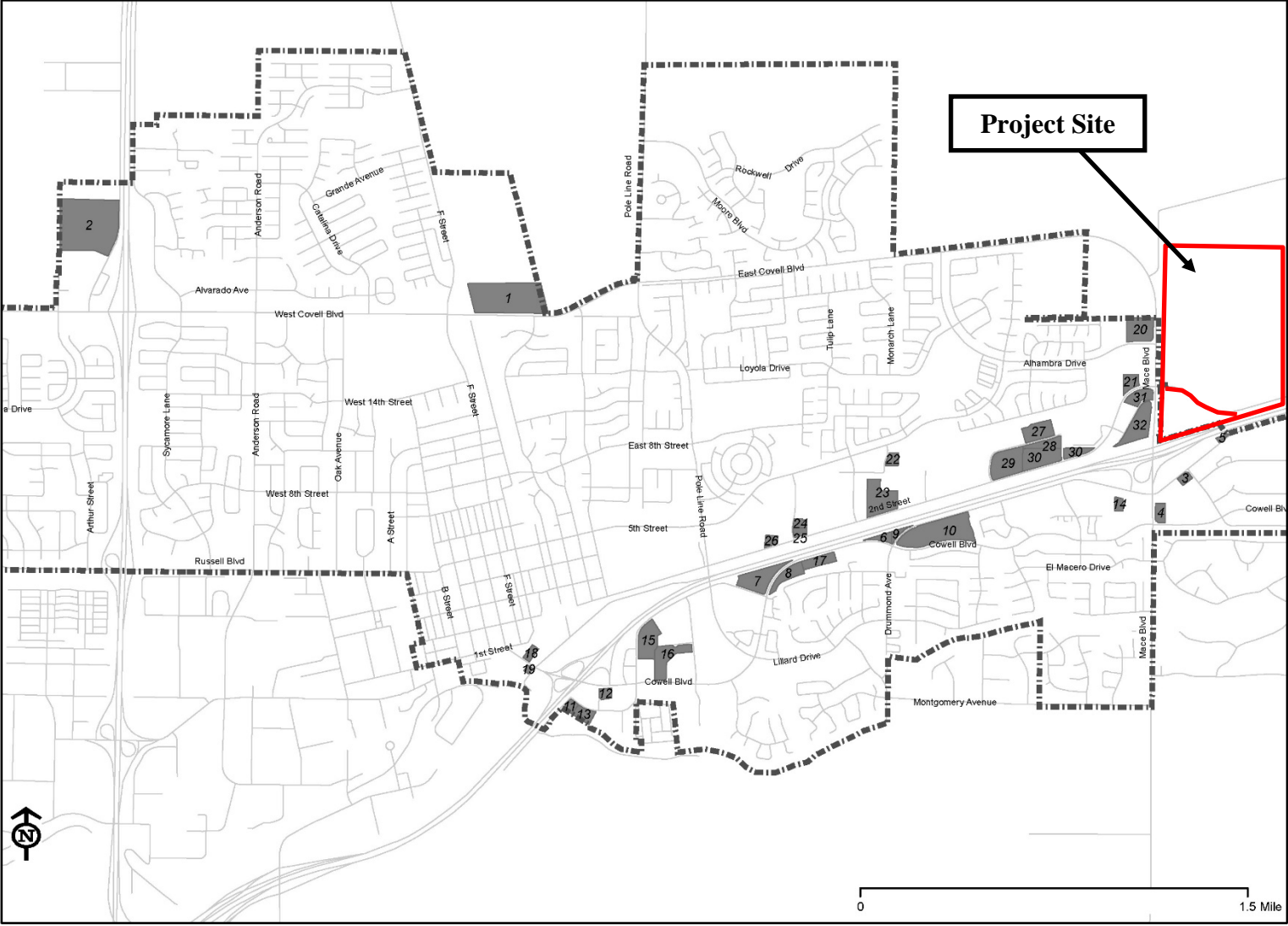
A number of the current 32 vacant properties are not available on the market and are being held for future possible expansion, or have development plans underway. The non-available vacant land includes four (4) sites totaling approximately 52 acres: the 28 acre site located north of Sutter Hospital; an approximately 10-acre portion of a site held by a biotechnology company for future expansion along 2nd Street; a 6.2 acre undeveloped portion of the Kaiser Permanente medical clinic site; and a 7.8 acre site held by DMG Mori at 2nd Street and Faraday. Development plans are also underway for one of the largest remaining sites, a 14.8 acre site on Chiles Road. In addition, three (3) vacant sites totaling approximately 4 acres are owned by UC Davis.

With removal of the eight (8) non-available sites from the 32, 24 vacant sites totaling approximately 82 acres remain currently available. Of these 24, the majority (19) are small sites, under four (4) acres in size, with 14 of these under two (2) acres in size. In addition, several sites along the 2nd Street corridor and within the Interland Research Park on Research Park Drive have had development proposals approved in the past that were not executed for a variety of reasons, and are held for future development by the current owners.

City of Davis Existing Retail Space

The MRIC site is located near a relatively retail rich area. The 172,000-square foot shopping center, known as Second Street Crossing shopping center is located across Mace Boulevard to the west. The Second Street Crossing shopping center offers Davis's sub-regional shopping opportunities, and is anchored by Target and TJ Maxx. In addition, the El Macero neighborhood shopping center is located just southwest of the MRIC site, on the other side of I-80, which is anchored by a Nugget Market and includes other neighborhood-serving tenants. Therefore, if employee shopping needs are not met by retailers in the MRIC's planned retail space, employees could readily shop at other nearby retail centers, enabling their workday retail sales to be captured by Davis retailers.

Figure 4.10-7
City of Davis Undeveloped Land



Source: City of Davis, 2015.

According to CoStar, Davis has a strong retail commercial real estate base, totaling nearly 2.2 million square feet, which was operating at 3.4 percent vacancy at year-end 2014. This is a very low vacancy rate, indicative of a tight retail market. Retail markets are preferred to operate at a 5 to 10 percent vacancy rate, which allows for market fluidity and the entrance of new retailers. In addition, during the height of the recession, Davis' retail vacancy rate was well below the 10 percent threshold indicative of a healthy market, which signifies an extremely strong retail sector. The few retail vacancies throughout Davis are generally smaller in size, well maintained, and do not show signs of decay.

The largest non-downtown retail node by square footage is Second Street Crossing (172,000 square feet) on 2nd Street and Mace Boulevard. The few retail vacancies in the center are well maintained and do not show signs of decay. The City of Davis contains a number of mid-sized neighborhood-serving retail centers, most of which are under 100,000 square feet and traditionally anchored by a grocery store, and often a drug store. The University Mall on Russell Boulevard and Anderson Road has an estimated 103,695 square feet of retail and is anchored by Trader Joe's, Cost Plus World Market, and Forever 21. Further north the Marketplace on West Covell (and State Route 113) is anchored by Safeway and neighborhood-serving retail. Further east, on East Covell Boulevard and Pole Line Road, is the Oak Tree Plaza, which is anchored by a Nugget Market and CVS Pharmacy as well as neighborhood retail. The Oakshade Town Center on Cowell Boulevard and Pole Line Road serves the southern part of Davis, and features a Safeway, Rite Aid, and Office Max. Also in the southern part of the City, the El Macero on Mace Shopping Center on Mace Boulevard and Cowell Boulevard is anchored by a Nugget Market.

Other smaller retail nodes are sprinkled around the City and are generally smaller neighborhood-serving retail centers with about 50,000 square feet. Some are older from about the 1960s era but have been remodeled and are well maintained, including G Street Shopping Center, Westlake Plaza, and Davis Manor Center and generally have high occupancy rates and are a mix of national chain and local retail options. Overall, the Davis retail market is attractive and has the demonstrated ability to backfill retail vacancies.

City of Davis Existing Supply of Hotels

The existing Davis hotels represent four classes of hotel, including economy, midscale, upper midscale, and upscale. Overall there are 733 rooms distributed among the 11 hotels. Approximately half of Davis' hotels are located in Downtown Davis, approximately 3 miles away from the proposed project site. The physical conditions of the existing hotels were found to be in good general repair, with attractive physical conditions without signs of urban decay or deterioration, such as litter, graffiti, weeds or rubbish.²⁷ It should be noted that the City of Davis has received an application for the proposed Richards Hotel and Conference Center. The proposed Richards Hotel is a reasonably foreseeable application; therefore, pursuant to CEQA Guidelines Section 15130, this application is evaluated in the Cumulative Impacts chapter of this EIR.

²⁷ Based on fieldwork conducted by ALH Economics in January and February of 2015.

Over the 2008 through 2014 time period, the hotel demand increased significantly by 17 percent from 2010 to 2011, slowing to a two percent increase from 2011 to 2012, but then increasing thereafter, including an 11 percent increase from 2013 to 2014. Overall, hotel demand grew on annual average of 9.1 percent since 2009, and a slightly lower 6.8 percent from 2008 onward. Because the number of hotel rooms has stayed relatively constant from 2010 onward, the data indicates that hotel demand in Davis is trending upward.

4.10.3 REGULATORY CONTEXT

The following is a description of State and local environmental laws and policies that are relevant to the CEQA review process concerning land use and urban decay are listed below, as applicable. Regulations that are not applicable to the proposed project have been omitted.

State Regulations

The following are applicable State regulations related to the proposed project.

Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §560000 et seq.)

In California, the establishment and revision of local government boundaries is governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). The CKH was a comprehensive revision of the Cortese-Knox Local Government Reorganization Act of 1985, which was itself a consolidation of three major laws governing boundary changes. The three laws that governed changes in the boundaries and organization of cities and special districts prior to 1986 were:

- The Knox-Nisbet Act of 1963, which established LAFCOs with regulatory authority over local agency boundary changes.
- The District Reorganization Act of 1965 (DRA), which combined separate laws governing special district boundaries into a single law.
- The Municipal Organization Act of 1977 (MORGA), which consolidated various laws on city incorporation and annexation into one law.

Regional Regulations

The following are applicable regional regulations related to the proposed project.

Sacramento Area Council of Governments

The Sacramento Area Council of Governments (SACOG) is an association of local governments from six counties and 22 cities within the Sacramento Region. The counties include El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba. SACOG is responsible for the preparation of, and updates to, the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) for the region and the corresponding Metropolitan Transportation Improvement Program (MTIP). The MTP/SCS provides a 20-year transportation vision and corresponding list of

projects. The MTIP identifies short-term projects (seven-year horizon) in more detail. The 2035 MTP/SCS was adopted by the SACOG board in 2012. It should be noted that consistency with the aforementioned regional planning documents is considered by the applicable LAFCo when approving or denying an annexation.

Metropolitan Transportation Plan/Sustainable Communities Strategy

The 2035 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) is a long-range plan for transportation improvements in the region. The plan is based on projections for growth in population, housing, and jobs. SACOG determines the regional growth projections by evaluating baseline data (existing housing units and employees, jobs/housing ratio, and percent of regional growth share for housing units and employees), historic reference data (based upon five- and ten-year residential building permit averages and historic county-level employment statistics), capacity data (General Plan data for each jurisdiction), and current MTP data about assumptions used in the most recent MTP/SCS. SACOG staff then meets with each jurisdiction to discuss and incorporate more subjective considerations about planned growth for each area. Finally, SACOG makes a regional growth forecast for new homes and new jobs, based upon an economic analysis provided by a recognized expert in order to estimate regional growth potential based on market analysis and related economic data. This growth forecast is then incorporated into the MTP/SCS.²⁸

Local Regulations

The following are applicable local regulations related to the proposed project.

Yolo County Local Agency Formation Commission

Yolo County LAFCo is an independent agency responsible for the implementation of the CKH. Yolo County LAFCo is empowered to review, approve or deny boundary changes, city annexations, consolidations, special district formations, incorporations for cities and special districts, and to establish local Spheres of Influence, “SOI.” The SOI for each governmental agency is a plan for the future boundary and service area. The LAFCo function is outlined in Government Code, Section 56000 et seq., known as the CKH.

Yolo County Local Agency Formation Commission Standards of Evaluation

The Yolo County LAFCo is charged with the responsibility of preservation of agricultural land, orderly development, and the efficient provision of urban services. LAFCOs evaluate the loss of agricultural land to development, the effect the proposed development would have on adjacent agricultural lands, the orderly expansion of city boundaries, and the ability of a city to provide urban services to the property. The Yolo County LAFCo has adopted Standards for Evaluation of

²⁸ More detail on the multi-year process followed by SACOG can be found on page 18-25 of Appendix E-3 to the 2035 MTP/SCS Update and Chapter 3, Summary of Growth and Land Use Forecast, of the adopted MTP/SCS, available on the SACOG web page at: <http://sacog.org/mtpscs>.

Proposals which include several policies that are applicable to the proposed project. Many of the policies provide guidance as to which territories are favored by the Commission in annexations. The policies also address agricultural preservation and promotion, requirements for pre-zoning and tax sharing agreements, and ability of the annexing agency to provide adequate water supply in a timely fashion.

The Amended and Restated Pass-Through Agreement

The Amended and Restated Pass-Through Agreement, entered into November 20, 2001 between the Redevelopment Agency, the City of Davis, and Yolo County provides the City of Davis with the ability to review project proposals in the unincorporated area surrounding the City. The City may withhold tax increment revenue that is passed through to Yolo County if the County approves "urban development" in the identified area. Although the Redevelopment Agency has been dissolved, the City and the County continue to operate under the provisions of the Agreement.

Davis General Plan

The applicable *Davis General Plan* policies and standards relating to land use and urban decay are presented below in Table 4.10-4.

Davis Municipal Code

The *Davis Municipal Code* ordinances related to land use and urban decay that are applicable to the proposed project are presented below.

Article 41.01 Citizens' Right to Vote on Future Use of Open Space and Agricultural Lands (Commonly known as Measure R)

The City of Davis Zoning Ordinance requires voter approval for changes to land use designations on the Land Use Map from Agricultural or Urban Reserve to Urban land use designations or from Agricultural to Urban Reserve land use designations. The section pertaining to voter approval of the Davis Zoning Ordinance is included below.

Section 41.01.020 Voter approval.

- A. Voter Approval of Changes to Land Use Designations on the Land Use Map from Agricultural or Urban Reserve to Urban land use designations or from Agricultural to Urban Reserve land use designations.
 1. Each and every proposed amendment or modification of the Land Use Map to modify the land use designation of lands designated for agricultural, open space or urban reserve use on the Land Use Map to an urban or urban reserve designation is a significant change that affects the City and its ability to maintain its vision for a compact urban form surrounded by farmlands and open space. Any such proposal, therefore, requires public participation in the decision, including, but not limited to, voter approval of the proposed amendment or modification of the Land Use Map.

2. Any application for an amendment or modification of the Land Use Map that proposes changing the Land Use Map land use designation for any property from an agricultural, open space, or urban reserve land use designation (e.g. agricultural, open space, agricultural reserve, urban reserve, environmentally sensitive habitat, Davis Greenbelt) to an urban land use designation or from an agricultural designation to an urban reserve designation shall require:
 - a. Establishment of baseline project features and requirements such as recreation facilities, public facilities, significant project design features, sequencing or phasing, or similar feature and requirements as shown on project exhibits and plans submitted for voter approval, which cannot be eliminated, significantly modified or reduced without subsequent voter approval.
 - b. Approval by the City Council, after compliance with the California Environmental Quality Act, the State Planning and Zoning laws and any other applicable laws or regulations, and then
 - c. Approval by an affirmative majority vote of the voters of the City of Davis voting on the proposal. The land use designation amendment or modification shall become effective only after approval by the City Council and the voters. The City shall not submit any application to the voters if the application has not first been approved by the City Council, unless otherwise required by law.
3. If, after compliance with the California Environmental Quality Act and other applicable laws, the City Council modifies or amends the land use designation for any property from an urban land use designation to an agricultural, open space, or urban reserve land use designation, the land use of that property shall not be amended or modified from the agricultural, open space, or urban reserve designation to an urban land use designation without first complying with this Article, including but not limited to the voter approval requirements set forth in subsection A(2), above.

Section 23.01.030 Nuisances.

This section of Davis' Code addresses urban blight and provides the City with necessary enforcement mechanisms to require abatement, if necessary. Unlawful conditions include:

- any vacant, unoccupied or abandoned building or structure that is not reasonably secured against uninvited entry or that constitutes a fire hazard, or is in a state of unsightly or dangerous condition so as to constitute a blighted condition detrimental to property values in the neighborhood or otherwise detrimental to the health, safety and welfare of the public;
- any condition that constitutes a visual blight. For purposes of this Code, visual blight is any unreasonable, nonpermitted or unlawful condition or use of real property, premises or of building exteriors which by reason of its appearance as viewed from the public right-of-way, is detrimental to the property of others or to the value of property of others, offensive to the senses, or reduces the aesthetic appearance of the neighborhood. Visual blight includes, but is not limited to, the keeping, storing, depositing, scattering over or accumulation on the premises any of the following:
 - a) Lumber, junk, trash, debris, scrap metal, rubbish, packing materials, building materials,

- b) Abandoned, discarded or unused objects or equipment such as furniture, stoves, appliances, refrigerators, freezers, cans or containers, automotive parts and equipment,
- c) Abandoned, wrecked, disabled, dismantled or inoperative vehicles or parts thereof except inoperative vehicles that are not abandoned and are in an active state of renovation or restoration.,
- d) Stagnant water or excavations,
- e) Any personal property, object, device, decoration, design, fence, structure, clothesline, landscaping or vegetation which is unsightly by reason of its condition or its inappropriate location,
- f) Vehicles parked on any surface other than an “improved surface” or “driveway,” as those terms are defined in Chapter 40 of this Code;

Section 23.01.040 Responsibility for Property Maintenance.

- A. Every owner of real property within the city is required to maintain such property in a manner so as not to violate the provisions of this chapter and such owner remains liable for violations thereof regardless of any contract or agreement with any third party regarding such property.
- B. Every occupant, lessee, tenant or holder of any interest in property, other than as owner thereof, is required to maintain such property in the same manner as is required of the owner thereof, and the duty imposed on the owner thereof shall in no instance relieve those persons referred to from the similar duty.

Other Policy Documents

Other land use-related planning documents, adopted by Davis City Council via resolution, are presented below.

Business Park Land Strategy

In December 2008, the Davis City Council initiated preparation of a Business Park Land Strategy (BPLS). The BPLS was prepared to provide a common understanding about the adequacy of the City's commercial land supply and long term needs to support future business growth. Other objectives were to better understand Davis' long-term economic future and provide guidance for future decisions regarding community economic development goals for the 2010-2035 timeframe. The BPLS assessed Davis' long-term (25-year) business growth prospects against the remaining vacant commercial land supply. It also assessed the economic value of growth in knowledge-based industry sectors best suited to take advantage of the presence of the University's research strengths, highly educated residents and workforce.

The BPLS concluded the city needed to be proactive in pursuing opportunities including near, mid and longer term actions for Davis to maximize use of its existing business park/industrial land and building supply; and to evaluate and pursue options to increase long term supplies. Council Actions on the BPLS in October of 2010 included:

- Direction to pursue (re)development of Downtown and Nishi/Gateway as a dynamic mixed-use innovation district; and
- Creation of a Task Force charged with exploring peripheral sites for future business park development to accommodate medium-scale (~150 employees) businesses; and charged with exploring peripheral opportunity sites to accommodate medium-scale businesses, including Mace Ranch/I-80 and the Northwest quadrant as initial site options; and to identify attributes of world-class next-generation university-related business park and how they would apply to a future innovation center in Davis.

The BPLS and its key findings are intended to inform the community and community policymakers as they:

- Evaluate options available to make the best use of the City’s existing commercial land supply;
- Determine whether and how to increase its future land supply in order to sustain desired business growth; and
- Consider opportunity costs and relative trade-offs associated with different options.

Innovation Park Task Force Recommendations

The multi-year work of the Innovation Park Task Force culminated in Council adoption of a “Dispersed Innovation Center Strategy,” a multi-pronged approach of which consideration of new innovation centers is one part. The specific Innovation Park Task Force recommendations adopted by the Davis City Council on November 13, 2012 include:

1. Adopt a new fiscal model that accurately evaluates both the fiscal impacts and economic benefits of new innovation/research development for the community.
2. Pursue a “Dispersed Innovation Strategy” offering flexible space (scalability) supporting needs of growing and new businesses. A combined approach of near term close-in hub with mid-term, larger less constrained edge sites offer the best mix of University proximity and expansion capability for the City:
 - a) Maximize Existing Inventory to increase development certainty, and flexibility.
 - b) Review existing land use, zoning and tax structure with objectives of supporting retention and growth of innovation businesses and maximizing revenue opportunities.
 - c) Near Term - The Gateway (Downtown Research & University Innovation District) option offers the best close/in location due to the proximity to University and property owner and University interest, and should be pursued as the City’s top innovation center priority.
 - d) Mid-Term - The East and West “edge” sites offer viable options for location and size of larger innovation centers meeting needs of growing mid-sized companies, and should be continued to be explored as part of a mid-term Dispersed Innovation Strategy.
3. Initiate a community engagement process that incorporates the findings and recommendations of the Innovation Park Task Force and “City of Davis Innovation

Center Study” and is aligned with other economic development public outreach efforts, to inform the community and solicit input on:

- Existing economic development efforts underway
 - Community benefits of local growth of knowledge based jobs
 - Innovation center options/components
 - Proposed creation of new close/in and edge innovation centers as part of dispersed innovation center strategy
 - Prioritizing implementation actions
 - Branding and Marketing
4. Proactively partner with UC Davis, property owners, Yolo County, community business leaders and other regional partners to define opportunities and remove constraints to future innovation business growth, including:
- Infrastructure needs
 - Financing
 - Investment interest
 - Increasing certainty in entitlement process
 - Maximizing net community benefits
 - Yolo County tax sharing agreements
 - Measure R process for agricultural land annexation
 - Opportunity costs of insufficient space

In May 2014 the City issued a “Request for Expressions of Interest” (RFEI) for Davis innovation center proposals; in July 2014 the City requested submittal of applications. Two applications were received: the Mace Ranch Innovation Center at the City’s eastern edge and the Davis Innovation Center at the City’s western edge.

Guiding Principles for Davis Innovation Center(s)

On December 16, 2014 the City of Davis City Council adopted the Guiding Principles for Davis Innovation Center(s). The Guiding Principles’ purpose is to establish a framework for evaluating proposed Innovation Centers.

In addition to established City policy and land use documents, (such as the Municipal Code, Zoning Ordinance, General Plan, Climate Action and Adaptation Plan, Transportation Element and Beyond Platinum Bicycle Action Plan), the City Council created a Council subcommittee to provide direction for community review of these proposed Innovation Centers. The City Council Innovation Center Subcommittee developed these “Guiding Principles,” with staff assistance, to better define community values and clarify community expectations for evaluating and guiding refinement of proposed Innovation Center concepts. These guidelines are to make more explicit specific thresholds for performance - what the community and its policymakers are looking for in any Davis Innovation Center. They are also to act as a framework and evaluation tool establishing up front transparent bench marks by which the community, Commissions, Council and project proponents can assess achievement of these community objectives.

At the appropriate time, applicants will be required to prepare detailed design guidelines for all aspects of the project (building forms, materials, detailing, greenbelts, open spaces, streets, pathways, etc.). These Guiding Principles are intended to inform project evaluation throughout the process and be implemented via the zoning and Development Agreement for the project(s). The Guiding Principles for the Innovation Center concepts include the following eight areas:

1. Density;
2. Sustainability;
3. Transportation;
4. Work Environment;
5. Uses;
6. Timing and Project Phasing;
7. Fiscal Consideration and Net Community Benefit; and
8. Facilitate Collaborative Partnerships and Provide Opportunities for Increased University and Research Engagement.

4.10.4 IMPACTS AND MITIGATION MEASURES

The section below describes the standards of significance and methodology utilized to analyze and determine the proposed project's potential project-specific impacts related to land use and urban decay. In addition, a discussion of the project's impacts, as well as mitigation measures where necessary, is also presented.

Standards of Significance

In accordance with CEQA, the effects of a project are evaluated to determine if they would result in a significant adverse impact on the environment. For the purposes of this EIR, an impact is considered significant if the proposed project would:

- Physically divide an established community;
- Conflict, or create an inconsistency, with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect; or,
- Conflict with any applicable habitat conservation plan or natural community conservation plan.
- Cause the potential for urban decay resulting from significant adverse physical impacts related to economic and social changes and/or effects (CEQA Guidelines Section 15064(e), 15064(f)(6); 15131, and 15182.

Issues Not Discussed Further

The proposed project's impacts associated with any applicable habitat conservation plan or natural community conservation plan is addressed in the Biological Resources section of this EIR. For the aforementioned reasons, that impact is not analyzed further in this section of this EIR.

Method of Analysis

The following section analyzes the compliance of the proposed project with adopted plans and policies, pursuant to Section 15125(d) of the CEQA Guidelines and the potential for urban decay to result with the implementation of the proposed project.

Land Use

Existing land uses in the project vicinity were identified based on information provided by the City. The land use evaluation is based on a qualitative comparison of existing and proposed uses on the site and their compatibility with existing land uses and planned land uses as defined in the City's General Plan and Municipal Code, as well as other applicable local environmental and planning documents. The project's consistency with the Yolo County LAFCo standards are also discussed. The ultimate determination of consistency rests with the City of Davis City Council.

Urban Decay

The urban decay impact evaluation is based on *Mace Ranch Innovation Center Urban Decay Analysis* prepared specifically for the proposed project by ALH Urban & Regional Economics (see Appendix H).

Peer Review of Economic Evaluation Study

BAE Urban Economics prepared a study conducting economic evaluation of the proposed project. ALH Economics conducted a peer review of this study to ascertain the reasonableness of the approach and assumptions regarding economic evaluation of the employment-generating components of the proposed project. As part of the peer review ALH Economics checked the timeliness and veracity of the underlying data, determined if the conclusions were sound, and assessed if sufficient evidence was provided to support the economic evaluation conclusions. ALH Economics cross checked select data points, conducted independent analysis where warranted, and assessed the veracity of the analysis relative to the needs of the proposed project's urban decay analysis.

ALH Economics found the BAE study to be a sound document demonstrating strong familiarity with the City of Davis real estate markets, particularly the industrial market. The study included solid information about recent trends in the City of Davis industrial market regarding tenant movement, market nuances, and especially land supply trends for business park development. The BAE study included case study analysis of tech related growth in other communities that was informative and instructive, providing a basis for considering the proposed project's economic development potential, along with other planned development projects, and formulating project assumptions. As warranted, findings from the BAE study are referred to and relied upon as appropriate in assessing the proposed project's potential to cause or contribute to urban decay.

The analysis generally assumes 2035 as the buildout year for the office and industrial land uses, which reflects a 17-year absorption period. This time period is at the high end of the projections

prepared for the City of Davis assuming just MRIC site is developed, but is lower than the assumption in the event other cumulative projects are developed. The 2035 timeframe is also coincident with the timeframe of available long-range economic and demographic projections. While the furthest buildout projections would extend the buildout to 2039 to 2069 for the proposed project in combination with other known planned projects, it can become speculative to conduct analysis beyond the 2035 time period, since this is the terminal year for available economic and demographic projections. Moreover, from the perspective of urban decay analysis, the assumption of relatively rapid absorption is a conservative assumption, as it may result in more accelerated development and associated accelerated impacts on the existing real estate base.

The urban decay analysis estimates the extent to which development of the proposed project may or may not contribute to urban decay pursuant to potential impacts on existing office and industrial space, existing retailers, and hotels. The key indicator from a CEQA perspective is impacts on the existing physical environment, which in the context of an urban decay analysis includes the commercial real estate base and other germane real estate conditions, as measured by the current baseline. Characteristics of physical deterioration contributing to urban decay include abandoned buildings, boarded doors and windows, long-term unauthorized use of the properties and parking lots, extensive or offensive graffiti painted on buildings, dumping of refuse or overturned dumpsters on properties, dead trees and shrubbery, and uncontrolled weed growth.

Project-Specific Impacts and Mitigation Measures

The following discussion of impacts is based on implementation of the proposed project in comparison with the standards of significance identified above. The discussions and mitigation measures presented below apply to both the MRIC and the Mace Triangle portions of the proposed project unless otherwise stated.

4.10-1 Physical division of an established community. Based on the analysis below, the project would have *less than significant* impact.

The potential impacts associated with the physical division of an established community are discussed for the MRIC site and the Mace Triangle site separately below.

MRIC

As discussed above, the project site is located within Yolo County, just outside the eastern city limits of Davis. The proposed 212-acre MRIC site would result in development of predominately vacant land that has been historically used for agricultural operations, including row crops. The MRIC site is adjacent to the urbanized areas of Davis to the west and south and is adjacent agricultural land to the east and north.

Mace Triangle

The 17-acre Mace Triangle site has been included in the overall project boundary of the proposed project application at the City's direction primarily for annexation purposes (i.e., to avoid the creation of a County island property). This EIR has assumed that the Mace Triangle, with the exception of the Park-and-Ride lot, could be developed at a later date, subject to approval of additional discretionary entitlements. Therefore, future potential buildout of the Mace Triangle could result in approximately up to 45,901 square feet of research/office/R&D and 25,155 square feet of ancillary retail.

Conclusion

Given the site's immediate vicinity to the existing city limits of Davis, the project would serve as an addition to the existing community of Davis and have a *less-than-significant* impact related to the physical division of an established community.

Mitigation Measure(s)

None required.

4.10-2 Economic and social changes and/or effects that result in urban decay. Based on the analysis below and with implementation of mitigation, the impact is *less than significant*.

The potential impacts associated with urban decay are discussed for the MRIC and the Mace Triangle separately below.

MRIC

As described above, urban decay is a compounding phenomenon that could result from extended vacancy, deferred maintenance, and abandonment of buildings. The proposed MRIC would add up to approximately 2,654,000 square feet of innovation center uses to the existing market, consisting of 1,510,000 square feet of research, office and R&D space, 884,000 square feet of manufacturing space, 100,00 square feet of ancillary retail space, and 160,000 square feet of hotel uses including 150 rooms with conference center.

Office and Industrial

ALH Economics estimated that approximately 760,000 square feet of the existing real estate base in Davis comprises space that currently meets the needs of innovation sector businesses, comprising 25 percent of the combined office and industrial base. ALH Economics concluded it is possible that some existing innovation sector businesses may seek to relocate to the MRIC upon availability or sometime thereafter. Information included in the BAE study suggests that this would indeed be the case relative to at least one known existing Davis office and industrial tenant. This tenant is Schilling Robotics, a local business acquired by FMC in 2012 that manufactures robotic arms for underwater remotely operated vehicles. FMC/Schilling Robotics currently occupies 120,000 square

feet on a 5.0-acre site in Mace Ranch in Davis, and has expressed an interest in relocating to a 30.0-acre site at the proposed MRIC. BAE reports that an initial phase of construction pursuant to this relocation could involve an approximately 200,000-square-foot facility with possible expansion to 300,000 to 400,000 square feet.²⁹ Relocation of FMC/Schilling Robotics would enable Davis to retain a key industrial tenant, fuel the demand for new innovation center space, and make a large increment of existing space available for other market users. This could enable another existing Davis business in need of expansion space to grow while remaining in Davis. In addition, the continued presence of FMC/Schilling and DMG Mori (machine tool R&D and manufacturing operations) in Davis can have a positive impact by catalyzing growth of other advanced manufacturing companies in the community and region and stimulating other businesses to fill gaps in their supply chains.

Unlike FMC/Schilling Robotics, some existing tenants could be motivated to remain in their existing space because of the customization of their space to meet their specific needs, such as Expression Systems and DMG/Mori, both of which recently moved into build-to-suit space. Yet other tenants may be more mobile, and thus if they can afford the higher lease rates that would prevail at the innovation centers because of the newer construction, amenity, and infrastructure costs, they may comprise a risk for relocation. Such relocations could result in vacancies in the existing office and industrial base in addition to the FMC/Schilling Robotics space.

Given the long time horizon associated with MRIC buildout, there is no knowing how many tenants and the associated amount of additional existing space that could be at risk of potential innovation type space relocation. In all likelihood it would be confined to the City's existing innovation sector tenants, as these are the type of tenants to which the innovation parks will be targeted. As noted, these tenants excluding the newer construction for Expression Systems and DMG/Mori, are estimated to currently occupy about 506,600 square feet of the existing Davis office and industrial base. Already the expectation is that FMC/Schilling Robotics would vacate 120,000 square feet, leaving another 386,600 square feet of innovation tenant space. If tenants comprising one-half this remaining balance were to relocate, this would result in 313,300 square feet becoming vacant (i.e., 120,000 square feet for FMC/Schilling Robotics and ½ the 386,800-square-foot balance). This 313,300-square-foot increment of space comprises 11 percent of the City's total existing office and industrial base. However, there could be yet other space at risk of becoming vacant, which may or may not be related to innovation park impacts.

Notably, UC Davis is a major tenant of leased office and industrial space in Davis, including many properties in the more industrial areas of the City. Examples of UC Davis offices in leased space include UC Davis Center for Mind and Brain, UC Davis Design and Construction Management, UC Davis Agriculture and Natural Resources, UC Davis

²⁹ ALH Urban & Regional Economics. *Mace Ranch Innovation Center Urban Decay Analysis* [pg. 20]. March 2015.

California Lighting Technology Center, UC Davis Development and Alumni Relations, UC Davis Advancement, and UC Davis Extension – Forensic Science Graduate School. As of November 2013, news reports indicate that UC Davis leased 292,500 square feet of office and lab space in the City of Davis.³⁰ This comprises 10.0 percent of the existing inventory. At least one commercial real estate broker active in Davis anecdotally reports this percentage is higher.³¹ The portion of UC Davis space that comprises innovation tenant space is not known, but there is likely to be some overlap given the nature of some of UC Davis' above-cited operations. Thus, to the extent UC Davis needs for leased space contract or UC Davis offices relocate to the MRIC Project, this could result in yet further increases in existing innovation tenant space at risk of becoming vacant attributable to the MRIC. Alternatively, however, UC Davis could require yet more leased space in the City of Davis, especially as the University strives to implement its 2020 Initiative, which is designed to facilitate undergraduate growth by 20 percent between 2013 and 2020 and coordinated growth of a similar magnitude in most other aspects of the University's operations.³²

It is likely that as the existing Davis office and industrial space ages and newer properties become available, the vacated space could be available at a substantially lower rental rate. Therefore, other existing Davis tenants seeking expansion or price-sensitive new tenants could find the vacated space attractive. However, absent the innovation sector employment growth, it is possible that future employment growth in Davis could be limited. For example, the reallocated BAE employment projections presented in ALH's report (Exhibit 6) reflect the addition of 1,617 new jobs in Davis between 2008 and 2035, in addition to the projected office and industrial jobs. Because employment in Davis has been relatively flat since 2008, ALH Economics considers that projection relevant for the period corresponding with the present time to 2035. These new jobs include a range of sectors, such as retail and food (among sectors reflected in SACOG's employment projections), which do not require office or industrial space. An illustrative analysis of how these growth projections could translate into demand for potentially vacated existing innovation tenant space is presented in Table 4.10-3. This table illustratively assumes the following: two-thirds of the new jobs could require office or industrial space; office/industrial space could be required at a density of 300 square feet per employee; and one-half the resulting office demand could choose to locate in vacated innovation tenant space.

As shown in Table 4.10-3, this results in an illustrative estimate of demand for 161,725 square feet of existing, former innovation sector space by 2035.

³⁰ ALH Urban & Regional Economics. *Mace Ranch Innovation Center Urban Decay Analysis* [pg. 21]. March 2015.

³¹ Personal communication between ALH Urban & Regional Economics and Jim Gray, CCIM, of DTZ, March, 2, 2015.

³² ALH Urban & Regional Economics. *Mace Ranch Innovation Center Urban Decay Analysis* [pg. 21]. March 2015.

Based on the illustrative 313,300 square feet increase in vacancy due to relocated innovation sector businesses, this would leave a balance of 151,575 square feet of vacant space, or 5.2 percent of Davis’ existing office and industrial base. If buildout of the MRIC occurs beyond the 2035 time period, then the quantity of potentially vacated space would decline, as well as the impact on the vacancy rate. This would be due to further increases in employment and subsequent demand for associated office and industrial space. Thus, a more prolonged absorption period would be advantageous to the prospect of vacancy impacts.

Table 4.10-3 Illustrative Existing Innovation Type Space Vacancy in 2035	
Supply and Demand Characteristic	Quantity
Prospective increase in existing innovation type space vacancy	313,300 sf
New jobs by 2035 exclusive of innovation sector employment growth	1,617
Illustrative percent of new jobs requiring office/industrial space	x 67%
New jobs requiring office/industrial space	1,078
Square feet of office/industrial space per job ¹	x 300 sf
Square feet of office/industrial demand	323,450 sf
Illustrative percent of demand locating in vacated innovation sector space	x 50%
Square feet of demand for vacated innovation sector space	161,725 sf
Illustrative remaining vacancy in existing innovation type space²	151,757 sf
Notes:	
1. Generalized figure, comprising an approximate average for office and industrial space.	
2. Comprises “Prospective increase in existing innovation type spaces” less “Square feet of demand for vacated innovation sector space”.	
<i>Source: ALH Urban & Regional Economics. Mace Ranch Innovation Center Urban Decay Analysis. March 2015.</i>	

While not reflected in the demand estimates, other market factors could also contribute to a lesser amount of vacant office and industrial space pursuant to innovation center development. These include tenant relocations from other cities once the existing Davis office and industrial supply constraints are lessened. For example, after the supply of competitive space increases, businesses located within the region in places like Woodland or West Sacramento could find Davis an attractive business location. Thus, instead of losing businesses to these cities, the availability of supply with a wider array of opportunities would become available and could enhance the attraction of Davis as a business location.

Urban Decay Implications

Before considering how the MRIC might affect the market and environs, it is useful to focus on what constitutes the *environmental* impact known as urban decay. In *Bakersfield Citizens for Local Control v. City of Bakersfield*, the court described the phenomenon as “a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” The court also discussed prior case law that addressed the

potential for large retail projects to cause “physical deterioration of [a] downtown area” or “a general deterioration of [a] downtown area.” (Id. at pp. 1206, 1207). The focus on retail is pursuant to the focus of the case, which was prospective retail development. When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, in the context of retail development, even a number of empty storefronts would not constitute urban decay. Based on the above description regarding urban decay; therefore, ALH Economics’ analysis examined whether there was sufficient market demand to support the MRIC’s various land use components without affecting existing retailers or other businesses so severely such as to lead to a downward spiral toward decay of the existing physical environment. A relevant part of this analysis is examination of existing efforts in the City to maintain existing commercial properties in good physical condition.

Findings

The office and industrial analysis found that there is the potential for existing office and industrial space in the City of Davis to become vacant as a result of development impacts associated with the MRIC. The amount of space that could become vacant is indeterminate, but the entire base of existing space estimated to be occupied by the types of tenants that the innovation center would be targeting for occupancy totals approximately 760,000 square feet. Only some of these occupiers are large space users such as would be specifically targeted for the innovation center.

ALH Economics cited an illustrative amount of space that could become vacant due to MRIC impacts, which was 313,300 square feet. Net of additional demand with the assumed potential to backfill existing space, the resulting illustrative vacancy figure was 151,575 square feet, which totals 5.2 percent of Davis’ existing office and industrial base.

ALH Economics concluded that the illustrative analysis suggests that regardless of the amount of space, some increment of existing office and industrial space is at risk of sustained vacancy following development of the MRIC. The vacancies would remain sustained until such time as yet additional demand was generated due to economic growth and expansion. Numerous market factors could likely boost this demand potential, including the attraction of larger increments of office and industrial space and the draw of the City of Davis to businesses located in other regional locations like Woodland and West Sacramento that would prefer a Davis location.

The regulatory review suggests existing City of Davis measures to avoid the onset of deterioration or decay are effective. Moreover, many of the office and industrial properties in Davis are owned by major institutional and private real

estate companies, with the financial wherewithal to withstand prolonged vacancy and fund the maintenance necessary for upkeep even during times of vacancy. Therefore, the potential for properties to be well maintained during periods of prolonged vacancy exists. ALH Economics therefore concludes that the office and industrial components of the MRIC are not anticipated to cause adverse physical impacts leading to urban decay, despite the anticipated potential of some prolonged existing office and industrial base vacancies.

Retail Space

The MRIC is anticipated to include 100,000 square feet of ancillary retail that would serve the needs of the MRIC employees. This includes the occupants at anticipated buildout of 1,510,000 square feet of research, office, and R&D space; 884,000 square feet of manufacturing space; a 150-room hotel; and even the ancillary retail space itself. As estimated earlier, employment anticipated at the MRIC site at buildout totals 5,882. This on-site retail would be an important asset to project employees, with proposed permitted uses including but not limited to food and beverage, restaurant, dry cleaners, fitness center or gym.

The BAE study generally concluded that there would be more than sufficient internal demand to support the project's ancillary retail space by buildout. However, the BAE study suggested that it would be reasonable for the City of Davis to establish phasing controls for the retail space to ensure that the new retail space being developed does not outpace the increase in employee demand for daytime retail, dining, and services, and therefore not divert sales from existing Davis retail establishments.

In a check for reasonableness, ALH Economics conducted a separate analysis of employment generated demand for the MRIC's retail space. The analysis of employment-generated retail demand relied heavily on a key retail industry resource, the International Council of Shopping Centers (ICSC). The ICSC periodically publishes a survey of office worker retail spending. The survey estimates daytime retail spending by workers near their work location, including by workers in urban locations versus suburban locations, and then also locations with ample retail offerings and without. Inflation-adjusted results of this survey, last administered in 2011, indicate that office workers on a national average basis spend approximately \$7,000 per year in suburban locations and a higher \$12,300 per year in suburban locations with ample retail offerings. Of this spending, approximately 20 percent is spent on restaurant sales. These types of sales are likely to occur close to the place of work, as they typically include daytime lunch expenditures as well as after hour drinks or dining. Other expenditures can be made near work, but primarily include expenditures made during the work day before or after work.

ALH Economics estimated daytime project retail spending near the work location on an annual basis. Estimates were generated for the three categories: restaurants and fast food, groceries, and all other. The "all other" category includes a range of retail purchases, such as personal care shops, office supplies, department stores, drug stores, electronics, clothing, etc. For this analysis, ALH Economics assumed spending consistent with the

suburban location for all sales, or \$7,033 per office worker because Davis does not have a strong base of region-serving retail, and thus is not considered an ample retail setting.

Because office workers tend to earn more than some types of workers and less than others, ALH Economics assumed a proportional rate of spending for other project workers. These proportional rates are based on the proportion of average wages in other industries, such as industrial and retail, to office. The wages used for this analysis are generalized averages for Yolo County, based upon analysis of County Business Patterns for the County. The wages are \$50,000 for office workers, \$53,000 for industrial workers, \$27,000 for retail workers, and \$17,820 for hotel workers. Thus, the industrial, retail, and hotel wages are 106 percent, 54 percent and 34 percent of the average office wages, respectively. Thus, average annual MRIC employee-retail spending is estimated at \$7,000 for office workers, \$7,500 for industrial workers, \$3,800 for retail workers, and \$2,300 for hotel workers (all figures rounded to the nearest \$100).

ALH Economics converted the worker retail spending estimates to supportable square feet of retail space. These estimates are based on the estimated worker-based retail spending, the number of workers associated with each of the employment-generating project land uses, generalized retail sales figures, and a five percent vacancy adjustment. ALH Economics refers to an industry resource to develop per square foot sales estimates. This resource, Retail Maxim, prepares an annual publication that culls reports for numerous retailers and publishes their annual retail sales on a per square foot basis. The figures are then averaged and presented in 2014 dollars as a generalized estimate of sales per square foot for key retail categories. The resulting sales per square foot range from a low of \$283 per square foot for general merchandise stores to a high of \$579 per square foot for food and beverage stores (e.g., grocery stores). The per square foot sales figures selected for employee-generated demand analysis include \$495 for restaurants, \$590 for groceries, and an overall \$300 average for other retail sales.

The employee-generated retail demand analysis for the MRIC, suggest that at buildout, the MRIC's employees have the potential to support 121,700 square feet of retail space near their work location. (ALH's report Exhibit 10). On a per employee basis, this level of retail support is generally equivalent to 22 square feet per office worker, 23 square feet per industrial worker, 12 square feet per retail worker, and 5 square feet per hotel worker, resulting in an overall average is 22 square feet across all workers.

The 121,700 square feet of retail space supportable by the MRIC's employment base compares to the MRIC's planned 100,000 square feet. The amount of planned project square footage is equivalent to approximately 82 percent of the estimated employee demand. At buildout, this allows for a portion of employee demand to be satisfied at other retail outlets in the City of Davis near the work location while still generating sufficient demand to support the proposed MRIC's retail space. Alternatively, the demand estimate suggests that by the time the MRIC is 82 percent built out there could be a sufficient quantity of employees to support the amount of retail space planned at the MRIC.

Short-term Deficit in Employee-Generated Demand

Because the MRIC retail space is anticipated to be built by the end of Phase 2 of construction, the employee-based retail supportability analysis suggests that the space may be built ahead of a sufficient amount of employee demand, at least until a greater amount of the office and industrial space is developed. Based on the anticipated phasing of the MRIC, ALH Economics estimates that approximately 40 percent of the planned office and industrial space could be completed by the end of Phase 2, along with the retail and the hotel. Pursuant to the on-site employment retail demand estimates, this equates to about 40 percent of the demand generated by office and industrial workers and all the demand generated by retail and hotel workers. The corresponding estimate of supportable retail space is about 54,000 square feet, or just more than half the planned retail increment, which validates BAE's suggestion for the City of Davis to establish phasing controls for the MRIC retail space to ensure that development of the new retail space does not outpace the increase in employee demand for daytime retail, dining, and services, and therefore not divert sales from existing Davis retail establishments. However, BAE further indicated that phasing controls would not be necessary for purposes of avoiding urban decay if "it can be shown that excess demand from other sources within the City of Davis justify new retail development beyond that supported by new employee expenditures (e.g., existing retail leakage)."³³

ALH believes that, based on new household growth and retail leakage analysis findings (see ALH Exhibit 18), there is potential for additional sales support from overall household growth in Davis or retailers positioned to capture retail sales leakage. Therefore, ALH Economics concluded that full development of the project's retail space by the end of Phase 2 would not result in sales diversions away from existing retailers, especially if a fitness facility is included in the retail space, as a fitness facility tenant would reduce the need for the space to capture more traditional retail sales. Even if such diversions occur, they may not be sufficiently large enough to cause existing retailers to close operations due to the small increment of space involved. Most importantly, any prospective sales diversion would be temporary until such time as more employee-based demand is generated through Phases 3 and 4 of construction. Yet, even if such closures occur, the strong retail market conditions in Davis, along with the demonstrated leakage and household growth, suggest that any resulting retail vacancies would be readily backfilled, without resultant negative impact on the City's commercial retail base.

ALH Economics concluded that development of the MRIC's retail component is not likely to result in long-term retail sales diversions relevant to the existing retail base. Any shifts in the market that do occur could more likely be the result

³³ ALH Urban & Regional Economics. *Mace Ranch Innovation Center Urban Decay Analysis* [pg. 26]. March 2015.

of market forces not associated with the MRIC, such as dwindling demand due to inferior service or poor product quality. If closures do occur pursuant to MRIC impacts; however, several market fundamentals strongly suggest that the closed retail spaces would not experience long-term vacancy. The market fundamentals include a strong retail market operating at an extremely low vacancy rate, generally positive net retail absorption, and demonstrated retail leakage in a number of retail sales categories.

Notwithstanding ALH's findings, the City recognizes that, consistent with BAE's recommendation, it would be most prudent to implement phasing controls for the MRIC's retail space, to ensure that new retail space does not outpace the increase in MRIC's employee demand for daytime retail, dining, and services. Such an approach would ensure that the MRIC's retail space would not divert sales from existing Davis retail establishments, which could lead to vacancies and possibly urban decay. With implementation of the following mitigation measure, the MRIC's impact related to existing retail space within the City of Davis would be less than significant.

Hotel Supply

The MRIC's hotel is anticipated to include 150 rooms, which would increase the existing rooms supply by 20 percent. Smith Travel Research provided a summary report of the performance of the 11 existing competitive hotels, which included aggregate performance data from 2008 through November 2014. The average number of rooms available per year changed over time, increasing from 609 in 2008 to an average of 724 in 2014. The number of rooms sometimes changed on a monthly basis, hence the minor vacillation in recent years. The annual average figure in 2014 is slightly below the current room count of 733.

The Smith Travel research data also include a supply estimate, which reflects the summation of the number of rooms available per month times the number of days in the period. This is effectively a measure of the number of room nights available among the competitive supply throughout the year. Thus, in 2014, there were a total of 264,477 room nights available among the 11 hotels.

Smith Travel Research also measures demand, which is based on occupancy reported by the participating hotels. The annual demand dropped in 2009, concurrent with the recession, but increased steadily thereafter, peaking in recent years at 175,034 in 2014. The increasing demand corresponds with increasing annual occupancy rates, which changed from a low of 49.8 percent in 2009 to 66.2 percent in 2014. The 66.2 percent occupancy rate comprises the baseline for analysis of the MRIC.

Over the 2008 through 2014 time period, the rate of increase in demand was lumpy, with a significant 17 percent increase from 2010 to 2011, slowing to 2 percent from 2011 to 2012, but then increasing thereafter, including an 11 percent increase from 2013 to 2014. Overall, hotel demand grew on annual average of 9.1 percent since 2009, and a slightly

lower 6.8 percent from 2008 onward. The data clearly indicate that hotel demand in Davis is trending upward. Because the number of rooms effectively stayed relatively constant from 2010 onward, the increasing demand also translated into higher occupancy rates.

ALH Economics developed projections for hotel demand applicable to the existing supply based upon an economic growth projection range. The purpose of these projections was to prepare estimates of aggregate hotel occupancy rates following the MRIC's addition to the supply. The premise is that if hotel occupancy drops below a level considered unhealthy for the hospitality industry, then there could be some negative impacts on the market, which could raise concerns about the MRIC contributing to urban decay. Alternatively, if hotel occupancy rates are estimated to remain the same as the current baseline, or improve, then the MRIC would not be expected to contribute to urban decay.

ALH Economics updated the supply of existing hotel rooms to include the MRIC. The project phasing anticipates developing the hotel during Phase 2. The specific timing of this phase would be market-driven, based upon the absorption success of the MRIC's planned office and industrial space. For the sake of analysis, ALH Economics assumes that the MRIC's hotel could be added to the supply by 2027, thereby increasing the supply of rooms to 933 and the annual supply of room nights to 340,545. 2027 is midway between the initial project availability in 2018 and the assumed office and industrial space buildout year of 2035. For study purposes this is considered a proxy for the hotel's anticipated Phase 2 development.

ALH Economics prepared two different demand trends, each based upon a different economic growth projection. These rates are 1.33 percent and 1.76 percent. The 1.33 percent growth rate is based upon analysis prepared by BAE, wherein BAE modified assumptions regarding the allocation of regional growth, resulting in slightly higher Yolo County employment estimates than reflected in SACOG's base analysis. BAE prepared this reallocation to reflect anticipated growth in Davis pursuant to the innovation center development. As the hotel is being built as part of innovation center development, assuming such growth is appropriate. The higher 1.76 percent rate corresponds to the rate associated with the adjusted employment growth rate in just Davis under the same BAE reallocation scenario. Notably, the 1.33 percent growth rate comprising the low end of the range for the hotel analysis is relatively comparable to SACOG's unadjusted growth 1.29 percent annual growth rate for Yolo County between 2014 and 2035. Accordingly, the 1.33 percent rate does not represent an aggressive assumption, assuming a countywide rate has some applicability to projecting hotel demand in Davis.

The two annual growth rates in demand of 1.33 percent and 1.76 percent were applied to the 2014 Smith Travel Research demand figure of 177,123 to result in annual demand projections from 2014 through 2040. The resulting annual demand estimates by 2027 result in estimated demand ranging from 210,533 to 223,590 room nights of demand.

The MRIC's estimated year of market entry, annual average occupancy among the existing hotels, including the MRIC, is estimated to range from 61.8 percent to 65.7 percent. The range is projected to increase to 68.7 percent to 75.5 percent by 2035, the MRIC's assumed buildout year. The 2035 rate reflects enhanced market performance relative to the baseline rate of 66.3 percent in 2014.

As noted earlier, the existing Davis hotels in the three most recent years were generally operating at occupancy rates in the 60 percent range. Occupancy dipped as low as 49.8 percent at the height of the recession. The projected occupancy range for 2027, following addition of the proposed project, is generally similar to the recent range in 2013 and 2014, and higher than the low occupancy rates during the recession. Therefore, ALH Economics concludes that the MRIC's operations are not anticipated to reduce or impact hotel occupancy to the extent that any hotels would significantly falter and operations would cease. Thus, existing hotels are not anticipated to close as a result of the project's development and operations. Moreover, the occupancy impacts are relatively minor and short-term, with occupancy rates continually increasing each year after the assumed opening of the MRIC.

Findings

The hotel analysis indicated that sufficient demand is anticipated to exist in the City of Davis to support the MRIC's hotel along with the existing hotels. These conclusions took into consideration projected demand by 2027 and 2035, the MRIC's respective anticipated years of market addition, as well as future demand beyond this timeframe, coupled with the projected supply of hotel rooms.

Existing hotels are anticipated to be able to sustain a short term decline in occupancy without risk of closure following the anticipated introduction of the MRIC hotels. The existing hotels are not anticipated to experience impacts sufficient to cause them to close or achieve an occupancy rate insufficient to be maintained in a physical state of good repair, and thus not contribute to any downward spiral toward urban decay. All hotels are currently in good physical condition without visible signs of litter, graffiti, weeds or rubbish. Moreover, as cited above, the overall occupancy following introduction of MRIC hotels very likely to be higher than projected, due to the increase in demand resulting project-related heightened business demand. Based upon these findings, ALH Economics concludes that the proposed MRIC hotel would not result in adverse physical impacts that would cause or contribute to urban decay.

Mace Triangle

The City will prepare a proposed PPD Ordinance that would apply only to the three Mace Triangle parcels. It is anticipated that the City property would be designated Public-Semi-Public to allow for the continuation of existing uses. No new uses are proposed on the City property. The Ikedas parcel and other agricultural parcel would be designated General Commercial to allow for the continuation or expansion of the existing

agricultural retail (Ikedas market) and/or for the development of up to 71,056 sf of new commercial uses. Any future urban development on the Mace Triangle would be subject to additional site plan and architectural review during the final planned development stage. This process would help ensure that any future development would be compatible with surrounding areas, though compatibility issues are not anticipated because the Mace Triangle is not located near any sensitive areas, such as residential neighborhoods.

The Urban Decay Analysis prepared by ALH indicates that the amount of development that may occur on the Mace Triangle would not be expected to result in competition with existing office and retail businesses such that vacancies of similar existing uses would occur. This is demonstrated in the cumulative tables of the Urban Decay analysis, which include prospective development of the Mace Triangle.

Conclusion

The office and industrial components of the MRIC and Mace Triangle are not anticipated to cause adverse physical impacts leading to urban decay, despite the anticipated potential of some prolonged existing office and industrial base vacancies. In addition, sufficient demand is anticipated to exist in the City of Davis to support the MRIC's hotel along with the existing hotels.

While the retail analysis found that there could be more than sufficient demand for the MRIC's planned retail space generated by project employees at buildout of the MRIC's office and industrial uses, the retail space may be built ahead of a sufficient amount of MRIC employee demand. In this case, sales may be diverted from existing retail businesses. Though it is likely that any resultant vacancies would be well-maintained and would backfill quickly, based upon the market's current and historic performance, consistent with BAE's recommendation, phasing controls should be implemented for the MRIC's retail space. Implementation of the following mitigation measure would ensure that the MRIC would result in a *less-than-significant* urban decay impact.

Mitigation Measure(s)

MRIC

- 4.10-2 *Prior to building permit issuance for ancillary retail space, the applicant shall demonstrate to the City's satisfaction that there is sufficient unmet demand from a combination of retail demand from MRIC employees and businesses and/or retail demand from elsewhere within the Davis marketplace to support the retail space for which the building permit is requested. The objective of this requirement is to ensure that retail space developed within the MRIC will not re-allocate demand from existing Davis retailers, but will instead help the City to increase its net retail capture rate and provide new retail offerings that will satisfy currently unmet demand.*

Mace Triangle – none

4.10-3 Conflict, or create an inconsistency, with any applicable land use and urban decay plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect. Based on the analysis below, the impact is *less than significant*.

State law requires any decision by a city affecting land use and development to be consistent with its General Plan. This determination is ultimately made by the City Council. If an action, program or project is inconsistent with the General Plan, State law requires it be reconciled. This may involve modification to the action, program, or project, or amendment of the General Plan. Therefore, this impact discussion will evaluate the proposed projects's consistency with the Davis General Plan. The evaluation will consider the proposed project's consistency with the adopted General Plan Land Use map and associated land use designations, as well as policies included within both the Land Use and Growth Management Chapter and Business and Economic Development Chapter of the Davis General Plan. Policies from other General Plan elements that do not directly pertain to land use, are addressed throughout the appropriate technical sections of this EIR.

This impact discussion also includes an evaluation of the project's consistency with the Davis Municipal Code and with Yolo County LAFCo's annexation policies because of the applicant's desire to have the City annex the 212-acre project site.

The potential impacts associated with the consistency with any applicable land use and urban decay plan, policy, or regulation are discussed for the MRIC and the Mace Triangle separately below.

MRIC

Davis General Plan Consistency Discussion

The 212-acre MRIC site is currently designated as AG in both the Yolo County and City of Davis General Plans. Therefore, the MRIC applicant is requesting an amendment to the Davis General Plan Land Use Map. While the City of Davis General Plan has an adopted Business Park land use designation, this designation does not fully comport with the type of innovation center project envisioned for the MRIC site. Therefore, the applicant is proposing to create a new Innovation Center (IC) General Plan land use designation for the project site. For example, the new IC designation would be different from Davis' current Business Park land use designation in that it would prohibit residential uses and a residential mixed-use environment, focusing instead on creating an urban-campus environment with a variety of lot sizes designed to accommodate all technology-based businesses related primarily to research and development in a high-tech office environment. In order to achieve these goals, planned development zoning and design guidelines will be utilized. It is the intent that an Innovation Center will maximize the internalization of trips by developing many of its own support services and featuring proximate freeway access to minimize impacts on the local roadway system.

Related to the above General Plan Land Use map amendment, is the need to amend the Land Use Map to relocate the UATA from the eastern side of Mace Boulevard and northern side of CR 32A to the eastern boundary of the proposed MRIC site, which is discussed in greater detail in the Agriculture and Forest Resources section of this EIR.

The portion of this General Plan consistency analysis that addresses the proposed project's compatibility with relevant land use policies is contained in Table 4.10-4. As demonstrated in Table 4.10-4, the project is generally consistent with applicable land use plans, policies, or regulations, with the possible exception of policy LU 1.5. As a result, the proposed project includes a General Plan Land Use map amendment to create a new IC designation, assign this designation to the 212-acre MRIC project site, relocate the UATA around the eastern and northern boundaries of the project site, and re-designate the Mace Triangle site for Public/Semi-Public and General Commercial uses.

Davis Municipal Code Consistency Discussion

Section 40.22.060 of the Davis Zoning Ordinance, *Contents and approval of preliminary application*, states in part that an application for a Planned Development (P-D) district must include a preliminary development plan (herein referred to as "preliminary application"). This section also states the contents, which must be included in the preliminary application. The applicant for the MRIC has submitted a preliminary application to the Department of Community Development and Sustainability and staff has determined that the application is generally consistent with the requirements of the Zoning Ordinance regarding P-D districts. The process for establishing a P-D district is ongoing and the applicant will be required to submit a Final Planned Development application for review and approval of Planning Commission through a public hearing process at the next stage of discretionary entitlements. The Final Planned Development applications must comply with the requirements of the Davis Zoning Ordinance under Chapter 44.20.

According to Article 40.31 of the Davis Zoning Ordinance, Site Plan and Architectural Review is required to approve project Design Guidelines and Performance Standards, which would promote orderly and harmonious growth of the project site. See Article 40.31 consistency discussion in Table 4.10-4.

Measure J, *Citizens' Right to Vote on Future Use of Open Space and Agricultural Lands Ordinance* was first passed by Davis voters in 2000. Measure J was included on the City of Davis June 2010 ballot as Measure R and was approved for renewal, which extended the new sunset date from 2010 to December 31, 2020. Measure J is currently known as Measure R and is codified in the Davis Municipal Code as Article 41.01. See Article 41.01 consistency discussion in Table 4.10-4.

Yolo County LAFCo Consistency Discussion

Should the MRIC entitlements be approved by Davis City Council, and subsequently, the citizens of Davis via a Measure R vote, an application for annexation would be filed with

Yolo County LAFCo for review and consideration for approval. Yolo County LAFCo is considered a responsible agency for this project, and as such, this EIR includes a discussion of the project's consistency with Yolo County LAFCo's policies related to annexation and SOI Amendment proposals.

The following information has been provided, as it relates to several Yolo County LAFCo policies regarding annexation proposals:

1. The proposed project is contiguous to the City limits of Davis and would be annexed into the City's existing urban area. Because the proposed project site is currently located within the East Davis County Fire Protection District, however, the project includes a request for detachment from the East Davis County Fire Protection District. The City of Davis Fire Department has a contractual agreement to provide services to the East Davis Fire Protection District. Annexation of the proposed project site to the City of Davis would require Yolo County LAFCo approval of the detachment of the site from the East Davis County Fire Protection District, as the City of Davis Fire Department would provide fire protection services to the proposed project upon annexation.
2. The proposed project includes a request for annexation of 229 acres from Yolo County to the City of Davis. The MRIC would be located on the northerly 212 acres owned by the applicants. The remaining 17-acre portion of the project site is known as the Mace Triangle, which has been included within the overall limits of the project site for annexation purposes only, to avoid the creation of an unincorporated County "island" property upon annexation of the 212-acre MRIC.
3. The proposed project is currently located outside of the City of Davis' adopted SOI. As a result, the City of Davis' SOI will need to be amended to include the 229-acre project site.
4. The MRIC applicant is proposing to create a new Davis General Plan designation of Innovation Center, which would be applied to the MRIC portion of the site. Final determination of consistency with the Davis General Plan rests with the City Council.
5. While the MRIC would result in the conversion of agricultural land to urban uses, the Agriculture and Forest Resources section of this EIR confirms the feasibility of continuing to farm adjacent to the MRIC site, with the relocation of the existing UATA and incorporation of a minimum 150-foot agricultural buffer. This EIR requires mitigation for agricultural land conversion at a 2:1 ratio. The permanent agricultural easements to the north and east of the site provide a permanent barrier to further expansion.
6. The MRIC would not result in significant operation or disruptions of existing services in remaining adjacent territory as indicated in the Public Services and Recreation section of this EIR.
7. The MRIC site has a current Yolo County zoning designation of A-N. Therefore, the project includes a request to prezone the 212-acre MRIC site to the City of Davis' P-D district.

Mace Triangle

The City will prepare a proposed PPD Ordinance that would apply only to the three Mace Triangle parcels. It is anticipated that the City property would be designated Public-Semi-Public to allow for the continuation of existing uses. New uses are not proposed on the City property. The Ikedas parcel and other agricultural parcel would be designated General Commercial to allow for the continuation or expansion of the existing agricultural retail (Ikedas market) and/or for the development of up to 71,056 sf of new commercial uses.

Any future office and/or retail development on the Mace Triangle would be subject to additional site plan and architectural review during the final planned development stage. This process would help ensure that any future development would be compatible with surrounding areas, though compatibility issues are not anticipated because the Mace Triangle site is not located near any sensitive areas, such as residential neighborhoods.

Davis General Plan Consistency Discussion

The 17-acre Mace Ranch Triangle site is currently designated as PQ and AG in the Yolo County General Plan, and AG in the City of Davis General Plan. Therefore, the City is proposing an amendment to their General Plan Land Use Map to assign the following City General Plan land use designations to this site: Public/Semi-Public for the Park-and-Ride lot, and General Commercial for the other two parcels.

The portion of this General Plan consistency analysis that addresses the Mace Triangle's compatibility with relevant land use policies is contained in Table 4.10-4. As demonstrated in Table 4.10-4, the any future development on the Triangle Site would be generally consistent with applicable land use plans, policies, or regulations.

Davis Municipal Code Consistency Discussion

The City will prepare a PPD for the Mace Triangle with the intent of this PPD to allow the continuation of existing uses, while recognizing, and evaluating in the EIR, the potential for additional urban development on the Ikedas parcel and adjacent agricultural parcel.

Yolo County LAFCo Consistency Discussion

Should the project entitlements be approved by Davis City Council, and subsequently, the citizens of Davis via a Measure R vote, an application for annexation would be filed by the with Yolo County LAFCo for review and consideration for approval. Yolo County LAFCo is considered a responsible agency for this proposed project, and as such, this EIR includes a discussion of the project's consistency with Yolo County LAFCo's policies related to annexation and a SOI Amendment proposals. The following information has been provided, as it relates to several Yolo County LAFCo policies regarding annexation proposals:

1. The Mace Triangle site is contiguous to the Davis city limits and can be served by water and sewer lines within adjacent rights of way.
2. The City will prepare a PPD for the Mace Triangle with the intent that this PPD would allow the continuation of existing uses and expansion of these uses. This EIR evaluates future development potential of the Triangle, with the exception of the Park-and-Ride parcel, in accordance with the proposed General Plan designations and rezoning, as discussed in Chapter 3, Project Description, of this EIR.
3. The Mace Triangle has current Yolo County zoning designations of PQP, A-C, and A-N. Therefore, as a condition to annexation, the City of Davis proposes to rezone the Mace Triangle Site to City P-D.

Conclusion

The City of Davis City Council has ultimate authority to determine project consistency with City policies, and approve the proposed General Plan Amendment. As discussed above, the proposed project would not conflict, or create an inconsistency, with any applicable plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect related to land use and urban decay, and impacts would be ***less than significant***.

Mitigation Measure(s)

None required.

Table 4.10-4	
Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
Chapter 1, Land Use and Growth Management Chapter of the Davis General Plan	
Policy LU G.1 Business parks should include sophisticated land planning, high quality architectural and landscape design, building flexibility, a variety of amenities and environmental controls.	The proposed project will go through environmental review, design review, and extensive analysis by staff. These steps will ensure consistency with this policy. The City will ultimately negotiate a development agreement with the property owner and there will be a public vote on the proposal. This process and these requirements will ensure consistency with this policy.
Policy LU H.1 University-Related Research Parks should include sophisticated land use planning, high quality architectural and landscape design, building flexibility, a variety of amenities and environmental controls.	See the above discussion, which is also applicable for the University-Related Research Parks designation.
Policy LU 1.4 Establish a distinct permanent urban edge which shall be defined by open space, hedgerows, tree rows, similar landscape features, passive recreation spaces, buffer containing transitional agricultural uses, or similar elements.	The proposed project includes a request to relocate the UATA from the eastern side of Mace Boulevard and northern side of CR 32A to the eastern boundary of the proposed MRIC site. The relocated UATA would be a minimum of 150 feet in width. See the Agriculture and Forest Resources section of this EIR for more detail.
Policy LU 1.5 Aggressively work to prevent urban sprawl on the periphery of Davis and in the region utilizing a variety of legislative/legal methods and strategic land acquisitions.	The MRIC site is surrounded to the north and east by the Mace 391 permanent agricultural easement. This 391-acre agricultural easement property is regularly farmed, the owners are in the process of planting almond trees. East of the Mace 391 property is the 774-acre, City-owned Howat Ranch property. The Howat Ranch site is also under agricultural production. Immediately west of the project site, on the opposite side of Mace Boulevard, is an Arco gas station and the University Covenant Church. The Union Pacific Railroad and Interstate 80 are located to the south of the site. Therefore, the potential for urban sprawl has been precluded. In addition, according to Mitigation Measures 4.2-1(a) and (b), the applicant shall set aside in perpetuity, at a minimum ratio of 2:1 of active agricultural acreage (see the Agriculture and Forest Resources section of this EIR for more detail).

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Table 4.10-4	
Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
Policy LU 1.6 For developments that are on the edge of City, a minimum of a 150-foot wide urban agricultural transition area is required.	See Policy LU 1.4 consistency discussion.
<p>Policy LU 3.1 Create an efficient system of planning and zoning.</p> <p style="padding-left: 40px;">Standard LU 3.1a Specific plans or master site plans that indicate land use densities and intensities, building types, building variety, transit provision, bicycle and pedestrian facilities, and open space areas shall be required for major development areas.</p> <p style="padding-left: 40px;">Standard LU 3.1b General Plan land use designations for new development areas are conceptual. Consequently, redesign or clustering that do not increase traffic generation, change the average density, or create additional impacts on adjoining areas can be found consistent.</p>	<p><u>MRIC</u></p> <p>The MRIC includes PPD approval to allow for the creative development of the site as an innovation and technology center. In addition, the proposed project includes Site Plan and Architectural Review approval for project Design Guidelines and Performance Standards, which would promote orderly and harmonious growth of the MRIC site.</p> <p><u>Mace Triangle</u></p> <p>As a condition to annexation, the City of Davis proposes to prezone the Mace Triangle site from Yolo County A-N and A-C to City P-D. The Mace Triangle will include a PPD to allow continuation of existing uses and possible future general commercial uses on APNs 033-630-011, and -012.</p>
Chapter 5, Economic and Business Development Chapter of the Davis General Plan	
Policy ED 3.1 Adopt policies that make Davis a more business-friendly community and eliminate unnecessary barriers to business.	<p><u>MRIC</u></p> <p>The MRIC includes a General Plan Amendment, which would create a new IC General Plan land use designation that would allow the development of the MRIC site into approximately 2,654,000 square feet of innovation center uses, which is anticipated to generate approximately 5,882 employees.</p>

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Table 4.10-4	
Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
	<p><u>Mace Triangle</u></p> <p>Development of the 17-acre Mace Triangle site would accommodate an expansion of the existing farm stand and additional retail, office, and research and development which will generate additional jobs and economic opportunity.</p>
<p>Policy ED 3.2 Encourage new businesses to locate in Davis, targeting businesses which improve the City’s fiscal base, are consistent with the City’s values and identity, and match the employment skills of the population, such as those in the emerging technology and knowledge-based industries.</p> <p>Action ED 3.2b Develop an industrial land use strategy that targets technology-oriented industrial and light industrial uses that contribute to the creation of jobs and the economic health of the community.³⁴</p> <p>Action ED 3.2e Explore the establishment of a specialized zone or incubator facilities to target specific industries, for example, a high technology or life science zone.</p> <p>Action ED 3.2f Study opportunities to designate lands for “green” technology, high technology and University related research uses within or adjacent to the City. Work closely with the local business community, community leaders and U.C. Davis</p>	<p>As far back as the 1992 report titled “Business Development in Davis”, 1993 General Plan, 1994 Northwest Study Area: Opportunities and Constraints Analysis; 1995 Industrial Market Study prepared by ERA Associates; 1998 “Comparative Evaluation of Research Park Proposals for Potential Inclusion in the City of Davis General Plan EIR” and later 2001 -2007 General Plan updates, several strategic activities were suggested to develop a strong economy leveraging university related research. These included consideration of adding land for new research and development/innovation centers that would leverage UC Davis research strengths and talented local workforce.</p>

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³⁴ Due to their particular relevance with the proposed project, several Action items have been included in Table 4.10-3.

Table 4.10-4 Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
<p>officials in determining when and where such uses can best be accommodated in addition to the 25-acre enterprise site planned on the UC Davis campus. Preference should be given to sites that are viable economically and consistent with compact City form principles. As part of this study:</p> <ul style="list-style-type: none"> • Consider redesignating or rezoning land(s) within the City limits (as of January 1, 2001) from Industrial, Business Park or General Commercial to research-oriented Business Park uses (that is, uses which allow a wider range of high technology, research and development uses than a URRP and which are complementary to UC Davis); • Encourage second floor and underground building construction to maximize the space available to accommodate URRP needs within the City limits; • Key considerations in such redesignation or rezoning shall include the timing of these potential development(s) and impacts and demands caused by these potential developments on the City and the Davis community. Impacts to address include, but are not limited to: traffic, water, housing (for example, growth 	<p>Prepared in 1998, the “<i>Comparative Evaluation of Research Park Proposals for Potential Inclusion in the City of Davis General Plan EIR</i>” was conducted for four proposed projects that could provide a research and development park as part of Draft General Plan policy to adding 300-500 acres for new business park development. The four projects included:</p> <ul style="list-style-type: none"> ○ Oeste Ranch– 299 acres, 2.72 million sf, 6085 employees ○ Covell Center – 238 acres, 2.2 Million sf and 4.896 employees ○ PG&E/Davis Technology Campus – 594 acres, 4.12 million sf, 6985 employees ○ UC Davis Enterprise Reserves – 76 acres, 600,000 sf and 1,200 employees <p>All of these projects were assumed to have a 0.25:1 or lower 0.15:1 Floor Area Ratio.</p> <p>A portion of the current Mace Ranch innovation center was initially to be included in the evaluation, but later withdrawn. A portion of the current Davis Innovation Center is part of the Oeste Ranch area, and a portion of the Nishi Gateway Mixed Use Innovation District is part of the UC Davis Enterprise Reserves. The UC Davis Enterprise reserve was not considered to be of sufficient size to meet long term space needs.</p> <p>The 1998 analysis concluded that adding additional land for business park uses into the General Plan was not needed at that time. The then-current 205 acres of vacant land available in City was determined to provide adequate land supply to accommodate future demand through 2010.</p>

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Table 4.10-4 Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
<p>demand), schools, effects on neighborhoods, and economics (for example, cost benefits and cost generation to the City); and</p> <ul style="list-style-type: none"> • Designation of a peripherally sited URRP shall only occur after: <ul style="list-style-type: none"> a) It is determined that lands within the City limits would not meet the needs for “research-oriented” Business Park uses. b) Specific guidelines for development projects on the periphery of the City are adopted. 	<p>More recently, the City’s Business Park Land Strategy report completed in 2010, and recent May 2015 update of remaining vacant parcels, document the limited availability of space to meet needs of growing and new businesses. Council Actions in recent years affirm need for consideration of opportunities to expand land for research/technology oriented business uses, including: a Nishi Gateway - Downtown University Mixed Use Innovation District; Request for Expressions of Interest and request for submittal of innovation center applications for development on sites outside the existing city limits.</p> <p>As described above, on November 13, 2012, the Davis City Council adopted the following Innovation Park Task Force recommendations:</p> <p>Pursue a “Dispersed Innovation Strategy” offering flexible space (scalability) supporting needs of growing and new businesses. A combined approach of near term close-in hub with mid-term, larger less constrained edge sites offer the best mix of University proximity and expansion capability for the City:</p> <ol style="list-style-type: none"> 1. Maximize Existing Inventory to increase development certainty, and flexibility. 2. Review existing land use, zoning and tax structure with objectives of supporting retention and growth of innovation businesses and maximizing revenue opportunities. 3. Near Term - The Gateway (Downtown Research & University Innovation District) option offers the best close/in location due to the proximity to University and property owner and University interest, and should be pursued as the City’s top innovation center priority. 4. Mid-Term - The East and West “edge” sites offer viable options for location and size of larger innovation centers meeting needs of growing mid-sized companies, and should be

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Table 4.10-4 Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
	<p>continued to be explored as part of a mid-term Dispersed Innovation Strategy.</p> <p>The MRIC is located on the eastern periphery of the existing city limits, which is a viable option for the location of an innovation center.</p> <p>The MRIC’s zoning and increased land and building supply would assist in executing these actions.</p> <p>This MRIC environmental analysis and economic impact analysis provide information for these considerations.</p> <p>The MRIC application was submitted at the City Council’s request.</p>
Policy ED 3.3 Work with other organizations to identify needs and develop work force and training opportunities in areas identified as needed by the Davis business community.	See Policy ED 3.1 consistency discussion.
City of Davis Municipal Code	
<p>Article 40.31 SITE PLAN AND ARCHITECTURAL APPROVAL</p> <p>40.31.085 Findings for approval.</p> <p>A site plan and architectural (design review) application shall be approved, conditionally approved, or denied by the community development and sustainability director, planning commission, or city council pursuant to the requirements of Article 40.39 of this chapter. Such application may be approved only if the following findings are made:</p> <p>(a) The proposed project is consistent with the objectives of the general plan, complies with applicable zoning regulations, and is consistent with any adopted design guidelines for the district within which the project is located;</p>	<p><u>MRIC</u></p> <p>Consistent with the City’s Site Plan and Architectural Review process, the MRIC applicant has prepared Design Guidelines for the MRIC. The purpose of the Design Guidelines is to provide a comprehensive overview of the design criteria and development standards required to implement the desired physical form of the project and its key features, as identified in the MRIC PPD. Generally, the Design Guidelines address land use, site design, sustainability, architectural character, landscaping, circulation, and parking. Given that most of these topics have been addressed above, what follows will be a brief summary of the proposed sustainability features for the MRIC, as outlined in the Design Guidelines.</p>

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Table 4.10-4 Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
<p>(b) The proposed architecture, site design, and landscape are suitable for the purposes of the building and the site and will enhance the character of the neighborhood and community;</p> <p>(c) The architectural design of the proposed project is compatible with the existing properties and anticipated future developments within the neighborhood in terms of such elements as height, mass, scale, and proportion;</p> <p>(d) The proposed project will not create conflicts with vehicular, bicycle, or pedestrian transportation modes of circulation; and</p> <p>(e) The location, climate, and environmental conditions of the site are adequately considered in determining the use of appropriate construction materials and methods. Sufficient conditions are included with the approval to ensure the long-term maintenance of the project.</p>	<p>As described above, agricultural land adjoins the project site to the east and north, which would be separated by a 150-foot agricultural buffer and is discussed further in the Agriculture and Forest Resources section of this EIR. In addition, immediately west of the MRIC site, on the opposite side of Mace Boulevard, is an ARCO gas station and the University Covenant Church. The Mace Triangle site is located to the south.</p> <p>The architectural design and construction materials of the proposed MRIC are discussed in the Aesthetics and Visual Resources section of this EIR.</p> <p>The potential conflicts associated with transportation and circulation are discussed in the Transportation and Circulation section of this EIR.</p> <p><u>Mace Triangle</u></p> <p>This EIR evaluates future development of up to 71,056 square feet on the Mace Triangle (with the exception of the Park-and-Ride parcel) in accordance with the proposed General Plan designations and rezoning. Future office and/or ancillary retail development on the Mace Triangle would be subject to additional site plan and architectural review during the final planned development stage. This process would help ensure that future development would be compatible with surrounding areas, though compatibility issues are not anticipated because the Mace Triangle site is not located near any sensitive areas, such as residential neighborhoods.</p>
<p>Article 41.01 CITIZENS’ RIGHT TO VOTE ON FUTURE USE OF OPEN SPACE AND AGRICULTURAL LANDS</p> <p>41.01.010 Purpose and findings.</p>	<p>Measure J (Citizens’ Right to Vote on Future Use of Open Space and Agricultural Lands Ordinance) was first passed by voters in 2000. Measure J was on the June 2010 ballot and was approved for renewal, which extended the new sunset date from 2010 to December 31, 2020. Measure J is currently known as Measure R and is codified in the Davis</p>

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Table 4.10-4	
Applicable Land Use Plan, Policy, or Regulation Consistency Discussion	
Plan, Policy, or Regulation	Project Consistency
<p>A. Purpose.</p> <ol style="list-style-type: none"> 1. The purpose of this article is to establish a mechanism for direct citizen participation in land use decisions affecting city policies for compact urban form, agricultural land preservation and an adequate housing supply to meet internal city needs, by providing the people of the City of Davis the right to vote, without having to evoke referenda, on general plan land use map amendments that would convert any agricultural, open space, or urban reserve lands, as designated on the land use map of the City of Davis general plan, dated August 1, 1999, to an urban or urban reserve land use designation and on any development proposal on the Covell Center or Nishi properties. 2. The purpose of this article is to ensure that the purposes and principles set forth in the City of Davis general plan relating to voter approval, land use, affordable housing, open space, agricultural preservation and conservation are fully considered by establishing an expanded land use entitlement process for proposed conversion of properties to urban use that are designated or in agricultural or open space use. This action recognizes that continued conversion of agricultural lands to meet urban needs is neither inevitable nor necessary, and that any land use decision affecting such properties shall be subject to a public vote. 	<p>Municipal Code as Article 41.01. The proposed project would be located on the edge of the urbanized area of the City and would be subject to Measure R voter approval by the City of Davis residents.</p> <p>Baseline Project Features will be identified for public and City Council review through the planning public hearing process.</p>