



## REDEVELOPMENT AGENCY AGENDA REPORT

## AGENCY MEETING

**Date of Meeting: 10/05/04**

Date: September 21, 2004

TO: Chair and Members of the Redevelopment Agency

FROM: Brad Kilger, Assistant Executive Director

SUBJECT: Status Update Report for Kansas Woodland Business Park – Location: 45-Acre site between Kansas Avenue and Woodland Avenue, East of State Route 99

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### **RECOMMENDED AGENCY ACTION:**

Receive report providing a Status Update for the Kansas Woodland Business Park development.

### **I. BACKGROUND:**

#### **Business Park Development Program**

On October 30, 2000, the City Council directed staff to identify and analyze selected business park sites within the City's Sphere of Influence. The Council selected five business park sites for review and analysis:

1. FMC/Kansas Avenue – 45 Acres on the north side of Kansas Avenue, east of Hwy 99
2. Kiernan – City: 150 Acres on the east side of Dale Rd, south of Kiernan Avenue
3. MJC West – Industrial Component: 49 Acres on the MJC West Campus
4. Northwest – 240 Acres on the west side of Hwy 99, south of Beckwith Road
5. Village One – 220 Acres on the east side of Modesto

In Spring 2001, the Council identified the FMC/Kansas Avenue site as having a high potential for business park development and identified “Kansas Woodland Business Park” as their top priority for business park development. Staff was directed to work towards an agreement with FMC, the property owner, to facilitate the development of this key business park.

#### **Kansas Woodland Business Park (KWBP) - (Property owner – FMC Corporation):**

Over the past three years, staff has been working with FMC and the adjacent property owners to develop a business park. Towards this end, the Agency formed a multi-disciplinary Development Team comprised of in-house staff and consultants to work on KWBP. Included on the Team are: Linda Boston (Project Manager); Patrick Kelly (Principal Planner); LPA Sacramento and AC Martin Partners (Architecture/Urban planning); Wallace-Kuhl (Soils/Geologist); EIP Associates (Environmental); Willdan (Civil Engineering and Well Analysis); and Dowling Associates (Traffic Engineering).

#### **Purchase Option of FMC Property**

In December 2002, the Agency entered into a Purchase Option with FMC for their 45-acre site. In summary, FMC and the Agency have agreed to the following:

- Agency receives the exclusive right to purchase the FMC property.
- The purchase price will be \$1,000,000 plus five percent (5%) of any amount received by the City upon sale of the Property in excess of \$1,000,000.

- Agency has paid an Option Payment of \$50,000 concurrent with the completion of the Agreement in consideration for the exclusive right to purchase the property.
- When the Agency elects to exercise the Property Option, the Agency will pay an Exercise Option payment of \$50,000.
- Both option payments (Total of \$100,000) will be applied to the purchase price.
- FMC will secure approval from the State for a Soil Removal Action Work Plan.

**“Brownfield” Remediation:**

An important benefit of the KWBP development is the cleanup of a “brownfields” site. Brownfields are typically the result of industrial use that has created a contaminated property. As a critical part of this process, the Agency has been working closely with FMC and the State agencies to identify the remediation strategy and legal requirements to clean the site for future development. The Team includes the State Department of Toxic Substances Control (“DTSC”) and the Central Valley Regional Water Quality Control Board (“Regional Board”). The representatives from these agencies have maintained continuous contact with the Agency staff and have emphasized their commitment to this project.

**Draft Subdivision Map and Public Process (attached):**

An essential part of this development process is the partnerships with the adjacent property owners. They have been very supportive of this project and have participated in several public design sessions that have resulted in the Draft Tentative Subdivision Map. Representatives from the following property owners have joined our Team in the public design process:

- |                                   |                             |
|-----------------------------------|-----------------------------|
| • FMC Corporation                 | Foster Farms Dairy Division |
| • Varni Brothers                  | Slakey                      |
| • Harvey Highiet - Modesto Junk   | Modesto Irrigation District |
| • Howard Sweet – Sweet Properties | E& J GalloWinery            |

**Draft Specific Plan (attached):**

Critical to the successful development of KWBP is the implementation of quality Design & Use Standards incorporated into a Specific Plan. These Standards will be attached to the lots within the Business Park and will ensure quality development. Over the course of the public design workshops, the Development Team solicited input from the property owners with regard to their immediate and long-term property needs, provided examples of successful business parks in other communities and provided information regarding utilities, traffic circulation, design standards, landscape standards and land use options.

In response to the input from the property owners, the development team’s architect/planner consultant presented a series of alternative road alignments and subdivision designs for the site. After considerable discussion among the property owners, a consensus was reached resulting in the Draft Specific Plan.

**II. REASONS FOR RECOMMENDATION:**

This is a classic example of a redevelopment project where a “brownfields” site is cleaned and the future business conditions are improved for the surrounding property owners. This project has the potential to create approx 25 jobs/acre equaling 1100 new jobs at build-out.

The purpose of the Agency’s Business Park Development Program, and specifically the Kansas Woodland Business Park, is to further economic development and redevelopment in the community. The above described staff actions have been in response to previous direction and authorization from the Agency.

**III. POLICY ALTERNATIVES:**

The Agency may elect to withdraw from this development. In that event, it is probable that the development of the FMC site will be significantly delayed.

**Project Status Update:**

<b>ITEM</b>	<b>STATUS</b>
<b><u>FMC:</u></b>	
1. Prepare Voluntary Clean-up Plan for review by DTSC/Regional Board	Complete
2. Prepare Remedial Investigation (RI) Report & Risk Assessment (RA) Report to evaluate contamination	Complete
3. Negotiate with DTSC/Regional Board for final approval of RI & RA	Est. Date: November 2004
4. Prepare Feasibility Study based on RI and RA	Est. Date: Spring 2005
5. Prepare Soil Removal Action Workplan (“RAW”) or Soil Remedial Action Plan (“RAP”) according to DTSC	Est. Date: Summer 2005
6. Begin final remediation according to approved RAW or RAP	Est. Date: Fall 2005
<b><u>DTSC/Regional Board:</u></b>	
1. Review and approve FMC’s Voluntary Clean-up Plan & Addendum	Complete
2. Review FMC’s Remedial Investigation (RI) Report & Risk Assessment (RA) Report	Complete
3. Negotiate with FMC for final approval of RI and RA Reports	Est. Date: November 2004
4. Review and approval of FMC Feasibility Study	Est. Date: Spring 2005
5. Determine requirement for RAP or RAW	Est. Date: Summer 2005
6. Oversee final remediation work according to approved plan	Est. Date: Fall 2005
<b><u>AGENCY:</u></b>	
1. Negotiate Property Option Agreement with FMC	Complete
2. Facilitate review process between FMC, DTSC and Water Board to expedite completion of RI and RA and Approved RAW or RAP	Ongoing
3. Facilitate public Design Charettes with adjacent owners for site design	Complete
4. Distribute RFP and select private developer (Terrence Rose, Inc.)	Complete
5. Produce preliminary Draft of Tentative Map, Specific Plan and EIR	Complete
6. Produce Traffic Study and Civil Engineering site design for review	Complete
7. Produce Water Study Assessment to confirm water system availability	Complete
8. Produce Water Systems Study to confirm sizing and source of domestic water	Complete
9. Evaluate extg FMC well for possible use as City Municipal Well <i>Water Quality/Quantity met water standards. Well is submitted for approval</i>	Complete
10. Produce Wastewater Systems review to confirm system availability	Est. Date: October 2004
11. Review final Draft of Map, Plan and EIR	Est. Date: October 2004
12. Determine final property acquisition needs from adjacent parcels incl. right of way and entrance locations	Est. Date: Oct-Nov 2004
13. Distribute documents for 45-day Public Comment Period	Est. Date: Oct–Nov 2004
14. Complete Amendment to FMC Property Option Agreement to facilitate private sector development of site	Est. Date: October 2004
15. Work with CALTRANS on the design for the Kansas Exit/On-ramp interchange for best possible local access to the KWBP	Est. Date: Jan-Mar 2004
16. Complete final Subdivision Map, Specific Plan and EIR, incl. land use approval from Agency, City and Planning Commission	Est. Date: Jan-Mar 2005
17. Complete Hazardous Materials Insurance for RDA	Est. Date: Spring 2004
18. Complete with Terrence Rose, Inc. - Developer	Est. Date: December 2004
19. Construct KWBP improvements in conjunction with FMC approved remediation plan (RAP or RAW)	Est. Date: Fall 2005

#### **IV. EXISTING POLICY and STRATEGIC PLAN OBJECTIVES:**

Many Strategic Plan Objectives and Agency goals are met by the KWBP development, including:

- A. Increase local employment opportunities and commercial/industrial commerce through the use of redevelopment and other available public/private partnerships.
- B. Improve appearance of and access between key transportation corridors, including views from SR 99, Kansas-Needham Overcrossing and future SR 132 (Maze Blvd).

*An important part of KWBP is the beautification of about a ½ mile of the freeway frontage. This is a badly needed infill business project with great freeway access. Once the realignment of State Route 132 is complete, this will be a new business gateway entrance to Modesto.*

- C. Improve air quality and traffic issues by reducing length and number of vehicle trips. The KWBP will provide jobs to Bay Area commuters that will reduce length and number of daily vehicle trips.
- D. Establish business park development as a priority for regional economic development
- E. Locate business parks near major transportation corridors to foster efficient land use
- F. Incorporate state-of-the-art telecommunications in a business park environment
- G. Develop business parks based on business community needs, including size of lots, alignment of streets and proximity to downtown
- H. Establish design criteria/standards to develop quality business parks to attract high-end employers.
- I. Support the retention and expansion of existing Modesto businesses, incl MID and Foster Farms.

#### **V. FISCAL IMPACTS:**

##### **Expenditures:**

- 1) Property options for a total of \$100,000 - Agency Reserve Acct - #9080-140-Q243-6030
- 2) Property sales price of \$1M + 5% of payments received in excess of \$1M.  
Note: The \$100,000 in deposits will be put against the total purchase price. The Agency intends to participate in a “double escrow” process wherein the Agency, FMC and the developer will jointly sell and purchase the property.
- 3) Agency costs paid to date: \$753,000. Est. Additional costs prior to sale: \$100,000
- 4) Certain property owners may elect to sell their parcels to the Agency in order to facilitate the proposed road realignment and site development. This cost is undetermined at this time
- 5) Any costs for land purchases or general design and development preparation will be reimbursed to the Agency as negotiated in the DDA with Terrence Rose.

##### **Revenue:**

- 1) Redevelopment tax increment: The project will generate, upon development, between \$250,000 to \$350,000 per year in new tax increment revenues to the Redevelopment Agency. This tax increment revenue will be used for RDA projects and to repay General Fund loans in the future.
- 2) Stanislaus County Economic Development Bank Loan in the amount of \$405,000. This loan is used for the planning, engineering and design of this project. The Loan conditions are:
  - a) No interest loan
  - b) The City’s General Fund will not be used for repayment of the loan
  - c) Repayment via a combination of the following: (1) Tax increment funding from the Agency resulting from the increased property values within the Project site; (2) Agency funding generated by the proceeds of the land sale to a private developer; (3) Tax allocation bonds issued by the Agency to generate funding for the Project improvements in an amount sufficient for repayment
  - d) The Agency revenue streams are expected to become available by December 2007. However, the Agency shall have no obligation to begin repayment until the revenue streams become available.
  - e) If the loan is not repaid in full by June 30, 2015, the parties agree to renegotiate the term and conditions of the loan repayment.

**VI. INTERDEPARTMENTAL COORDINATION:**

The *Development Team* is coordinating the Kansas Woodland Business Park project and there are representatives from each City department providing input.

**VII. PUBLIC PARTICIPATION:**

The Agency staff has hosted six Design Workshops with adjacent property owners and interested citizens. As a result of these Workshops, the Agency staff and consultant Team have produced both the *Draft* Tentative Subdivision Map and the *Draft* Specific Plan. We will continue to host Workshops to ensure public participation as we move forward.

**VIII. ENVIRONMENTAL REVIEW:**

This site has contamination issues that are currently under review by the Department of Toxic Substances Control (DTSC), the State agency that oversees “brownfields” cleanup actions. The contamination on this site will be mitigated as part of this project. The environmental issues are extensive and will be addressed per a Focused EIR when the Kansas Woodland Business Park Tentative Subdivision Map and Specific Plan are submitted to the City for formal land use development review.

**IX. STEPS FOLLOWING APPROVAL:**

Proceed with Kansas Woodland Business Park development in accordance with Agency direction

Prepared By: \_\_\_\_\_  
Linda Boston, Project Manager

Reviewed By: \_\_\_\_\_  
Brad Kilger, Assistant Executive Director

Submitted By: \_\_\_\_\_  
George W. Britton, Acting Executive Director

Attachments: 1. Kansas Woodland Business Park Draft Subdivision Map and Specific Plan Executive Summary