

DRAFT: COMMERCIAL, INDUSTRIAL AND RESIDENTIAL DEMAND: SUTTER COUNTY, 2007-2030

EXECUTIVE SUMMARY

I. PURPOSE

The purpose of this report is to inform the General Plan Update process as to the demand for commercial and industrial space, the appropriateness of the existing Food Processing and Recreation Combining (FPARC) District for food processing and the future demand for ranchettes.

II. MARKET DEMAND FOR INDUSTRIAL AND COMMERCIAL LAND

Sutter County's economic future is tied to the economic future of the broader Sacramento Valley region. In the past, Sutter County captured approximately 3 percent of the region's total industrial and commercial jobs. The future demand for industrial and commercial land within Sutter County will depend in part on capturing economic growth from the surrounding region. The region encompasses eight counties: Butte, Colusa, Glenn, Placer, Sacramento, Sutter, Yolo and Yuba. The report assesses the demand for both industrial and commercial land within Sutter County and the broader 8-county region by analyzing historic employment trends and reviewing projections of job and population growth from four sources: Sacramento Association of Governments (SACOG), California Department of Finance (DOF), California Employment Development Department (EDD) and the California Department of Transportation (Caltrans). Future land requirements are estimated by converting job growth projections into acreage needed to support those jobs.

Historical Industrial Employment Growth

Over the last 10 years, industrial employment in Sutter County has grown from 3,917 to 5,026, a rate of about 110 new industrial jobs per year. Likewise, in the broader 8-county region, including Sutter County, industrial employment increased by 2,651 jobs per year, from 129,567 industrial jobs in 1997 to 156,078 in 2007.

Projected Future Industrial Employment Growth

Three sources of employment projections were used in this analysis. The sources are EDD, SACOG and CalTrans. In addition, Applied Development Economics (ADE) estimated future job growth based on an extrapolation of historic trends. The four sources of projections result in a range of estimates for employment growth. To simplify the analysis, ADE has summarized the findings by tabulating the bottom (conservative estimate) and the top (aggressive estimate) of the range in Exhibit A below. As seen in Exhibit A, anticipated industrial employment growth in Sutter County between 2007 and 2030 ranges from a low of 246 industrial jobs to a high of 5,926 industrial jobs.

Exhibit A. Sutter County Industrial Employment

	2007	2030	Change
Conservative	5,026	5,272	246
Aggressive	5,026	10,952	5,926

Source: ADE, Inc.

Likewise, as seen in Exhibit B for the 8-county region, anticipated industrial employment growth ranges from a low of 31,223 industrial jobs to a high of 77,352 industrial jobs between 2007 and 2030.

Exhibit B. Regional Industrial Employment Growth

	2007	2030	Change
Conservative	148,890	180,113	31,223
Aggressive	148,890	226,242	77,352

Source: ADE, Inc., based on data from California EDD, SACOG, California DOF

Historical Commercial Employment Growth

Over the last 10 years, commercial employment in Sutter County has grown from 10,330 to 14,637, a rate of about 431 new commercial jobs per year. Likewise, in the broader 8-county region, including Sutter County, commercial employment increased by 2,371 jobs per year, from 79,551 jobs in 1997 to 103,261 commercial jobs in 2007.

Projected Future Commercial Employment Growth

Growth in commercial jobs, for the most part, is tied directly to growth in population, although there are some office jobs, such as in data processing, software development, professional services and advertising and marketing that are tied more to industrial job growth. Considering projected population growth and other demand from business growth, ADE estimates that the growth of commercial jobs in Sutter County will range from a low of 3,947 to a high of 13,790 between 2007 and 2030 (Exhibit C).

Exhibit C. Sutter County Commercial Employment Projections

	2007	2030	Change ('07-'30)
Conservative	14,637	18,584	3,947
Aggressive	14,637	28,427	13,790

Source: ADE, Inc., based on data from California EDD, California Department of Finance and SACOG

For the analysis of commercial job growth in the region, ADE did not include Yuba and Sutter Counties. This region includes only the surrounding six counties of Butte, Colusa, Glen, Placer, Sacramento and Yolo. By 2030, the number of commercial jobs in the surrounding region will range from a low of 132,406 commercial office jobs to a high of 158,758 commercial office jobs.

Summary of Industrial and Commercial Land Requirements

The projected demand for both industrial space and commercial space is based on two sets of assumptions. The first set regards growth rates (aggressive growth v. conservative growth) and the second set of assumptions regards the share of regional job growth that Sutter County ultimately captures. Historically, Sutter County has captured approximately 3 percent of regional job growth. This analysis assumes that Sutter County will be able to increase its capture rate to 5 percent or 10 percent of future regional job growth.

As earlier tables indicate, the projected growth of industrial jobs within Sutter County ranges between 246 and 5,926 between 2007 and 2030. And, the projected growth for commercial jobs ranges from 3,947 to 13,790 jobs. As Exhibit D, below, indicates, the resulting cumulative demand for commercial and industrial land ranges from 306 acres (based on conservative job projection) to 976 acres (based on aggressive job projection).

In the region surrounding Sutter County, the projected growth of commercial and industrial jobs will create a demand for land ranging from a low of 3,946 acres (conservative) to a high of 8,970 acres (aggressive) between 2007 and 2030.

Sutter County is well-positioned to compete for a greater share of the region's growth in commercial and industrial jobs. If Sutter County captures another 5 percent of anticipated regional growth (over and above its historical capture of 3 percent), then the total amount of commercial and industrial space Sutter County will need would range from 503 acres (conservative) to 1,424 acres (aggressive) between 2007 and 2030.

Should the County capture another 10 percent of regional industrial and commercial-office job growth (over and above its historical capture of 3 percent), the demand for space would range from 700 acres (conservative) to 1,873 (aggressive) acres.

Exhibit D. Summary of Cumulative Industrial and Commercial Acreage Demand: 2007-2030: Sutter Co. and Region

	Industrial	Commercial	Total : Ind and Comm
Sutter County	188 ac. to 563 ac.	118 ac. to 413 ac.	306 ac. to 976 ac.
Region (less Sutter\Yuba)	3,143 ac. to 7,441 ac.	803 ac. to 1,529 ac.	3,946 ac. to 8,970 ac.
<i>5 percent regional capture scenario</i>	<i>157 ac. to 372 ac.</i>	<i>40 ac. to 76 ac.</i>	<i>197 ac. To 449 ac.</i>
<i>10 percent regional capture scenario</i>	<i>314 ac. to 744 ac.</i>	<i>80 ac. to 153 ac.</i>	<i>394 ac. to 897 ac.</i>
Sutter <u>and</u> Region	3,331 ac. to 8,004 ac.	921 ac. to 1,942 ac.	4,252 ac. to 9,946 ac.
<i>5 percent regional capture scenario</i>	<i>345 ac. to 935 ac.</i>	<i>158 ac. to 489 ac.</i>	<i>503 ac. to 1,424 ac.</i>
<i>10 percent regional capture scenario</i>	<i>502 ac. to 1,307 ac.</i>	<i>198 ac. to 566 ac.</i>	<i>700 ac. to 1,873 ac.</i>

Source: ADE, Inc.

A number of factors will affect the County's ability to reach a higher level of industrial growth in the future. One major factor is the quality of the available land supply. Although Sutter County has an ample supply currently of raw industrially designated property, many of these sites are not well located along the major regional transportation routes and are not well served by critical services and utilities, particularly waste water treatment capacity. Efforts to increase the supply of improved, serviced, industrial land in the southern portion of the County at Sutter Pointe, along SR 99, will help position the County to capture a greater share of regional development in the Sacramento Metropolitan region.

Trends in Food Processing

With regard to food processing industries, several broader trends in the food industry may lead to increased market opportunities in Sutter County. These trends, listed below, are creating greater product specialization, hence smaller scale production requirements, as well as more localized distribution channels. With the tremendous variety in produce that can be grown in Sutter County, there should be increased product development and processing opportunities to serve the Sacramento region as well as the Bay Area and elsewhere in Northern California. If successful, this will also help accelerate future industrial development in the County.

The Six Major Trends in Food Processing:

1. Health conscious consumers
2. Greater market segmentation
3. Sustainability
4. Globalization
5. Consolidation of buyers
6. Innovation and new product development

The next section of the summary addresses the suitability of the FPARC District to support new food processing industries.

III. ASSESSMENT OF THE SUITABILITY OF THE FPARC DISTRICT FOR FOOD PROCESSING

Location Requirements of Food Processors

The best location for any given processor will depend on the type of inputs they require, the cost of those inputs and the location of their markets.

The inputs most important to food processors include:

- Water
- Wastewater treatment
- Energy supplies
- Transportation access
- Pipeline of qualified workers
- Access to suppliers

FPARC Site Assessment

■ WATER

The District is not served by a public water supply system. Water must be accessed by drilling a well into the ground water.

■ WASTEWATER TREATMENT AND SEWER

The District is not served by a public wastewater treatment system. Yuba City has discussed the possibility of developing a regional wastewater treatment plant that could be extended to serve the site in the future.

■ NATURAL GAS

Pacific Gas and Electric is the only provider of natural gas in the region. It is not known if gas lines have been extended to properties in the District.

■ ELECTRICITY

The District is provided electrical service by Pacific Gas and Electric (PG&E)

■ TRANSPORTATION

The District is located on State Highway 20, which runs east and west through Northern California. State Highway 20 has about 100 feet width of right-of-way, about 20 feet of that is paved. As of 2007, the stretch of Highway 20 that passes through the District gets about 8,000 daily trips on average.¹

Interstate 5 is 22 miles west of the site via Highway 20. State Highway 99, a major north-south route through California's Central Valley is 8.5 miles to the east via Highway 20. The signalized intersection of Highway 20 and Highway 99 has recently been improved.

The Port of Oakland is about 130 miles to the south via Interstate 5; the Port of Stockton is about 95 miles south via Highway 99.

■ FLOOD PROTECTION

The FPARC District is not within FEMA's 100 year flood zone.

Future Use of FPARC

It is recommended that the southern portion of the FPARC district, encompassing about 200 acres should be made available for future industrial development. Until waste water treatment capacity is available, this site will most likely not be appropriate for food processing, unless the process does not require large amounts of water.

¹ Caltrans. Route 20 Postmile 5.009 to 9.176.

IV. ASSESSMENT OF THE FUTURE GROWTH OF RANCHETTE-TYPE DEVELOPMENT

As discussed in the Technical Background Report (TBR) and Issues Papers, development of ranchette subdivisions could threaten the future economic viability of agriculture in Sutter County. The General Plan Advisory Committee (GPAC) will want to consider these trends in forming policies relative to the future development of ranchette subdivisions. Between 1998 and 2007, more than 50 ranchette projects have been approved in Sutter County resulting in over 150 lots on 545 acres². Ranchette requests must meet specific requirements including: the subject parcel must be less than 20 acres at the time of application; the subject parcel must be located outside the Yuba City and Live Oak spheres of influence; the proposal must not create more than four parcels, including any designated remainder; and, a range of parcel sizes must be provided. The lots range in size from 3 to 10 acres. Most of these ranchettes are located south and west of Yuba City.

Ranchette Developments in Sutter County

Exhibit E below tracks the amount of acres set aside for ranchettes each year between 1998 and the Spring of 2007. Since 1998, Sutter County has cumulatively set-aside 545 acres for ranchettes, for an annual average of 54 acres per year.³

Exhibit E. Existing Conditions: Ranchette Development Historical Trends: Sutter County, 1998-2007

Year	Acres
1998	9
1999	19
2000	38
2001	29
2002	12
2003	99
2004	19
2005	0
2006	199
2007	121
Total	545
Average	54

Source: ADE, Inc., based on data from Sutter County Planning Department

² By the end of 2007, the total cumulative acres approved for Ranchette development was 665.

³ By the end of 2007, the total cumulative acres approved for Ranchette development was 665.

Projected Future Ranchette Development

Exhibit F below projects future demand for ranchettes in Sutter County from 2007 to 2030, based on historic trends. In the first scenario, recent trends (54 acre annual average) are extrapolated forward from 2007 to 2030. Over this 23 year time period, 1,242 acres will be needed to accommodate demand for ranchettes.

The table below also includes projections based on a recent study sponsored by the American Farmland Trust (AFT). According to the AFT, between 2007 and 2030, 3,021 acres of Sutter County farmland could be cumulatively switched to ranchette residential development. According to AFT, a portion (1,565 acres) of the total land in ranchettes was formerly in agriculture.

In summary, the total acreage needed to accommodate ranchette type development between 2007 and 2030 would range from a low of 1,242 to a high of 3,021.

Exhibit F. Ranchette Projections: Acreage Demand: Three Scenarios, 2007-2030

	2007	07-2010	'10-'15	'16-'20	'20-'25	'26-'30	'07-'30
1. Historical Trends	121	162	270	270	270	270	1,242
2. AFT Ranchettes: Farmlands\Other	121	253	725	713	665	665	3,021
<i>AFT Farmland lost to Ranchettes</i>	121	180	360	355	335	335	1,565

Source: ADE, based on data from American Farmland Trust and Sutter County Planning Department

INTRODUCTION

The purpose of this report is to inform the Sutter County General Plan Update process about the market demand for industrial and commercial land and an assessment of the suitability of the Food Processing, Agricultural and Recreation Combining (FPARC) District for industrial activity, including food processing. We conclude with an analysis of future demand for ranchette-style housing. In this analysis, we examine data from the American Farmland Trust, as well as historical trends with respect to ranchette developments in Sutter County.

DEMAND FOR COMMERCIAL/INDUSTRIAL LAND IN SUTTER COUNTY

This section of the report analyzes commercial and industrial trends in the eight-county region consisting of Butte, Colusa, Glenn, Placer, Sacramento, Sutter, Yolo and Yuba Counties. As part of the analysis, particular attention is paid to food processing trends in the region, given the importance of this value-added component to Sutter County's agriculture economy. To understand future prospects for food processing in Sutter County, this report looks at both historical employment and productivity trends as well as projections for future employment.

METHODOLOGY

Industrial

The first section analyzes industrial employment trends, for a ten-year period from 1997 to 2007 (see Tables 1 through 6).⁴

Industrial employment projections to the year 2030 for the region, including Sutter and Yuba Counties are tabulated in Tables 14 through 16.

Four data sources are used to create a range of employment projections.⁵

Industrial employment projections are converted into industrial acreage needed to support job growth between 2007 and 2030.

Acreage projections are compared with industrial absorption trends, as well as existing inventory of industrial lands in Sutter and Yuba Counties to determine excess supply or demand for industrial space. (See Tables 10 through 12).

⁴With respect to tracking industrial trends, the analysis examines construction, transportation/warehousing, and wholesale — not just manufacturing — as land-uses for these sectors are typically referred to as "industrial."

⁵Industrial projections are based on employment projections issued by the California Employment Development Department (EDD), the Sacramento Area Council of Governments (SACOG), and the California Department of Transportation (Cal Trans). As a fourth scenario, we also extrapolate recent industrial employment trends into the future.

Commercial

We analyze trends over the last ten years in a number of business types that are aggregated into three broad commercial categories (see Table 21). Then, we project future employment for each of these broad categories using population projections from the California Department of Finance (DOF) and the Sacramento Area Council of Governments (SACOG), on the grounds that these categories are primarily local-serving industries, the growth of which moves in accordance with population. Then, we convert the commercial employment projections into a range of acreage needed to support new commercial jobs between 2007 and 2030.

FINDINGS

Historical Industrial Employment in the Region, 1997-2007

Tables 1 and 2 show industrial employment trends in the eight-county region, which includes Sutter County. Overall, industrial employment in the region is currently 156,078. In 2002, industrial employment was 156,087 jobs. Increases in construction employment have staved off a more significant decline in total industrial employment. Construction employment grew from 36,135 to 65,589 workers between 1997 and 2007. Construction employment grew slower in the last five years (by 1.7 percent a year between 2002 and 2007), than in the previous five years (11 percent annually from 1997 to 2002).

Tables 1 and 2 also show that food manufacturing in the region increased throughout the region at an incrementally small rate of 0.7 percent a year between 2002 and 2007, or from 7,765 to 8,048 jobs. Food manufacturing employment increased in Colusa and Placer Counties by 266 and 78 jobs, respectively, between 2002 and 2007. In Colusa County, grain seed milling (rice) manufacturers and fruit-vegetable food manufacturers fared well between 2002 and 2007, whereas in Placer County, bakeries and tortilla manufacturers have performed well in the past five years.

Figure 3 below shows that, on average, industrial employment increased in the eight-county region by slightly over 2,600 jobs per year, although between 2005 and 2007, overall industrial employment dropped by 12,900 jobs. These losses are largely attributable to declining employment in the non-food manufacturing sector.

Table 1. Ten-Year Industrial Employment Trends, 1997-2007: Eight-County Region, including Sutter County

Region County	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Construction	36,135	40,795	47,338	51,132	58,215	60,160	64,343	69,489	71,828	68,895	65,589
Food Manufacturing	9,515	9,049	9,334	8,727	7,848	7,765	8,143	8,436	8,544	8,033	8,048
Non-Food Manufacturing	44,075	45,906	46,043	46,610	47,733	43,825	41,664	42,538	43,630	41,377	35,121
Transportation\Warehousing	19,871	20,294	21,795	22,209	22,194	21,660	10,417	21,034	21,400	22,370	22,866
Wholesale	19,971	20,162	21,130	21,667	22,704	22,677	22,862	23,599	23,664	24,949	24,454
ALL	129,567	136,206	145,640	150,345	158,694	156,087	147,429	165,096	169,066	165,624	156,078

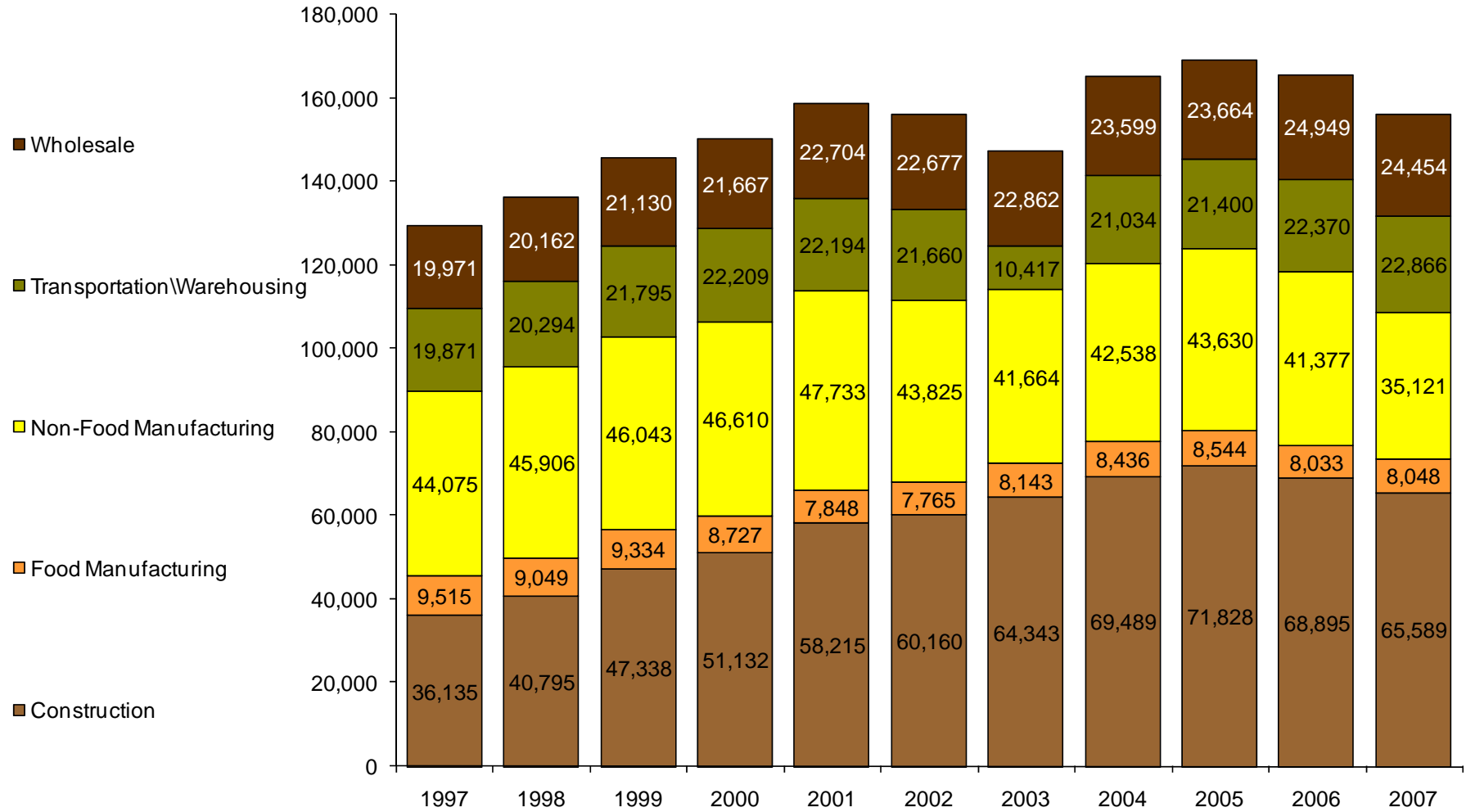
Source: ADE, Inc. based on data from California EDD

Table 2. Annual Change Industrial Employment, 1997-2002 and 2002-2007: Eight-County Region, including Sutter County

	97-02	02-07
Construction	11%	1.7%
Food Manufacturing	-4%	0.7%
Non-Food Manufacturing	-0.1%	-4%
Transportation\Warehousing	2%	1.1%
Wholesale	3%	1.5%
All	4%	0.0%

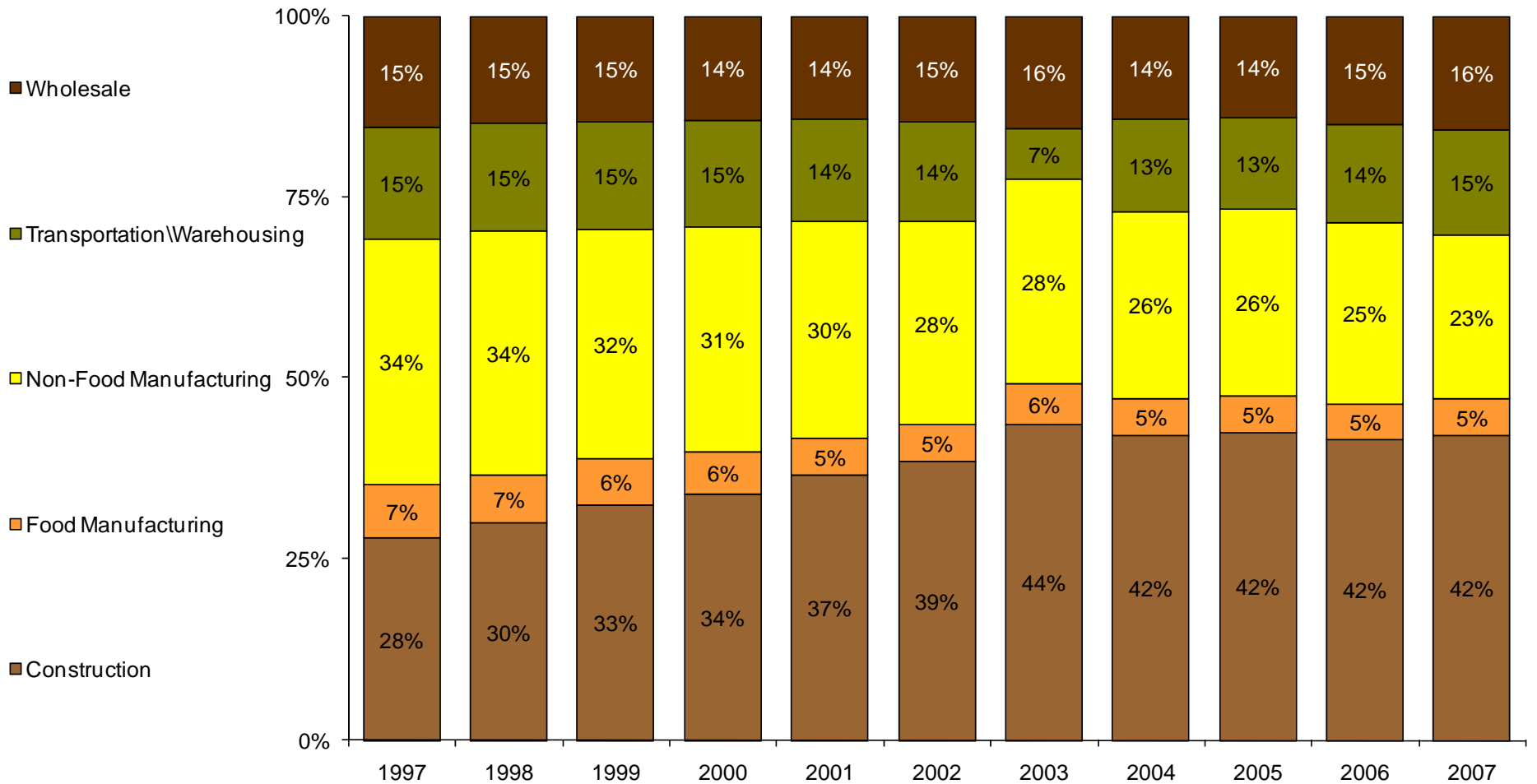
Source: ADE, Inc., based on data from California EDD

Figure 1. Ten-Year Industrial Employment Trends, 1997-2007: Region



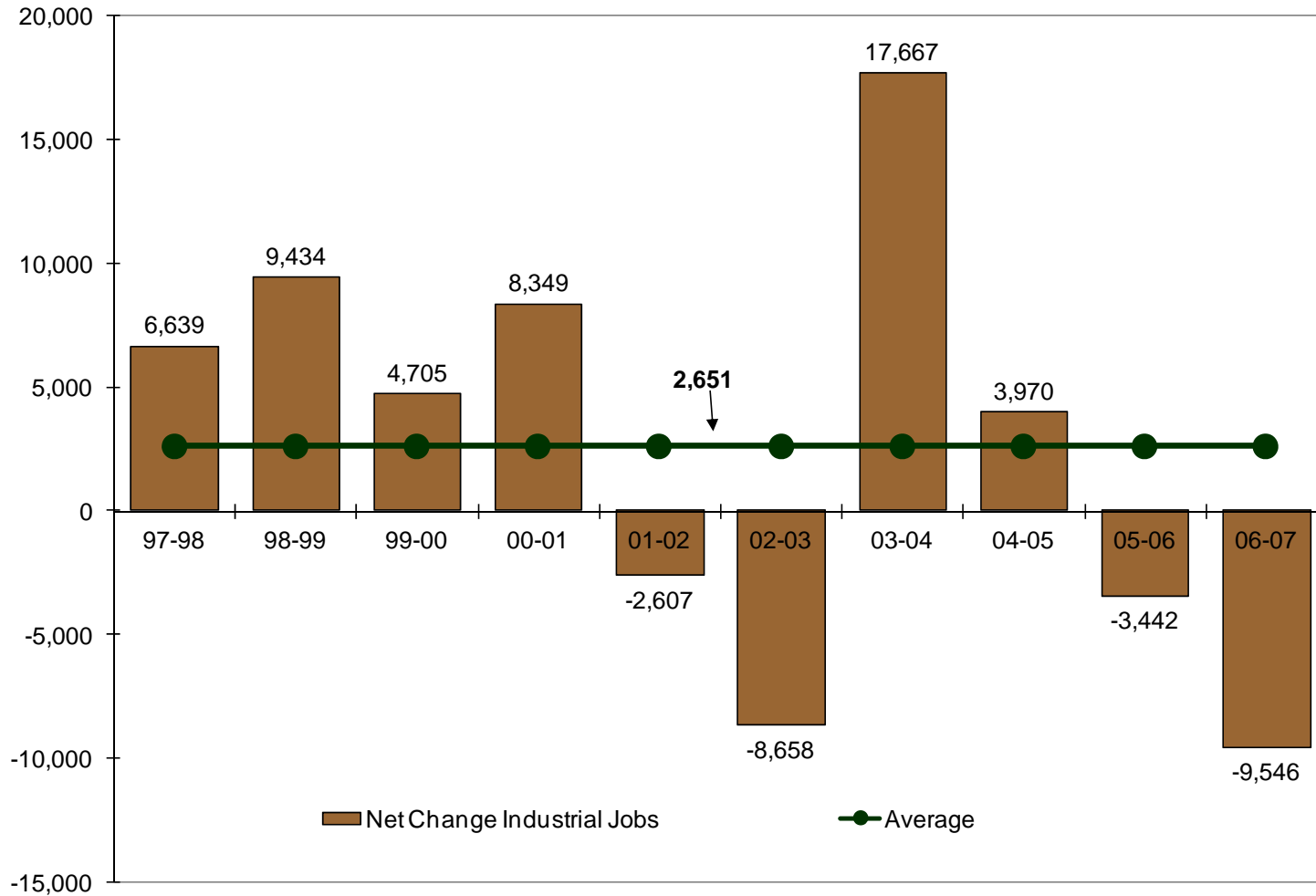
Source: ADE, Inc., based on data from California EDD

Figure 2. Regional Industrial Employment Distribution Trends, 1997-2007



Source: ADE, Inc., based on data from California EDD

Figure 3. Annual Industrial Employment Change, 1997-2007: Yuba County



Source: ADE, Inc., based on data from California EDD

Industrial Employment in Sutter and Yuba Counties: 1997-2007

Sutter County and Yuba County are part of the same economic sub-region. For this purpose, Yuba County employment trends are studied for purposes of comparison with Sutter County.

SUTTER COUNTY

As Table 3 shows, there are over 5,000 workers employed in five industrial categories. Over the ten-year period from 1997 to 2007, the number of industrial jobs in Sutter County grew from 3,917 to 5,026, for a net increase of 1,109 jobs. Growth in the construction sector has driven overall increases in industrial jobs, as this sector increased by almost 600 jobs between 1997 and 2007, from 1,030 to 1,603. Food manufacturing has ebbed and flowed over this ten-year period, growing from 746 jobs in 1997 to 1,014 jobs five years later in 2002, and then dropping off dramatically to 652 jobs today.

Table 3. Ten-Year Industrial Employment Trends, 1997-2007: Sutter County

Sutter County	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Construction	1,030	1,076	1,059	1,131	1,458	1,392	1,429	1,483	1,577	1,627	1,603
Food Manufacturing	746	744	966	982	1,099	1,014	1,027	696	565	609	652
Non-Food Manufacturing	1,076	1,105	1,077	1,053	1,020	886	873	859	997	950	975
Transportation\Warehousing	465	570	634	606	571	524	492	430	404	453	618
Wholesale	600	590	775	769	955	1,158	969	1,058	1,013	1,088	1,178
ALL	3,917	4,085	4,511	4,541	5,103	4,974	4,790	4,526	4,556	4,727	5,026

Source: ADE, Inc. based on data from California EDD

Table 4 below shows that in the five-year period between 1997 and 2002, industrial employment grew, on average, by five percent a year in Sutter County. In the last five-year period (2002-2007), industrial employment grew annually at a slower rate of 0.2 percent, with food manufacturing declining by eight percent a year.

Table 4. Annual Change Industrial Employment, 1997-2002 and 2002-2007: Sutter County

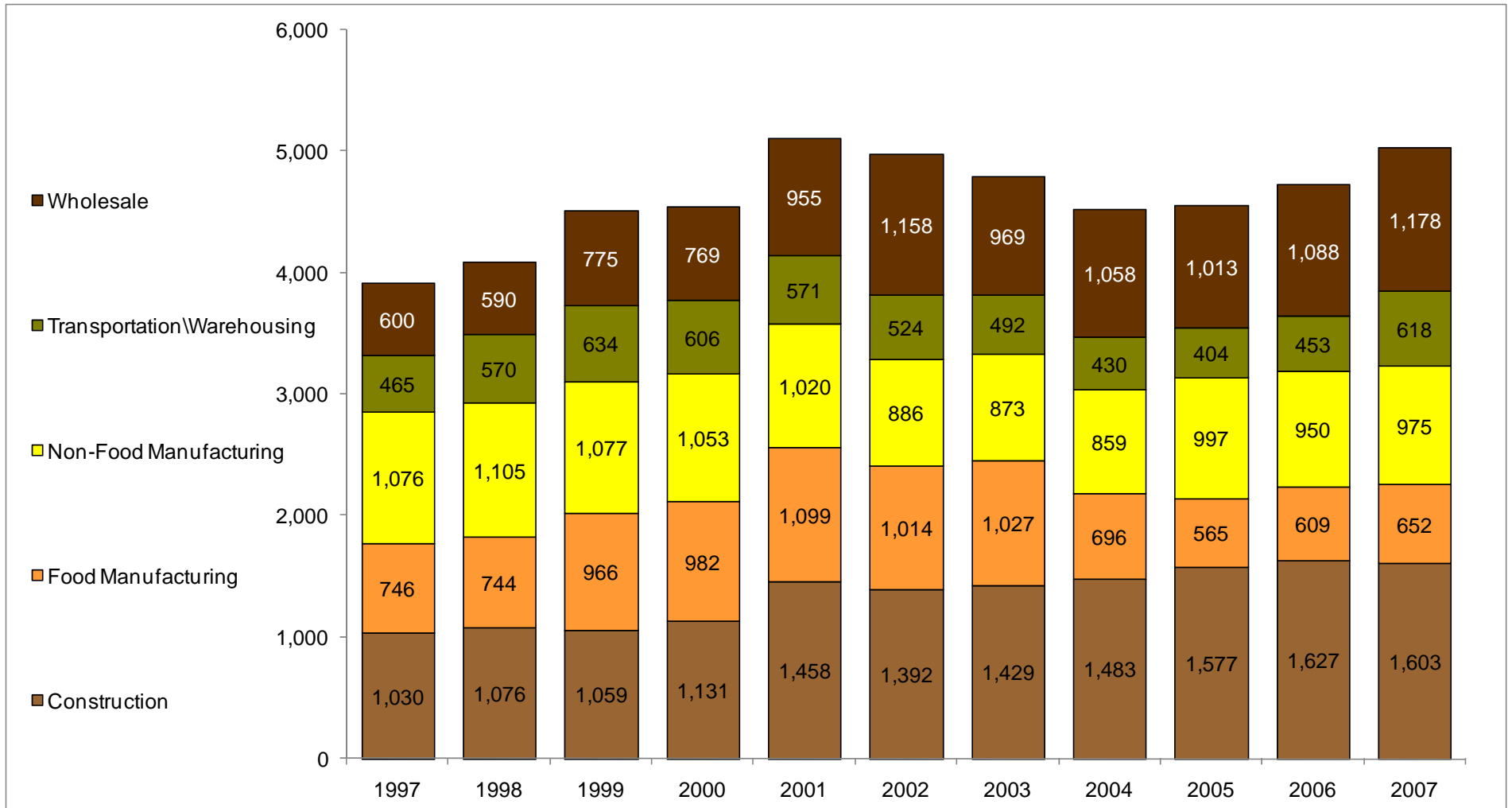
Sutter County	97-02	02-07
Construction	6%	3%
Food Manufacturing	6%	-8%
Non-Food Manufacturing	-4%	2%
Transportation\Warehousing	2%	3%
Wholesale	14%	0.3%
All	5%	0.2%

Source: ADE, Inc. based on data from California EDD

Figures 4 and 5 display Table 3 data in bar chart form, allowing readers to visually see how each industrial sector ebbed and flowed in terms of absolute number and relative share of industrial jobs over the ten-year period between 1997 and 2007. In 1997, food manufacturing

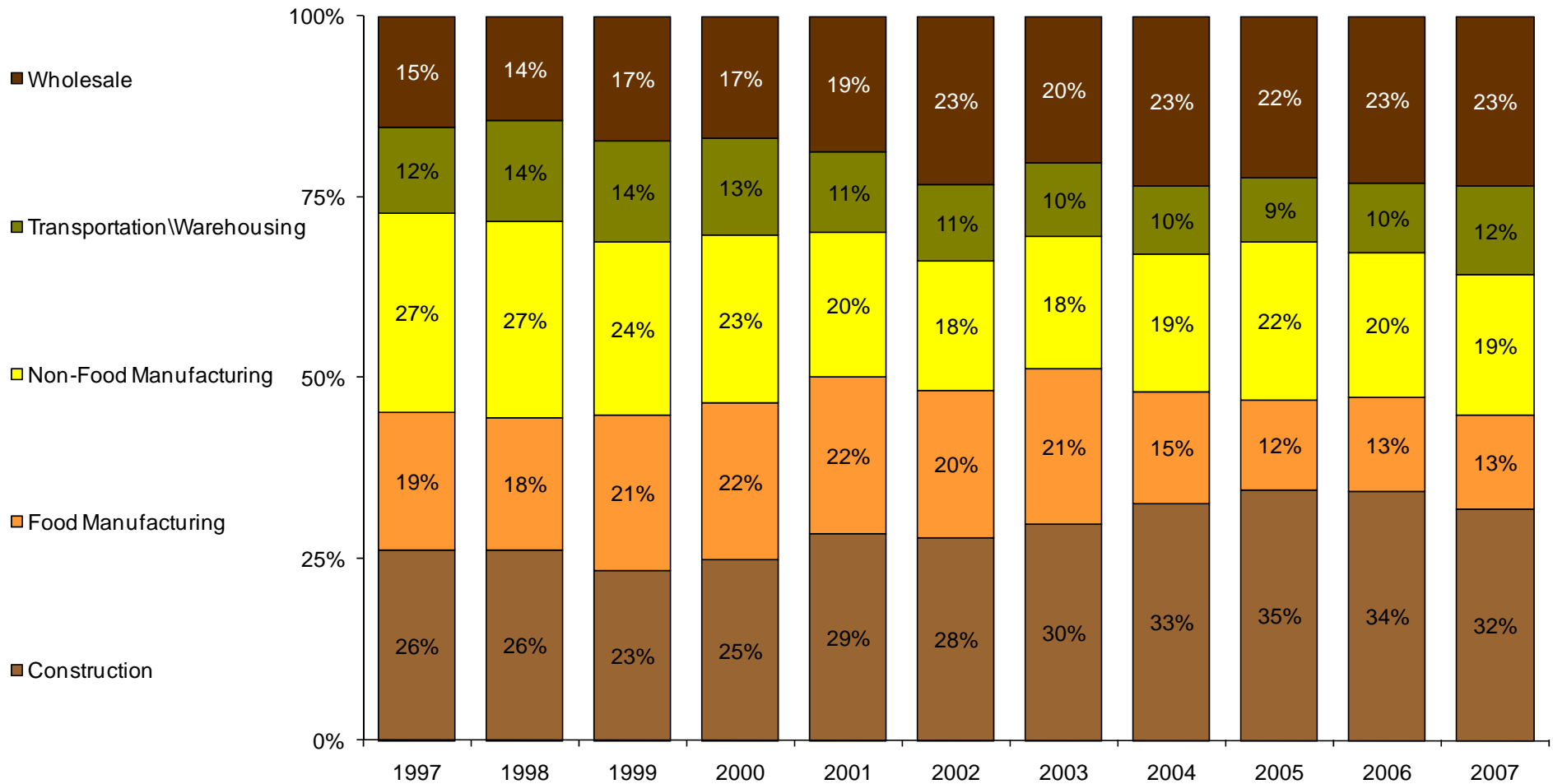
represented almost 20 percent of all industrial jobs in Sutter County; ten years later, this sector dropped to 13 percent of all industrial jobs. Figure 2 also shows that manufacturing other than food processing had decreased as a share of all industrial jobs, from 27 percent to 19 percent between 1997 and 2007. In addition to growing in absolute terms, construction-related jobs increased their relative share, from 26 percent in 1997 to 32 percent in 2007. In large part, this is a result of residential development and population growth in Sutter County and the surrounding region. With the downturn in the economy, the glut of housing in the Sacramento region, and the mortgage-crisis, this sector could decrease in absolute and relative terms in the very near future.

Figure 4. Ten-Year Industrial Employment Trends, 1997-2007: Sutter County



Source: ADE, Inc., based on data from California EDD

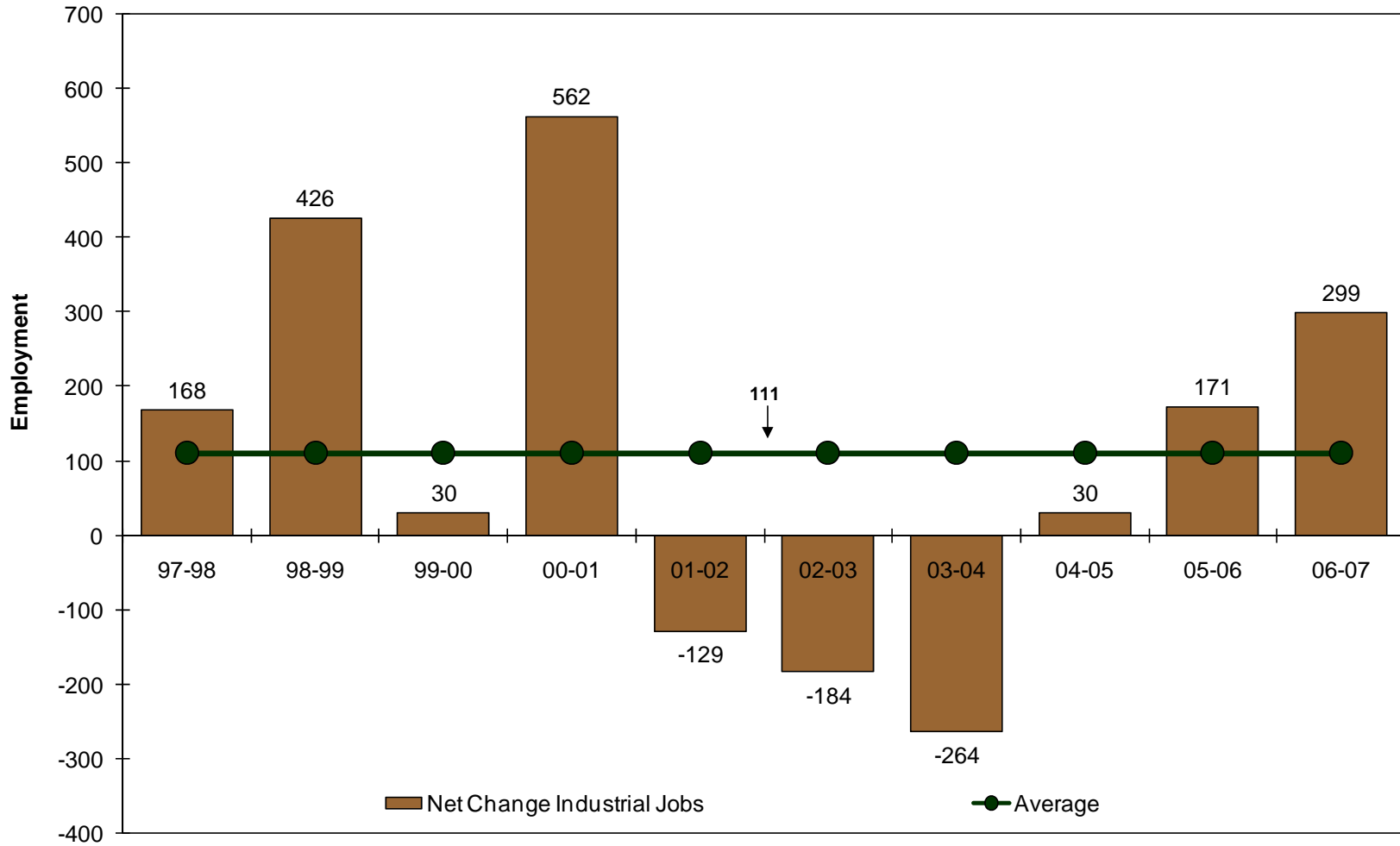
Figure 5. Sutter County Industrial Employment Distribution Trends, 1997-2007



Source: ADE, Inc., based on data from California EDD

Employment has declined in industries that traditionally offer good wages and benefits such as manufacturing, but has increased in lower paying industries such as wholesale and transportation/warehousing. On average, as Figure 6 shows, industrial employment increased by 111 new jobs annually between 1997 and 2007, although variations did occur on a year-to-year basis. Significant downturns occurred between 2001 and 2002, 2002 and 2003 and 2003 and 2004, when industrial jobs dropped by 129, 184 and 264 jobs respectively. Jobs losses between 2001 and 2004 are largely attributable to the national recession that started in late 2000 and continued until late 2002. Between 2001 and 2002, employment in non-food manufacturing dropped by 134 jobs, construction by 66, food manufacturing by 85, and transportation\warehousing declined by 47 jobs. These declines were off-set by 203 new jobs in the wholesale sector, resulting in a net loss of 129 industrial jobs between 2001 and 2002. Food manufacturing was hit again between 2003 and 2004, when employment declined by 331 jobs, resulting in a net decline of industrial jobs of 264. Recovery since 2004 has been driven largely by construction.

Figure 6. Annual Industrial Employment Change, 1997-2007: Sutter County



Source: ADE, Inc., based on data from California EDD

Table 5. Yuba County Industrial Employment Trends, 1997-2007

Yuba County	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Construction	710	614	678	735	866	675	774	954	840	914	771
Food Manufacturing	340	327	331	339	265	312	393	394	197	119	118
Non-Food Manufacturing	696	812	832	849	897	926	876	878	795	728	774
Transportation\Warehousing	331	294	305	295	276	257	279	280	332	345	311
Wholesale	281	168	132	129	151	201	190	150	168	167	188
All	2,358	2,215	2,278	2,347	2,455	2,371	2,512	2,656	2,332	2,273	2,162

Source: ADE, Inc. based on data from California EDD

Table 6. Annual Change Industrial Employment, 1997-2002 and 2002-2007: Yuba County

Yuba County	97-02	02-07
Construction	-1%	3%
Food Manufacturing	-2%	-18%
Non-Food Manufacturing	6%	-4%
Transportation\Warehousing	-5%	4%
Wholesale	-6%	-1%
All	0.1%	-2%

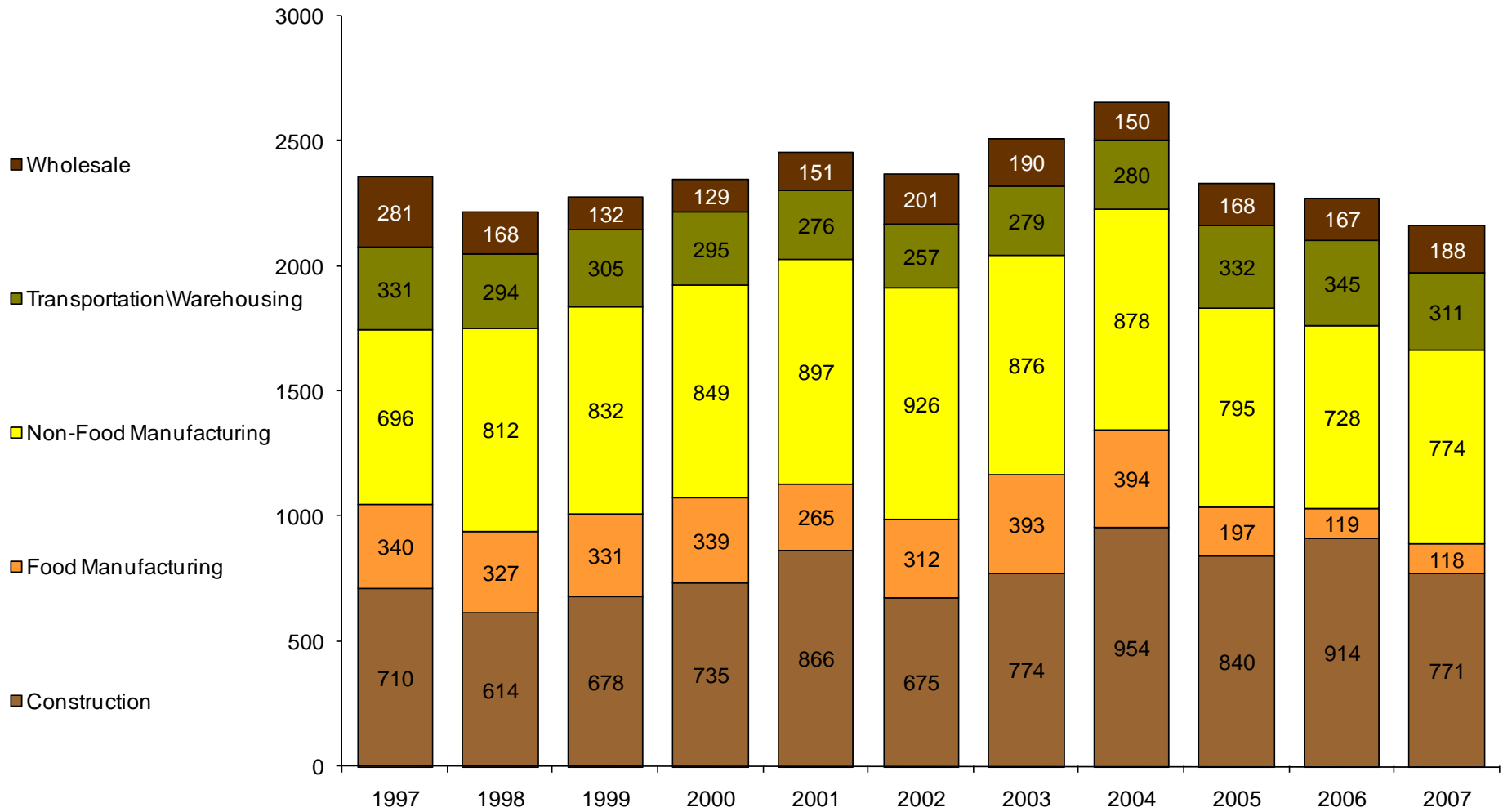
Source: ADE, Inc. based on California EDD

Yuba County Industrial Employment Trends: 1997-2007

Data for Yuba County is provided for comparison purposes. As Tables 5 and 6 above indicate, food manufacturing also declined in Yuba County between 1997 and 2007, going from 340 in 1997, to 312 in 2002, to 118 today (see Table 5). Overall, industrial employment also declined, from 2,358 in 1997 to 2,162 in 2007. While barely growing between 1997 and 2002 (0.1 percent per year), industrial employment in neighboring Yuba County dropped by two percent a year over the last five years (see Table 6).

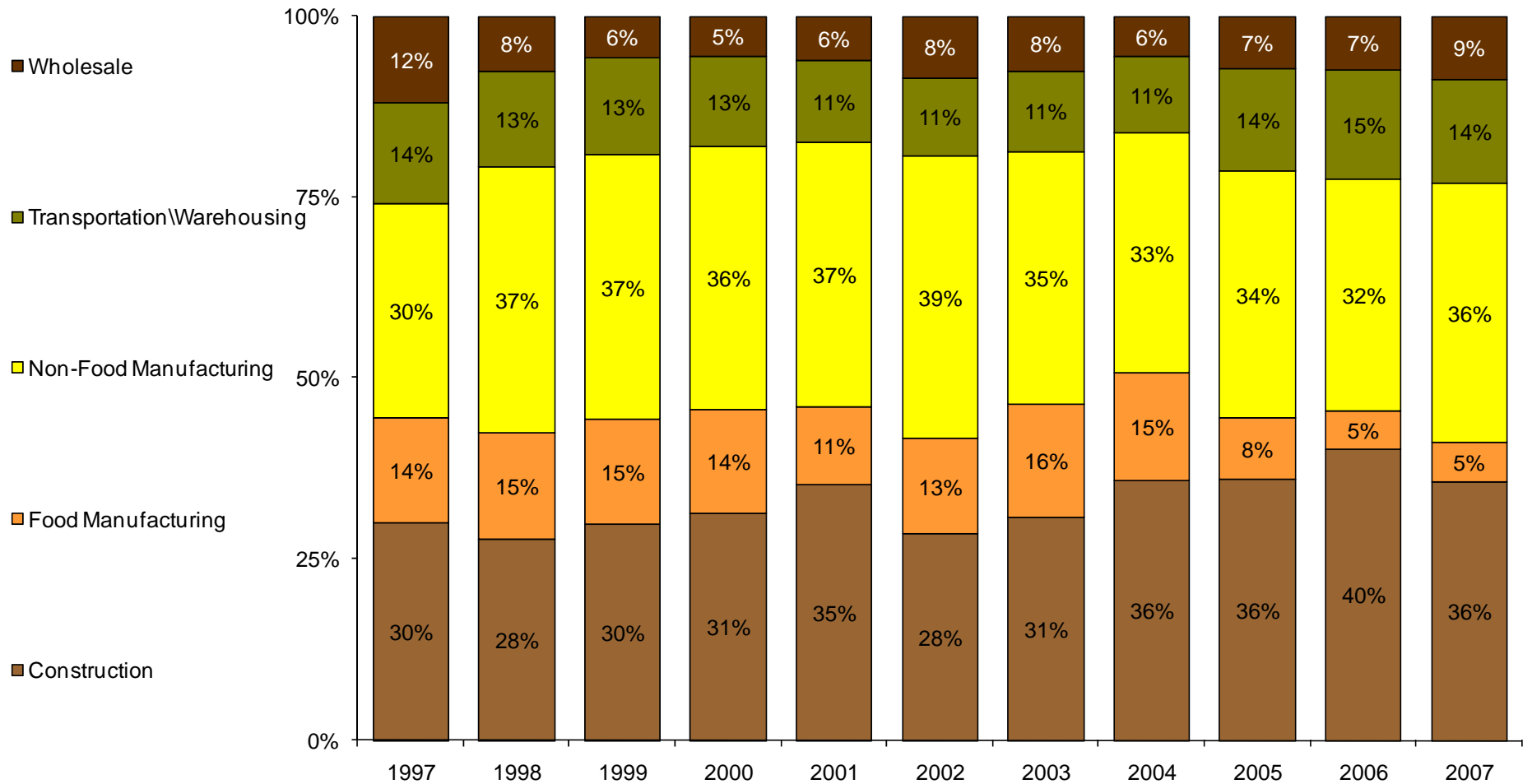
Figures 7 and 8 track industrial trends in bar chart form, with Figure 8 showing the relative share of food manufacturing dropping from 14 percent in 1997 to five percent in 2007. Interestingly, Figure 8 also shows that the relative share of manufacturing other than food processing grew from 30 percent in 1997, to 39 percent in 2002, before settling to 36 percent in 2007. In absolute terms, employment in these industries went from 696 in 1997, 926 in 2002, to 774 in 2007 (see Table 5 above). Between 1997 and 2007, overall industrial employment in Yuba County declined by 20 industrial jobs per year. Between 2004 and 2005, 2005 and 2006, and 2006 and 2007, industrial jobs on a year-to-year basis dropped by 324, 59, and 111 jobs respectively (see Figure 9).

Figure 7. Ten-Year Industrial Employment Trends, 1997-2007: Yuba County



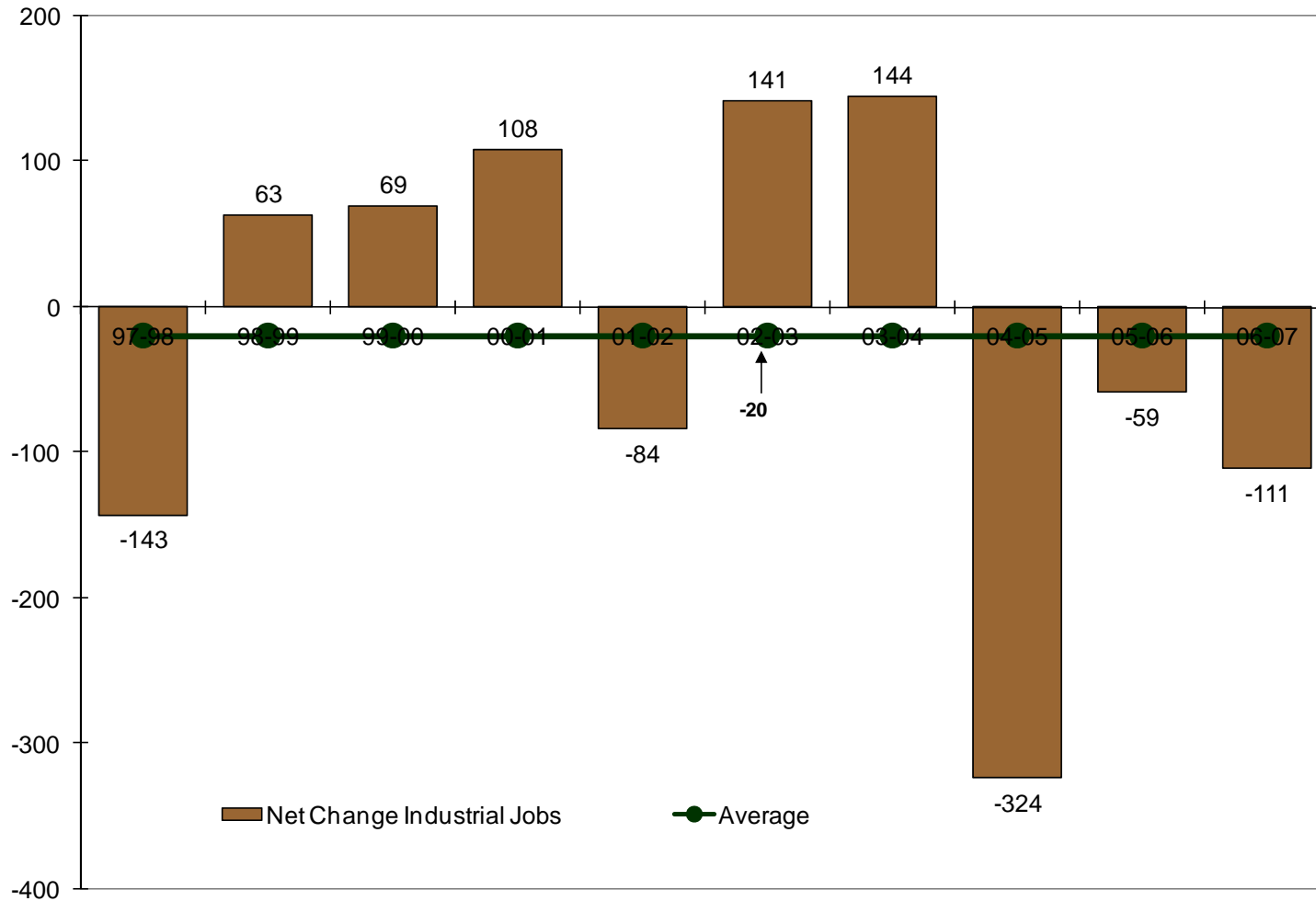
Source: ADE, Inc. based on data from California EDD

Figure 8. Ten-Year Industrial Employment Distribution Trends, 1997-2007: Yuba County



Source: ADE, Inc. based on data from California EDD

Figure 9. Annual Industrial Employment Change, 1997-2007: Yuba County



Source: ADE, Inc. based on data from California EDD

Industrial Employment Projections: Sutter County and the Region, 2005 - 2030

Future industrial employment is projected to the year 2030 (See Tables 7 and 8). Industrial employment projections are then converted into acreage needed to support industrial job growth between 2007 and 2030. Acreage projections are compared with industrial absorption trends and existing inventory of industrial lands to determine if there is an excess or shortage of land needed for new industrial employment (see Tables 9 and 10).

Table 7 depicts employment projections provided from three organizations: SACOG, EDD and CalTrans, plus one set of projections based simply on trend data. Of the four, projections based on SACOG data are the most aggressive, as overall industrial employment is projected to increase by more than 5,900 jobs from 5,026 in 2007 to 10,952 in 2030. Extrapolating recent industrial employment trends into the future results in the most conservative estimate of future employment. In this scenario (i.e. "5-Year [02-07]"), overall industrial employment increases by 246 jobs, from 5,026 in 2007 to 5,272. EDD and CalTrans projections indicate more moderate growth.

Table 7. Sutter County Industrial Employment Projections 2005 – 2030

	----- EDD Projections -----								
EDD	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	1,577	1,627	1,603	1,641	1,721	1,938	2,182	2,457	2,766
Food Manufacturing	565	609	652	636	604	532	469	413	364
Non-Food Manufacturing	997	950	975	926	836	647	501	387	300
Transportation\Warehousing	404	453	618	641	691	832	1,001	1,205	1,451
Wholesale	1,013	1,088	1,178	1,188	1,208	1,259	1,312	1,368	1,426
ALL	4,556	4,727	5,026	5,033	5,060	5,208	5,465	5,830	6,306
	----- CalTrans Projections -----								
CalTrans	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	1,577	1,627	1,603	1,603	1,612	1,695	1,769	1,815	1,843
Food Manufacturing	565	609	652	652	657	657	652	643	643
Non-Food Manufacturing	997	950	975	975	982	982	975	961	961
Transportation\Warehousing	404	453	618	630	729	1,038	1,323	1,594	1,780
Wholesale	1,013	1,088	1,178	1,205	1,260	1,371	1,457	1,535	1,603
ALL	4,556	4,727	5,026	5,065	5,240	5,742	6,175	6,548	6,830
	----- SACOG Projections -----								
SACOG	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	1,577	1,627	1,603	1,658	1,774	2,102	2,490	2,949	3,493
Food Manufacturing	565	609	652	674	722	855	1,013	1,199	1,421
Non-Food Manufacturing	997	950	975	1,009	1,079	1,278	1,514	1,794	2,125
Transportation\Warehousing	404	453	618	639	684	810	960	1,137	1,347
Wholesale	1,013	1,088	1,178	1,219	1,304	1,545	1,830	2,167	2,567
ALL	4,556	4,727	5,026	5,199	5,563	6,590	7,806	9,246	10,952
	----- Straight Line ('02-'07) Trend -----								
Straight Line	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	1,577	1,627	1,603	1,606	1,613	1,630	1,647	1,664	1,682
Food Manufacturing	565	609	652	653	656	663	670	677	684
Non-Food Manufacturing	997	950	975	977	981	991	1,002	1,012	1,023
Transportation\Warehousing	404	453	618	619	622	628	635	642	648
Wholesale	1,013	1,088	1,178	1,180	1,185	1,198	1,210	1,223	1,236
ALL	4,556	4,727	5,026	5,036	5,057	5,110	5,164	5,218	5,272

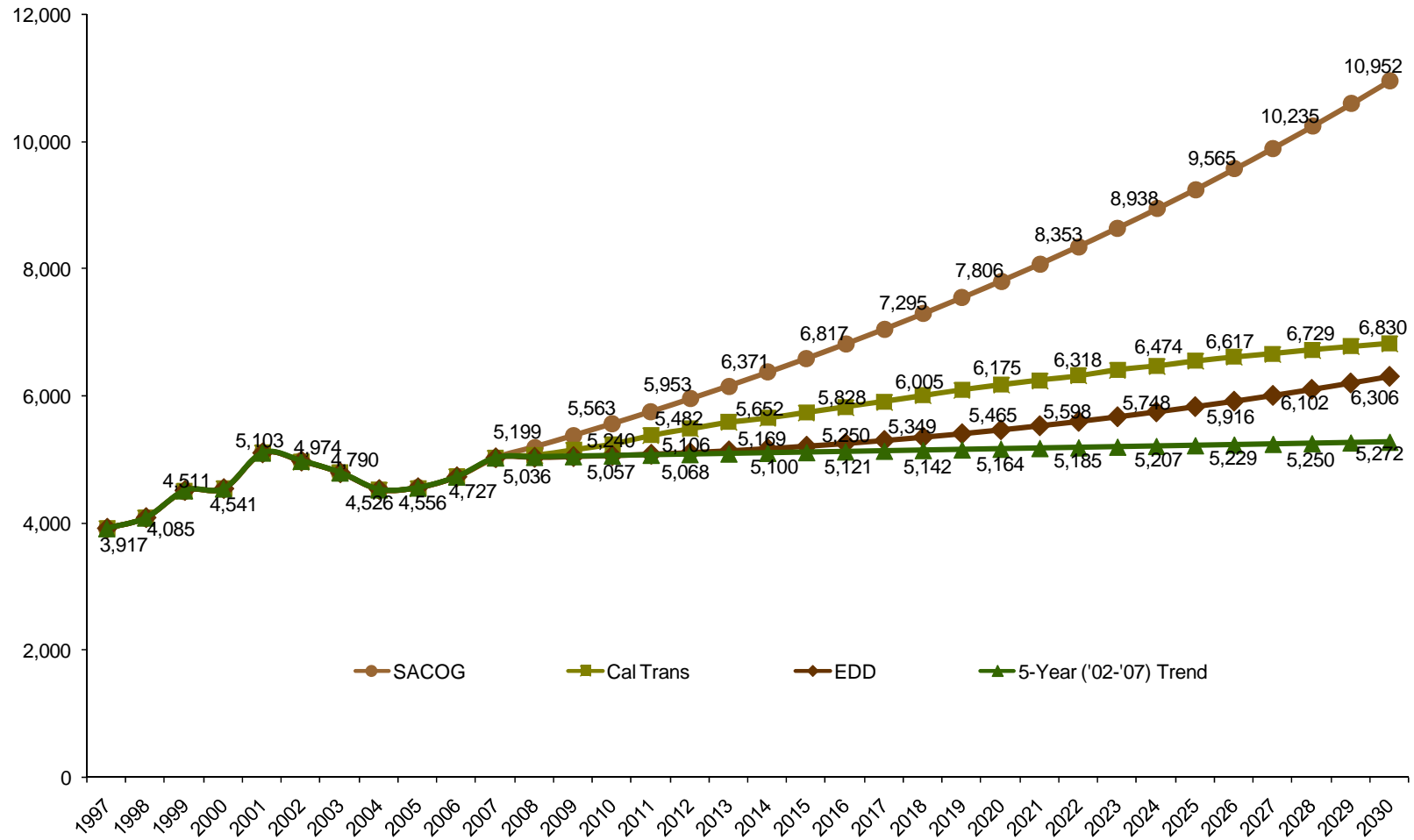
Source: ADE, Inc., based on data from California EDD, SACOG, CalTrans

Table 7a. Sutter County Industrial Employment

	2007	2030	Change
Conservative	5,026	5,272	246
Aggressive	5,026	10,952	5,926

Source: ADE, Inc.

Figure 10. Sutter County Industrial Employment Projections, 2007-2030



Source: ADE, Inc., based on data from California EDD, SACOG, California DOF

Table 8 shows four different industrial employment scenarios for the region. The tables do not include data for Yuba and Sutter Counties.⁶ Of the four scenarios, projections based on SACOG data are the most aggressive, as overall industrial employment is projected to go from 148,890 in 2007 to 226,242 in 2030, for an increase of almost 77,352 workers. Projections based on EDD are similar to SACOG-based projections, as industrial employment grows by 70,185 jobs between 2007 and 2030, to 219,075. If we extrapolate recent industrial employment trends in the region into the future (i.e. “5-Year [02-07]”), overall industrial employment increases by 53,913. Projections based on Cal-Trans data is the least aggressive as, in this scenario, the region grows by 31,223 industrial jobs respectively between 2007 and 2030.

⁶ The purpose of estimating future regional growth is to be able to project employment growth in Sutter as a share of total regional growth. For this reason, Sutter and Yuba Counties were not included as part of the “sending” region, since they are the “receiving” region.

Table 8. Regional Industrial Employment Trends and Projections Scenarios: Region Less Sutter and Yuba Counties, 2005 - 2030

	----- EDD Projections -----								
EDD (less Yuba-Sutter)	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	69,411	66,354	63,215	64,218	66,271	71,697	77,567	83,918	90,789
Food Manufacturing	7,782	7,305	7,278	7,414	7,695	8,444	9,265	10,167	11,156
Non-Food Manufacturing	41,838	39,699	33,372	33,853	34,835	37,418	40,192	43,171	46,372
Transportation\Warehousing	20,664	21,572	21,937	22,377	23,283	25,713	28,397	31,360	34,633
Wholesale	22,483	23,694	23,088	23,542	24,476	26,978	29,736	32,775	36,125
ALL	162,178	158,624	148,890	151,404	156,561	170,250	185,157	201,391	219,075
	----- CalTrans Projections -----								
CalTrans (less Yuba-Sutter)	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	69,411	66,354	63,215	63,371	63,683	64,471	65,268	66,075	66,892
Food Manufacturing	7,782	7,305	7,278	7,301	7,346	7,461	7,578	7,696	7,817
Non-Food Manufacturing	41,838	39,699	33,372	33,476	33,684	34,211	34,746	35,290	35,842
Transportation\Warehousing	20,664	21,572	21,937	22,409	23,383	26,009	28,929	32,177	35,790
Wholesale	22,483	23,694	23,088	23,473	24,262	26,353	28,625	31,092	33,771
ALL	162,178	158,624	148,890	150,029	152,359	158,505	165,146	172,330	180,113
	----- SACOG Projections -----								
SACOG (less Yuba-Sutter)	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	69,411	66,354	63,215	64,375	66,761	73,118	80,080	87,705	96,057
Food Manufacturing	7,782	7,305	7,278	7,412	7,686	8,418	9,220	10,098	11,059
Non-Food Manufacturing	41,838	39,699	33,372	33,985	35,244	38,600	42,275	46,301	50,710
Transportation\Warehousing	20,664	21,572	21,937	22,340	23,167	25,373	27,790	30,436	33,334
Wholesale	22,483	23,694	23,088	23,512	24,383	26,705	29,248	32,033	35,083
ALL	162,178	158,624	148,890	151,623	157,241	172,214	188,612	206,572	226,242
	----- 5-Year ('02-'07) Trend -----								
Region (less Yuba-Sutter)	2005	2006	2007	2008	2010	2015	2020	2025	2030
Construction	69,411	66,354	63,215	64,317	66,579	72,587	79,137	86,279	94,065
Food Manufacturing	7,782	7,305	7,278	7,330	7,436	7,707	7,988	8,279	8,581
Non-Food Manufacturing	41,838	39,699	33,372	33,612	34,096	35,339	36,627	37,961	39,345
Transportation\Warehousing	20,664	21,572	21,937	22,176	22,662	23,924	25,256	26,662	28,146
Wholesale	22,483	23,694	23,088	23,439	24,157	26,050	28,091	30,293	32,666
ALL	162,178	158,624	148,890	150,874	154,930	165,606	177,099	189,474	202,803

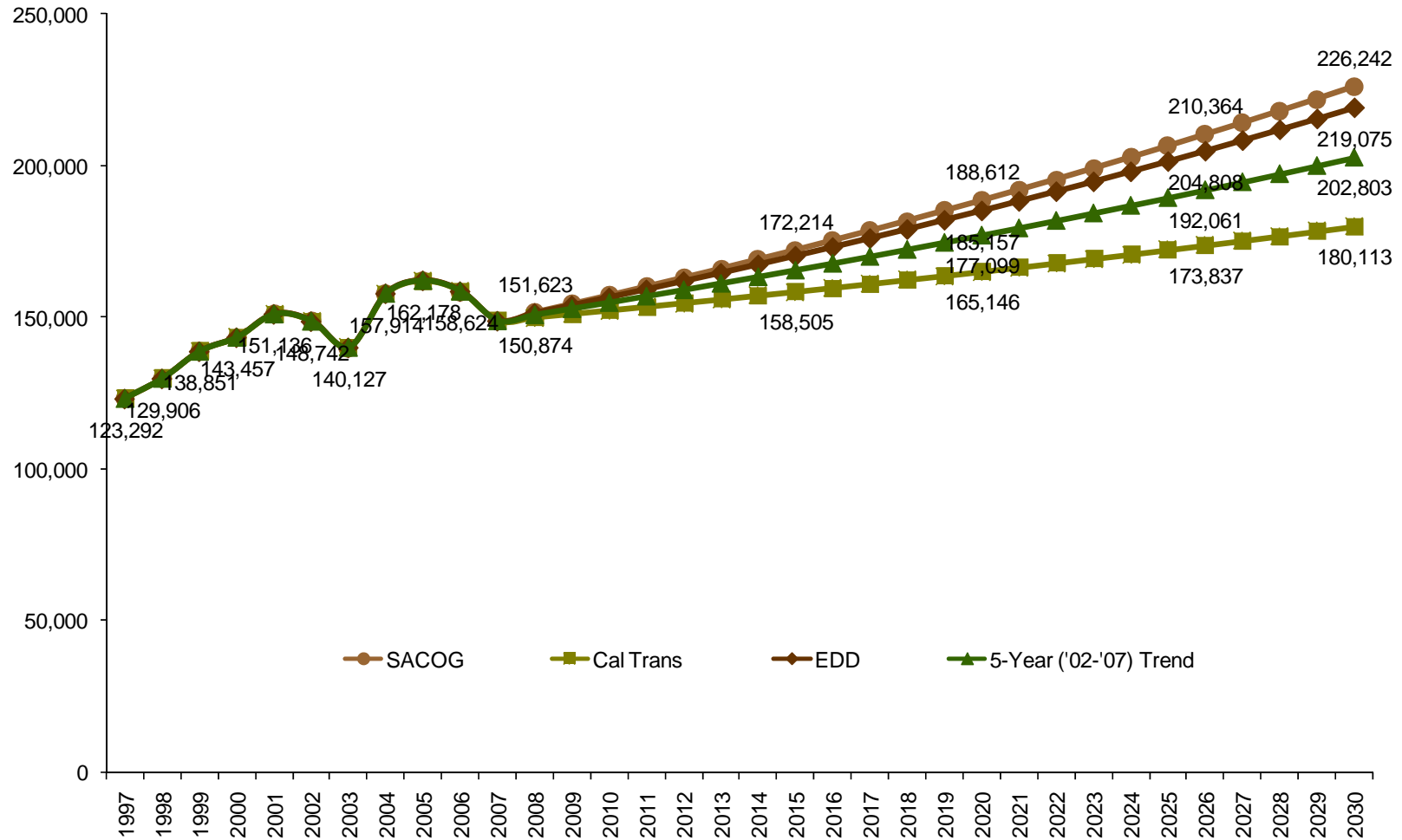
Source: ADE, Inc., based on data from California EDD, SACOG, California DOF

Table 8a. Regional Industrial Employment Growth

	2007	2030	Change
Conservative	148,890	180,113	31,223
Aggressive	148,890	226,242	77,352

Source: ADE, Inc., based on data from California EDD, SACOG, California DOF

Figure 11. Industrial Employment Projections: Region less Sutter-Yuba, 2007-2030



Source: ADE, Inc., based on data from California EDD, SACOG, California DOF

Table 9 below translates the net increase in industrial employment into an amount of acres needed to support the new industrial jobs. The projected amount of industrial acreage discussed below is based on employment trends and projections for Sutter County only. Based on the four industrial employment scenarios, we estimate that Sutter County will need between 23 acres and 563 acres, with the most likely amount ranging from 188 acres to 231 acres over a 23 year period. On an annual basis, Sutter County needs to increase its industrial acreage by 8.2 acres to 10.1 acres per year.

Because of its close proximity to the growing Sacramento metropolitan region, Sutter County is well-positioned to attract industrial users already in the metro region or considering re-locating to this region. Thus, we need to understand larger regional industrial trends. To this end, in Table 16, we translate regional employment growth between now and 2030 into an amount of acres, and show that future industrial employment growth results in a need for 3,143 acres in the low scenario, 5,400-6,800 acres in the middle scenario, and 7,441 in the high scenario. These aggregate acres equal an annual increase that ranges from 137 acres, to 234-296 acres, to 324 acres per year. In contemplating how much industrial land to set aside in the General Plan, local officials might examine both county and regional trends.

Table 9. Gross Industrial Acreage Demand for Sutter County and Remainder of Region, 2007-2030

Sutter County	2007-2030 Job Growth				Total Acreage Demand Based on New Jobs (FAR = .3)				Average Annual Acreage Demand Based on New Jobs			
	EDD	Cal Trans	SACOG	02-07 Trend	EDD	Cal Trans	SACOG	02-07 Trend	EDD	Cal Trans	SACOG	Historic Trend
Construction	1,163	240	1,890	79	120	25	195	8	5.2	1.1	8.5	0.4
Food Manufacturing	-288	-9	769	32	0	0	60	2	0	0	2.6	0.1
Non-Food Manufacturing	-675	-14	1,150	48	0	0	89	4	0	0	3.9	0.2
Transportation\Warehousing	833	1,162	729	30	86	120	75	3	3.7	5.2	3.3	0.1
Wholesale	248	425	1,389	58	26	44	143	6	1.1	1.9	6.2	0.3
Industrial Total	1,280	1,804	5,926	246	231	188	563	23	10.1	8.2	24.5	1.0

Region (less Yuba-Sutter)	2007-2030 Job Growth				Total Acreage Demand Based on New Jobs (FAR = .3)				Average Annual Acreage Demand Based on New Jobs			
	EDD	Cal Trans	SACOG	02-07 Trend	EDD	Cal Trans	SACOG	02-07 Trend	EDD	Cal Trans	SACOG	Historic Trend
Construction	27,574	3,677	32,842	30,850	2,843	379	3,386	3,181	123.6	16.5	147.2	138.3
Food Manufacturing	3,878	539	3,781	1,303	302	42	294	101	13.1	1.8	12.8	4.4
Non-Food Manufacturing	13,000	2,470	17,338	5,973	1,011	192	1,349	465	44.0	8.4	58.6	20.2
Transportation\Warehousing	12,696	13,853	11,397	6,209	1,309	1,428	1,175	640	56.9	62.1	51.1	27.8
Wholesale	13,037	10,683	11,995	9,578	1,344	1,102	1,237	988	58.4	47.9	53.8	42.9
Industrial Total	70,185	31,223	77,352	53,913	6,809	3,143	7,441	5,375	296.1	136.7	323.5	233.7

Source: ADE, Inc., based on data from California EDD, California Department of Transportation, and SACOG

Table 9a. Total and Annual Acreage, Sutter County and Remainder of Region

	Total Acreage	Annual Acreage
Sutter County		
Conservative	23	1.0
Aggressive	563	24.5
Remainder of Region		
Conservative	3,143	136.7
Aggressive	7,441	323.5

Source: ADE, Inc., based on data from California EDD, California Department of Transportation, and SACOG

Table 10 below shows that in the recent past, Sutter County had been building an estimated 205,500 sq.ft. of new industrial space per year, absorbing 15.7 acres annually (assuming a floor area ratio of 0.3). This analysis is based on the value of industrial building permits issued in Sutter County since 2002, which was then translated into a building square feet and land areas. At 15.7 acres, the annual average based on historic building permit trends falls within the range of industrial acres needed based on projected employment growth in Sutter County alone, or 8.2 to 24.5 acres per year.

Local officials might factor additional industrial acreage resulting from projected regional employment growth when updating the General Plan. While historically Sutter County's industrial employment base has amounted to three percent of the industrial base of the eight-county region, given its ideal location to the growing Sacramento metro-region, Sutter County is poised to compete for a greater share of the new regional acreage between 2007 and 2030, which ranges from a low of 3,100 acres (projections based on Cal-Trans), to 5,375 acres (projections based on 2002-2007 historic trends), to 6,800 acres (based on EDD projections), to a high of 7,440 acres (projections based on SACOG).

Table 10. Industrial Building Permit Valuation and Estimated New Industrial Square Feet and Acres: Sutter County, 2002-2007 (\$2007)

	2002	2003	2004	2005	2006 est.	2007 est.	02-07 Aggregate	02-07 Annual Average
Industrial Bldg. Permit Valuation	\$1,690,434	\$2,935,999	\$15,681,932	\$8,816,353	\$5,647,711	\$3,029,124	\$37,801,554	\$7,560,311
Estimated Building Square Feet	45,948	79,804	426,255	239,640	153,512	82,336	1,027,495	205,499
Land Area based on .3 FAR	3.7	6.0	32.7	18.3	11.7	6.3	78.7	15.7

Source: ADE, Inc., based on data from California Department of Finance\Construction Industry Research Board and TNCI, Inc.

Tables 11 and 12 below show the inventory of industrial land in the Yuba-Sutter County region, based on data from the existing Yuba Sutter EDC Enterprise Zone application and from DataQuick. According to DataQuick, there are 559 industrial parcels in Sutter County and, of these 145 are vacant industrial properties that total 597 acres in lot size. Table 12 shows that in the Yuba-Sutter Enterprise Zone, there is 467,300 square feet of vacant industrial building space that meets building code. There are 234 acres of vacant, improved industrial areas in Yuba-Sutter region, as well as 5,289 acres of vacant, unimproved industrial areas.

Table 11. Inventory of Industrial Lands : Sutter County: DataQuick, 2008

Sutter County	DataQuick Parcels	Lot Square Feet	Lot Area (Acres)
Total	559	105,507,111	2,422
Industrial	405	60,977,465	1,400
Other Industrial	9	18,545,670	426
Vacant Industrial	145	25,983,976	597

Source: ADE, Inc., based on data from DataQuick

Table 12. Yuba-Sutter 2003 Enterprise Zone Application, Industrial Land Inventory

	Total Area
Total square footage of vacant code-ready buildings on industrial land	467,300
Total acres of vacant and improved industrial land	234
Total acres of vacant and unimproved industrial land	5,289

Source: ADE, Inc., based on data from Yuba-Sutter EDC, Enterprise Zone Application

Although there appears to be an ample supply of industrial land in Sutter County, there is a concern that the industrial land supply may not be adequately situated or served by transportation and utility systems to support accelerated industrial growth. The proposed Sutter Pointe project plans, as currently conceived, include 2,900 acres of residential (17,500 d.u.), 3,627 acres of employment/commercial acreage accommodating about 49,706,000 square feet of leasable space. If approved, it will more than provide for projected growth using either a conservative or an aggressive growth rate.

In addition, it is important to know if industrial parcels are adequately sized to be able to retain and or attract growing industries. Table 13 below distributes industrial parcels in Sutter County by size categories. For purposes of comparison, the table includes data on 1,400 industrial parcels in the City of Sacramento.

Table 13. Industrial Space By Lot Size: Comparison of Sutter County and City of Sacramento

	----- Sutter County -----				----- City of Sacramento -----				
	Industrial Misc	Mineral, Quarries, Mining	Vacant Industrial	Total Industrial: Sutter Co.	Food Processing*	Heavy Industrial	Light Industrial	Vacant Industrial	Total Select Industrial: Sac City
< .25	56	1	26	83	18	6	139	149	312
.25 to .49	75	0	20	95	6	3	103	83	195
.50 to .74	48	0	15	63	1	3	79	64	147
.75 to .99	23	0	10	33	1	5	46	43	95
1.00 to 1.49	56	0	16	72	5	3	62	66	136
1.50 to 2.99	48	0	28	76	4	14	97	105	220
3.00 to 4.99	35	0	10	45	2	7	38	51	98
>5.00	64	8	20	92	7	20	50	145	222
	405	9	145	559	44	61	614	706	1,425
< .25	14%	11%	18%	15%	41%	10%	23%	21%	22%
.25 to .49	19%	0%	14%	17%	14%	5%	17%	12%	14%
.50 to .74	12%	0%	10%	11%	2%	5%	13%	9%	10%
.75 to .99	6%	0%	7%	6%	2%	8%	7%	6%	7%
1.00 to 1.49	14%	0%	11%	13%	11%	5%	10%	9%	10%
1.50 to 2.99	12%	0%	19%	14%	9%	23%	16%	15%	15%
3.00 to 4.99	9%	0%	7%	8%	5%	11%	6%	7%	7%
>5.00	16%	89%	14%	16%	16%	33%	8%	21%	16%
	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: ADE, Inc., based on data from DataQuick

*Range of lot sizes required

If the City of Sacramento is any indication of market demand for industrial space by parcel size, then Sutter County possesses appropriately-sized industrial parcels. Of the 559 industrial parcels in Sutter County, 178 are less than 0.5 acre, (32 percent). In the nearby City of Sacramento, 36 percent of all industrial parcels in the four industrial categories are less than half an acre. In both areas, 16 percent of all industrial parcels are at least five acres. With respect to vacant industrial parcels, 32 percent are less than 0.5 acre in Sutter County, as is the case in the City of Sacramento. As a proportion of total vacant industrial parcels in DataQuick, at 21 percent, there are more vacant industrial parcels over 5 acres in the City of Sacramento than in Sutter County, where 14 percent of all vacant industrial parcels are above five acres.

A number of factors will affect the County’s ability to reach a higher level of industrial growth in the future. One major factor is the quality of the available land supply. Although Sutter County has an ample supply currently of raw industrially designated property, many of these sites are not well located along the major regional transportation routes and are not well served by critical services and utilities, particularly waste water treatment capacity. Efforts to increase the supply of improved, serviced, industrial land in the southern portion of the County at Sutter Pointe, along SR 99, will help position the County to capture a greater share of regional development in the Sacramento Metropolitan region.

COMMERCIAL MARKET DEMAND ANALYSIS, SUTTER COUNTY, 1997-2030

Historical Commercial Employment Trends

Market demand for commercial space is driven primarily by population growth, since businesses locating in commercial space are usually local-serving. To analyze employment trends over the last ten years, business types that typically locate in commercial space are aggregated into three broad commercial categories (see Table 21). Future employment for each of these broad categories is projected using population projections from the California Department of Finance and the Sacramento Area Council of Governments. Commercial employment projections are converted into acres needed to support commercial job growth between 2007 and 2030.

Table 14 tracks existing trends in Sutter County with respect to three commercial categories. “Commercial-retail” refers to retail establishments, as well as certain establishments that are typically found in retail corridors, such as food services, repair and maintenance services, and certain personal services. “Commercial-office” refers to office space for business and professional services, including financial and real estate services. “Commercial-institutional” refers to health facilities, such as hospitals, clinics and medical offices.

Table 14. Ten-Year Commercial Employment Trends: Sutter County, 1997-2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commercial-Retail	5,703	5,794	5,948	6,131	6,347	6,764	6,805	4,762	6,901	7,440	7,564
Commercial-Office	3,363	3,550	3,774	3,869	4,339	5,149	4,436	4,560	4,472	4,600	4,650
Commercial-Institutional	1,264	1,364	1,386	1,469	1,516	1,889	1,933	2,058	2,210	2,441	2,423

Source: ADE, Inc., based on data from California EDD

In Table 15, commercial office employment is tabulated for the surrounding region. In tracking industries in this category, the focus is only on office-related industries that are not strictly local-serving, such as publishing, telecommunications, and a number of financial services other than banks. Over the past ten years, the total number of non-local serving commercial office employment increased from 79,551 to 92,994 between 1997 and 2002, and, since 2002, from 92,994 jobs to 103,261 today.

Table 15. Ten-Year Commercial Employment Trends: Region (less Sutter County), 1997-2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commercial-Office*	79,551	85,650	90,580	90,591	91,726	92,994	93,928	92,755	96,575	98,887	103,261

Source: ADE, Inc., based on data from California EDD (*note: non-local serving office uses only)

Commercial Employment Projections

SUTTER COUNTY

Table 16 tabulates projections of future commercial employment in Sutter County from 2007 to 2030. Projections are based on Sutter County population data from DOF and SACOG. Also included is a scenario based on historic commercial employment trends. As the table shows, projections based on California DOF are the most aggressive, as total commercial employment increases by 13,790, from 14,637 in 2007 to 28,427. SACOG and historic trends yield increases that are more conservative, with increases of 3,947 (i.e. 14,637 to 18,584) and 4,541 (i.e. 14,637 to 19,178), respectively, over the 2007 to 2030 time period.

Table 16. Commercial Employment Projections: Sutter County, 2007-2030

DOF	--Based on California DOF Projections--								
	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Retail	6,131	6,901	7,440	7,564	8,241	9,805	11,369	13,029	14,690
Commercial-Office	3,869	4,472	4,600	4,650	5,066	6,028	6,989	8,010	9,031
Commercial-Institutional	1,469	2,210	2,441	2,423	2,640	3,141	3,642	4,174	4,706
	11,469	13,583	14,481	14,637	15,947	18,973	21,999	25,213	28,427
SACOG	----- Based on SACOG 2007-2035 Proj -----								
	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Retail	6,131	6,901	7,440	7,564	7,803	8,219	8,657	9,118	9,604
Commercial-Office	3,869	4,472	4,600	4,650	4,797	5,053	5,322	5,605	5,904
Commercial-Institutional	1,469	2,210	2,441	2,423	2,500	2,633	2,773	2,921	3,076
	11,469	13,583	14,481	14,637	15,100	15,904	16,752	17,644	18,584
Historic Trends	----- Historic Trends -----								
	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Retail	6,131	6,901	7,440	7,564	7,835	8,309	8,812	9,345	9,911
Commercial-Office	3,869	4,472	4,600	4,650	4,817	5,108	5,417	5,745	6,093
Commercial-Institutional	1,469	2,210	2,441	2,423	2,510	2,662	2,823	2,994	3,175
	11,469	13,583	14,481	14,637	15,162	16,079	17,052	18,084	19,178

Source: ADE, Inc., based on data from California EDD, California Department of Finance and SACOG

Table 16a. Sutter County Commercial Employment Projections

	2007	2030	Change ('07-'30)
Conservative	14,637	18,584	3,947
Aggressive	14,637	28,427	13,790

Source: ADE, Inc., based on data from California EDD, California Department of Finance and SACOG

REGION

Table 17 is a tabulation of future commercial employment projections for the surrounding region. Projections are based on population data from DOF and SACOG as well as on historic commercial-office employment trends. As the table shows, projections based on historic trends are the most aggressive, as total commercial employment increases by 55,497, from 103,261 in 2007 to 158,758. California DOF and SACOG trends are more conservative, projecting that commercial-office employment increases by 29,145 (i.e. 103,261 to 132,406) and 32,839 (i.e. 103,261 to 136,100), respectively, over the 2007 to 2030 time frame.

Table 17. Commercial Employment Projections: Region (less Sutter Co.), 2007-2030

--Based on California DOF Projections--									
DOF	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Office*	90,591	96,575	98,887	103,261	106,569	112,824	119,079	125,743	132,406
----- Based on SACOG 2007-2035 Proj -----									
SACOG	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Office*	90,591	96,575	98,887	103,261	107,048	113,671	120,703	128,170	136,100
----- Historic Trends -----									
Historic Trends	2000	2005	2006	2007	2010	2015	2020	2025	2030
Commercial-Office*	90,591	96,575	98,887	103,261	109,220	119,925	131,679	144,586	158,758

Source: ADE, Inc., based on data from California EDD, California Department of Finance and SACOG (*note: non-local serving office uses only)

Summary

SUTTER COUNTY

Based on conservative commercial employment projections for Sutter County (SACOG and historic trend), the demand for space to accommodate commercial activity would support between 118 and 136 acres over the next 23 years (see Table 18). On average, these figures translate into annual growth of approximately 5.1 acres to 5.9 acres per year. Using the more aggressive California DOF population projections, the demand for commercial space could be as high as 413 acres by 2030.

Table 18. Sutter County Gross Commercial Acreage Demand, 2007-2030

DOF	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Retail	7,126	2,494,141	229	10.0
Commercial-Office	4,381	1,314,243	121	5.2
Commercial-Institutional	2,283	684,820	63	2.7
	13,790	4,493,204	413	17.9
SACOG	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Retail	2,040	713,883	66	2.9
Commercial-Office	1,254	376,168	35	1.5
Commercial-Institutional	653	196,012	18	0.8
	3,947	1,286,062	118	5.1
Historic Trends	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Retail	2,347	821,292	75	3.3
Commercial-Office	1,443	432,765	40	1.7
Commercial-Institutional	752	225,503	21	0.9
	4,541	1,479,561	136	5.9

Source: ADE, Inc., based on data from Natelson

Table 18a. Sutter County Gross Commercial Acreage Demand

	Total Acreage	Annual Acreage
Conservative	118	5.1
Aggressive	413	17.9

Source: ADE, Inc., based on data from Natelson

REGION

Table 19, below, translates regional commercial-office employment growth into the acreage needed to support that growth. Based on DOF and SACOG projections, there will be a demand for 803 to 905 acres of commercial office space. Extrapolating recent regional commercial-office employment trends into the future, however, yields a more aggressive projection of 1,529 acres of commercial office space. On an annual basis, demand for commercial office space will grow by between 35 acres to, 66 acres per year between 2007 and 2030.

Table 19. Regional Gross Commercial – Office Acreage Demand, 2007-2030

DOF	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Office*	29,145	8,743,576	803	35
SACOG	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Office*	32,839	9,851,581	905	39
Historic Trends	Incremental Job Growth, 07-30	Required Square Feet, 07-30	Required Acreage (FAR = .25)	Annual Acreage, 07-30
Commercial-Office*	55,496	16,648,936	1,529	66

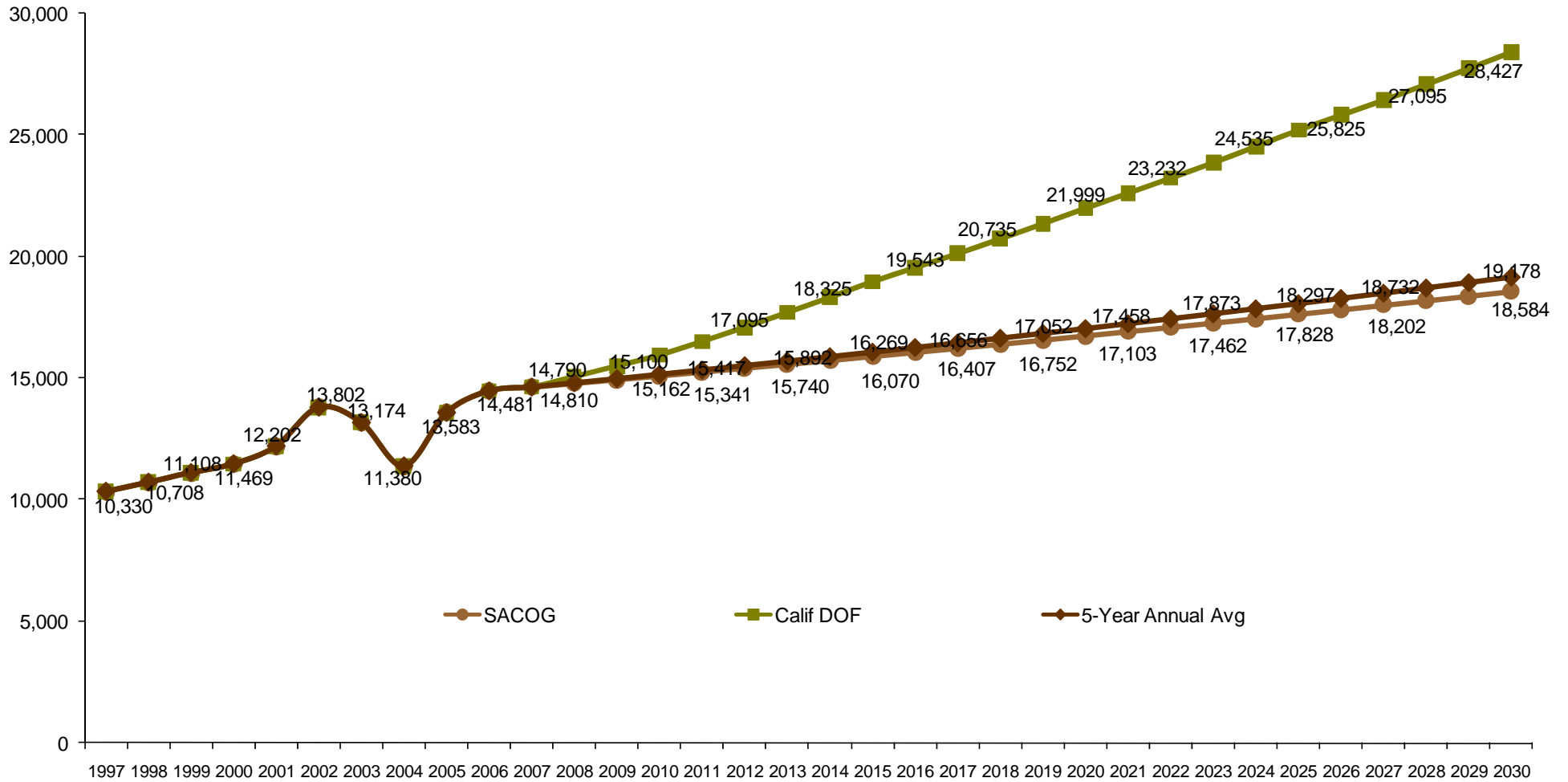
Source: ADE, Inc., based on data from Natelson (*note: non-local serving office uses only)

Table 19a. Regional Gross Demand for Commercial Office Acreage

	Total Acreage	Annual Acreage
Conservative	803	35
Aggressive	1,529	66

Source: ADE, Inc., based on data from Natelson

Figure 12. Commercial Employment Projections: Sutter County, 2007 - 2030



Source: ADE Inc., based on data from DOF, SACOG, CalTrans

SUMMARY: INDUSTRIAL AND COMMERCIAL ACREAGE TRENDS AND PROJECTIONS

The projected demand for both industrial space and commercial space is based on two sets of assumptions. The first set regards growth rates (aggressive growth v. conservative growth) and the second set regards the share of regional job growth that Sutter County ultimately captures. Historically, Sutter County has captured approximately 3 percent of regional job growth. This analysis assumes that Sutter County will be able to increase its capture rate to 5 percent or 10 percent of future regional job growth.

As earlier tables indicate, the projected growth of industrial jobs ranges between 5,272 and 10,952 between 2007 and 2030. And, the projected growth for commercial jobs ranges from 3,947 to 13,790 jobs. As Table 20, below, indicates, the resulting cumulative demand for commercial and industrial land ranges from 306 acres (based on conservative job projection) to 976 acres (based on aggressive job projection).

In the region surrounding Sutter County, the projected growth of commercial and industrial jobs will create a demand for between 3,946 (conservative) to 8,970 (aggressive) acres.

Sutter County is well-positioned to compete for a greater share of the region's growth in commercial and industrial jobs. If Sutter County captures 5 percent of anticipated regional growth, then the total amount of commercial and industrial space Sutter County will need would range from 503 acres (conservative) to 1,424 acres (aggressive).

Should the County capture 10 percent of regional industrial and commercial-office job growth, the demand for space would range from 700 acres (conservative) to 1,873 (aggressive) acres.

Table 20. Summary of Cumulative Industrial and Commercial Acreage Demand: 2007-2030: Sutter Co. and Region

	Industrial	Commercial	Total : Ind and Comm
Sutter County	188 ac. to 563 ac.	118 ac. to 413 ac.	306 ac. to 976 ac.
Region (less Sutter\Yuba)	3,143 ac. to 7,441 ac.	803 ac. to 1,529 ac.	3,946 ac. to 8,970 ac.
<i>5 percent regional capture scenario</i>	157 ac. to 372 ac.	40 ac. to 76 ac.	197 ac. To 449 ac.
<i>10 percent regional capture scenario</i>	314 ac. to 744 ac.	80 ac. to 153 ac.	394 ac. to 897 ac.
Sutter and Region	3,331 ac. to 8,004 ac.	921 ac. to 1,942 ac.	4,252 ac. to 9,946 ac.
<i>5 percent regional capture scenario</i>	345 ac. to 935 ac.	158 ac. to 489 ac.	503 ac. to 1,424 ac.
<i>10 percent regional capture scenario</i>	502 ac. to 1,307 ac.	198 ac. to 566 ac.	700 ac. to 1,873 ac.

Source: ADE, Inc.

FOOD MANUFACTURING TRENDS IN SUTTER COUNTY AND THE SURROUNDING REGION, 1997-2007

Given the importance of food processing to Sutter County's agriculture-based economy, this section analyzes food processing trends in the County and the surrounding region. In particular, this section focuses on trends with respect to number of establishments by various sizes in terms of employment (see Tables 21 through 22). As part of this analysis, this section includes data on food manufacturing productivity at the state level. We present this data to serve as a backdrop for understanding Sutter County's food processing trends and future prospects.

Table 21 compares food manufacturing employment trends for Sutter County, Yuba County, and the surrounding region. Data for the surrounding region excludes Sutter and Yuba Counties⁷. As Table 7 shows, food manufacturing increased by six percent a year in Sutter between 1997 and 2002, then dropped by eight percent annually between 2002 and 2007, with the biggest downward spike occurring between 2003 and 2004, when employment went from 1,027 to 696. Losses between 2003 and 2004 are largely attributable to fruit and vegetable food manufacturing, which while not doing well in Sutter County has performed well in nearby Colusa County between 2002 and 2007.

⁷ The purpose of estimating future regional growth is to be able to project employment growth in Sutter as a share of total regional growth. For this reason, Sutter and Yuba Counties were not included as part of the “sending” region, since they are the “receiving” region.

Table 21. Ten-Year Food Manufacturing Employment Trends, 1997-2007: Sutter County, Yuba County, and Region

Food manufacturing	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sutter	746	744	966	982	1,099	1,014	1,027	696	565	609	652
Yuba	340	327	331	339	265	312	393	394	197	119	118
Region (less Sutter & Yuba)	8,429	7,978	8,037	7,406	6,484	6,439	6,723	7,346	7,782	7,305	7,278
	9,515	9,049	9,334	8,727	7,848	7,765	8,143	8,436	8,544	8,033	8,048

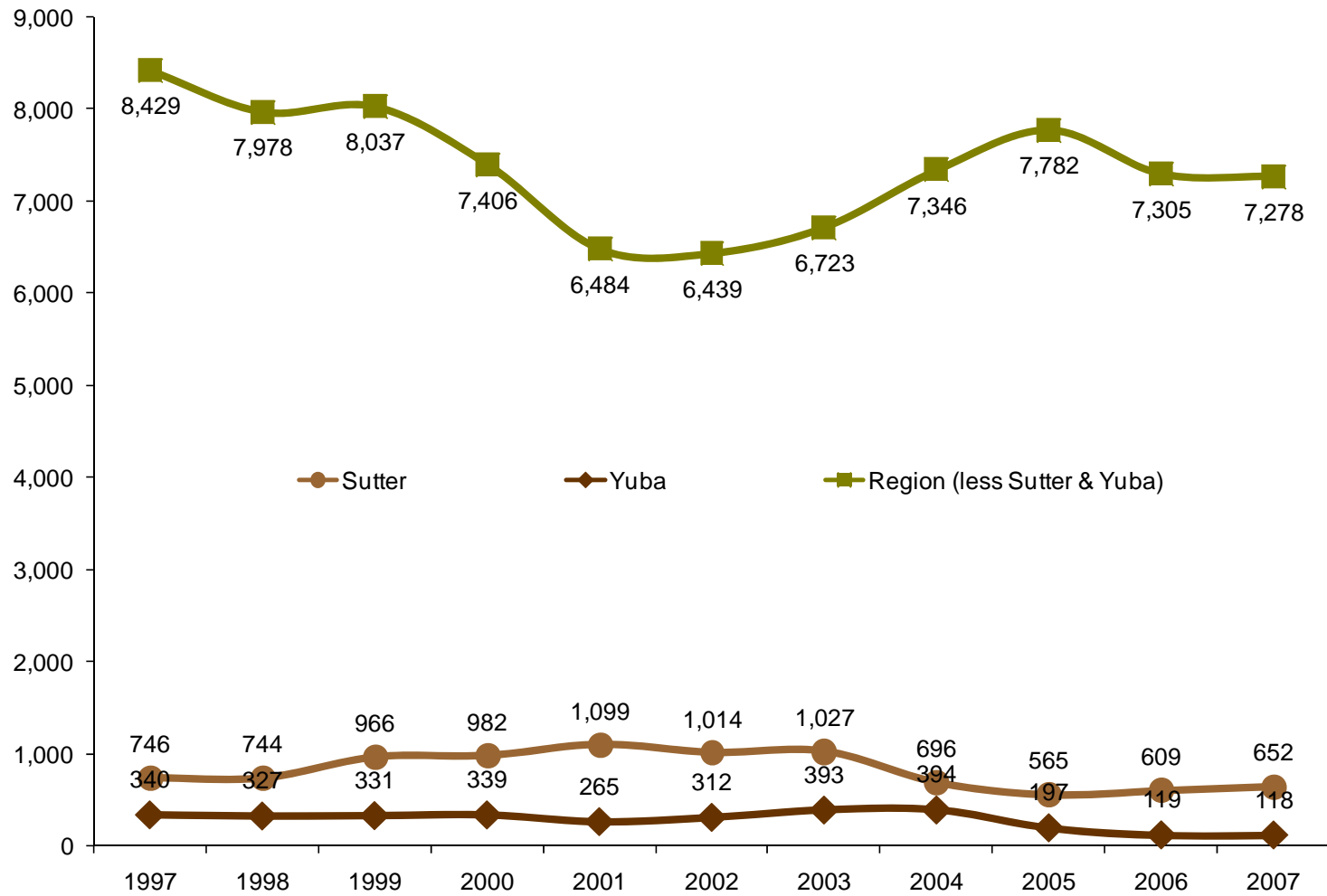
Source: ADE, Inc. based on data from California EDD

Table 22. Number of Food Manufacturing Establishments, 1997-2007: Sutter County, Yuba County, and Region

Food Manufacturing	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sutter County	16	16	18	18	19	16	16	16	13	14	15
<i>average size</i>	47	47	54	55	58	63	64	43	43	43	43
Yuba County	10	10	9	9	9	10	11	11	10	10	10
<i>average size</i>	34	33	37	38	29	31	36	36	20	12	12
Region	193	193	182	169	173	166	173	174	168	170	173
<i>average size</i>	49	47	51	52	45	47	47	48	51	47	47

Source: ADE, Inc., based on data from California EDD and US Census County Business Patterns

Figure 13. Ten-Year Food Manufacturing Employment Trends, 1997-2007: Sutter County, Yuba County, and Region



Source: ADE, Inc. based on data from California EDD

Interestingly, as Table 21 shows, food manufacturing employment increased by a relatively robust annual clip of two percent in the surrounding region between 2002 and 2007, suggesting that while recent trends were negative for both Yuba and Sutter Counties, there is reason for some optimism, if changes in the region suggest anything for Sutter County. Indeed, on a year-to-year basis since 2005, food manufacturing employment in Sutter County went from 565 in 2005, to 609 in 2006, to 652 in 2007.

The recent employment increase is partly attributable to a slight increase in number of establishments. Table 22 below shows that for these same years, the number of food manufacturing establishments went from 13 in 2005, 14 in 2006, and 15 in 2007, which is one less establishment than the number in place ten years before in 1997, or 16 establishments. Table 8 also shows that food manufacturing establishments on average employed a similar number of workers (43) as establishments in the larger region (47). This underscores the point that while the food manufacturing sector experienced negative trends since 2001 and 2002, when there were 19 and 16 establishments employing on average 58 and 63 workers per establishment, there is *recent* data that on a surface level suggest resilience on the part of this sector in Sutter County.

Tables 23 through 26, track food manufacturing establishments by number of workers. For both Sutter County and the region, the bulk of food manufacturers employ less than 20 workers. Differences occur in the area of middle-sized food manufacturers employing 20 to 99 workers. In Sutter County, these establishments comprise 13 percent of all establishments, whereas in Yuba County and the surrounding region, these comprise 30 and 25 percent of their respective food manufacturers (see Table 26). Over the medium- to long-term, there is room for expansion of some of the smaller Sutter County firms, which would be an additional segment of the industrial real estate market. Whether Sutter County manages to increase its food manufacturing base by having existing establishments grow in place or by attracting new food manufacturers from the surrounding region depends on a variety of factors, including whether the area is a place where specific businesses and industries are and can be productive and profitable.

Table 23. Five-Year Food Manufacturing Establishment Trends (< 20 workers), 2002-2007: Sutter County, Yuba County, and Region

Food Manufacturing <20	2002	2003	2004	2005	2006	2007
Sutter County	12	14	14	11	11	11
Yuba County	5	7	8	8	6	6
Region	108	116	119	112	110	111

Source: ADE, Inc., based on data from California EDD and US Census County Business Patterns

Table 24. Five-Year Food Manufacturing Establishment Trends (20 to 99 workers), 2002-2007: Sutter County, Yuba County, and Region

Food Manufacturing 20-99	2002	2003	2004	2005	2006	2007
Sutter County	2	1	0	0	1	2
Yuba County	4	3	2	1	3	3
Region	38	42	39	36	41	43

Source: ADE, Inc., based on data from California EDD and US Census County Business Patterns

Table 25. Five-Year Food Manufacturing Establishment Trends (> 100 workers), 2002-2007: Sutter County, Yuba County, and Region

Food Manufacturing > 100	2002	2003	2004	2005	2006	2007
Sutter County	2	1	2	2	2	2
Yuba County	1	1	1	1	1	1
Region	20	15	15	20	19	19

Source: ADE, Inc., based on data from California EDD and US Census County Business Patterns

Table 26. Five-Year Food Manufacturing Establishment Trends: Distribution of Establishments By Size, 2002-2007: Sutter County, Yuba County, and Region

Food Manufacturing	2002	2003	2004	2005	2006	2007	02-07	02-07
Sutter County	16	16	16	13	14	15	-1	-1%
<20	75%	88%	88%	85%	79%	73%	-1	-2%
20-99	13%	6%	0%	0%	7%	13%	0	0%
>100	13%	6%	13%	15%	14%	13%	0	0%
Yuba County	10	11	11	10	10	10	0	0%
<20	50%	64%	73%	80%	60%	60%	1	4%
20-99	40%	27%	18%	10%	30%	30%	-1	-6%
>100	10%	9%	9%	10%	10%	10%	0	0%
Region	166	173	173	168	170	173	7	1%
<20	65%	67%	69%	67%	65%	64%	3	1%
20-99	23%	24%	23%	21%	24%	25%	5	3%
>100	12%	9%	9%	12%	11%	11%	-1	-1%

Source: ADE, Inc., based on data from California EDD and US Census County Business Patterns

Table 25 above tracks state-level productivity trends for food manufacturing industries that are present in Sutter County. In the state as a whole, grain and oil seed milling (rice) manufacturers generate \$541 in output (i.e. revenues) for every production level worker hour. Except for beverage manufacturers, these food manufacturers increased their output per worker hour since 2002, with sugar/confectionery products manufacturers exhibiting productivity increases of over seven percent a year.

Table 25. Ten-Year Food Manufacturing Productivity Trends: California, 1997-2007 (\$2007)

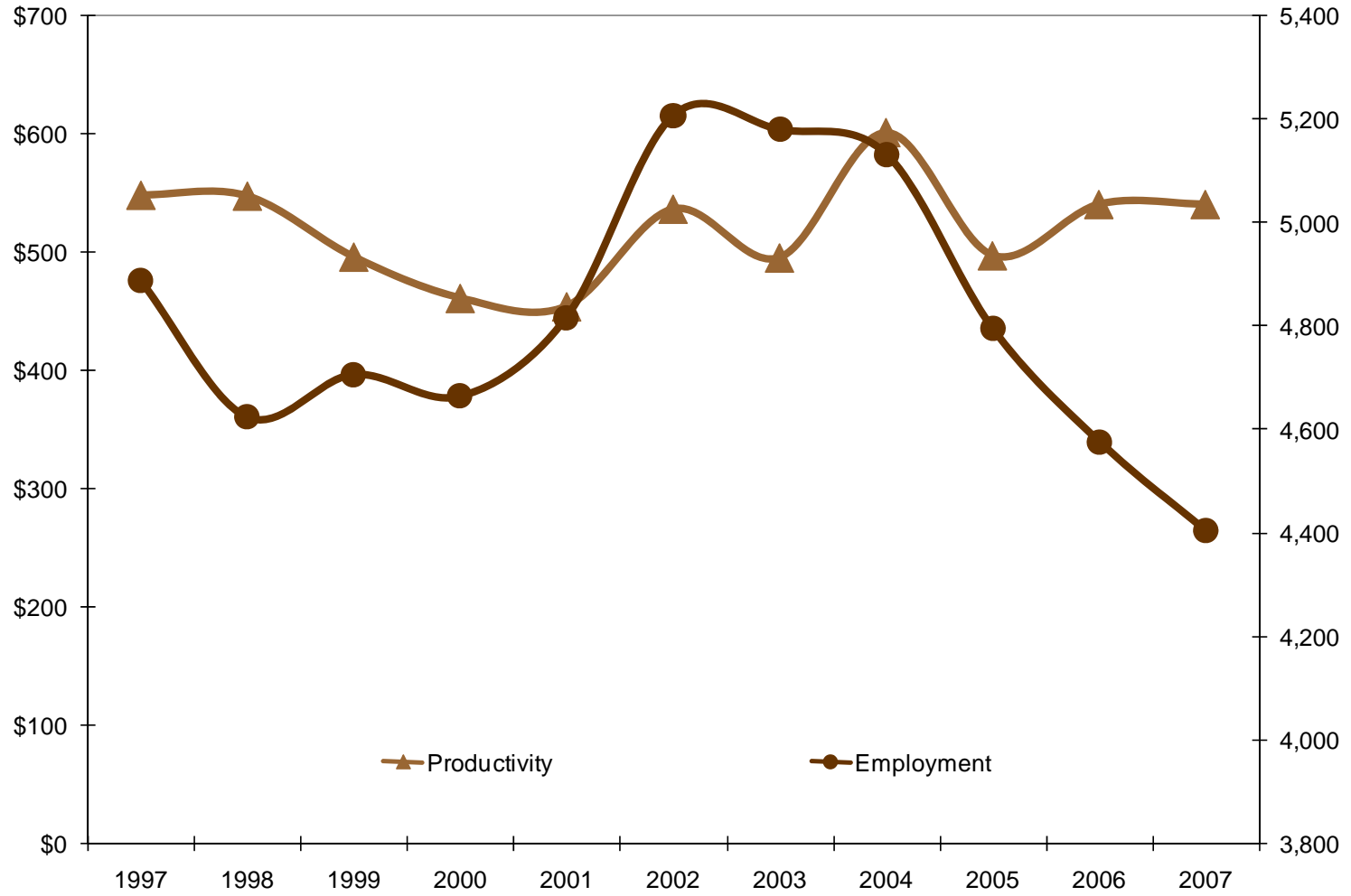
Food Manufacturing Industry	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Absolute		Percentage	
												97-02	02-07	97-02	02-07
Grain and Oilseed Milling	\$549	\$548	\$497	\$462	\$455	\$537	\$496	\$602	\$498	\$541	\$541	-\$12	\$4	-0.4%	0.1%
Sugar/Confectionery Product Manufacture	\$228	\$227	\$203	\$227	\$175	\$181	\$208	\$208	\$261	\$257	\$257	-\$48	\$76	-4.6%	7.3%
Fruit, Vegetable, & Specialty Foods Mfg	\$167	\$175	\$181	\$172	\$188	\$197	\$200	\$195	\$199	\$207	\$207	\$30	\$9	3.4%	0.9%
Beverage Manufacturing	\$534	\$541	\$577	\$545	\$518	\$587	\$583	\$566	\$565	\$565	\$565	\$53	-\$22	1.9%	-0.8%

Source: ADE, Inc., based on data from US Census Annual Survey of Manufactures

What Table 25 and the accompanying figures suggest for any food manufacturer is that, even as employment decreases, there is a possibility that the financial positions of specific businesses could be improving. In Figures 14 through 16, we compare state-level output per worker hour against employment trends. The data shows that even as employment in grain-oil seed milling, sugar\confectionery manufacturing, and fruit-vegetables food manufacturing declined since 2002, the productivity of these industries actually increased. More analysis is needed for purposes of understanding productivity trends in Sutter County, although the very recent increases in establishments and employment in Sutter County, and the fact that food manufacturers here on average employ the same number of workers as similar industries in the region, suggest some underlying positive trends that are masked by the overall declines experienced since 2002.⁸

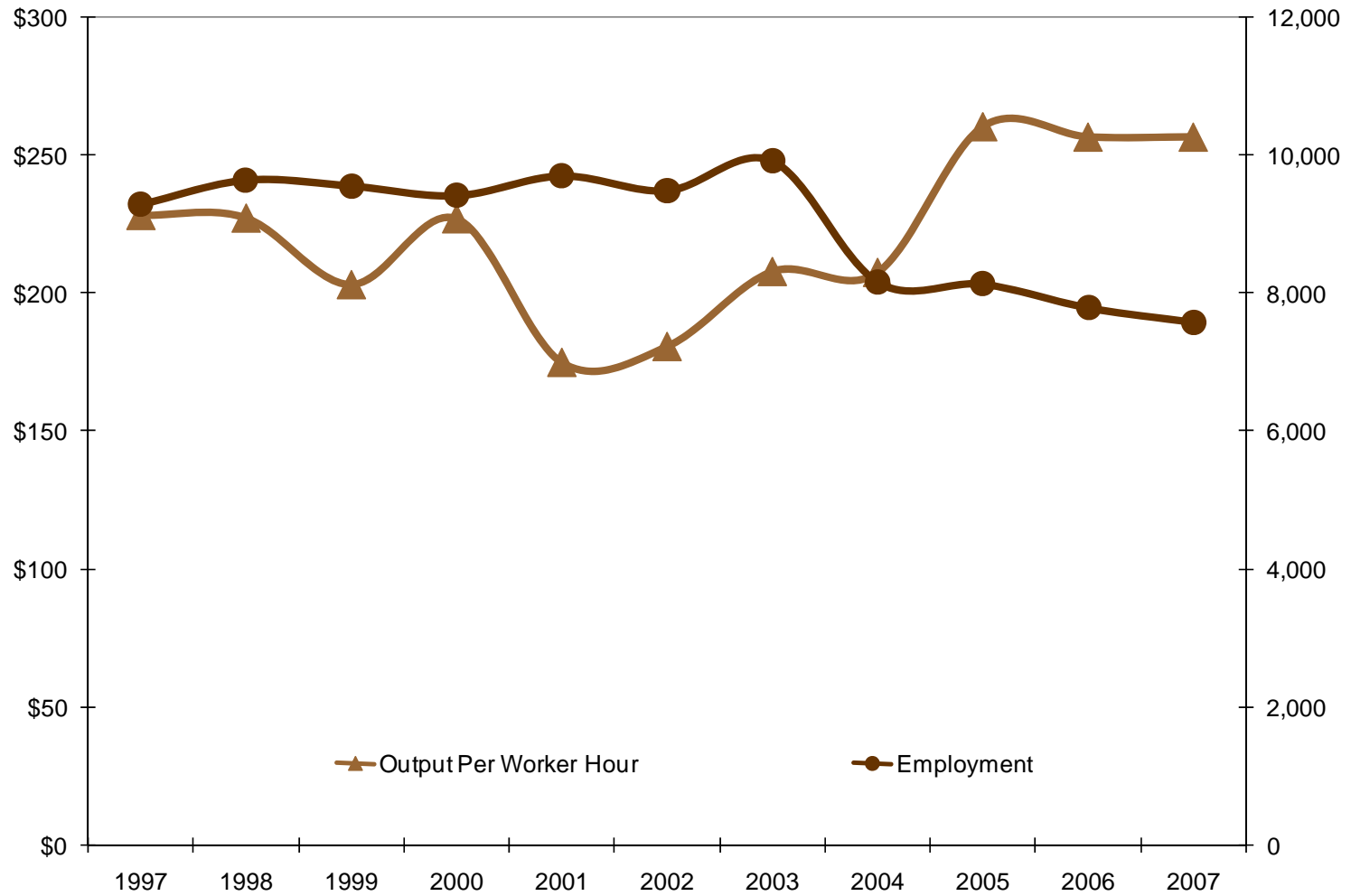
⁸ The US Census' annual American Manufactures Survey only includes state-level data. And, the US Census' Economic Census 2002 does not reveal any substantive data with respect Sutter County manufacturers' respective productivity.

Figure 14. Grain Oil Seeds Employment and Productivity Trends, 1997-2007: California



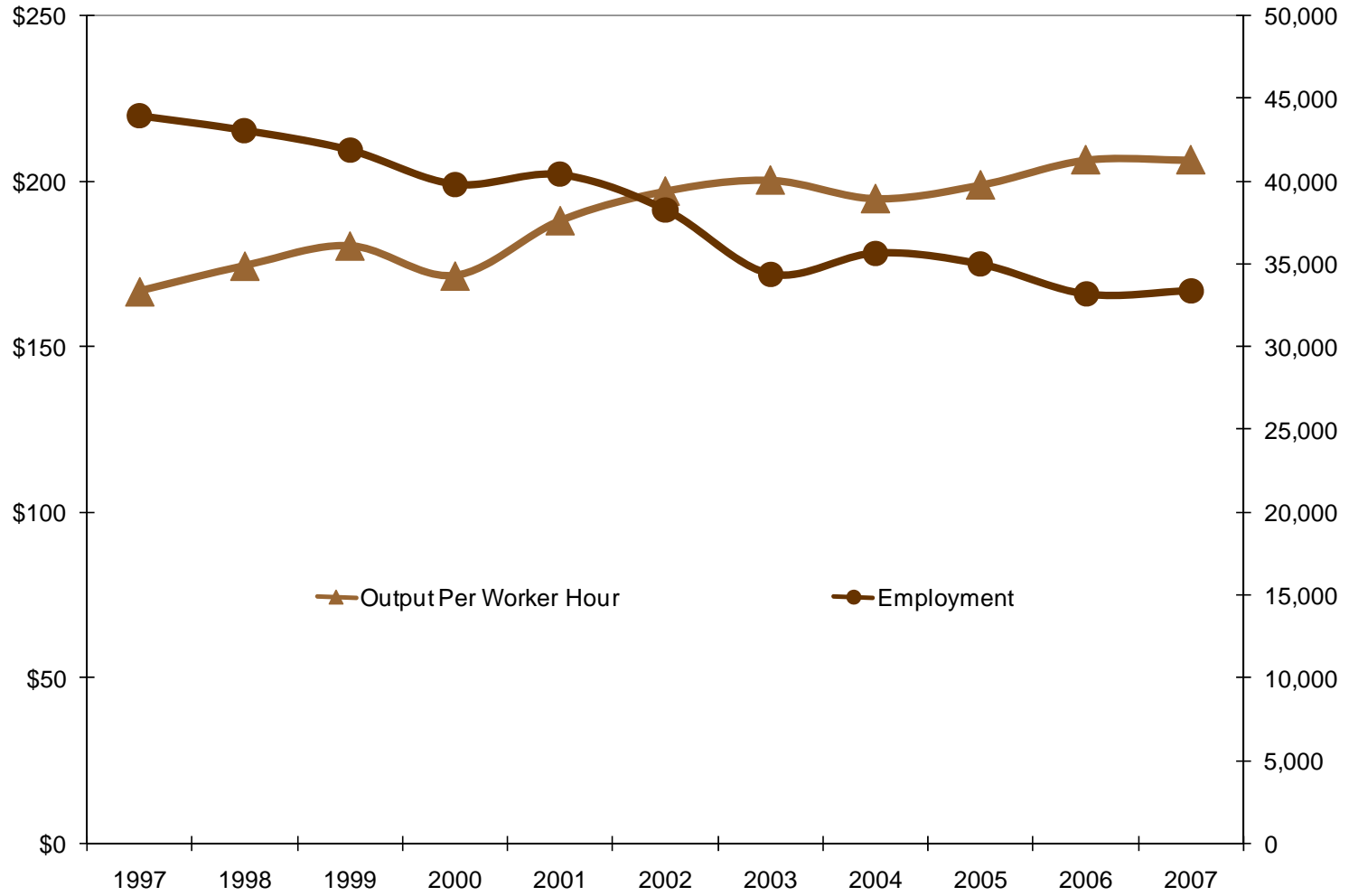
Source: ADE, Inc., based on data from California EDD and US Census Annual Survey of Manufactures

Figure 15. Sugar Confectionary Employment and Productivity Trends, 1997-2007: California



Source: ADE, Inc., based on data from California EDD and US Census Annual Survey of Manufactures

Figure 16. Fruits, Vegetables, Specialty Foods Productivity Trends, 1997-2007: California



Source: ADE, Inc., based on data from California EDD and US Census Annual Survey of Manufactures

Trends in Food Processing

There are five major trends in food processing as described in detail below.

■ 1. HEALTH

Consumers are increasingly looking for foods that extend the length and the quality of their lives. Included in this trend would be organic foods, functional foods (foods with dietary supplements), and foods that meet specific dietary requirements such as sugar-free foods for diabetics and kosher foods for Orthodox Jews. While sales growth of organic foods is currently at its lowest point ever (5 percent for 2008) over the previous 10 year period, sales of organics had increased at an annual rate of 20 percent. As with the trend to eat more healthy foods, consumers want help with portion control. Processors are increasingly packaging foods in single-portion sizes, especially in snacks consisting of 90 or 100 calories.

As evidenced by all the media attention given to food poisoning in recent years, consumers are very concerned about food safety. To be able to quickly track the source of pathogens, the U.S. Government now requires processors to trace all the ingredients of every individual product. To do this, processors must implement large data base management systems that keep data on sources for every ingredient they purchase.

■ 2. SUSTAINABILITY

Food processors are large users of water and energy. The increasing cost of water, and the increasing cost to process waste water combined with rapidly increasing energy costs has driven many food processors, including Kraft, Nestle, Del Monte and General Mills to institute resource conservation measures in their processing. This has led to significant savings and increased efficiencies—and also profits. It has also driven the demand for green technologies.

More than ever before, consumers want to know where their food comes from and its carbon footprint or impact on global climate change. The transportation costs, including fuel costs, for transporting ingredients to the processor and the finished product from the processor to the distributor and on to the final consumer makes up a significant proportion of final price. The greater the distances traveled, the greater the carbon footprint. As a result, consumers will increasingly demand more local sourcing of foods.

■ 3. GLOBALIZATION

Consumer tastes are fickle. Food fads come and go. The one constant is that the search for a greater variety of healthy foods will continue well into the future and the American curiosity and interest in other cultures will drive the growth of foods sourced from all over the world. Globalization may also increase the market for processed foods. As consumers in China and India increase their standard of living, they will be able to purchase a greater variety of foods, including those from the U.S. In fact, the Food and Drug Administration is requiring country of origin labeling so that consumers have information they need to choose wisely.

■ 4. CONSOLIDATION OF BUYERS

Over the last decade, the large number of mergers and acquisitions among retailers and distributors effectively reduced the number of customers for food processors and increased their customer's leverage in product purchasing and price negotiations. This consolidation has

resulted in changes in the structure of food processors. They must either be large enough to meet the year-round needs of these retailers or distributors, or stay small and cater to a regional or niche market. To meet the demand of a smaller number of customers and to increase their sales and productivity, food processors have also merged with each other. This has resulted in a two tier structure within the food processing industry. One tier consists of very large food processing conglomerates, which more broadly define themselves as consumer product companies. These include such conglomerates as Kraft, Nestle, Tyson, Con Agra, and General Mills. The other tier is comprised of processors of niche products or products that cater to regional markets. Organic brands, such as Annie's, Amy's, Newman's Own, and Cascadian are included in this category.

■ **5. INNOVATION AND NEW PRODUCT DEVELOPMENT**

To keep up with changes in consumer tastes, increasing food safety and environmental regulations and the changing structure of the market, successful food processors invest much of their profits into research and development. New products increase market share and profitability. It is not unusual for a food processor to bring 50 to 100 products on-line in a single year. As a result, the executive offices, and, where feasible, the processing plants themselves are located in urban areas close to centers of research in food science and marketing.

Location Requirements of Food Processors

Transportation access

Depending on its products, food processors need to be within one hour or one day of their major source of fresh produce. For instance, some fruits such as wine grapes, strawberries and tomatoes are soft and highly perishable and must be processed quickly. On the other hand, potatoes, other vegetables and some fruits and nuts could be stored for up to a year before they need to be processed. Processors of these types of produce have the option of locating closer to their markets rather than their suppliers. For instance, a Merced-County based nut processor just moved its processing plant to Illinois to be closer to its largest market on the East Coast. Transportation costs, in combination with costs for all other inputs, will determine the best location for a processor.

With the increasing tendency for processors to source from and sell to countries throughout the world, a transportation infrastructure that allows for rapid and cost-effective transport of supplies and products is one of a food processor's most important concerns in deciding where to locate.

Pipeline of qualified workers

With the use of more automated and resource conserving equipment, processors have been able to double their production levels with half the workforce that would have required only 10 or 15 years ago. Though food processors need fewer workers, those workers need to have a higher level of skills. Long gone are the days when processors could meet their labor needs with unskilled and uneducated workers. The sophistication of the automated equipment requires more education, better literacy skills and competence with math. Throughout the U.S., the upcoming retirement of a large proportion of existing food processing workers who have decades of experience has created a near crisis condition within the industry. The largest single population cohort, the baby-boomers, have begun to enter retirement. As they leave the workforce, they leave behind a large number of empty skilled technical and management level positions. Training the next generation of food processing workers will be key to the success of the entire industry.

Energy supplies

In general, food processors that use heat to process their products or produce frozen foods need large supplies of energy. In many cases, processors require both natural gas and electricity. Energy supply and cost could be the most important location factor if they are producing a prepared meal that is then frozen. With rapidly escalating costs for energy, food processors have re-engineered their processes to be more energy efficient. Many are using wind and solar power, bio-fuels, geothermal energy and co-generation to save on energy costs.

Water

Food processors are heavy users of water. Water is used to clean produce before it is processed and to sanitize equipment and facilities. Water is also used as an ingredient, especially for beverages, soups and sauces. Processors need access to a readily available source of high-quality water at competitive prices.

Wastewater treatment

Because processors use large amounts of water, they generate large amounts of waste water which must be cleaned to very high standard before being returned to the ground or natural body of water. This requires large waste water treatment plants with excess capacity to meet the needs of a growing industry. For some types of processors, the supply of water is their most important location factor. These would include processors of beer and other beverages, juices, and soups. For instance, Anheuser-Busch located its west coast brewery in Fairfield to take advantage of that city's large supply of high quality water. The increasing state and federal clean water standards resulting from the Clean Water Act and other environmental legislation has made it increasingly difficult for food processors to be cost-competitive. Food processors industry groups have partnered with universities to conduct research on methods to use less water and to process waste water in a more efficient manner. Wine processors especially have been quite innovative in their application of newer waste water treatment technologies.

Access to suppliers of packaging, machinery and equipment installation and maintenance services, and produce.

Food processing requires many inputs, including equipment, produce, packaging materials and supplies, flavorings and other ingredients as well as labor, energy and water. The easier it is for the processor to access these supplies, the more cost competitive it will be. Likewise, ongoing innovation and new product development requires access to research and technology, usually based at universities with food science and agriculture programs. Though new technology can be sourced from any university in the world, having that source of technology within the region speeds up the innovation process and the development of new products.

Some industrial parks, including the Beard Industrial Park in Modesto, cater to food processing. In do so, the Park includes not only processors, such as Del Monte and Signature Foods, but also manufacturers of packaging materials, such as food containers, bags, bottles, cans and cardboard boxes.

FPARC SITE ASSESSMENT

History

The Food Processing, Agriculture and Recreation Combining (FPARC) District was established in November 1982 by the passage of Measure A by Sutter County voters. Measure A was a General Plan Amendment that provided for a zoning district south of the Sutter Buttes that allows for food processing and recreation uses. The special zoning covers approximately 1,800 acres at the southern edge of the Sutter Buttes.

Measure A was placed on the November, 1982 ballot with the help of a local developer wanting to place a tomato processing plant at the foot of the Sutter Buttes. At the time, Sutter County had almost a 20 percent unemployment rate.

Since 1982, there has been a General Plan Amendment to broaden the scope of permitted uses in the District to allow for construction yards, assembly plants and offices.

Location

FPARC consists of approximately 1,800 acres located on Highway 20 west of Yuba City and east of the City of Colusa. The southern portion of FPARC straddles Highway 20 and is bordered on the west by Morehead Road and on the east by Wyncoop Road. An abandoned railroad right-of-way runs east and west along the southern border of the site. The southern third of the site is relatively flat and easily accessible from Highway 20. From South Butte Road the land slopes northward.

Size and Existing Uses

The 1800 acre site is divided into approximately 15 to 20 parcels ranging in size from about 7 acres to 525 acres. The 18-hole Southridge Golf Course and club house occupy approximately 244 acres in the central portion of the site. The Southridge Golf Club is privately-owned, but open to the public. It is one of about 10 golf courses within the Colusa, Yuba and Sutter Counties region.

There are three home sites occupying about 40 acres located northeast of and adjacent to the golf course. At the request of the major property owner, the Board of Supervisors approved the subdivision of approximately 900 acres into 13 separate lots.

A partially developed industrial park occupies approximately 250 acres of the southern portion of the site. This industrial park is accessed from Highway 20 via Southridge Blvd. and Agripark Road. There are currently two light industrial facilities occupying about 20 or 30 acres of the industrial park. Existing industrial facilities include a cotton gin, a large warehouse and a truck scale. Applications have been filed with the Planning Department to situate construction yards of two of the sites.

Permitted Uses⁹

- (a) Food and fiber processing plants and facilities, including food canneries, dehydrators, hulling operations, cleaning and processing operations, grain elevators, weighing and grading stations, feed processing operations, warehouses and other structures for the storage of agricultural products, seed processing facilities, animal and fiber processing operations, dairy processing operations, apiaries and honey extraction plants, fruit and vegetable processing and packing facilities, and any other or similar activity involving the storage, curing, processing, manufacturing, packaging, handling, packing, secondary reprocessing, conversion, compounding, shipping, and selling of agricultural products or by-products, as well as all facilities appurtenant and incidental thereto.
- (b) Facilities for the generation of energy from processing, agricultural, or other wastes and by-products, as well as all appurtenances thereof.
- (c) Disposal of liquid or solid wastes or by-products produced in conjunction with the operations permitted by this section. Such disposal may include irrigation of lands with process wastewaters, animal feeding or soil incorporation of process waste or by-products, and other disposal or reclamation processes or techniques.
- (d) Publicly-owned parks and recreational areas and appurtenances thereto.
- (e) Golf courses and country clubs, privately-operated parks, riding clubs and stables, gun clubs, resorts and recreational facilities.
- (f) Structures and facilities appurtenant to recreational facilities.
- (g) Private farm buildings, accessory and ancillary recreational buildings and uses.
- (h) General farming, including all types of crop and tree farming commercial livestock, animal husbandry (not including a commercial kennel) and similar types of farming.
- (i) One-family dwellings and accessory farm buildings of all kinds when occupied or used Sutter County Zoning Code 31 by the owner, tenant, or persons employed on the premises.
- (j) Land leveling contracting, contract harvesting and agricultural services where the occupation is incidental and secondary to the use of the land for farming purposes.
- (k) The use, storage, repair and maintenance of tractors, scrapers, land leveling and development equipment devoted primarily to agricultural uses where such activity is carried on in conjunction with a bona fide agricultural operation.
- (l) Underground utility installations and above ground utility installations for local service, including communication equipment buildings, except that locations for communication equipment buildings, substations, generation plants, and gas holders must be approved by the Planning Commission prior to construction; the route of any proposed transmission line, other than any communication line, must be discussed in detail with the Planning Commission prior to acquisition.
- (m) Gun clubs and accessory structures, including mobilehomes used in conjunction therewith, subject to the securing of a mobilehome permit and other permits required by the Building Inspector and Health Department. Mobilehome shall also be subject to the Performance Standards and Zoning Clearance required by Section 1500-1450 and Section 1500-1460 of this Chapter.
- (n) Nurseries.

⁹ Sutter County Zoning Code

- (o) Rail and other transportation facilities.
- (p) Other such uses as the Planning Commission may deem to be similar and not more obnoxious or detrimental to the public health, safety, and general welfare.

Infrastructure

■ **WATER**

The District is not served by a public water supply system. Water must be accessed by drilling a well into the ground water.

■ **WASTEWATER TREATMENT AND SEWER**

The District is not served by a public wastewater treatment system. Yuba City has discussed the possibility of developing a regional wastewater treatment plant that could be extended to serve the site in the future.

■ **NATURAL GAS**

Pacific Gas and Electric is the only provider of natural gas in the region. It is not known if gas lines have been extended to properties in the District.

■ **ELECTRICITY**

The District is provided electrical service by Pacific Gas and Electric (PG&E)

■ **TRANSPORTATION**

The District is located on State Highway 20, which runs east and west through Northern California. State Highway 20 has about 100 feet width of right-of-way, about 20 feet of that is paved. As of 2007, the stretch of Highway 20 that passes through the District gets about 8,000 daily trips on average.¹⁰

Interstate 5 is 22 miles west of the site via Highway 20. State Highway 99, a major north-south route through California's Central Valley is 8.5 miles to the east via Highway 20. The signalized intersection of Highway 20 and Highway 99 has recently been improved.

The Port of Oakland is about 130 miles to the south via Interstate 5; the Port of Stockton is about 95 miles south via Highway 99.

■ **FLOOD PROTECTION**

The FPARC District is not currently mapped within FEMA's 100 year flood zone.

¹⁰ Caltrans. Route 20 Postmile 5.009 to 9.176.

Future Use of FPARC

It is recommended that the southern portion of the FPARC district, encompassing about 200 acres should be made available for future industrial development. Until waste water treatment capacity is available, this site will most likely not be appropriate for food processing, unless the process does not require large amounts of water.

REGIONAL TRENDS IN RANCHETTE DEVELOPMENT AND ESTIMATES OF FUTURE DEMAND

Ranchette Development: Sutter County, 2007 - 2030

As discussed in the Technical Background Report (TBR) and Issues Papers, development of ranchette subdivisions could threaten the future economic viability of agriculture in Sutter County. The purpose of this section is to estimate the future demand for ranchette and similar large lot subdivisions outside of urbanized areas of the County. The General Plan Advisory Committee (GPAC) will want to consider these trends in forming policies relative to the future development of ranchette subdivisions.

Ranchettes

The existing Sutter County General Plan allows for the division of parcels under 20 acres into four or fewer parcels. According to the Plan, the Ranchette District may be applied to areas located outside of the Yuba City and Live Oak sphere's of influence, which are suitable for rural residential and small scale farming operations. Allowed densities within the Ranchette zoning district range between 0.1 to 1/3 dwelling unit per acre (3-10 acre parcel size). Ranchette zoning allows a smaller than 20-acre parcel to be divided into four or fewer parcels.

Between 1998 and 2007, over 50 ranchette projects have been approved in Sutter County resulting in over 150 lots on 545 acres¹¹. Ranchette requests must meet specific requirements including: the subject parcel must not exceed 20 acres at the time of application; the subject parcel must be located outside the Yuba City and Live Oak spheres of influence; the proposal must not create more than four parcels, including any designated remainder; and, a range of parcel sizes must be provided. The lots range in size from 3 to 10 acres. Most of these ranchettes are located south and west of Yuba City. In most cases, they involve the subdivision of farmland or grazing land, but not prime farmland. The scattered nature of these subdivisions results in haphazard land planning and could impact the rational development of Yuba City and the cost-effective delivery of services. In addition, the indiscriminate location of these ranchettes creates the potential for more conflicts between farm operations and non-farming neighbors.

Ranchettes were created in Sutter County for several reasons and purposes. One purpose was for the resulting large lots to provide residents with a means of engaging in small-scale farm operations, such as cultivating fruit or nut trees or a vineyard. Another purpose was to provide a way for residents to board a small number of farm animals, such as horses, goats, or sheep. It was also thought that such large lot subdivisions would act as a buffer between the more urbanized areas of Yuba City and Live Oak and existing large-scale farm operations. As yet, a

¹¹ As of December, 2007 the total acreage in ranchette developments is 665 acres.

review of the ranchette zoning has not been completed. It is uncertain as to whether these large lots are used in any way for agricultural purposes or if they are useful as an agricultural buffer.

The practice of allowing ranchette subdivisions on agricultural parcels in other counties has created problems for agricultural producers. In focus groups of Solano County farmers in 2006, they pointed out that their profitability and farm practices are limited by rural residential neighbors who do not understand the needs of agriculture. Some farming is dependent upon aerial chemical application and frequent nighttime operations, practices that are incompatible with residential land use patterns. The division of agricultural parcels into smaller units often conflicts with the agricultural irrigation and drainage infrastructure that has been constructed over the years. Continuing the practice of allowing ranchettes in agricultural zones could potentially make normal farm operations in some regions of the County no longer viable.

Evaluation Criteria for Ranchette Applications

The current decision-making process leading to approval or denial of ranchette subdivisions is based on the Planning Department staff's review of specific findings contained in the Zoning Code, an environmental analysis, and an assessment of five evaluation criteria adopted by the Board of Supervisors. Each criterion is given a weighting (points) and a minimum of 70 points out of a possible 100 points is required for approval of the subdivision. The criteria are:

- Is 50%, or greater, of the perimeter (as measured by lineal footage) of the subject parcel bounded by parcels 20 acres or greater?, 30 points;
- Is 50%, or greater, of the perimeter (as measured by lineal footage) of the subject parcel bounded by agricultural parcels under one ownership?, 30 points;
- Is the project area within two miles of the Sphere of Influence of Live Oak, Yuba City or the community of Sutter?, 20 points;
- The parcel is within two miles (travel distance) of a fire station, 10 points; and
- The parcel is within two miles (travel distance) of a public school, 10 points.

This section of the report examines two ranchette demand scenarios.

The first scenario examines recent trends data from Sutter County. Table 26 below tracks the amount of acres set aside for ranchettes each year between 1998 and 2007. Since 1998, Sutter County has cumulatively set-aside 545 acres for ranchettes, for an annual average of 54 acres per year.

Table 26. Existing Conditions: Ranchette Development Historical Trends: Sutter County, 1998-2007

Year	Acres
1998	9
1999	19
2000	38
2001	29
2002	12
2003	99
2004	19
2005	0
2006	199
2007	121
Total	545
Average	54

Source: ADE, Inc., based on data from Sutter County Planning Department

Table 27 below projects future demand for ranchettes in Sutter County from 2007 to 2030, based on historic trends. In the first scenario, recent trends (54 acre annual average) are extrapolated forward from 2007 to 2030. Over this 23 year time period, 1,242 acres will be needed to accommodate demand for ranchettes.

The table below also includes projections based on a recent study sponsored by the American Farmland Trust (AFT). According to the AFT, between 2007 and 2030, 3,021 acres will be cumulatively developed into ranchette residential development. It should be noted that AFT gathered data on lots ranging in size from 1.5 acres to 20 acres, with an average lot size of 2.78 acres. Thus, this ranchettes demand also includes the demand for Estate Residential. A portion of this total acreage, 1,456 acres, represents a cumulative loss of farmland between 2007 and 2030.

Table 27. Ranchette Projections: Acreage Demand: Three Scenarios, 2007-2030

	2007	07-2010	'10-'15	'16-'20	'20-'25	'26-'30	'07-'30
1. Historical Trends	121	162	270	270	270	270	1,242
2. AFT Ranchettes: Farmlands\Other	121	253	725	713	665	665	3,021
<i>AFT Farmland lost to ranchettes</i>	121	180	360	355	335	335	1,565

Source: ADE, based on data from American Farmland Trust and Sutter County Planning Department