

Chapter 3

Economic Development



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3.1 Introduction

The Economic Development Element focuses on several areas related to the current and future economic conditions of the City, including employment trends, commercial development, business attraction/retention, and workforce training.

3.2 Economic Development

No concerns specific to economic development were directly identified during the NOP public scoping phase of the Proposed Project. However, several commentors suggested that the EIR address the provision of adequate levels of public services to the study area. Public service and utility issues are addressed in Chapter 6, Public Facilities and Services.

Setting

A brief description of the City's economic conditions is provided below with a more detailed description provided in Chapter 3, Economic Development, of the Background Report (Appendix B, pages 3-1 through 3-10).

Economic and market trends in the South Placer County and Sacramento region are considered strong. Residential expansion and economic development opportunities have been growing and are expected to continue their growth into the future. The City could capture a substantial share of this future growth due to several assets that indicate its strong growth potential. These assets include the following:

- ***Proximity to Centers of Employment.*** The City is situated near the South Placer County economic center that is currently located primarily in Roseville and Rocklin. Additionally, to the north the City is located near employment growth in Yuba County resulting from expansion at Beale Air Force Base.
- ***The Lincoln Airport.*** The Lincoln airport is an asset to economic development within the City. The airport offers the City enhanced logistics support and access to air transit, thus making business opportunities more attractive for new, expanding, and relocating firms.

- ***Supply of Vacant Commercial Land.*** The City has the advantage of a large supply of available flat vacant commercial land, which offers high tech firms seeking campus locations opportunities for desirable locations. This similar availability of land for a campus setting was an important factor in the decision for Oracle to locate in Rocklin.
- ***Regional Retail Opportunities.*** Lincoln's retail opportunities have historically been limited due to a small population base, regional retail centers at well located sites in other Cities, and poor accessibility. With the new growth in the City resulting from the updated General Plan and the future rerouting and expansion of SR 65, Lincoln has the opportunity to develop regional commercial retail sites to capture spending its residents are now doing in other areas of the region as well as becoming a regional retail center attracting sales from other areas.
- ***Housing Affordability.*** While housing prices have been increasing over time, to date the Sacramento region has maintained a relative pricing advantage for housing compared to the Bay Area. The City has also been recognized as relatively more affordable in terms of housing when compared to Roseville and Rocklin. If the City can maintain this relative pricing advantage in the future, it could be a significant development asset for the City.
- ***Proximity to Planned Transportation Infrastructure.*** Two proposed significant regional roadway projects could benefit the future economic development of the City. The first is the SR 65 Bypass that would re-route SR 65 away from the downtown area and direct it to the west side of the Lincoln Airport. The second is Placer Parkway that would connect the City of Lincoln to SR 65 and SR 99 resulting in better access to the Sacramento International Airport.
- ***Placer County Business Start-ups.*** Economic development is as likely to come from start-up companies developing within Placer County as with companies relocating to the area. Placer County offers several business development services that companies can use to develop their personnel and business operations. To the extent that the City can capitalize on these services and encourage local residents to seek new business opportunities, the City will be able to move toward a more diversified economic base.
- ***Del Webb Community as a Potential Source of Labor.*** While Sun City Lincoln Hills is an age-restricted community (55 and older) with the majority of the residents in retirement, most residents tend to be very active and could potentially provide specific types of business with an experienced labor force. Residents may not wish to return to work full time, yet they may be interested in part-time or seasonal work. For example, companies that require seasonal labor, such as call centers that do much of their retail activity around the holiday months, might attract such a labor force. Companies that are considering a new area for relocation typically require that there be an availability of educated labor. The City could potentially market the Del Webb community to new companies seeking to relocate to the area.
- ***Union Pacific Railroad.*** The City is bisected by the main railroad line of the Union Pacific Railroad that connects its west coast railyard in Roseville to cities in the Pacific Northwest, Midwest, and the Southwest. This regional connectivity would continue to enhance the City's economic assets by maintaining open transportation and trade routes to surrounding markets and communities.

As part of the Proposed Project, the City prepared a fiscal analysis. This report entitled “Fiscal Benchmarking Analysis” (EPS, January 29, 2004) identifies how the City could provide desired levels of public services to current and future residents. The report identifies cost comparisons of other California communities providing similar city services to their residents and identifies the various revenue sources that the cities used to fund these services. A copy of the report is provided as Appendix D of this EIR.

In general, the report concludes that the long-term financial stability of a community is more a result of its strategic land-use zoning than its ultimate population. Some communities, such as West Sacramento, generate high per-capita general purpose revenues because of their industrial-zoned property, while other communities, such as Roseville, generate high capita general purpose revenues because of their regional and super-regional retail zoned property.

As Lincoln emerges from its current “bedroom community” status, the City can strengthen its long-term financial stability by focusing on its industrial-zoned property near the airport and designating enough commercially zoned property for regional retail uses.

While the City will always need to have an adequate housing supply to support its industrial and commercial uses, it should control the residentially zoned property to ensure it achieves a strategically balanced community that is not dominated by a single type of land use.

As a result of the City’s strong desire for economic development, the Draft General Plan includes an Economic Development Element, which is considered to be an optional element under the State’s General Plan Guidelines (see Chapter 2, Project Description).

The Draft Economic Development Element identifies the goals, policies, and implementation measures for directing economic growth towards targeted City objectives including increasing the jobs to housing balance, attracting targeted business, and providing for a financially self-sustaining community. To achieve economic development regarding jobs, businesses, and financially self-sustaining community, the Draft Economic Development Element includes a new goal (Goal ED-1) that identifies the City’s strong desire for economic development, which states: *“To promote a strong economic and fiscal base critical to sustaining long-term prosperity for the residents and businesses in the City of Lincoln and the region”*.

In order to achieve these objectives, consultants for the Draft General Plan estimated that the City would need a population of approximately 120,000 to 130,000 persons. Therefore, the Draft General Plan is proposing a substantial amount of new residential and non-residential land uses by the year 2050 to provide for the population required to sustain this level of economic development and to take advantage of the opportunities available to the City for non-residential development. Specifically, the Draft General Plan designates approximately 34,000 new residential dwelling units, 1,450 acres of new Community and Regional Commercial land uses, 270 acres of new Business Professional land uses, and 790 acres of new Industrial land uses.

The new residential units are planned for seven “Village” areas. Each new residential village area has a land use formula that is considered marketable in today’s economic conditions. As more fully described in Chapter 2 “Project Description”, the total numbers of additional new residential units by land use category are approximately:

- 4,400 Rural Residential and Country Estates dwelling units,
- 16,110 Low Density Residential dwelling units at 4.5 dwelling units per acre (dus/ac),
- 9,370 Medium Density Residential dwelling units at 8 dus/ac, and
- 8,090 High Density Residential dwelling units at 16 dus/ac.

This amount of new residential units will provide housing opportunities for future workers and their families which should promote a reasonable jobs-to-housing ratio. The Proposed Project’s residential mix is similar to SACOG’s Blueprint land use concept for the City of Lincoln. The Proposed Project encompasses approximately 35,500 acres to accommodate approximately 132,000 total (existing and future) residents.

Draft General Plan Policies

The Draft General Plan contains a variety of policies and implementation measures that have been designed to address a variety of economic development issues. For each impact described below, a summary of the specific policies and implementation measures that address each impact is also provided. A complete description of all the goals, policies, and implementation measures addressing economic development issues is provided on pages 3-1, 3-4, 4-13, 4-14, 4-17, 4-22, 4-23, and page 7-6 of the Goals and Policies Report (Appendix C).

Standards of Significance

The Proposed Project will establish development guidelines against which future projects will be determined for consistency. The significance criteria for this analysis were developed from criteria presented in Appendix G of the CEQA Guidelines and based on the professional judgment of the City of Lincoln and its consultants. The Proposed Project would result in a significant impact if it would:

- Create a substantial adverse physical change to one or more shopping area(s) within the City of Lincoln.

Substantial physical changes qualifying as urban decay impacts would likely result in physical deterioration to an area of a magnitude and prevalence that significantly diminishes the proper use of the affected real estate. Physical changes typically indicative of ongoing urban decay may include (but are not limited to): higher than average business vacancies; abandoned and deteriorating properties; inadequately maintained buildings; widespread graffiti; litter and trash; unkempt trees, shrubbery and excessive weeds; parked trucks and long-term unauthorized use of property and parking lots; and homeless encampments.

According to CEQA Guidelines (15358 [b]), impacts to be analyzed in an EIR must be “*related to physical change*” in the environment. And while CEQA Guidelines (15131 [a]) do not directly require analysis of a project’s social or economic effects because such impacts are not, in and of themselves, considered significant effects on the environment, the guidelines also state:

“An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes caused in turn by economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.”

CEQA asserts that physical changes to the environment caused by a project’s economic or social effects can be analyzed as secondary impacts and should be included in an EIR if the resulting physical changes would be significant.

The California Court of Appeal’s recently ruled that CEQA could require analysis of the potential impact of urban decay or deterioration associated with the development of new shopping centers (*Bakersfield Citizens for Local Control v. City of Bakersfield*). The Court also ruled that the cumulative impact analysis for the proposed shopping centers should be performed in conjunction with all other past, present, or reasonably foreseeable future retail projects within the project’s market area.

The most recent CEQA guidance specifically addressing urban decay issues may be found in the *Anderson First Coalition v. City of Anderson* decision (2005), 130 Cal.App.4th 1173. In this case, the EIR included an economic analysis that evaluated the proposed retail development project’s impact on other businesses. In upholding the EIR, the court determined that the lead agency had evaluated the urban decay issue adequately and had provided sufficient substantial evidence to support its findings.

Impacts and Mitigation Measures

Impact ED-1: The Proposed Project would include retail services that would compete with existing businesses in the City’s Downtown area.

Impact Analysis

Implementation of the Proposed Project would, upon build out of the Draft Land Use Diagram, result in the development of several thousand acres of land with a mix of residential, commercial, and retail land uses. However, it is anticipated that future commercial/retail development associated with the Proposed Project would occur in an orderly fashion and as a result of market demand from new residential land uses.

Policies and implementation measures included as part of the Proposed Project that would promote a strong economic and fiscal base necessary to sustaining the long-term prosperity of the City are summarized below. For example, several policies (see Policies ED-1.1, ED-1.2, and

ED-1.5) promote the establishment of a long-term economic vision for the City. This vision will include both local and regional cooperation to expand and improve economic opportunities and will require the evaluation of future project-specific fiscal impacts to ensure the continued provision of high levels of urban services and community facilities.

Other policies address the preservation of the existing downtown area. For example Policies ED-6.1 and ED-6.4 require that the City (or its Redevelopment Agency) continue improving the Downtown commercial area and promote in-fill housing opportunities. Additionally, Policy ED-6.2 requires that the City support the expansion and retention of businesses within the City’s downtown area.

The City is also dedicated to preserving the historic character of the Downtown area and existing neighborhoods. The Draft Land Use and Community Design and Draft Open Space and Conservation Elements include several policies that are designed to preserve and enhance neighborhood character and identity. For example, various policies encourage infill of vacant parcels, refurbishing of existing structures in the Historic Downtown area, preservation of historic places/structures, and identify requirements for new infill development to conform to the architectural and historic integrity of older, established residential neighborhoods (see Policies LU-1.5, LU-1.9, LU-2.2, LU-2.4, LU-2.5, LU-4.3, LU-13.1, LU-13.3, OSC-6.1, OSC-6.2, OSC-6.5, OSC-6.6 and Implementation Measure #5)

The existing City’s Downtown business area has an established service area with existing customers. New development associated with the Proposed Project would represent a new community and regional commercial/core approximately two miles from the City’s existing Downtown area and would not likely develop until there was an established amount of new housing which may take several years. Therefore, the Proposed Project would not likely contribute to the physical deterioration or urban decay of the downtown area. Consequently, implementation of the below-mentioned policies would in a *less-than-significant* impact.

| Economic Development Element | |
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| Policies designed to maximize the City’s potential for economic development and growth while supporting the City’s existing downtown commercial area include the following: | |
| ED-1.1 Develop and Implement a Vision of the Future ED-1.2 Evaluate Fiscal Impacts ED-1.5 Regional Cooperation ED-6.1 Downtown Commercial Area ED-6.2 Business Retention and Expansion ED-6.4 Infill and Replacement Housing in Downtown | |
| Land Use and Community Design Element | Open Space and Conservation Element |
| Policies designed to minimize this impact through the protection of the City’s historic character including the “Downtown” area and traditional neighborhood areas include the following: | |
| LU-1.5 Infill Development LU-1.9 Existing Assets LU-2.2 Preserve and Enhance Quality LU-2.4 Encourage Upgrading LU-2.5 Protect Historic Structures LU-4.3 Protect Existing and Future Neighborhoods LU-13.1 Downtown LU-13.3 Historic Buildings and Areas | OSC-6.1 Evaluation of Historic Resources OSC-6.2 Historic Structures and Sites OSC-6.5 Mitigation Monitoring for Historical Resources OSC-6.6 State Historic Building Code Implementation Measure #5 |

Required Mitigation Measures

This impact is considered *less than significant*. No additional mitigation measures are required.

Impact ED-2: The Proposed Project includes community and regional commercial development that may cumulatively impact regional commercial development in areas surrounding the City's Sphere of Influence.

Impact Analysis

As stated above, the Proposed Project would, upon build-out of the Draft Land Use Diagram, result in the development of several thousand acres of land with a mix of residential, commercial, and retail land uses. However, it is anticipated that future commercial/retail development associated with the Proposed Project would occur in an orderly fashion as a result of market demand from new residential land uses.

Several policies included as part of the Proposed Project would promote a strong economic future for the City while competing for the same commercial uses with other communities surrounding the City. Also, several policies (see Policies ED-1.1, ED-1.2, and ED-1.5) promote the establishment of a long-term economic vision for the City. This vision will include both local and regional commercial land use opportunities to expand and improve economic opportunities and will require the evaluation of future project-specific fiscal impacts to ensure the continued provision of high levels of urban services and community facilities.

Overall, new development associated with the Proposed Project includes new community and regional commercial land use on vacant lands that may compete with other communities. However, the City's new commercial land uses should not likely contribute to local or regional urban decay. However, even with implementation of the below-mentioned policies, this impact is considered *potentially significant*.

| Economic Development Element |
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| Policies designed to maximize the City's potential for economic development and growth while supporting both local and regional economic goals include the following: |
| ED-1.1 Develop and Implement a Vision of the Future ED-1.2 Evaluate Fiscal Impacts ED-1.5 Regional Cooperation |

Required Mitigation Measures

In addition to the above mentioned policies and implementation measures, the following new Policy ED-6.8, Urban Decay, and the revised Policy ED-1.5, Regional Cooperation, are required to ensure that this impact is reduced to a less-than-significant level:

- **ED-6.8 Urban Decay.** The City recognizes and supports downtown retail development as part of the City's downtown revitalization strategy. The City also recognizes the importance of healthy neighborhood retail centers throughout the City to meet the shopping needs of Lincoln's population. As Specific Plans with retail and/or commercial land uses are submitted for approval, the City will analyze the potential for local urban decay and regional blight. [*New Policy – Draft EIR Analysis*].

- **ED-1.5 Regional Cooperation.** The City will work cooperatively with other cities, Placer County, and other local and regional economic development entities activities to expand and improve the economic base of the South Placer County community, while addressing the potential for both local and regional urban decay resulting from new growth. [*Revised Policy – Draft EIR Analysis*].

Significance after Implementation of Mitigation for Impact ED-2

As stated above, the Draft General Plan includes a number of policies designed to address economic growth and development in addition to preservation of the City’s exiting downtown area. Therefore, implementation of the Proposed Project, including the adoption of the policies and implementation measures listed above (including the new Policy ED-6.8, Urban Decay, and the revised Policy ED-1.5, Regional Cooperation), would result in a *less-than-significant* impact.