

# CHAPTER TWO

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## PURPOSE AND NEED

### 2.1 REGULATORY OVERVIEW

NEPA regulations require that each EIS briefly specify the need to which the agency is responding in proposing the various alternatives, including the Proposed Action (40 C.F.R. § 1502.14). Similarly, CEQA requires that each EIR include a statement of the objectives to be achieved by the proposed project (*CEQA Guidelines*, § 15124, subd.(b)). The objectives are intended to help the implementing agency develop a reasonable range of alternatives and aid decision-makers in preparing findings or a statement of overriding considerations, if necessary.

### 2.2 PURPOSE FOR THE ACTION

#### 2.2.1 PURPOSE STATEMENT

The purpose of the Proposed Action is to increase the activity of contributory economic sectors by constructing a business park within the city of Redding sphere of influence capable of attracting and accommodating diverse business and industrial users.

The Proposed Action will result in the development of a business park through the acquisition of land and the construction of major infrastructure components and the provision of public services and utilities to serve the development. A component of the Proposed Action is the acceptance and expenditure of \$2,448,254 in grants from HUD and EPA in addition to the City's matching share of \$1,067,799 resulting in a total of \$3,516,053 for eventual land acquisition, water, and wastewater infrastructure improvements.

#### 2.2.2 NEED FOR THE PROPOSED ACTION

The Proposed Action is part of a larger, ongoing program to recruit new industry. This is in direct response to economic data showing a need to enhance the economic stability and quality of life in the Redding Metropolitan Statistical Area (generally the urbanized, south-central portions of the County, including the city of Redding and its sphere of influence). Community efforts to stabilize the regional economy extend at least as far back as 1958. Studies and real world experience since 1982, show that the limited availability of attractive, fully-developed sites is one of the main constraints to new industrial development.<sup>1</sup>

As previously noted, in 1998, the Redding City Council authorized the formation of an ad hoc committee to determine the availability of sites capable of accommodating primary or contributory industrial users. Primary or contributory industries are sources of goods and services for sale outside of the local economy. Money imported to the community via primary or contributory industrial activity circulates, multiplies, and ripples throughout the local economy. Based on a cursory review, it became apparent that there were no large sites

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<sup>1</sup> SRI International. March, 1982. *Industrial Development Opportunities for the Greater Redding Area*. City of Redding General Plan. Final Environmental Impact Report certified October 3, 2000. Page 3-3. Jim Zahuer, Shasta County EDC, to Nathan Cherpeski, City of Redding, 2 March 2004. Copy retained in city files E-050-500.

with the necessary infrastructure and environmental clearances within the City or its sphere of influence that met the criteria of being available.

In October 2000, after more than five years of effort, the City of Redding adopted a general plan to guide growth and planning decisions through 2020. This plan underwent environmental review required under the California Environmental Quality Act.<sup>2</sup> Input from citizens and resource agencies helped the City adopt a plan that identifies appropriate areas of the community to consider for future growth of residential, multifamily, commercial, industrial, and open space etc. Economic development objectives were also considered as part of the comprehensive community planning effort. The plan notes that it has long been perceived that the City's lack of large ready-to-go industrial parcels impedes its ability to attract new industrial users. As a result of this process, the Plan designates large acreages near the Redding Municipal Airport as appropriate for industrial development which is the primary component of the business park.<sup>3</sup> The economic development goal of developing aviation related industry and other industry were also discussed in the Plan.

The City has compiled economic data from the U.S. Department of Commerce, Bureau of Economic Analysis, and Regional Economic Information System spanning the years 1972 through 2001. This data set was selected for analysis because:

- It is composed of source data which has been taken from the administrative records of government agencies as opposed to monthly surveys and polls.
- The data have been collected and analyzed utilizing a reasonable consistent methodology over the entire term of the study period.
- The economic data is historically cumulative relative to the geographic definition of the area.<sup>4</sup>

Analysis of this information reveals that, during the period 1991 through 2000, the Redding Metropolitan Statistical area's economy experienced a significant slowing in its rate of growth relative to other statistical areas. The relatively slow growth rate is expressed in various parameters, including growth rate of wages, earnings, per capita income, manufacturing employment, and others. When adjusted for inflation, the local economy had virtually no growth in size during the period 1989 through 1997, and from 1998 through 2001 grew only modestly. The Shasta County economy has had little real growth in size from 1989 through 2001, the year for which most recent data are available.<sup>5</sup>

Moreover, while the local economy has had extremely slow growth in size, its quality has declined rapidly in recent years. Whereas, during the period 1981 through 1990 Shasta County ranked 114<sup>th</sup> of 318 statistical areas in terms of wages, during the period 1991 through 2000 its ranking declined to 277<sup>th</sup>. Actual wages paid in the County are now becoming some of the lowest in the country. This trend is not only expressed in terms of total wages paid in Shasta County, but also in terms of earnings paid per worker. In 1972, earnings paid per worker in Shasta County were 100% of the national average. By 2001, earnings per worker had declined to 71%.<sup>6</sup>

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<sup>2</sup> City of Redding General Plan Final Environmental Impact Report EIR-1-98 (SCH# 95053011). certified October 3, 2000.

<sup>3</sup> City of Redding General Plan Adopted October 2000 Economic Development Goals pages 3-5; City of Redding General Plan Final Environmental Impact Report. Adopted April 19, 2000. Page 3-1 through 3-11.

<sup>4</sup> Because the Bureau of Economic Analysis is unable to provide data until approximately 18 months after the end of a calendar year, this data set represents the most current information available

<sup>5</sup> Policom Corporation. February 2004. *General Description of the Shasta County, California Economy*

<sup>6</sup> Ibid.

From 1972 to 2001, the average earnings per worker (AEPW), adjusted for inflation, show Redding Standard Metropolitan Statistical Area (SMSA) on a significant decline reminiscent of the weakest economies in the nation<sup>7</sup>. For example, employment in manufacturing experienced a net loss of 301 jobs during the period 1991 through 1996. Employment in state government dropped by 243 jobs, and employment in wholesale trade declined by 425 jobs. The loss of these primary industry jobs, almost all of which paid a wage significantly higher than the local average, had a significant impact on the local economy.<sup>8</sup>

Shasta County experienced consistent increases in the growth of average earnings per worker (AEPW) from 1970 until 1993, when the impact of the above-described employment losses first had their effect on the local economy. Not only were the aforementioned jobs lost, but the reduction in primary earnings rippled through other economic sectors. As a result, AEPW remained static, or slightly decreased, between 1993 and 1996. The combined rate and consistency of economic growth in Shasta declined from 120<sup>th</sup> to 289<sup>th</sup> of 315 statistical areas. These data indicate that economic growth in the Redding Metropolitan Statistical Area is dependent upon preventing the loss and increasing the number of quality, primary industry jobs.<sup>9</sup>

In areas with diverse economies, income flows from a variety of sources, and no single source accounts for a large majority of the region's wages. A diverse economy will experience only minor fluctuations in the flow of cash during industry-specific downturns. During the period 1990 through 1998, diversity in Shasta County increased, but remained about one-half as diverse as the state.

In addition to diversity, the success or failure of a local economy depends on the quantity and quality of the money flowing into the area. Quantity refers to the volume of money flowing in to the region. Quality refers to the wage level of the jobs for those who are employed. Quality jobs typically are those which increase the value that is added to a commodity in the production process through increased productivity and better service to the customer. The foundations for development of quality jobs, and therefore a more resilient economic base, are: (1) an adaptable and skilled work force, (2) accessible technology, (3) available capital, and (4) a solid physical infrastructure.<sup>10</sup>

Money flows into the local economy through the activity of primary or contributory sources. This imported money circulates from transaction to transaction until it is fully consumed and leaves the local economy. The success of most service and retail businesses and a majority of the jobs in a local area depend on this flow. Nationally, the most important primary industry in local economies is manufacturing.<sup>11</sup>

In Shasta County, the largest contributory source is "government transfers", basically federal and state entitlement programs such as Social Security. In economies with a high retirement population, regional medical facilities, extreme economic distress, or some combination of these factors, government transfers have grown to such a proportion that they have become contributory in nature. This means there is significantly more money being transferred to the economy than is being extracted via taxation. This condition occurs in Shasta County.<sup>13</sup> In 1996, government transfers accounted for 34.4% of local primary industry earnings. The second most-important primary industry in 1996 was manufacturing, which accounted for

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<sup>7</sup> Policom Corporation. October, 2003. *Shasta County, California Historical, Comparative Economic Analysis*. section 2 pg. 7.

<sup>8</sup> Policom Corporation. July 1998. *How to Make Shasta County a Grade "A" Economy*

<sup>9</sup> Ibid

<sup>10</sup> Coopers & Lybrand. December 1990. *Review of the SRI Target Industry Study and Attribute Assessment Conducted for the Shasta County Economic Development Corporation*

<sup>11</sup> Policom Corporation. July, 1998. *The Shasta County, California Economy: An Historical, Comparative Analysis*

19.3% of local primary industry earnings.<sup>12</sup> “In 2000, total government transfers exceeded the earnings of all workers in construction, state and federal government, the military, farming, and agricultural services combined.”<sup>13</sup> By 2001, manufacturing had fallen to 17.2% of local earnings and government transfers accounted for 43.5%.<sup>14</sup>

The local economy is in transition from a high-wage economy to a low wage economy based on the service and retail industries. The vast majority of new job growth has been on low wage sectors. The area has had limited success recruiting new manufacturers to the area, but the influence of these jobs has been diluted by the formation of so many low wage jobs. In the 1980's, the most important contributory industries in Shasta County were manufacturing and transportation. Today the sector that accounts for the most money flowing into the economy is government transfers (i.e., retirees and those living on other government subsidies).

Relying upon government transfers for economic growth is not good planning. An economy based on retirement for example, will decline in size unless more retirees continue to move into the area, increasingly stressing the capacities of public facilities and services. The quality of retirement-based economies is relatively low due to the formation of low wage service and retail jobs. If Shasta County continues to grow as a retirement based economy, low wage jobs will proliferate and housing costs will continue to increase at a rate much higher than wages, pricing the local populace out of the market. This trend is already evident.<sup>15</sup> Unless the area is able to diversify its economy and create higher-wage, contributory jobs, the quality of the local economy will continue its decline.<sup>16</sup> Unfortunately, most of the recent and projected future job growth is in non-contributory sectors, notably in the services sector.<sup>17</sup>

It should also be emphasized that despite recent gains in overall employment, the local unemployment rate continues to exceed the statewide rate. At 7.5 percent, the current rate of unemployment in Shasta County is about 39 percent higher than the statewide rate of 5.4 percent<sup>18</sup>. The trend has not been encouraging. Whereas the December 2003 statewide rate was lower than December 2002, in Shasta County it increased over that same time. According to the State Employment Development Department, the unemployment rate in Shasta County for December 2003 reached a five-year high.<sup>19</sup> A recent stress study ranked Redding's as the 8<sup>th</sup> (eighth) most stressful city, among 117 metropolitan areas nationwide with populations of 55,000 to 200,000, due in large part to its struggling economy.<sup>20</sup>

The number of low paying jobs also effects the economic growth of an area. The composition of the workforce needs to lean as much as possible toward the higher paying positions, as the growth of low paying jobs disproportionate to higher paying jobs can cause the economy to decline. “Dilution” occurs when the proportion of total jobs that are low paying increases, and the proportion that are higher paying shrinks. From 1970 through 1996, the local economy was diluted by the rapid creation of jobs paying wages below the

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<sup>13</sup> Policom Corporation. July, 1998. *The Shasta County, California Economy: An Historical, Comparative Analysis*

<sup>13</sup> Policom Corporation. October, 2003. *Shasta County, California Historical, Comparative Economic Analysis*.

<sup>14</sup> Ibid. section 1 pg. 18.

<sup>15</sup> Redding Record Searchlight. January 31, 2004. *Wage Earners Shortchanged*

<sup>16</sup> Policom Corporation. February 2004. *General Description of the Shasta County, California Economy*

<sup>17</sup> Great Valley Center. January 2001. *Economic Forecast for California's Central Valley 2001*

<sup>18</sup> Employment Development Department. State of California. Monthly Labor Force Data for Counties December 2004 (Preliminary); Report 400 C 2003 Benchmark. Not seasonally adjusted. Released January 15, 2005. Obtained via internet at <http://www.calmis.ca.gov/file/1fmonth/0412pcou.pdf> January 25, 2005.

<sup>19</sup> Redding Record Searchlight. January 17, 2004. *Shasta County Jobless Rate Rises*

<sup>20</sup> Redding Record Searchlight. January 18, 2004. *Redding Ranks High for Stress*

area average, and the reduction in the percentage of higher paying jobs. This dilution was common nationwide during this period, but was slower in the strongest economies.<sup>21</sup>

There is one feature a community must have, more than anything else, in order to recruit or expand contributory businesses - available, improved, approved industrial real estate.<sup>22</sup> The importance of well-planned and fully improved industrial sites as part of larger economic development programs has been acknowledged in studies of the Shasta County economy dating from 1982 to the present.<sup>23</sup>

The Shasta County Economic Development Corporation, a non-profit economic development agency, is implementing its five-year economic development plan for the period 2002 through 2006. Similar efforts were made under a plan adopted in 1997. The current plan is organized under five strategic initiatives that work in concert with developing a business park: business development, business expansion and retention, external media relations, special projects, and workforce development. The plan calls for implementing 50 action items over the five-year planning period. The City of Redding has also adopted policies to stimulate the local economy.<sup>24</sup>

The efforts of the City, EDC, and others have been successful in part. A study by the Center for Economic Development at the California State University, Chico attributes 2,612 new jobs and 9.1 percent of Shasta County's overall growth in wages to the coordinated, multi-year economic development plans that have been implemented by the EDC from July 1996 through June 2003.<sup>25</sup> But as the recent economic data indicate, these efforts are not enough, and must be supplemented. While services have grown the need for contributory business has not lessened.

Citizens living in areas with strong economies enjoy consistent employment, regular wage gains, opportunities for personal advancement, and are able to reliably save and invest in their future. Businesses are able to plan for consistent expansion, hire full-time employees for the long-term, and risk capital by investing in their operations. Communities grow closer knit.<sup>26</sup> Social problems are diminished. Increasing the local industry base is an important step in realizing these benefits.

### 2.2.3 OBJECTIVES OF THE PROPOSED ACTION

*Section 15124(b)* of the *CEQA Guidelines* requires that the project description include a statement of objectives of the proposed project. The general objectives of the Project are:

1. To positively impact the local economy through the creation of local industrial and professional employment opportunities, and to increase the local tax revenue.
2. To respond to and promote the goals of the City of Redding General Plan and the SHASTECH Redevelopment Agency.

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<sup>21</sup> Policom Corporation. July 1998. *How to Make Shasta County a Grade "A" Economy*

<sup>22</sup> Policom Corporation. February 2004. *General Description of the Shasta County, California Economy*

<sup>23</sup> SRI International. March 1982. *Industrial Development Opportunities for the Greater Redding Area.*; Chabin Concepts, Inc. November 2000. *Stillwater Industrial Park Target Industry Identification.*; Wilbur Smith Associates. May, 2003. *Redding Municipal Airport Strategic Business Plan.*

<sup>24</sup> City of Redding. City Council Policy 804, *Industrial Development Incentive Policy.* Adopted February 1, 1994.

<sup>25</sup> Center for Economic Development, California State University, Chico. Economic Impact Brief - Impact of 23 firms attracted to Shasta County between 1996 and 2003 with the assistance of the EDC of Shasta County. Undated.

<sup>26</sup> Policom Corporation. July 1998. *How to Make Shasta County a Grade "A" Economy*

3. To provide a high quality industrial and professional office development in a business park setting, in close proximity to the Redding Municipal Airport and Interstate 5, that allows for “ready-to-go” large parcel sizes currently lacking in the region that are sensitive to the natural environment and local residents.
4. To provide a large parcel business park a minimum of 250-acres or larger so that the infrastructure is economically feasible and development costs do not exceed the value of the land.
5. To reduce the amount of time involved in CEQA environmental clearance for site specific projects which do not exceed environmental impact thresholds identified in the EIS/EIR.

The overall primary objective is the development of a business park which originally was envisioned to be an industrial park. Efforts to identify industrial prospects are documented in various studies extending at least as far back as 1982.<sup>27</sup> At the present stage in the economic development of the Redding Metropolitan Statistical Area, a precondition for the creation, attraction, retention, and growth of quality jobs is development of a comparative advantage. Historically, the area has relied on its location as an advantage (i.e., proximity to local natural resources). New economic realities dictate that local communities construct comparative advantages based on the targeting of “industry clusters.”<sup>28</sup>

Industry clusters are defined as concentrations of complimentary and interdependent firms across several industries, including suppliers, service providers, and final product manufacturers. They derive their advantage from specialized work force pools, management expertise, readily available suppliers and support services, economies of scale and scope, ease of communication, and efficiency of transportation. One way to identify industrial prospects is to assess the potential economic impacts of various industry clusters. Designated prospect firms, aware that a community is pursuing a particular industrial cluster, are likely to respond more favorably if they perceive that the clustering of particular industries is also to their economic advantage.<sup>29</sup>

The advantages of industrial clusters were recognized in 1990, and a list of eight target clusters capable of responding to local economic conditions was developed.<sup>30</sup> The target clusters were: food and kindred products; printing and publishing; machinery and equipment I; machinery and equipment II; electronic and electric equipment; instruments and related products; aircraft parts and equipment; and information and data processing.

A study prepared in 2003 updated the list of target clusters capable of responding to local economic conditions. The updated list includes the following: food processing; information services; general manufacturing; product distribution; and high technology.<sup>31</sup>

The Redding Municipal Airport Strategic Business Plan recommends that property adjacent to and owned by the airport be targeted to industries that maximize the use of air cargo

<sup>27</sup> SRI International. March 1982. *Industrial Development Opportunities for the Greater Redding Area*

<sup>28</sup> Coopers & Lybrand. December 1990. *Review of the SRI Target Industry Study and Attribute Assessment Conducted for the Shasta County Economic Development Corporation*

<sup>29</sup> Coopers & Lybrand. December 1990. *Review of the SRI Target Industry Study and Attribute Assessment Conducted for the Shasta County Economic Development Corporation*

<sup>30</sup> Coopers & Lybrand. December 1990. *Review of the SRI Target Industry Study and Attribute Assessment Conducted for the Shasta County Economic Development Corporation*

<sup>31</sup> Chabin Concepts, Inc. May, 2003. *Stillwater Industrial Park Market and Target Industry Analysis Update*

services. Such an approach is in the best interest of the airport and a benefit to overall development as several efficiencies in freight services could be realized. Product distribution, freight transportation, and industrial/manufacturing firms are high air cargo users.<sup>32</sup>

A study conducted in 1982 identified six characteristics of the Redding area that were attractive to industry: lifestyle considerations, labor availability, transportation facilities, electric power availability and cost, land costs, and receptive local government. Principal constraints were: lack of visibility; location and accessibility; limited alternative employment opportunities; lack of a university; limited availability of attractive, fully-developed industrial sites; limited sewer collection and water treatment capacities; air quality problems; unionization; climate; and availability of financing. Candidate strategies to attract industrial users included: improve visibility; distribute information and provide support services to industrial prospects; increase the number of well-planned and fully improved industrial sites, particularly in the airport area; and improve access to venture capital.<sup>33</sup>

A new Shasta County Economic Development Corporation plan, Shasta 2006, is organized under five strategic initiatives that work in concert with developing a business park: business development, business expansion and retention, external media relations, special projects, and workforce development. The City of Redding has also adopted policies to stimulate the local economy.<sup>34</sup> The City's ability to implement policies to stimulate the local economy is limited by its area of jurisdiction. A city attempting to implement policies, particularly with respect to land use, outside of its area of jurisdiction is not desirable, practical, prudent, or politically acceptable.

During the period 1997 through 2001 the EDC implemented "Shasta 2001", a five-year plan to improve the local economy organized under four strategic initiatives: business development; business expansion and retention; media relations; and special projects. About 35 discrete tasks, or action items, were included in the five-year plan, which emphasized marketing efforts, supporting industrial prospects, and improving access to capital.<sup>35</sup>

As noted earlier, EDC is implementing a second five-year economic development plan for the period 2002 through 2006 and the City continues to offer economic incentives to industry. The plan calls for implementing more than 50 action items over the five-year planning period.<sup>36</sup> The Superior California Economic Development District (SCEDD), assists the city by providing small business development assistance in Redding. SCEDD is a non-profit economic development district established and funded by the U.S. Economic Development Administration. This organization focuses on the Counties of Modoc, Shasta, Siskiyou, and Trinity. Business Park development in Redding has been identified in SCEDD's Comprehensive Economic Development Strategy since 1999<sup>37</sup> and continues to be part of the overall plan.<sup>38</sup>

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<sup>32</sup> Wilbur Smith Associates. May, 2003. *Redding Municipal Airport Strategic Business Plan*

<sup>33</sup> SRI International. March 1982. *Industrial Development Opportunities for the Greater Redding Area*

<sup>34</sup> City of Redding. City Council Policy 804, *Industrial Development Incentive Policy*. Adopted February 1, 1994.

<sup>35</sup> Economic Development Corporation of Shasta County. Undated. *Shasta 2001: Investment Strategies Programs and Budget, 1997-2001*

<sup>36</sup> Economic Development Corporation of Shasta County. Undated. *Shasta 2006: EDC of Shasta County Five-Year Strategic Goals*

<sup>37</sup> Superior California Economic Development District. "Comprehensive Economic Development Strategy." 1999.

<sup>38</sup> Superior California Economic Development District. "Comprehensive Economic Development Strategy: for the Counties of Modoc, Shasta, Siskiyou, and Trinity -Five year plan." 2002-2007.

In addition to the actions implemented by the EDC and SCEDD, the City sponsors several programs to foster economic growth inside its jurisdictional boundaries, including: enterprise zone tax credits; recycling market development zone; manufacturers investment credit; job credits and fee deferrals; personal property tax rebate; electric rate discount; and waiver of traffic impact fees for new development. The ability to offer incentives is essential to competing for industry. However, in spite of these incentives, it has been difficult to attract targeted industries due to the lack of readily available improved industrial land in the area, in particular larger parcels of 20, 40, and 100-acre plus in size. Available land without the ability to provide incentives will not make a community attractive to industry. Nor will incentives without available land attract industries to provide the needed new jobs to any community. Incentives and available sites are mandatory in today's economic development arena. Communities such as Lincoln, Roseville, Folsom, Sacramento, and Reno have experienced tremendous success in attracting users to their business parks due to incentives and available land.

In 2001, the Urban Land Institute, a nonprofit education and research institute, published one of the first definitive texts that comprehensively address business parks. The text titled *Business Park and Industrial Development Handbook* is a collaborative effort by various authors whose backgrounds include academics, land use planning, economics, real estate management, and real estate consulting.<sup>39</sup>

A business park is master planned to accommodate a variety of uses that can grow and expand at the same location, and under circumstances where the ultimate structures and specific uses, etc., are not precisely known, but can be accommodated in a planned and controlled setting. A business park has inherent flexibility allowing unimproved parcels or completed buildings to be offered in response to market forces. The following is from the Introduction:

“The business parks of today are the product of an evolutionary process. From their antecedents in the manufacturing-oriented industrial estates and parks of the early 20th century, they have become dynamic workplace settings for business, incubators for new technologies, and employment centers that contribute to the economic life of many communities.

Flexibility is key to their success. Business parks not only accommodate a mix of activities such as storage, light manufacturing, research, and office functions, all in a planned and controlled setting; they also can be adapted in form and function to meet changes in the market. This attribute has been critical in recent years, as rapid technological innovation has created new requirements for the industrial sector.

A business park is a multi-building development planned to accommodate a range of uses, from light industrial to office space, in an integrated park-like setting with supporting uses for the people who work there. They can range from small parks on several acres to facilities of several hundred acres or more. . .”<sup>40</sup>

Not all business parks are the same and location is essential. The ‘need for speed’ means that many manufacturers and distributors must be near their markets or adjacent to a major transportation hub to optimize supply chain flows and delivery

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<sup>39</sup> Urban Land Institute. *Business Park and Industrial Development Handbook* 2<sup>nd</sup> ed. Author Anne Frej, Jo Allen Gause et al. 2001.

<sup>40</sup> Ibid. Pages 3-5.

response times. This need translates to greater importance placed on access to airports and multimodal shipment centers.”<sup>41</sup>

Given Redding’s geographic location, access to I-5 and the Redding Municipal Airport is beneficial, however, a potential business park site not located in close proximity to these transportation systems does not necessarily exclude a site from further consideration.

Mr. Don Schjeldahl, Vice President and Director with the Austin Group, a real estate facilities location group, states why a business park has advantages in attracting companies.

“A common goal for location decision makers, regardless of their industry sector or the facility type being located, is to achieve long-term success. Change is inevitable and knowing what location attributes are needed to support long-term needs is difficult to predict. Faced with this uncertainty, decision makers are well advised to select locations that provide the greatest degree of flexibility thus allowing the operation to adapt to change. Good location decisions benefit the company and the community equally by promoting stability and predictability.

Compared to industrial parcels dispersed through the community, planned industrial parks typically provide a better setting for long-term operational success.

Good location decisions reflect a balance between desirable community attributes (e.g. positive work ethic, reasonably priced labor, reasonable taxes, strong education system), and site characteristics. Communities that offer sites in planned industrial parks entertain a clear advantage over communities that offer similar community attributes but rely on dispersed industrial properties. Communities with planned industrial parks provided are preferred because they provide a greater degree of certainty and can meet project schedules more reliably compared to their non-industrial park competitors.”<sup>42</sup>

Communities reap benefits from business parks. In an era of increasing competition to attract new businesses and jobs, many governments see business parks as a tool to stimulate economic development. In some cases, the argument is strong enough to warrant the public sector’s active participation in the formation of business parks and the provision of tax incentives or financing assistance to developers.<sup>43</sup>

As a municipal government, the City of Redding is capable of investing in the necessary infrastructure and land to strive towards achieving a viable and stable economy in the future. Whereas a private developer seeks profit for their investment, the City is interested in the creation of jobs. The City does not require that the land be sold as soon as possible in order to realize a return on investment. It can wait until a strong job producing company is interested and then act. Driven by different objectives than private developers, the proposed business park, and the resulting economic benefits, is something only the City can accomplish. This is demonstrated by the numerous grant approvals from the Department of Housing and Urban Development, Economic Development Administration, and the Environmental Protection Agency for costs associated with the future acquisition of land and the construction of infrastructure for the development of a business park. Obtaining this type of funding can only be accomplished by the City and not a private developer. In

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<sup>41</sup> Ibid. Page 289.

<sup>42</sup> Don Schjeldahl, The Austin Company, Cleveland, Ohio. to Nathan Cherpeski, City of Redding. Copy retained in city files E-050-500.

<sup>43</sup> Urban Land Institute. *Business Park and Industrial Development Handbook* 2<sup>nd</sup> ed. Author Anne Frej, Jo Allen Gause et al. 2001.

addition, amending the existing boundaries of the SHASTECC Redevelopment Project will allow for additional redevelopment resources to be utilized to facilitate development of the Proposed Project.

However, even though the City is not profit driven, in general, development costs should not exceed the market value of the land and the number of jobs created must be meaningful in numbers and wages.

The process of planning, designing, developing, and managing business parks is integrated and coordinated. Local master plans and zoning regulations regulate such things as the percentage of site coverage, uses, building setbacks, and easements. Developers may also adopt additional development restrictions such as covenants, conditions, and restrictions (CC&R's), design guidelines, or other regulations specific to the project to ensure that the quality of their investment is protected over time.

Some key design elements that help make a business park successful include: flexible master plan; attractive landscaping and public spaces; on-site amenities and services; flexible building design; appropriate parking; and efficient circulation.<sup>44</sup> A study conducted in 2003 identified 15 additional, desirable attributes specific to the Stillwater site, including flexibility of site size (i.e., minimum lot size of 3 acres, with flexibility to accommodate 100+-acre user); efficiency of access/egress; and aesthetic considerations.<sup>45</sup>

Redding's lack of available ready to develop large industrial sites within a planned environment such as the business park, as described, has hampered the community's ability to attract contributory sector businesses. According to files maintained by the Shasta Economic Development Corporation, since 1990, the EDC has worked with 21 potential users who could have provided between 5,650 and 6,430 job opportunities to our community. A total of between 1,072 and 1,330 acres, with parcel sizes ranging between 10 and 200-acres with infrastructure readily available, were needed to accommodate these potential users. Most of the users wanted to construct new facilities to accommodate their needs. The amount of square footage that these users would have developed and/or required ranged between 9.9 and 12.06 million square feet.<sup>46</sup> The City's ability to offer incentives would have played a major role in successfully locating one of these firms, however, the lack of available land countered the incentives available.

These users included but were not limited to Lowe's (125- to 200-acres), Buck Knives (10- to 12-acres), Sun Belt Plastics (20-acres), Wal-Mart (130- to 150-acres), Sony (30-acres), Bass Pro (17- to 20-acres), Paragon Decision Resources (20-acres), Deloitte & Touche Fantus (35- to 45-acres), Rite Aide (85- to 100-acres), Staples (60-acres), and Microchip (80-acres). The State of California Trade and Commerce Department represented nine of the potential users who remained anonymous during the initial site selection process. These users sought parcel sizes ranging between 15- and 150-acres, with three users seeking sites in excess of 100-acres, two seeking parcels between 50- and 99-acres, two requiring parcels between 25- and 49-acres, and the remaining two users requiring parcels of 15- and 20-acres.<sup>47</sup>

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<sup>44</sup> Ibid

<sup>45</sup> Chabin Concepts, Inc. May, 2003. *Stillwater Industrial Park Market and Target Industry Analysis Update*

<sup>46</sup> Jim Zahuer, Shasta County EDC, to Nathan Cherpeski, City of Redding, 2 March 2004. Copy retained in city files E-050-500.

<sup>47</sup> Jim Zauher, Shasta County EDC, to Nathan Cherpeski, City of Redding, 2 March 2004. Copy retained in city files E-050-500.

As part of the comprehensive efforts currently underway, the City of Redding is in need of a business park capable of supporting users with land area needs like those above. In order to co-locate at least one 100 acre parcel and numerous parcels ranging from 20 to 50 acres, it is anticipated that a minimum of 300 acres would be needed. This size allows for the needed large lots while providing ample flexibility to adjust to market demand for different lot sizes. A business park will assist economic development specialists in their objective of improving the local economy and improving the economic condition of the City's Residents. Because this is part of the City's long-term economic development goal, a large enough area needs to be approved to accommodate users presently looking to occupying appropriate space and users who may be recruited to the City in the future. Anything less than 300 acres would likely not provide enough land for the City's future economic development growth.

**Chapter Three – Description of the Proposed Action, Alternatives, and Federal Compliance, Section 3.2 – Development of Alternatives** discusses site selection criteria that provides a framework for the development of alternatives required by NEPA and CEQA and as required under Section 404(b)(1) of the 404 Permit, so that the Corps can make an assessment of the Least Environmentally Damaging Practicable Alternative (LEDPA) and issue a permit.