

# **CITY OF CERES ECONOMIC DEVELOPMENT STRATEGIC PLAN**

**2013 – 2020**

Prepared for the:



**City of Ceres**

**Prepared by**

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**September 2013**



# City of Ceres Economic Development Strategic Plan

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# City of Ceres Economic Development Strategic Plan

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# I. Findings, Conclusions, and Recommendations

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Incorporated on February 25, 1918, the City of Ceres is located in central Stanislaus County, adjacent to and south of Modesto, the county seat. The City lies approximately 75 miles south of Sacramento on State Route 99 and 100 miles east of Oakland via Interstates 5, 205, and 580. The Tuolumne River runs along the northern edge of the City, which was named after the Roman goddess of agriculture, Ceres. Befittingly named, Ceres lies in one of the Central Valley's richest and most diverse agricultural areas.

Now, after almost 100 years of cityhood, the City is in need of reinventing itself due to a stagnant economy and government business not as usual. With the national recession, the decline of the housing market, and now the dissolution of redevelopment, Ceres has been caught in a financial struggle for some time. Financial resources are not what they used to be, the state seems to hinder more than help, and the challenges are many...yet with change comes opportunity.

The objective of the Ceres Economic Development Strategic Plan (“CEDSP”) process was to define appropriate, realistic and implementable strategic initiatives and actions that will help the City of Ceres “step up to the next level” and achieve meaningful economic development goals and objectives.

Economic development is marketplace driven and opportunity-based. Consequently, success depends on remaining current on market conditions and the ability to see and quickly adapt to opportunities as they arise. The Appendices in the CEDSP describes the current marketplace and opportunities in which the City of Ceres may realistically achieve meaningful economic growth and makes realistic recommendations to act upon.

The CEDSP assesses Ceres’ economic outlook through its workforce characteristics, traded industry cluster networks, fiscal capacity to engage in economic development activities, and existing backbone infrastructure to serve the City’s its economic development needs. It provides examples of effective economic development tools that could benefit the City in conducting economic development initiatives/programs and recommends one inclusive goal with relevant objectives and examples of workable tactics.

Implementing the CEDSP will confirm the City’s leadership role in facilitating and supporting a strong and healthy local economy. Given changing economic conditions, local governments are competing for business interests. Moving forward, the City will need to periodically update the Economic Development Strategy to adjust to a changing economic climate to ensure that Ceres competes successfully in the region. One key area where the City can take a leadership role in economic development is in its attitude toward business, including a streamlined project review process and predictability in decision making.

It is now up to the City to use the data in the CEDSP to its betterment. With this specifically in mind, it is the fervent wish of the authors of the CEDSP that the information in this report is not only of interest to the City, but engages the City in an on-going economic development effort that is of practical use to Ceres in its quest to create jobs and strengthen its economy.





## ***Findings***

### **Community Participation**

The strategic planning process sought to create an open, flexible, and collaborative effort that included data gathered from meetings/interviews with local stakeholders and senior decisions makers (“Stakeholders/Interviewees”) from both the private and public sectors. These meetings occurred on March 12, 13, and 14, 2013, and May 15, 2013. During the meetings in March, and in the context of the economic development strategy, the Stakeholders/Interviewees were integrally involved in the information gathering component of the Strengths, Weaknesses, Opportunities, and Threat (“SWOT”) analysis performed for the CEDSP. Appendix A describes the results of the SWOT analysis in detail.

During the meeting held during May, the Stakeholders/Interviewees received a presentation of the results of the SWOT analysis. The Stakeholders/Interviewees were also shown a graphic depicting the three recommended Economic Development Target Areas (“EDTAs”) (i.e., Mitchell Road, Highway 99, and the South-West area of the City). The EDTAs would be the focus areas with respect to future growth opportunities and for further investments in backbone infrastructure to support economic development. As a result, the SWOT analysis and the EDTAs were confirmed. Therefore, the input gained from the community participation process was an essential element to the ultimate development of the CEDSP.

### **Demographic Factors**

1. Over the next five years, the average annual employment growth rates are forecasted to be in the 1.3% to 1.6% range;
2. The unemployment rate in Stanislaus County is projected to decline from 15.5% to 14.4% by the end of 2013, and by 2017, the unemployment rate will likely get as low as 10.2%;
3. Stanislaus County population is projected to grow at a slow, but steady pace for the next five years; and
4. Real personal income is projected to grow by 3%; this metric is further projected to increase, though at a decreasing rate, for the next five years.

### **Market Opportunities**

1. Stanislaus County has the potential to support 7.1 million square feet of new industrial supply between 2013 and 2020;
2. Ceres can capture 300,000 to 600,000 square feet of future demand for industrial space between 2013 and 2020 (if not more);
3. Between 2013 and 2020, county submarkets outside Modesto have the potential to capture 300,000 square feet of new office space, of which Ceres can capture a total of 14,000 to 26,000 square feet (if not more); and
4. Due to equilibrium in the retail sector, future retail sales growth is likely to be captured by existing retailers or new retailers in existing space.

### **Infrastructure Analysis**

1. **Water:** Construct the water master plan existing system recommended improvements that directly relate to the EDTAs;
2. **Sewer:** Construct the Sewer master plan existing facilities CIP recommended improvements directly related to the EDTAs;
3. **Drainage:** Complete the Drainage System Master Plan and update the Public Facility Fees consistent with the findings of the plan;
4. **Streets:** Construct the roadway improvements necessary to serve development in the EDTAs;



5. **Utilities:** Coordinate closely with Turlock Irrigation District, Pacific Gas and Electric, AT&T, and Charter Communications to ensure that their program of improvements and upgrades is coordinated in a way that best responds to the City’s development opportunities that will arise.; and
6. **Use of Bond Proceeds:** Utilize the remaining former redevelopment agency bond proceeds for infrastructure projects that directly benefit the EDTAs.

#### **Fiscal Analysis**

1. Create an Economic Development Fund (“EDF”) to finance the Ceres Economic Development Program with an ideal operating budget of approximately \$350,000 per year for seven (7) years (approximately \$250,000 for the first operating year, which is anticipated to be eight (8) months). It is assumed that the fiscal constraints affecting Ceres will require that the City ramp-up to the ideal budget, as feasible;
2. Implement the planned water and sewer rate increases each July 1, commencing July 1, 2013 and continuing until July 1, 2017, as described in Resolution No. 2013-07, adopted January 28, 2013;
3. Institute a program of strategic investments, to ensure that the City’s capital improvement projects generate the highest possible amount of increased revenues to the General Fund;
4. Consider revisions to its fine structure for parking and code violations so that they are commensurate with the current actual costs of such services while also being favorably comparable to the fine structures of surrounding communities; and fee collection policies (i.e. the Community Center);
5. Explore the possibility of fire service consolidation and/or enhanced resource sharing;
6. As General Fund revenues increase, decrease reliance on Measure H funds to pay for existing public safety positions, so that the Measure H funds can be used instead to provide for enhanced public safety services; and
7. Provide funding to address backbone infrastructure deficiencies in the economic development target areas, as detailed in the Infrastructure Analysis, as feasible.



## ***Conclusions and Recommendations***

To assist in moving the City's economy forward, community participation efforts that included interviews with the City Council and Planning Commission, the City Manager and staff, and community leaders and stakeholders were undertaken. Based on this process, the following consensus overall Economic Development goal is recommended:

*Implement initiatives that facilitate the retention, expansion and attraction of businesses that will retain and increase employment opportunities and more fully serve the needs of the City's residents.*

Having an economic development strategic plan in place to assist the City Council guide economic development offers a more competitive advantage to the City than not having a plan. Therefore, it is recommended that Ceres use the identified strategic actions and tools to leverage its strengths into opportunities and reduce its weaknesses when encountering external economic threats. To this end, the following recommendations are put forth:

### **Effective Economic Development Tools**

Based on the Findings above, thirty (30) proven economic development initiatives/programs have been identified to assist Ceres. While the list is not exhaustive, it represents the tools that Ceres can utilize in a "Phased" effort approach to improve its economic situation. The Phased approach is detailed in Section II. Economic Development Goals, Objectives, and Tactics.

### **Economic Development Strategy**

Four objectives and corresponding implementation tactics were identified through the development of the CEDSP. These tactics, used in a Phased approach, can guide the City through implementation of the CEDSP with actions tied to successful economic development tools. The objectives and tactics are as follows in order of importance:

1. ***Fund Economic Development and Increase Fiscal Capacity*** as soon as practicable, taking the necessary actions required to increase the City's capacity to fund economic development initiatives. On a specific basis, establish and fund an Economic Development Fund sufficient to operate a comprehensive Economic Development Program. It is assumed that the fiscal constraints affecting Ceres will require that the City ramp-up to the ideal budget, as feasible;
2. ***Implement Effective Economic Development*** by choosing to fund the CEDSP recommended economic development initiatives and programs that will have the most impact on the City, while establishing partnerships and community stakeholder participation;
3. ***Business Retention*** programs can be simple and effective by identifying and offering (through a third party) available technical resources that will assist existing businesses stay in business and/or expand causing the business to become more committed to the community; and
4. ***Business Expansion/Attraction*** is most effective for Ceres if accomplished in a Phased approach through marketing and due diligence plan aimed a targeted audience of CEOs, site selectors, real-estate managers, and other key influencers with the highest potential to make a capital investment decisions in the City.

### **Measurement of Success**

Economic development and growth takes time. Patience and persistence are critical qualities in that endeavor. The CEDSP includes baseline economic indicators as benchmarks that the successful implementation of the CEDSP can be measured against.



## II. Economic Development Goals, Objectives, and Tactics

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The CEDSP offers the integration of objectives and tactics specific to creating a growing economy in order to enhance and nurture an expanding employment base, business-centric economic stability, and economic diversity. The objectives and tactics assist to engage the community, invoke public awareness, and encourage and develop private-public partnerships; they are realistic and appropriate for Ceres to implement to achieve the goal of the CEDSP.

Implementing the Economic Development Strategic Plan will confirm the City's leadership role in facilitating and supporting a strong and healthy local economy. Given changing economic conditions, local governments are competing for business interests. Moving forward, the City may need to update the Economic Development Strategic Plan to adjust to a changing economic climate to ensure that Ceres competes successfully in the local and regional economies.

The CEDSP is a long-term plan that covers the seven (7) fiscal year period from FY 2013/2014 to FY 2019/2020. Economic development objectives and tactics were identified with the participation of City leaders and staff, business and educational leaders, and stakeholders in one-on-one consultations and through the SWOT Analysis.

### ***Goal***

It is recommended that Ceres adopt the following overall Economic Development goal:

*Implement initiatives that facilitate the retention, expansion and attraction of businesses that will retain and increase employment opportunities and more fully serve the needs of the City's residents.*

### ***Objectives, Tactics, and Actions***

Each objective includes a set of implementing tactics and actions. These tactics can guide the City through implementation of the CEDSP in a phased approach with the most urgent and cost effective action occurring in the first Phase.

Phase I implementation of the CEDSP deals with four priority objectives:

1. *Fund Economic Development and Increase Fiscal Capacity;*
2. *Implement Effective Economic Development;*
3. *Business Retention;* and
4. *Business Expansion/Attraction*

However, without the first objective, *Funding Economic Development and Increase in Fiscal Capacity*, Ceres will have very little financial ability, if any, to implement the three remaining priority objectives.

The table that follows identifies a total of nine (9) objective along with subsequent tactics/actions, the objectives' implementation partners, and what phase of the CEDSP implementation should occur. Each of the four (4) priority objectives above have one or more tactic/action identified to be



implemented during Phase I. Phase I implementation, and subsequent phases are meant to occur when the timing is right and there is sufficient funding available. With that said, the tactics/actions of many of the objectives can be implemented through City staffs' normal duties with little or no additional cost; these tactics/actions are asterisked (\*).



Objective/Tactics/Actions		Implementation Partners				Implement During Phase No.
		City Council	City Manager's Office	City Staff / Consultant	Community Partners	
1.0 Increase Fiscal Capacity and Fund Economic Development						
1.1 Increasing Fiscal Capacity						
1.1.1	*Actively support a beneficial countywide half-cent sales tax collected for transportation improvements that ensures needed transportation projects are implemented on a countywide basis.				1	
1.1.1	Ensure that the General Fund fully captures the actual costs of any services provided to an enterprise fund.				1	
1.1.2	Seek out new revenue through the imposition of justifiable increases in fees for service that fully cover the actual cost of services.				1	
1.1.2.1	Review periodically the applicable rates.					
1.1.2.2	Look at implementing new fines for code and parking violations.					
1.1.2.3	Implement the planned city-wide water and sewer rate increases each July 1, commencing July 1, 2013 and continuing until July 1, 2017, as described in Resolution No. 2013-07, adopted January 28, 2013, as well as provide funding to address backbone infrastructure deficiencies through the use of the 2006 Tax Allocation Bonds for the EDTAs (the 2006 Bonds will increase the immediate fiscal capacity of the City by \$12,245,000).					
1.1.3	Evaluate future capital project needs for each enterprise fund in light of its resources and considered adjustments pursuant to a Proposition 218 process.				1	
1.1.4	*Continue to seek efficiencies in the General Fund budget.				1	
1.2 Funding Economic Development						
1.2.1	*Proactively fund the EDP.				1	
1.2.2	Dedicate 100% of the City's residual property tax payments received from the County Auditor-Controller that are directly attributable to the former redevelopment agency to the City's Economic Development Fund ("EDF") throughout the seven (7) year term of the CEDSP in order to fund the Economic Development Program ("EDP").				1	
1.2.2.1	Contribute any shortfall from the General Fund between the City's annually adopted EDF budget and the funding contributed to the EDF, as feasible.					
1.2.2.2	Fund the EDP operating budget at the rate of approximately \$350,000 per year for seven (7) years and retain any supplemental revenue in the EDF for priority economic development related infrastructure improvements. (Given that the EDP will operate for less than a full fiscal year during FY 2013-14 [i.e., likely to be the eight (8) month period of November 2013 through June 2014], funding is recommended at a level of approximately \$250,000 for FY 2013-14 and an example EDP budget is included within Appendix H – UFI: Fiscal Analysis. It is assumed that the fiscal constraints affecting Ceres will require that the City ramp-up to the ideal budget, as feasible					
1.2.3	Enable the EDP to be quickly responsive to the changing nature of the local economy and to the needs of key				1	



Objective/Tactics/Actions	Implementation Partners				Implement During Phase No.
	City Council	City Manager's Office	City Staff / Consultant	Community Partners	
private sector decision makers.					
1.2.4 *Establish the EDP as an adjunct to the City Manager's office.					1
1.2.5 *The lead EDP staff person should be a direct report to the City Manager with the ability to speak and act for the City Manager with respect to economic development matters, both within and outside of the organization.					2
1.2.6 *The City Manager should dedicate time on a regular basis toward the implementation of the EDP (i.e., meeting with private sector leaders, decision makers and with respect to outreach efforts both on a local and on a marketing basis).					2
<b>2.0 Effective Economic Development Implementation</b>					
<b>2.1 Organizational Structure</b>					
2.1.1 *Organize a clear economic development structure within the City through the establishment of duties and identified lines of communications.					2
2.1.2 *Establish an organizational chart to assist City staff identifying resources and solving problems for the public and the business community.					2
2.1.3 Train specific staff to support the economic development programs to be implemented.					2
<b>2.2 Plan for Growth</b>					
2.2.1 *Use the 2010-Bond issuance to mitigate the backbone infrastructure deficiencies.					1, 2
2.2.2 Continue to fund the construction of additional backbone infrastructure within the EDTAs.					2
2.2.3 *Prioritize the CIP to fund improvements in the EDTAs that are impediments to future economic growth.					2
2.2.4 *Coordinate the CIP with new private developments as it occurs to assist in the cost of development.					2
2.2.5 *Identify those infrastructure improvements that cannot be borne through private development and tailor CIP to support those improvements.					2
<b>2.3 Marketing Programs</b>					
2.3.1 Create awareness through a "branding campaign:" economic development specific logo, tag line, collateral materials, advertising portals, etc.					2, 3
2.3.2 Identify the message Ceres wants to get out.					1, 2, 3
2.3.3 Create local, general, and industry specific marketing programs.					2, 3
2.3.3.1 Prepare industry specific promotional materials that reflect the needs of the targeted industry/business, as well as the general promotion of the City.					
2.3.4 Evaluate "branding campaign" for relevance, competitiveness, and consistency in both communications and decision-making.					3, 4
<b>2.4 Marketing</b>					
2.4.1 *GET THE WORD OUT!*					1





Objective/Tactics/Actions		Implementation Partners				Implement During Phase No.
		City Council	City Manager's Office	City Staff / Consultant	Community Partners	
2.4.2	Attend conference, trade shows, seminars					1
2.4.3	Partner with other organization (i.e., Stanislaus Economic & Workforce Alliance) to attend trade shows/conferences in tandem to reduce cost and leverage marketing dollars.					1
2.4.4	Utilize print and Internet advertising.					2
2.4.5	Prepare brochures.					2
2.4.6	Develop ad campaigns and email campaigns.					2
2.4.7	Invest marketing dollars in advertising that can deliver frequency to a specific audience.					2
2.4.8	*Utilize the City's expected and natural outreach portals: Chamber of Commerce, City's website, community leaders, and the residents.					
2.4.9	*Create a venue to share information and engage local businesses and residents in passing the information along to their personal and/or professional network.					3
2.4.10	*Establish strong public-private partnerships.					1
2.4.11	Create specific media friendly versions of message (email format, Twitter format, etc.).					2
2.4.12	*Evaluate marketing efforts (anecdotal information should be reviewed alongside the empirical numbers).					3, 4
2.4.12.1	Eliminate or fix a marketing strategy if it does not appear to be working.					
2.4.12.2	*Look at cost of marketing strategies (too costly, do not undertake it, but rethink it, rethink available resources, and move from there).					
3.0 Become Business-Friendly						
3.1 Train Staff to work with businesses						
3.1.1	Train specific staff to support the economic development programs to be implemented.					2
3.1.2	Train staff to ask the right questions.					2
3.2 Review Permitting Processes						
3.2.1	Develop Fast-Tracking Permitting.					2, 3
3.2.2	Develop Priority Permitting Program.					2, 3
3.2.3	Research on-line permitting for certain permits.					3
4.0 Develop Workforce – Create, Enhance, Attract, and Retain Businesses						
4.1 Job Development						
4.1.1	*Partner with local and regional institutions of higher education to gain data and insight into the City's future workforce needs and to assist the City in job development activities.					2, 3, 4
4.1.1.1	Obtain research data on newest job niches from institutions of higher education					
4.1.1.2	Evaluate information obtained to define the newest job niches appropriate for the City to pursue.					
4.1.1.3	Analyze workforce trends and skill gaps.					





Objective/Tactics/Actions	Implementation Partners				Implement During Phase No.
	City Council	City Manager's Office	City Staff / Consultant	Community Partners	
4.1.1.4 Identify existing and potential barriers to workforce advancement					
4.1.1.4.1 Work with educational leaders to help resolve barriers					
4.1.1.4.2 Work with business leaders to help resolve barriers					
4.1.2 *Monitor technology changes and how the educational institutions are preparing the City's students.					3, 4
4.1.3 *Track the City's population educational attainment level.					2
4.1.4 *Engage Stanislaus County WMB for job development assistance and training.					3
<b>4.2 Establish Relationships with Private Organizations</b>					
4.2.1 *Establish relationship with CMTC directly or through Stanislaus County WMB.					3
4.2.2 *Contact SCORE to entertain a partnership with the City and the Chamber for workshops.					3
<b>5.0 Public-Private Partnerships</b>					
<b>5.1 Create Local Partnerships</b>					
5.1.1 *Network with Chamber, business leaders, schools, County leaders, local organizations, etc.					1, 2
5.1.2 *Nurture relationships with property owners of land located in the EDTAs to understand their plans for their land.					2, 3
5.1.2.1 *Enter into a dialogue with landowners to discuss if they need the assistance of an experienced developer.					
5.1.2.2 *Offer to make contact with a specific developer and meet as a group.					
5.1.3 *Create a City Manager business visitation program for local businesses; involve Chamber of Commerce and City economic develop staff.					2
5.1.3.1 *Visit on a regular basis to meet and greet existing and new business owners.					
5.1.3.2 *Take notes regarding business issues and followed-up through City staff.					
5.1.4 Re-enforce engagement with Stanislaus Economic & Workforce Alliance through Board meeting attendance, committee participation, and joint marketing opportunities.					1
5.1.5 *Network with local realtors.					1
<b>5.2 Create Regional Partnerships</b>					
5.2.1 Promote the Foreign Trade Zone – City of Merced.					3
5.2.2 Take advantage of joint marketing opportunities (i.e., Stanislaus Economic & Workforce Alliance, Stanislaus County, TeamCA, etc.).					2
5.2.3 *Develop and maintain educational relationships with nearby universities/colleges.					2
<b>6.0 Business Retention</b>					
<b>6.1 Know Your Businesses</b>					
6.1.1 *Identify and offer, through referral, available technical resources that will assist existing businesses stay in					1



Objective/Tactics/Actions		Implementation Partners				Implement During Phase No.
		City Council	City Manager's Office	City Staff / Consultant	Community Partners	
	business and/or expand.					
6.1.2	*Meet with the leadership of the targeted businesses in the industry clusters that are already in Ceres.					2, 3
6.1.2.1	*Learn as much as possible about: (i) how they are doing, (ii) who they do business with, (iii) if they have any expansion plans; and (iv) any advice they wish to offer relative to improving the City's opportunities for retaining businesses in general and from within their business cluster in particular.					
6.1.2.2	*Follow-up on items of concern to the business.					2, 3
6.1.3	Use information gathered to improve marketing programs and target new industries/businesses.					3, 4
6.1.4	*Use these connections for networking.					2, 3
<b>6.2 Engage City Staff and Chamber of Commerce</b>						
6.2.1	*Engage Chamber of Commerce to funnel information regarding businesses that may be in trouble or wish to expand.					1
6.2.2	Train front counter City Staff to ask pointed questions regarding expansion, financial troubles, etc. of business that come into City Hall for assistance					1
6.2.3	*Use and follow-up on any information gathered accordingly.					1
<b>6.3 Marketing Materials</b>						
6.3.1	Prepare marketing materials specially for local business retention.					1
6.3.2	Disseminate these materials through the Chamber, the City's website and other social media outlets, and the Community Center.					1
<b>7.0 Business Expansion/Attraction – Create and implement a due diligence business expansion/attraction plan aimed a targeted audience of CEOs, site selectors, real-estate managers, and other key influencers with the highest potential to make a capital investment decisions in the City</b>						
<b>7.1 Marketing</b>						
7.1.1	Prepare a Development Information Guide and establish and/or declare that it offers fast track permitting, among other business-friendly programs.					3
7.1.2	For the EDTAs, and ultimately for the City as a whole, the City needs to participate in leveraged marketing programs on a regional basis.					2
<b>7.2 Due Diligence Planning</b>						
7.2.1	Research industries.					2
7.2.1.1	Identify what their needs are and can the City meet those needs.					
7.2.1.2	Analyzing the economic benefits to the City.					
7.2.1.3	Identify where this industry has the most potential of locating within the City.					
7.2.1.4	Identify the optimum timing for this to occur.					
7.2.1.5	Networking.					



Objective/Tactics/Actions	Implementation Partners				Implement During Phase No.
	City Council	City Manager's Office	City Staff / Consultant	Community Partners	
7.2.1.6 Advertise in industry specific venues.					
7.2.1.7 Attending industry specific conferences.					
7.2.2 Join marketing groups.					1
7.2.3 Obtain business directories from communities within a 30 to 40-mile radius of the City to create a prospect list of those companies identified as a targeted industry.					2, 3
7.2.4 Implement a direct mail campaign.					2, 3
7.2.5 Attend targeted market conferences and trade shows.					2, 3
<b>7.3 Lead Response Program</b>					
7.3.1 Establishing a "Lead Response" program to ensure that leads are not set aside and ignored.					2
7.3.2 *Match business prospects to available properties.					1
7.3.3 *Establish a program to court prospects – "Blue Ribbon Team."					1
7.3.4 Have marketing materials on-hand at all times.					2, 3
7.3.5 *Return calls fully prepared to answer questions.					1
7.3.6 *Mail inquiries should be responded to within two business days and a follow-up phone call within three business days.					1
<b>7.4 Blue Ribbon Team</b>					
7.4.1 *Form a "Blue Ribbon Team" (the "BRT") to meet with new prospective businesses.					1
7.4.2 *Meet with the BRT to prepare to meet with a business.					1
7.4.2.1 Anticipate a prospective business' questions.					
7.4.2.2 Gathered and prepared information before meeting with the new business.					
7.4.2.3 Convene the meeting in a friendly location, the Community Center being a great choice, or a place chosen by the new business					
7.4.2.4 Proactively respond to questions.					
7.4.2.5 Have all marketing materials and brochures (i.e., Development Guidelines, permit applications, etc.) at this meeting to promote the City's business-friendly atmosphere, its workforce and educational partnerships, and any business incentives that the City can offer.					
<b>8.0 Entrepreneurial Development – Identify and offer, through referral, available technical resources that will help existing businesses stay in business and help those who wish to start a business establish one.</b>					
<b>5.1 Grow and Develop Local Businesses</b>					
8.1.1 *Facilitate the process to connect a business to resources that may be needed to assist and/or establish a business venture.					3, 4
8.1.2 *Add linkages to the City's website and in collateral printed material such as:					3
8.1.2.1 The Tools for Business Success, the Small Business Development Centers, and the Service Corp of					



Objective/Tactics/Actions		Implementation Partners				Implement During Phase No.
		City Council	City Manager's Office	City Staff / Consultant	Community Partners	
	Retired Executives, Stanislaus Alliance, etc.					
8.1.3	*Work with the Chamber of Commerce to hold workshops that deal with entrepreneurial development topics such as "Venture Capital," "Angel Investment Financing," and websites that fund projects/businesses (i.e., <a href="http://www.kickstarter.com">www.kickstarter.com</a> ).					3
<b>9.0 Downtown Revitalization – (when market conditions improve)</b>						
<b>9.1 Market the Downtown</b>						
9.1.1	*Track City market conditions through measurements as found in Chapter II.					2, 3, 4
9.1.1.1	Revisit the implementation of the Downtown Specific Plan.					2, 3, 4
9.1.2	Create and promote a "Shop Local" program.					2, 3, 4
9.1.3	Create Downtown signature events in conjunction with the City's Recreation Department.					2, 3, 4
9.1.3.1	Develop and post master calendar of City events.					2, 3, 4
9.1.3.2	Promote City events to a wider audience.					2, 3, 4
9.1.4	Initiate activities to attract visitors to the City's Historic Downtown Business District through the creation of a brochure and map, engaging the Chamber of Commerce to conduct promotional activities, etc.					2, 3, 4
<b>9.2 Business Collaboration</b>						
9.2.1	*Establish strong private-public collaboration.					2, 3, 4
9.2.2	Establish a reliable funding strategy.					2, 3, 4
9.2.3	*Create a common long-term vision with local businesses in the Downtown.					2, 3, 4
9.2.4	Work with downtown businesses and property owners with respect to assessing their interest in establishing a business-networking forum, creating theme based design guidelines/standards, and pursuing market niche/tenant mix assistance efforts.					2, 3, 4

\* Can be implemented through City staffs' normal duties with little or no additional cost



## Measuring Success

Economic development and growth takes time; patience and persistence are critical qualities. The following baseline economic indicators are the benchmarks that the CEDSP can be measured against.

Economic Indicators	CEDSP Benchmark FY 2012/2013	CEDSP Implementation and Evaluation Years												
		FY 2013/14		FY 2014/15		FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		FY 2019/20
BUSINESS														
No. of New City Business Licenses	322	>		>		>		>		>		>		>
INCOME														
Per Capita Income <sup>1</sup>	\$16,667	>		>		>		>		>		>		>
Median Household Income <sup>2</sup>	\$58,500	>		>		>		>		>		>		>
Unemployment Rate	18.8%	<		<		<		<		<		<		<
HOUSING														
Median Home Price <sup>3</sup>	\$154,100	>									>		>	
No. of SFR Housing Permits	3	>		>		>		>		>		>		>
POPULATION														
Population Growth Rate <sup>4</sup>	1.1%	>		>		>		>		>		>		>
FINANCE														
Annual Sales Tax <sup>5</sup>	\$398,992,000	>		>		>		>		>		>		>
Dollar Value of All Construction Permits	\$468,714	>		>		>		>		>		>		>

“>” or “<” represents the desired outcome. “>” Greater than ; “<” Less than

Quantitative measures are not the only way to gauge economic success; qualitative/anecdotal measures are equally important. The CEDSP proposes that in addition to completing the table above on a yearly basis, a Performance Evaluation Report (PER) might need to be prepared every 2 to 3 years.

The PER should contain an analysis the economic quantitative measurements, as well as discussions pertaining to the overall prosperity of the City; offering the reader an inside look into the accomplishments of the City in the areas of business expansion/attraction and retention, workforce

<sup>1</sup> ESRI - 2012

<sup>2</sup> ESRI - 2012

<sup>3</sup> Zillow – June 30, 2013 - [http://www.zillow.com/local-info/CA-Ceres-home-value/r\\_10772/#metric=mt%3D34%26dt%3D1%26tp%3D5%26rt%3D8%26r%3D10772%26el%3D0](http://www.zillow.com/local-info/CA-Ceres-home-value/r_10772/#metric=mt%3D34%26dt%3D1%26tp%3D5%26rt%3D8%26r%3D10772%26el%3D0)

<sup>4</sup> California Department of Finance

<sup>5</sup> California State Board of Equalization



development, housing and quality of life.

In many ways, economic development is an on-going competition where the conditions and the players are constantly in flux. In many ways, it is almost a battle for a city's future. In that regard, Dwight D. Eisenhower, 34th President of the United States once said, "in preparing for battle I have always found that plans are useless, but planning is indispensable." Therefore, in applying this experiential wisdom to economic development one may conclude that it is essential to plan for ways to respond flexibly to the ever changing market conditions that those that do the planning cannot control. Just like in battle, success depends on the readiness and ability to adapt to changing circumstances.

At its core, economic development is marketplace driven and opportunity-based. Consequently, success depends on remaining current on market conditions and the ability to see and quickly adapt to opportunities as they arise. The CEDSP describes the City's workforce characteristics, identifies the traded industry cluster networks, measures the fiscal capacity of the City to engage in economic development, assesses the capability of the City's backbone infrastructure to serve its economic development needs, provides examples of effective economic development tools that could benefit the City in conducting economic development projects and programs, and recommends an overarching goal, six objectives and provides examples of workable tactics.

Implementing the CEDSP will confirm the City's leadership role in facilitating and supporting a strong and healthy local economy. Given changing economic conditions, local governments are competing for business interests. Moving forward, the City may need to update the Economic Development Strategy to adjust to a changing economic climate to ensure that Ceres competes successfully in the region. One key area where the City can take a leadership role in economic development is in its attitude toward business, including a streamlined project review process and predictability in decision making.

It is now up to the City to use the data in the CEDSP to its betterment. With this specifically in mind, it is the fervent wish of the authors of the CEDSP that the information in this report is not only of interest to the City, but engages the City in an on-going economic development effort that is of practical use to Ceres in its quest to create jobs and strengthen its economy.



## Appendix A – SWOT Analysis & Community Participation

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This appendix delves into the insights and opinions of local stakeholders who took the time to come together as a community group and contribute to the effort of developing the CEDSP by providing their points of view of the City’s economic strengths and needs. Through their insights and opinions, a Strengths, Weaknesses, Opportunities, and Threats Analysis was prepared.



### ***Approach***

The strategic planning process sought to create an open, flexible, and collaborative effort that included data gathered from meetings/interviews with local stakeholders and senior decisions makers (“Stakeholders/Interviewees”) from both the private and public sectors. These meetings occurred on March 12, 13, and 13, 2013, and May 15, 2013. During the meetings in March, and in the context of the economic development strategy, questions were posed toward the development of a Strengths, Weaknesses,

Opportunities, and Threat analysis (the “SWOT”). The meeting held in May, presented the results of the March meetings to review and refine the information gathered and present a preliminary graphic regarding possible economic development target areas.

Three days of consultations took place along with one workshop. On March 11, 12, and 13, 2013 a series of meetings were held with Stakeholders/Interviewees. The Stakeholders/Interviewees were asked to help identify the City’s:

1. Key Assets;
2. Current Challenges (i.e., threats and weaknesses);
3. Current Opportunities (i.e., strengths and opportunities);
4. Possible Focus Areas to determine the economic development target areas;
5. Programs and Initiatives that were and not working;
6. Backbone Infrastructure needs; and
7. Fiscal Opportunities.

### ***Key Assets***

1. City government is dedicated to being “business friendly;”
2. City is located along SR 99; and
3. City is located in an Enterprise Zone.

### ***Current Challenges***

1. 10-yr time frame for SR 99 interchange improvements;
2. Blight and building vacancies;
3. City not structured for economic development;
4. Community apathy;
5. Downtown infrastructure deficiencies;





6. Educational attainment of workforce;
7. Empty suites in Whitmore Plaza, on Mitchell Rd., and on Hatch Rd.;
8. Fees are too high;
9. Image of being “unfriendly,” “unsafe,” and “low-end;”
10. Lack of ½¢ sales tax for transportation improvements;
11. Lack of advanced planning;
12. Lack of developable land/shovel ready sites;
13. Lack of entertainment/shopping within City;
14. Lack of identity;
15. Lack of modern 4-way interchanges on SR 99;
16. Many obstacles to development;
17. More land available on I-5;
18. Need to expedite development approvals;
19. Needs beautification;
20. No agriculture preservation/mitigation policy therefore lawsuit over 960-ac annexation;
21. No business incentives;
22. Not ready for large scale development;
23. Outdated General Plan;
24. Reduced housing inventory;
25. Sales tax leakage;
26. Shovel ready sites in other communities;
27. SR 99 interchanges need improvements;
28. Transportation linkage deficiencies;
29. Walmart law suit; and
30. Walmart vacant building affecting the area after relocation.



***Current Opportunities (the opportunities the City is already benefiting from)***

1. Access to SR 99;
2. Business-friendly government;
3. Chamber of Commerce rebuilding its image;
4. City location between Modesto and Turlock;
5. CUSD’s Career Technical Education Program;
6. Downtown Specific Plan;
7. Enterprise Zone;
8. Growth potential of 960-acre annexation area (West Landing Specific Plan);
9. Hatch Road Corridor;
10. Mitchell Ranch Center Project (Walmart);
11. Mitchell Road Corridor;
12. Other projects waiting for Walmart’s new location Development potential of 960-acre annexation area;
13. Quality of public safety services;
14. Skilled workforce;
15. STANCOG transportation impact fees;
16. Stanislaus Economic Development & Workforce Alliance;
17. Stanislaus Economic Development & Workforce Alliance improved collaboration;
18. Vacant Walmart building (after relocation); and





**19. West Landing Specific plan.**

***Possible Focus Areas (Economic Development Target Areas)***

1. Hatch, Mitchell, and Service Roads would be prime for development if the roads were paved;
2. The soon to be former Walmart building;
3. SR 99 corridor needed improvement; and
4. Downtown needs to be targeted for development now that redevelopment is defunct.

***Programs and Initiatives***

1. Brand the City as business friendly and open for business;
2. Business attraction;
3. Clean-up SR 99 to improve the look of the City;
4. Engage the Chamber more;
5. Improve the City's backbone infrastructure;
6. Increase business activity within the Downtown Specific Plan;
7. Shop local is important;
8. Support a countywide ½-cent sales tax for street improvements;
9. The City Manager needs to be more pro-active in business attraction; and
10. Update the General Plan.



***Backbone Infrastructure Needs***

1. Up-grade the Barbour lift station; and
2. Pave Hatch, Mitchell, and Service Roads.

***Fiscal Opportunities***

1. Consider bonding the water rate/fee increase (i.e., capitalize by way of debt issuances) for needed waster improvements; and
2. Use the remainder of the Redevelopment Bond proceeds for high priority backbone infrastructure needs.



## SWOT Analysis

A SWOT analysis is a planning tool used to audit and analyze the strategic position of an organization. It creates a framework for evaluating internal potential and limitations, along with probable/likely opportunities and threats from external forces. From the above data, a SWOT analysis was prepared categorizing each strength, weakness, opportunity, and threat.

**Strengths** are the City's positive internal factors for economic development success, irrespective of whether they are tangible or intangible. The strengths identified can be categorized as follows:

1. Inherent strengths: the strengths of Ceres' internal structure, resources, etc.:
  - a. Business-friendly government;
  - b. City's commitment to be responsive to business concerns; and
  - c. Quality of public safety services.
2. Competitive strengths: the factors which give Ceres an edge over other communities:
  - a. Access to SR 99;
  - b. CUSD's Career Technical Education Program;
  - c. Enterprise Zone; and
  - d. Growth potential of 960-acre annexation area.
3. Additional supportive factors: internal factors that can add strength to the City's goals:
  - a. Downtown Specific Plan; and
  - b. West Landing Specific plan.



**Weaknesses** are the City's negative internal factors that delay, hinder, or nullify the economic development efforts of the City. The weaknesses identified can be categorized as follows:

1. Inherent weaknesses: the internal weaknesses that hamper the achievement of Ceres' goals:
  - a. Fees are too high;
  - b. Image of being "unfriendly," "unsafe," and "low-end;"
  - c. Need to expedite development approvals;
  - d. No business incentives; and
  - e. Sales tax leakage.
2. Competitive Weaknesses: causes the City to fall short in comparison with its neighboring communities:
  - a. Educational attainment of workforce;
  - b. Lack of developable land/shovel ready sites;
  - c. Lack of entertainment/shopping within City;
  - d. Needs beautification;
  - e. Not ready for large scale development;



- f. Transportation linkage deficiencies; and
  - g. Downtown infrastructure deficiencies.
3. Additional weaknesses: any other weakness that hinders the achievement of Ceres' goals:
    - a. Community apathy;
    - b. Lack of  $\frac{1}{2}\%$  sales tax for transportation improvements;
    - c. Lack of advanced planning;
    - d. Lack of identity; and
    - e. Outdated General Plan.



**Opportunities** are the City's external factors that further the City's economic development goals. The opportunities identified can be categorized as follows:

1. Current opportunities: the opportunities that the City is already benefiting from:
  - a. City location between Modesto and Turlock;
  - b. Enterprise Zone; and
  - c. Mitchell Ranch Center Project.
2. Potential opportunities: the opportunities that the City has not fully explored or utilized to attain its economic development goals:
  - a. Hatch Road Corridor;
  - b. Mitchell Road Corridor;
  - c. Identifying the skilled workforce; and
  - d. Stanislaus Economic Development & Workforce Alliance.
3. Future opportunities: the opportunities that may emerge in the near future and that the City should be ready for:
  - a. Other projects waiting for Walmart's new location Development potential of 960-acre annexation area; and
  - b. Vacant Walmart building (after relocation).
4. Competitive opportunities: the external opportunities that will help the City to fight its competition:
  - a. Chamber of Commerce rebuilding its image;
  - b. STANCOG transportation impact fees; and
  - c. Stanislaus Economic Development & Workforce Alliance improved collaboration.

**Threats** are the City's uncontrollable external factors that place the achievement of the City's goals at risk. The threats identified can be categorized as follows:

1. Current threats: threats that are a high priority:
  - a. Lack of modern 4-way interchanges along SR 99;
  - b. Reduced housing inventory;
  - c. Shovel ready sites in other communities; and
  - d. SR 99 needs improvements.
2. Potential threats: threats have not yet materialized but can cause problems if they do:
  - a. Blight and building vacancies;



- b. Empty suites in Whitmore Plaza and on Mitchell Rd. and Hatch Rd.; and
  - c. Walmart vacant building affecting the area.
- 3. Future threats: the threats that may arise in the future:
  - a. More developable land available on I-5; and
  - b. SR 99 interchanges need improvements.
- 4. Competitive threats: threats arising from social, political, legal, or governmental reasons:
  - a. 10-yr time frame for interchange improvements;
  - b. City not structured for economic development;
  - c. No agricultural preservation/mitigation policy, therefore lawsuit over 960-ac annexation; and
  - d. Walmart law suit.



## Appendix B – RCLCO: Market Opportunity Analysis

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# **REAL ESTATE MARKET OPPORTUNITY ANALYSIS – INPUT TO CITY OF CERES ECONOMIC DEVELOPMENT STRATEGIC PLAN**

**CITY OF CERES, CALIFORNIA | June 20, 2013**

## BACKGROUND

The City of Ceres retained Urban Futures, RCLCO, and TKE Engineering to develop an Economic Development Strategic Plan to serve as a guide for the retention and attraction of industrial and commercial businesses through the next economic cycle. The strategy is intended to position Ceres to sustain and enhance its economic viability by capitalizing on emerging opportunities through the national and regional economy's recovery. As part of the Economic Development Strategic Plan, RCLCO prepared the Economic Market Assessment.

The Economic Market Assessment is intended to provide an understanding of local area growth dynamics and inform the Economic Development Strategy to ensure it formulates and prioritizes programs to attract businesses, assist business and employment growth, stimulate property maintenance and investment, and enable Ceres to compete more effectively for jobs, property investment, and taxable sales.

***Report Prepared by:***

*Robert J. Gardner, Managing Director*

*Eduardo Santana, Vice President*

*Jonathan Shapiro, Associate*

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## OBJECTIVES

- Provide an overview of general economic factors, including local and regional job growth, industry clusters and taxable retail sales trends.
- Assess current market conditions and competitive trends affecting the office, industrial and retail markets in Ceres and Stanislaus County.
- Forecast the development magnitudes available for capture in the City of Ceres as a whole over the next seven years (2013-2020), assuming an unconstrained development environment.



### **Economic and Demographic Trends**

- The U.S. and California economies are sluggishly recovering, with employment growth since the end of the Great Recession in 2009 not yet offsetting the employment losses realized during the recession years (2007 – 2009). California is projected to recover the jobs lost in the recession sometime in 2015. During the last decade, California's employment peaked at 17 million; year-end 2012 employment stood at 16 million.
- Stanislaus County's employment outlook is favorable according to independent forecasts prepared by the University of the Pacific Business Forecasting Center and Moody's Economy.com. Those forecasts show that the County's 2012 year-end employment of 147,200 should reach similar levels of about 157,000 to 159,200 by 2017. Over the next five years, the average annual growth rates for the two forecasts are in the 1.3% to 1.6% range. County employment peaked in 2007 at 160,000 jobs, a level that third-party forecasts expect to be exceeded during the latter years of this decade (between 2017 and 2019). Non-manufacturing jobs, especially in construction, professional and business services, and state and local government, are projected to grow fastest, while several industry sectors are projected to lose jobs in the next several years, including information, financial activities, and Federal government jobs.
- Stanislaus County's employment base differs significantly from that of the State. The County's export-oriented employment concentrates in several "traded-industry clusters," such as agricultural products, processed foods, automotive, and heavy construction services. This set of leading traded-industry clusters in Stanislaus County differs substantially from those found statewide. At the state level, the leading traded-industry clusters include business services, distribution services, education, entertainment, financial services, and hospitality/tourism.
- Since 2000, Ceres population has grown at an average rate of 2.3%, reaching a 2012 total population of 45,600 (Exhibit II-1). While Ceres' population during the 2000 to 2012 period grew at a faster pace than the county, state and nation, the City's population growth since the 2010 Census has slowed to 0.7% per year as a result of the recession and sluggish economic recovery. Assuming that the recent growth rate observed since the 2010 Census continues until county job totals exceed the pre-recession peak, the city's population would reach over 47,000 by 2017.

### Industrial Market Outlook

- The industrial market in Stanislaus County (total inventory of 50 million square feet of which 6.8% are vacant) should support new industrial space in the next several years due largely to the current equilibrium vacancy level observed today coupled with the projected employment growth outlook for the county. Within the county, certain areas are already experiencing considerable growth, specifically Patterson, where new buildings are planned and under construction. Submarkets outside Modesto are showing signs of an undersupplied market exhibiting a collective 5.6% vacancy compared to Modesto's 7.5% vacancy.
- Rents in Ceres were once among the highest in the County, but now are among the lowest per CoStar. Where Ceres industrial space commanded rents of \$6.13 per square foot per year as recently as 2007, asking rents currently stand at \$3.06 per square foot per year. The highest rents in the County are currently found in Turlock (\$4.80/sf/year) and Patterson (\$4.20/sf/year).
- Our analysis concludes that the county has the potential to support 7.1 million square feet of new industrial supply between 2013 and 2020. With occupancy levels at near equilibrium levels today, projected employment would require the indicated additional industrial space to maintain a market equilibrium vacancy (assumed at 7% vacancy). Of interest, since the Great Recession ended in 2009, the County has added nearly 1 million square feet which suggests that forecasted employment gains should translate into industrial space gains as well.
- Although a small submarket within the county, Ceres can capture 300,000 to 600,000 square feet of future demand for industrial space between 2013 and 2020. Since 2007, the city's approximate 5% share of county-wide occupied space has fluctuated little which is a good sign considering the major economic upheavals of the last several years. Hence, our analysis pegs future demand at 80% to 150% of the historical capture rate (5%), resulting in our projection of 300,000 to 600,000 square feet of industrial space.
  - At a floor-to-area ratio (FAR) of 0.25 (typical for industrial developments), the development of this industrial space would require between 27 and 55 acres of land.
  - At an FAR of 0.4 (consistent with Ceres' Public Infrastructure Analysis), the development of this industrial space would require between 17 and 34 acres of land.

## Office Market Outlook

- Stanislaus County's office market, which totals over 8.1 million square feet of space, is mostly concentrated in the City of Modesto, which holds 70% of the county inventory. The recent recession, as well as trends in space utilization (lower space requirements per worker) have resulted in the current market condition where the high vacancy rate of 13% signals an oversupplied market. Despite projections for employment growth, the increased demand for office space is not likely to be sufficient to move the vacancy factor to levels (typically 5% vacancy) that would warrant the introduction of new office construction in the next couple of years.
- Ceres' office submarket, which holds a 2.5% market share of the county's inventory, is characterized by small structures between 800 and 12,000 square feet. Several of these buildings appear to be converted single-family homes in or adjacent to residential neighborhoods. Currently, 13% of this inventory is vacant—a figure that more than doubles the reported vacancy rate in 2007. Not surprisingly, Ceres has not added any new office space since 2007, when employment peaked in Stanislaus County.
- Stanislaus County is projected to add up to 5,700 office-using jobs between 2013 and 2020, which translates into the cumulative demand for over 1.3 million square feet of additional office space during this time frame. Given the county's current high vacancy rate, the likely scenario is that existing vacant space in the next several years would absorb the demand and not reach vacancy levels triggering new space. However, by 2017, projected vacancy rates are projected to drop with the increased absorption and reach levels that would require the construction of 658,000 square feet of new office space through 2020 to keep the markets in equilibrium.
- Ceres has the opportunity to capture a share of the county-wide office demand, although the magnitude of projected demand and related land requirements are expected to be minimal. Between 2013 and 2020, county submarkets outside Modesto have the potential to capture 300,000 square feet of new supply, of which Ceres can capture a total of 14,000 to 26,000 square feet. This share is based on the city's current 2.6% share of county-wide occupied space, which has remained consistent and is not likely to change. Assuming an FAR of 0.25 for one- and two-story structures<sup>1</sup>, the projected office space would require between one and three acres of land through 2020.

<sup>1</sup> While Ceres' General Plan calls for an FAR of 1.0 for office development, this FAR is more likely in the short term.

## Retail Market Outlook

- Our analysis has found that the supply and demand dynamics in Stanislaus County are generally in balance. While our analysis has identified a net “export” of demand in certain retail categories, such as furniture and home furnishings, electronics and appliances and clothing and accessories stores, at the county level, the general merchandise category (which includes Target and Walmart, among others) constitutes a much higher percentage of household spending, which indicates that much of the spending that typically would go to other retailer types are directed toward these “big box” general merchandisers. Similarly, quick-service restaurants capture spending that in other areas normally goes to full-service restaurants.
- Retail sales levels in Stanislaus County have generally remained consistent with statewide retail sales (Exhibit IV-2), when the two are compared on a relative scale based on an index of retail sales in 2000. Between 2000 and 2011 (most calendar year that the Board of Equalization provides taxable sales), Modesto's market share of county wide taxable retail sales fell from 51% to 42%, while all other areas increased their share. Turlock, in particular, jumped from 13% to 18% during this time frame, with the addition of the Monte Vista Crossings center, which opened in 2000. Ceres' market share increased slightly in that time from 7% to 8% of county-wide taxable sales. Due to the Great Recession, all jurisdictions in the county witnessed a sharp drop in retail sales (in current dollars) between 2007 and 2009 and then a reverse in trajectory in 2010.
- Retail spending in Stanislaus County between 2007 and 2010 declined by 20%, and will likely take many years of real income growth to return to pre-recession levels. Further, e-commerce is impacting traditional “brick and mortar” retailing at a growing rate, a trend that will likely delay further retail growth. Hence, in the coming years, future retail sales growth is likely to be captured by existing retailers or new retailers in existing space. And with the absence of robust population growth, the incremental buying power from new residents is expected to have only a minimal impact on retail sales.
- Modesto and Turlock have established strong regional-serving retail developments<sup>2</sup> that are likely to capture any increases in regional spending in the GAFO categories (general merchandise, apparel, furniture and home furnishings, and other retail). Consequently, we do not foresee sufficient regional-serving demand available for this type of center to locate in Ceres. Concerning local-serving retail opportunities in Ceres, major anchors (supermarkets and drugstore) for this retail product are in equilibrium or oversupplied, with no expansion foreseen at this time or in the near future (next five years).

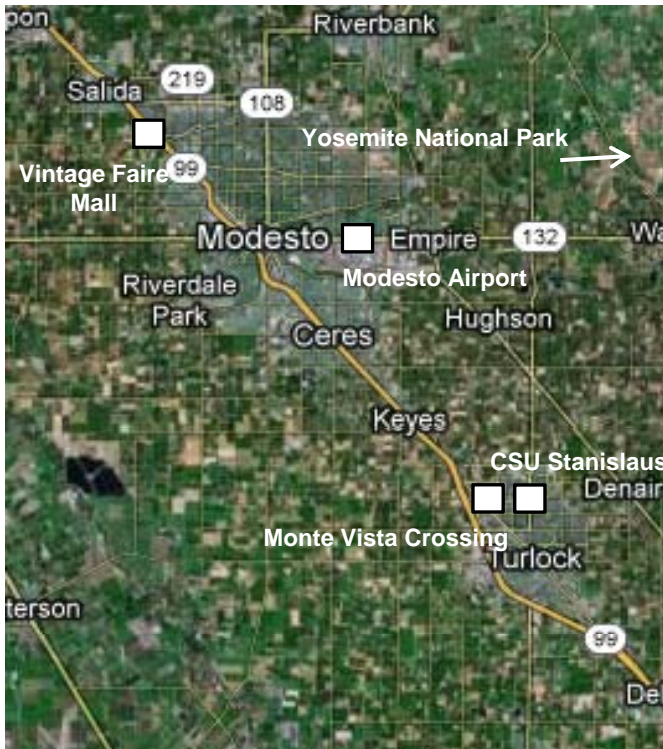
<sup>2</sup> “Regional-serving retail developments” are large (500k sf and over), anchor-driven shopping centers that service large geographies (5- to 10-mile radius).



## AREA ANALYSIS

Ceres' location adjacent to Modesto—Stanislaus County's largest city and commercial center—and its location on State Highway 99 define its current market positioning. As a result of these two factors, Ceres benefits from the growth and expansion that originates in Modesto.

### ***Regional Setting, City of Ceres***



SOURCE: Google Maps; RCLCO

KEY LOCATIONS	DISTANCE FROM CITY	STANDARD DRIVE TIME
Modesto Airport	4.4 miles	9 minutes
Monte Vista Crossing	7.0 miles	9 minutes
Vintage Faire Mall	8.9 miles	11 minutes
CSU Stanislaus	9.2 miles	15 minutes
Yosemite National Park	115 miles	143 minutes
Fresno	93 miles	86 minutes
Sacramento	80 miles	77 minutes
San Francisco	96 miles	91 minutes



## ECONOMIC AND DEMOGRAPHIC TRENDS

**Demographic Trends**

Stanislaus County with a current population over 500,000 people ranks as California's 16th largest county (out of a total of 58 counties in the state) and was the 17th fastest growing county at 15% between 2000 and 2010. Ceres is the county's third largest city, boasting a population of 45,600. Ceres has roughly 10% of the County's population, ranking behind Modesto and Turlock which comprise 40% and 15% of the County's population, respectively.

Ceres grew rapidly early in the new millennium but has slowed dramatically in recent years due to the effects of the last recession. Between 2000 and 2010, Ceres grew faster than the county, state and nation at 2.3% per year, which was more than twice the rate of the other areas. Since the 2010 Census, Ceres' population has slowed to 0.7% per year. This recent population growth rate may continue until County job totals exceed pre-recession levels (expected toward the end of this decade). By comparison, the State and United States are projected to grow at 0.7% per year over the next several years.

Ceres' average household income of approximately \$58,500 trails both Modesto (\$66,200) and Turlock (\$63,400) by over 10%.

**Key Demographic Characteristics – Ceres, Modesto, Turlock, Stanislaus County, and California**  
2012

CHARACTERISTIC	CERES	MODESTO	TURLOCK	STANISLAUS COUNTY	CALIFORNIA
2012 Population	46,320	205,987	69,888	524,124	37,966,471
2012 Households <sup>3</sup>	13,047	71,080	23,285	170,170	12,831,062
2012 Average Household Income	\$58,500	\$66,240	\$63,447	\$65,591	\$79,842

<sup>3</sup> Household count figures were derived using persons per household relationship observed in 2010 Census.

SOURCE: ESRI Inc.; California Department of Finance (for 2012 year-end population totals)



### Economic Trends

The University of Pacific's Business Forecasting Center offers a local perspective on the economic outlook for the State of California and Stanislaus County. In terms of California's economic growth, UOP forecasts growth of 2.2% in 2013 and 3% and 4% in 2014 and 2015, respectively. The state's unemployment rate, currently at around 10%, is projected to stay above 9% through 2013 and drop below 8% in 2015.

This report outlines several upbeat trends for Stanislaus County, which all resonate a consistent theme relating to improving conditions in the local region:

- **Employment:** 2013 is projected to be a strong year, with a 4% increase in employment in 2013—a factor that is 20 times the employment growth seen in 2012.
- **Income:** Real personal income is projected to grow by 3%. This metric is further projected to increase, though at a decreasing rate, for the next five years.
- **Population growth:** The Stanislaus County population is projected to grow at a slow, but steady pace for the next five years.
- **Unemployment rate:** The unemployment rate in Stanislaus County is projected to decline from 15.5% to 14.4% later in 2013. By 2017, the unemployment will likely get as low as 10.2%.

**Economic Trends (continued)**

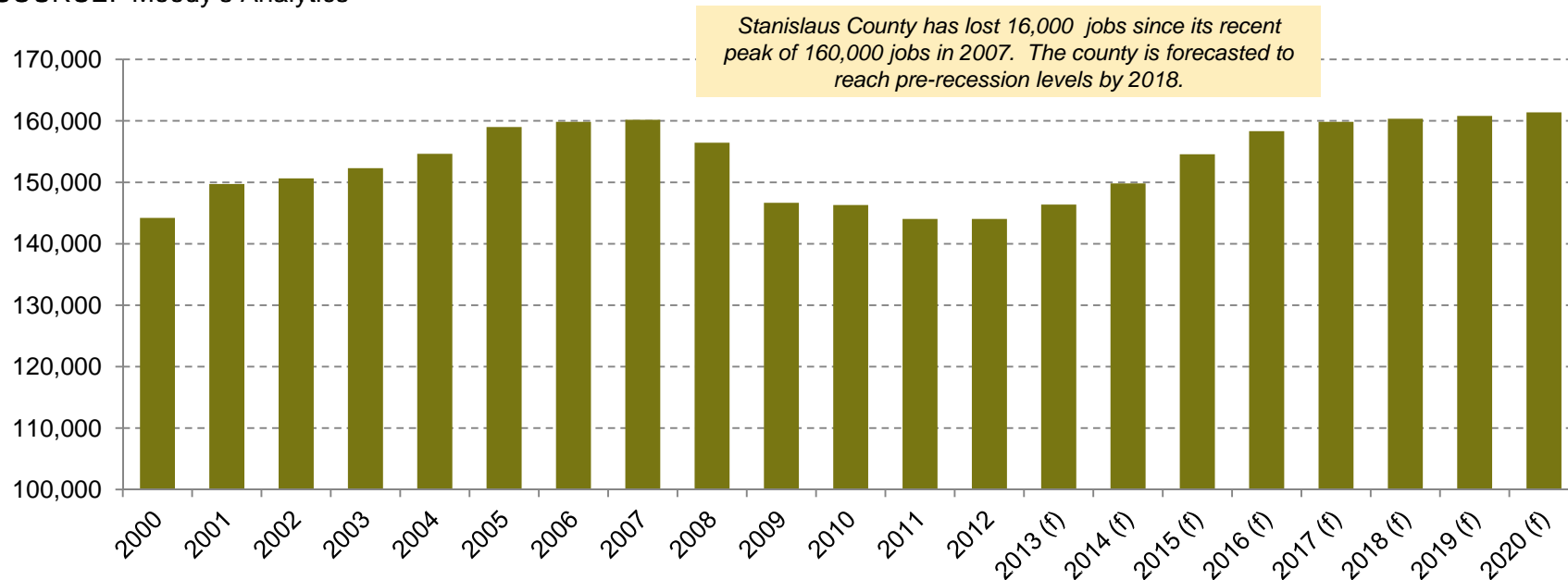
Stanislaus County's economy has been steadily recovering from the recent Great Recession. The total non-farm employment count currently stands at approximately 144,000 (year-end 2012), after it peaked in 2007 at over 160,000 jobs. That peak came after seven consecutive years of growth that averaged 1.5% annual growth rate, an average gain of 2,300 jobs per year. From 2008 to 2012, the County lost all of the jobs gained in that seven-year run, losing an average of 4,000 non-farm jobs per year.

The period of employment contraction is apparently over, with UOP and Moody's Economy.com both projecting the County to add jobs again over the next several years. These forecasts anticipate that the County's employment should reach pre-recession levels by 2018 (Exhibit II-8).

**Historical and Forecasted Annual Employment, Stanislaus County, CA**

2000 – 2020

SOURCE: Moody's Analytics



NOTE: The Modesto MSA is conterminous with Stanislaus County.

NOTE: (f) denotes a forecasted figure.

### Employment Composition

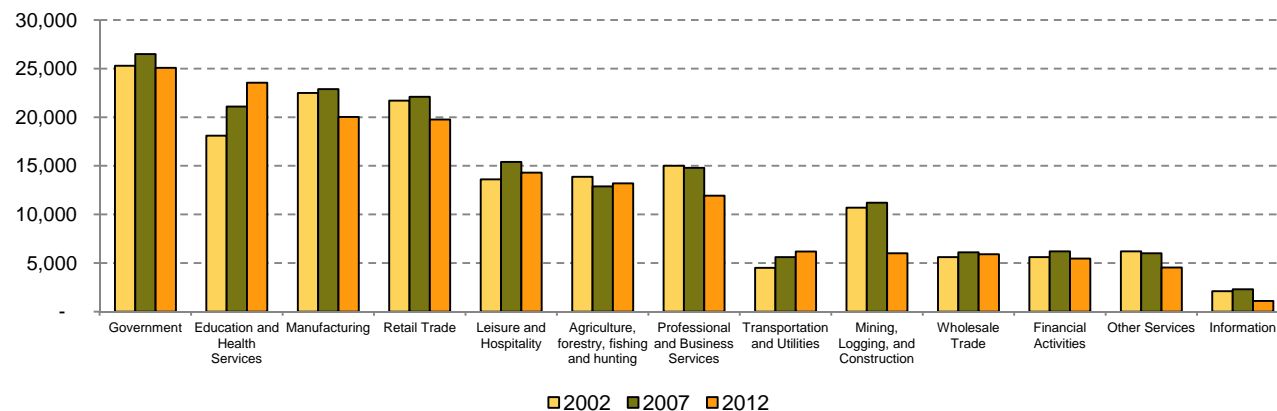
The chart on the top depicts the composition of Stanislaus County's employment. The chart indicates a varied and diversified economy that, outside of manufacturing, agriculture and leisure, is composed primarily of local-serving industry sectors, such as government, education and health services, retail trade and health services, retail trade leisure/hospitality.

Looking forward, the chart on the bottom, which shows the projected share of new jobs by industry sector (2010-2020) shows construction and financial activities industry sectors, as well as professional/business service, education/health services and leisure and hospitality, as the industry sectors that are poised to be the key industry sectors that contribute to employment growth in Stanislaus County.

### Employment by Industry Sector, Stanislaus County, CA

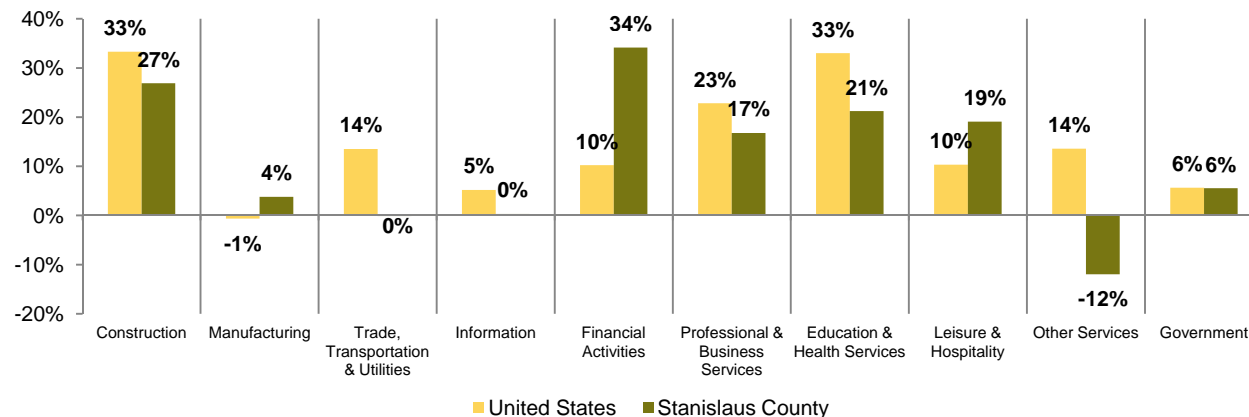
2002, 2007, 2012

SOURCE: U.S. Bureau of Labor Statistics



### Forecasted Employment Change by Industry Sector, Stanislaus County & United States 2010 – 2020

SOURCE: U.S. Bureau of Labor Statistics



NOTE: The Modesto MSA is conterminous with Stanislaus County.

NOTE: Employment numbers for agriculture, forestry, fishing, and hunting are not available for 2012 and were trended based on 2011 figures.

NOTE: Employment forecast figures for the Stanislaus County agricultural sector are not available through the forecast sources that were used for this report.

**Employment Composition (continued)**

We compared Stanislaus County's projected employment growth rates, by industry sector, to projections for California and the United States to identify the industry sectors that offered immediate opportunities. The table below indicates favorable conditions locally and nationwide for several industry sectors, including construction and mining (mostly construction); trade, transportation and utilities; education and health services; and government.

**Forecasted Growth and Location Quotient Checklist, United States, California, and Stanislaus County, CA**

2010 – 2020

SOURCE: University of Pacific California and Metro Forecast February 2013; U.S. Bureau of Labor Statistics; RCLCO

INDUSTRY SECTOR	PROJECTED TO GROW, 2010 - 2020			LOCATION QUOTIENT WITH U.S. GREATER THAN ONE		LOCATION QUOTIENT WITH CA GREATER THAN ONE
	STANISLAUS COUNTY	CALIFORNIA	UNITED STATES	STANISLAUS COUNTY	CALIFORNIA	STANISLAUS COUNTY
Manufacturing	✓	✓		✓		✓
<b>Construction and Mining</b>	✓	✓	✓			
<b>Trade, Trans, Utilities</b>	✓	✓	✓	✓		✓
Information		✓	✓		✓	
Financial Activities		✓	✓			
Professional and Business Services	✓	✓	✓		✓	
<b>Education and Health Services</b>	✓	✓	✓			✓
Leisure and Hospitality	✓	✓	✓		✓	
Other Services		✓	✓			
<b>Government</b>	✓	✓	✓			
<b>Agriculture, forestry, fishing and hunting</b>	n/a	n/a	n/a	✓	✓	✓

NOTE: Employment projections for agriculture, forestry, fishing, and hunting are not available.

## Industry Clusters

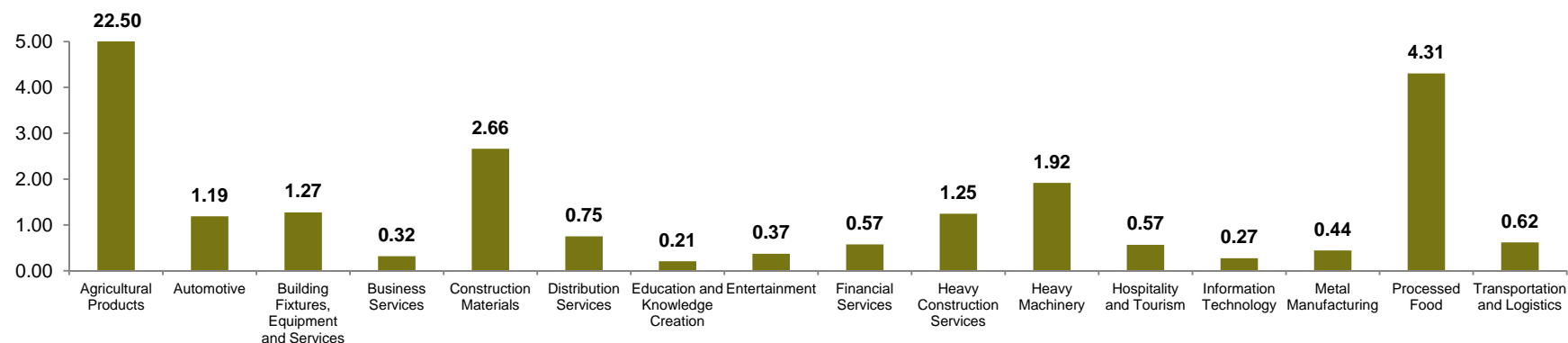
The U.S. Cluster Mapping Project, a federal economic development initiative led by Harvard University, is a useful statistical tool to assess the regional competitive strengths of any geographic area. We have applied this employment analysis tool to Stanislaus County. Accordingly, we analyzed the data for Stanislaus County, considering the three types of clusters: “traded” clusters<sup>4</sup>, “local” clusters<sup>5</sup>, and “natural endowment” clusters<sup>6</sup>.

The bulk of our investigation on industry clusters involves “traded” clusters, because these offer the best prospects for growth, given forecasts that neither the local population nor endowment of natural resources are projected to grow.

The first glaring conclusion from this analysis can be seen from examining the location quotient for a cluster. Location quotient is a way to quantify a cluster’s degree of concentration of a cluster in a region as compared to the nation. Hence, a location quotient of one (1.0) denotes a cluster that is equally concentrated regionally as it is nationwide. Several traded industry clusters have location quotients higher than one, indicating a strong concentration in Stanislaus County. These clusters include agricultural products (22.5), Processed foods (4.3), construction materials (2.66) and heavy machinery (1.92), among others (Exhibit II-20).

### ***Location Quotient For Selected Traded Industry Clusters, Stanislaus County, CA*** 2010

SOURCE: Harvard Business School Cluster Mapping Project; RCLCO



<sup>4</sup> “Traded” clusters consist of export-oriented industries that involve products and services that are sold across regions and to other countries. They locate in specific regions not based on resources, but on broader competitive considerations.

<sup>5</sup> “Local” clusters are clusters of industries that serve local markets and do not compete across regions.

<sup>6</sup> “Natural endowment” clusters consist of industries that utilize the natural resources of a particular location.

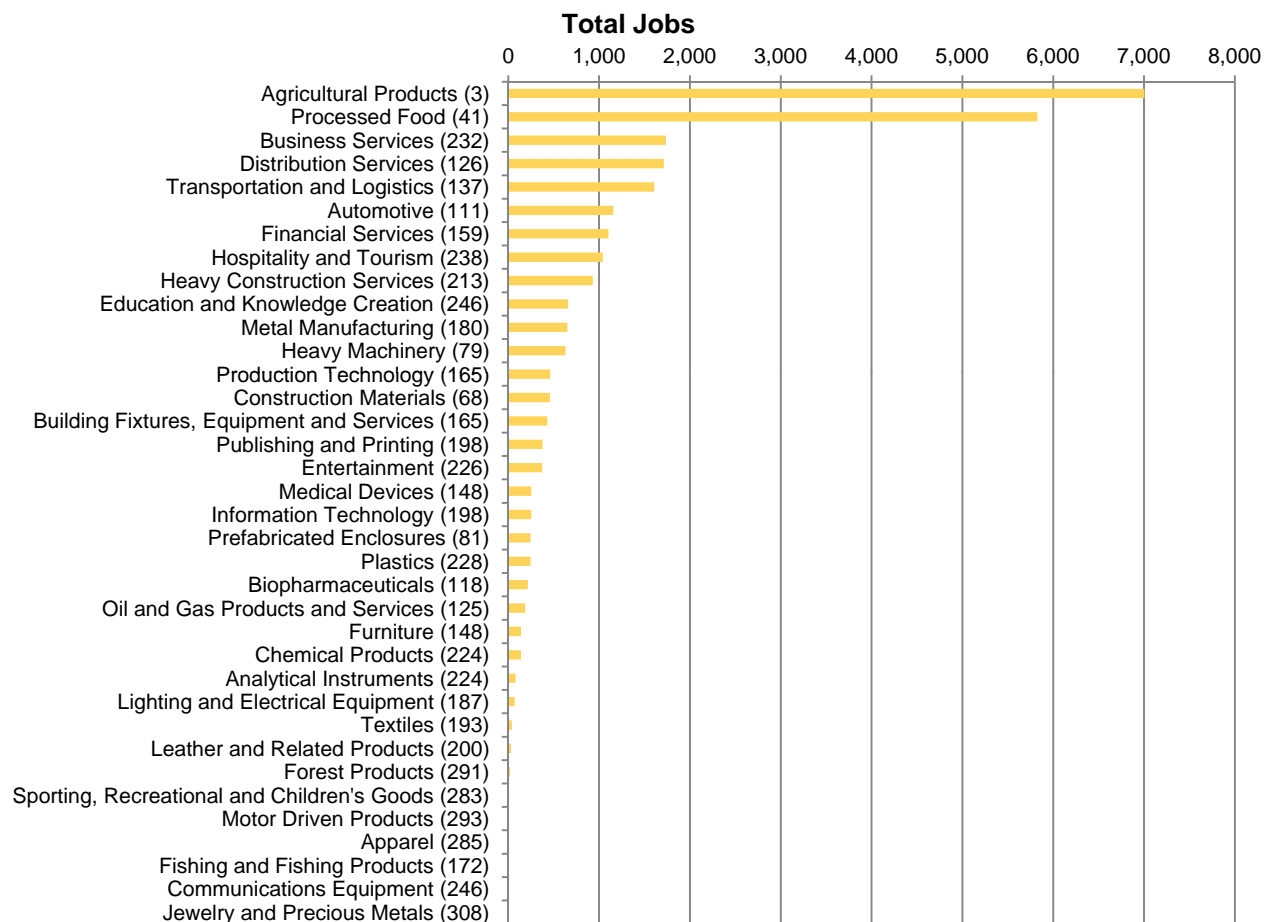
**Industry Clusters (continued)**

RCLCO investigated the regional significance of industry clusters to identify historical and emerging trends that are specific to Stanislaus County and have an influence on economic development in Ceres.

The largest traded industry clusters are agricultural products and processed food, which together account for over 12,000 jobs. Several distribution-related traded industry clusters are prevalent county-wide, though are likely concentrated in Patterson, which is the county's hub for distribution-related business activities, due to its proximity to Interstate 5 according to local industrial brokers (Exhibit II-21A).

**Total Jobs by Traded Industry Cluster, All Traded Industry Clusters; Stanislaus County, CA 2010**

SOURCE: Harvard Business School Cluster Mapping Project; RCLCO



NOTE: Traded Clusters comprise those industries that sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

NOTE: Numbers in parentheses, i.e., "(3)", represents the individual cluster or sub-cluster's location quotient ranking compared to other MSAs in the United States.

NOTE: "Expected Job Growth" is based on the growth rate of each individual cluster nationally.

**Industry Clusters (continued)**

The performance and growth of industry clusters locally, statewide and nationally varies from cluster to cluster. Several grew in all three geographies, indicating a consistent trend that suggests favorable conditions for the cluster. Between 2000 to 2010, these clusters grew in all three relevant geographies (Stanislaus County, California, U.S.A.): agricultural products, business services; distributions services; transportation and logistics; and education and knowledge creation.

Other clusters showed growth locally, but not in the state or country: financial services, automotive, metal manufacturing, and construction materials, plastics and prefabricated enclosures (only showing clusters with a minimum of 200 jobs in 2010).

**Comparison of Growth Rates, All Traded Industry Clusters  
Stanislaus County, CA ; California; and United States  
2010**

SOURCE: Harvard Business School Cluster Mapping Project

INDUSTRY CLUSTER	TOTAL JOBS, 2000	TOTAL JOBS, 2010	STANISLAUS COUNTY ANN. GROWTH RATE	CALIFORNIA ANN. GROWTH RATE	UNITED STATES ANN. GROWTH RATE
Agricultural Products	6,305	7,005	1.1%	0.7%	0.0%
Processed Food	6,546	5,827	-1.2%	0.2%	-0.8%
Business Services	1,532	1,735	1.3%	0.3%	1.4%
Distribution Services	1,443	1,713	1.7%	1.8%	0.8%
Transportation and Logistics	773	1,608	7.6%	1.4%	2.1%
Automotive	910	1,157	2.4%	-4.8%	-6.1%
Financial Services	1,018	1,103	0.8%	-1.8%	-1.1%
Hospitality and Tourism	1,225	1,041	-1.6%	0.5%	-0.3%
Heavy Construction Services	1,978	931	-7.3%	-3.0%	-2.2%
Education and Knowledge Creation	355	659	6.4%	3.8%	3.1%
Metal Manufacturing	493	651	2.8%	-4.2%	-4.5%
Heavy Machinery	709	631	-1.2%	-2.7%	-2.1%
Construction Materials	402	460	1.4%	-3.6%	-3.5%
Production Technology	785	460	-5.2%	-3.5%	-3.6%
Building Fixtures, Equipment and Services	1,257	430	-10.2%	-6.4%	-4.5%
Publishing and Printing	453	378	-1.8%	0.4%	-2.1%
Entertainment	587	374	-4.4%	1.8%	0.7%
Information Technology	126	255	7.3%	-3.1%	-1.4%
Medical Devices	252	255	0.1%	-0.5%	0.4%
Plastics	140	245	5.8%	-5.6%	-4.4%
Prefabricated Enclosures	190	245	2.6%	-11.0%	-6.9%
Biopharmaceuticals	235	215	-0.9%	5.2%	-0.6%
Chemical Products	310	140	-7.6%	-2.3%	-2.9%
Furniture	315	140	-7.8%	-10.1%	-8.0%
Analytical Instruments	130	80	-4.7%	-6.2%	-4.0%
Lighting and Electrical Equipment	195	70	-9.7%	-5.8%	-5.4%
Textiles	20	40	7.2%	-5.2%	-8.7%
Leather and Related Products	130	31	-13.4%	-6.3%	-3.8%
Forest Products	525	20	-27.9%	-4.4%	-4.0%
Apparel	50	10	-14.9%	-8.9%	-13.4%
Communications Equipment	80	10	-18.8%	-3.3%	-7.3%
Jewelry and Precious Metals	89	10	-19.6%	-4.9%	-4.7%
Motor Driven Products	70	10	-17.7%	-6.3%	-5.3%

NOTE: Traded Clusters comprises those industries that sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

**Industry Clusters (continued)**

Each cluster is composed of a multiple of sub-clusters. An examination at this level is worthwhile, because it offers a more detailed understanding of the underlying opportunity suggested by each industry cluster. A review of the current and past performance dynamics of each sub-cluster in Stanislaus County's major "traded" industry clusters exposed the following trends:

- Within the largest clusters, the sub-clusters that present appealing opportunities include wine and brandy, agricultural products, metal and glass containers, and farm management and related services.
- Wood products, as a sub-cluster, presents an emerging opportunity. The sub-cluster declined in terms of total jobs by 33% between 2000 and 2010, largely due to the national recession and the tremendous slowdown in the national home-building industry. As the economy gets stronger and national home-builders resume their activities, opportunities in this sub-cluster could be more substantial.



## Housing Starts

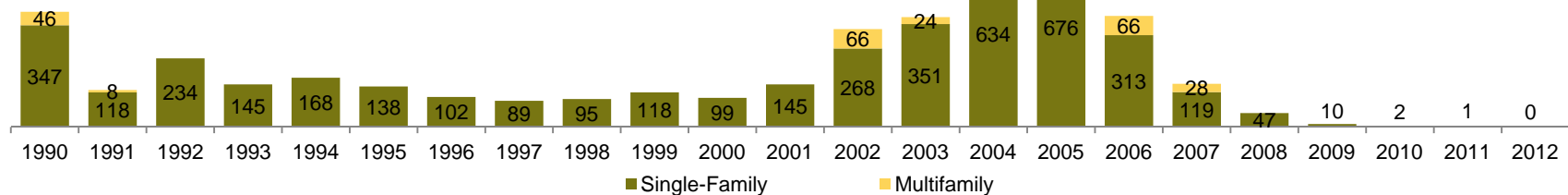
The housing industry is gaining steam in California although not yet in Stanislaus County. After adding over 50,000 units in 2012, California's housing production is projected by the University of Pacific's Business Forecasting Center to go to 81,000, 130,000 and 170,000 in 2013, 2014 and 2015, respectively.

Stanislaus County's housing industry has not yet shown signs of recovery. County-wide residential building permits increased slightly in 2012 (229 units) over 2011 (164 units), and are only a fraction of what they were in 2004 and 2005, when over 4,500 building permits were issued in each of those years. The City of Ceres has reportedly only issued three building permits since 2010. By contrast, in 2004 and 2005, Ceres added over 700 units in each year.

### *Historical Single-Family and Multifamily Permits; Ceres, CA*

1990 – 2012

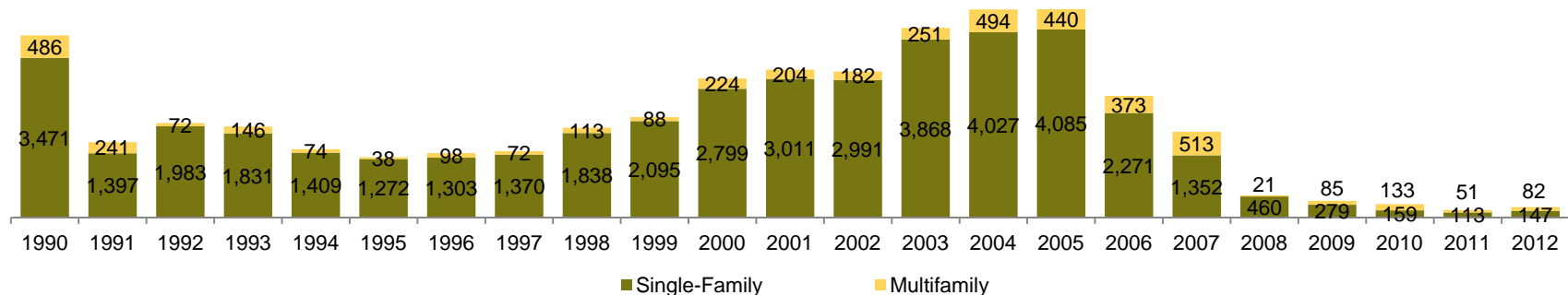
SOURCE: U.S. Department of Housing and Urban Development; RCLCO



### *Historical Single-Family and Multifamily Permits; Stanislaus County, CA*

1990 – 2012

SOURCE: U.S. Department of Housing and Urban Development; RCLCO





## INDUSTRIAL MARKET ANALYSIS

### Competitive Environment

The industrial market in Stanislaus County is generally organized into two groups, the Highway 99 corridor and the Interstate 5 corridor, and each corridor serves a different purpose. The Highway 99 submarkets of Modesto, Turlock and Ceres benefit from access to the population bases of the region and the vast agricultural fields that line Highway 99. As such, the industrial markets in this area tend to service the agricultural and food processing industries. By contrast, Patterson benefits from its access to Interstate 5, which facilitates regional distribution of goods that come in and out via the interstate highway.

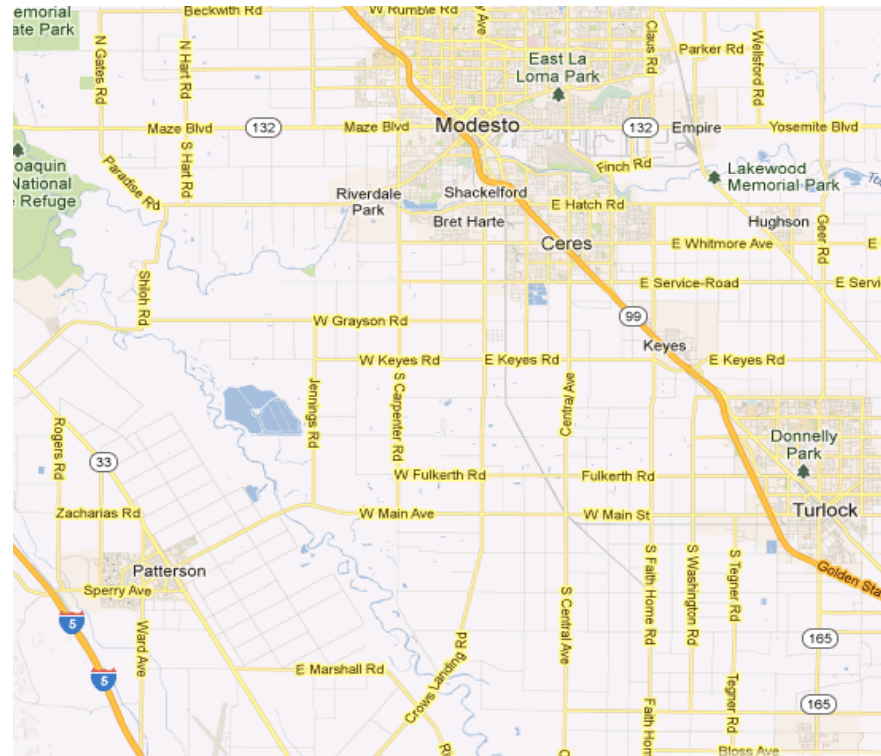
Further, Modesto is the large “player” in the market, accounting for 65% of the occupied space in Stanislaus County (total occupied space is 46 million square feet). Ceres’ industrial inventory accounts for 15% of all remaining space, which is equivalent to 5% of the total county occupied stock.

The most recent market data, provided by CoStar, shows Turlock and Patterson as the two best performing submarkets in Stanislaus County, according to rents, occupancy and recent absorption.

### Location Map and Market Characteristics by Submarket

Fourth Quarter 2012

SOURCE: Google Maps



CHARACTERISTIC	CERES	MODESTO	TURLOCK	PATTERSON	OAKDALE
Square Feet	2,626,315	32,549,999	7,113,703	3,265,301	1,956,938
Occupied Square Feet	2,405,456	30,121,045	6,843,726	3,080,008	1,878,378
Occupancy Rate	91.6%	92.5%	96.2%	94.3%	96.0%
Net Absorption	21,936	11,462	(1,378)	15,900	13,987
Average Rent (Triple Net)	\$3.06	\$3.52	\$4.66	\$5.06	\$7.97

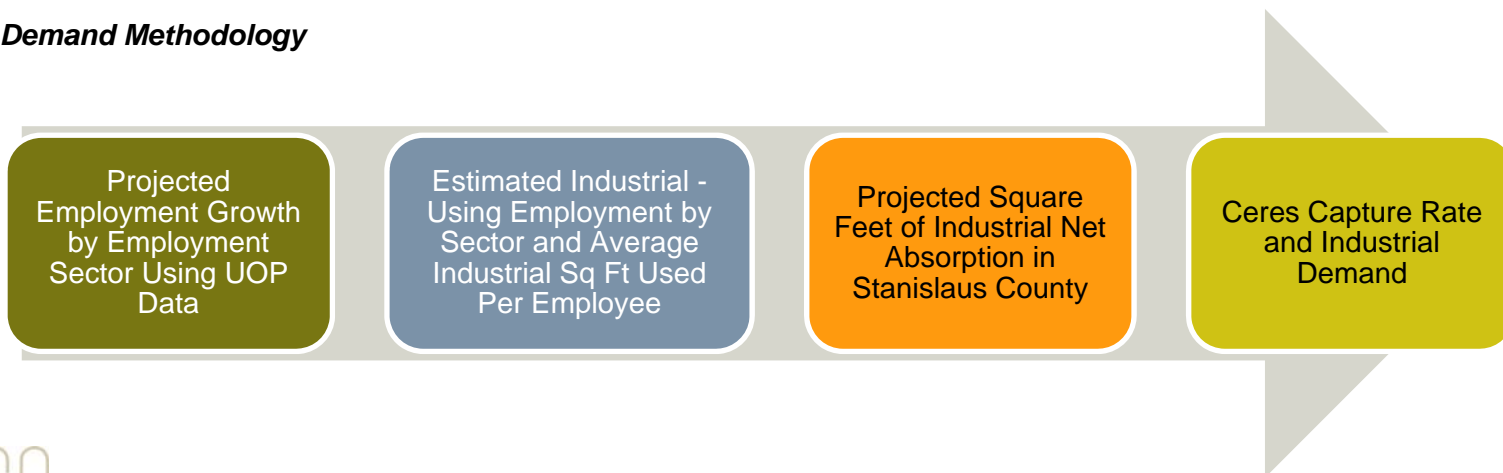
SOURCE: CoStar

### Demand Methodology

RCLCO assessed future industrial space demand conditions in the County and Ceres based on a projection of net employment growth by employment sector and industrial space usage per industry. Below is a brief discussion of some of the key assumptions and considerations:

- *Projected Employment Growth by Employment Sector:* We utilized the projected employment growth trends for Stanislaus County as estimated by the University of Pacific's Business Forecasting Center. The UOP forecast, dated February 2013, provides employment projections for the County at the industry sector level, e.g. Finance and Insurance, Construction, Information, etc.
- *Industrial Space Demand Model:* We created a demand model to forecast future industrial space requirements in Stanislaus County derived from a historical analysis matching industrial-using employment by sector expressed in terms of industrial space with observed occupied space. Applying this model to future employment growth projections by industry sector enables a county-wide forecast of total demand (occupied space). A comparison of future industrial space demand levels with the current base provides the incremental estimate of additional space supportable in the County, provided that the vacancy rate is maintained at equilibrium levels (7%). Given the differing size and configuration requirements of industrial firms, the indicated vacancy threshold seems appropriate for Stanislaus County.
- *Ceres Capture of County Demand:* Of the projected County-wide industrial space, we projected that Ceres can capture between 80% and 150% of its current share of the County's occupied industrial space (5.2%). With this capture, and assuming that the market would require new industrial space once vacancy reaches 7% (the equilibrium vacancy rate for industrial space in this market), new industrial building should emerge statistically in Ceres by 2014 (Ceres' industrial projections are provided below).

#### RCLCO Demand Methodology



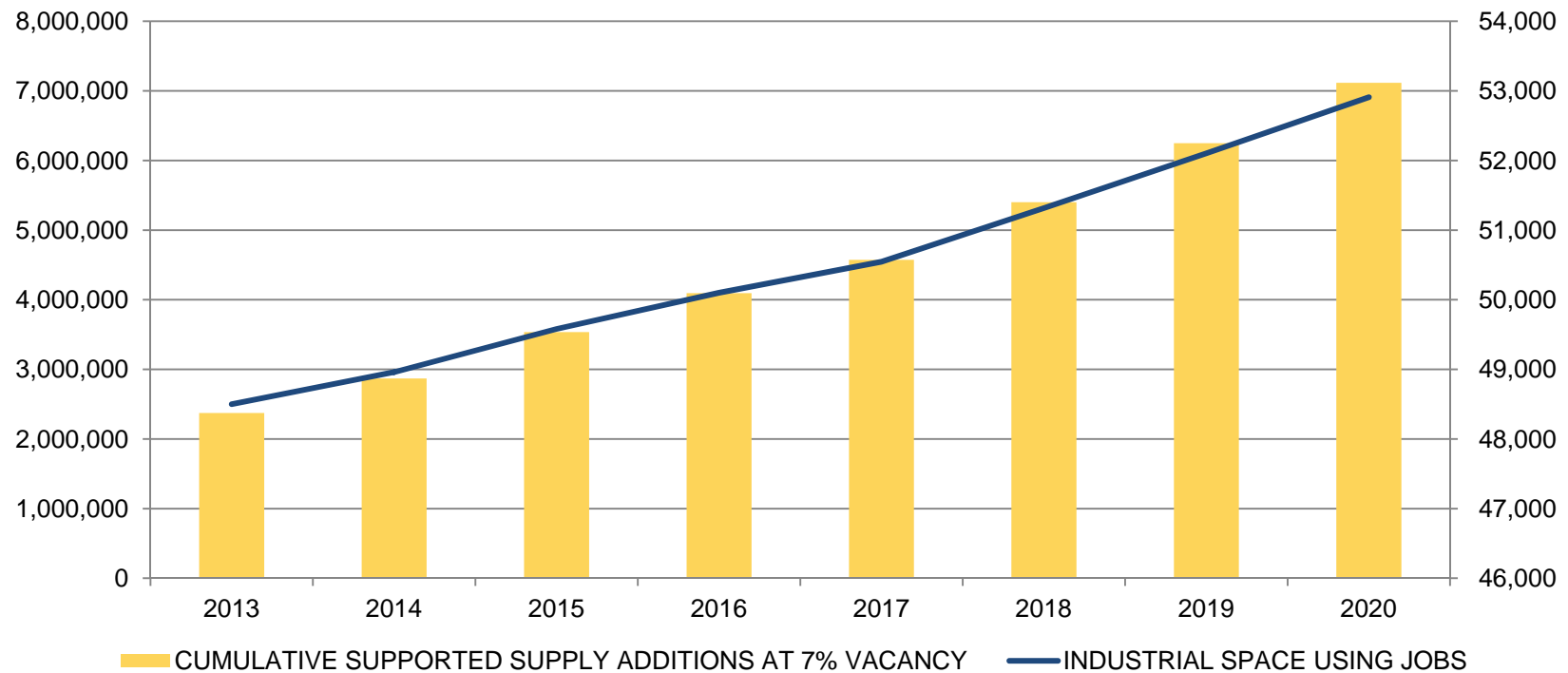
### Regional Market Outlook

Employment growth levels in the County, when compared to existing industrial market conditions which are generally in equilibrium, support the need for new industrial space over the 2013 to 2020 period. Our analysis concludes that the county has the potential to support 7.1 million square feet of new industrial supply between 2013 and 2020. With occupancy levels at near equilibrium levels today, projected employment would require the indicated additional industrial space to maintain a market equilibrium vacancy (assumed at 7% vacancy). Of interest, since the Great Recession ended in 2009, the County has added nearly one million square feet which suggests that employment gains as forecasted should translate into industrial space gains as well. In relation to the current inventory of 50 million square feet of industrial space, the projected industrial space additions by 2020 would represent 14%.

#### **Industrial Market Opportunity Outlook**

2013 – 2020

SOURCE: CoStar; UOP Business Forecasting Center; RCLCO



### Ceres Market Outlook

Against this backdrop, Ceres has the opportunity to capture a limited amount of that new space during the next economic cycle. Although a very small submarket within the county (5.2% of County occupied space), Ceres has the potential to capture 300,000 to 600,000 square feet of future demand for industrial space between 2013 and 2020. Since 2007, the city's approximate 5% share of county-wide occupied space has fluctuated little which we view as is a good sign considering the major economic upheavals of the last several years. Hence, our analysis pegs future demand at 80% to 150% of the historical capture rate (5.2%), resulting in our projection of 300,000 to 600,000 square feet of industrial space.

The Ceres industrial space outlook reflects different market capture assumptions for Ceres. The low end of the range assumes conservatively that Ceres' market capture drops below its historical capture rate which reflects some vulnerability from the emergence of a growing and more competitive industrial market. The high end of the range assumes that Ceres would be successful with its economic development initiatives evidenced by a market capture that represents a 50% improvement over the historical capture rate. At a floor-to-area ratio (FAR) of 0.25 (typical for industrial developments), the development of this industrial space would require between 27 and 55 acres of land.

### Forecasted Industrial Market Capture, Ceres; Stanislaus County, CA

2013 – 2020 (in thousands)

SOURCE: CoStar; RCLCO

CERES CAPTURE OF PROJECTED DEMAND (SF) - SENSITIVITY ANALYSIS		
		CUMULATIVE SF 2013 - 2020
0.8x of Current Market Share	4.1%	295
Current Market Share	5.2%	369
1.5x of Current Market Share	7.8%	600

CERES CAPTURE OF PROJECTED COUNTY DEMAND (ac.) - SENSITIVITY ANALYSIS		
		CUMULATIVE ACRES 2013-2020
0.8x of Current Market Share	4.1%	27 acres
Current Market Share	5.2%	34 acres
1.5x of Current Market Share	7.8%	55 acres



## OFFICE MARKET ANALYSIS

### Competitive Environment

Stanislaus County's office market totals over 8.1 million square feet of space and is mostly concentrated in the City of Modesto, which holds 70% of the county inventory. The City of Turlock accounts for 17% of the total occupied space. Ceres, Oakdale, and Patterson together account for 13% of the county inventory of occupied space (each accounts for less than 5% of the county total).

The recent recession, as well as trends in space utilization (lower space requirements per worker) have resulted in the current market condition where the high vacancy rate of 13% signals an oversupplied market. CoStar reports the highest vacancy rates in Modesto (14.5%), Oakdale (14%) and Ceres (13%) and single-digit vacancy in Turlock and Patterson.

#### **Office Market Characteristics by Submarket**

2013

SOURCE: CoStar

CHARACTERISTIC	CERES	MODESTO	TURLOCK	PATTERSON	OAKDALE
Square Feet	207,677	5,737,803	1,297,550	91,700	342,607
Occupied Square Feet	181,267	4,906,769	1,183,745	89,744	294,526
Occupancy Rate	87.3%	85.5%	91.2%	97.9%	86.0%
Net Absorption	1,240	27,025	(13,932)	(1,456)	2,778
Average Rent (Full Service)	\$13.36	\$14.00	\$16.31	\$14.91	\$12.82

### Demand Methodology

RCLCO assessed future office space demand conditions in the County and Ceres based on a projection of net employment growth by employment sector and office space usage per employee. The office demand methodology is similar to that described above for industrial space in terms of approach. Major differences are: 1) the proportion of employment in industry sectors that utilize office space differs from those that utilize industrial space, 2) office space usage per worker is much lower than industrial space usage per worker, and 3) the assumption triggering the need for more office in the county on a go-forward basis is 5% rather than the 7% used for the industrial analysis.



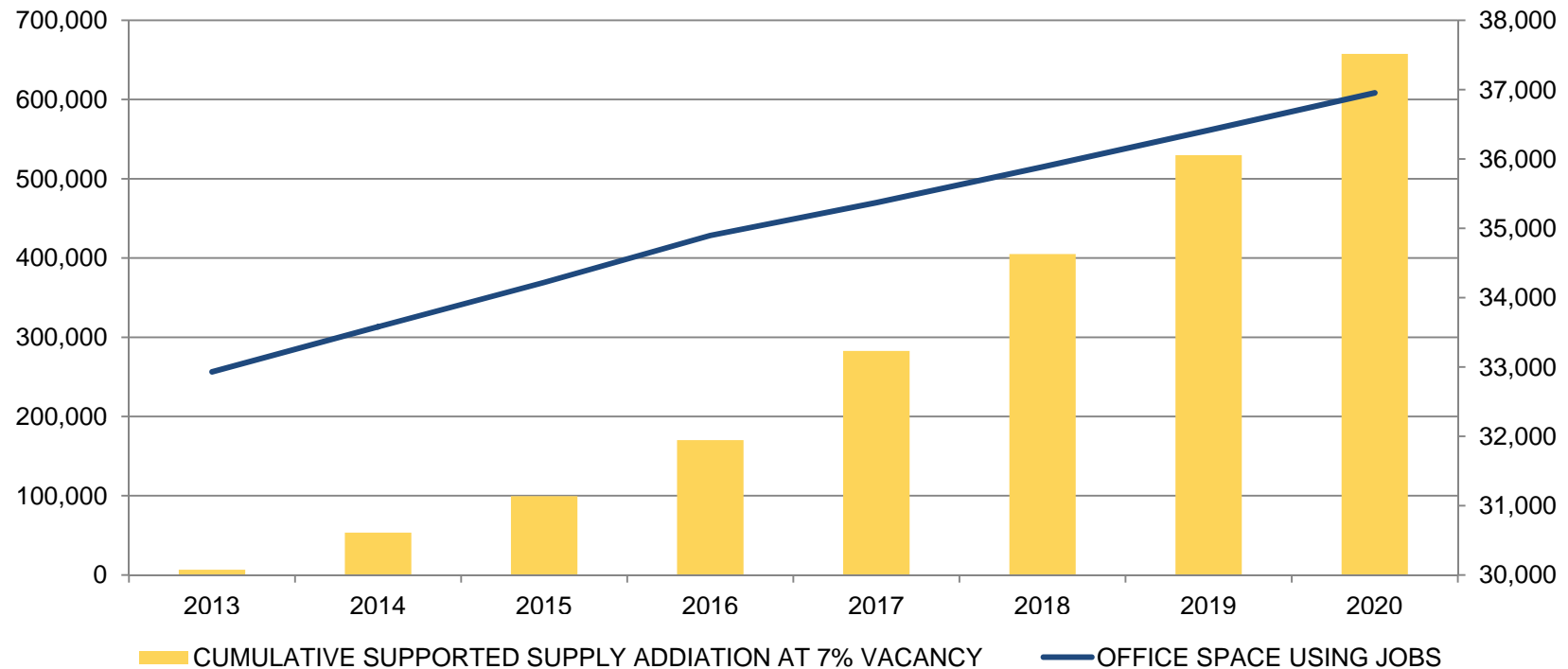
### Regional Market Outlook

Stanislaus County is projected to add up to 5,700 office-using jobs between 2013 and 2020, which translates into the cumulative demand for over 1.3 million square feet of additional office space during this time frame. Given the county's current high vacancy rate, the likely scenario is that existing vacant space in the next several years would absorb the demand and not reach vacancy levels triggering new space. However, by 2015, projected vacancy rates are projected to drop with the increased office space absorption and reach levels that would require the construction of 658,000 square feet of new office space through 2020 to keep the markets in equilibrium. In terms of the current base, the projected increment of additional space represents 8% of the current inventory.

#### Office Market Opportunity Outlook

2013 – 2020

SOURCE: CoStar; UOP Business Forecasting Center; RCLCO



### Ceres Market Outlook

Ceres has the opportunity to capture a share of the county-wide office demand, although the magnitude of projected demand and related land requirements are expected to be minimal. Between 2013 and 2020, county submarkets outside Modesto have the potential to capture 300,000 square feet of new supply, of which Ceres can capture a total of 14,000 to 26,000 square feet. This share is based on the city's current 2.6% share of county-wide occupied space, which has remained consistent and is not likely to change. Similar to our industrial analysis of likely market capture of industrial space, our analysis pegs future demand at 80% to 150% of the historical capture rate (2.6%), resulting in our projection of 14,000 to 26,000 square feet of office space. At a floor-to-area ratio (FAR) of 0.25 (typical for one- and two-story suburban office developments), the development of this office space would require between one and three acres of land through 2020.

### Forecasted Office Market Capture, Ceres; Stanislaus County, CA

2013 – 2020 (in thousands)

SOURCE: CoStar; RCLCO

#### CERES CAPTURE OF PROJECTED DEMAND (SF) - SENSITIVITY ANALYSIS

		CUMULATIVE SF 2013 - 2020
0.8x of Current Market Share	2.1%	14
Current Market Share	2.6%	17
1.5x of Current Market Share	3.9%	26

#### CERES CAPTURE OF PROJECTED COUNTY DEMAND (ac.) - SENSITIVITY ANALYSIS

		CUMULATIVE ACRES 2013-2020
0.8x of Current Market Share	2.1%	1.3 acres
Current Market Share	2.6%	1.6 acres
1.5x of Current Market Share	3.9%	2.4 acres



## RETAIL MARKET ANALYSIS

### Taxable Retail Sales Trends

According to the California Board of Equalization, Stanislaus County generated \$4.1 billion of taxable retail sales in 2010, a 4.7% increase over 2009. This reversed the trend of falling sales that were observed for three consecutive years, during which the county's retail sales declined from \$5.3 billion to \$3.9 billion, a 26% drop in that time span.

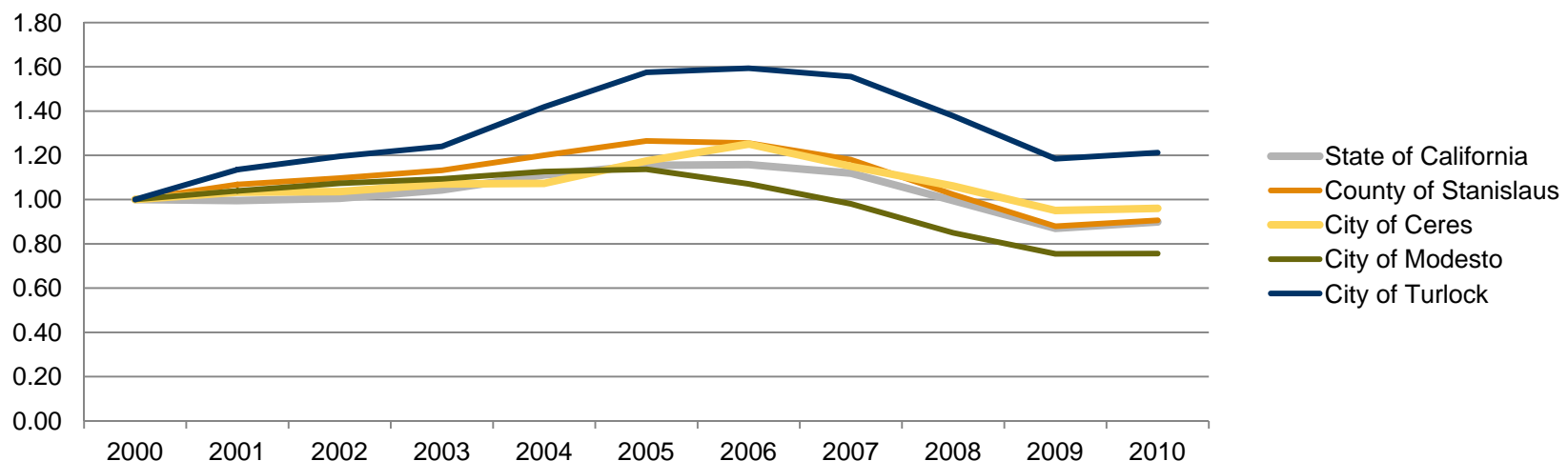
Taxable retail sales levels in Stanislaus County have generally remained consistent with percentage changes in statewide retail sales (Exhibit IV-2), when the two are compared on a relative scale based on an index of retail sales in 2000. Between 2000 and 2011 (most recent calendar year that the California Board of Equalization provides taxable sales), Modesto's market share of county-wide taxable retail sales fell from 51% to 42%, while all other areas increased their share. Turlock, in particular, jumped from 13% to 18% during this time frame, with the addition of the Monte Vista Crossings regional-serving center, which opened in 2000. Ceres' market share increased slightly in that time from 7% to 8% of county-wide taxable sales.

Due to the Great Recession, all jurisdictions in the county witnessed a sharp drop in taxable retail sales (in current dollars) between 2007 and 2009 and an upward trajectory beginning in 2010.

#### Comparative Taxable Retail Sales Growth Rates

2000 – 2010

SOURCE: CA State Board of Equalization; RCLCO



**Taxable Retail Sales Trends (continued)**

Collectively, the cities of Ceres, Modesto and Turlock account for 64% of Stanislaus County's population and 68% of its taxable retail sales. Modesto and Turlock have established strong regional-serving retail developments and now are best positioned to capture these sales on a continuing basis in upcoming years. Our analysis has uncovered the following observations regarding regional-serving retail:

- *Modesto:* As the county's largest city, Modesto's primary retail centers are the Vintage Faire Mall and several power centers that feature such tenants as Target, Walmart, Costco, Lowe's, Best Buy and many others. In total, Modesto's taxable retail sales are almost \$2 billion and represent 42% of the county's total taxable retail sales.
- *Turlock:* With the development of the regional-serving Monte Vista Crossings in 2000, the city's main retail center, Turlock's share of county retail sales skyrocketed from 12% to 18% in a short period of time. Turlock's retail sales are almost three-quarters of a billion dollars, and continue on an upward trajectory.
- *Ceres:* Nestled between Modesto and Turlock, Ceres' major retailers are Walmart, Kmart, and Home Depot. Total taxable retail sales in Ceres currently stand at over \$300 million, accounting for 8% of the county's retail sales (Ceres accounts for 9% of the county population).

***Taxable Retail Sales and Visitor Spending Summary***

2010

SOURCE: CA State Board of Equalization; RCLCO

	CERES	MODESTO	TURLOCK	STANISLAUS COUNTY
Primary Retail Centers/Tenants	Walmart, Kmart, Home Depot	Vintage Faire Mall, several power centers	Monte Vista Crossings	Various
Taxable Retail Sales	310,789,000	1,742,800,000	721,650,000	4,112,700,000
Pct. County Taxable Retail Sales	8%	42%	18%	100%
Visitor Spending	22,750,000	164,410,000	55,730,000	319,100,000
Pct. County Visitor Taxable Retail Sales	7%	52%	17%	100%

### Methodology for Supply/Demand Analysis

We developed a supply and demand analysis using actual retail sales data and local demographic data, to assess the degree to which Ceres' retail market is adequately served by its existing inventory of retail space. Specifically, our demand model methodology was as follows:

- *Estimating Demand:* We estimated demand for retail sales, by retail category, by distributing local household spending (calculated by multiplying the number of households by the average household income and the estimated percentage each households spends on retail).according to the observed statewide distribution of retail sales by retail category. We adjusted our retail demand by subtracting an estimated amount that is spent on e-commerce, according to the RREEF report on e-commerce spending.
- *Estimating Supply:* Our assumption of retail supply came from actual reported sales in 2010 for each city, as reported by the California State Board of Equalization. We adjusted this supply figure to account for spending by visitors, using Dean Runyan Associates' report entitled "California Travel Impacts by County, 1992-2010" that they completed for VisitCalifornia.com (California Travel Commission).

### Retail Supply and Demand Analysis

2010

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks

RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
<b>Motor Vehicle and Parts Dealers</b>	<b>\$39,070,737</b>	<b>14.9%</b>	<b>\$39,070,737</b>	<b>\$20,850,000</b>		<b>\$20,850,000</b>	<b>(\$18,220,737)</b>
New/Used Car Dealers & Other Vehicle Dealers	\$34,081,907	13.0%	\$34,081,907	\$11,086,000		\$11,086,000	(\$22,995,907)
Auto. Parts, Accessories and Tire Stores	\$4,988,830	1.9%	\$4,988,830	\$9,764,000		\$9,764,000	\$4,775,170
<b>Furniture and Home Furnishings Stores</b>	<b>\$7,840,657</b>	<b>3.0%</b>	<b>\$7,213,404</b>	<b>\$435,000</b>		<b>\$435,000</b>	<b>(\$6,778,404)</b>
<b>Electronics and Appliance Stores</b>	<b>\$13,504,328</b>	<b>5.1%</b>	<b>\$11,343,636</b>	<b>\$2,263,000</b>		<b>\$2,263,000</b>	<b>(\$9,080,636)</b>
<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$20,420,715</b>	<b>7.8%</b>	<b>\$20,420,715</b>	<b>\$43,994,000</b>		<b>\$43,994,000</b>	<b>\$23,573,285</b>
<b>Food and Beverage Stores</b>	<b>\$17,819,777</b>	<b>6.8%</b>	<b>\$17,819,777</b>	<b>\$26,781,000</b>	<b>\$1,569,552</b>	<b>\$25,211,448</b>	<b>\$7,391,670</b>
<b>Health and Personal Care Stores</b>	<b>\$7,979,043</b>	<b>3.0%</b>	<b>\$7,859,357</b>	<b>\$7,410,000</b>		<b>\$7,410,000</b>	<b>(\$449,357)</b>
<b>Gasoline Stations</b>	<b>\$32,070,945</b>	<b>12.2%</b>	<b>\$32,070,945</b>	<b>\$68,963,000</b>	<b>\$9,474,557</b>	<b>\$59,488,443</b>	<b>\$27,420,000</b>
<b>Clothing and Clothing Accessories Stores</b>	<b>\$23,485,900</b>	<b>9.0%</b>	<b>\$20,667,592</b>	<b>\$5,225,000</b>	<b>\$383,242</b>	<b>\$4,841,758</b>	<b>(\$15,825,833)</b>
<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$9,161,828</b>	<b>3.5%</b>	<b>\$8,062,409</b>	<b>\$2,706,000</b>	<b>166,813</b>	<b>\$2,539,187</b>	<b>(\$5,523,222)</b>
<b>General Merchandise Stores</b>	<b>\$41,003,194</b>	<b>15.6%</b>	<b>\$36,082,810</b>	<b>\$78,269,000</b>	<b>\$3,315,133</b>	<b>\$74,953,867</b>	<b>\$38,871,057</b>
<b>Miscellaneous Store Retailers</b>	<b>\$13,086,319</b>	<b>5.0%</b>	<b>\$13,086,319</b>	<b>\$12,680,000</b>	<b>\$744,215</b>	<b>\$11,935,785</b>	<b>(\$1,150,534)</b>
<b>Nonstore Retailers</b>	<b>\$2,335,400</b>	<b>0.9%</b>	<b>\$2,335,400</b>	<b>\$2,425,000</b>		<b>\$2,425,000</b>	<b>\$89,600</b>
<b>Food Services and Drinking Places</b>	<b>\$34,564,217</b>	<b>13.2%</b>	<b>\$34,564,217</b>	<b>\$38,788,000</b>	<b>\$7,092,198</b>	<b>\$31,695,802</b>	<b>(\$2,868,414)</b>
<b>Total Retail and Food Services</b>	<b>\$262,343,060</b>	<b>100.0%</b>	<b>\$250,597,319</b>	<b>\$310,789,000</b>	<b>\$22,745,709</b>	<b>\$288,043,291</b>	<b>\$37,448,474</b>

### Regional Market Outlook

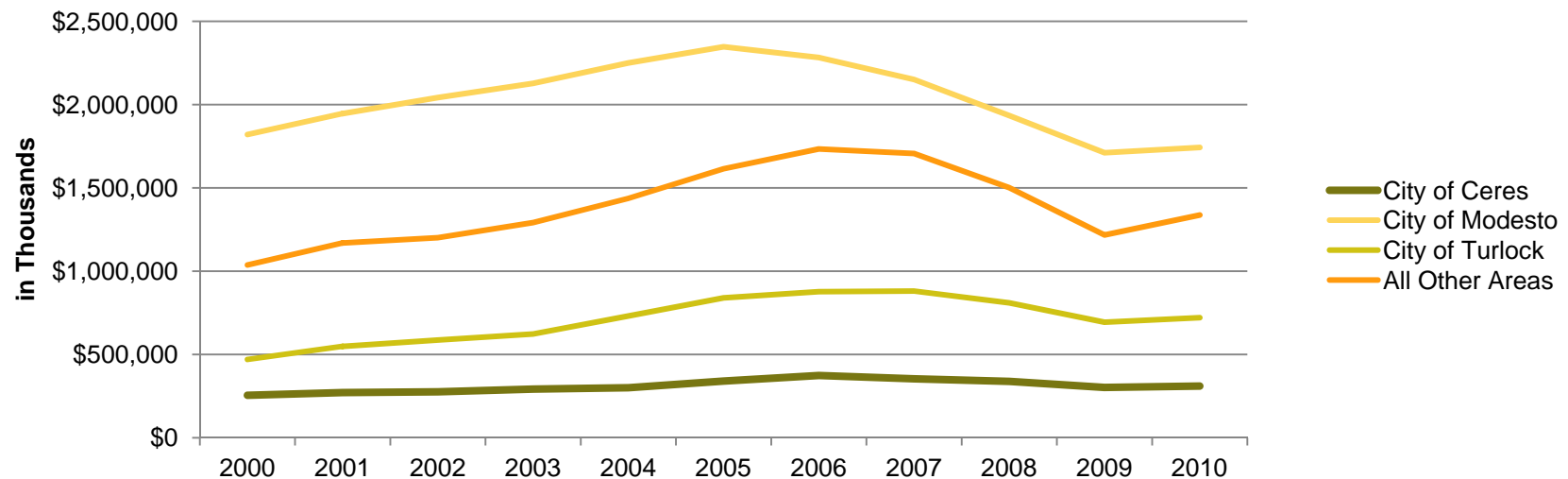
Our analysis has found that the supply and demand dynamics in Stanislaus County in the aggregate are generally in balance. Further, Stanislaus County area's retail market is adequately served by most of the national and regional retailers that would be most likely to be interested in servicing the demographics in Stanislaus County. The glaring voids in the market appear to be high-end furniture and home accessories stores, such as Crate and Barrel, Williams-Sonoma and other specialty retailers such as REI. These stores all typically locate in areas where there is a concentration of mid-to-high income households.

The improved national and regional economies will lead to gains in income and employment, which ultimately will improve retail sales throughout Stanislaus County. That said, retail spending between 2007 and 2010 declined by 20% and will likely take many years of real income growth to return to pre-recession levels. Further, e-commerce has captured a growing share of retail sales and is now estimated to account for 8% to 16% of total sales in certain "comparison good" categories, such as electronics, clothing and accessories, furniture, and sporting and hobby goods. Hence, future retail sales growth is likely to be captured first by existing retail operations and new retailers operating in existing retail space. Population growth over the next five years is projected to grow but slowly, and the incremental buying power from new residents is expected to have only a minimal impact on retail sales.

#### Historical Annual Taxable Sales by Location

2000 – 2010

SOURCE: CA State Board of Equalization; RCLCO



**Ceres Market Outlook**

Our analysis has concluded that Ceres will have minimal opportunities to expand its retail base in the coming years. Typically, our forecast of market demand for retail stems from our analysis of two driving factors: retail sales leakage (existing unmet demand) and population growth (new demand). Below, we provide our observations of both:

- *Retail Sales Leakage:* In the aggregate, Ceres is a net importer of taxable retail sales. Our analysis of the distribution of retail sales for Ceres in 2010 shows that the strongest retail category is general merchandise, much of which is generated by sales at Walmart. Excessive sales in this retail category capture much of the spending that typically are spent in small shops in other California.
- *Population Growth:* According to the third-party forecasts we have reviewed, Ceres' population is projected to grow in the next five years but slowly. Hence, only very little new demand would be created. In the end, what this means is that any new retail that is added in Ceres would likely result in cannibalization of retail sales from an existing retailer operating in the city.

**Comparable Retail Leakage, by Retail Category**

2000 – 2010

SOURCE: CA State Board of Equalization; ESRI Business Analyst; RCLCO

RETAIL CATEGORY	CERES	MODESTO	TURLOCK	STANISLAUS COUNTY
<b>General Merchandise/ Apparel/ Furniture/ Other (GAFO)</b>	\$512,428	\$152,178,112	\$77,690,318	\$17,178,601
General Merchandise	\$38,871,057	\$129,219,483	\$121,320,853	\$205,147,693
All other GAFO Categories	(\$38,358,629)	\$22,958,629	(\$43,630,535)	(\$187,969,093)
<b>Eating and Drinking</b>	(\$2,868,414)	(\$18,333,547)	\$1,262,383	(\$93,284,066)
<b>Grocery and Convenience</b>	\$6,942,313	\$17,518,281	\$286,179	\$11,403,772
<b>Building Materials and Garden Equipment</b>	\$23,573,285	(\$23,536,059)	\$22,253,768	\$88,191,285
<b>Motor Vehicles</b>	\$9,199,263	(\$275,485,402)	(\$1,583,821)	\$79,814,443
Auto Dealers	(\$18,220,737)	(\$146,745,402)	(\$25,923,821)	\$91,938,574
Gasoline	\$27,420,000	(\$128,740,000)	\$24,340,000	(\$12,124,130)
<b>TOTAL</b>	<b>\$37,358,875</b>	<b>(\$147,658,616)</b>	<b>\$99,908,826</b>	<b>\$103,304,035</b>



**Ceres Market Outlook (continued)**

While we are not optimistic about major retail opportunities on the horizon, we have organized the retail outlook for Ceres around several key retailing categories to provide greater insight into this likely outcome.

- *Shopper Goods:* For this category of retailing (defined as consumer goods purchased less frequently than convenience goods and usually entailing a comparison of price and quality; also called GAFO to encompass general merchandise, apparel, furniture and specialty retail), Ceres' supply and demand dynamics are balanced. However, the distribution of the demand is uneven, with the general merchandise retail category in effect absorbing demand from the other Shopper Goods retail categories. Much of this is due to two factors: a county-wide over reliance on general merchandise stores for shopper goods; and a distinct shortage of shops and boutiques in Ceres (we assume Ceres households likely travel to Modesto or Turlock for these shops).
- *Convenience Shopping:* Ceres imports sales for this retail category (generally comprising grocery and drug stores that meet the day to day living needs of residents and usually located with a trade of a couple of miles) reported taxable sales exceeding demand estimates from Ceres residents and businesses. According to our analysis, Ceres' sales were almost \$7 million more than the local demand. We suspect that these sales come from outlying areas and from commuters and travelers along the Highway 99.
- *Eating and Drinking:* Similarly, the eating and drinking retail categories are balanced overall but skewed heavily toward limited service restaurants. According to our analysis, there should be demand for \$30 million of spending for full-service (dine-in restaurants with waiter service) and limited-service (fast food, with orders and delivery of food done over the counter) restaurants (almost equally split between the two). Our analysis of actual sales in 2010 shows sales of \$30 million in the two component categories, however 90% of those sales were recorded at limited service restaurants where only 10% was at full-service restaurants. The demand for full-service restaurants exists but due to demographics appears to shift to lower-price, limited-service restaurant. Nevertheless, the opportunity exists statistically for a full-service restaurant operator(s) to open in Ceres.
- *Building Materials/Garden Equipment:* Ceres imports sales from neighboring communities approximating over \$23 million. Where Ceres' local demand is projected to be around \$20 million, actual sales in Ceres in this category was reported at \$43 million in 2010.
- *Motor Vehicles:* Ceres is leaking automobile sales demand to outside areas in the amount of \$18 million. We estimate Ceres' local demand at \$39 million of which \$21 million occurs locally, meaning that substantial demand escape to new and used car dealerships in the county.

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## CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from the sources cited in this report and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

We assume that the economy and real estate markets will grow at a moderate rate during the balance of 2012, strengthening in 2013 and 2014. However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. With the above in mind, we assume that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur. Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate. The project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

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## GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. Notwithstanding the foregoing, RCLCO acknowledges that this study is a chapter within the Ceres Economic Development Strategy being prepared by Urban Futures, Inc. In that regard, RCLCO consents to any abstracting, excerpting and/or summarization of this study by Urban Futures, Inc. within the Ceres Economic Development Strategy, wherein this study is credited as the source. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

## **APPENDIX: SUPPORTING EXHIBITS**

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# CITY OF CERES

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## I. SUMMARY OF CONCLUSIONS

# CITY OF CERES

## Exhibit I-1

### SUMMARY OF MARKET STUDY, SELECTED USES CITY OF CERES, CALIFORNIA MARCH 2013

LAND USE	COMMERCIAL INDUSTRIAL	COMMERCIAL OFFICE	RETAIL
<b>OVERVIEW</b>	Stanislaus County has a sizable and improving industrial market that supports the region's largest and most important industry sectors, which largely revolve around agriculture, food processing, and distribution. Total employment in the County, which currently stands at 144,000, is projected to approach pre-recession levels by adding 13,000 jobs between 2013 and 2016. This growth will undoubtedly create demand for existing industrial space, which will result in an increase in rents. Further, we have concluded that certain submarkets can currently support new industrial supply.	Stanislaus County's office market, which is composed of over 8.1 million square feet of space, is mostly concentrated in the City of Modesto, which holds 70% of the county inventory. The recent recession, as well as trends in space utilization (lower floor area requirements per worker) have resulted in the current market condition where the current high vacancy rate of 13% signals an oversupplied market. Despite projections for employment growth, which should result in an increased demand for office space, it is unlikely that the county will be able to support new space for at least the next five years.	Our analysis has found that the supply and demand dynamics in Stanislaus County are generally in balance. While excess demand is seen in a number of retail categories, the general merchandise category (which includes Target and Walmart, among others) is deeply out of balance. This would suggest that the proportional share of retail sales for general merchandise stores is much higher in Stanislaus County than it is state-wide. Similarly, quick service restaurants capture spending that in other areas normally goes to full-service restaurants.
<b>CURRENT MARKET CONDITIONS</b>	The industrial market in Stanislaus County (50 million square feet) is performing strongly, and is poised to improve as the national and regional economies continue to expand. Vacancy rates are currently in a state of market equilibrium county-wide (6%). Ceres' industrial inventory (2.4 million square feet representing 5% of the county inventory) is trailing the rest of the county in terms of its recovery. Currently, vacancy rates are higher (8%) and rents have fallen sharply recently and are reported at \$3.06/sf/year, compared to \$5.67/sf/year in late 2009.	Ceres' office submarket, which holds a 2.5% market share of the county's inventory, is characterized by small structures between 800 and 12,000 square feet. Several of these buildings appear to be converted single-family homes in or adjacent to residential neighborhoods. Currently, 13% of this inventory is vacant—a figure that more than doubles the reported vacancy rate in 2007. Not surprisingly, Ceres has not added any new office space since 2007, when employment peaked in Stanislaus County.	Retail sales in Stanislaus County have generally tracked statewide sales since 2000. In that time, Modesto's market share fell from 50% to 43%, while all other areas increased their share. Turlock, in particular, jumped from 13% to 18%, with the addition of the Monte Vista Crossings center, which opened in 2000. Ceres' market share increased slightly in that time, from 7% to 8%. All geographies witnessed a sharp drop in retail sales between 2007 and 2009 and then a reverse in trajectory in 2010, when there was a slight increase. Further, spending decreased county-wide by 28% between 2005 and 2010 (constant 2010 dollars).
<b>MARKET OUTLOOK</b>	The forecasted economic growth that is projected for Stanislaus County will surely create demand for new industrial supply. Our analysis has concluded that the county will be able to support 7.1 million square feet of new industrial supply between 2013 and 2020. With occupancy levels at near equilibrium levels today, projected employment would require the indicated additional industrial space to maintain a market equilibrium (5% vacancy). By comparison, since the Great Recession ended in 2009, the County has added 0.9 million square feet of industrial space.	Stanislaus County is projected to add up to 5,700 office-using jobs between 2013 and 2020, which translates into the demand for over 1.3 million square feet of additional office space. However, given the county's current sizable vacancy rate, the likely scenario is that existing vacant space would absorb the demand. By 2017, projected vacancy rates are projected to drop with the increased absorption and reach levels that would require the construction of 658,000 square feet of new office space to keep the markets in equilibrium.	The improved national and regional economies will lead to gains in income and employment, which ultimately will improve retail sales throughout Stanislaus County. That said, retail spending between 2007 and 2010 declined by 20% and will likely take many years of real income growth to recover the lost sales. Further, e-commerce has captured a growing share of retail sales and is now estimated to account for 8% to 16% of total sales in certain "comparison good" categories such as electronics; clothing and accessories; furniture; and sporting and hobby goods. Hence, much of the gain in retail sales is likely to be captured first by existing retail operations and new retailers operating in existing retail space. Population growth over the next five years is projected to be extremely slow and will make only a minimal impact on retail spending.
<b>DEMAND OUTLOOK</b>	Our analysis has concluded that the City of Ceres can capture 300,000 to 600,000 square feet of future demand for industrial space between 2013 and 2020. Since 2007, the city's share of occupied space has fluctuated little which is a good sign considering the major economic upheavals of the last several years. At a floor-to-area ratio (FAR) of 0.25, this new space would require between 27 and 55 acres of land.	City of Ceres has the opportunity to capture a share of the county-wide office demand that is likely to go outside Modesto. Between 2013 and 2020, county submarkets outside of Modesto have the potential to capture 300,000 square feet of new supply, of which, Ceres can capture a total of 14,000 to 26,000 square feet. Assuming an FAR of 0.25 for one-story structures, this would require between one and three acres of land.	Modesto and Turlock have established strong regional-serving retail developments that are likely to capture any increases in regional spending for GAFO goods. Consequently, we do not foresee sufficient regional-serving demand available for this type of center to locate in Ceres. Concerning local-serving retail opportunities in Ceres, major anchors (supermarkets and drugstore) for this retail product are in equilibrium or oversupplied, with no expansion foreseen at this time or in the near future.

SOURCE: RCLCO

# CITY OF CERES

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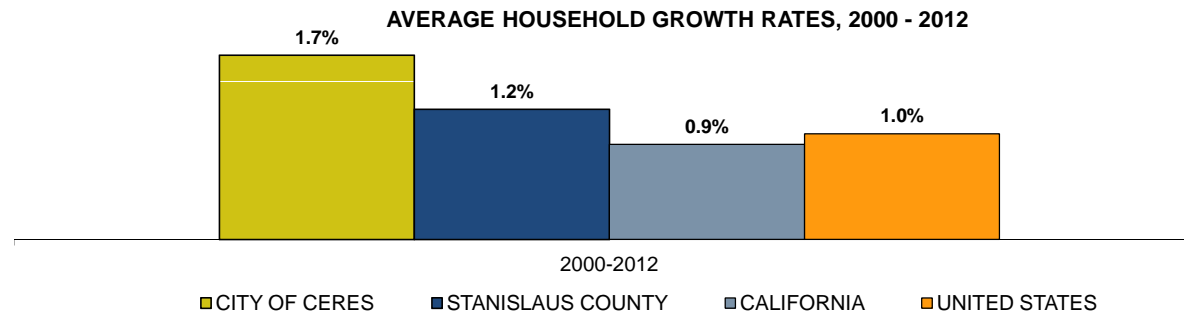
## II. SOCIOECONOMICS

# CITY OF CERES

## Exhibit II-1

### COMPARATIVE SOCIOECONOMIC CHARACTERISTICS CITY OF CERES, STANISLAUS COUNTY, CALIFORNIA, AND UNITED STATES 2000 - 2012

CHARACTERISTIC	CITY OF CERES	STANISLAUS COUNTY	CALIFORNIA	UNITED STATES
2000 Population	34,609	446,997	33,871,648	281,421,906
2010 Population	45,417	514,453	37,253,956	308,745,538
2012 Population	45,573	518,549	37,707,477	313,129,017
Pop. Growth Rate, 2000 - 2012	2.3%	1.2%	0.9%	0.9%
2000 Households	10,435	145,146	11,502,870	105,480,101
2010 Households	12,692	165,180	12,577,498	116,716,292
2012 Households	12,718	166,944	12,743,499	118,208,713
Household Growth Rate, 2000 - 2012	1.7%	1.2%	0.9%	1.0%
2012 Household Size	3.58	3.11	2.96	2.65
2012 Per Capita Income	\$16,657	\$21,524	\$27,699	\$26,409
2012 Median Household Income	\$48,158	\$50,650	\$57,385	\$50,157
2012 Average Household Income	\$58,500	\$65,591	\$79,842	\$68,162

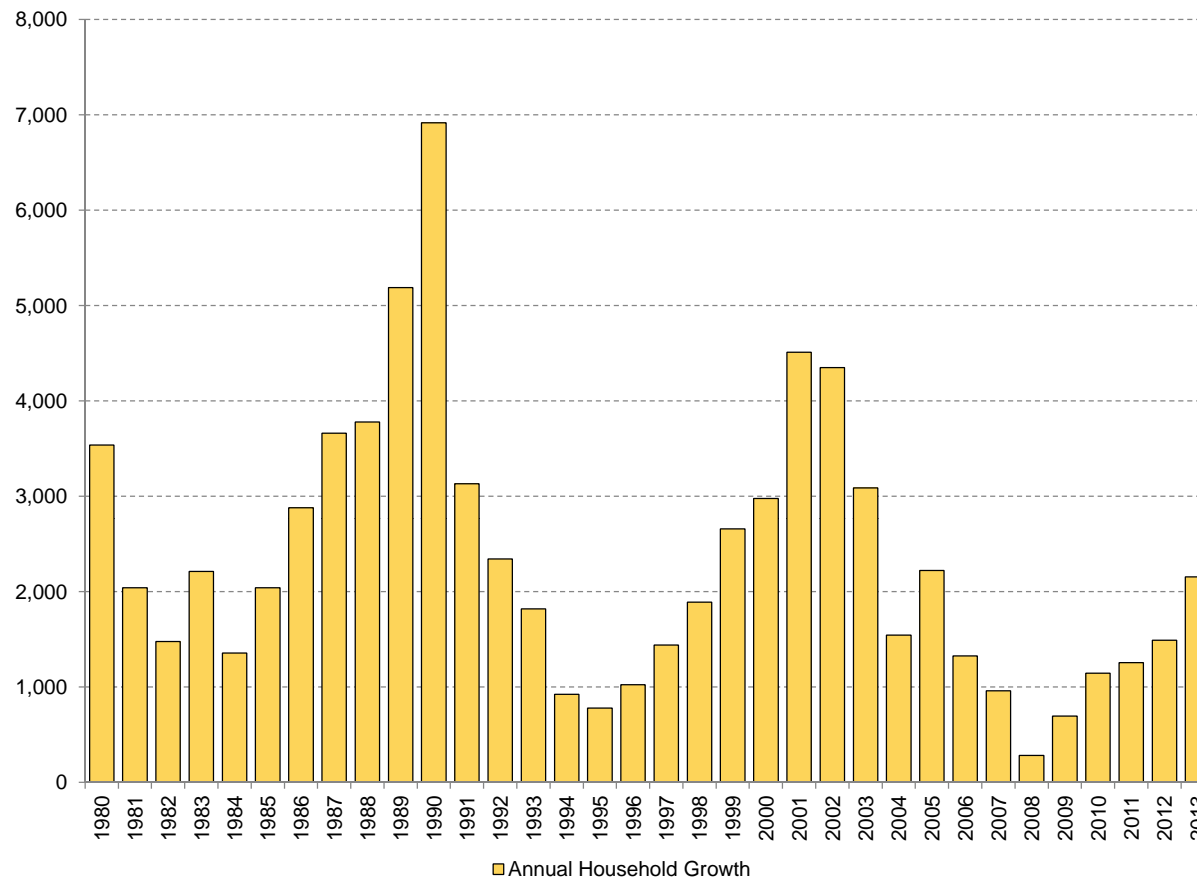


SOURCE: ESRI Business Analyst; RCLCO

# CITY OF CERES

*Exhibit II-2*

## HOUSEHOLD GROWTH STANISLAUS COUNTY, CA 1980 - 2013



YEAR	TOTAL HOUSEHOLDS	CAGR
1980	95,426	
1985	104,553	1.8%
1990	126,983	4.0%
1995	135,980	1.4%
2000	145,973	1.4%
2005	161,691	2.1%
2010	166,102	0.5%
2012	168,850	0.8%
2013	171,005	1.3%

AVG. ANNUAL GROWTH	
1980 - 1990	3,156
1990 - 2000	1,899
2000 - 2010	2,013
2010 - 2013	1,634

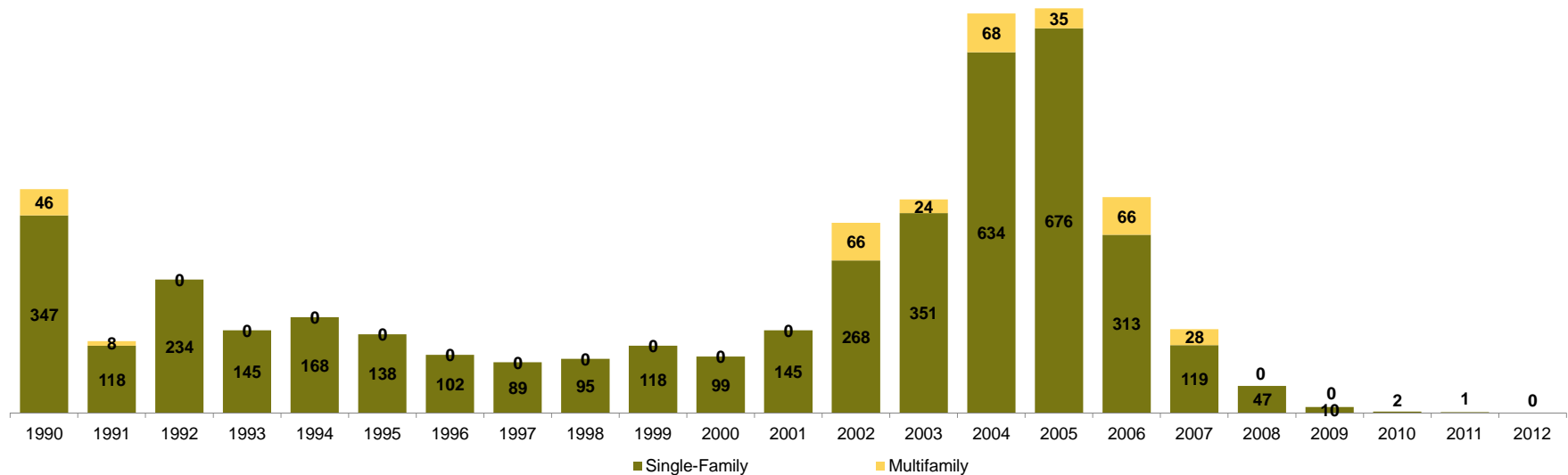
NOTE: The Modesto MSA is coterminous with Stanislaus County.

SOURCE: Moody's Analytics

# CITY OF CERES

Exhibit II-3A

## HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS CERES, CA 1990 - 2012



LAND USE	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>
<b>RESIDENTIAL-BUILDING PERMITS</b>																							
Single-Family	347	118	234	145	168	138	102	89	95	118	99	145	268	351	634	676	313	119	47	10	2	1	0
Multifamily	46	8	0	0	0	0	0	0	0	0	0	0	66	24	68	35	66	28	0	0	0	0	0
<b>TOTAL</b>	<b>393</b>	<b>126</b>	<b>234</b>	<b>145</b>	<b>168</b>	<b>138</b>	<b>102</b>	<b>89</b>	<b>95</b>	<b>118</b>	<b>99</b>	<b>145</b>	<b>334</b>	<b>375</b>	<b>702</b>	<b>711</b>	<b>379</b>	<b>147</b>	<b>47</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>0</b>
Annual Change	--	-267	108	-89	23	-30	-36	-13	6	23	-19	46	189	41	327	9	-332	-232	-100	-37	-8	-1	-1
MF as % of Total	12%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	6%	10%	5%	17%	19%	0%	0%	0%	0%	--

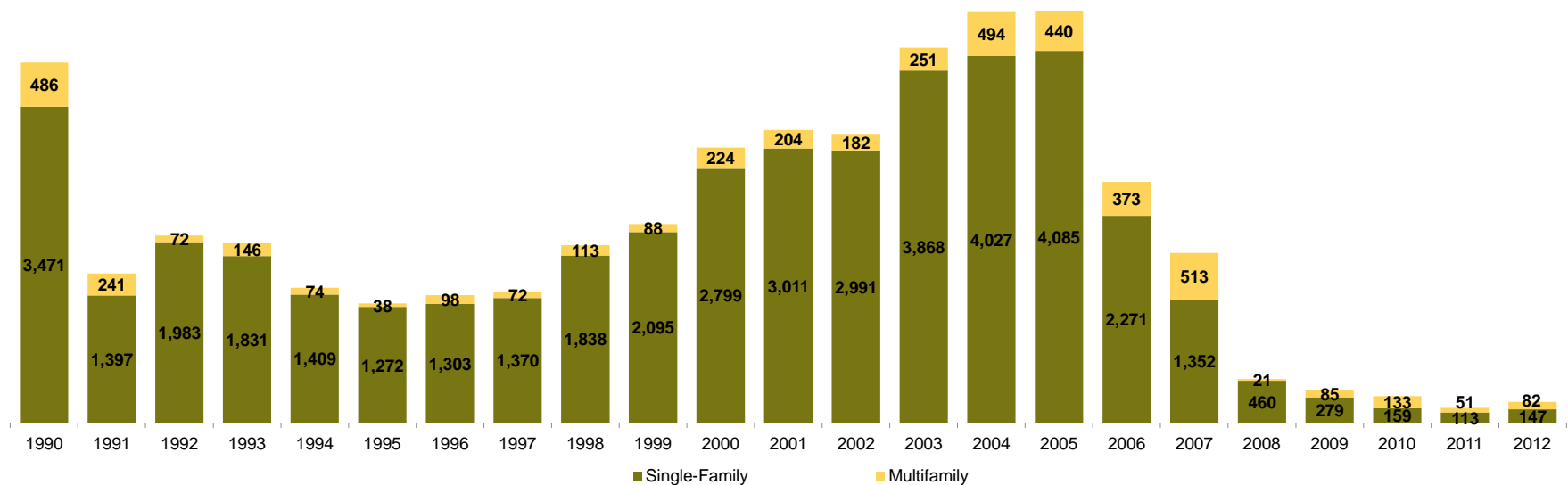
<sup>1</sup> 2012 data is preliminary.

SOURCE: U.S. Department of Housing and Urban Development; RCLCO

# CITY OF CERES

Exhibit II-3B

## HISTORICAL SINGLE-FAMILY AND MULTIFAMILY PERMITS STANISLAUS COUNTY, CA 1990 - 2012



LAND USE	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>
<b>RESIDENTIAL-BUILDING PERMITS</b>																							
Single-Family	3,471	1,397	1,983	1,831	1,409	1,272	1,303	1,370	1,838	2,095	2,799	3,011	2,991	3,868	4,027	4,085	2,271	1,352	460	279	159	113	147
Multifamily	486	241	72	146	74	38	98	72	113	88	224	204	182	251	494	440	373	513	21	85	133	51	82
<b>TOTAL</b>	<b>3,957</b>	<b>1,638</b>	<b>2,055</b>	<b>1,977</b>	<b>1,483</b>	<b>1,310</b>	<b>1,401</b>	<b>1,442</b>	<b>1,951</b>	<b>2,183</b>	<b>3,023</b>	<b>3,215</b>	<b>3,173</b>	<b>4,119</b>	<b>4,521</b>	<b>4,525</b>	<b>2,644</b>	<b>1,865</b>	<b>481</b>	<b>364</b>	<b>292</b>	<b>164</b>	<b>229</b>
Annual Change	--	-2,319	417	-78	-494	-173	91	41	509	232	840	192	-42	946	402	4	-1,881	-779	-1,384	-117	-72	-128	65
MF as % of Total	12%	15%	4%	7%	5%	3%	7%	5%	6%	4%	7%	6%	6%	6%	11%	10%	14%	28%	4%	23%	46%	31%	36%

<sup>1</sup> 2012 data is preliminary.

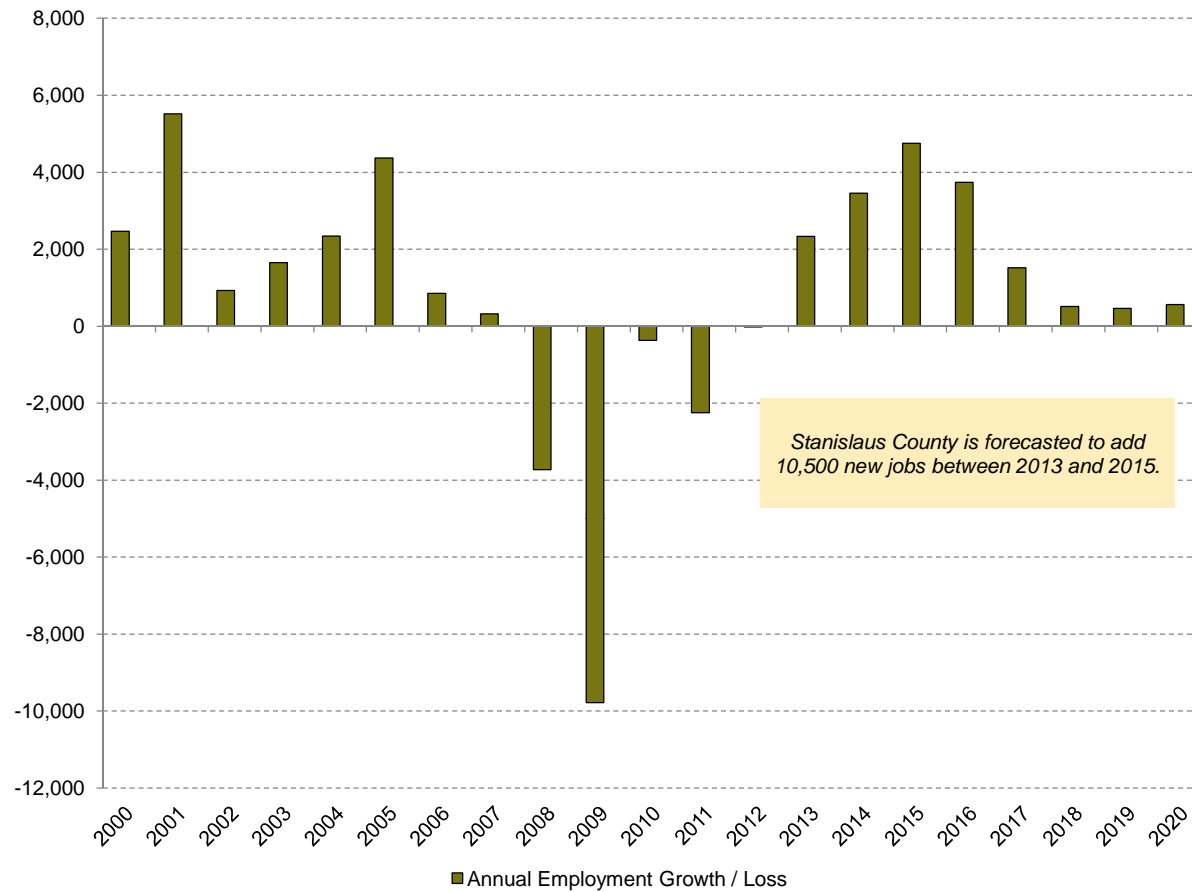
SOURCE: U.S. Department of Housing and Urban Development; RCLCO



# CITY OF CERES

Exhibit II-4

## HISTORICAL NON-AGRICULTURAL EMPLOYMENT GROWTH STANISLAUS COUNTY, CA 1990 - 2020



YEAR	TOTAL EMPLOYMENT	CAGR
<b>Moody's</b>		
1990	117,458	
1995	124,017	1.09%
2000	144,200	3.06%
2005	159,000	1.97%
2010	146,300	-1.65%
2012	144,033	-0.78%
2015	154,576	2.38%
2020	161,378	0.86%

<b>AVG. ANNUAL GROWTH</b>		
<b>Moody's</b>		
1990 - 2000	2,674	
2000 - 2010	210	
2010 - 2020	1,508	

<b>EMPLOYMENT GROWTH FORECAST</b>		
<b>Moody's</b>		
2013	2,336	
2014	3,455	
2015	4,751	
<b>Total</b>	<b>10,543</b>	

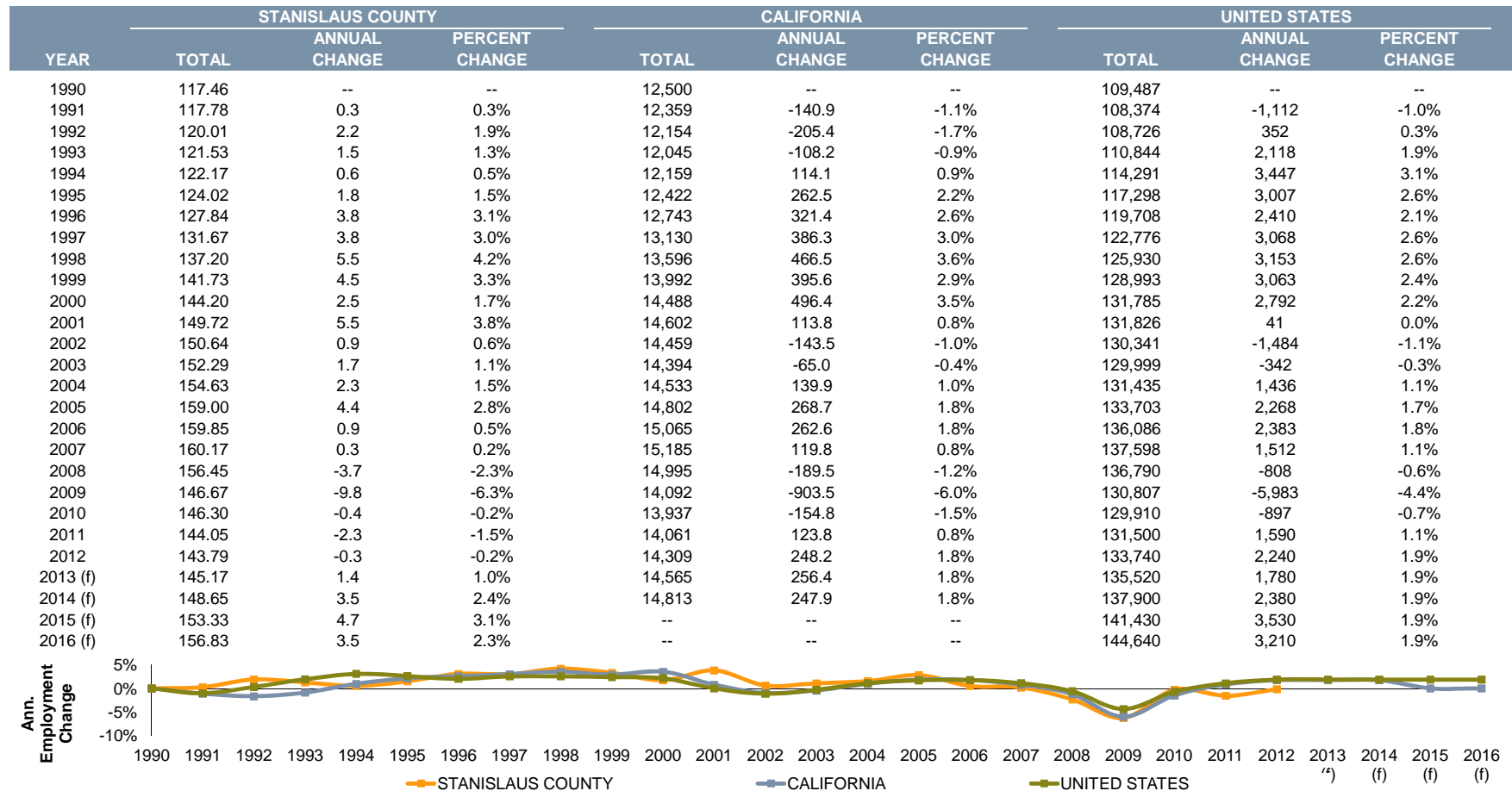
NOTE: The Modesto MSA is coterminous with Stanislaus County.

SOURCE: Moody's Analytics

# CITY OF CERES

Exhibit II-5

## HISTORICAL NON-AGRICULTURAL EMPLOYMENT GROWTH STANISLAUS COUNTY, CALIFORNIA, AND UNITED STATES 1990 - 2016 (in thousands)



NOTE: (f) denotes a forecasted figure. Stanislaus County and National Forecasts via Economy.com; California forecast via LAEDC.

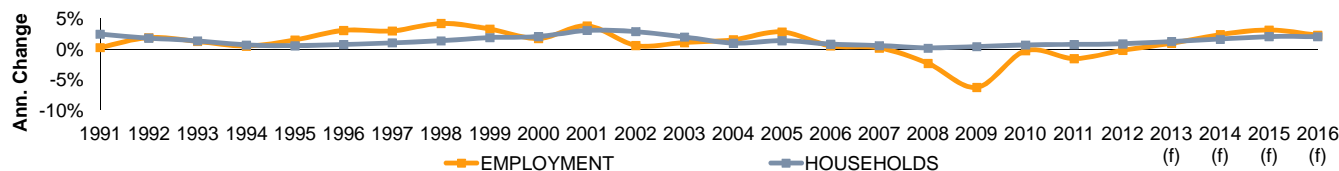
SOURCE: U.S. Bureau of Labor Statistics; Economy.com; Los Angeles County Economic Development Corporation (LAEDC), "2011-2012 Economic Forecast and Industry Outlook"; RCLCO

# CITY OF CERES

Exhibit II-6

## HISTORICAL NON-AGRICULTURAL EMPLOYMENT AND HOUSEHOLD GROWTH STANISLAUS COUNTY, CA 1990 - 2016 (in thousands)

YEAR	EMPLOYMENT			HOUSEHOLDS			JOBS/HH
	TOTAL EMPL.	ANNUAL CHANGE	PERCENT CHANGE	TOTAL HHs	ANNUAL CHANGE	PERCENT CHANGE	
1990	117.46	--	--	126.98	--	--	0.9
1991	117.78	0.3	0.3%	130.11	3.1	2.5%	0.9
1992	120.01	2.2	1.9%	132.46	2.3	1.8%	0.9
1993	121.53	1.5	1.3%	134.28	1.8	1.4%	0.9
1994	122.17	0.6	0.5%	135.20	0.9	0.7%	0.9
1995	124.02	1.8	1.5%	135.98	0.8	0.6%	0.9
1996	127.84	3.8	3.1%	137.00	1.0	0.8%	0.9
1997	131.67	3.8	3.0%	138.45	1.4	1.1%	1.0
1998	137.20	5.5	4.2%	140.34	1.9	1.4%	1.0
1999	141.73	4.5	3.3%	142.99	2.7	1.9%	1.0
2000	144.20	2.5	1.7%	145.97	3.0	2.1%	1.0
2001	149.72	5.5	3.8%	150.49	4.5	3.1%	1.0
2002	150.64	0.9	0.6%	154.83	4.3	2.9%	1.0
2003	152.29	1.7	1.1%	157.92	3.1	2.0%	1.0
2004	154.63	2.3	1.5%	159.47	1.5	1.0%	1.0
2005	159.00	4.4	2.8%	161.69	2.2	1.4%	1.0
2006	159.85	0.9	0.5%	163.02	1.3	0.8%	1.0
2007	160.17	0.3	0.2%	163.98	1.0	0.6%	1.0
2008	156.45	-3.7	-2.3%	164.26	0.3	0.2%	1.0
2009	146.67	-9.8	-6.3%	164.96	0.7	0.4%	0.9
2010	146.30	-0.4	-0.2%	166.10	1.1	0.7%	0.9
2011	144.05	-2.3	-1.5%	167.36	1.3	0.8%	0.9
2012	143.79	-0.3	-0.2%	168.83	1.5	0.9%	0.9
2013 (f)	145.17	1.4	1.0%	170.98	2.1	1.3%	0.8
2014 (f)	148.65	3.5	2.4%	173.77	2.8	1.6%	0.9
2015 (f)	153.33	4.7	3.1%	177.37	3.6	2.1%	0.9
2016 (f)	156.83	3.5	2.3%	181.00	3.6	2.0%	0.9



NOTE: (f) denotes a forecasted figure.

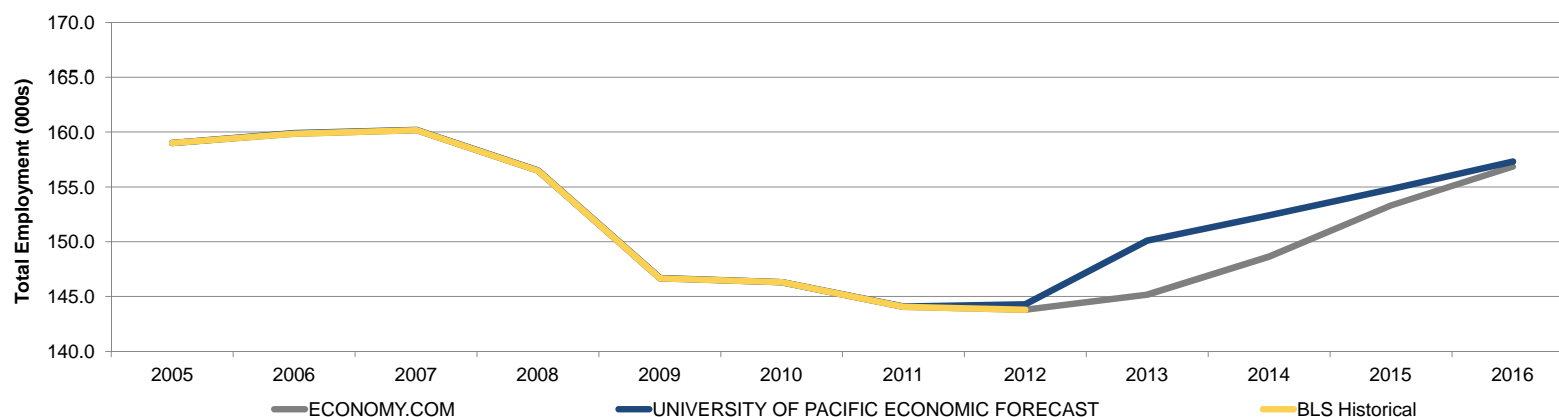
SOURCE: U.S. Bureau of Labor Statistics; Economy.com; RCLCO

# CITY OF CERES

## Exhibit II-7

### HISTORICAL AND PROJECTED EMPLOYMENT STANISLAUS COUNTY, CA 2005 - 2016 (in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>HISTORICAL EMPLOYMENT</b>												
Total Employment <sup>1</sup>	159.0	159.9	160.2	156.4	146.7	146.3	144.0	143.8				
Annual Change	--	0.85	0.32	-3.72	-9.78	-0.37	-2.25	-0.26				
Unemployment Rate <sup>1</sup>	8.5%	8.0%	8.7%	11.0%	15.8%	17.3%	16.8%	15.0%				
<b>ECONOMY.COM <sup>2</sup></b>												
Total Employment <sup>1</sup>	159.0	159.9	160.2	156.4	146.7	146.3	144.0	143.8	145.2	148.6	153.3	156.8
Annual Change	--	0.85	0.32	-3.72	-9.78	-0.37	-2.25	-0.26	1.38	3.47	4.68	3.51
Annual % Change	--	0.5%	0.2%	-2.3%	-6.3%	-0.2%	-1.5%	-0.2%	1.0%	2.4%	3.1%	2.3%
<b>UOP Business Forecasting Center<sup>3</sup></b>												
Total Employment <sup>1</sup>	159.0	159.9	160.2	156.5	146.7	146.3	144.1	144.3	150.1	152.4	154.8	157.3
Annual Change	--	0.90	0.30	-3.70	-9.80	-0.40	-2.20	0.20	5.80	2.30	2.40	2.50
Annual % Change	--	0.6%	0.2%	-2.3%	-6.3%	-0.3%	-1.5%	0.1%	4.0%	1.5%	1.6%	1.6%



<sup>1</sup> Nonfarm employment. Source: Bureau of Labor Statistics

<sup>2</sup> Moody's Economy.com data for the Modesto MSA.

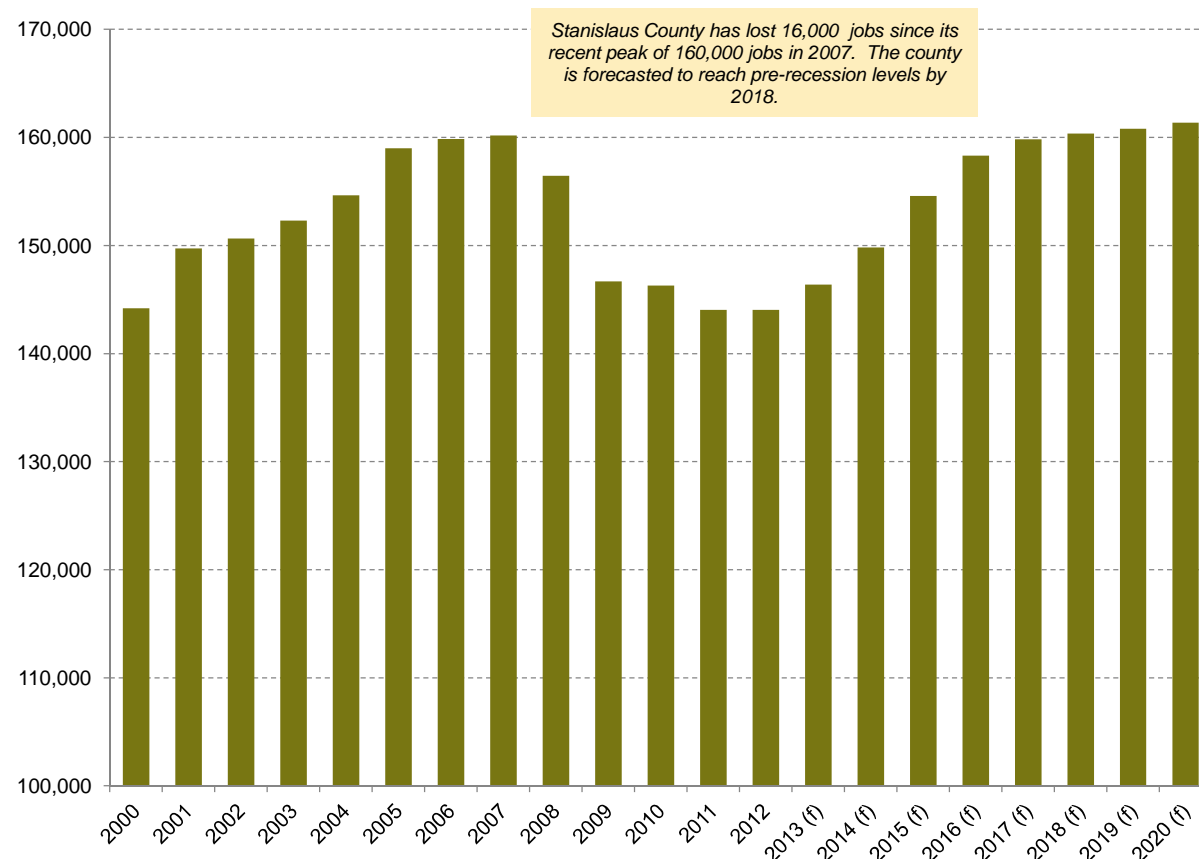
<sup>3</sup> University of Pacific California and Metro Forecast February 2013

SOURCE: University of Pacific California and Metro Forecast February 2013; Moody's Analytics; RCLCO

# CITY OF CERES

Exhibit II-8

## HISTORICAL AND FORECASTED ANNUAL EMPLOYMENT STANISLAUS COUNTY, CA 2000 - 2020



YEAR	TOTAL EMPLOYMENT	CAGR
2000	144,200	
2007	160,200	1.51%
2012	144,000	-2.11%
2018	160,400	1.81%

YEAR	TOTAL EMPLOYMENT	ANNUAL CHANGE
2000	144,200	2,467
2001	149,700	5,517
2002	150,600	925
2003	152,300	1,650
2004	154,600	2,342
2005	159,000	4,367
2006	159,900	850
2007	160,200	325
2008	156,400	-3,725
2009	146,700	-9,783
2010	146,300	-367
2011	144,000	-2,250
2012	144,000	-17
2013 (f)	146,400	2,336
2014 (f)	149,800	3,455
2015 (f)	154,600	4,751
2016 (f)	158,300	3,742
2017 (f)	159,800	1,520
2018 (f)	160,400	514
2019 (f)	160,800	465
2020 (f)	161,400	562

NOTE: The Modesto MSA is coterminous with Stanislaus County.

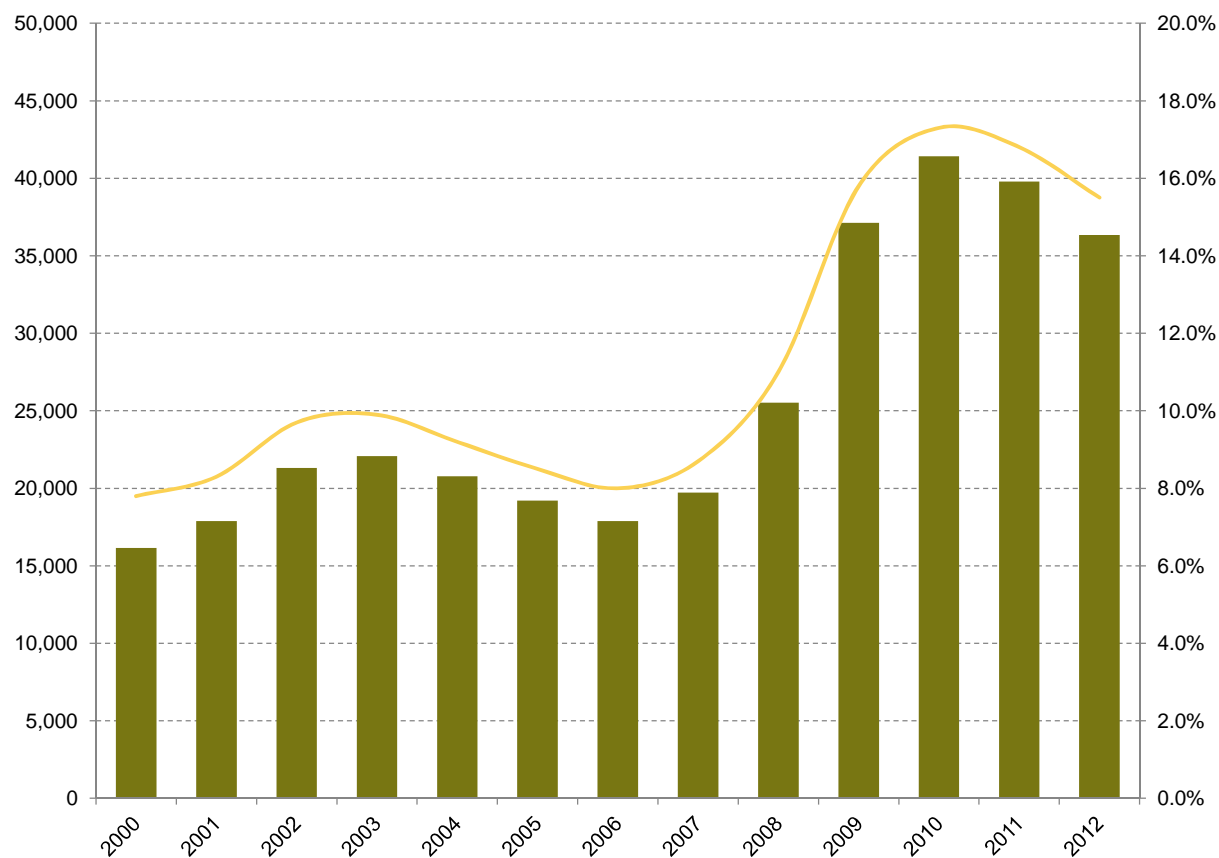
NOTE: (f) denotes a forecasted figure.

SOURCE: Moody's Analytics

# CITY OF CERES

*Exhibit II-9*

## HISTORICAL ANNUAL UNEMPLOYMENT AND UNEMPLOYMENT RATE STANISLAUS COUNTY, CA 2000 - 2012



YEAR	TOTAL UNEMPLOYMENT	CAGR
2000	16,156	
2004	20,768	6.48%
2008	25,530	5.30%
2012	36,333	9.22%

YEAR	TOTAL UNEMPLOYMENT	ANNUAL CHANGE
2000	16,156	-
2001	17,893	1,737
2002	21,323	3,430
2003	22,083	760
2004	20,768	-1,315
2005	19,209	-1,559
2006	17,884	-1,325
2007	19,724	1,840
2008	25,530	5,806
2009	37,135	11,605
2010	41,425	4,290
2011	39,791	-1,634
2012	36,333	-3,458

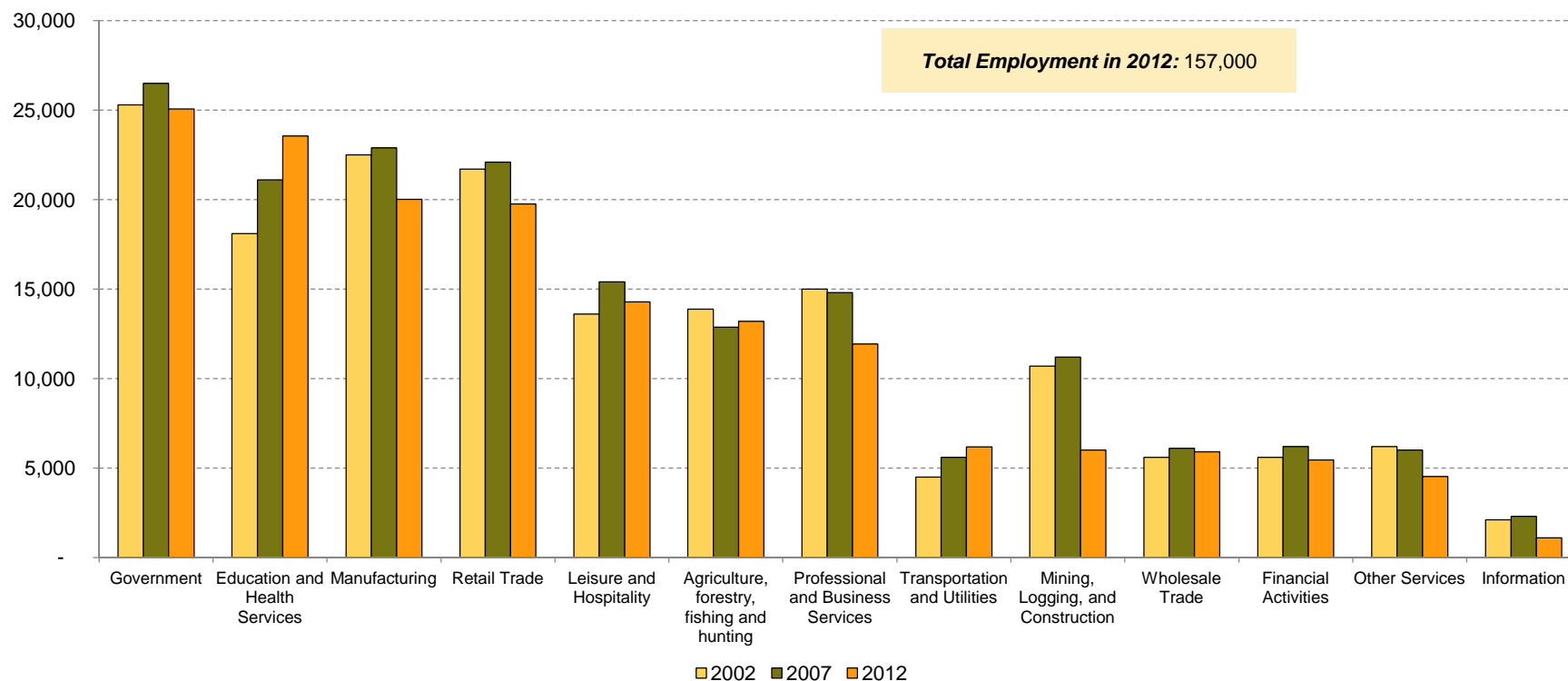
NOTE: The Modesto MSA is coterminous with Stanislaus County.

SOURCE: Moody's Analytics

# CITY OF CERES

*Exhibit II-10A*

## EMPLOYMENT BY INDUSTRY SECTOR STANISLAUS COUNTY, CA 2002, 2007, 2012



NOTE: The Modesto MSA is coterminous with Stanislaus County.

NOTE: Employment numbers for Agriculture, forestry, fishing, and hunting are not available for 2012 and were trended based on 2011 figures.

SOURCE: U.S. Bureau of Labor Statistics;

# CITY OF CERES

---

## *Exhibit II-10B*

### EMPLOYMENT BY INDUSTRY SECTOR STANISLAUS COUNTY, CA 2002, 2007, 2012

INDUSTRY SECTOR	2002	2007	2012	2002-2012
Government	25,300	26,500	25,075	-225
Education and Health Services	18,100	21,100	23,558	5,458
Manufacturing	22,500	22,900	20,025	-2,475
Retail Trade	21,700	22,100	19,767	-1,933
Leisure and Hospitality	13,600	15,400	14,292	692
Professional and Business Services	15,000	14,800	11,933	-3,067
Transportation and Utilities	4,500	5,600	6,183	1,683
Mining, Logging, and Construction	10,700	11,200	6,008	-4,692
Wholesale Trade	5,600	6,100	5,900	300
Financial Activities	5,600	6,200	5,458	-142
Other Services	6,200	6,000	4,533	-1,667
Information	2,100	2,300	1,100	-1,000
Agriculture, forestry, fishing, and hunting	13,900	12,900	13,200	-700

NOTE: Employment numbers for Agriculture, forestry, fishing, and hunting are not available for 2012 and were trended based on 2011 figures.

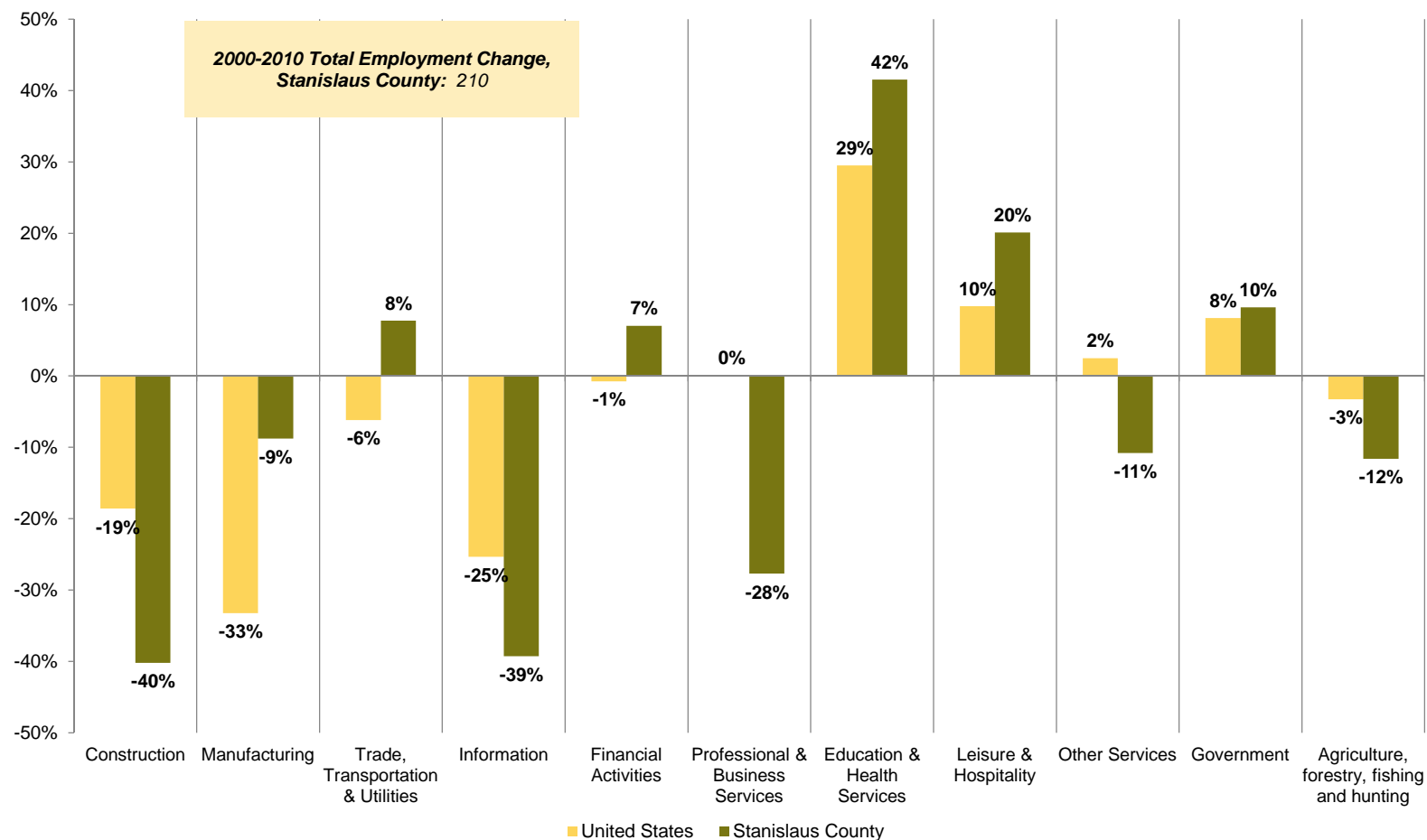
SOURCE: U.S. Bureau of Labor Statistics



# CITY OF CERES

*Exhibit II-11A*

## HISTORICAL EMPLOYMENT CHANGE BY INDUSTRY SECTOR STANISLAUS COUNTY, CA AND UNITED STATES 2000 - 2010



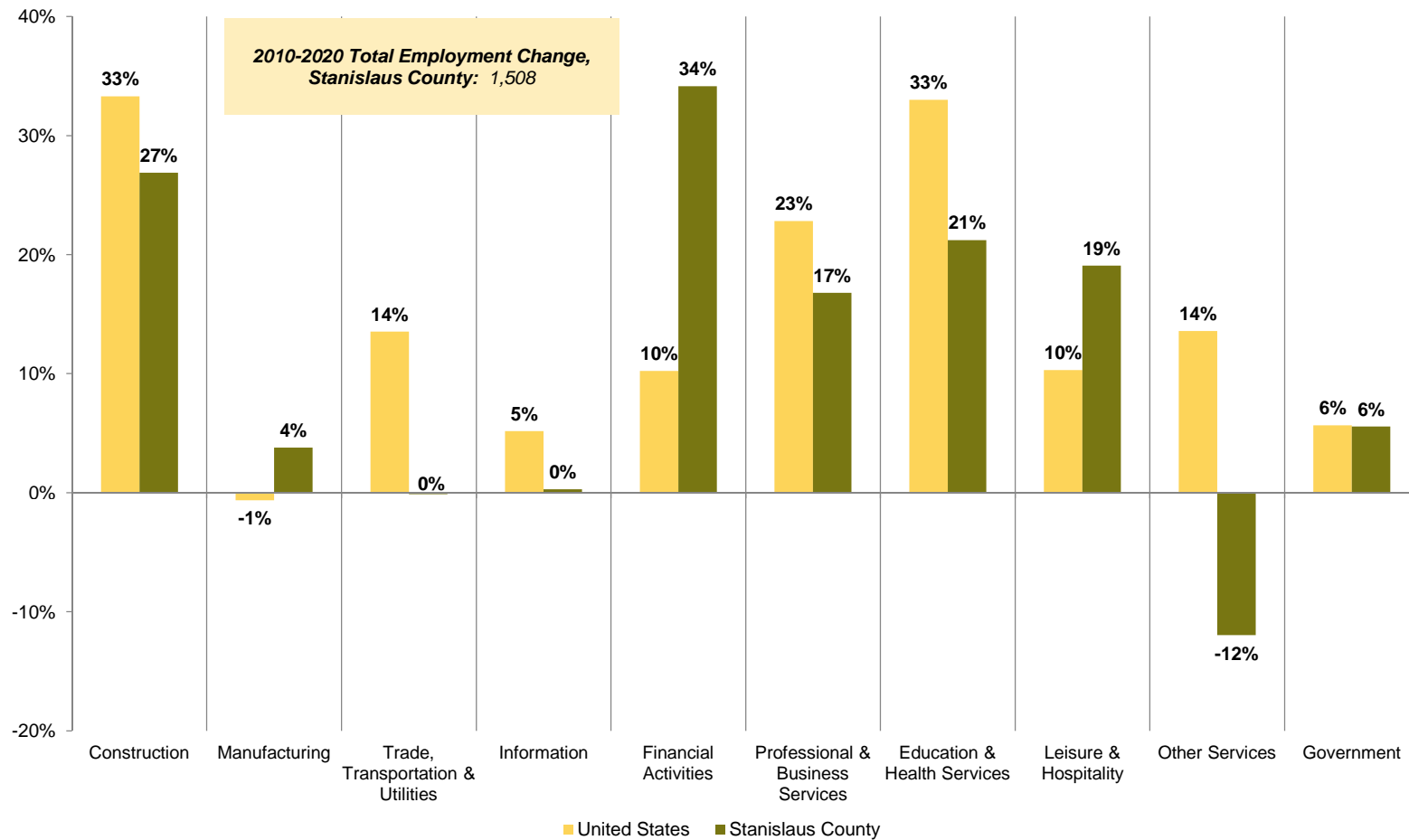
NOTE: Employment numbers for Agriculture, forestry, fishing, and hunting are not available for 2000 and were trended based on 2001 figures.

SOURCE: U.S. Bureau of Labor Statistics; Moody's Analytics; RCLCO

# CITY OF CERES

*Exhibit II-11B*

## FORECASTED EMPLOYMENT CHANGE BY INDUSTRY SECTOR STANISLAUS COUNTY, CA AND UNITED STATES 2010 - 2020



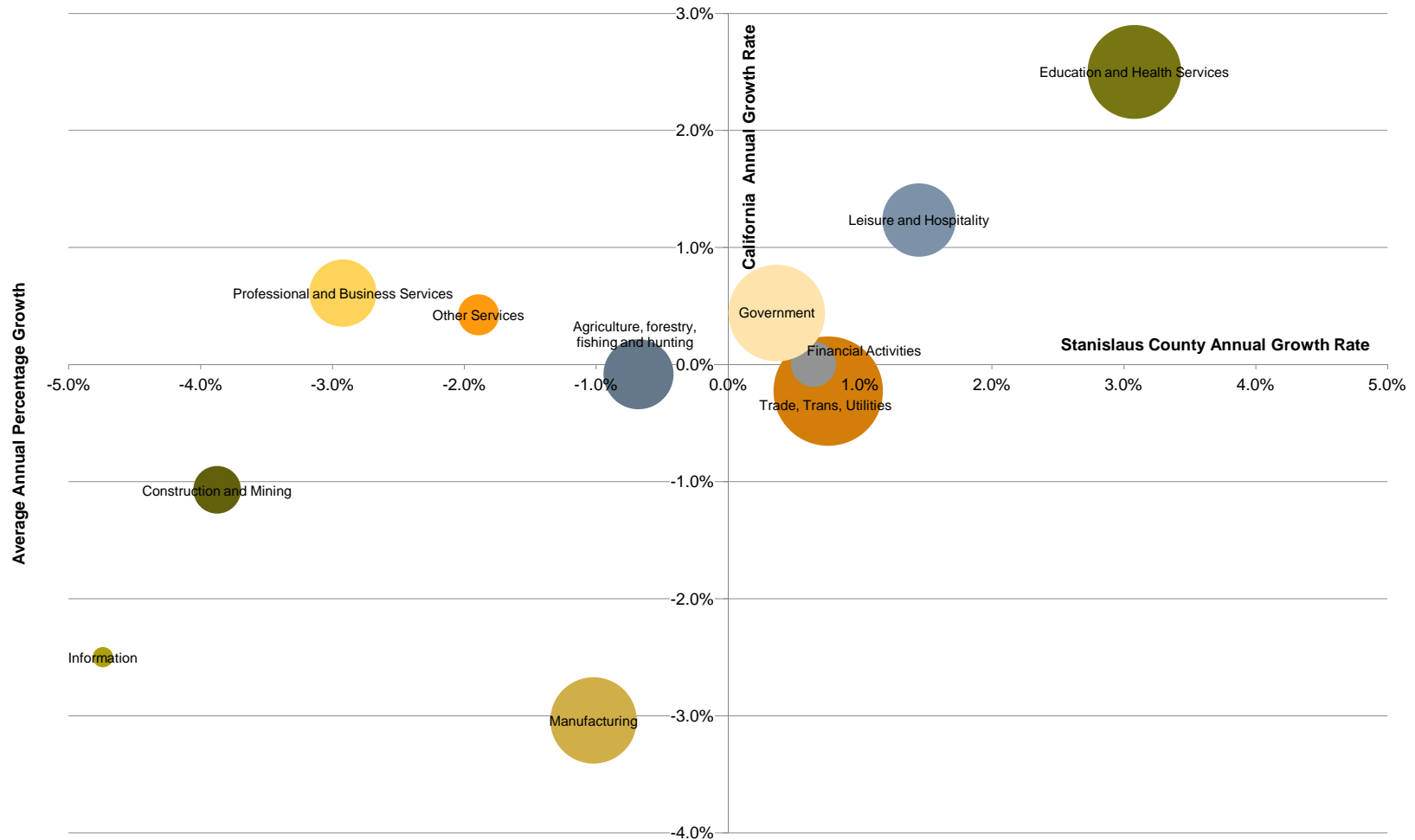
NOTE: Employment forecast figures for the Stanislaus County agricultural sector are not available through the forecast sources that were used for this report.

SOURCE: U.S. Bureau of Labor Statistics; Moody's Analytics; RCLCO

# CITY OF CERES

*Exhibit II-12A*

## HISTORICAL ANNUAL EMPLOYMENT GROWTH BY INDUSTRY SECTOR STANISLAUS COUNTY, CA vs. CALIFORNIA 2000 - 2012

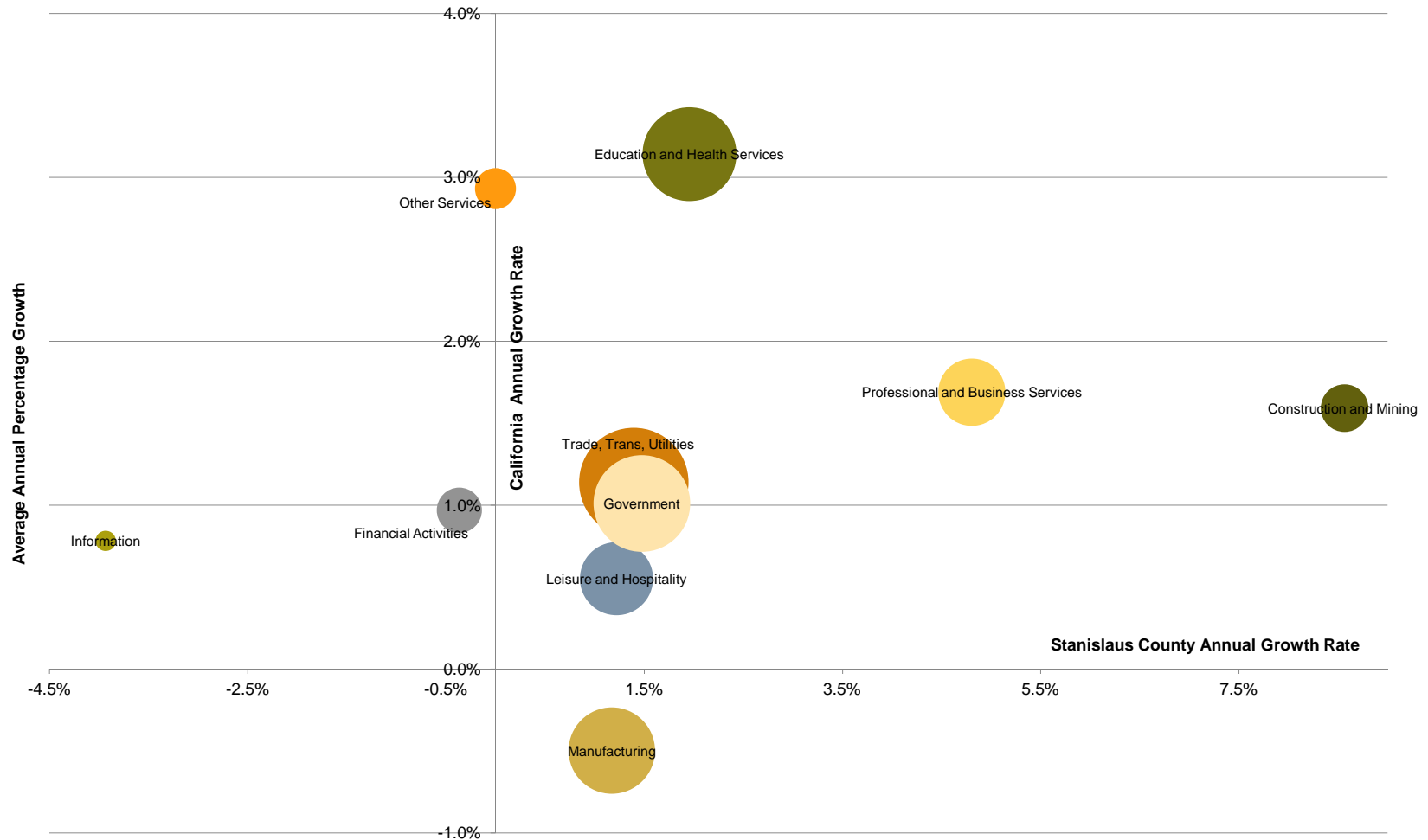


SOURCE: University of Pacific California and Metro Forecast February 2013; RCLCO

# CITY OF CERES

*Exhibit II-12B*

**FORECASTED ANNUAL EMPLOYMENT GROWTH BY INDUSTRY SECTOR  
STANISLAUS COUNTY, CA vs. CALIFORNIA  
2012 - 2017**

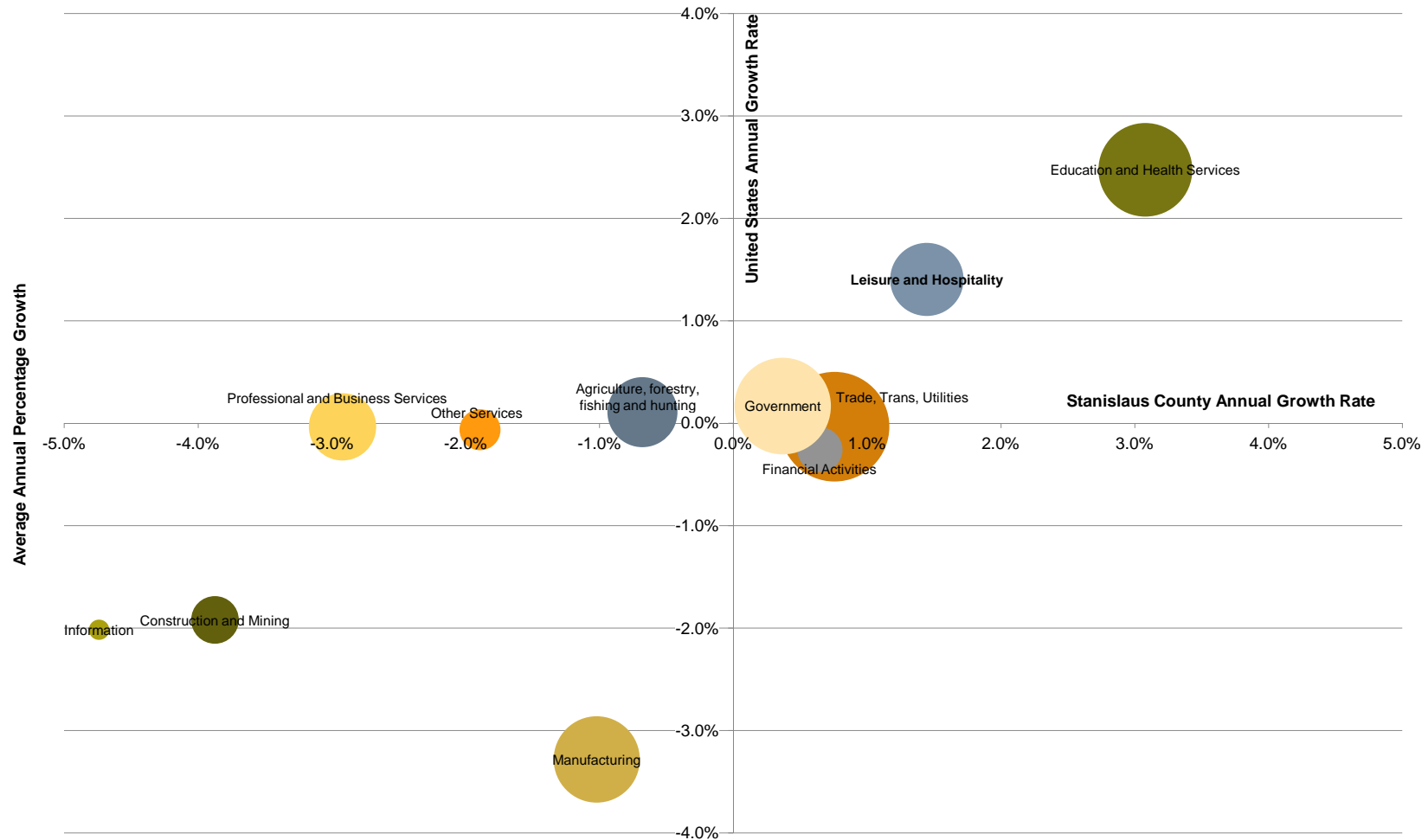


NOTE: Employment forecast figures for the Stanislaus County agricultural sector are not available through the forecast sources that were used for this report.  
SOURCE: University of Pacific California and Metro Forecast February 2013; RCLCO

# CITY OF CERES

*Exhibit II-13A*

## HISTORICAL ANNUAL EMPLOYMENT GROWTH BY INDUSTRY SECTOR STANISLAUS COUNTY, CA vs. UNITED STATES 2000 - 2012

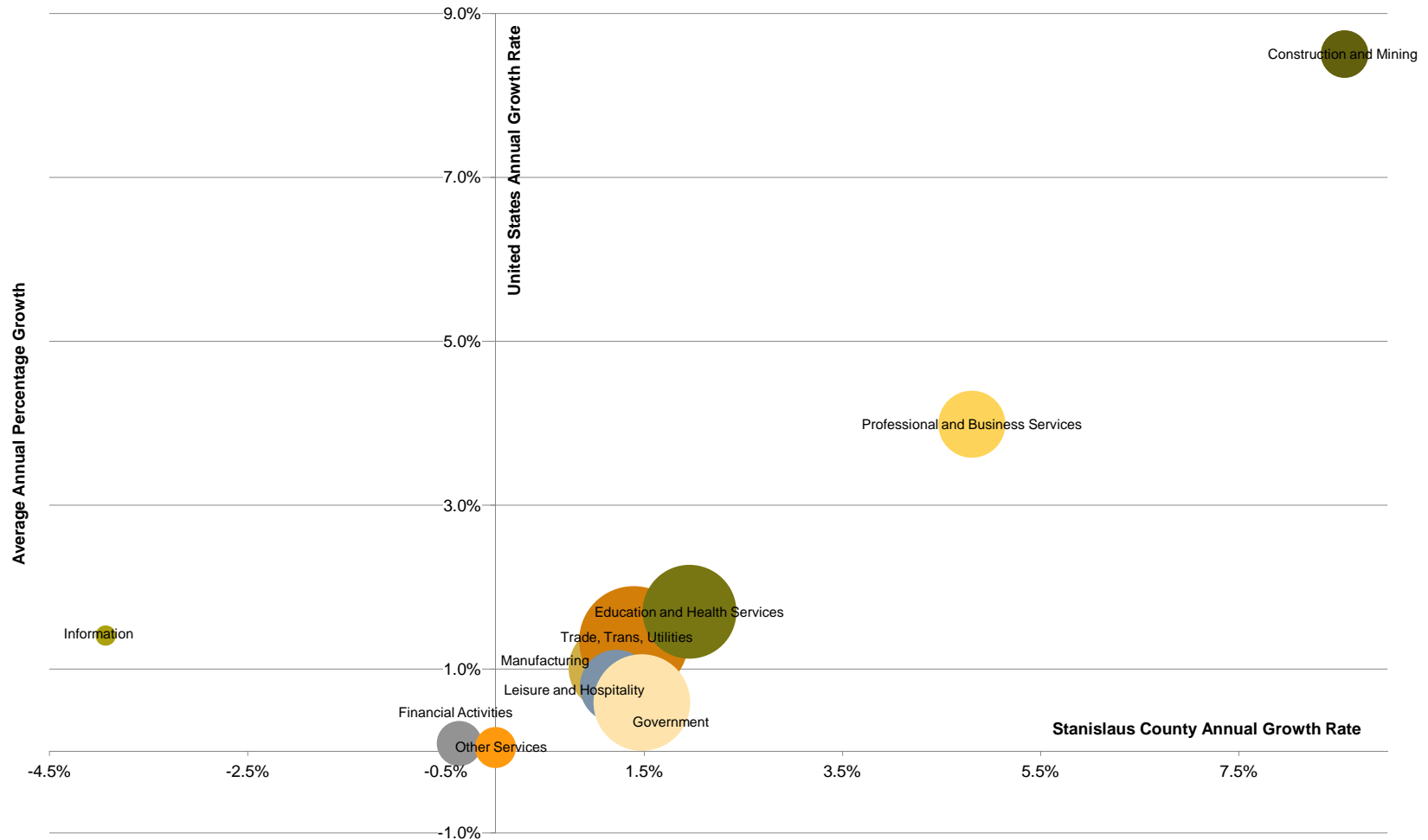


SOURCE: University of Pacific California and Metro Forecast February 2013; RCLCO

# CITY OF CERES

*Exhibit II-13B*

**FORECASTED ANNUAL EMPLOYMENT GROWTH BY INDUSTRY SECTOR  
STANISLAUS COUNTY, CA vs. UNITED STATES  
2012 - 2017**



NOTE: Employment forecast figures for the Stanislaus County agricultural sector are not available through the forecast sources that were used for this report.  
SOURCE: University of Pacific California and Metro Forecast February 2013; RCLCO

# CITY OF CERES

## Exhibit II-14

### COMPARISON OF FORECASTED EMPLOYMENT GROWTH, BY INDUSTRY SECTOR UNITED STATES AND STANISLAUS COUNTY, CA 2010 - 2020

INDUSTRY SECTOR	UNITED STATES			STANISLAUS COUNTY		
	2010	2020	GROWTH RATE	2010	2020	GROWTH RATE
Manufacturing	11,524,000	11,450,900	-0.1%	20,635	21,418	0.4%
<b>Construction and Mining</b>	6,181,500	8,045,800	2.7%	5,859	7,435	2.4%
<b>Trade, Trans, Utilities</b>	24,604,900	27,934,800	1.3%	31,602	31,559	0.0%
Information	2,710,900	2,851,200	0.5%	1,199	1,203	0.0%
Financial Activities	7,630,200	8,410,600	1.0%	5,449	7,310	3.0%
Professional and Business Services	16,688,000	20,497,000	2.1%	12,482	14,576	1.6%
<b>Education and Health Services</b>	19,564,100	26,022,700	2.9%	23,214	28,141	1.9%
Leisure and Hospitality	13,019,600	14,362,300	1.0%	14,559	17,336	1.8%
Other Services	6,031,300	6,850,700	1.3%	5,050	4,446	-1.3%
<b>Government</b>	22,481,100	23,750,800	0.6%	26,218	27,675	0.5%
<b>Agriculture, forestry, fishing and hunting</b>	2,135,500	2,005,300	-0.6%	12,664	Unknown	---

NOTE: Employment projections for Agriculture, forestry, fishing, and hunting aren't available.

SOURCE: U.S. Bureau of Labor Statistics; Moody's Analytics; RCLCO

# CITY OF CERES

## Exhibit II-15

### FORECASTED GROWTH AND LOCATION QUOTIENT CHECKLIST UNITED STATES, CALIFORNIA AND STANISLAUS COUNTY, CA 2010 - 2020

INDUSTRY SECTOR	PROJECTED TO GROW, 2010 - 2020			LOCATION QUOTIENT WITH U.S. GREATER THAN ONE		LOCATION QUOTIENT WITH CA GREATER THAN ONE
	STANISLAUS COUNTY	CALIFORNIA	UNITED STATES	STANISLAUS COUNTY	CALIFORNIA	STANISLAUS COUNTY
Manufacturing	✓	✓		✓		✓
<b>Construction and Mining</b>	✓	✓	✓			
<b>Trade, Trans, Utilities</b>	✓	✓	✓	✓		✓
Information		✓	✓		✓	
Financial Activities		✓	✓			
Professional and Business Services	✓	✓	✓		✓	
<b>Education and Health Services</b>	✓	✓	✓			✓
Leisure and Hospitality	✓	✓	✓		✓	
Other Services		✓	✓			
<b>Government</b>	✓	✓	✓			
<b>Agriculture, forestry, fishing and hunting</b>	n/a	n/a	n/a	✓	✓	✓

NOTE: Employment projections for Agriculture, forestry, fishing, and hunting are not available.

SOURCE: University of Pacific California and Metro Forecast February 2013; U.S. Bureau of Labor Statistics; RCLCO



# CITY OF CERES

## Exhibit II-16

### INDUSTRY SECTORS WITH THE LARGEST EMPLOYMENT GROWTH UNITED STATES 2010 - 2020

INDUSTRY SECTOR	2010	2020	EMPLOYMENT CHANGE, 2010 - 2020
Construction	5,525,600	7,365,100	1,839,500
Retail trade	14,413,700	16,182,200	1,768,500
Offices of health practitioners	3,818,200	5,209,600	1,391,400
Hospitals	4,685,300	5,563,600	878,300
Home health care services	1,080,600	1,952,400	871,800
Food services and drinking places	9,351,800	10,212,200	860,400
Individual and family services	1,215,000	2,066,400	851,400
Nursing and residential care facilities	3,129,000	3,951,000	822,000
Wholesale trade	5,456,100	6,200,200	744,100
General local government educational services compensation	8,010,400	8,751,400	741,000
Computer systems design and related services	1,441,500	2,112,800	671,300
Employment services	2,716,700	3,348,000	631,300
Management, scientific, and technical consulting services	991,400	1,567,000	575,600
Junior colleges, colleges, universities, and professional schools	1,694,000	2,171,100	477,100
Outpatient, laboratory, and other ambulatory care services	1,077,100	1,471,200	394,100
Architectural, engineering, and related services	1,276,600	1,635,100	358,500
Services to buildings and dwellings	1,742,500	2,044,800	302,300
Truck transportation	1,244,000	1,544,000	300,000
General state government educational services compensation	2,377,100	2,661,700	284,600
Child day care services	851,800	1,101,300	249,500
<b>TOTAL FOR TOP 20 INDUSTRY SECTORS</b>	<b>56,685,700</b>	<b>67,454,100</b>	<b>10,768,400</b>

SOURCE: U.S. Bureau of Labor Statistics; RCLCO

# CITY OF CERES

## Exhibit II-17

### INDUSTRIES WITH THE MOST RAPID EMPLOYMENT GROWTH AND DECLINES UNITED STATES 2010 - 2020

GROWTH	
INDUSTRY SECTOR	% CHANGE
Home health care services	6.1%
Individual and family services	5.5%
Management, scientific, and technical consulting services	4.7%
Veneer, plywood, and engineered wood product manufacturing	3.9%
Computer systems design and related services	3.9%
Cement and concrete product manufacturing	3.2%
Outpatient, laboratory, and other ambulatory care services	3.2%
Offices of health practitioners	3.2%
Software publishers	3.1%
Construction	2.9%
Commercial and industrial machinery and equipment rental and leasing	2.9%
Other professional, scientific, and technical services	2.9%
Facilities support services	2.9%
Community and vocational rehabilitation services	2.9%
Lessors of nonfinancial intangible assets (except copyrighted works)	2.9%
Other educational services	2.7%
Automotive repair and maintenance	2.6%
Grantmaking and giving services and social advocacy organizations	2.6%
Sawmills and wood preservation	2.6%
Child day care services	2.6%

DECLINES	
INDUSTRY SECTOR	% CHANGE
Apparel knitting mills	-8.3%
Leather and hide tanning and finishing, and other leather and allied product manufacturing	-7.6%
Postal Service	-3.2%
Communications equipment manufacturing	-3.1%
Computer and peripheral equipment manufacturing	-3.1%
Pipeline transportation	-2.6%
Metal ore mining	-2.5%
Pesticide, fertilizer, and other agricultural chemical manufacturing	-2.5%
Federal enterprises except the Postal Service and electric utilities	-2.4%
Other miscellaneous manufacturing	-2.3%
Other chemical product and preparation manufacturing	-1.9%
Metalworking machinery manufacturing	-1.6%
Glass and glass product manufacturing	-1.6%
Basic chemical manufacturing	-1.6%
Electrical equipment manufacturing	-1.5%
Pulp, paper, and paperboard mills	-1.4%
Fiber, yarn, and thread mills	-1.4%
Iron and steel mills and ferroalloy manufacturing	-1.4%
Petroleum and coal products manufacturing	-1.3%
Newspaper, periodical, book, and directory publishers	-1.3%

SOURCE: U.S. Bureau of Labor Statistics; RCLCO

# CITY OF CERES

## Exhibit II-18

### HISTORICAL EMPLOYMENT BY TRADED INDUSTRY CLUSTER STANISLAUS COUNTY, CA AND STATE OF CALIFORNIA 2001 - 2010

STANISLAUS COUNTY										
YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agricultural Products	8,699	8,344	8,100	7,140	7,879	7,942	8,774	7,979	7,701	7,005
Automotive	1,371	1,020	1,252	1,265	1,334	1,551	1,558	1,178	1,178	1,157
Building Fixtures, Equipment and Services	1,471	1,387	1,403	1,436	1,199	1,273	915	731	501	430
Business Services	3,055	1,717	1,669	1,600	1,888	2,304	2,060	2,009	1,607	1,735
Construction Materials	420	539	393	428	414	502	550	427	427	460
Distribution Services	1,248	1,229	978	1,136	1,176	1,340	1,431	1,647	1,525	1,713
Education and Knowledge Creation	254	288	419	477	424	581	703	600	820	659
Entertainment	544	663	611	658	688	592	477	753	438	374
Financial Services	1,106	1,325	1,171	1,613	1,171	1,320	1,604	1,141	1,080	1,103
Heavy Construction Services	1,791	1,590	1,959	2,079	2,327	2,602	2,403	1,740	1,124	931
Heavy Machinery	673	762	674	620	598	645	741	669	659	631
Hospitality and Tourism	1,050	1,182	1,715	1,718	1,441	1,930	1,504	1,462	1,306	1,041
Information Technology	145	175	245	245	245	245	298	305	255	255
Metal Manufacturing	620	440	560	570	620	553	541	707	664	651
Processed Food	6,892	6,169	6,423	6,270	6,550	6,276	6,538	6,539	6,383	5,827
Production Technology	680	614	653	419	478	399	538	435	510	460
Transportation and Logistics	965	835	670	992	951	1,217	1,353	1,261	1,373	1,608
STATE OF CALIFORNIA										
YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agricultural Products	75,007	75,359	74,953	74,699	75,826	76,237	78,323	79,624	75,770	75,874
Automotive	70,575	63,324	59,195	62,796	60,752	53,219	49,791	52,076	44,020	40,216
Building Fixtures, Equipment and Services	81,736	78,011	76,561	77,973	75,987	75,399	69,725	61,331	48,188	42,775
Business Services	865,637	804,191	823,159	890,355	829,281	842,803	821,211	774,092	738,483	790,802
Construction Materials	16,300	14,982	13,637	15,886	13,261	13,377	12,298	12,649	11,516	10,707
Distribution Services	319,853	287,216	298,931	298,907	305,724	300,587	292,572	388,452	374,351	363,202
Education and Knowledge Creation	279,858	288,858	312,766	320,746	326,641	342,175	355,523	367,752	367,299	367,921
Entertainment	232,883	218,062	216,851	249,086	273,369	285,811	284,653	297,907	279,692	263,414
Financial Services	260,043	252,373	232,282	229,819	241,293	239,724	238,993	240,369	206,096	191,069
Heavy Construction Services	128,342	121,773	136,306	130,556	133,426	156,640	148,270	131,824	105,225	93,157
Heavy Machinery	14,768	13,033	12,851	12,878	12,553	12,989	13,671	13,191	15,146	11,337
Hospitality and Tourism	295,954	284,779	299,954	309,563	305,455	312,192	314,843	324,485	304,014	303,317
Information Technology	246,147	198,196	196,212	177,827	167,420	163,009	168,699	185,359	171,468	163,030
Metal Manufacturing	106,894	94,349	92,716	88,325	86,708	86,700	83,335	86,571	77,134	69,884
Processed Food	137,148	133,789	139,177	137,109	134,980	139,160	132,333	137,807	136,029	137,484
Production Technology	48,512	40,946	41,523	38,498	38,098	38,857	39,440	39,742	36,126	33,452
Transportation and Logistics	182,591	169,816	208,569	223,144	223,416	224,156	226,585	231,408	208,149	205,136

NOTE: Traded Clusters are made up of traded industries. These industries sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

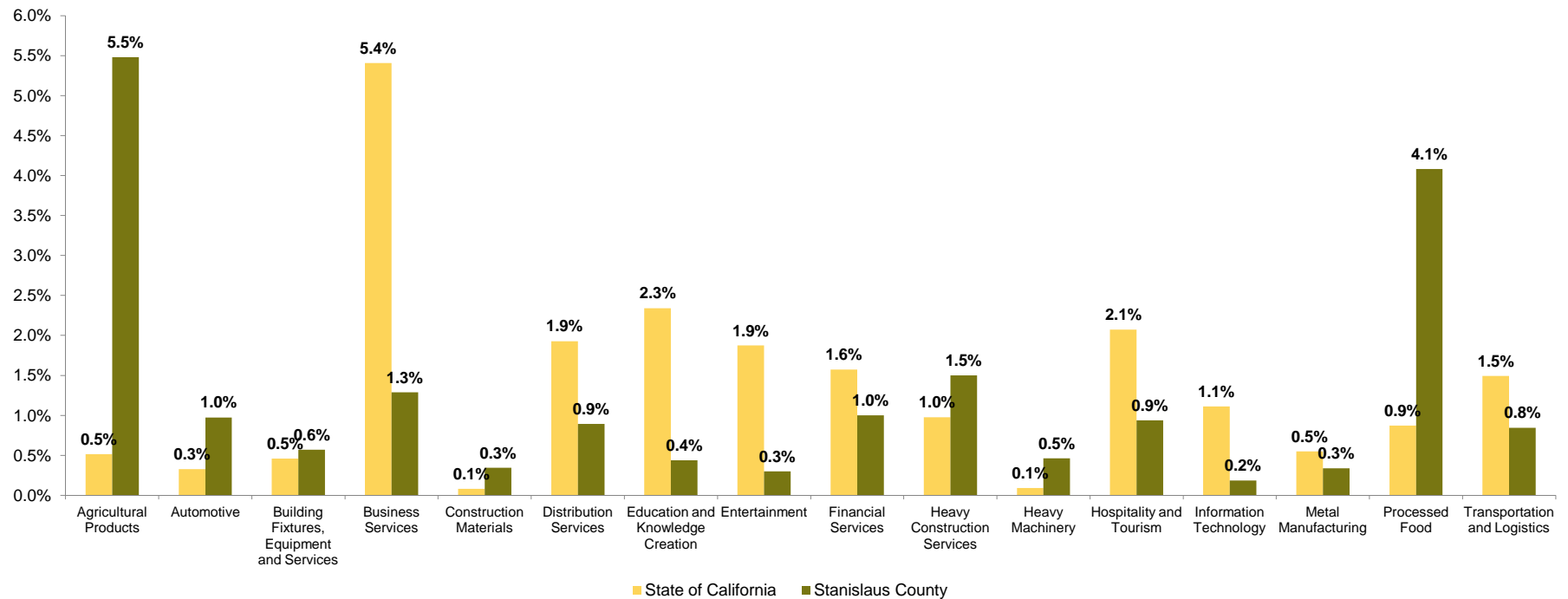
NOTE: Only the 17 largest clusters in Stanislaus County are shown above.

SOURCE: Harvard Business School Cluster Mapping Project; RCLCO

# CITY OF CERES

*Exhibit II-19*

## TRADED INDUSTRY CLUSTER SHARE OF ECONOMY STANISLAUS COUNTY, CA AND STATE OF CALIFORNIA 2010

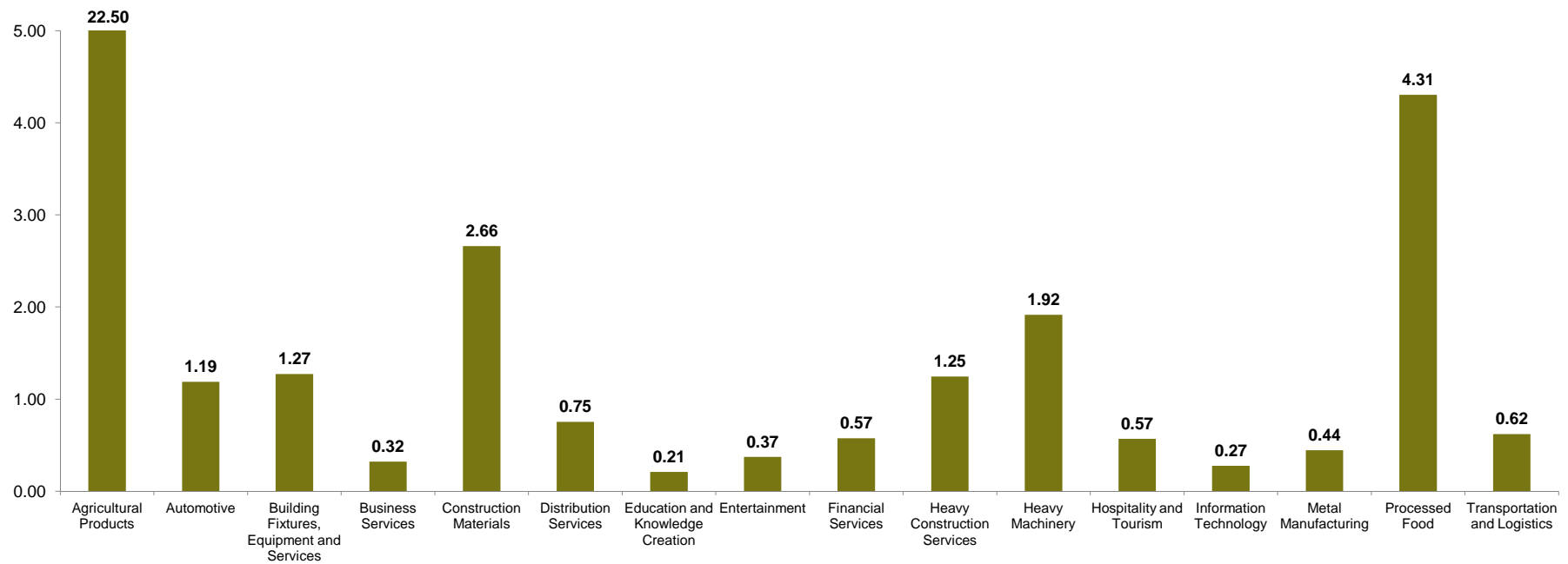


SOURCE: Harvard Business School Cluster Mapping Project; RCLCO

# CITY OF CERES

*Exhibit II-20*

**LOCATION QUOTIENT FOR SELECTED TRADED INDUSTRY CLUSTERS  
STANISLAUS COUNTY, CA  
2010**

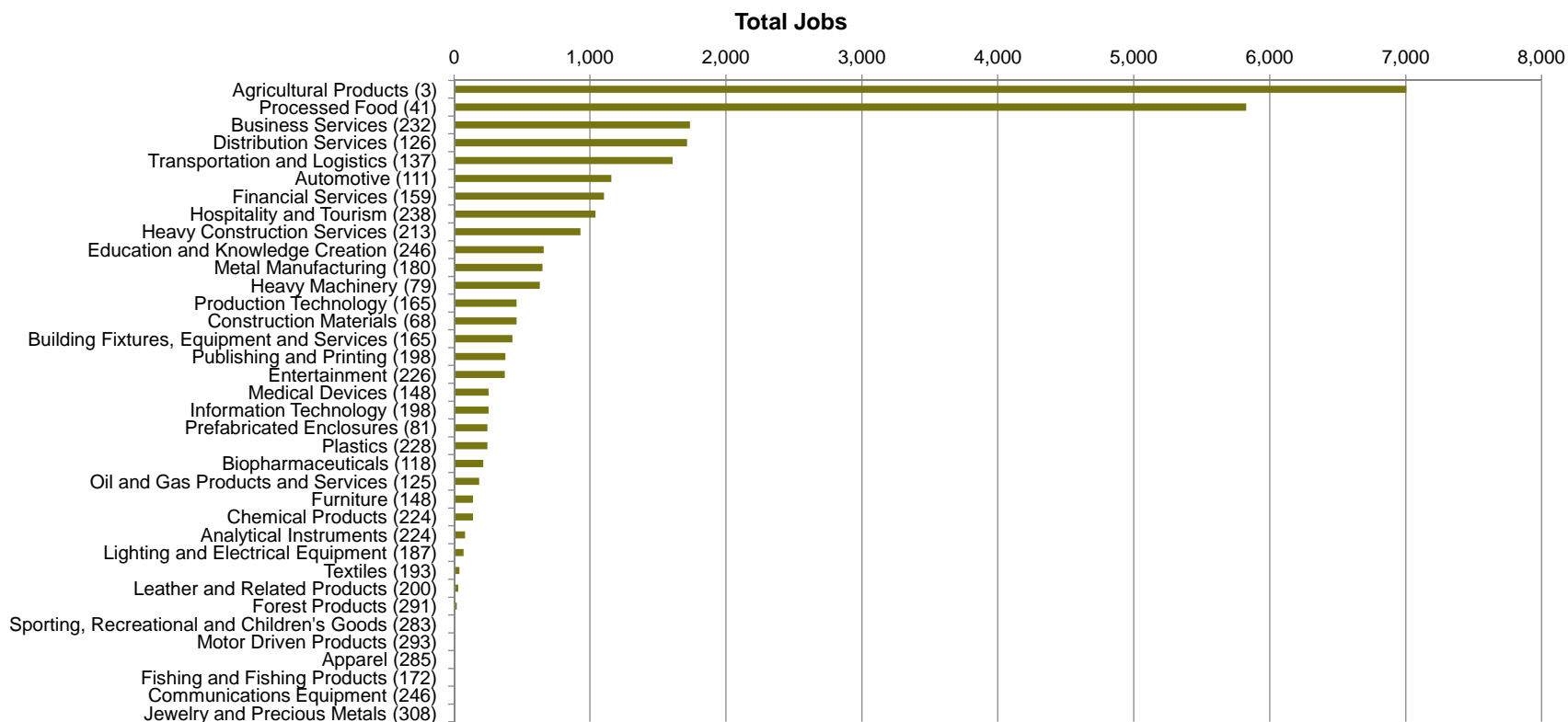


SOURCE: Harvard Business School Cluster Mapping Project; RCLCO

# CITY OF CERES

*Exhibit II-21A*

**TOTAL JOBS BY TRADED INDUSTRY CLUSTER  
ALL TRADED INDUSTRY CLUSTERS  
STANISLAUS COUNTY, CA  
2010**



NOTE: Traded Clusters are made up of traded industries. These industries sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

NOTE: Numbers in parentheses, i.e. "(3)", represents the individual cluster or sub-cluster's location quotient ranking compared to other MSAs in the United States

NOTE: "Expected Job Growth" is based on the growth rate of each individual cluster nationally.

SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

## Exhibit II-21B

### COMPARISON OF GROWTH RATES ALL TRADED INDUSTRY CLUSTERS STANISLAUS COUNTY, CA; CALIFORNIA; AND UNITED STATES 2010

INDUSTRY CLUSTER	TOTAL JOBS, 2000	TOTAL JOBS, 2010	STANISLAUS COUNTY	CALIFORNIA ANNUAL	UNITED STATES
			ANNUAL GROWTH RATE	GROWTH RATE	ANNUAL GROWTH RATE
Agricultural Products	6,305	7,005	1.1%	0.7%	0.0%
Processed Food	6,546	5,827	-1.2%	0.2%	-0.8%
Business Services	1,532	1,735	1.3%	0.3%	1.4%
Distribution Services	1,443	1,713	1.7%	1.8%	0.8%
Transportation and Logistics	773	1,608	7.6%	1.4%	2.1%
Automotive	910	1,157	2.4%	-4.8%	-6.1%
Financial Services	1,018	1,103	0.8%	-1.8%	-1.1%
Hospitality and Tourism	1,225	1,041	-1.6%	0.5%	-0.3%
Heavy Construction Services	1,978	931	-7.3%	-3.0%	-2.2%
Education and Knowledge Creation	355	659	6.4%	3.8%	3.1%
Metal Manufacturing	493	651	2.8%	-4.2%	-4.5%
Heavy Machinery	709	631	-1.2%	-2.7%	-2.1%
Construction Materials	402	460	1.4%	-3.6%	-3.5%
Production Technology	785	460	-5.2%	-3.5%	-3.6%
Building Fixtures, Equipment and Services	1,257	430	-10.2%	-6.4%	-4.5%
Publishing and Printing	453	378	-1.8%	0.4%	-2.1%
Entertainment	587	374	-4.4%	1.8%	0.7%
Information Technology	126	255	7.3%	-3.1%	-1.4%
Medical Devices	252	255	0.1%	-0.5%	0.4%
Plastics	140	245	5.8%	-5.6%	-4.4%
Prefabricated Enclosures	190	245	2.6%	-11.0%	-6.9%
Biopharmaceuticals	235	215	-0.9%	5.2%	-0.6%
Chemical Products	310	140	-7.6%	-2.3%	-2.9%
Furniture	315	140	-7.8%	-10.1%	-8.0%
Analytical Instruments	130	80	-4.7%	-6.2%	-4.0%
Lighting and Electrical Equipment	195	70	-9.7%	-5.8%	-5.4%
Textiles	20	40	7.2%	-5.2%	-8.7%
Leather and Related Products	130	31	-13.4%	-6.3%	-3.8%
Forest Products	525	20	-27.9%	-4.4%	-4.0%
Apparel	50	10	-14.9%	-8.9%	-13.4%
Communications Equipment	80	10	-18.8%	-3.3%	-7.3%
Jewelry and Precious Metals	89	10	-19.6%	-4.9%	-4.7%
Motor Driven Products	70	10	-17.7%	-6.3%	-5.3%

NOTE: Traded Clusters are made up of traded industries. These industries sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

## Exhibit II-22

### SUMMARY OF 10 LARGEST SELECTED INDUSTRY SUB-CLUSTERS, BY JOBS CREATED 2000 - 2010 ALL TRADED INDUSTRY CLUSTERS STANISLAUS COUNTY, CA 2010

SUB-CLUSTER	INDUSTRY CLUSTER	TOTAL JOBS, 2010	RANK <sup>1</sup>	JOBS CREATED 2000 - 2010
<b>Top 10, by Jobs Created</b>				
Wine and Brandy	Agricultural Products	3,750	3	2,000
Agricultural Products	Agricultural Products	1,300	120	870
Metal and Glass Containers	Processed Food	920	67	490
Transportation Arrangement and Warehousing	Transportation and Logistics	600	15	219
Professional Organizations and Services	Business Services	390	23	173
Automotive Parts	Automotive	950	189	132
Farm Management and Related Services	Agricultural Products	622	29	76
Farm Materials and Supplies Wholesaling	Distribution Services	550	28	22
Farm Machinery	Heavy Machinery	1,500	2	-10
Wood Products	Construction Materials	2,613	3	-1,276

NOTE: Traded Clusters are made up of traded industries. These industries sell products and services across regions and often to other countries. They locate in a particular region based not on resources but on broader competitive considerations, and employment concentration varies markedly by region.

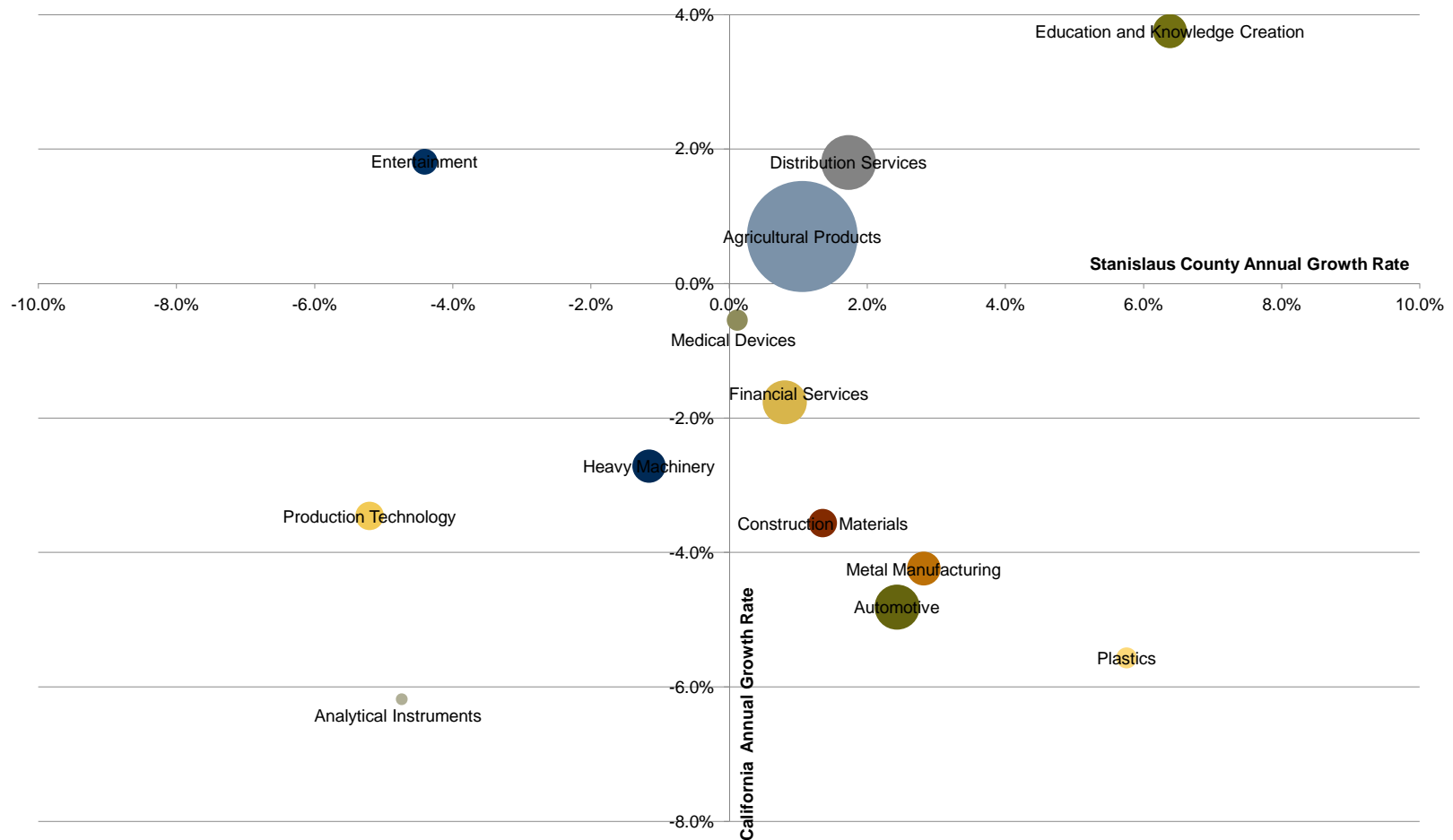
SOURCE: Harvard Business School Cluster Mapping Project



# CITY OF CERES

*Exhibit II-23*

**COMPARISON OF ANNUAL GROWTH RATES  
SELECTED TRADED INDUSTRY CLUSTERS  
STANISLAUS COUNTY, CA vs. CALIFORNIA  
2000 - 2010**

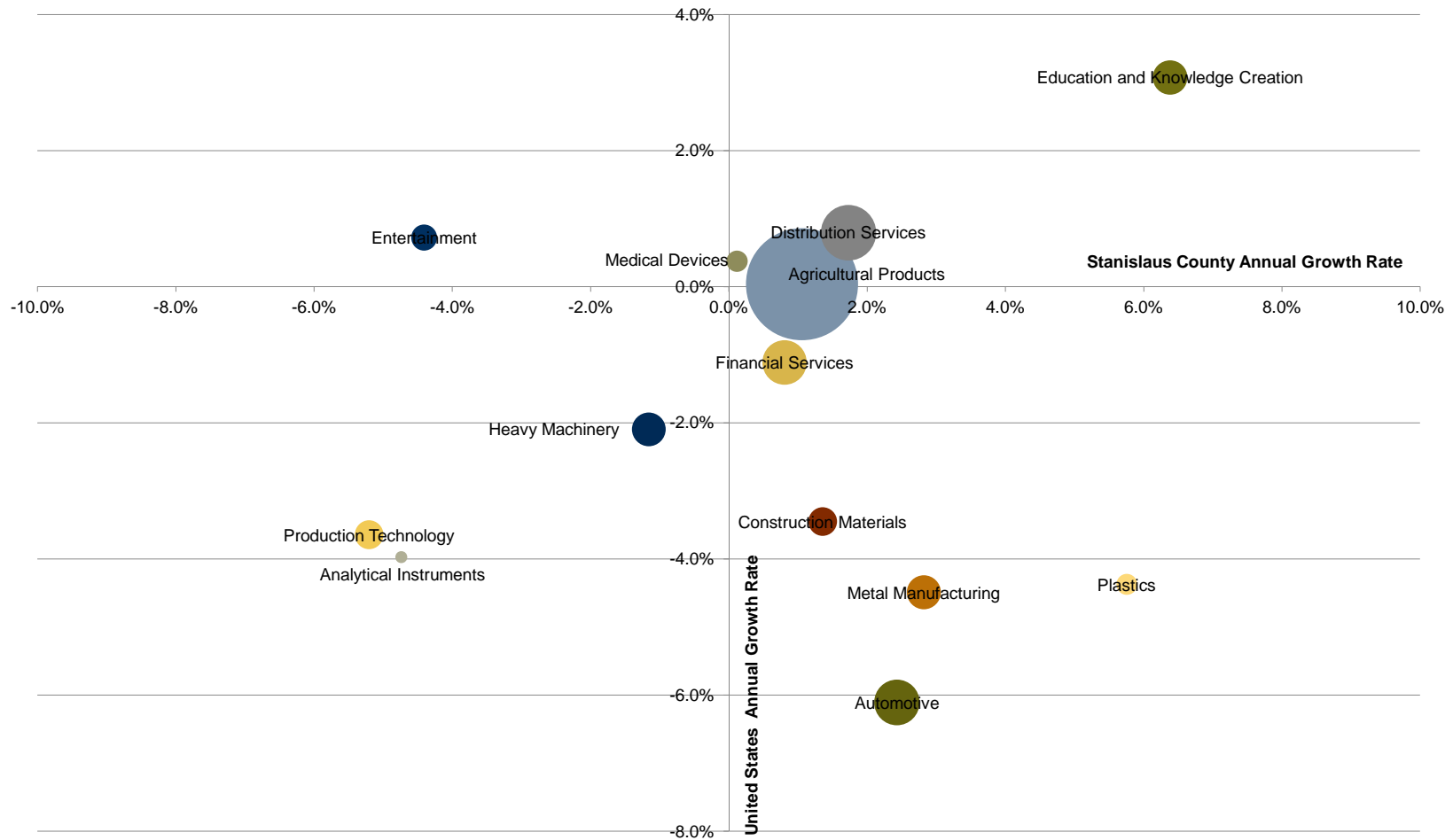


SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

*Exhibit II-24*

**COMPARISON OF ANNUAL GROWTH RATES  
SELECTED TRADED INDUSTRY CLUSTERS  
STANISLAUS COUNTY, CA vs. UNITED STATES  
2000 - 2010**

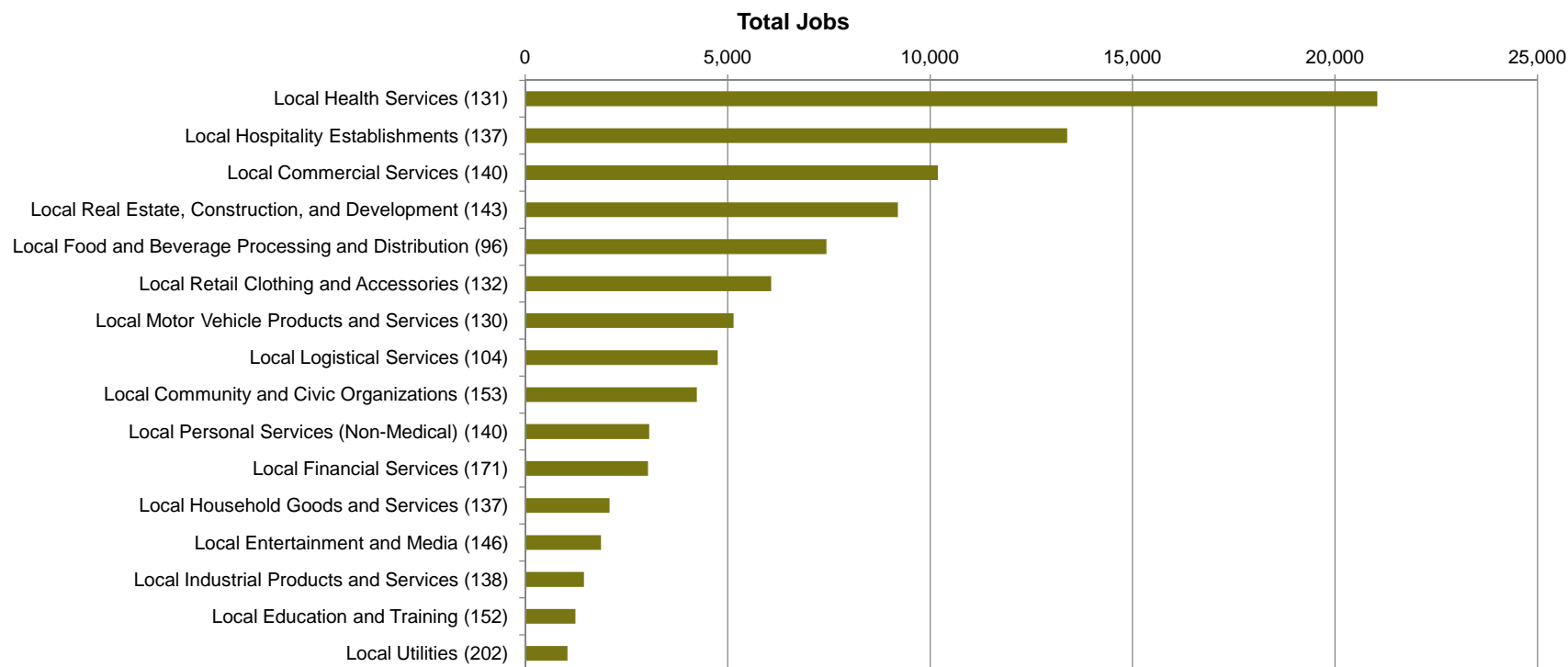


SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

*Exhibit II-25*

**TOTAL JOBS BY INDUSTRY CLUSTER  
ALL LOCAL INDUSTRY CLUSTERS  
STANISLAUS COUNTY, CA  
2010**



NOTE: "Local Clusters" are made up of local industries. In these industries, employment is evenly distributed across all regions--that is, employment is roughly proportional to regional population. Local industries provide goods and services primarily to the local market, or the region in which the employment is located.

NOTE: Numbers in parentheses, i.e. "(3)", represents the individual cluster or sub-cluster's location quotient ranking compared to other MSAs in the United States

SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

## Exhibit II-26

### SUMMARY OF TOP 15 LARGEST LOCAL INDUSTRY SUB-CLUSTERS, BY JOBS CREATED BETWEEN 2000 - 2010 ALL LOCAL INDUSTRY CLUSTERS STANISLAUS COUNTY, CA 2000 - 2010

SUB-CLUSTER	INDUSTRY CLUSTER	TOTAL JOBS, 2010	RANK <sup>1</sup>	JOBS CREATED 2000-2010
<b>Top 15, by Jobs Created</b>				
Healthcare Provider Offices	Healthcare	7,995	103	2,764
Hospitality Establishments	Hospitality Establishments	12,137	134	1,740
Beer, Wine and Liquor Wholesaling	Food and Beverage	913	43	768
Home and Residential Care	Healthcare	4,583	153	712
Apparel Retailing	Retail Clothing and Accessories	1,958	132	703
Retail Food Stores	Food and Beverage	4,300	103	661
Local Professional Services	Commercial Services	5,357	126	306
Construction Materials Retailing	Real Estate, Construction and Development	1,278	132	189
Corporate Subsidiary and Regional Managing Offices	Commercial Services	1,629	155	185
Food Wholesaling	Food and Beverage	1,355	90	124
Drug Stores	Healthcare	1,234	93	57
Recreational Facilities	Hospitality Establishments	1,063	141	7
General Merchandise Retailing	Retail Clothing and Accessories	3,855	143	-78
Real Estate Services	Real Estate, Construction and Development	1,882	119	-125
Hospitals	Healthcare	6,466	163	-277

NOTE: "Local Clusters" are made up of local industries. In these industries, employment is evenly distributed across all regions--that is, employment is roughly proportional to regional population. Local industries provide goods and services primarily to the local market, or the region in which the employment is located.

<sup>1</sup> Rank represents the individual cluster or sub-cluster's location quotient ranking compared to other MSAs in the United States

SOURCE: Harvard Business School Cluster Mapping Project

# CITY OF CERES

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## **III. INDUSTRIAL AND OFFICE ANALYSIS**

# CITY OF CERES

## Exhibit III-1

### HISTORICAL INDUSTRIAL MARKET TRENDS, MODESTO AND ALL OTHER SUBMARKETS STANISLAUS COUNTY, CA 2007 - 2012 (in thousands)

MARKET/SUBMARKET	2007	2008	2009	2010	2011	2012
<b>STANISLAUS COUNTY</b>						
Total Supply (SF)	47,917	49,012	49,491	49,452	49,952	49,808
Occupied SF	44,339	46,213	45,473	45,867	46,530	46,415
Vacant SF	3,578	2,799	4,018	3,585	3,422	3,394
Vacancy Rate	7.5%	5.7%	8.1%	7.2%	6.9%	6.8%
Net Absorption (SF)	-822	63	-592	-78	819	62
Deliveries (SF)		1,095	478	-39	500	-144
Avg. Annual Lease \$/SF	\$4.59	\$6.09	\$4.09	\$4.22	\$3.61	\$3.68
<b>MODESTO</b>						
Total Supply (SF)	32,559	32,607	32,987	33,007	32,688	32,550
Occupied SF	29,754	31,049	30,321	30,851	30,241	30,121
Vacant SF	2,805	1,557	2,666	2,157	2,447	2,429
Vacancy Rate	8.6%	4.8%	8.1%	6.5%	7.5%	7.5%
Net Absorption (SF)	-735	-174	-593	13	-10	11
Deliveries (SF)				--	0	-138
Avg. Annual Lease \$/SF	\$4.41	\$6.75	\$3.64	\$3.77	\$3.31	\$3.52
<b>ALL OTHER STANISLAUS COUNTY SUBMARKETS (INCLUDING CERES)</b>						
Total Supply (SF)	15,358	16,406	16,504	16,444	17,264	17,258
Occupied SF	14,585	15,164	15,152	15,016	16,289	16,294
Vacant SF	773	1,242	1,352	1,428	975	965
Vacancy Rate	5.0%	7.6%	8.2%	8.7%	5.6%	5.6%
Net Absorption (SF)	-87	237	1	-91	829	50
Deliveries (SF)	0	1,095	478	--	500	-6
Avg. Annual Lease \$/SF	\$4.97	\$4.78	\$4.99	\$5.12	\$4.18	\$3.98
<b>CERES</b>						
Total Supply (SF)	2,546	2,610	2,626	2,626	2,626	2,626
Occupied SF	2,360	2,442	2,395	2,377	2,433	2,405
Vacant SF	187	168	232	249	193	221
Vacancy Rate	7.3%	6.4%	8.8%	9.5%	7.4%	8.4%
Net Absorption (SF)	-735	-174	-593	13	-10	11
Deliveries (SF)		63	17	0	0	0
Avg. Annual Lease \$/SF	\$6.13	\$5.15	\$5.67	\$5.42	\$3.78	\$3.06

NOTE: All square footage data figures are presented in thousands.

SOURCE: Costar; RCLCO

# CITY OF CERES

## Exhibit III-2

### HISTORICAL AND FORECASTED INDUSTRIAL MARKET CAPTURE TRENDS, MODESTO AND ALL OTHER SUBMARKETS STANISLAUS COUNTY, CA 2010 - 2012 (in thousands)

MARKET/SUBMARKET	2010	2011	2012
<b>OCCUPIED INDUSTRIAL SPACE (in 000s)</b>			
Stanislaus County	45,867	46,530	46,415
Modesto	30,851	30,241	30,121
All Other Stanislaus County Submarkets (including Ceres)	15,016	16,289	16,294
Ceres	2,377	2,433	2,405
All other submarkets	12,640	13,856	13,888
<b>SUBMARKET CAPTURE (%)</b>			
Stanislaus County	100.0%	100.0%	100.0%
Modesto	67.3%	65.0%	64.9%
All Other Stanislaus County Submarkets (including Ceres)	32.7%	35.0%	35.1%
<b>Ceres</b>	<b>5.2%</b>	<b>5.2%</b>	<b>5.2%</b>
All other submarkets	84.2%	85.1%	85.2%

SOURCE: Costar; RCLCO

# CITY OF CERES

## Exhibit III-3

### HISTORICAL AND FORECASTED INDUSTRIAL NET ABSORPTION STANISLAUS COUNTY, CA BASED ON U.S. BUREAU OF LABOR AND UOP BUSINESS FORECASTING CENTER 2010 - 2020

FACTOR	ASSUMPTION	2007	2008	2009	2010	2011	2012
<<< HISTORICAL							
<b>EMPLOYMENT<sup>1</sup></b>							
Construction and Mining		11,229	9,115	6,615	5,859	5,726	5,994
Manufacturing		22,893	22,583	20,827	20,635	19,953	20,344
Trade, Trans, Utilities		33,744	32,854	31,366	31,602	31,664	31,796
Information		2,283	1,847	1,256	1,199	1,101	1,100
Financial Activities		6,202	6,059	5,597	5,449	5,390	5,467
Professional and Business Services		14,762	14,275	13,156	12,482	11,949	11,924
Education and Health Services		21,115	21,709	22,176	23,214	23,491	23,543
Leisure and Hospitality		15,395	15,535	14,652	14,559	14,222	14,270
Other Services		6,019	5,786	5,190	5,050	4,765	4,515
Government		26,500	26,655	25,803	26,218	25,743	25,035
<b>INDUSTRIAL SPACE-USING EMPLOYMENT<sup>2</sup></b>							
Construction and Mining	40%	4,491	3,646	2,646	2,344	2,291	2,398
Manufacturing	90%	20,604	20,324	18,744	18,572	17,958	18,309
Trade, Trans, Utilities	60%	20,247	19,712	18,819	18,961	18,998	19,078
Information	40%	913	739	503	480	440	440
Financial Activities	10%	620	606	560	545	539	547
Professional and Business Services	10%	1,476	1,428	1,316	1,248	1,195	1,192
Education and Health Services	10%	2,111	2,171	2,218	2,321	2,349	2,354
Leisure and Hospitality	5%	770	777	733	728	711	713
Other Services	30%	1,806	1,736	1,557	1,515	1,430	1,354
Government	0%	0	0	0	0	0	0
<b>INDUSTRIAL SPACE DEMAND (sf)<sup>3</sup></b>							
Construction and Mining		4,491,000	3,646,000	2,646,000	2,344,000	2,291,000	2,398,000
Manufacturing		20,604,000	20,324,000	18,744,000	18,572,000	17,958,000	18,309,000
Trade, Trans, Utilities		20,247,000	19,712,000	18,819,000	18,961,000	18,998,000	19,078,000
Information		913,000	739,000	503,000	480,000	440,000	440,000
Financial Activities		620,000	606,000	560,000	545,000	539,000	547,000
Professional and Business Services		1,476,000	1,428,000	1,316,000	1,248,000	1,195,000	1,192,000
Education and Health Services		2,111,000	2,171,000	2,218,000	2,321,000	2,349,000	2,354,000
Leisure and Hospitality		770,000	777,000	733,000	728,000	711,000	713,000
Other Services		1,806,000	1,736,000	1,557,000	1,515,000	1,430,000	1,354,000
Government		0	0	0	0	0	0
<b>TOTAL</b>		<b>53,038,000</b>	<b>51,139,000</b>	<b>47,096,000</b>	<b>46,714,000</b>	<b>45,911,000</b>	<b>46,385,000</b>
<b>FORECASTED NET ABSORPTION</b>		<b>2,700,000</b>	<b>-1,899,000</b>	<b>-4,043,000</b>	<b>-382,000</b>	<b>-803,000</b>	<b>474,000</b>
Actual Year-End Occupied Leased Space		44,339,336	46,213,128	45,472,585	45,866,976	46,530,229	46,414,705
Actual Net Absorption		-821,858	62,768	-592,000	-77,507	818,741	980,579
Historical Demand Variance (Occupied)		-16.4%	-9.6%	-3.4%	-1.8%	1.3%	0.1%



# CITY OF CERES

## Exhibit III-3

### HISTORICAL AND FORECASTED INDUSTRIAL NET ABSORPTION STANISLAUS COUNTY, CA BASED ON U.S. BUREAU OF LABOR AND UOP BUSINESS FORECASTING CENTER 2010 - 2020

FORECAST >>>								
2013	2014	2015	2016	2017	2018	2019	2020	
								EMPLOYMENT (YEAR-END IN 000s) <sup>1</sup>
6,600	7,200	8,000	8,800	9,200	9,660	10,143	10,650	Construction and Mining
20,800	20,900	21,000	21,100	21,200	21,449	21,700	21,954	Manufacturing
33,800	33,900	34,100	34,200	34,400	34,879	35,366	35,858	Trade, Trans, Utilities
1,100	1,000	1,000	900	900	865	831	798	Information
5,500	5,500	5,500	5,500	5,400	5,380	5,361	5,341	Financial Activities
13,000	13,700	14,300	14,900	15,300	15,606	15,918	16,236	Professional and Business Services
24,300	24,600	24,900	25,500	26,000	26,509	27,027	27,556	Education and Health Services
15,200	15,400	15,400	15,400	15,300	15,487	15,676	15,867	Leisure and Hospitality
4,600	4,600	4,600	4,500	4,500	4,500	4,500	4,500	Other Services
25,400	25,700	26,100	26,500	26,900	27,297	27,700	28,109	Government
								INDUSTRIAL-USING EMPLOYMENT (YEAR-END IN 000s) <sup>2</sup>
2,640	2,880	3,200	3,520	3,680	3,864	4,057	4,260	Construction and Mining
18,720	18,810	18,900	18,990	19,080	19,304	19,530	19,759	Manufacturing
20,280	20,340	20,460	20,520	20,640	20,928	21,219	21,515	Trade, Trans, Utilities
440	400	400	360	360	346	332	319	Information
550	550	550	550	540	538	536	534	Financial Activities
1,300	1,370	1,430	1,490	1,530	1,561	1,592	1,624	Professional and Business Services
2,430	2,460	2,490	2,550	2,600	2,651	2,703	2,756	Education and Health Services
760	770	770	770	765	774	784	793	Leisure and Hospitality
1,380	1,380	1,380	1,350	1,350	1,350	1,350	1,350	Other Services
0	0	0	0	0	0	0	0	Government
								INDUSTRIAL-USING SF DEMAND (YEAR-END IN 000s) <sup>3</sup>
2,640,000	2,880,000	3,200,000	3,520,000	3,680,000	3,864,000	4,057,000	4,260,000	Construction and Mining
18,720,000	18,810,000	18,900,000	18,990,000	19,080,000	19,304,000	19,530,000	19,759,000	Manufacturing
20,280,000	20,340,000	20,460,000	20,520,000	20,640,000	20,928,000	21,219,000	21,515,000	Trade, Trans, Utilities
440,000	400,000	400,000	360,000	360,000	346,000	332,000	319,000	Information
550,000	550,000	550,000	550,000	540,000	538,000	536,000	534,000	Financial Activities
1,300,000	1,370,000	1,430,000	1,490,000	1,530,000	1,561,000	1,592,000	1,624,000	Professional and Business Services
2,430,000	2,460,000	2,490,000	2,550,000	2,600,000	2,651,000	2,703,000	2,756,000	Education and Health Services
760,000	770,000	770,000	770,000	765,000	774,000	784,000	793,000	Leisure and Hospitality
1,380,000	1,380,000	1,380,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	Other Services
0	0	0	0	0	0	0	0	Government
48,500,000	48,960,000	49,580,000	50,100,000	50,545,000	51,316,000	52,103,000	52,910,000	TOTAL
2,115,000	460,000	620,000	520,000	445,000	771,000	787,000	807,000	FORECASTED NET ABSORPTION

<sup>1</sup> Historical and forecasted employment by sector reflects year-end (December) figures as reported Moody's Economy.com and the UOP Forecast.

<sup>2</sup> Percent of industrial-using employment within each employment sector estimated by RCLCO based on historical relationship between employment and occupied office space.

<sup>3</sup> Industrial SF per employee for each employment sector (1,000 sf/employee) estimated by RCLCO based on historical relationship between employment and occupied industrial space.

SOURCE: UOP's Business Forecasting Center; Costar; RCLCO

# CITY OF CERES

## Exhibit III-4

### FORECASTED DEMAND FOR LEASED INDUSTRIAL SPACE BY SUBMARKET STANISLAUS COUNTY, CA 2010 - 2020

FACTOR	ASSUMPTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<<< HISTORICAL   FORECAST >>>												
HISTORICAL OCCUPIED LEASED INDUSTRIAL SPACE												
Stanislaus County Region Total		45,867	46,530	46,415								
Net Absorption		-78	819	981								
PROJECTED OCCUPIED LEASED INDUSTRIAL SPACE												
STANISLAUS COUNTY SUMMARY												
SUPPLY												
Total Supply (Period Start)		49,491	49,452	46,415	49,808	49,808	49,808	49,808	49,808	49,808	49,809	49,811
Supply Additions		-39	-3,037	3,394	0	0	0	0	0	1	2	3
Total Supply (Period End)		49,452	46,415	49,808	49,808	49,808	49,808	49,808	49,808	49,809	49,811	49,814
NET ABSORPTION												
Based on UOP's Business Forecasting Center's Employment Projections				981	2,115	460	620	520	445	771	787	807
OCCUPIED SPACE												
Based on UOP's Business Forecasting Center's Employment Projections				47,395	49,510	49,970	50,590	51,110	51,555	52,326	53,113	53,920
VACANCY RATE												
Based on UOP's Business Forecasting Center's Employment Projections				4.8%	0.6%	-0.3%	-1.6%	-2.6%	-3.5%	-5.1%	-6.6%	-8.2%
SUBMARKET BREAKDOWN												
SUPPLY												
Total Supply (Period Start)		49,452	49,952	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808
Supply Additions		500	-144	0	0	0	0	0	0	0	0	0
Total Supply (Period End)		49,952	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808
YEAR-END SUPPLY BY SUBMARKET												
Modesto		33,007	32,688	32,550	32,550	32,550	32,550	32,550	32,550	32,550	32,550	32,550
All Other Stanislaus County Submarkets		16,444	17,264	17,258	17,258	17,258	17,258	17,258	17,258	17,258	17,258	17,258
NET ABSORPTION BY SUBMARKET												
Modesto		65%			1,373	299	402	337	289	500	511	524
All Other Stanislaus County Submarkets		35%			742	161	218	183	156	271	276	283
OCCUPIED SPACE BY SUBMARKET - AVERAGE OF TWO FORECASTS												
Modesto		30,851	30,241	30,121	31,494	31,792	32,194	32,532	32,821	33,321	33,832	34,355
All Other Stanislaus County Submarkets		15,016	16,289	16,294	17,036	17,198	17,415	17,598	17,754	18,025	18,301	18,584
VACANCY RATE BY SUBMARKET												
Modesto		6.5%	7.5%	7.5%	3.2%	2.3%	1.1%	0.1%	-0.8%	-2.4%	-3.9%	-5.5%
All Other Stanislaus County Submarkets		8.7%	5.6%	5.6%	1.3%	0.4%	-0.9%	-2.0%	-2.9%	-4.4%	-6.0%	-7.7%

<sup>1</sup>All historical data prior to 2013 is based on actual observed data trends.

SOURCE: University of Pacific; Costar; RCLCO

# CITY OF CERES

## Exhibit III-5

### INDUSTRIAL MARKET OPPORTUNITY OUTLOOK STANISLAUS COUNTY, CA 2012 - 2020

FACTOR	<<< HISTORICAL 2012	FORECAST >>> 2013	2014	2015	2016	2017	2018	2019	2020
<b>OCCUPIED SPACE (YEAR-END)</b>									
Modesto	30,121	31,494	31,792	32,194	32,532	32,821	33,321	33,832	34,355
All Other Stanislaus County Submarkets	16,294	17,036	17,198	17,415	17,598	17,754	18,025	18,301	18,584
<b>STANISLAUS COUNTY TOTAL</b>	<b>46,415</b>	<b>48,530</b>	<b>48,990</b>	<b>49,610</b>	<b>50,130</b>	<b>50,575</b>	<b>51,346</b>	<b>52,133</b>	<b>52,940</b>
<b>SUPPLY (YEAR-END)</b>									
Modesto	32,550	32,550	32,550	32,550	32,550	32,550	32,550	32,550	32,550
All Other Stanislaus County Submarkets	17,258	17,258	17,258	17,258	17,258	17,258	17,258	17,258	17,258
<b>STANISLAUS COUNTY TOTAL</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>	<b>49,808</b>
<b>ANNUAL NET ABSORPTION (LEASED SPACE)</b>									
Modesto	11,462	1,373	299	402	337	289	500	511	524
All Other Stanislaus County Submarkets	50,445	742	161	218	183	156	271	276	283
<b>STANISLAUS COUNTY TOTAL</b>	<b>981</b>	<b>2,115</b>	<b>460</b>	<b>620</b>	<b>520</b>	<b>445</b>	<b>771</b>	<b>787</b>	<b>807</b>
<b>CUMULATIVE NET ABSORPTION (LEASED SPACE)</b>									
Modesto	11,462	12,835	13,133	13,535	13,873	14,162	14,662	15,173	15,696
All Other Stanislaus County Submarkets	50,445	51,187	51,349	51,567	51,749	51,905	52,176	52,452	52,736
<b>STANISLAUS COUNTY TOTAL</b>	<b>981</b>	<b>3,096</b>	<b>3,556</b>	<b>4,176</b>	<b>4,696</b>	<b>5,141</b>	<b>5,912</b>	<b>6,699</b>	<b>7,506</b>
<b>VACANCY RATE <sup>1</sup></b>									
Modesto	7.5%	3.2%	2.3%	1.1%	0.1%	-0.8%	-2.4%	-3.9%	-5.5%
All Other Stanislaus County Submarkets	5.6%	1.3%	0.4%	-0.9%	-2.0%	-2.9%	-4.4%	-6.0%	-7.7%
<b>STANISLAUS COUNTY TOTAL</b>	<b>4.8%</b>	<b>0.6%</b>	<b>-0.3%</b>	<b>-1.6%</b>	<b>-2.6%</b>	<b>-3.5%</b>	<b>-5.1%</b>	<b>-6.6%</b>	<b>-8.2%</b>
<b>ANNUAL SUPPORTED SUPPLY ADDITIONS AT 7% VACANCY</b>									
Modesto	0	1,314	321	433	363	311	538	549	563
All Other Stanislaus County Submarkets	262	798	174	234	196	168	291	297	305
<b>STANISLAUS COUNTY TOTAL</b>	<b>262</b>	<b>2,112</b>	<b>495</b>	<b>667</b>	<b>559</b>	<b>478</b>	<b>829</b>	<b>846</b>	<b>868</b>
<b>CUMULATIVE SUPPORTED SUPPLY ADDI</b>									
Modesto	0	1,314	1,635	2,068	2,431	2,741	3,279	3,828	4,391
All Other Stanislaus County Submarkets	262	1,060	1,234	1,468	1,664	1,832	2,123	2,420	2,725
<b>STANISLAUS COUNTY TOTAL</b>	<b>262</b>	<b>2,374</b>	<b>2,869</b>	<b>3,535</b>	<b>4,095</b>	<b>4,573</b>	<b>5,402</b>	<b>6,248</b>	<b>7,116</b>

<sup>1</sup> Assumes the submarket can support new product when the vacancy rate falls below the market equilibrium threshold of 7%.

SOURCE: Costar; UOP Business Forecasting Center; RCLCO

# CITY OF CERES

## Exhibit III-6

### FORECASTED INDUSTRIAL MARKET CAPTURE, CERES STANISLAUS COUNTY, CA 2013 - 2020 (in thousands)

PROJECTED DEMAND FOR INDUSTRIAL SPACE		CUMULATIVE SF 2013 - 2020
Stanislaus County		7,116
Modesto		4,391
Stanislaus County other than Modesto		2,725
<b>Ceres</b>		<b>369</b>
All other submarkets		2,356

CERES CAPTURE OF PROJECTED DEMAND (SF) - SENSITIVITY ANALYSIS		
		CUMULATIVE SF 2013 - 2020
0.8x of Current Market Share	4.1%	295
Current Market Share	5.2%	369
1.5x of Current Market Share	7.8%	600

CERES CAPTURE OF PROJECTED COUNTY DEMAND (ac.) - SENSITIVITY		
		CUMULATIVE ACRES 2013-2020
0.8x of Current Market Share	4.1%	27 acres
Current Market Share	5.2%	34 acres
1.5x of Current Market Share	7.8%	55 acres

SOURCE: Costar; RCLCO

# CITY OF CERES

## Exhibit III-7

### HISTORICAL OFFICE MARKET TRENDS, MODESTO AND ALL OTHER SUBMARKETS STANISLAUS COUNTY, CA 2007 - 2012 (in thousands)

MARKET/SUBMARKET	2007	2008	2009	2010	2011	2012
<b>STANISLAUS COUNTY</b>						
Total Supply (SF)	7,741	8,027	8,079	8,082	8,082	8,104
Occupied SF	6,588	6,991	7,158	7,065	6,984	7,048
Vacant SF	1,154	1,036	921	1,017	1,099	1,055
Vacancy Rate	14.9%	12.9%	11.4%	12.6%	13.6%	13.0%
Net Absorption (SF)	53	31	-44	55	-35	17
Deliveries (SF)		286	52	4	0	21
Avg. Annual Lease \$/SF	\$18.20	\$17.75	\$17.16	\$16.20	\$14.16	\$14.16
<b>MODESTO</b>						
Total Supply (SF)	5,593	5,679	5,713	5,717	5,717	5,738
Occupied SF	4,678	4,949	5,044	4,941	4,848	4,907
Vacant SF	916	730	669	776	869	831
Vacancy Rate	16.4%	12.9%	11.7%	13.6%	15.2%	14.5%
Net Absorption (SF)	51	15	-31	48	-50	27
Deliveries (SF)		86	34	4	0	21
Avg. Annual Lease \$/SF	\$18.84	\$18.15	\$17.67	\$16.63	\$14.80	\$14.00
<b>ALL OTHER STANISLAUS COUNTY SUBMARKETS (INCLUDING CERES)</b>						
Total Supply (SF)	2,148	2,347	2,366	2,366	2,366	2,366
Occupied SF	1,910	2,041	2,114	2,124	2,136	2,142
Vacant SF	238	306	252	241	230	224
Vacancy Rate	11.1%	13.0%	10.6%	10.2%	9.7%	9.5%
Net Absorption (SF)	2	15	-13	6	15	-10
Deliveries (SF)		200	18	0	0	0
Avg. Annual Lease \$/SF	\$16.53	\$16.78	\$15.93	\$15.16	\$12.61	\$14.55
<b>CERES</b>						
Total Supply (SF)	208	208	208	208	208	208
Occupied SF	195	194	186	181	179	181
Vacant SF	13	13	21	27	29	26
Vacancy Rate	6.1%	6.4%	10.3%	13.0%	13.9%	12.7%
Net Absorption (SF)	2	3	-10	0	2	1
Deliveries (SF)		0	0	0	0	0
Avg. Annual Lease \$/SF	\$17.76	\$15.70	\$12.42	\$12.25	\$9.75	\$13.36

NOTE: All square footage data figures are presented in thousands.

SOURCE: Costar; RCLCO

# CITY OF CERES

## Exhibit III-8

### HISTORICAL AND FORECASTED OFFICE MARKET CAPTURE TRENDS, MODESTO AND ALL OTHER SUBMARKETS STANISLAUS COUNTY, CA 2010 - 2012 (in thousands)

MARKET/SUBMARKET	2010	2011	2012
<b>OCCUPIED OFFICE SPACE (in 000s)</b>			
Stanislaus County	7,065	6,984	7,048
Modesto	4,941	4,848	4,907
All Other Stanislaus County Submarkets (including Ceres)	2,124	2,136	2,142
Ceres	181	179	181
All other submarkets	1,944	1,957	1,960
<b>SUBMARKET CAPTURE (%)</b>			
Stanislaus County	100.0%	100.0%	100.0%
Modesto	69.9%	69.4%	69.6%
All Other Stanislaus County Submarkets (including Ceres)	30.1%	30.6%	30.4%
<b>Ceres</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.6%</b>
All other submarkets	91.5%	91.6%	91.5%

SOURCE: Costar; RCLCO

# CITY OF CERES

## Exhibit III-9

### HISTORICAL AND FORECASTED OFFICE NET ABSORPTION STANISLAUS COUNTY, CA BASED ON U.S. BUREAU OF LABOR AND UOP BUSINESS FORECASTING CENTER 2007 - 2020

FACTOR	ASSUMPTION	2007	2008	2009	2010	2011	2012
<<< HISTORICAL							
<b>EMPLOYMENT<sup>1</sup></b>							
Construction and Mining		11,229	9,115	6,615	5,859	5,726	5,994
Manufacturing		22,893	22,583	20,827	20,635	19,953	20,344
Trade, Trans, Utilities		33,744	32,854	31,366	31,602	31,664	31,796
Information		2,283	1,847	1,256	1,199	1,101	1,100
Financial Activities		6,202	6,059	5,597	5,449	5,390	5,467
Professional and Business Services		14,762	14,275	13,156	12,482	11,949	11,924
Education and Health Services		21,115	21,709	22,176	23,214	23,491	23,543
Leisure and Hospitality		15,395	15,535	14,652	14,559	14,222	14,270
Other Services		6,019	5,786	5,190	5,050	4,765	4,515
Government		26,500	26,655	25,803	26,218	25,743	25,035
<b>OFFICE SPACE-USING EMPLOYMENT<sup>2</sup></b>							
Construction and Mining	0%	0	0	0	0	0	0
Manufacturing	0%	0	0	0	0	0	0
Trade, Trans, Utilities	20%	6,749	6,571	6,273	6,320	6,333	6,359
Information	60%	1,370	1,108	754	720	661	660
Financial Activities	80%	4,962	4,847	4,477	4,359	4,312	4,373
Professional and Business Services	80%	11,810	11,420	10,525	9,985	9,559	9,539
Education and Health Services	40%	8,446	8,684	8,870	9,286	9,396	9,417
Leisure and Hospitality	5%	770	777	733	728	711	713
Other Services	5%	301	289	259	252	238	226
Government	0%	0	0	0	0	0	0
<b>OFFICE SPACE DEMAND (sf)<sup>3</sup></b>							
Construction and Mining		0	0	0	0	0	0
Manufacturing		0	0	0	0	0	0
Trade, Trans, Utilities		1,518,525	1,478,475	1,411,425	1,422,000	1,424,925	1,430,775
Information		308,250	249,300	169,650	162,000	148,725	148,500
Financial Activities		1,116,450	1,090,575	1,007,325	980,775	970,200	983,925
Professional and Business Services		2,657,250	2,569,500	2,368,125	2,246,625	2,150,775	2,146,275
Education and Health Services		1,900,350	1,953,900	1,995,750	2,089,350	2,114,100	2,118,825
Leisure and Hospitality		173,250	174,825	164,925	163,800	159,975	160,425
Other Services		67,725	65,025	58,275	56,700	53,550	50,850
Government		0	0	0	0	0	0
<b>TOTAL</b>		<b>7,741,800</b>	<b>7,581,600</b>	<b>7,175,475</b>	<b>7,121,250</b>	<b>7,022,250</b>	<b>7,039,575</b>
<b>FORECASTED NET ABSORPTION</b>		<b>88,875</b>	<b>-160,200</b>	<b>-406,125</b>	<b>-54,225</b>	<b>-99,000</b>	<b>17,325</b>
Actual Year-End Occupied Leased Space		6,587,567	6,990,618	7,158,191	7,065,259	6,983,511	7,048,273
Actual Net Absorption		52,579	30,551	-43,744	54,594	-34,817	16,855
Historical Demand Variance (Occupied)		-14.9%	-7.8%	-0.2%	-0.8%	-0.6%	0.1%

# CITY OF CERES

## Exhibit III-9

### HISTORICAL AND FORECASTED OFFICE NET ABSORPTION STANISLAUS COUNTY, CA BASED ON U.S. BUREAU OF LABOR AND UOP BUSINESS FORECASTING CENTER 2007 - 2020

FORECAST >>>								
2013	2014	2015	2016	2017	2018	2019	2020	
<b>EMPLOYMENT (YEAR-END IN 000s)<sup>1</sup></b>								
6,600	7,200	8,000	8,800	9,200	9,660	10,143	10,650	Construction and Mining
20,800	20,900	21,000	21,100	21,200	21,449	21,700	21,954	Manufacturing
33,800	33,900	34,100	34,200	34,400	34,879	35,366	35,858	Trade, Trans, Utilities
1,100	1,000	1,000	900	900	865	831	798	Information
5,500	5,500	5,500	5,500	5,400	5,380	5,361	5,341	Financial Activities
13,000	13,700	14,300	14,900	15,300	15,606	15,918	16,236	Professional and Business Services
24,300	24,600	24,900	25,500	26,000	26,509	27,027	27,556	Education and Health Services
15,200	15,400	15,400	15,400	15,300	15,487	15,676	15,867	Leisure and Hospitality
4,600	4,600	4,600	4,500	4,500	4,500	4,500	4,500	Other Services
25,400	25,700	26,100	26,500	26,900	27,297	27,700	28,109	Government
<b>OFFICE-USING EMPLOYMENT (YEAR-END IN 000s)<sup>2</sup></b>								
0	0	0	0	0	0	0	0	Construction and Mining
0	0	0	0	0	0	0	0	Manufacturing
6,760	6,780	6,820	6,840	6,880	6,976	7,073	7,172	Trade, Trans, Utilities
660	600	600	540	540	519	498	479	Information
4,400	4,400	4,400	4,400	4,320	4,304	4,288	4,273	Financial Activities
10,400	10,960	11,440	11,920	12,240	12,485	12,734	12,989	Professional and Business Services
9,720	9,840	9,960	10,200	10,400	10,603	10,811	11,022	Education and Health Services
760	770	770	770	765	774	784	793	Leisure and Hospitality
230	230	230	225	225	225	225	225	Other Services
0	0	0	0	0	0	0	0	Government
<b>OFFICE SF DEMAND (YEAR-END IN 000s)<sup>3</sup></b>								
0	0	0	0	0	0	0	0	Construction and Mining
0	0	0	0	0	0	0	0	Manufacturing
1,521,000	1,525,500	1,534,500	1,539,000	1,548,000	1,569,600	1,591,425	1,613,700	Trade, Trans, Utilities
148,500	135,000	135,000	121,500	121,500	116,775	112,050	107,775	Information
990,000	990,000	990,000	990,000	972,000	968,400	964,800	961,425	Financial Activities
2,340,000	2,466,000	2,574,000	2,682,000	2,754,000	2,809,125	2,865,150	2,922,525	Professional and Business Services
2,187,000	2,214,000	2,241,000	2,295,000	2,340,000	2,385,675	2,432,475	2,479,950	Education and Health Services
171,000	173,250	173,250	173,250	172,125	174,150	176,400	178,425	Leisure and Hospitality
51,750	51,750	51,750	50,625	50,625	50,625	50,625	50,625	Other Services
0	0	0	0	0	0	0	0	Government
<b>7,409,250</b>	<b>7,555,500</b>	<b>7,699,500</b>	<b>7,851,375</b>	<b>7,958,250</b>	<b>8,074,350</b>	<b>8,192,925</b>	<b>8,314,425</b>	<b>TOTAL</b>
<b>369,675</b>	<b>146,250</b>	<b>144,000</b>	<b>151,875</b>	<b>106,875</b>	<b>116,100</b>	<b>118,575</b>	<b>121,500</b>	<b>FORECASTED NET ABSORPTION</b>

<sup>1</sup> Historical and forecasted employment by sector reflects year-end (December) figures as reported Moody's Economy.com and the UOP Forecast.

<sup>2</sup> Percent of office-using employment within each employment sector estimated by RCLCO based on historical relationship between employment and occupied office space.

<sup>3</sup> Office SF per employee (225 sf/employee) for each employment sector estimated by RCLCO based on historical relationship between employment and occupied office space.

SOURCE: UOP's Business Forecasting Center; Costar; RCLCO



# CITY OF CERES

## Exhibit III-10

### FORECASTED DEMAND FOR LEASED OFFICE SPACE BY SUBMARKET STANISLAUS COUNTY, CA 2010 - 2020

FACTOR	ASSUMPTION	2010	<<< HISTORICAL	2011	2012	FORECAST >>>	2013	2014	2015	2016	2017	2018	2019	2020
<b>HISTORICAL OCCUPIED LEASED OFFICE SPACE</b>														
Stanislaus County Region Total		7,065		6,984		7,048								
Net Absorption		55		-35		17								
<b>PROJECTED OCCUPIED LEASED OFFICE SPACE</b>														
<b>STANISLAUS COUNTY SUMMARY</b>														
<b>SUPPLY</b>														
Total Supply (Period Start)		8,079		8,082		8,082		8,104		8,104		8,104		8,107
Supply Additions		4		0		21		0		0		0		3
Total Supply (Period End)		8,082		8,082		8,104		8,104		8,104		8,104		8,110
<b>NET ABSORPTION</b>														
Based on UOP's Business Forecasting Center's Employment Projections						17		370		146		144		152
												107		116
														119
														122
<b>OCCUPIED SPACE</b>														
Based on UOP's Business Forecasting Center's Employment Projections						7,048		7,418		7,564		7,708		7,860
												7,967		8,083
														8,202
														8,323
<b>VACANCY RATE</b>														
Based on UOP's Business Forecasting Center's Employment Projections						13.0%		8.5%		6.7%		4.9%		3.0%
												1.7%		0.3%
														-1.2%
														-2.6%
<b>SUBMARKET BREAKDOWN</b>														
<b>SUPPLY</b>														
Total Supply (Period Start)		8,082		8,082		8,104		8,104		8,104		8,104		8,104
Supply Additions		0		21		0		0		0		0		0
Total Supply (Period End)		8,082		8,104		8,104		8,104		8,104		8,104		8,104
<b>YEAR-END SUPPLY BY SUBMARKET</b>														
Modesto		5,717		5,717		5,738		5,738		5,738		5,738		5,738
All Other Stanislaus County Submarkets		2,366		2,366		2,366		2,366		2,366		2,366		2,366
<b>NET ABSORPTION BY SUBMARKET</b>														
Modesto	70%					257		102		100		106		74
All Other Stanislaus County Submarkets	30%					112		44		44		46		32
												81		83
														36
														37
<b>OCCUPIED SPACE BY SUBMARKET</b>														
Modesto		4,941		4,848		4,907		5,164		5,266		5,366		5,472
All Other Stanislaus County Submarkets		2,124		2,136		2,142		2,254		2,298		2,342		2,388
												5,472		5,546
												5,627		5,710
														5,794
												2,456		2,529
<b>VACANCY RATE BY SUBMARKET</b>														
Modesto		13.6%		15.2%		14.5%		10.0%		8.2%		6.5%		4.6%
All Other Stanislaus County Submarkets		10.2%		9.7%		9.5%		4.7%		2.9%		1.0%		-0.9%
												3.3%		1.9%
												-2.3%		-3.8%
														-5.3%
														-1.0%
														-6.9%

<sup>1</sup>All historical data prior to 2013 is based on actual observed data trends.

SOURCE: University of Pacific; Costar; RCLCO

# CITY OF CERES

## Exhibit III-11

### OFFICE MARKET OPPORTUNITY OUTLOOK STANISLAUS COUNTY, CA 2012 - 2020

FACTOR	<<< HISTORICAL 2012	FORECAST >>> 2013	2014	2015	2016	2017	2018	2019	2020
<b>OCCUPIED SPACE (YEAR-END)</b>									
Modesto	4,907	5,164	5,266	5,366	5,472	5,546	5,627	5,710	5,794
All Other Stanislaus County Submarkets	2,142	2,254	2,298	2,342	2,388	2,421	2,456	2,492	2,529
<b>STANISLAUS COUNTY TOTAL</b>	<b>7,048</b>	<b>7,418</b>	<b>7,564</b>	<b>7,708</b>	<b>7,860</b>	<b>7,967</b>	<b>8,083</b>	<b>8,202</b>	<b>8,323</b>
<b>SUPPLY (YEAR-END)</b>									
Modesto	5,738	5,738	5,738	5,738	5,738	5,738	5,738	5,738	5,738
All Other Stanislaus County Submarkets	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
<b>STANISLAUS COUNTY TOTAL</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>	<b>8,104</b>
<b>ANNUAL NET ABSORPTION (LEASED SPACE)</b>									
Modesto	27	257	102	100	106	74	81	83	85
All Other Stanislaus County Submarkets	-10	112	44	44	46	32	35	36	37
<b>STANISLAUS COUNTY TOTAL</b>	<b>17</b>	<b>370</b>	<b>146</b>	<b>144</b>	<b>152</b>	<b>107</b>	<b>116</b>	<b>119</b>	<b>122</b>
<b>CUMULATIVE NET ABSORPTION (LEASED SPACE)</b>									
Modesto	27	284	386	486	592	667	747	830	915
All Other Stanislaus County Submarkets	-10	102	147	190	236	269	304	340	377
<b>STANISLAUS COUNTY TOTAL</b>	<b>17</b>	<b>387</b>	<b>533</b>	<b>677</b>	<b>829</b>	<b>936</b>	<b>1,052</b>	<b>1,170</b>	<b>1,292</b>
<b>VACANCY RATE <sup>1</sup></b>									
Modesto	14.5%	10.0%	8.2%	6.5%	4.6%	3.3%	1.9%	0.5%	-1.0%
All Other Stanislaus County Submarkets	9.5%	4.7%	2.9%	1.0%	-0.9%	-2.3%	-3.8%	-5.3%	-6.9%
<b>STANISLAUS COUNTY TOTAL</b>	<b>13.0%</b>	<b>8.5%</b>	<b>6.7%</b>	<b>4.9%</b>	<b>3.0%</b>	<b>1.7%</b>	<b>0.3%</b>	<b>-1.2%</b>	<b>-2.6%</b>
<b>ANNUAL SUPPORTED SUPPLY ADDITIONS AT 7% VACANCY</b>									
Modesto	0	0	0	0	22	78	85	87	89
All Other Stanislaus County Submarkets	0	7	47	46	49	34	37	38	39
<b>STANISLAUS COUNTY TOTAL</b>	<b>0</b>	<b>7</b>	<b>47</b>	<b>46</b>	<b>71</b>	<b>113</b>	<b>122</b>	<b>125</b>	<b>128</b>
<b>CUMULATIVE SUPPORTED SUPPLY ADDI</b>									
Modesto	0	0	0	0	22	100	186	272	361
All Other Stanislaus County Submarkets	0	7	53	100	148	182	219	257	296
<b>STANISLAUS COUNTY TOTAL</b>	<b>0</b>	<b>7</b>	<b>53</b>	<b>100</b>	<b>170</b>	<b>283</b>	<b>405</b>	<b>530</b>	<b>658</b>

<sup>1</sup> Assumes the submarket can support new product when the vacancy rate falls below the market equilibrium threshold of 7%.

SOURCE: Costar; UOP Business Forecasting Center; RCLCO

# CITY OF CERES

## Exhibit III-12

### FORECASTED OFFICE MARKET CAPTURE, CERES STANISLAUS COUNTY, CA 2013 - 2020 (in thousands)

PROJECTED DEMAND FOR OFFICE SPACE	CUMULATIVE SF 2013 - 2020
Stanislaus County	658
Modesto	361
Stanislaus County other than Modesto	296
<b>Ceres</b>	<b>17</b>
All other submarkets	279

CERES CAPTURE OF PROJECTED DEMAND (SF) - SENSITIVITY ANALYSIS		
		CUMULATIVE SF 2013 - 2020
0.8x of Current Market Share	2.1%	14
Current Market Share	2.6%	17
1.5x of Current Market Share	3.9%	26

CERES CAPTURE OF PROJECTED COUNTY DEMAND (ac.) - SENSITIVITY		
		CUMULATIVE ACRES 2013-2020
0.8x of Current Market Share	2.1%	1.3 acres
Current Market Share	2.6%	1.6 acres
1.5x of Current Market Share	3.9%	2.4 acres

NOTE: Assumes an FAR of 0.25.

SOURCE: Costar; RCLCO

# CITY OF CERES

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## IV. RETAIL ANALYSIS

# CITY OF CERES

## Exhibit IV-1

### COMPARABLE TAXABLE RETAIL SALES CITIES OF CERES, MODESTO, TURLOCK; COUNTY OF STANISLAUS; AND STATE OF CALIFORNIA 2000 - 2010

CURRENT DOLLARS (in thousands)					
YEAR	CITY OF CERES	CITY OF MODESTO	CITY OF TURLOCK	COUNTY OF STANISLAUS	STATE OF CALIFORNIA
2000	\$255,540	\$1,820,870	\$470,262	\$3,583,995	\$287,067,697
2001	\$271,660	\$1,946,591	\$549,137	\$3,937,431	\$293,956,521
2002	\$276,604	\$2,042,376	\$587,466	\$4,107,978	\$301,612,306
2003	\$292,392	\$2,128,345	\$623,221	\$4,336,170	\$320,217,054
2004	\$300,959	\$2,250,789	\$731,655	\$4,720,450	\$350,172,688
2005	\$340,411	\$2,347,430	\$840,080	\$5,143,024	\$375,808,125
2006	\$374,223	\$2,282,910	\$877,167	\$5,268,389	\$389,066,572
2007	\$353,891	\$2,150,803	\$880,875	\$5,092,753	\$387,025,102
2008	\$339,008	\$1,935,011	\$810,276	\$4,585,837	\$357,318,427
2009	\$302,643	\$1,711,777	\$693,785	\$3,925,638	\$311,214,606
2010	\$310,789	\$1,742,796	\$721,648	\$4,112,697	\$326,777,717

CONSTANT 2010 DOLLARS (in thousands)					
YEAR	CITY OF CERES	CITY OF MODESTO	CITY OF TURLOCK	COUNTY OF STANISLAUS	STATE OF CALIFORNIA
2000	\$323,590	\$2,305,768	\$595,493	\$4,538,413	\$363,513,825
2001	\$334,484	\$2,396,760	\$676,130	\$4,848,001	\$361,936,906
2002	\$335,272	\$2,475,564	\$712,068	\$4,979,280	\$365,584,276
2003	\$346,511	\$2,522,280	\$738,573	\$5,138,752	\$379,486,029
2004	\$347,412	\$2,598,198	\$844,586	\$5,449,051	\$404,221,842
2005	\$380,076	\$2,620,953	\$937,966	\$5,742,289	\$419,597,288
2006	\$404,771	\$2,469,264	\$948,770	\$5,698,448	\$420,826,076
2007	\$372,177	\$2,261,935	\$926,390	\$5,355,896	\$407,022,689
2008	\$343,343	\$1,959,760	\$820,639	\$4,644,490	\$361,888,530
2009	\$307,606	\$1,739,850	\$705,163	\$3,990,019	\$316,318,526
2010	\$310,789	\$1,742,796	\$721,648	\$4,112,697	\$326,777,717

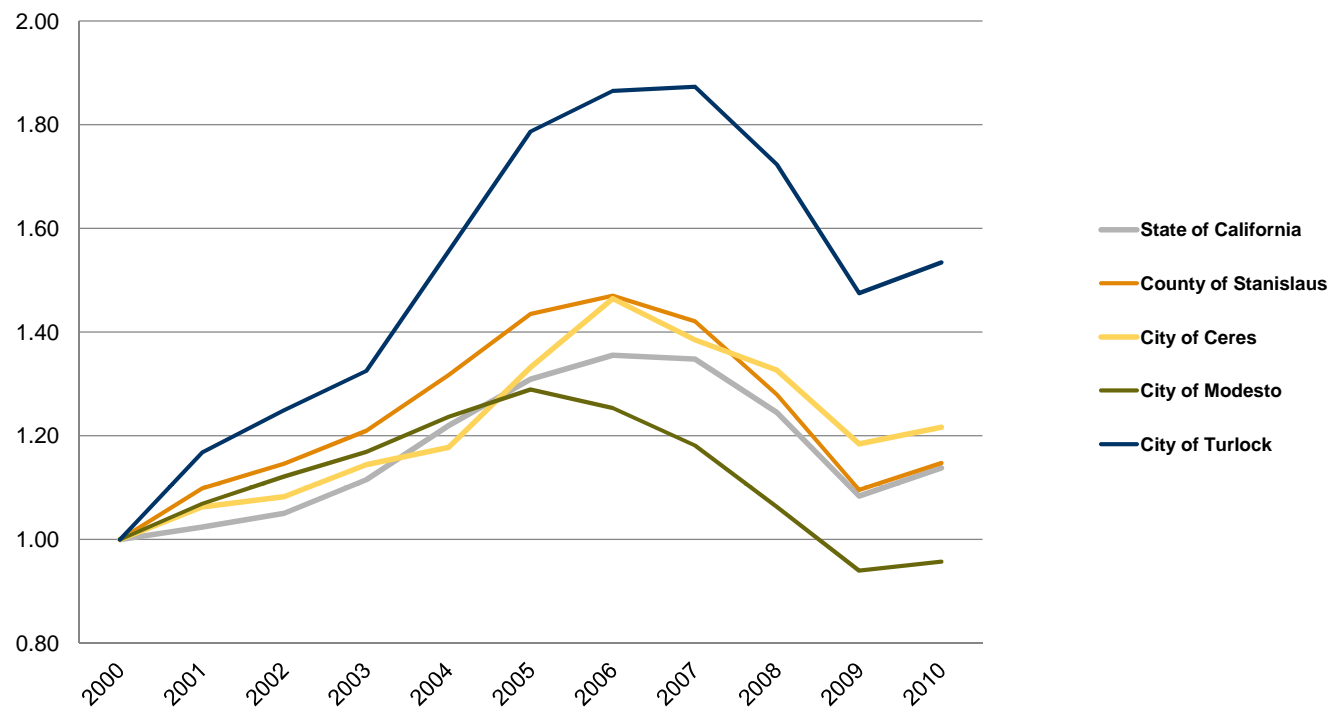
Pct. Change					
2005 - 2010	-18.2%	-33.5%	-23.1%	-28.4%	-22.1%
2000 - 2010	-4.0%	-24.4%	21.2%	-9.4%	-10.1%

SOURCE: CA State Board of Equalization; RCLCO

# CITY OF CERES

*Exhibit IV-2*

**COMPARATIVE TAXABLE RETAIL SALES GROWTH RATES  
CITIES OF CERES, MODESTO, TURLOCK; COUNTY OF STANISLAUS; AND STATE OF CALIFORNIA  
2000 - 2010  
(in current dollars)**



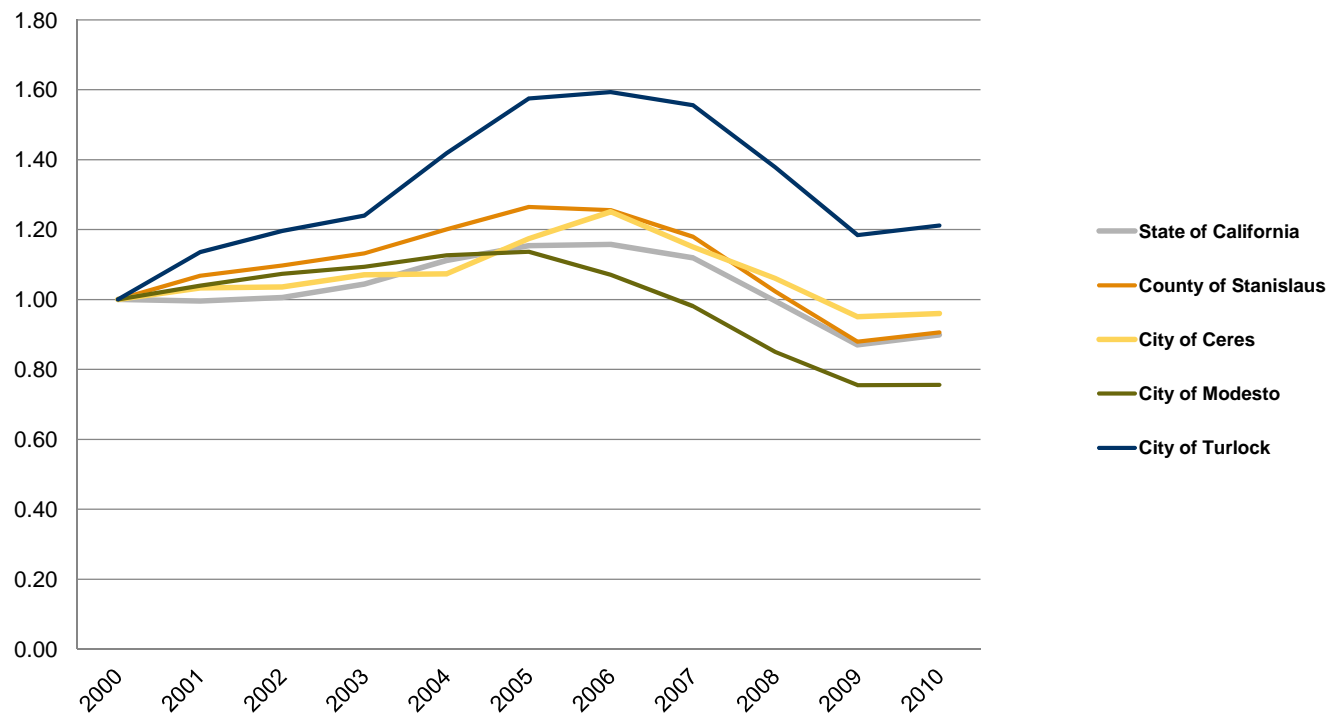
NOTE: All figures are indexed to taxable sales in calendar year 2000.

SOURCE: CA State Board of Equalization; RCLCO

# CITY OF CERES

*Exhibit IV-3*

**COMPARATIVE TAXABLE RETAIL SALES GROWTH RATES  
CITIES OF CERES, MODESTO, TURLOCK; COUNTY OF STANISLAUS; AND STATE OF CALIFORNIA  
2000 - 2010  
(in constant 2010 dollars)**



SOURCE: CA State Board of Equalization; RCLCO

# CITY OF CERES

## Exhibit IV-4

### ANNUAL TAXABLE RETAIL SALES BY RETAIL AREAS COUNTY OF STANISLAUS 2000 - 2010

CURRENT DOLLARS					
YEAR	CITY OF CERES	CITY OF MODESTO	CITY OF TURLOCK	ALL OTHER AREAS	TOTAL
2000	\$255,540	\$1,820,870	\$470,262	\$1,037,323	\$3,583,995
2001	\$271,660	\$1,946,591	\$549,137	\$1,170,043	\$3,937,431
2002	\$276,604	\$2,042,376	\$587,466	\$1,201,532	\$4,107,978
2003	\$292,392	\$2,128,345	\$623,221	\$1,292,212	\$4,336,170
2004	\$300,959	\$2,250,789	\$731,655	\$1,437,047	\$4,720,450
2005	\$340,411	\$2,347,430	\$840,080	\$1,615,103	\$5,143,024
2006	\$374,223	\$2,282,910	\$877,167	\$1,734,089	\$5,268,389
2007	\$353,891	\$2,150,803	\$880,875	\$1,707,184	\$5,092,753
2008	\$339,008	\$1,935,011	\$810,276	\$1,501,543	\$4,585,837
2009	\$302,643	\$1,711,777	\$693,785	\$1,217,434	\$3,925,638
2010	\$310,789	\$1,742,796	\$721,648	\$1,337,465	\$4,112,697

CONSTANT 2010 DOLLARS					
YEAR	CITY OF CERES	CITY OF MODESTO	CITY OF TURLOCK	ALL OTHER AREAS	TOTAL
2000	\$323,590	\$2,305,768	\$595,493	\$1,313,562	\$4,538,413
2001	\$334,484	\$2,396,760	\$676,130	\$1,440,627	\$4,848,001
2002	\$335,272	\$2,475,564	\$712,068	\$1,456,377	\$4,979,280
2003	\$346,511	\$2,522,280	\$738,573	\$1,531,388	\$5,138,752
2004	\$347,412	\$2,598,198	\$844,586	\$1,658,855	\$5,449,051
2005	\$380,076	\$2,620,953	\$937,966	\$1,803,295	\$5,742,289
2006	\$404,771	\$2,469,264	\$948,770	\$1,875,643	\$5,698,448
2007	\$372,177	\$2,261,935	\$926,390	\$1,795,394	\$5,355,896
2008	\$343,343	\$1,959,760	\$820,639	\$1,520,747	\$4,644,490
2009	\$307,606	\$1,739,850	\$705,163	\$1,237,400	\$3,990,019
2010	\$310,789	\$1,742,796	\$721,648	\$1,337,465	\$4,112,697

Pct. Change					
2005 - 2010	-18.2%	-33.5%	-23.1%	-25.8%	-28.4%
2000 - 2010	-4.0%	-24.4%	21.2%	1.8%	-9.4%

SOURCE: CA State Board of Equalization; RCLCO



# CITY OF CERES

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## Exhibit IV-5

### PERCENTAGE DISTRIBUTION OF ANNUAL TAXABLE SALES BY RETAIL AREAS COUNTY OF STANISLAUS SUBMARKETS 1996 - 2010

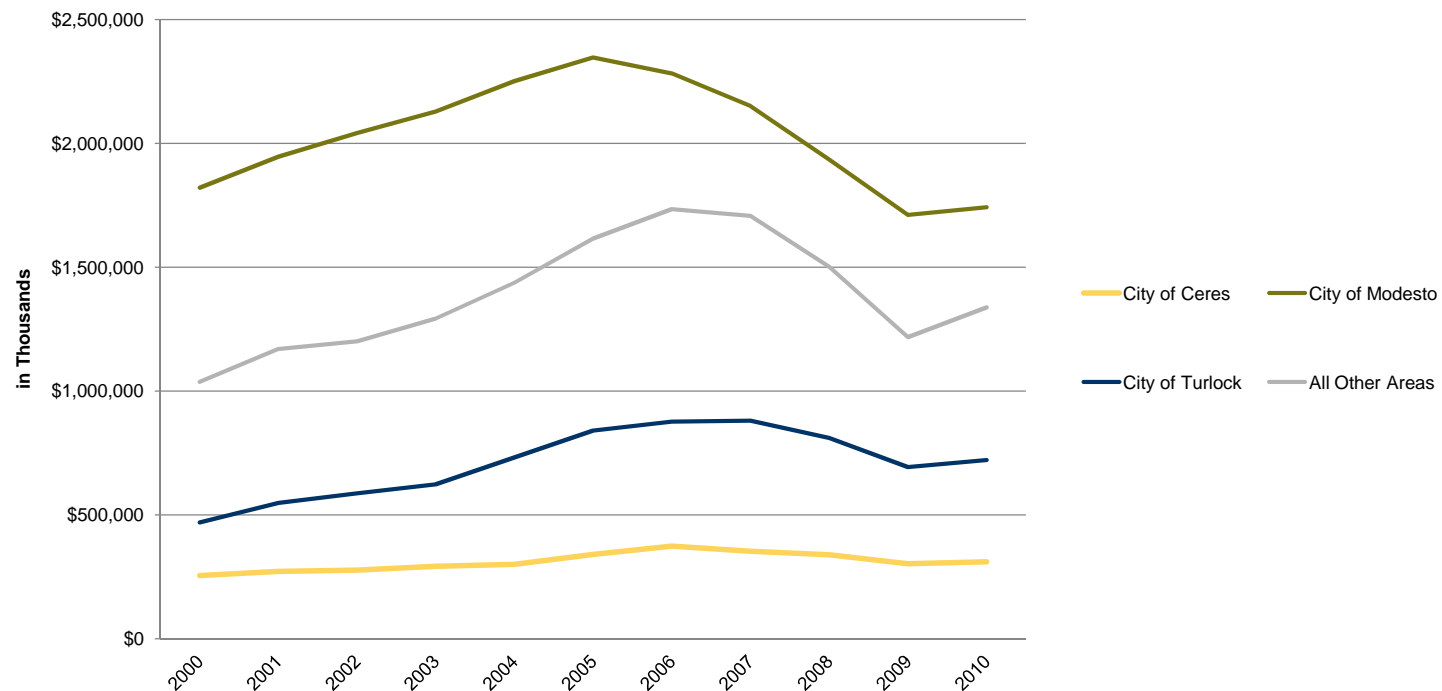
PERCENTAGE DISTRIBUTION OF STANISLAUS COUNTY SUBMARKETS					
YEAR	CITY OF CERES	CITY OF MODESTO	CITY OF TURLOCK	ALL OTHER AREAS	TOTAL
2000	7%	51%	13%	29%	100%
2001	7%	49%	14%	30%	100%
2002	7%	50%	14%	29%	100%
2003	7%	49%	14%	30%	100%
2004	6%	48%	15%	30%	100%
2005	7%	46%	16%	31%	100%
2006	7%	43%	17%	33%	100%
2007	7%	42%	17%	34%	100%
2008	7%	42%	18%	33%	100%
2009	8%	44%	18%	31%	100%
2010	8%	42%	18%	33%	100%

SOURCE: CA State Board of Equalization; RCLCO

# CITY OF CERES

Exhibit IV-6

**HISTORICAL ANNUAL TAXABLE SALES BY LOCATION**  
**CITIES OF CERES, MODESTO, TURLOCK AND ALL OTHER AREAS**  
**2000 - 2010**  
**(in current dollars)**



SOURCE: CA State Board of Equalization; RCLCO

# CITY OF CERES

## Exhibit IV-7

### COMPARISON OF KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS CERES, MODESTO, TURLOCK AND STANISLAUS COUNTY, CA 2010

	CERES	MODESTO	TURLOCK	STANISLAUS COUNTY
<b>Households</b>	12,692	69,452	23,960	165,761
<b>Household Income</b>	\$56,594	\$65,639	\$62,579	\$62,999
<b>Total Income</b>	\$718,291,048	\$4,558,759,828	\$1,499,392,840	\$10,442,777,239
<i>Percent of County</i>	7%	44%	14%	100%
<b>Employees</b>	9,135	92,798	28,260	144,000
<b>Employee Spending (estimate)</b>	\$39,672,835	\$403,016,941	\$122,731,727	\$625,384,594
<i>Percent of County</i>	6%	64%	20%	100%
<b>Taxable Retail Sales, 2010</b>	\$310,789,000	\$1,742,795,000	\$721,648,000	\$4,112,697,452
<i>Percent of County</i>	8%	42%	18%	100%
<b>Visitor Spending (estimate)</b>	\$22,745,709	\$164,414,062	\$55,730,098	\$319,100,000
<i>Percent of County</i>	7%	52%	17%	100%
<b>Sales vs. Household Income Quotient</b>	1.10	0.97	1.22	1.00

SOURCE: CA State Board of Equalization; ESRI Business Analyst; RCLCO

# CITY OF CERES

## Exhibit IV-8

### COMPARABLE RETAIL LEAKAGE, BY RETAIL CATEGORY CERES, MODESTO, TURLOCK AND STANISLAUS COUNTY, CA 2010

RETAIL CATEGORY	CERES	MODESTO	TURLOCK	STANISLAUS COUNTY
<b>General Merchandise/ Apparel/ Furniture/ Other (GAFO)</b>	\$512,428	\$152,178,112	\$77,690,318	\$17,178,601
General Merchandise	\$38,871,057	\$129,219,483	\$121,320,853	\$205,147,693
All other GAFO Categories	(\$38,358,629)	\$22,958,629	(\$43,630,535)	(\$187,969,093)
<b>Eating and Drinking</b>	(\$2,868,414)	(\$18,333,547)	\$1,262,383	(\$93,284,066)
<b>Grocery and Convenience</b>	\$6,942,313	\$17,518,281	\$286,179	\$11,403,772
<b>Building Materials and Garden Equipment</b>	\$23,573,285	(\$23,536,059)	\$22,253,768	\$88,191,285
<b>Motor Vehicles</b>	\$9,199,263	(\$275,485,402)	(\$1,583,821)	\$79,814,443
Auto Dealers	(\$18,220,737)	(\$146,745,402)	(\$25,923,821)	\$91,938,574
Gasoline	\$27,420,000	(\$128,740,000)	\$24,340,000	(\$12,124,130)
<b>TOTAL</b>	<b>\$37,358,875</b>	<b>(\$147,658,616)</b>	<b>\$99,908,826</b>	<b>\$103,304,035</b>

SOURCE: CA State Board of Equalization; ESRI Business Analyst; RCLCO

# CITY OF CERES

## Exhibit IV-9A

### RETAIL SUPPLY AND DEMAND ANALYSIS CITY OF CERES 2010

NAICS <sup>4</sup>	RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
<b>441</b>	<b>Motor Vehicle and Parts Dealers</b>	<b>\$39,070,737</b>	<b>14.9%</b>	<b>\$39,070,737</b>	<b>\$20,850,000</b>	<b>-</b>	<b>\$20,850,000</b>	<b>(\$18,220,737)</b>
44112	New/Used Car Dealers & Other Vehicle Dealers	\$34,081,907	13.0%	\$34,081,907	\$11,086,000		\$11,086,000	(\$22,995,907)
4413	Auto. Parts, Accessories and Tire Stores	\$4,988,830	1.9%	\$4,988,830	\$9,764,000		\$9,764,000	\$4,775,170
<b>442</b>	<b>Furniture and Home Furnishings Stores</b>	<b>\$7,840,657</b>	<b>3.0%</b>	<b>\$7,213,404</b>	<b>\$435,000</b>	<b>-</b>	<b>\$435,000</b>	<b>(\$6,778,404)</b>
<b>443</b>	<b>Electronics and Appliance Stores</b>	<b>\$13,504,328</b>	<b>5.1%</b>	<b>\$11,343,636</b>	<b>\$2,263,000</b>	<b>-</b>	<b>\$2,263,000</b>	<b>(\$9,080,636)</b>
<b>444</b>	<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$20,420,715</b>	<b>7.8%</b>	<b>\$20,420,715</b>	<b>\$43,994,000</b>	<b>-</b>	<b>\$43,994,000</b>	<b>\$23,573,285</b>
<b>445</b>	<b>Food and Beverage Stores</b>	<b>\$17,819,777</b>	<b>6.8%</b>	<b>\$17,819,777</b>	<b>\$26,781,000</b>	<b>\$1,569,552</b>	<b>\$25,211,448</b>	<b>\$7,391,670</b>
44511	Supermarkets and Other Grocery Stores	\$13,290,919	5.1%	\$13,290,919	\$21,631,000	\$1,170,654	\$20,460,346	\$7,169,427
44512	Convenience/Specialty Food Stores	\$2,036,119	0.8%	\$2,036,119	\$2,409,000	\$179,340	\$2,229,660	\$193,541
4453	Beer, Wine, and Liquor Stores	\$2,492,739	1.0%	\$2,368,103	\$2,741,000	\$208,581	\$2,532,419	\$164,317
<b>446</b>	<b>Health and Personal Care Stores</b>	<b>\$7,979,043</b>	<b>3.0%</b>	<b>\$7,859,357</b>	<b>\$7,410,000</b>	<b>-</b>	<b>\$7,410,000</b>	<b>(\$449,357)</b>
<b>447</b>	<b>Gasoline Stations</b>	<b>\$32,070,945</b>	<b>12.2%</b>	<b>\$32,070,945</b>	<b>\$68,963,000</b>	<b>\$9,474,557</b>	<b>\$59,488,443</b>	<b>\$27,420,000</b>
<b>448</b>	<b>Clothing and Clothing Accessories Stores</b>	<b>\$23,485,900</b>	<b>9.0%</b>	<b>\$20,667,592</b>	<b>\$5,225,000</b>	<b>\$383,242</b>	<b>\$4,841,758</b>	<b>(\$15,825,833)</b>
<b>451</b>	<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$9,161,828</b>	<b>3.5%</b>	<b>\$8,062,409</b>	<b>\$2,706,000</b>	<b>166,813</b>	<b>\$2,539,187</b>	<b>(\$5,523,222)</b>
<b>452</b>	<b>General Merchandise Stores</b>	<b>\$41,003,194</b>	<b>15.6%</b>	<b>\$36,082,810</b>	<b>\$78,269,000</b>	<b>\$3,315,133</b>	<b>\$74,953,867</b>	<b>\$38,871,057</b>
<b>453</b>	<b>Miscellaneous Store Retailers</b>	<b>\$13,086,319</b>	<b>5.0%</b>	<b>\$13,086,319</b>	<b>\$12,680,000</b>	<b>\$744,215</b>	<b>\$11,935,785</b>	<b>(\$1,150,534)</b>
4531	Florists	\$354,727	0.1%	\$354,727	\$138,000	\$20,173	\$117,827	(\$236,900)
4539	Gift/Souvenir, Office Supplies, Used Merchandise and Other Miscellaneous Store Retailers	\$12,731,592	4.9%	\$12,731,592	\$12,542,000	\$724,042	\$11,817,958	(\$913,634)
<b>454</b>	<b>Nonstore Retailers</b>	<b>\$2,335,400</b>	<b>0.9%</b>	<b>\$2,335,400</b>	<b>\$2,425,000</b>	<b>-</b>	<b>\$2,425,000</b>	<b>\$89,600</b>
<b>722</b>	<b>Food Services and Drinking Places</b>	<b>\$34,564,217</b>	<b>13.2%</b>	<b>\$34,564,217</b>	<b>\$38,788,000</b>	<b>\$7,092,198</b>	<b>\$31,695,802</b>	<b>(\$2,868,414)</b>
7221	Full-Service Restaurants	\$17,356,987	6.6%	\$17,356,987	\$7,260,000	\$3,561,463	\$3,698,537	(\$13,658,450)
7222	Limited-Service Eating Places	\$15,122,651	5.8%	\$15,122,651	\$30,626,000	\$3,103,002	\$27,522,998	\$12,400,348
7223	Special Food Services	\$1,364,053	0.5%	\$1,364,053	\$571,000	\$279,889	\$291,111	(\$1,072,942)
7224	Drinking Places (Alcoholic Beverages)	\$792,910	0.3%	\$792,910	\$332,000	\$162,696	\$169,304	(\$623,606)
<b>Total Retail and Food Services</b>		<b>\$262,343,060</b>	<b>100.0%</b>	<b>\$250,597,319</b>	<b>\$310,789,000</b>	<b>\$22,745,709</b>	<b>\$288,043,291</b>	<b>\$37,448,474</b>

<sup>1</sup> Derived by estimating total household spending on retail, according to the 2010 Consumer Expenditure Survey.

<sup>2</sup> Household spending adjusted to account for internet sales. Adjustments based on RREEF report, which estimates 16% of electronics; 12% of apparel, accessories, and hobbies; and 8% of furniture and furnishings, are purchased online.

<sup>3</sup> Visitor sales taken from Dean Runyan Associates' report commissioned by VisitCalifornia.org. Visitor spending for specific retail categories were estimated according to the county-wide distribution.

<sup>4</sup> For retail types where detailed taxable sales data were not accessible, only the major retail category, denoted by a three-digit NAICS code, is shown.

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era; Dean Runyan Associates, California Travel Impacts by County, 1992-2010; RCLCO

# CITY OF CERES

## Exhibit IV-9B

### RETAIL SUPPLY AND DEMAND ANALYSIS CITY OF MODESTO 2010

NAICS <sup>4</sup>	RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
<b>441</b>	<b>Motor Vehicle and Parts Dealers</b>	<b>\$270,491,402</b>	<b>14.9%</b>	<b>\$270,491,402</b>	<b>\$123,746,000</b>	<b>-</b>	<b>\$123,746,000</b>	<b>(\$146,745,402)</b>
44112	New/Used Car Dealers	\$222,690,669	12.3%	\$222,690,669	\$72,293,000		\$72,293,000	(\$150,397,669)
4412	Other Motor Vehicle Dealers	\$13,262,464	0.7%	\$13,262,464	\$17,740,000		\$17,740,000	\$4,477,536
4413	Auto. Parts, Accessories and Tire Stores	\$34,538,269	1.9%	\$34,538,269	\$33,714,000		\$33,714,000	(\$824,269)
<b>442</b>	<b>Furniture and Home Furnishings Stores</b>	<b>\$54,281,807</b>	<b>3.0%</b>	<b>\$49,939,262</b>	<b>\$42,414,000</b>	<b>-</b>	<b>\$42,414,000</b>	<b>(\$7,525,262)</b>
4421	Furniture Stores	\$32,527,188	1.8%	\$29,925,013	\$26,392,000		\$26,392,000	(\$3,533,013)
4422	Home Furnishings Stores	\$21,754,619	1.2%	\$20,014,249	\$16,022,000		\$16,022,000	(\$3,992,249)
<b>443</b>	<b>Electronics and Appliance Stores</b>	<b>\$93,492,087</b>	<b>5.1%</b>	<b>\$78,533,353</b>	<b>\$66,884,000</b>	<b>-</b>	<b>\$66,884,000</b>	<b>(\$11,649,353)</b>
44311	Appliance, T.V., Camera and Other Electronics Stores	\$58,070,097	3.2%	\$48,778,881	\$51,252,000		\$51,252,000	\$2,473,119
44312	Computer and Software Stores	\$35,421,990	2.0%	\$29,754,472	\$15,632,000		\$15,632,000	(\$14,122,472)
<b>444</b>	<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$141,375,059</b>	<b>7.8%</b>	<b>\$141,375,059</b>	<b>\$117,839,000</b>	<b>-</b>	<b>\$117,839,000</b>	<b>(\$23,536,059)</b>
4441	Building Material and Supplies Dealers	\$128,413,009	7.1%	\$128,413,009	\$106,097,000		\$106,097,000	(\$22,316,009)
4442	Lawn and Garden Equip. and Supplies Stores	\$12,962,050	0.7%	\$12,962,050	\$11,743,000		\$11,743,000	(\$1,219,050)
<b>445</b>	<b>Food and Beverage Stores</b>	<b>\$123,368,458</b>	<b>6.8%</b>	<b>\$123,368,458</b>	<b>\$147,798,000</b>	<b>\$8,661,988</b>	<b>\$139,136,012</b>	<b>\$15,767,554</b>
44511	Supermarkets and Other Grocery Stores	\$92,014,625	5.1%	\$92,014,625	\$106,683,000	\$6,460,562	\$100,222,438	\$8,207,813
44512	Convenience Stores	\$11,617,994	0.6%	\$11,617,994	\$13,432,000	\$815,727	\$12,616,273	\$998,279
4452	Specialty Food Stores	\$3,341,180	0.2%	\$3,341,180	\$1,234,000	\$234,592	\$999,408	(\$2,341,772)
4453	Beer, Wine, and Liquor Stores	\$17,257,535	1.0%	\$16,394,658	\$26,449,000	\$1,151,107	\$25,297,893	\$8,903,235
<b>446</b>	<b>Health and Personal Care Stores</b>	<b>\$55,239,872</b>	<b>3.0%</b>	<b>\$54,411,273</b>	<b>\$56,162,000</b>	<b>-</b>	<b>\$56,162,000</b>	<b>\$1,750,727</b>
44611	Pharmacies and Drug Stores	\$36,633,667	2.0%	\$36,084,162	\$37,839,000		\$37,839,000	\$1,754,838
44612-44619	Health and Personal Care Stores	\$18,606,204	1.0%	\$18,327,111	\$18,324,000		\$18,324,000	(\$3,111)
<b>447</b>	<b>Gasoline Stations</b>	<b>\$222,031,002</b>	<b>12.2%</b>	<b>\$222,031,002</b>	<b>\$158,889,000</b>	<b>\$65,593,498</b>	<b>\$93,295,502</b>	<b>(\$128,740,000)</b>
<b>448</b>	<b>Clothing and Clothing Accessories Stores</b>	<b>\$162,595,703</b>	<b>9.0%</b>	<b>\$143,084,211</b>	<b>\$193,425,000</b>	<b>\$14,187,271</b>	<b>\$179,237,729</b>	<b>\$36,153,510</b>
44811	Men's Clothing Stores	\$4,693,232	0.3%	\$4,130,045	\$6,378,000	\$409,508	\$5,968,492	\$1,838,448
44812	Women's Clothing Stores	\$25,406,855	1.4%	\$22,358,032	\$30,617,000	\$2,216,873	\$28,400,127	\$6,042,095
44813-44819	Family Clothing Stores, Accessories, and Other Stores	\$99,579,521	5.5%	\$87,629,978	\$108,113,000	\$8,688,801	\$99,424,199	\$11,794,221
4482	Shoe Stores	\$16,705,058	0.9%	\$14,700,451	\$27,737,000	\$1,457,598	\$26,279,402	\$11,578,951
4483	Jewelry, Luggage, and Leather Goods Stores	\$16,211,037	0.9%	\$14,265,713	\$20,580,000	\$1,414,492	\$19,165,508	\$4,899,795
<b>451</b>	<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$63,428,437</b>	<b>3.5%</b>	<b>\$55,817,024</b>	<b>\$84,143,000</b>	<b>\$5,187,052</b>	<b>\$78,955,948</b>	<b>\$23,138,924</b>
45111	Sporting Goods Stores	\$25,033,628	1.4%	\$22,029,593	\$23,341,000	\$2,047,201	\$21,293,799	(\$735,793)
45112-45114	Hobby, Toy and Musical Instrument Stores	\$22,065,791	1.2%	\$19,417,896	\$42,549,000	\$1,804,497	\$40,744,503	\$21,326,607
4512	Book, Periodical, and Music Stores	\$16,329,018	0.9%	\$14,369,536	\$18,252,000	\$1,335,355	\$16,916,645	\$2,547,109
<b>452</b>	<b>General Merchandise Stores</b>	<b>\$283,870,030</b>	<b>15.6%</b>	<b>\$249,805,626</b>	<b>\$395,789,000</b>	<b>\$16,763,891</b>	<b>\$379,025,109</b>	<b>\$129,219,483</b>
<b>453</b>	<b>Miscellaneous Store Retailers</b>	<b>\$90,598,155</b>	<b>5.0%</b>	<b>\$90,598,155</b>	<b>\$78,018,000</b>	<b>\$4,579,034</b>	<b>\$73,438,966</b>	<b>(\$17,159,190)</b>
4531	Florists	\$2,455,816	0.1%	\$2,455,816	\$2,137,000	\$124,122	\$2,012,878	(\$442,938)
45321	Office Supplies and Stationery Stores	\$23,075,411	1.3%	\$23,075,411	\$17,601,000	\$1,166,283	\$16,434,717	(\$6,640,694)
45322	Gift, Novelty, and Souvenir Stores	\$7,957,108	0.4%	\$7,957,108	\$9,631,000	\$402,170	\$9,228,830	\$1,271,722
4533	Used Merchandise Stores	\$3,828,164	0.2%	\$3,828,164	\$2,562,000	\$193,484	\$2,368,516	(\$1,459,648)
4539	Other Miscellaneous Store Retailers	\$53,281,656	2.9%	\$53,281,656	\$46,087,000	\$2,692,974	\$43,394,026	(\$9,887,631)
<b>454</b>	<b>Nonstore Retailers</b>	<b>\$16,168,258</b>	<b>0.9%</b>	<b>\$16,168,258</b>	<b>\$7,288,000</b>	<b>-</b>	<b>\$7,288,000</b>	<b>(\$16,168,258)</b>
<b>722</b>	<b>Food Services and Drinking Places</b>	<b>\$239,292,219</b>	<b>13.2%</b>	<b>\$239,292,219</b>	<b>\$270,400,000</b>	<b>\$49,441,328</b>	<b>\$220,958,672</b>	<b>(\$18,333,547)</b>
7221	Full-Service Restaurants	\$120,164,503	6.6%	\$120,164,503	\$121,416,000	\$24,827,772	\$96,588,228	(\$23,576,275)
7222	Limited-Service Eating Places	\$104,695,925	5.8%	\$104,695,925	\$139,461,000	\$21,631,734	\$117,829,266	\$13,133,341
7223	Special Food Services	\$9,443,503	0.5%	\$9,443,503	\$3,421,000	\$1,951,168	\$1,469,832	(\$7,973,671)
7224	Drinking Places (Alcoholic Beverages)	\$5,489,411	0.3%	\$5,489,411	\$6,103,000	\$1,134,194	\$4,968,806	(\$520,605)
<b>Total Retail and Food Services</b>		<b>\$1,816,232,488</b>	<b>100.0%</b>	<b>\$1,734,915,311</b>	<b>\$1,742,795,000</b>	<b>\$164,414,062</b>	<b>\$1,571,092,938</b>	<b>(\$163,826,873)</b>

<sup>1</sup> Derived by estimating total household spending on retail, according to the 2010 Consumer Expenditure Survey.

<sup>2</sup> Household spending adjusted to account for internet sales. Adjustments based on RREEF report, which estimates 16% of electronics; 12% of apparel, accessories, and hobbies; and 8% of furniture and furnishings, are purchased online.

<sup>3</sup> Visitor sales taken from Dean Runyan Associates' report commissioned by VisitCalifornia.org. Visitor spending for specific retail categories were estimated according to the county-wide distribution.

<sup>4</sup> For retail types where detailed taxable sales data were not accessible, only the major retail category, denoted by a three-digit NAICS code, is shown.

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era; Dean Runyan Associates, California Travel Impacts by County, 1992-2010; RCLCO

# CITY OF CERES

## Exhibit IV-9C

### RETAIL SUPPLY AND DEMAND ANALYSIS CITY OF TURLOCK 2010

NAICS <sup>4</sup>	RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
441	<b>Motor Vehicle and Parts Dealers</b>	<b>\$87,502,821</b>	<b>14.9%</b>	<b>\$87,502,821</b>	<b>\$61,579,000</b>	-	<b>\$61,579,000</b>	<b>(\$25,923,821)</b>
44112	Used Car Dealers / Other Vehicle Dealers	\$13,288,908	2.3%	\$13,288,908	\$17,266,000		\$17,266,000	\$3,977,092
4413	Auto. Parts, Accessories and Tire Stores	\$11,172,984	1.9%	\$11,172,984	\$18,151,000		\$18,151,000	\$6,978,016
442	<b>Furniture and Home Furnishings Stores</b>	<b>\$17,559,934</b>	<b>3.0%</b>	<b>\$16,155,140</b>	<b>\$13,578,000</b>	-	<b>\$13,578,000</b>	<b>(\$2,577,140)</b>
4421	Furniture Stores	\$10,522,407	1.8%	\$9,680,615	\$5,366,000		\$5,366,000	(\$4,314,615)
4422	Home Furnishings Stores	\$7,037,527	1.2%	\$6,474,525	\$8,212,000		\$8,212,000	\$1,737,475
443	<b>Electronics and Appliance Stores</b>	<b>\$30,244,294</b>	<b>5.1%</b>	<b>\$25,405,207</b>	<b>\$2,527,000</b>	-	<b>\$2,527,000</b>	<b>(\$22,878,207)</b>
44311	Appliance, T.V., and Other Electronics Stores	\$18,050,930	3.1%	\$15,162,781	\$2,192,000		\$2,192,000	(\$12,970,781)
44312	Computer and Software Stores	\$11,458,864	2.0%	\$9,625,445	\$335,000		\$335,000	(\$9,290,445)
44313	Camera and Photographic Supplies Stores	\$734,500	0.1%	\$616,980	\$0			
444	<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$45,734,232</b>	<b>7.8%</b>	<b>\$45,734,232</b>	<b>\$67,988,000</b>	-	<b>\$67,988,000</b>	<b>\$22,253,768</b>
4441	Building Material and Supplies Dealers	\$41,541,064	7.1%	\$41,541,064	\$66,300,000		\$66,300,000	\$24,758,936
4442	Lawn and Garden Equip. and Supplies Stores	\$4,193,168	0.7%	\$4,193,168	\$1,688,000		\$1,688,000	(\$2,505,168)
445	<b>Food and Beverage Stores</b>	<b>\$39,909,173</b>	<b>6.8%</b>	<b>\$39,909,173</b>	<b>\$45,316,000</b>	<b>\$2,655,832</b>	<b>\$42,660,168</b>	<b>\$2,750,995</b>
44511	Supermarkets and Other Grocery Stores	\$29,766,341	5.1%	\$29,766,341	\$31,637,000	\$1,980,858	\$29,656,142	(\$110,199)
44512	Convenience / Specialty Food Stores	\$4,560,093	0.8%	\$4,560,093	\$6,957,000	\$303,460	\$6,653,540	\$2,093,447
4453	Beer, Wine, and Liquor Stores	\$5,582,739	1.0%	\$5,303,602	\$6,721,000	\$352,938	\$6,368,062	\$1,064,459
446	<b>Health and Personal Care Stores</b>	<b>\$17,869,864</b>	<b>3.0%</b>	<b>\$17,601,816</b>	<b>\$15,137,000</b>	-	<b>\$15,137,000</b>	<b>(\$2,464,816)</b>
44611	Pharmacies and Drug Stores	\$11,850,836	2.0%	\$11,673,073	\$11,971,000		\$11,971,000	\$297,927
44612-44619	Health and Personal Care Stores	\$6,019,028	1.0%	\$5,928,743	\$3,167,000		\$3,167,000	(\$2,761,743)
447	<b>Gasoline Stations</b>	<b>\$71,826,087</b>	<b>12.2%</b>	<b>\$71,826,087</b>	<b>\$117,390,000</b>	<b>\$21,219,218</b>	<b>\$96,170,782</b>	<b>\$24,340,000</b>
448	<b>Clothing and Clothing Accessories Stores</b>	<b>\$52,599,020</b>	<b>9.0%</b>	<b>\$46,287,138</b>	<b>\$34,572,000</b>	<b>\$2,535,775</b>	<b>\$32,036,225</b>	<b>(\$14,250,913)</b>
44812	Women's Clothing Stores	\$8,219,010	1.4%	\$7,232,729	\$3,175,000	\$396,235	\$2,778,765	(\$4,453,963)
44813-44819	Family Clothing Stores, Accessories, and Other Stores (incl. Men's Clothing)	\$33,731,793	5.7%	\$29,683,978	\$23,031,000	\$1,626,195	\$21,404,805	(\$8,279,173)
4482	Shoe Stores	\$5,404,015	0.9%	\$4,755,533	\$5,415,000	\$260,525	\$5,154,475	\$398,941
4483	Jewelry, Luggage, and Leather Goods Stores	\$5,244,202	0.9%	\$4,614,898	\$2,951,000	\$252,821	\$2,698,179	(\$1,916,718)
451	<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$20,518,830</b>	<b>3.5%</b>	<b>\$18,056,571</b>	<b>\$21,355,000</b>	<b>1,316,443</b>	<b>\$20,038,557</b>	<b>\$1,981,986</b>
45111	Sporting Goods Stores	\$8,098,272	1.4%	\$7,126,480	\$7,427,000	\$519,567	\$6,907,433	(\$219,047)
45112-45114	Hobby, Toy and Musical Instrument Stores	\$7,138,190	1.2%	\$6,281,607	\$7,810,000	\$457,971	\$7,352,029	\$1,070,422
4512	Book, Periodical, and Music Stores	\$5,282,368	0.9%	\$4,648,484	\$6,188,000	\$338,905	\$5,849,095	\$1,200,611
452	<b>General Merchandise Stores</b>	<b>\$91,830,751</b>	<b>15.6%</b>	<b>\$80,811,061</b>	<b>\$211,072,000</b>	<b>\$8,940,087</b>	<b>\$202,131,913</b>	<b>\$121,320,853</b>
453	<b>Miscellaneous Store Retailers</b>	<b>\$29,308,119</b>	<b>5.0%</b>	<b>\$29,308,119</b>	<b>\$24,861,000</b>	<b>\$1,459,142</b>	<b>\$23,401,858</b>	<b>(\$5,906,261)</b>
4531	Florists	\$794,446	0.1%	\$794,446	\$595,000	\$39,553	\$555,447	(\$238,998)
45322	Gift, Novelty, and Souvenir Stores	\$2,574,091	0.4%	\$2,574,091	\$2,887,000	\$128,154	\$2,758,846	\$184,755
4533	Used Merchandise Stores	\$1,238,395	0.2%	\$1,238,395	\$428,000	\$61,655	\$366,345	(\$872,050)
4539	Other Miscellaneous Store Retailers (incl. Office Supplies)	\$24,701,187	4.2%	\$24,701,187	\$20,951,000	\$1,229,780	\$19,721,220	(\$4,979,968)
454	<b>Nonstore Retailers</b>	<b>\$5,230,363</b>	<b>0.9%</b>	<b>\$5,230,363</b>	<b>\$9,997,000</b>	-	<b>\$9,997,000</b>	<b>\$4,766,637</b>
722	<b>Food Services and Drinking Places</b>	<b>\$77,410,018</b>	<b>13.2%</b>	<b>\$77,410,018</b>	<b>\$96,276,000</b>	<b>\$17,603,599</b>	<b>\$78,672,401</b>	<b>\$1,262,383</b>
7221	Full-Service Restaurants	\$38,872,707	6.6%	\$38,872,707	\$43,948,000	\$9,839,935	\$35,108,065	(\$3,764,643)
7222	Limited-Service Eating Places	\$33,868,688	5.6%	\$33,868,688	\$50,729,000	\$7,701,985	\$43,027,015	\$9,158,327
7223	Special Food Services	\$3,054,933	0.5%	\$3,054,933	\$1,599,000	\$694,714	\$904,286	(\$2,150,647)
7224	Drinking Places (Alcoholic Beverages)	\$1,775,801	0.3%	\$1,775,801	\$0	\$403,830	-\$403,830	(\$2,179,631)
<b>Total Retail and Food Services</b>		<b>\$587,543,507</b>	<b>100.0%</b>	<b>\$561,237,745</b>	<b>\$721,648,000</b>	<b>\$55,730,098</b>	<b>\$665,917,902</b>	<b>\$104,675,463</b>

<sup>1</sup> Derived by estimating total household spending on retail, according to the 2010 Consumer Expenditure Survey.

<sup>2</sup> Household spending adjusted to account for internet sales. Adjustments based on RREEF report, which estimates 16% of electronics; 12% of apparel, accessories, and hobbies; and 8% of furniture and furnishings, are purchased online.

<sup>3</sup> Visitor sales taken from Dean Runyan Associates' report commissioned by VisitCalifornia.org. Visitor spending for specific retail categories were estimated according to the county-wide distribution.

<sup>4</sup> For retail types where detailed taxable sales data were not accessible, only the major retail category, denoted by a three-digit NAICS code, is shown.

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era; Dean Runyan Associates, California Travel Impacts by County, 1992-2010; RCLCO

# CITY OF CERES

## Exhibit IV-9D

### RETAIL SUPPLY AND DEMAND ANALYSIS STANISLAUS COUNTY 2010

NAICS <sup>4</sup>	RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
441	<b>Motor Vehicle and Parts Dealers</b>	<b>\$575,263,582</b>	<b>14.9%</b>	<b>\$575,263,582</b>	<b>\$667,202,156</b>	-	<b>\$667,202,156</b>	<b>\$91,938,574</b>
44111	New Car Dealers	\$414,445,508	10.7%	\$414,445,508	\$357,099,088	-	\$357,099,088	(\$57,346,420)
44112	Used Car Dealers	\$59,158,573	1.5%	\$59,158,573	\$166,653,730	-	\$166,653,730	\$107,495,157
4412	Other Motor Vehicle Dealers	\$28,205,749	0.7%	\$28,205,749	\$40,723,253	-	\$40,723,253	\$12,517,504
4413	Auto. Parts, Accessories and Tire Stores	\$73,453,752	1.9%	\$73,453,752	\$102,726,085	-	\$102,726,085	\$29,272,333
442	<b>Furniture and Home Furnishings Stores</b>	<b>\$115,443,029</b>	<b>3.0%</b>	<b>\$106,207,586</b>	<b>\$78,254,318</b>	-	<b>\$78,254,318</b>	<b>(\$27,953,268)</b>
4421	Furniture Stores	\$69,176,715	1.8%	\$63,642,578	\$41,134,453	-	\$41,134,453	(\$22,508,125)
4422	Home Furnishings Stores	\$46,266,313	1.2%	\$42,565,008	\$37,119,865	-	\$37,119,865	(\$5,445,143)
443	<b>Electronics and Appliance Stores</b>	<b>\$198,832,911</b>	<b>5.1%</b>	<b>\$167,019,645</b>	<b>\$109,498,673</b>	-	<b>\$109,498,673</b>	<b>(\$57,520,972)</b>
44311	Appliance, T.V., and Other Electronics Stores	\$118,670,949	3.1%	\$99,683,597	\$76,336,844	-	\$76,336,844	(\$23,346,753)
44312	Computer and Software Stores	\$75,333,193	2.0%	\$63,279,882	\$33,161,829	-	\$33,161,829	(\$30,118,053)
44313	Camera and Photographic Supplies Stores	\$4,828,769	0.1%	\$4,056,166				(\$4,056,166)
444	<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$300,667,313</b>	<b>7.8%</b>	<b>\$300,667,313</b>	<b>\$388,858,598</b>	-	<b>\$388,858,598</b>	<b>\$88,191,285</b>
4441	Building Material and Supplies Dealers	\$273,100,466	7.1%	\$273,100,466	\$326,997,043	-	\$326,997,043	\$53,896,577
4442	Lawn and Garden Equip. and Supplies Stores	\$27,566,847	0.7%	\$27,566,847	\$61,861,555	-	\$61,861,555	\$34,294,708
445	<b>Food and Beverage Stores</b>	<b>\$262,372,040</b>	<b>6.8%</b>	<b>\$262,372,040</b>	<b>\$302,012,033</b>	<b>\$17,700,000</b>	<b>\$284,312,033</b>	<b>\$21,939,993</b>
44511	Supermarkets and Other Grocery Stores	\$195,690,741	5.1%	\$195,690,741	\$219,175,650	\$13,201,582	\$205,974,068	\$10,283,326
44512	Convenience Stores	\$24,708,398	0.6%	\$24,708,398	\$31,700,712	\$1,666,864	\$30,033,848	\$5,325,450
4452	Specialty Food Stores	\$7,105,805	0.2%	\$7,105,805	\$4,093,816	\$479,368	\$3,614,448	(\$3,491,357)
4453	Beer, Wine, and Liquor Stores	\$36,702,206	1.0%	\$34,867,096	\$47,041,855	\$2,352,185	\$44,689,670	\$9,822,574
446	<b>Health and Personal Care Stores</b>	<b>\$117,480,578</b>	<b>3.0%</b>	<b>\$115,718,370</b>	<b>\$105,182,149</b>	-	<b>\$105,182,149</b>	<b>(\$10,536,221)</b>
44611	Pharmacies and Drug Stores	\$77,910,109	2.0%	\$76,741,457	\$74,943,730	-	\$74,943,730	(\$1,797,727)
44612-44619	Health and Personal Care Stores	\$39,570,470	1.0%	\$38,976,913	\$30,238,419	-	\$30,238,419	(\$8,738,494)
447	<b>Gasoline Stations</b>	<b>\$472,201,144</b>	<b>12.2%</b>	<b>\$472,201,144</b>	<b>\$599,577,014</b>	<b>\$139,500,000</b>	<b>\$460,077,014</b>	<b>(\$12,124,130)</b>
448	<b>Clothing and Clothing Accessories Stores</b>	<b>\$345,798,003</b>	<b>9.0%</b>	<b>\$304,302,243</b>	<b>\$254,351,648</b>	<b>\$18,656,098</b>	<b>\$235,695,550</b>	<b>(\$68,606,693)</b>
44811	Men's Clothing Stores	\$9,981,263	0.3%	\$8,783,511	\$7,947,392	\$210,067	\$7,737,325	(\$1,046,186)
44812	Women's Clothing Stores	\$54,033,652	1.4%	\$47,549,614	\$39,311,632	\$1,137,202	\$38,174,430	(\$9,375,184)
44813-44819	Family Clothing Stores, Accessories, and Other Stores	\$211,779,271	5.5%	\$186,365,758	\$144,273,867	\$4,457,145	\$139,816,722	(\$46,549,036)
4482	Shoe Stores	\$35,527,234	0.9%	\$31,263,966	\$37,489,029	\$747,713	\$36,741,316	\$5,477,351
4483	Jewelry, Luggage, and Leather Goods Stores	\$34,476,583	0.9%	\$30,339,393	\$25,329,728	\$725,600	\$24,604,128	(\$5,735,266)
451	<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$134,895,488</b>	<b>3.5%</b>	<b>\$118,708,030</b>	<b>\$118,057,384</b>	<b>\$7,277,727</b>	<b>\$110,779,657</b>	<b>(\$7,928,373)</b>
45111	Sporting Goods Stores	\$53,239,897	1.4%	\$46,851,110	\$37,397,544	\$2,872,338	\$34,525,206	(\$12,325,904)
45112-45114	Hobby, Toy and Musical Instrument Stores	\$46,928,094	1.2%	\$41,296,723	\$53,463,429	\$2,531,811	\$50,931,618	\$9,634,896
4512	Book, Periodical, and Music Stores	\$34,727,497	0.9%	\$30,560,197	\$27,196,411	\$1,873,578	\$25,322,833	(\$5,237,365)
452	<b>General Merchandise Stores</b>	<b>\$603,716,381</b>	<b>15.6%</b>	<b>\$531,270,415</b>	<b>\$768,989,124</b>	<b>\$32,571,016</b>	<b>\$736,418,108</b>	<b>\$205,147,693</b>
453	<b>Miscellaneous Store Retailers</b>	<b>\$192,678,285</b>	<b>5.0%</b>	<b>\$192,678,285</b>	<b>\$177,113,657</b>	<b>\$10,395,159</b>	<b>\$166,718,498</b>	<b>(\$25,959,786)</b>
4531	Florists	\$5,222,869	0.1%	\$5,222,869	\$3,820,117	\$197,275	\$3,622,842	(\$1,600,027)
45321	Office Supplies and Stationery Stores	\$49,075,288	1.3%	\$49,075,288	\$32,880,024	\$1,853,642	\$31,026,382	(\$18,048,906)
45322	Gift, Novelty, and Souvenir Stores	\$16,922,662	0.4%	\$16,922,662	\$17,258,598	\$639,193	\$16,619,405	(\$303,257)
4533	Used Merchandise Stores	\$8,141,492	0.2%	\$8,141,492	\$4,095,432	\$307,515	\$3,787,917	(\$4,353,575)
4539	Other Miscellaneous Store Retailers	\$113,315,973	2.9%	\$113,315,973	\$119,059,486	\$4,280,102	\$114,779,384	\$1,463,410
454	<b>Nonstore Retailers</b>	<b>\$34,385,603</b>	<b>0.9%</b>	<b>\$34,385,603</b>	<b>\$34,973,583</b>	-	<b>\$34,973,583</b>	<b>\$587,980</b>
722	<b>Food Services and Drinking Places</b>	<b>\$508,911,181</b>	<b>13.2%</b>	<b>\$508,911,181</b>	<b>\$508,627,115</b>	<b>\$93,000,000</b>	<b>\$415,627,115</b>	<b>(\$93,284,066)</b>
7221	Full-Service Restaurants	\$255,558,076	6.6%	\$255,558,076	\$210,428,211	\$46,701,472	\$163,726,739	(\$91,831,337)
7222	Limited-Service Eating Places	\$222,660,509	5.8%	\$222,660,509	\$281,575,712	\$40,689,669	\$240,886,043	\$18,225,535
7223	Special Food Services	\$20,083,830	0.5%	\$20,083,830	\$7,643,968	\$3,670,181	\$3,973,787	(\$16,110,043)
7224	Drinking Places (Alcoholic Beverages)	\$11,674,524	0.3%	\$11,674,524	\$8,979,224	\$2,133,439	\$6,845,785	(\$4,828,739)
<b>Total Retail and Food Services</b>		<b>\$3,862,645,538</b>	<b>100.0%</b>	<b>\$3,689,705,437</b>	<b>\$4,112,697,452</b>	<b>\$319,100,000</b>	<b>\$3,793,597,452</b>	<b>103,892,015</b>

<sup>1</sup> Derived by estimating total household spending on retail, according to the 2010 Consumer Expenditure Survey.

<sup>2</sup> Household spending adjusted to account for internet sales. Adjustments based on RREEF report, which estimates 16% of electronics; 12% of apparel, accessories, and hobbies; and 8% of furniture and furnishings, are purchased online.

<sup>3</sup> Visitor sales taken from Dean Runyan Associates' report commissioned by VisitCalifornia.org. Visitor spending for specific retail categories were estimated according to the county-wide distribution.

<sup>4</sup> For retail types where detailed taxable sales data were not accessible, only the major retail category, denoted by a three-digit NAICS code, is shown.

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era; Dean Runyan Associates, California Travel Impacts by County, 1992-2010; RCLCO



# CITY OF CERES

## Exhibit IV-9E

### RETAIL SUPPLY AND DEMAND ANALYSIS REGIONAL-SERVING RETAIL PRIMARY MARKET AREA 2010

NAICS <sup>4</sup>	RETAIL TYPE	TOTAL DEMAND <sup>1</sup>	PCT TOTAL	ADJUSTED DEMAND <sup>2</sup>	TOTAL SALES	LESS: VISITOR SALES <sup>3</sup>	NET SALES	NET INFLOW/ (LEAKAGE)
441	<b>Motor Vehicle and Parts Dealers</b>	<b>\$476,201,254</b>	<b>14.9%</b>	<b>\$476,201,254</b>	<b>\$206,175,000</b>	-	<b>\$206,175,000</b>	<b>(\$270,026,254)</b>
44111	New Car Dealers	\$343,076,595	10.7%	\$343,076,595	\$26,162,000	-	\$0	(\$316,914,595)
44112	Used Car Dealers	\$48,971,268	1.5%	\$48,971,268	\$89,570,086	-	\$89,570,086	\$40,598,818
4412	Other Motor Vehicle Dealers	\$23,348,624	0.7%	\$23,348,624	\$17,740,000	-	\$17,740,000	(\$5,608,624)
4413	Auto. Parts, Accessories and Tire Stores	\$60,804,768	1.9%	\$60,804,768	\$51,874,764	-	\$51,874,764	(\$8,930,004)
442	<b>Furniture and Home Furnishings Stores</b>	<b>\$95,563,350</b>	<b>3.0%</b>	<b>\$87,918,282</b>	<b>\$56,427,000</b>	-	<b>\$56,427,000</b>	<b>(\$31,491,282)</b>
4421	Furniture Stores	\$57,264,252	1.8%	\$52,683,112	\$31,758,000	-	\$31,758,000	(\$20,925,112)
4422	Home Furnishings Stores	\$38,299,098	1.2%	\$35,235,170	\$24,234,000	-	\$24,234,000	(\$11,001,170)
443	<b>Electronics and Appliance Stores</b>	<b>\$164,593,213</b>	<b>5.1%</b>	<b>\$138,258,299</b>	<b>\$71,674,000</b>	-	<b>\$71,674,000</b>	<b>(\$66,584,299)</b>
44311	Appliance, T.V., and Other Electronics Stores	\$98,235,411	3.1%	\$82,517,746	\$53,446,263	-	\$53,444,000	(\$29,071,483)
44312	Computer and Software Stores	\$62,360,563	2.0%	\$52,382,873	\$15,967,000	-	\$15,967,000	(\$36,415,873)
44313	Camera and Photographic Supplies Stores	\$3,997,239	0.1%	\$3,357,681	\$0	\$0	\$0	(\$3,357,681)
444	<b>Bldg. Matrl. and Garden Equip. and Supplies</b>	<b>\$248,891,388</b>	<b>7.8%</b>	<b>\$248,891,388</b>	<b>\$229,821,000</b>	-	<b>\$229,821,000</b>	<b>(\$19,070,388)</b>
4441	Building Material and Supplies Dealers	\$226,071,645	7.1%	\$226,071,645	\$172,397,000	-	\$172,397,000	(\$53,674,645)
4442	Lawn and Garden Equip. and Supplies Stores	\$22,819,743	0.7%	\$22,819,743	\$13,431,000	-	\$13,431,000	(\$9,388,743)
445	<b>Food and Beverage Stores</b>	<b>\$217,190,690</b>	<b>6.8%</b>	<b>\$217,190,690</b>	<b>\$219,895,000</b>	<b>\$12,887,372</b>	<b>\$207,007,628</b>	<b>(\$10,183,063)</b>
44511	Supermarkets and Other Grocery Stores	\$161,992,136	5.1%	\$161,992,136	\$159,951,000	\$9,612,074	\$150,338,926	(\$11,653,210)
44512	Convenience Stores	\$20,453,528	0.6%	\$20,453,528	\$22,798,000	\$1,298,526	\$21,499,474	\$1,045,945
4452	Specialty Food Stores	\$5,882,162	0.2%	\$5,882,162	\$1,234,000	\$234,592	\$999,408	(\$4,882,754)
4453	Beer, Wine, and Liquor Stores	\$30,381,963	1.0%	\$28,862,864	\$35,911,000	\$1,712,626	\$34,198,374	\$5,335,509
446	<b>Health and Personal Care Stores</b>	<b>\$97,250,027</b>	<b>3.0%</b>	<b>\$95,791,276</b>	<b>\$78,709,000</b>	-	<b>\$78,709,000</b>	<b>(\$17,082,276)</b>
44611	Pharmacies and Drug Stores	\$64,493,726	2.0%	\$63,526,320	\$49,810,000	-	\$49,810,000	(\$13,716,320)
44612-44619	Health and Personal Care Stores	\$32,756,301	1.0%	\$32,264,957	\$21,491,000	-	\$21,491,000	(\$10,773,957)
447	<b>Gasoline Stations</b>	<b>\$390,886,516</b>	<b>12.2%</b>	<b>\$390,886,516</b>	<b>\$345,242,000</b>	<b>\$96,287,274</b>	<b>\$248,954,726</b>	<b>(\$141,931,789)</b>
448	<b>Clothing and Clothing Accessories Stores</b>	<b>\$286,250,421</b>	<b>9.0%</b>	<b>\$251,900,371</b>	<b>\$233,222,000</b>	<b>\$17,106,288</b>	<b>\$216,115,712</b>	<b>(\$35,784,659)</b>
44811	Men's Clothing Stores	\$8,262,455	0.3%	\$7,270,961	\$6,378,000	\$409,508	\$5,968,492	(\$1,302,468)
44812	Women's Clothing Stores	\$44,728,875	1.4%	\$39,361,410	\$33,792,000	\$2,613,107	\$31,178,893	(\$8,182,518)
44813-44819	Family Clothing Stores, Accessories, and Other Stores	\$175,310,167	5.5%	\$154,272,947	\$131,144,000	\$10,314,996	\$120,829,004	(\$33,443,942)
4482	Shoe Stores	\$29,409,324	0.9%	\$25,880,206	\$33,152,000	\$1,718,123	\$31,433,877	\$5,553,671
4483	Jewelry, Luggage, and Leather Goods Stores	\$28,539,599	0.9%	\$25,114,848	\$23,531,000	\$1,667,313	\$21,863,687	(\$3,251,161)
451	<b>Sporting Goods, Hobby, Book, and Music Stores</b>	<b>\$111,666,030</b>	<b>3.5%</b>	<b>\$98,266,107</b>	<b>\$108,204,000</b>	<b>\$6,670,309</b>	<b>\$101,533,691</b>	<b>\$3,267,585</b>
45111	Sporting Goods Stores	\$44,071,808	1.4%	\$38,783,191	\$30,768,000	\$2,666,768	\$28,201,232	(\$10,581,959)
45112-45114	Hobby, Toy and Musical Instrument Stores	\$38,846,918	1.2%	\$34,185,288	\$50,359,000	\$2,262,467	\$48,096,533	\$13,911,245
4512	Book, Periodical, and Music Stores	\$28,747,305	0.9%	\$25,297,628	\$24,440,000	\$1,674,260	\$22,765,740	(\$2,531,888)
452	<b>General Merchandise Stores</b>	<b>\$499,754,385</b>	<b>15.6%</b>	<b>\$439,783,859</b>	<b>\$685,130,000</b>	<b>\$29,019,110</b>	<b>\$656,110,890</b>	<b>\$216,327,031</b>
453	<b>Miscellaneous Store Retailers</b>	<b>\$159,498,435</b>	<b>5.0%</b>	<b>\$159,498,435</b>	<b>\$115,559,000</b>	<b>\$6,782,391</b>	<b>\$108,776,609</b>	<b>(\$50,721,826)</b>
4531	Florists	\$4,323,474	0.1%	\$4,323,474	\$2,870,000	\$183,848	\$2,686,152	(\$1,637,322)
45321	Office Supplies and Stationery Stores	\$40,624,358	1.3%	\$40,624,358	\$17,601,000	\$1,166,283	\$16,434,717	(\$24,189,641)
45322	Gift, Novelty, and Souvenir Stores	\$14,008,523	0.4%	\$14,008,523	\$12,518,000	\$630,325	\$11,987,675	(\$2,020,847)
4533	Used Merchandise Stores	\$6,739,499	0.2%	\$6,739,499	\$2,990,000	\$255,139	\$2,734,861	(\$4,004,638)
4539	Other Miscellaneous Store Retailers	\$93,802,581	2.9%	\$93,802,581	\$79,580,000	\$4,646,796	\$74,933,204	(\$18,869,377)
454	<b>Nonstore Retailers</b>	<b>\$28,464,286</b>	<b>0.9%</b>	<b>\$28,464,286</b>	<b>\$19,710,000</b>	-	<b>\$12,422,000</b>	<b>(\$16,042,286)</b>
722	<b>Food Services and Drinking Places</b>	<b>\$421,274,961</b>	<b>13.2%</b>	<b>\$421,274,961</b>	<b>\$405,464,000</b>	<b>\$74,137,125</b>	<b>\$331,326,875</b>	<b>(\$89,948,086)</b>
7221	Full-Service Restaurants	\$211,550,114	6.6%	\$211,550,114	\$172,624,000	\$37,229,170	\$135,394,830	(\$76,155,285)
7222	Limited-Service Eating Places	\$184,317,618	5.8%	\$184,317,618	\$220,816,000	\$32,436,721	\$188,379,279	\$4,061,661
7223	Special Food Services	\$16,625,327	0.5%	\$16,625,327	\$5,591,000	\$2,925,771	\$2,665,229	(\$13,960,097)
7224	Drinking Places (Alcoholic Beverages)	\$9,664,132	0.3%	\$9,664,132	\$6,435,000	\$1,700,720	\$4,734,280	(\$4,929,852)
<b>Total Retail and Food Services</b>		<b>\$3,197,484,957</b>	<b>100.0%</b>	<b>\$3,054,325,724</b>	<b>\$2,775,232,000</b>	<b>\$242,889,869</b>	<b>\$2,525,054,131</b>	<b>(\$529,271,594)</b>

<sup>1</sup> Derived by estimating total household spending on retail, according to the 2010 Consumer Expenditure Survey.

<sup>2</sup> Household spending adjusted to account for internet sales. Adjustments based on RREEF report, which estimates 16% of electronics; 12% of apparel, accessories, and hobbies; and 8% of furniture and furnishings, are purchased online.

<sup>3</sup> Visitor sales taken from Dean Runyan Associates' report commissioned by VisitCalifornia.org. Visitor spending for specific retail categories were estimated according to the county-wide distribution.

<sup>4</sup> For retail types where detailed taxable sales data were not accessible, only the major retail category, denoted by a three-digit NAICS code, is shown.

NOTE: The primary market area used for this

SOURCE: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; CA Board of Equalization; RREEF Real Estate, Bricks and Clicks: Rethinking Retail Real Estate in the E-commerce Era; Dean Runyan Associates, California Travel Impacts by County, 1992-2010; RCLCO

# CITY OF CERES

## Exhibit IV-10

### LOCATION PREFERENCES AND MARKET PRESENCE OF MAJOR NATIONAL RETAILERS MARCH 2013

CATEGORY/STORE	SITE/CENTER PREFERENCES			TRADE AREA PREFERENCES				MARKET PRESENCE				
	PREFERRED CO-TENANTS/ TYPE OF CENTER	STORE SIZE (000s SF)		TOTAL POP.	RADIUS (MILES)	HH INCOME	TRAFFIC COUNTS	NUMBER OF STORES				GENERAL LOCATION(S)
		MIN	MAX					CERES	TURLOCK	MODESTO	WITHIN 30 MI. <sup>1</sup>	
GENERAL MERCHANDISE												
Kohl's	Entertainment, fashion; community strip center, enclosed regional mall, freestanding, neighborhood strip center, power center.	75	86	170,000	--	--	--		1	1	2	
Babies R' Us	Discount, entertainment, fashion-oriented. Power center, regional mall, freestanding, lifestyle center.	54	64	400,000	10	Middle	--			1		
DISCOUNT STORES												
Target Stores	All Considered	123	174	--	--	Middle	--		1	2	2	
Wal-Mart	All Considered	40	233	--	--	Low-Middle	--	1	1	3	3	
Costco	Upscale	100	160	--	--	--	--		1	1	1	
Sam's Club	Free-standing	110	130	--	--	Low-Middle	--					
Smart and Final	Discount	17	30	150,000	3	Middle	20,000			2		
Big Lots	Discount, Grocery, Outlet	10	40	70,000	3	Low-Middle	20,000		1	2	2	
Kmart	Discount	96	182	--	--	Middle	--	1			3	
Dollar Tree	Discount, fashion-oriented, grocery	10	15	20,000	5	High-Middle	--	1	2	4	8	
DRUG STORES												
CVS	All Considered	11	19	18,000	--	Middle	--		2	7	10	
Rite Aid	Grocery/Supermarket	14	17	25,000	--	--	--	1	2	3	6	
Walgreens	Grocery/Supermarket	14	15	15,000	1	--	20,000		1	8	7	
SUPERMARKETS/SPECIALTY MARKETS												
Safeway	All Considered	22	58	--	--	--	--		1	1	1	
Raley's	All Considered	58	58	--	--	--	--		1	2	4	
Fresh and Easy	All Considered	3	10	--	--	Middle	--			1		
Sprouts Farmers Market	Bookstores, Coffee Houses	27	30	120,000	--	--	50,000			1		
Grocery Outlet	Discount Groceries									3	2	
HOME IMPROVEMENT												
Home Depot	All Considered	102	115	30,000	--	--	--	1	1	1	2	
Lowe's	All Considered	100	150	--	--	--	--		1	1		

# CITY OF CERES

## Exhibit IV-10

### LOCATION PREFERENCES AND MARKET PRESENCE OF MAJOR NATIONAL RETAILERS MARCH 2013

CATEGORY/STORE	SITE/CENTER PREFERENCES			TRADE AREA PREFERENCES				MARKET PRESENCE					
	PREFERRED CO-TENANTS/ TYPE OF CENTER	STORE SIZE (000s SF)		TOTAL POP.	RADIUS (MILES)	HH INCOME	TRAFFIC COUNTS	NUMBER OF STORES				GENERAL LOCATION(S)	
		MIN	MAX					CERES	TURLOCK	MODESTO	WITHIN 30 MI. <sup>1</sup>		
HOME FURNISHINGS													
Bed Bath & Beyond	Fashion, Entertainment, Upscale, Discount, Outlet	6	85	100,000	5	Middle-Upper	--		1	1			
Cost Plus World Markets	Entertainment, Upscale	18		300,000	5	Middle-Upper	--			1			
Pier 1 Imports, Inc.	Upscale	9	10	100,000	--	Middle-Upper	--		1	1			
Crate and Barrel	Upscale, Enclosed malls	12	35	700,000	--	Middle-Upper	--						
Williams-Sonoma	Upscale, CBD, Enclosed malls	5	7	--	--	Middle-Upper	--						
Pottery Barn	Upscale, CBD, Enclosed malls	5	14	--	--	Middle-Upper	--						
Restoration Hardware	Upscale	10	12	300,000	--	High-Middle	--						
IKEA	Discount, entertainment, upscale. Prefer to own.	320	400	1,500,000	10	Middle-Upper	--						
Thomasville	Freestanding, community strip center. All considered.	10	14	--	--	--	--			1			
APPLIANCES / ELECTRONICS													
Best Buy	Entertainment, Discount	30	45	300,000	--	Middle-Upper	40,000			1			
Brookstone	Enclosed mall, High end CBD	4	4	--	--	Upper	--						
Apple Store	Enclosed regional/super regional mall	5	6	--	--	--	--			1			
Fry's Electronics	Freestanding	50	180	--	--	--	--						
Bose	Upscale	3		--	--	High	--						
APPAREL / SHOES / ACCESSORIES													
Ross Dress for Less	Fashion, Discount, Outlet, Grocery	25	30	100,000	5	Middle-Upper	40,000		1	3	1		
TJ Maxx	Fashion, discount; community strip center, downtown/CBD, enclosed regional mall, freestanding, neighborhood strip center, outlet center, power center	29	65	100,000	--	--	--		1	1	1		
Marshalls	Fashion, discount; community strip center, downtown/CBD, enclosed regional mall, freestanding, neighborhood strip center, outlet center, power center	32	32	100,000	--	--	--			1			
Burlington Coat Factory	Community strip center, downtown/CBD, enclosed regional mall, enclosed super regional mall, freestanding, neighborhood strip center, power center	15	130	250,000	5	Middle-Upper	40,000			1	1		
Foot Locker	CBD, freestanding, strip center	n/a	n/a	--	--	Low-Middle	--			2			
Old Navy	Enclosed malls, fashion upscale	20	35	--	--	Middle-Upper	--		1		1		
Nordstrom Rack	Enclosed malls, discount, outlet	--	--	--	--	--	--						

# CITY OF CERES

## Exhibit IV-10

### LOCATION PREFERENCES AND MARKET PRESENCE OF MAJOR NATIONAL RETAILERS MARCH 2013

CATEGORY/STORE	SITE/CENTER PREFERENCES				TRADE AREA PREFERENCES				MARKET PRESENCE				
	PREFERRED CO-TENANTS/ TYPE OF CENTER	STORE SIZE (000s SF)		TOTAL POP.	RADIUS (MILES)	HH INCOME	TRAFFIC COUNTS	NUMBER OF STORES				GENERAL LOCATION(S)	
		MIN	MAX					CERES	TURLOCK	MODESTO	WITHIN 30 MI. <sup>1</sup>		
SPORTING GOODS													
Big Five Sporting Goods	All Considered	8	15	70,000	--	Middle-Upper	--		1	1	1		
Sport Chalet	Upscale	40	42	500,000	3	Middle-Upper	--						
Sportmart/Sports Authority	All Considered; strip center, enclosed regional, enclosed super regional, freestanding, power center	35	45	250,000	--	--	--			1			
Dick's Sporting Goods	Enclosed regional mall, freestanding, power center	50	60	300,000	--	Middle	--			1			
REI	All Considered	26	30	250,000	--	Middle-Upper	--						
TOYS													
Toys R Us	Discount, entertainment, fashion-oriented. Power center, regional mall, freestanding, lifestyle center	54	64	400,000	10	Middle	--			1			
Build-A-Bear Workshop	Entertainment; enclosed regional mall	3	3	500,000	10	High-Middle	--			1			
CRAFTS / SUPPLIES													
Jo-Ann Stores, Inc.	Fashion, Upscale, Discount, Grocery	20	45	50,000	3	Middle-Upper	30,000			1		Nearest is 10 miles west.	
Michaels Stores, Inc.	Fashion, Upscale	6	38	150,000	--	Middle-Upper	--		1	1			
Color Me Mine	Entertainment, Upscale; strip center, CBD, lifestyle, freestanding	1	2	100,000	5	High-Middle	--			1			
PETS & SUPPLIES													
Petco Animal Supplies	Upscale, Grocery	15	15	100,000+	3	Middle-Upper	25,000			1	2		
PETsMART	All Considered	26	26	200,000	5	Middle-Upper	25,000			2	1		
BOOKSTORES													
Barnes & Noble	Upscale	3	68	--	--	Middle	--			1			

<sup>1</sup> Stores within 30 miles reflects the total number of stores within 30 miles not located in Ceres, Turlock, or Modesto, CA.

SOURCE: 2008 Retail Tenant Directory by TradeDimensions; RCLCO

# CITY OF CERES

## Exhibit IV-11

### GROCERY STORE AND DRUGSTORE DEMAND POTENTIAL NEIGHBORHOOD RETAIL MARKET AREA 2012 - 2017

DEMAND POTENTIAL	2012	2017
<b>Trade Area <sup>1</sup></b>		
Population	46,320	47,900
Total Households	12,926	13,367
Average Household Income (\$2012)	\$58,500	\$58,500
<b>Grocery Store Demand</b>		
Percent of Income Spent at Grocery Stores <sup>2</sup>	6.3%	6.3%
Grocery Store Sales Potential	\$47,596,000	\$49,220,000
Estimated Grocery Store Sales/SF <sup>3</sup>	\$450	\$450
Net Supportable Grocery Store Potential (SF)	105,800	109,400
Supportable Grocery Stores <sup>4</sup>	2.1	2.2
Competitive Grocery Stores in Trade Area	2.8	2.8
<b>Net Unmet Grocery Store Demand, Supportable New Stores</b>	<b>0.0</b>	<b>0.0</b>
<b>Drug Store Demand</b>		
Percent of Income Spent at Drug Stores <sup>2</sup>	2.1%	2.1%
Drug Store Sales Potential	\$16,028,000	\$16,574,000
Estimated Drug Store Sales/SF	\$430	\$430
Net Supportable Drug Store Potential (SF)	37,300	38,500
Supportable Drug Stores <sup>5</sup>	2.5	2.6
Competitive Drug Stores in Trade Area	3.7	3.7
<b>Net Unmet Drug Store Demand, Supportable New Stores</b>	<b>0.0</b>	<b>0.0</b>

<sup>1</sup> The Trade Area is the city of Ceres. Grocery stores in the trade area include: Food-4-Less, Save Mart and Cost Less Foods. Drug stores in the trade area include: Walmart, Rite Aid, CVS, Walgreens, and Ceres Drug Store. 2017 population count based on the growth rate observed in Ceres between 2010 and 2013 (0.7%).

<sup>2</sup> Based on statewide retail taxable sales. Assumes 35% of sales at grocery stores are taxable.

<sup>3</sup> Sales/SF estimate based on local broker interviews, Dollars and Cents 2008.

<sup>4</sup> Assumes a grocery store of 50,000 square feet.

<sup>5</sup> Assumes a drug store of 15,000 square feet.

SOURCE: California Department of Finance; Bureau of Labor Statistics Consumer Expenditure Survey; Urban Land Institute; RCLCO



## Appendix C – TKE: Infrastructure Analysis

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# Infrastructure Analysis

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## Overview

Adequate public infrastructure is an essential element of successful economic development programs. More directly, without adequate public infrastructure there is no economic development. Consequently, it is typical for economic development programs to include backbone infrastructure that would otherwise be considered an impediment to development. Backbone infrastructure projects include major street reconstructions, drainage, water and/or sewer improvements, underground utility projects, and other public facilities that are essential to the highest and best use of parcels that have business-oriented land uses.

The purpose of this Chapter, therefore, is to provide an overview of the capability of the public infrastructure that is located within or is of benefit to the City's economic development target areas (EDTA) and serve parcels that have business-oriented land-uses. This Strategy identifies three separate EDTA's, which are named the following economic development corridors (EDC): South-West EDC, Highway 99 EDC, and Mitchell Road EDC; identified on Figure A. Moreover, this Chapter is intended to highlight any backbone infrastructure deficiencies within the EDTA's that could be eliminated as a part of the Economic Development Strategy.

## Public Infrastructure Assessment

The assessment of the adequacy of the backbone infrastructure serving the EDTA's is based on data obtained from numerous sources, including the City of Ceres' City Engineer and information reviewed including, but not limited to the June 2011 Water Master Plan, November 2012 Sewer System Master Plan, June 2010 Public Facilities Fee Nexus Study, and the status of several major infrastructure projects whose construction is either nearly completed (or accepted) or imminent. Based on this review and analysis, the following is offered:

## Water System Analysis

Water system description and master plan analysis are presented in the following paragraphs:

### Water System Description

The City of Ceres provides water to a population of approximately 42,000 people and an existing service area of approximately 7.6 square miles. Figure B shows the boundaries for the Water Master Plan Study Area, City limits, and Primary and Secondary Spheres of Influence (SOIs).

The City currently provides water service to approximately 11,000 residential, commercial, industrial and institutional/governmental service connections and produces about 10,000 acre-feet per year from the groundwater aquifer. Almost all of the City's water services are metered, including a recent meter installation program that targeted all customers.

The City currently depends solely on groundwater to meet its customer water demands through 15 active wells capable of producing a total of about 14,500 gallons per minute (gpm). Of these wells, four are estimated to require replacement within the next 10 years and another five are estimated to require replacement within the next 20 years. Currently, the City's 15 active municipal supply wells obtain water from the underlying Turlock Sub-basin, which is part of the larger San Joaquin Valley Groundwater Basin. Several of the City's wells have water quality concerns and are equipped with wellhead treatment systems to ensure the potable water supply meets applicable drinking water standards. The City's existing water system can be seen on Figure C. The City has approximately 140 miles of water system pipelines, generally ranging from 2 to 24 inches in diameter, and are made

up of mostly asbestos-cement (ACP), steel, and polyvinyl chloride (PVC). The City has two at-grade reservoirs located adjacent to each other at their Blaker Road facility with a combined storage capacity of 3.8 million gallons (MG). The site also contains the City's only booster pump station named the Blaker Booster Pump Station. The station has a total of six booster pumps, with each pump rated at 1,500 gallons per minute (gpm) and one normally on stand-by, resulting in a firm capacity of 7,500 gpm.

## Master Plan Improvements

The 2011 Water Master Plan evaluated the City's existing water system facilities deficiencies and provided recommended improvements necessary to support water demands related to growth. The existing system improvements are highlighted below and are also illustrated on Figure D.

- Install new and replacement pipelines at various locations to improve water system looping and fire flow capacity, and eliminate high pipeline head loss and velocity simulated during peak hour demand conditions.
- Install new groundwater wells to provide additional pumping capacity to meet existing water demand.
- Replace existing wells as they reach the end of their useful lives.
- Install backup power and wellhead treatment to new and replacement wells as necessary.
- Construct a new 2.0 MG storage reservoir (River Bluff Reservoir) and associated 4,200 gpm booster pump station.
- Maintain or improve the existing water system through distribution system program improvements such as the Main Replacement Program, Water System Maintenance and Repair Program, and the Large Meter Replacement Program.

Table 1 highlights the required improvements to mitigate existing City-wide water system deficiencies with their associated costs.

Future water system development for the 2015 and build-out time frames includes an evaluation of the projected water demand and system pumping capacity. The improvements needed to meet future demand projections are highlighted below and illustrated on Figure E.

- Participate in Phase 1 of the Regional Surface Water Supply Project (RSWSP), with a planned delivery rate of 6.0 MGD, and construct a new 4.0 MG storage reservoir and associated booster pump station, at a proposed site at Whitmore Avenue and Morgan Road.
- Construct a new 1.6 MG storage reservoir and associated booster pump station for the West Landing Specific Plan area
- Integrate treated surface water from the Regional Surface Water Supply Project (RSWSP) as part of the City's future water supply. The costs associated are not significantly more than the estimated costs of strictly using groundwater for supply and more sustainable in the long run.
- Install new transmission pipelines to bring additional water supply and capacity to the EDTA's.

## Recommendations:

1. Construct the water master plan existing system recommended improvements directly related to the EDTA's, as highlighted in blue on Table 1, at a cost of approximately \$5.3 million. Projects are listed in order of priority as presented in the water master plan. Existing system deficiencies must be mitigated to ensure an adequate backbone system is in place for new development. Additionally, various pipelines need to be replaced to alleviate existing distribution system deficiencies; and
2. Continuing early planning coordination between the environmental compliance specialists, project engineers, and regulatory agencies, should result in minimized impacts and therefore reduced mitigation requirements under NEPA and CEQA. The City has already taken steps in this direction by approving the Environmental Impact Report for the Water Master Plan CIP.



These early planning and coordination efforts could likely facilitate the pursuit of state and federal funding grant, which could potentially facilitate growth; and

3. For the purpose of providing additional water supplies available to the City, identify and commit specific funding sourced needed to participate in the to the RSWSP, as highlighted in yellow on Table 2, at an estimated cost of \$51.4 million. Participation in the project will minimize the potential for future water supply shortfalls; and
4. On a development opportunity need basis in the EDTA's, construct the future water system improvements, as highlighted in blue on Table 2, at an estimated cost of \$20.8 million. Projects are listed in order of priority as presented in the water master plan. This approach will require that the City maintain flexibility to re-prioritize its water system funding to accommodate the immediate need in the targeted economic development areas and development proposals.

## Sewer System Analysis

Sewer system description and master plan analysis are presented in the following paragraphs:

### Sewer System Description

The City of Ceres provides sewer service within the City Limits and portions of its Sphere of Influence, as shown on Figure F. The City's wastewater is conveyed through a series of lift stations, force mains, and trunk sewer lines ranging from 6" to 42" diameter. As presented in the sewer master plan, current average dry weather wastewater flow is 3.07 million gallons per day (MGD). Approximately 75 percent of the wastewater generated in the existing service area is conveyed to the City of Ceres Wastewater Treatment Plant (Ceres WWTP). The remaining sewer flows, which are generated in the North Ceres Sewer Service Area (NCSSA), are conveyed to the City of Modesto sewer system north of the Tuolumne River (Turlock WWTP). The combined sewer discharge hydraulic capacity is 4.5 million gallons per day (MGD); of that, 2.5 MGD can be diverted to the Ceres WWTP and 2.0 MGD can be diverted to the Turlock WWTP.

### Master Plan Improvements

Wastewater system deficiencies are presented in the referenced 2012 Sewer Master Plan. The hydraulic capacity of the exiting sewer system was assessed using a dynamic hydraulic model. The results and the locations of potential surcharging and overflows in the existing system can be seen in Figure G. Blue pipes show areas with no capacity issues. Pipes shown in green indicate pipes that normally would experience surcharging conditions, but due to downstream hydraulics, are flowing at conditions less than full capacity. Pipes shown in yellow have between 80 percent and 100 percent of capacity being utilized. Pipes shown in orange are at capacity or are being impacted by problems downstream (i.e. at full capacity because of a bottleneck downstream). Pipes shown in red are experiencing surcharged conditions. A majority of surcharged pipes are at a level above the master plan recommended criteria. There are many instances of surcharging and predicted overflows within the Mitchell Road EDC. Some instances of this, but to a lesser degree, also occur at a few locations within the Highway 99 EDC and the South-West EDC. Table 3 highlights the required improvements to mitigate existing City-wide sewer system deficiencies with their associated costs.

Generally, most lift stations in the City do not experience capacity issues during periods of wet weather flow, nor are anticipated during the 10 year, 6 hour design storm model. However, there are two exceptions. The Pine Street Lift Station, providing service to the Highway 99 EDC, and the Barbour's Lift Station, providing service to the Mitchell Road EDC, are experiencing issues. Under wet weather conditions the Pine Street lift station experiences high run times due to capacity deficiencies. According to the master plan, the capacity deficiency is not significant and should be alleviated by other CIP projects that address inflow and infiltration reduction. In addition, the Barbour's lift station experiences high run times due to severe capacity deficiencies. According to the master plan, wet

weather flows have a high potential to cause system overflows. As such, the City has proceeded with making interim improvements.

Existing developed land uses are assumed to not change in the future with the exception of potential land use densification within any identified redevelopment areas. A majority of the growth presented in the sewer master plan occurs in within commercial and industrial land use area, more specifically, the Mitchell Road EDC and the Highway 99 EDC.

Although actual development may not follow this order, for the purpose of planning sewer facilities, future development was assumed to generally proceed sequentially according to the three phases presented below and shown on Figure H, all of which overlay portions of the City's EDTA's.

- Phase I: It is assumed that new development will generally follow infill within the existing City Limits according to General Plan land use designations. Phase I includes all existing development and development of infill within the existing City Limits.
- Phase II: Development within the proposed Primary Sphere of Influence (SOI) according General Plan land use designations.
- Phase III: Development within the remaining study area according to General Plan land use designations. Phase III includes the proposed Secondary SOI and remaining General Plan land uses excluding agriculture (master plan assumed no flows to City's system from agriculture). A summary of future development as it relates to commercial and industrial development is listed in Table 4, according to General Plan land use designations and the phasing described above.

Based on the 1997 General Plan, and compared to the recent land use inventory, the urban area is planned to grow approximately three-fold over current development levels. The top three land use categories projected to contribute to this urban area expansion are:

1. Residential land uses increasing by approximately 3,150 acres or an increase of 150% over existing developed residential land uses;
2. Industrial land uses increasing by approximately 1,480 acres or an increase of 585% over existing developed industrial land uses, and;
3. Commercial land uses increasing by approximately 440 acres or an increase of 128% over existing developed commercial land uses.

The City's WWTP receives wastewater from residential, commercial, institutional, and dry industrial users. Under current Regional Board policy, regionalization of wastewater treatment and disposal is preferred wherever feasible.

Several wastewater treatment and disposal alternatives were analyzed in the Sewer Master Plan. The Sewer Master Plan recommended long-range plan for the City is Alternative A3, which intends to expand export of equalized flow to both Modesto and Turlock. Costs associated with the proposed long-range plan are estimated to be \$100.6 million and shown on the Table 5.

Generally, use of gravity trunk sewers is preferred to a system of shallow sewers with numerous lift stations. Given the location of the existing Ceres WWTP, existing sewer elevations, and regional trends in ground elevations, several growth areas will require conveyance of wastewater through future lift stations. Wastewater from the future southern growth areas cannot be conveyed by gravity to the Ceres WWTP since the general topography of the City falls from northeast to southwest and the WWTP northeast of the economic development target areas. Figure I depicts the proposed future sewer system improvements to extend sewer service to the primary future growth areas within the study boundary.

The preferred alternative to serve future growth areas is show in Figure J, which will mostly benefit the EDTA's. Future collection system facilities have been based on gravity sewer systems where feasible; however, four future sewer lift stations (or pump stations where they are accompanied by a

force main) are likely to be needed to convey wastewater to the existing WWTP. Costs associated with serving future growth areas are estimated to be \$48.0 million and shown on the Table 6. More specifically, costs associated with EDTA's are approximately \$28.1 million, as highlighted in green on the referenced table.

### Recommendations:

1. Construct the Sewer master plan existing facilities CIP recommended improvements directly related to the EDTA's, according to the sewer master plan priority ranking, as highlighted in Table 3, estimated at \$8.2 million. The listed improvements are required to address existing capacity and condition related deficiencies. These improvements are considered solely in the light of maintaining service for the existing level of development. It is crucial that the sewer system be dependable before future development further impacts the existing system, which would hinder future growth in the EDTA's; and
2. Initiate the planning, design, site assembly and financing strategy needed to improve and expand existing facilities under the recommended long-range plan presented in Table 5. More specifically, as average daily flow approaches 3.4 MGD, implement Phase 1 improvements, estimated at \$0.9 million. Treatment plant capacity will be a limiting factor in economic development and ensuring that adequate influent pump station and treatment plant capacity is in place will mitigate the impacts of new development; and
3. Continuing early planning coordination between the environmental compliance specialists, project engineers, and regulatory agencies, should result in minimized impacts and therefore reduced mitigation requirements under NEPA and CEQA. Although implementation of the Sewer Master Plan CIP will likely result in the need to obtain permits from both federal and state environmental regulatory agencies, the City has already taken steps toward streamlining the permitting efforts by approving the Environmental Impact Report for the Sewer Master Plan CIP. These early planning and coordination efforts could likely facilitate growth by assisting with state and federal funding grant and program sources like the Environmental Protection Agency and the State Revolving Fund program; and
4. Continue to initiate the planning, design, site assembly and financing strategy needed to continue and expand regionalization of the City's wastewater treatment and disposal to Modesto and Turlock. Along with the expanding efforts to export flow it is recommended to evaluate the potential facilities requirements and costs for the City to produce tertiary effluent for reuse. The phased capital costs of this long-range plan as shown in Table 5, at an approximate capital cost of \$99.7 million; and
5. On a development opportunity need basis in the target economic development areas, construct the planning level preferred alternative trunk sewer lines, as highlighted in green on Table 6, at an estimated cost of \$28.1 million. This approach will require that the City maintain flexibility to re-prioritize its sewer system funding to accommodate the immediate need in the targeted economic development areas.

## Drainage System Analysis

Drainage system description, Public Facility Fee Study and City General Plan analysis are presented in the following paragraphs:

### Drainage System Description

Drainage facilities in the City of Ceres serve both residential and nonresidential development. Generally, areas south of Hatch Road and west of Moffett Road drain to the Turlock Irrigation District canal located along the City's southern boundary; while areas north of Hatch Road and east of Moffett Road drain to the Tuolumne River located along the City's northern boundary. The City is divided up into various drainage basins that drain to detention basins. Most detention basins are connected

through a force main to a gravity drain that flows to the nearest irrigation canal, where a lift station discharges the runoff into the canal.

### Public Facility Fee Study and General Plan Improvements

Drainage system deficiencies reveal the necessity for drainage conveyance and flood control improvements to provide adequate flood protection to existing and future developed properties in the economic development target areas. A formal Drainage System Master Plan is currently budgeted and expected to be completed in fiscal year 2013/14. Although not presented in the Facility Fee Study or CIP, City staff has advised that existing drainage needs are, for the most part, being met. However, the completed Drainage System Master Plan may identify other existing system deficiencies. The need exists for developing a funding mechanism to ensure continued operation and maintenance (O&M) of existing drainage systems. Many of the existing system deficiencies are directly related to inadequate maintenance. Proper maintenance of existing facilities will extend service life, reduce catastrophic facility damage, and reduce local flooding.

The City's Public Facility Fee Study generally addressed drainage needs and fees related to new development within the City's sphere of influence, including only a small a portion within the City limits in the South-West EDC. The study defined four separate drainage areas, as shown on Figure K, each with its own set of required improvements related to development. Drainage Areas A and B drain to an adjacent Turlock Irrigation District canal, while areas C and D drain to the Tuolumne River, as shown on the referenced exhibit. In Areas C and D, gravity lines connect the sub-basins to outfalls located on the Tuolumne River. Maintaining existing facilities and construction new facilities to serve development in Areas A and B will prove to be the most benefit to economic development as they are within the South-West EDC. In Areas A and B, there is a funding need for \$3.0 million and \$1.8 million, respectively, as shown in Table 7. More specifically, to meet the drainage needs of Area A in the South-West EDC, approximately \$870,000 in needed.

There are planned dual use detention basins at park sites within the South-West EDC and the Mitchell Road EDC per City policy. Where such dual use occurs, the primary function is park use. Also, the maximum pool level of a detention basin should not encroach on park capital improvements and the water level must be capable of complete drawdown within 48 hours after a storm event per applicable City standards, unless modified by agreement with City. It is anticipated that a net reduction in land requirements and related costs for drainage detention will be achieved with dual use parks. Cost savings and related land impacts will appeal to developers to incorporate dual use facilities as part of their developments.

Table 8 shows the impact of new development in terms of the change in impervious acreage due to additional housing and non-residential construction at build-out. Impervious factors correspond to generalized runoff coefficients for the given land uses. As shown on Table 8, impervious area growth to build-out related to nonresidential is expected to add 1,614 acres of impervious surfaces. Additionally, Table 9 highlights the associated impact fees to provide adequate drainage service to new nonresidential development.

### Recommendations:

1. Complete the Drainage System Master Plan and update the Public Facility Fees consistent with the findings of the plan; and
2. For the purpose of O&M of the existing drainage systems and ensuring adequate O&M revenues are in place for future development, the City shall identify and commit specific funding sources needed to provide O&M services; and
3. As the development continues in the South-West EDC, construct the necessary drainage improvements necessary to serve development, as highlighted in orange on Table 7, at an estimated cost of \$870,000. The City will be able to collect drainage fees from new

development, as presented in Table 9, between \$200 & \$400 per acre, to facilitate the needed drainage improvements; and

4. On a development opportunity need basis, construct the balance of the improvements identified in the referenced study as new growth opportunities may occur.

## Street System Analysis

Street system description, Public Facility Fee Study and City general plan analysis are presented in the following paragraphs:

### Street System Description

The street system is operated, maintained and improved by the City. The City's traffic facility standards are based on the level of service (LOS) approach which is outlined in the circulation element of the general plan. The City wide transportation plan illustrating the City's freeways, expressways, arterials, and primary collectors is shown on Figure L.

### Public Facility Fee Study and General Plan Improvements

The City's Public Facility Fee Study addressed traffic demand from new development for all land use types using a "dwelling unit equivalent" (DUE) factor that sets the demand from a single-family dwelling unit that can be applied to all other land uses. Total DUE's from new development at build-out is estimated at 56,136 DUE; or about 59% of the DUEs from both existing and new development.

The fee study also presented roadway improvements, on circulation element streets, which are needed to maintain the LOS standard through build-out in the City. City wide roadway improvements are estimated at a total cost \$161.1 million, as listed in Table 10; and improvements directly related to the three EDTA's are highlighted in purple and estimated at a total cost of \$14.6 million. All roadways listed are of the classification arterial or above and have at least four travel lanes plus medians and turn pockets with a minimum LOS of "D". Additionally, although not presented in the CIP data provided by the City, City staff has advised that there are inherent deficiencies in the Highway 99 overpasses. More specifically, the overpasses are not conducive to easy-on/easy-off access that is attractive to travelers. Some lack 4-way access customary with modern urban interchanges. Highway 99 overpass improvements are estimated at a total cost of \$111.8 million and highlighted in yellow on the referenced table.

Typically, a fronting property would be required to improve 20 feet of the adjacent roadway along with the pavement, curb, gutter and sidewalk at the developer's expense in addition to payment of the transportation impact fee. Therefore, the improvement cost estimates shown on the referenced table for street segments through undeveloped land includes only the interior lanes, medians, turn pockets, traffic signals, entry monuments and interchange or overpass modifications where the street crosses Highway 99. These "non-frontage costs" are the obligation of all new development (regardless of whether it has frontage) to be met through payment of the transportation impact fee and are in addition to frontage improvement costs for those properties that abut the roadway. Where there is existing development abutting a segment of planned roadway improvement, the cost estimate includes the entire cost, including right-of-way, if necessary, to complete the full-width improvements called for in the Circulation Element. In this case, there is an allocation of cost between existing and new development that is necessary to account for the costs of existing roadway deficiencies that cannot be passed entirely onto new development. Roadway improvements and the percentage allocation that can be funded by traffic impact fees are shown on Figure M. Highway 99 EDC, Mitchell Road EDC, and South-West EDC all receive partial funding by traffic impact fees.

### Recommendations:

1. Construct the roadway improvements necessary to serve development in the target EDTA's, as highlighted in purple on Table 10. Total project cost is approximately \$14.6 million, of which,

the City will pay for \$3.9 million and traffic impact fees will pay for the remaining \$10.7 million. Project priority shall be determined on an opportunity basis and special attention should be paid to opportunities available in the commercial industrial sector; and

2. The City shall continue to implement the transportation impact fee schedule prepared in the referenced Public Facilities Fee Nexus Study and included below. As shown, collection of traffic impact fees is vital to the City being able to fund large portions of the improvements needed to support growth in the EDTA's; and
3. For the purpose of providing connectivity within the Mitchell Road EDC, South-West EDC, and the Highway 99 EDC, identify and commit specific funding sources (i.e. federal, state, and local) needed to reconstruct Highway 99 overpasses and related improvements, estimated at a total cost of \$111.8 million, of which, the City will pay for \$22.7 million and traffic impact fees will pay for the remaining \$89.1 million; and
4. Construct the street improvements identified in Table 10 on an opportunity basis, i.e., as new opportunities for growth occur, the City should consider its options to re-prioritize its street funding to accommodate the immediate need.

## Private Infrastructure Assessment

The assessment of the adequacy of the backbone infrastructure serving the EDTA's is based on data obtained from numerous dry utility companies serving the City of Ceres. Based on this review and analysis, the following is offered:

### Dry Utility Analysis

Dry utility system description and analysis are presented in the following paragraph:

#### Dry Utility System Descriptions

Dry utilities are provided by Turlock Irrigation District, Pacific Gas and Electric, AT&T, and Charter Communications. Based on conversations with the City Engineering staff and Utility company staff, no known system deficiencies exist. However, improvements may be needed on an as needed basis related to economic development.

#### Recommendations:

1. Coordinate closely with Turlock Irrigation District, Pacific Gas and Electric, AT&T, and Charter Communications to ensure that their program of improvements and upgrades is coordinated in a way that best responds to the City's development opportunities that will arise.

## Summary of Recommendations

The Public Infrastructure Analysis presented above assessed the adequacy of the backbone infrastructure serving the EDTAs (i.e. water, sewer, drainage, streets, and private utilities). As explained in detail above, deficiencies exist in the water, sewer, street and drainage systems serving the EDTAs, for which it is estimate that on a combined basis approximately \$346 million will be needed to fund the identified necessary improvements. Once such improvements are installed, the sufficiency of the affected systems will provide an adequate backbone infrastructure system for existing development and provide the framework needed to support new development.

It is anticipated that funding for the needed improvements will come from a variety of sources, some of which are yet to be developed. The Fiscal Capacity Analysis component of the Economic Development Strategic Plan includes recommendations regarding how such funding may be obtained. In addition, the Successor Agency to the Ceres Redevelopment Agency has recently earned its Finding of Completion from the California Department of Finance, which entitles the Successor Agency to commit its remaining bond proceeds from a recent Tax Allocation Bond issue. Based on a review of

the Successor Agency's Recognized Obligation Payment Schedule ("ROPS") for the period of July through December 2013, the Successor Agency has \$12,245,000 of unspent bond proceeds that it may use for priority economic development related capital improvements. Spent or committed bond proceeds include \$5.2 million for successor agency administration and \$0.6 million for ongoing environmental and pre-design for the Mitchell/Service Interchange Improvements. Note that total project expenditure committed to the Mitchell/Service Interchange Improvements are approximately \$4.0 million; of which, \$0.6 million is the expected expenditure for the current ROPS period. Per the ROPS, the following is a schedule of potential bond proceeds-funded projects:

<u>Project Name</u>	<u>Use of Funding</u>	<u>Amounts</u>
Barbour's Lift Station <sup>1</sup>	Construction	\$595,000
Whitmore/SR 99 Interchange Improvements	Design, Land Acquisition, & Construction	5,700,000
Smyrna Park Restrooms	Design & Construction	350,000
N. Ceres Water Line	Design & Construction	2,100,000
Service Road Sewer Line <sup>2</sup>	Design & Construction	3,000,000
General Plan EIR	Planning	<u>500,000</u>
TOTAL		\$12,245,000

Notes:

1. Construct the remaining improvements needed at the Barbour Street Lift Station, presented in Table 3 under the master plan priority ranking 3, estimated at \$595,000. Project has already been funded and completed using CIP funding.
2. Construct the sewer pipe upsizing along East Service Road, presented in Table 3 under the master plan priority ranking 5B, estimated at \$2.7 million. Project is funded in the fiscal year 2013/14 CIP budget.

The Successor Agency developed the above list prior to the City committing to the preparation of the Economic Development Strategic Plan. Therefore and since the Successor Agency has some flexibility with respect to committing the use of the bond proceeds, it is appropriate to evaluate the use of the remaining bond proceeds in light of the priority infrastructure needs of the EDTAs, as described above, and to recommend alternate uses where warranted. With that in mind, the following is recommended as an alternate schedule of potential bond proceeds-funded projects that would contribute to enhancing the economic development potential of the EDTAs:

<u>Project Name</u>	<u>Use of Funding</u>	<u>Amounts</u>
Mitchell Road Improvements, Whitmore Avenue to Highway 99 <sup>1</sup>	Design, Engineering, & Construction	\$2,150,000
Sewer Improvements on Central Avenue & Pine Street <sup>2</sup>	Design & Construction	1,130,000

Central Avenue Waterline <sup>3</sup>	Design & Construction	2,464,000
Sewer Improvements on Don Pedro Road, East Service Road, & Moffett Road <sup>4</sup>	Design & Construction	2,296,000
Service Road and Mitchell Road Interim Street Improvements <sup>5</sup>	Design, Land Acquisition, & Construction	1,959,000
Whitmore Avenue Waterline <sup>6</sup>	Design & Engineering	<u>2,300,000</u>
TOTAL		\$12,245,000

Notes:

1. Construct street improvements along Mitchell Road between Whitmore Avenue and Highway 99, highlighted in purple in Table 10, estimated at \$2.2 million.
2. Construct the sewer pipe upsizing in Central Avenue and Pine Street, presented in Table 3 under the master plan priority ranking 7A, estimated at \$1.1 million.
3. Construct the Central Avenue waterline improvements, presented in Table 1 under the CIP ID EX\_T01, estimated at \$4.9 million. This project is set up to be funded from the City's CIP and constructed in phases. However, using a portion of the bond proceeds to fund this large project (approximately 50% of the total cost), will provide flexibility for the City to make further use of CIP funding.
4. Construct the sewer pipe upsizing along Don Pedro Road, East Service Road, and Moffett Road, presented in Table 3 under the master plan priority ranking 8B, estimated at \$2.3 million. It should be noted that the City is evaluating alternatives that would reduce the total cost and free up bond proceeds for other additional projects.
5. Construct street improvements at the intersection of Service Road and Mitchell Road including potential land acquisition, street and signal improvements, highlighted in purple in Table 10, estimated at \$2.0 million. Project is part of the interim improvements for the Mitchell/Service Interchange Improvements.
6. Construct the Whitmore Avenue waterline improvements, presented in Table 2 under the CIP ID BO\_T10A, estimated at \$2.3 million.



# Tables

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Table 1  
Recommended Existing Water System Improvements<sup>(a,b)</sup>

Improvement Type	Improvement Description	CIP ID	Quantity	Unit	Estimated Construction Cost	Capital Cost (includes mark-ups) <sup>(c,d)</sup>
Supply Improvements						
Existing Time Frame						
Well	Install replacement for Well 1	EX_SU01	1	LS	(e)	(e)
Well	Install new well on north side of City (assumed at Riverview Park)	EX_SU02	1	LS	\$750,000	\$1,200,000
Backup Power	Install standby generator at wells with a total capacity of 2,200 gpm (3 wells assumed)	EX_SU03	3	LS	Funded & Under Construction	Funded & Under Construction
Well <sup>(f)</sup>	Install replacement wells as existing wells are retired	EX_SU04	9	LS	\$6,750,000	\$10,800,000
Well	Wellhead treatment for replacement wells (assumes oxidation/filtration treatment)	EX_SU05	6	LS	\$6,000,000	\$9,600,000
Supply Improvements Total:						\$21,600,000
Distribution System Improvements						
Existing Time Frame						
Pipeline	Install 8-inch dia. pipes along Herdon Road, west of Grand View Avenue	EX_F01	400	LF	Completed	Completed
Pipeline	Install 10-inch dia. pipes along Pine Street, east of Central Avenue	EX_F02	100	LF	\$17,000	\$27,000
Pipeline	Install 10-inch dia. pipes along Whitmore Avenue, between Louise Avenue and Charlotte Avenue	EX_F03	100	LF	\$17,000	\$27,000
Pipeline	Install 12-inch dia. pipes along Kinser Road, west of Central Avenue	EX_F04	200	LF	Completed	Completed
Pipeline	Install 8-inch dia. pipes along Paramount Avenue, south of Giddings Street	EX_F05	100	LF	Completed	Completed
Pipeline	Install 16-inch dia. pipes along Central Avenue, between Hatch Road and Service Road	EX_T01	10,600	LF	\$2,756,000	\$4,410,000
Jack and Bore <sup>(j)</sup>	Jack and bore 16-inch dia. pipes along Central Avenue, between Hatch Road and Service Road	EX_T01	600	LF	\$324,000	\$518,000
Pipeline	Install 16-inch dia. pipes along Hatch Road between Eastgate Boulevard and Faith Home Road	EX_T02	2,400	LF	\$624,000	\$998,000
Pipeline	Install 12-inch dia. pipes along Faith Home Road, south of Helen Perry Road	EX_T03	200	LF	\$40,000	\$64,000
Pipeline	Install 16-inch dia. pipes along Herndon Road, south of Memorial Drive	EX_PH01	300	LF	\$78,000	\$125,000
Jack and Bore <sup>(j)</sup>	Jack and bore 16-inch dia. pipes along Herndon Road, south of Memorial Drive	EX_PH01	300	LF	\$162,000	\$259,000
Pipeline	Install 12-inch dia. pipes along Fiddleleaf Lane between Hatch Road and Bougainvillea Drive	EX_PH02	600	LF	\$120,000	\$192,000
Main Replacement Program	Replace 2-inch, 3-inch, and 4-inch diameter with 8-inch diameter pipes	EX_F06	34,000	LF	\$5,100,000	\$8,160,000
Water System Maintenance and Repair Program	Repair & Maintenance of water valves, fire hydrants, pumping station piping, and other facilities	EX_DS01	1	LS	-	\$4,000,000

Improvement Type	Improvement Description	CIP ID	Quantity	Unit	Estimated Construction Cost	Capital Cost (includes mark-ups) <sup>(c,d)</sup>
Large Meter Replacement Program	Changeout of large meters based on age most recent testing data	EX_DS02	1	LS	-	\$4,000,000
Storage	Construct new 2.0 MG storage reservoir	EX_S01	1	LS	\$2,300,000	\$3,680,000
Pump Station	Construct 4200 gpm booster pump station for new 2.0 MG storage reservoir	EX_S01	1	LS	\$1,700,000	\$2,720,000
Distribution Improvements Total:						\$29,180,000
GRAND TOTAL:						\$50,780,000
Economic Development Area Specific GRAND TOTAL:						\$5,339,000

Notes:

(a) - Costs shown are presented in December 2012 dollars based on an ENR CCI of 8952 (20-City Average).

(b) - Costs do not include land acquisition costs. It is assumed that land for buildout facilities will be dedicated by the developer(s) or constructed on land already owned by the City.

(c) - Costs include mark-ups equal to 60 percent (Design: 10 percent; Permitting, Regulatory, CEQA: 10 percent; Construction Management: 10 percent; Program Implementation: 5 percent; and Project Construction Contingency: 25 percent).

(d) - Total rounded to near \$1,000.

(e) - No dollar amount is shown because this project has already been funded in the FY 2009/10 CIP.

(f) - Eleven replacement wells are assumed in the master plan time frame, including two planned wells (replacement for Well 1 and new well at Roeding/Esmar with alternate location at Well 6). These two wells are budgeted under a separate budget line item. Nine wells are budgeted under the replacement category (four in next 10 years and five in next 20 years).

(j) - Jack and bore costs are for casing pipe only, and do not include conductor pipe, which is included in pipe totals.

Table 2  
Recommended Future Water System Improvements<sup>(a,b)</sup>

Improvement Type	Improvement Description	CIP ID	Quantity	Unit	Estimated Construction Cost	Capital Cost (includes mark-ups) <sup>(c,d)</sup>
Supply Improvements						
Buildout Time Frame						
Well <sup>(f,g)</sup>	Install new well near Redwood Avenue and Central Avenue with ASR capability	BO_SU01	1	LS	\$937,500	\$1,500,000
Well <sup>(f,g)</sup>	Install new well near Roeding Road and Esmar Road with ASR capability (alternate location – Well 6 replacement)	BO_SU02	1	LS	\$937,500	\$1,500,000
Well <sup>(h)</sup>	Install 2 new wells in the West Landing Specific Plan Area	BO_SU03	2	LS	\$1,500,000	\$2,400,000
Well	Wellhead treatment for new wells (assumes ion exchange treatment)	BO_SU04	2	LS	\$5,600,000	\$8,960,000
Backup Power	Install standby generator at wells with a total capacity of 5,500 gpm (6 wells assumed)	BO_SU05	6	LS	\$1,200,000	\$1,920,000
Surface Water <sup>(i)</sup>	Participation in Phase I Regional Surface Water Supply Project	BO_SU06	1	LS	-	\$51,400,000
Supply Improvements Total:						\$67,680,000
Distribution System Improvements						
2015 Time Frame						
Pipeline	Install 16-inch dia. pipes along Hatch Road between Central Avenue and Faith Home Road	15_T01	9,000	LF	\$2,340,000	\$3,744,000
Subtotal						\$3,744,000
Buildout Time Frame						
Pipeline	Install 8-inch dia. pipes along Farm Supply Drive and Marchy Lane	BO_F01	300	LF	\$45,000	\$72,000
Pipeline	Install 8-inch dia. pipes in Downtown Area	BO_F02	6,900	LF	\$1,035,000	\$1,656,000
Pipeline	Install 8-inch dia. pipes along Darrah Street, Sequoia Street, Memorial Drive	BO_F03	4,300	LF	\$645,000	\$1,032,000
Pipeline	Install 8-inch dia. pipes along Grand View Avenue, Belmont Avenue	BO_F04	1,100	LF	\$165,000	\$264,000
Pipeline	Install 8-inch dia. pipes along Fifth Street	BO_F05	500	LF	\$75,000	\$120,000
Pipeline	Install 8-inch dia. pipes along Sixth Street	BO_F06	200	LF	\$30,000	\$48,000
Pipeline	Install 10-inch dia. pipes along Golf Links Drive	BO_F07	1,600	LF	\$272,000	\$435,000
Pipeline	Install 12-inch dia. pipes along Colleen Drive, Della Drive	BO_F08	1,400	LF	\$280,000	\$448,000
Pipeline	Install 10-inch dia. pipes along Central Avenue, north of Hatch Road	BO_F09	1,000	LF	\$170,000	\$272,000
Pipeline	Install 8-inch dia. pipes along Rosewood Avenue	BO_F10	200	LF	\$30,000	\$48,000
Pipeline	Install 10-inch dia. pipes along Mitchell Road north of Hatch Road	BO_F11	900	LF	\$153,000	\$245,000
Pipeline	Install 16-inch dia. pipes along Whitmore Avenue, Central Avenue to Faith Home Road	BO_T01	10,600	LF	\$2,756,000	\$4,410,000
Pipeline	Install 12-inch dia. pipes along Service Road between Mitchell Road and Faith Home Road	BO_T02	4,700	LF	\$940,000	\$1,504,000
Pipeline	Install 16-inch dia. pipes along Service Road between Crows Landing Road and Morgan Road	BO_T03	5,400	LF	\$1,404,000	\$2,246,000
Pipeline	Install 16-inch dia. pipes along Mitchell Road between Hatch Road and Service Road	BO_T04	10,900	LF	\$2,834,000	\$4,534,000
Pipeline	Install 16-inch dia. pipes along Morgan Road between Hatch Road and Whitmore Avenue	BO_T05	5,500	LF	\$1,430,000	\$2,288,000
Pipeline	Install 16-inch dia. pipes along Morgan Road between Whitmore Avenue and Kinser Road	BO_T06	5,300	LF	\$1,378,000	\$2,205,000
Pipeline	Install 16-inch dia. pipes along Hatch Road between Morgan Road and Central Avenue	BO_T07	6,200	LF	\$1,612,000	\$2,579,000
Jack and Bore <sup>(i)</sup>	Jack and bore 16-inch dia. pipes along Hatch Road between Morgan Road and Central Avenue	BO_T07	300	LF	\$162,000	\$259,000
Pipeline	Install 16-inch dia. pipes along Faith Home Road between Hatch Road and Whitmore Avenue	BO_T08	5,100	LF	\$1,326,000	\$2,122,000

Improvement Type	Improvement Description	CIP ID	Quantity	Unit	Estimated Construction Cost	Capital Cost (includes mark-ups) <sup>(c,d)</sup>
Pipeline	Install 12-inch dia. pipes along Faith Home Road between Whitmore Avenue and Redwood Avenue	BO_T09	8,000	LF	\$1,600,000	\$2,560,000
Pipeline	Install 16-inch dia. pipes at various locations (New Transmission)	BO_T10A	20,800	LF	\$5,408,000	\$8,652,800
Pipeline	Install 16-inch dia. pipes at various locations (New Transmission)	BO_T10A	5,400	LF	\$1,404,000	\$2,246,400
Jack and Bore <sup>(j)</sup>	Jack and bore 16-inch dia. pipes at various locations (New Transmission)	BO_T10A	300	LF	\$162,000	\$259,000
Pipeline	Install 12-inch dia. pipes at various locations (New Transmission)	BO_T10B <sup>(k)</sup>	75,200	LF	\$11,280,000	\$18,048,000
Pipeline	Install 12-inch dia. pipes at various locations (New Transmission)	BO_T10B <sup>(k)</sup>	10,800	LF	\$1,620,000	\$2,592,000
Jack and Bore <sup>(j)</sup>	Jack and bore 12-inch dia pipes at various locations (New Transmission)	BO_T10B <sup>(k)</sup>	900	LF	\$423,000	\$677,000
Pipeline	Install 16-inch dia. pipes to serve West Landing Specific Plan Area (New Transmission)	WL-T01	17,300	LF	\$4,498,000	\$7,196,800
Pipeline	Install 16-inch dia. pipes to serve West Landing Specific Plan Area (New Transmission)	WL-T01	1,500	LF	\$390,000	\$624,000
Pipeline	Install 12-inch dia. pipes to serve West Landing Specific Plan Area (New Transmission)	WL-T02	3,900	LF	\$780,000	\$1,248,000
Pipeline	Install 12-inch dia. pipes to serve West Landing Specific Plan Area (New Transmission)	WL-T02	1,300	LF	\$260,000	\$416,000
Pipeline	Install 12-inch dia. pipes along Upsize Proposed Mains for West Landing Specific Plan Area	WL-M01	6,700	LF	\$1,340,000	(l)
Storage	Construct a new 4.0 MG storage reservoir at Whitmore Avenue and Morgan Road Site	BO_S01	1	LS	(m)	(m)
Pump Station	Construct booster pump station for new 4.0 MG storage reservoir	BO_S01	1	LS	(n)	(n)
Storage	Construct a new 1.6 MG storage reservoir for the West Landing Project	BO_S02	1	LS	\$2,819,000	\$4,510,000
Pump Station	Construct 3300 gpm booster pump station for new 1.6 MG storage reservoir	BO_S02	1	LS	\$1,562,000	\$2,499,000
Subtotal:						\$78,316,000
Distribution Improvements Total:						\$82,060,000
GRAND TOTAL:						\$149,740,000
Economic Development Area Specific GRAND TOTAL:						\$20,827,400
RSWSP GRAND TOTAL:						\$51,400,000

Notes:

- (a) - Costs shown are presented in December 2012 dollars based on an ENR CCI of 8952 (20-City Average).
- (b) - Costs do not include land acquisition costs. It is assumed that land for buildout facilities will be dedicated by the developer(s) or constructed on land already owned by the City.
- (c) - Costs include mark-ups equal to 60 percent (Design: 10 percent; Permitting, Regulatory, CEQA: 10 percent; Construction Management: 10 percent; Program Implementation: 5 percent; and Project Construction Contingency: 25 percent).
- (d) - Total rounded to near \$1,000.
- (e) - No dollar amount is shown because this project has already been funded in the FY 2009/10 CIP.
- (f) - Eleven replacement wells are assumed in the Master Plan time frame, including two planned wells – replacement for Well 1, and new well at Roeding/Esmar with alternate location at Well 6. These two wells are budgeted under a separate budget line item. Nine wells are budgeted under the replacement category.
- (g) - Costs are increased by 25 percent to include provision for ASR.
- (h) - Costs for third well, reserved as a standby well in the West Landing Specific Plan Area, is not included, since this standby well is assumed to be funded by the developer as an in-tract improvement.
- (i) - RSWSP costs for the City of Ceres share of regional treatment and transmission facilities were estimated by project proponents as \$49M in April 2009 dollar. Costs are assumed to be capital costs and are escalated to December 2010 \$.
- (j) - Jack and bore costs are for casting pipe only, and do not include conductor pipe, which is included in pipe totals.
- (k) - The Public Facilities Fee (PFF) report designates 79,500 feet of 12-inch diameter transmission with a capital cost of \$8.3M at miscellaneous locations not specifically identified. The Master Plan includes 112,000 feet of new transmission pipelines (86,000 feet of 12-inch and 26,000 feet of 16-inch) in locations not specifically identified in the PFF. The Master Plan includes transmission grid in secondary sphere-of-influence areas not considered in the PFF report. 12-inch diameter lines under project BO-T10B use undeveloped area pipeline costs.
- (l) - These 12-inch lines are assumed to be in-tract improvements paid for by the developer, and not funded by developer.
- (m) - Storage cost is included in the RSWSP cost estimate listed in Supply Improvements.
- (n) - Pump station cost is included in the RSWSP cost estimate listed in Supply Improvements.

Table 3  
Existing Sewer Facilities CIP Summary and Prioritization

Economic Development Area	Master Plan Priority Ranking <sup>(a)</sup>	Improvement Description	Total Cost <sup>(b)</sup>
All	1	New Headworks and Influent Pump Station	Completed
Mitchell Road	2	Barbour's Lift Station Interim Improvement	Completed
Mitchell Road	3	Onsite Emergency Power at Barbour and Pine Street Lift Stations	Funded & Under Construction
All	4A	Lift Station Emergency Backup Power Connections and Portable Generator	Funded & Under Construction
South-West	5B	Pipe upsizing in East Service Road	Funded in FY 2013/14 CIP
N/A	6A	9th Avenue, Roeding Road, 6th Avenue and Park Street Sewer Relief Project	\$1,264,000
Highway 99	7A	Pipe upsizing in Central Avenue and Pine Street	\$1,130,000
South-West	8B	Pipe upsizing in Don Pedro Road, East Service Road and Moffett Road	\$2,296,000
N/A	9B	Pipe upsizing in Evans Road	\$845,000
N/A	10B	Pipe upsizing in Mitchell Road, East Whitmore Avenue and Hidden Oak	\$1,575,000
N/A	11B	Pipe upsizing in Central Avenue, Forest Lane and Acorn Lane	\$908,000
All	12B	WWTP Distribution Box Replacement (for S-1, S-2, and S-3)	\$27,000
N/A	13B	Pipe upsizing in Moffett Road	\$498,000
Highway 99	14C	Pipe upsizing in Blaker Road	\$1,383,000
Highway 99	15C	Pipe upsizing in Central Avenue, Hackett Road, Harold Street and Pine Street	\$988,000
Mitchell Road	16C	Pipe upsizing in Mitchell Road	\$911,000
N/A	17C	New Valve Boxes at Westpointe, and Central/Evans Lift Stations	\$143,000
N/A	18C	New Valve Box and Modifications at Paramount Lift Station	\$103,000
N/A	19C	Pipe upsizing in Hackett Road	\$37,000
All	20C	WWTP Office/Lab Building Expansion	\$468,000
All	21C	WWTP Upper Pond Pipeline Relocation (+/- 1,000 LF of 16-in)	\$474,000
Mitchell Road	22C	Barbour's Pump Station Relocation	\$525,000
N/A	23C	Walgreen's Lift Station Relocation	\$572,000
Grand Total:			\$14,147,000
Economic Development Area Specific Grand Total:			\$8,202,000

Notes:

(a) Class Designations:

A = CIP addresses predicted overflowing

B = CIP addresses predicted surcharging above the recommended criteria, or has an immediate impact on collection system emergency operation

C = CIP addresses predicted surcharging below the recommended criteria or a low priority lift station and WWTP deficiency

(b) May 2010 Costs; ENRCCI = 8761, including allowances for estimating contingency and engineering and administration.

Table 4  
Existing and Future Growth Land Use Summary  
for Sewer Master Planning

Land Use	Master Plan Development Phases				
	Phase I		Phase II	Phase III	Total
	Parcels	Acres <sup>(a)</sup>	Acres	Acres	Acres
<b>Commercial</b>					
Community Commercial	188	240.9	22.0	11.8	274.7
Downtown Commercial	91	21.5	--	--	21.5
Highway Commercial	88	88.0	--	13.3	101.3
Neighborhood Commercial	37	26.1	8.4	--	34.5
Office	132	49.8	35.4	--	85.2
Regional Commercial	25	97.4	--	0.4	97.8
Service Commercial	58	71.3	59.5	40.9	171.7
Commercial Recreation	5	31.2	10.6	165.4	207.2
<b>Industrial</b>					
Business Park	30	21.6	106.7	--	128.3
Light Industrial	137	204.7	312.5	--	517.2
General Industrial	153	297.7	201.7	--	499.4
Industrial Reserve	--	--		587.5	587.5
<b>Total</b>	<b>944.0</b>	<b>1,150.2</b>	<b>756.8</b>	<b>819.3</b>	<b>2,726.3</b>

Notes:

(a) Based on net area for land area within existing City of Ceres boundaries and current City Sewer Service Area

Table 5  
Phased Capital Cost of Recommended Sewer Treatment Long-Range Plan

Phase	Flow Trigger (Average, MGD)	Phase Capital Cost (\$M)	Cumulative Capital Cost (\$M)
1 - Increase Influent Pumping Capacity	3.4 <sup>(a)</sup>	\$0.9	\$0.9
2 - Purchase 4.0 MGD from Turlock	4.5	\$20.1	\$21.0
3- First phase of Export to Modesto (1.0 Mgal/d)	6.0	\$35.1	\$56.1
4 - Second Phase of Export to Modesto (2.0 MGD)	7.0	\$13.1	\$69.2
5 - Last Phase of Export to Modesto (4.2 MGD)	8.0	\$28.8	\$98.0
Grit Removal	When Needed	\$2.60	\$100.6

Notes:

(a) Assumed average flow trigger for increasing existing peak pumping capacity.



Table 6  
Planning Level Opinion of Probable Cost for Preferred  
Sewer Alternative to Serve Future Growth Areas

Improvement Description	Capital Cost
Crows Landing Road Trunk Lines	\$1,000,000
Service Road Trunk Lines	\$12,100,000
Redwood Road Trunk Lines	\$800,000
Moffett Avenue Trunk Lines	\$1,200,000
Central Avenue Trunk Lines	\$2,000,000
Mitchell Road Trunk Lines	\$1,200,000
Esmar Road Trunk Lines	\$3,500,000
Roeding Road Trunk Lines	\$600,000
Whitmore Avenue Trunk Lines	\$900,000
Faith Home Road Trunk Lines	\$1,900,000
Lower Lateral No. 2 Trunk Lines	\$1,800,000
Gondring Road Trunk Lines	\$1,400,000
Moore Road Trunk Lines	\$400,000
Sewer Trunk Line between Moore Rd & Moffett Ave	\$3,200,000
Estimating Contingency (30%)	\$9,600,000
Construction Cost Sub-Total:	\$41,600,000
Design/Administration (20%)	\$6,400,000
Grand Total:	\$48,000,000
Economic Development Area Specific Grand Total:	\$28,050,000

Table 7  
Planned Drainage Improvements

Drainage Basins	Required 50-yr. Detention Capacity (acft.)	Required Discharge (acft.)	Detention Basin/Pump Station <sup>[1]</sup>	Length of Force Mains <sup>[2]</sup> (LF)	Length Gravity Drainpipe <sup>[3]</sup> (LF)	Lift Stations <sup>[4]</sup> (EA)	Total Cost	Total Drainage Cost
Area A				4,250	19,550	5	\$ 3,281,000	
				750	3,450	1	\$ 579,000	
39A	-	-	\$ -					
39B	-	-	\$ -					
40	6.1	4.8	\$ 149,389					
41	5.6	4.4	\$ 137,743					
42	20.5	16.2	\$ 484,513					
43	Future P&G site will dispose of drainage on-site							
44	11.4	9.0	\$ 272,744					
45*	13.5	10.7	\$ 254,210					
46	13.3	10.5	\$ 316,951					
47*	18.8	14.9	\$ 351,065					
48	27.5	21.7	\$ 647,317					
49A <sup>[5]</sup>	13.8	10.9	\$ 328,260					
53	2.6	2.0	\$ 67,863					
Area A Total:			\$ 3,010,055				\$ 3,010,055	\$ 6,870,055
Area B				3,000	13,500	3	\$ 2,085,000	
36	6.5	5.1	\$ 158,657					
37	15.8	12.5	\$ 375,185					
38*	14.1	11.1	\$ 264,986					
40B	Ceres Wastewater Treatment Plant							
49B <sup>[5]</sup>	5.9	4.7	\$ 144,969					
50*	22.9	18.1	\$ 425,867					
51*	18.6	14.7	\$ 347,306					
52	2.6	2.0	\$ 67,863					
Total:			\$ 1,784,833				\$ 1,784,833	\$ 3,869,833
Area C				3,400	20,000	4	\$ 2,902,000	
1A & 1B*	13.3	10.5	\$ 250,451					
1C	6.7	5.3	\$ 163,415					
4A*	17.2	13.6	\$ 321,745					
4B*	16.4	13.0	\$ 307,211					
4C	18.5	14.6	\$ 437,927					
7	-	-	\$ -					
10	-	-	\$ -					
11	-	-	\$ -					
12	10.3	8.2	\$ 247,321					
55	13.0	10.3	\$ 310,063					
56	6.7	5.4	\$ 163,665					
57	13.4	10.6	\$ 319,331					
58	-	-	\$ -					
59	-	-	\$ -					
Storm Water Quality Treatment & Discharge Permit <sup>[6]</sup>							\$ 495,050	
Total:			\$ 2,521,129				\$ 2,521,129	\$ 5,918,179
Area D				-	4,350	1	\$ 654,500	
18	3.0	5.0	\$ 83,880					
20	4.0	6.5	\$ 108,923					
Storm Water Quality Treatment & Discharge Permit, Undeveloped Portion							\$ 100,000	
Total:			\$ 192,803				\$ 192,803	\$ 947,303
Grand Total:							\$ 17,605,370	
Economic Development Area Specific Grand Total:							\$ 866,132	

Notes:

\* Potential dual-use sub-basin, 50% reduction in land cost

<sup>[1]</sup> Detention Basin and pump station combination, typically one per 160 acre drainage area, sized to detain a 50-yr. storm and dispose of stormwater from a 10-yr. storm within 48 hrs. Assumes land cost of \$50,000 per acre and 5 ft. basin depth.

<sup>[2]</sup> 12" Force mains between basin pumps and gravity drains 500 ft/basin @ \$30 per linear foot

<sup>[3]</sup> Min. 36" gravity area drains between force mains and canals @ \$70 per linear foot

<sup>[4]</sup> Lift stations at the discharge points to the TID canals. Cost includes pump, wet well, SCADA system, telemetry and connection to the planned fiber \$350,000 each

<sup>[5]</sup> Basin 49 required detention volume is prorated between Areas A and B based on acreage

<sup>[6]</sup> Item includes design and construction of treatment facility and permitting of discharge to Tuolumne River, \$1,500,000 prorated to undeveloped portion of the basin: approximately 1,000 acres

Table 8  
Drainage Impacts of New Development

Land Use <sup>[1]</sup>	Growth 2007- Buildout <sup>[1]</sup>	Impervious Factor <sup>[2]</sup>	Impervious Area Growth (acres) 2007-2030
Area A			
Nonresidential			
Commercial	65	0.90	59
Industrial/BP	890	0.90	801
Warehouse	60	0.90	54
Total:	1,015		914
Area B			
Nonresidential			
Commercial	253	0.90	228
Industrial/BP	375	0.90	338
Total:	628		565
Area C			
Nonresidential			
Commercial	110	0.90	99
Industrial/BP	40	0.90	36
Total:	150		135
Grand Total:	1,793		1,614

Notes:

<sup>[1]</sup> See Chapter 2 for land use type definitions.

<sup>[2]</sup> Impervious factor is related to typical C coefficient for the given land uses

Table DSA-3  
Drainage Impact Fee

Land Use <sup>[1]</sup>	Cost per Impervious Acre	Acres per Unit <sup>[2]</sup>	Impervious Factor	Fee <sup>[3]</sup>
Area A				
Nonresidential				
Commercial	\$ 4,491.70	0.0918	0.90	\$ 371.10
Industrial/BP	\$ 4,491.70	0.0574	0.90	\$ 232.04
Warehouse	\$ 4,491.70	0.0574	0.90	\$ 232.04
Area B				
Nonresidential				
Commercial	\$ 3,992.81	0.0918	0.90	\$ 329.89
Industrial/BP	\$ 3,992.81	0.0574	0.90	\$ 206.27
Area C				
Nonresidential				
Commercial	\$ 6,139.19	0.0918	0.90	\$ 507.22
Industrial/BP	\$ 6,139.19	0.0574	0.90	\$ 317.15

Notes:

<sup>[1]</sup> See Chapter 2 for land use type definitions.

<sup>[2]</sup> Residential acres per unit based on an assumed average density (units/ac) for each drainage area. Acres per non-residential unit (1,000 sf of net floor area) is based on FAR's of .25 for commercial and .4 for industrial and warehouse land.

<sup>[3]</sup> Fee per dwelling unit for residential land uses and per 1,000 square feet for nonresidential uses.

Table 10  
Planned Roadway Improvements

Street	FROM	TO	Total Project Cost (A)	Funding from Other Sources (A) - (C)	Funded by Traffic Impact Fee <sup>[1]</sup> (C)	Other Funding Sources
Crow's Landing Road	Whitmore Avenue	Service Road	\$0	\$0	\$0	
	Service Road	Redwood Road/Lateral 2	\$511,564	\$0	\$511,564	
	Redwood Road/Lateral 2	Grayson Road	\$1,043,723	\$0	\$1,043,723	
	New Industrial St.		\$213,155	\$0	\$213,155	
Signal Mods./Additions			Total:	\$1,768,442	\$0	\$1,768,442
			Economic Development Area Specific Total:	\$724,719	\$0	\$724,719
Morgan Road	Service Road	Redwood Road/Lateral 2	\$65,278	\$6,626	\$58,652	10.15% by Ceres
	Redwood Road/Lateral 2	Grayson Road	\$65,278	\$6,626	\$58,652	10.15% by Ceres
	Whitmore & Service		\$431,552	\$176,936	\$254,616	41% by Ceres
	Hackett		\$215,744	\$88,455	\$127,289	41% by Ceres
Signal Mods./Additions			Total:	\$777,851	\$278,643	\$499,208
			Economic Development Area Specific Total:	\$496,830	\$183,562	\$313,268
Central Avenue	Hatch Road	Whitmore Avenue	\$2,591,953	\$1,062,701	\$1,529,252	41% by Ceres
	Highway 99	Service Road	\$2,373,295	\$973,051	\$1,400,244	41% by Ceres
			Total:	\$4,965,248	\$2,035,752	\$2,929,496
			Economic Development Area Specific Total:	\$2,373,295	\$973,051	\$1,400,244
Mitchell Road	Tuolomne River	Hatch Road	\$1,548,000	\$634,680	\$913,320	41% by Ceres
	Hatch Road	Whitmore Avenue	\$3,056,055	\$1,252,983	\$1,803,072	41% by Ceres
	Whitmore Avenue	Service Road	\$1,811,273	\$367,870	\$1,443,403	20.31% by Ceres
	Service Road	Highway 99	\$338,431	\$0	\$338,431	
	Highway 99	Grayson Road	\$1,486,088	\$0	\$1,486,088	
			Total:	\$8,239,847	\$2,255,532	\$5,984,315
			Economic Development Area Specific Total:	\$6,753,759	\$2,255,532	\$4,498,227
Hatch Road	Highway 99 Overpass Expansion		\$3,806,344	\$773,068	\$3,033,276	20.31% by Ceres
			Total:	\$3,806,344	\$773,068	\$3,033,276
			Highway 99 Overpass Total:	\$3,806,344	\$773,068	\$3,033,276
Whitmore Avenue	Morgan Road	Central Avenue	\$552,653	\$112,244	\$440,409	20.31% by Ceres
	Central Avenue	Mitchell Road	\$455,758	\$186,861	\$268,897	41% by Ceres
			Total:	\$1,008,411	\$299,105	\$709,306
			Economic Development Area Specific Total:	\$552,653	\$112,244	\$440,409
Service Road	Ustick Road	Crow's Landing Road	\$1,842,367	\$0	\$1,842,367	
	Crow's Landing Road	Morgan Road	\$3,740,606	\$379,672	\$3,360,934	10.15% by Ceres
	Central Avenue	Mitchell Road	\$26,152,877	\$5,311,649	\$20,841,228	20.31% by Ceres
	Highway 99 Overpass Expansion		\$108,000,000	\$21,934,800	\$86,065,200	20.31% by Ceres
			Total:	\$139,735,850	\$27,626,121	\$112,109,729
			Economic Development Area Specific Total:	\$3,740,606	\$379,672	\$3,360,934
			Highway 99 Overpass Total:	\$108,000,000	\$21,934,800	\$86,065,200
Grayson Road	Ustick Road	Crow's Landing Road	\$204,890	\$0	\$204,890	
	Crow's Landing Road	Morgan Road	\$631,254	\$0	\$631,254	
			Total:	\$836,144	\$0	\$836,144
			Economic Development Area Specific Total:	\$0	\$0	\$0
Grand Total:			\$161,138,137	\$33,268,220	\$127,869,917	
Economic Development Area Specific Grand Total:			\$14,641,862	\$3,904,060	\$10,737,801	
Highway 99 Overpass Expansions Grand Total:			\$111,806,344	\$22,707,868	\$89,098,476	

Notes:

<sup>[1]</sup> Portion of project cost funded by impact fee = project cost - cost funded by City of Ceres or others sources (City of Modesto share or intercity fees, general funds or traffic impact fees on deposit). In general, improvements funded entirely by the TIF are not currently adjacent to developed lands, improvements with "41% funding by Ceres" are within area that are essentially built-out, 20.31% funding by Ceres indicates that roughly 50% of the adjacent property is developed and a 10.22% Ceres share indicates roughly 25% of the adjacent property is developed and a 10.22% Ceres share indicates roughly 25% of the adjacent property is developed.

Item #	Project Name	Total Outstanding Debt or Obligation	Total Due During FY 13/14
12	Successor Agency Administration	\$ 5,125,000.00	\$ 250,000.00
13	Mitchell/Service Hwy. 99 Int. Proj.	\$ 3,400,000.00	\$ -
13	Mitchell/Service Hwy. 99 Int. Proj.	\$ 600,000.00	\$ 300,000.00
14	Barbour's Sewage Lift Station	\$ 595,000.00	\$ 595,000.00
15	Whitmore/Hwy. 99 Int. Proj.	\$ 5,700,000.00	\$ 1,372,500.00
16	Smyrna Park Restroom Imp.	\$ 350,000.00	\$ 15,000.00
17	N. Ceres Water System Imp.	\$ 2,100,000.00	\$ 30,000.00
18	Service Road Sewer Imp.	\$ 3,000,000.00	\$ 30,000.00
19	General Plan EIR	\$ 500,000.00	\$ 30,000.00
Total:		\$ 21,370,000.00	

12	Successor Agency Administration	\$ 5,125,000.00	
13	Mitchell/Service Hwy. 99 Int. Proj.	\$ 4,000,000.00	
Total:		\$ 9,125,000.00	
Remaining ROPS Budget:		\$ 12,245,000.00	

14	Barbour's Sewage Lift Station	\$ -	
15	Whitmore/Hwy. 99 Int. Proj.	\$ -	
16	Smyrna Park Restroom Imp.	\$ -	
17	Central Avenue Waterline Imp. (btw Hatch and Service)	\$ 2,464,000.00	X
18	Service Road Sewer Imp.	\$ -	
19	General Plan EIR	\$ -	
Added	Mitchell Road Street Imp. (btw Whitmore and Highway 99)	\$ 2,150,000.00	X
Added	Pipe upsizing in Central Avenue and Pine Street	\$ 1,130,000.00	X
Added	Pipe upsizing in Don Pedro Road, East Service Road and Moffett Road	\$ 2,296,000.00	X
Added	Service Road and Mitchell Road Interim Improvements	\$ 1,959,000.00	X
Added	Whitmore Avenue Waterline Imp. (btw Morgan and Central)	\$ 2,246,000.00	X
Added			
Total:		\$ 12,245,000.00	
Remaining ROPS Budget:		\$ -	

MP Project?	Notes
	Money can't be moved/used
	Ongoing project in pre-design stage, Money is already obligated
	This \$600K is only the expected expenditure during the ROPS period of the total \$4M expenditure for environmental and pre-design
Yes, 4A, Complete	Phase 1 already complete, Money is obligated/spent
	RDA Project, Money to be used for acquisition of ROW and mobile home park for redevelopment as a commercial center
	Move money to other projects
No	Supplimental money for water projects, City has eye on water tank at River Bluff and Central Ave Waterline, Move money to other projects
Yes, 5B, Funded in FY 2013/14 CIP	Supplimental money for sewer projects, City likely use on Service Rd. Imp., Move money to other projects
	Move money to other projects




4A	Finded in CIP and Complete
-	Out
-	Out
EX_T01	Project is high priority, but the concept of including was not for the full project, but only to supplement the water funds to expedite the construction.
5B	Funded in CIP
-	Out
-	PFF and City Recommended
7A	
8B	City looking at Different alternatives to save \$
-	City Recommended for potential land/ROW acquisition (est. \$0.8m), street imp., and signal imp.; related to ultimate interchange imp.
BO_T10A	WSMP Build-Out level priority, Recommended by City Staff

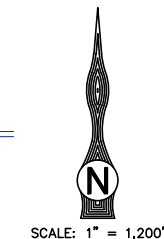
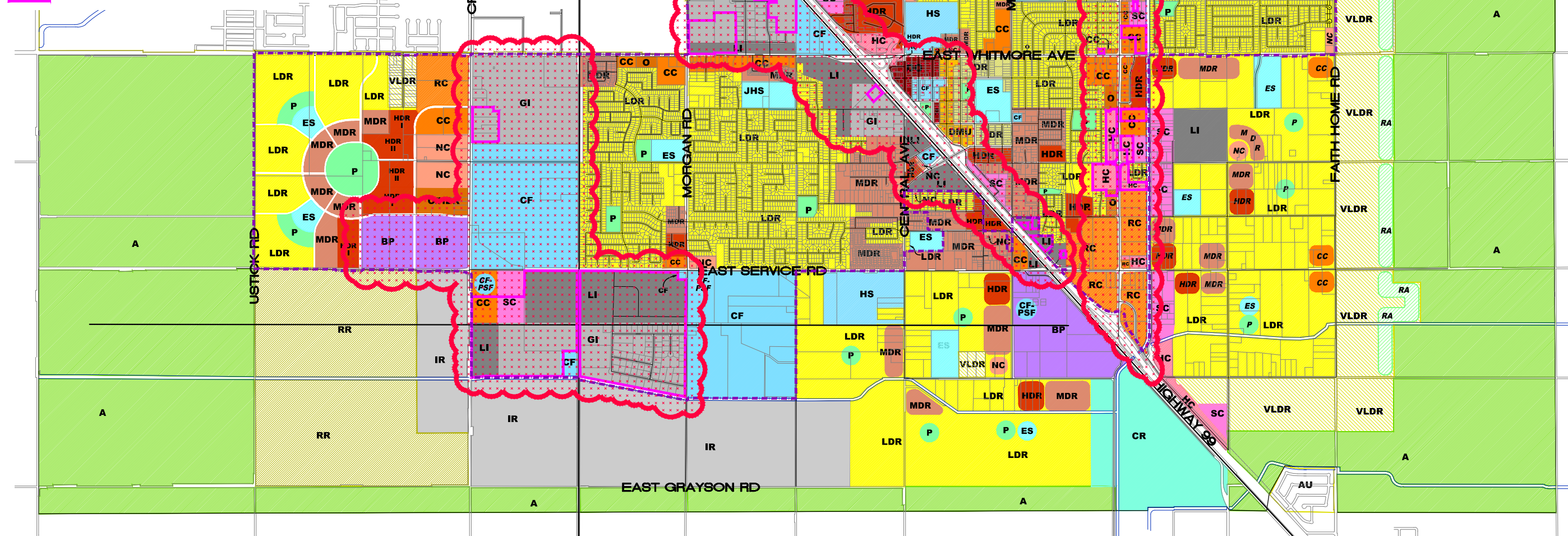
# Figures

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- INDUSTRIAL**
- BP BUSINESS PARK
  - LI LIGHT INDUSTRIAL
  - GI GENERAL INDUSTRIAL
- COMMERCIAL**
- O OFFICE
  - NC NEIGHBORHOOD COMMERCIAL
  - CC COMMUNITY COMMERCIAL
  - HC HIGHWAY COMMERCIAL
  - SC SERVICE COMMERCIAL
  - RC REGIONAL COMMERCIAL
  - DMU DOWNTOWN MIXED USE
  - DO DOWNTOWN OFFICE
  - O/HDR OFFICE/ MIXED USE
- RESERVE**
- RR RESIDENTIAL RESERVE
  - IR INDUSTRIAL RESERVE
- RESIDENTIAL**
- VLDR VERY LOW DENSITY RESIDENTIAL
  - LDR LOW DENSITY RESIDENTIAL
  - MDR MEDIUM DENSITY RESIDENTIAL
  - HDR HIGH DENSITY RESIDENTIAL
  - DR DOWNTOWN RESIDENTIAL
- OTHER**
- CR COMMERCIAL RECREATION
  - CF COMMUNITY FACILITIES
  - P PARKS
  - AU ADJACENT URBAN
  - A AGRICULTURE
  - R-A RESIDENTIAL AGRICULTURE
- SCHOOLS**
- ES ELEMENTARY SCHOOLS
  - JHS JUNIOR HIGH SCHOOLS
  - HS HIGH SCHOOLS

-  ECONOMIC DEVELOPMENT TARGET AREA
-  VACANT PARCEL



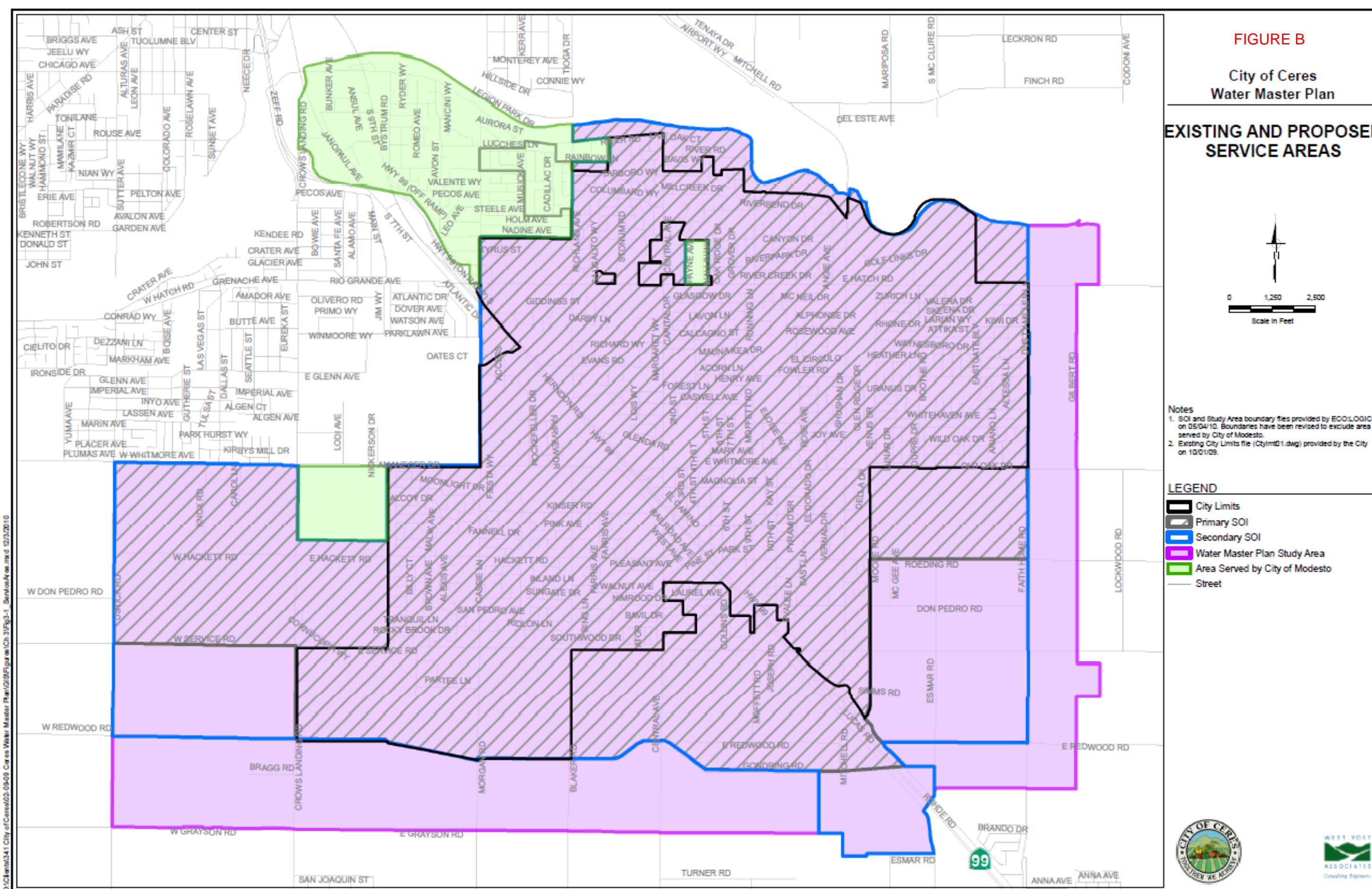
TKE ENGINEERING, INC.  
2305 CHICAGO AVENUE  
RIVERSIDE, CA 92507  
(951) 680-0440  
FAX: (951) 680-0490

CITY OF CERES

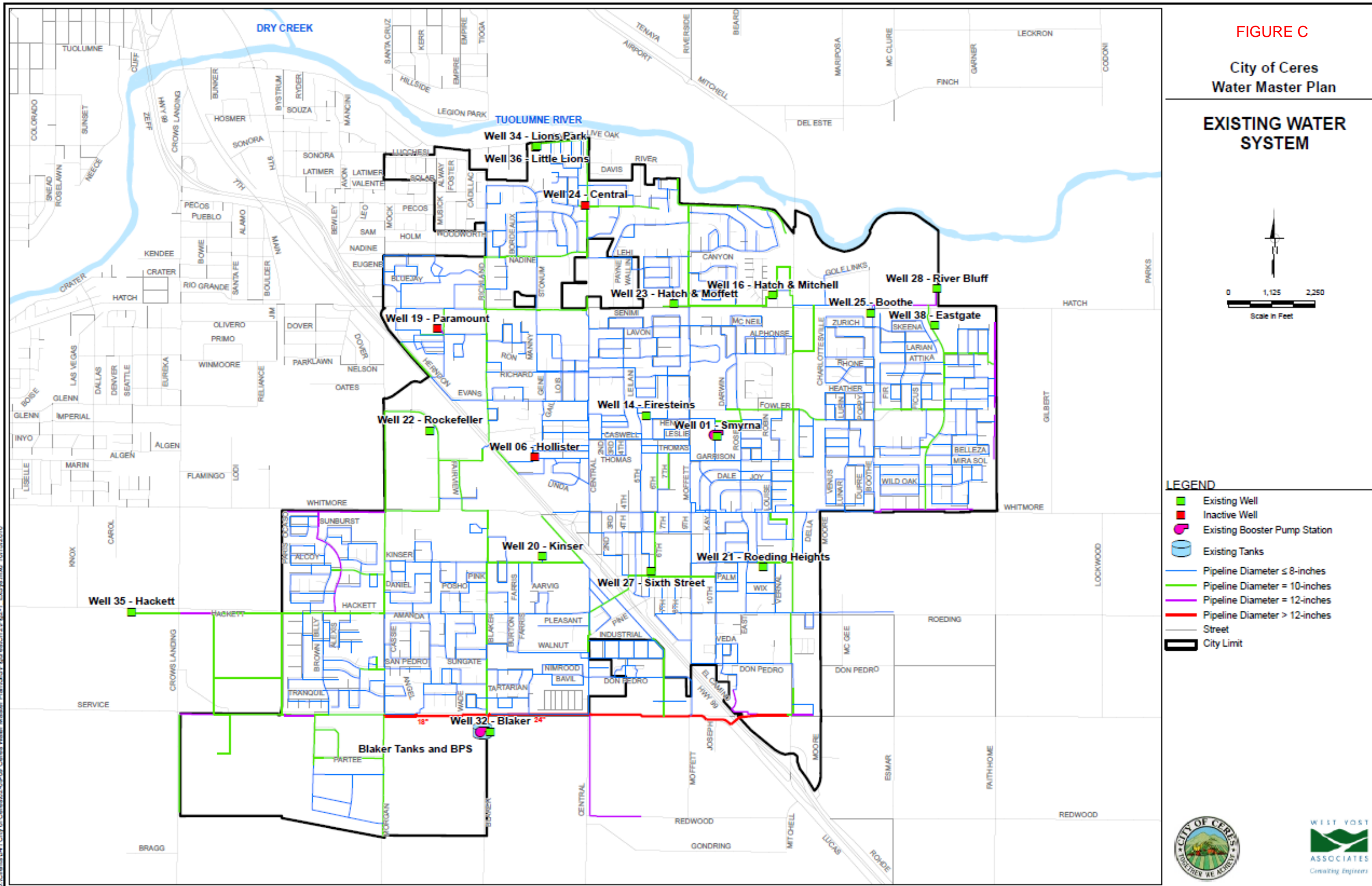
FIGURE A  
2009 GENERAL PLAN  
LAND USE DIAGRAM



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City of Ceres  
Water Master Plan

### EXISTING SYSTEM RECOMMENDED IMPROVEMENTS





City of Ceres  
Water Master Plan

1. Future facilities recommended in the Existing System Analysis are shown as existing facilities.
2. All improvements are included in the buildout timeframe except for Project 15-TD1, new transmission on Hatch Road.

**Water Master Plan Study Area**

Street

Existing Well

Inactive Well

Future Well

Existing Tank and Pump Station

Future Tank and Pump Station

Recommended Future Pipeline Diameter - 8-Inches

Recommended Future Pipeline Diameter - 10-Inches

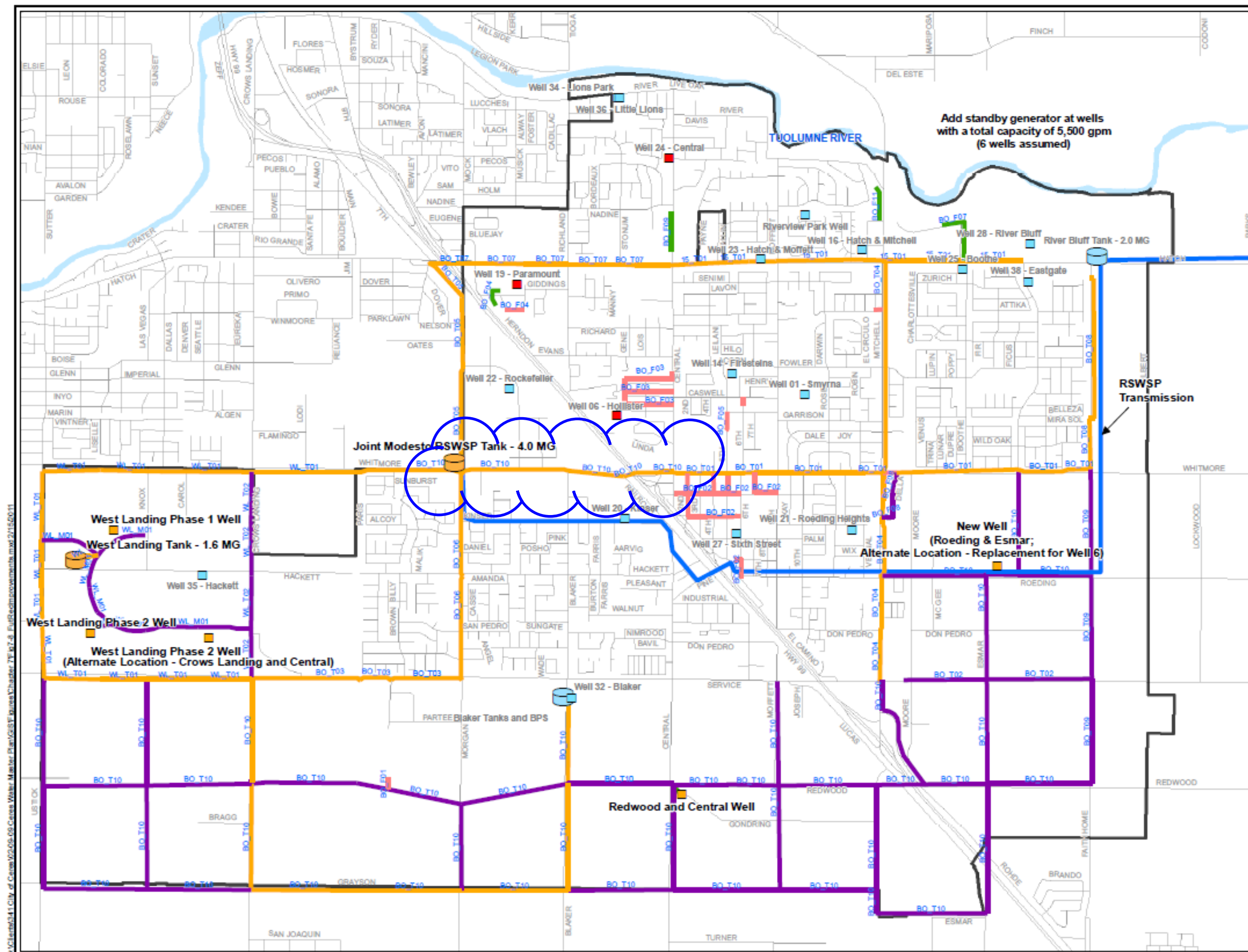
Recommended Future Pipeline Diameter - 12-Inches

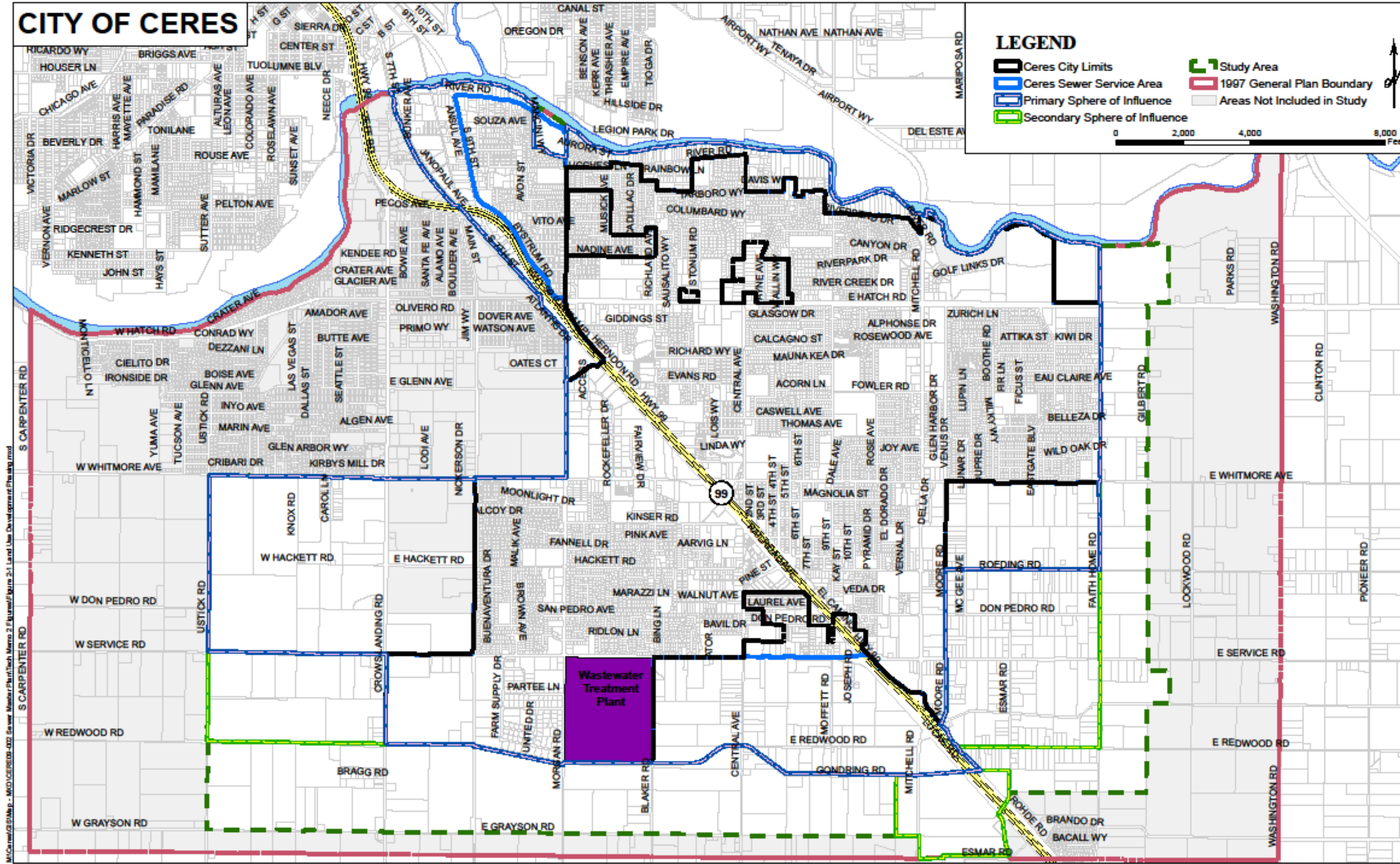
Recommended Future Pipeline Diameter - 16-Inches

Recommended Future Pipeline Diameter - 24-Inches



WEST YOST  
ASSOCIATES  
Consulting Engineers





**FIGURE F**  
**Master Plan Study Area**



**CITY OF CERES**

**LEGEND**

- Modeled Lift Stations
- Predicted Overflows

**Model Results**

- Sewers Without Capacity Issues
- No Surcharging Due to Downstream Hydraulics
- 80% to Full Capacity Utilized
- Affected by Issues Downstream and/or at Capacity
- Surcharging/Over Capacity
- Force Mains
- Ceres Sewer Service Area (CSSA)

**City of Modesto Sutter WWTP**

**City of Ceres WWTP**

**Lift Stations:** River Ranch, Moffet, Hatch/Mitchell, Walgreen's, Central/Evans, Industrial, Westpointe, Service Road, Westpointe, Pine Street, Barbour's.

**Streets:** RIVER RD, HERNDON RD, HOLM AVE, E HATCH RD, CROW'S LANDING RD, E WHITMORE AVE, KINSER RD, E HACKETT RD, E SERVICE RD, BLAKER RD, CENTRAL AVE, CASWELL AVE, MOFFETT RD, MITCHELL RD, SKEENA AVE, RHONE DR, KIWI DR, EASTGATE BLV, WILD OAK DR, BOOTH RD, ROEDING RD, DON PEDRO RD.

**Other Labels:** To Modesto, TID Lateral Number 2, The 36-inch sewer in Service Road is assumed to be in service.

**Scale:** 0, 1,625, 3,250, 6,500 Feet

M:\Ceres\GIS\Map - MXD\CERE09-002 Sewer Master Plan\Tech Memo 1 Figures\Final\Figure 1-3 Existing Sewer System Capacity Deficiencies.mxd

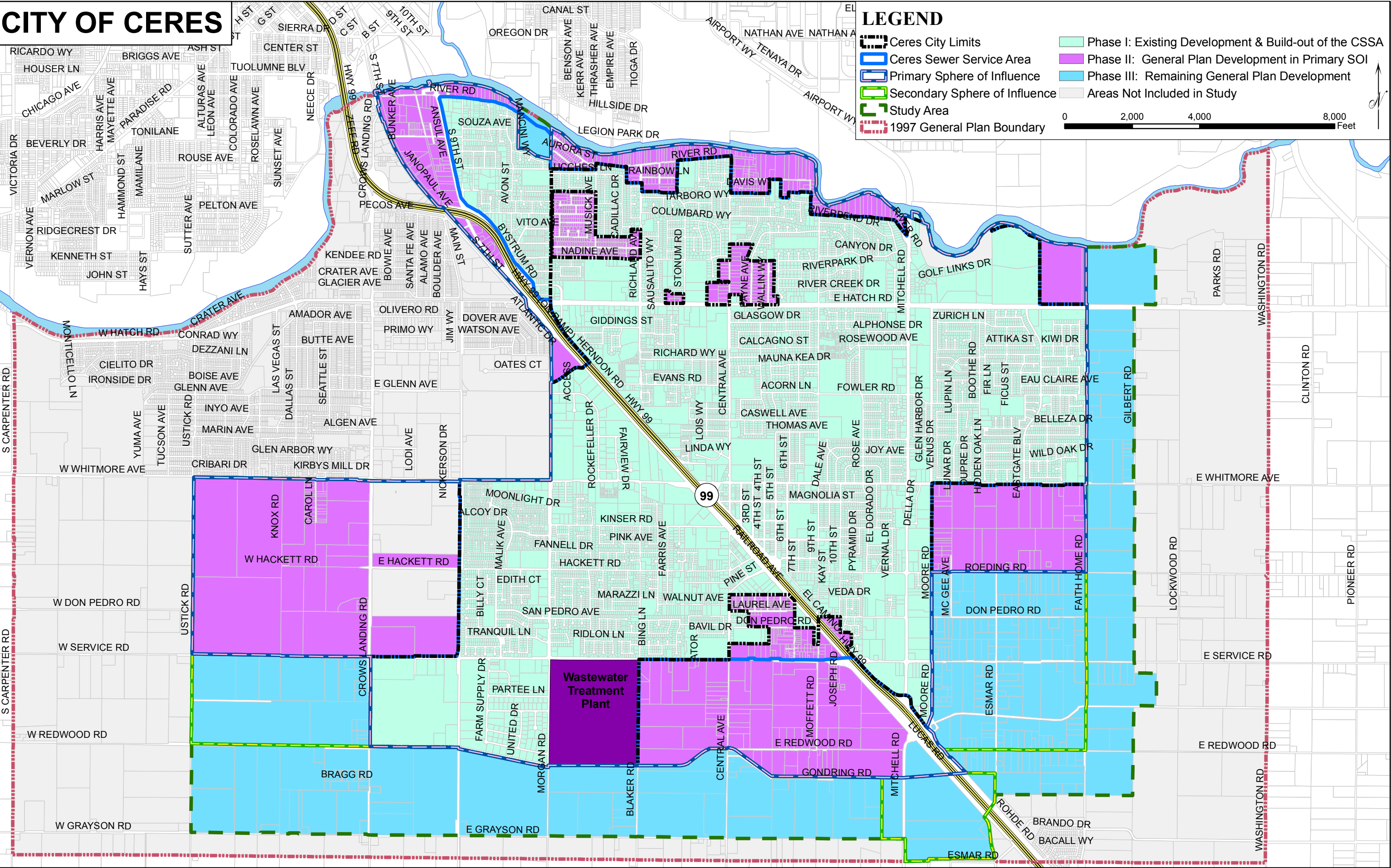
Stantec Consulting Services, Inc.  
City of Ceres Sewer System Master Plan

Existing Trunk Sewer System Capacity Deficiencies

FIGURE G

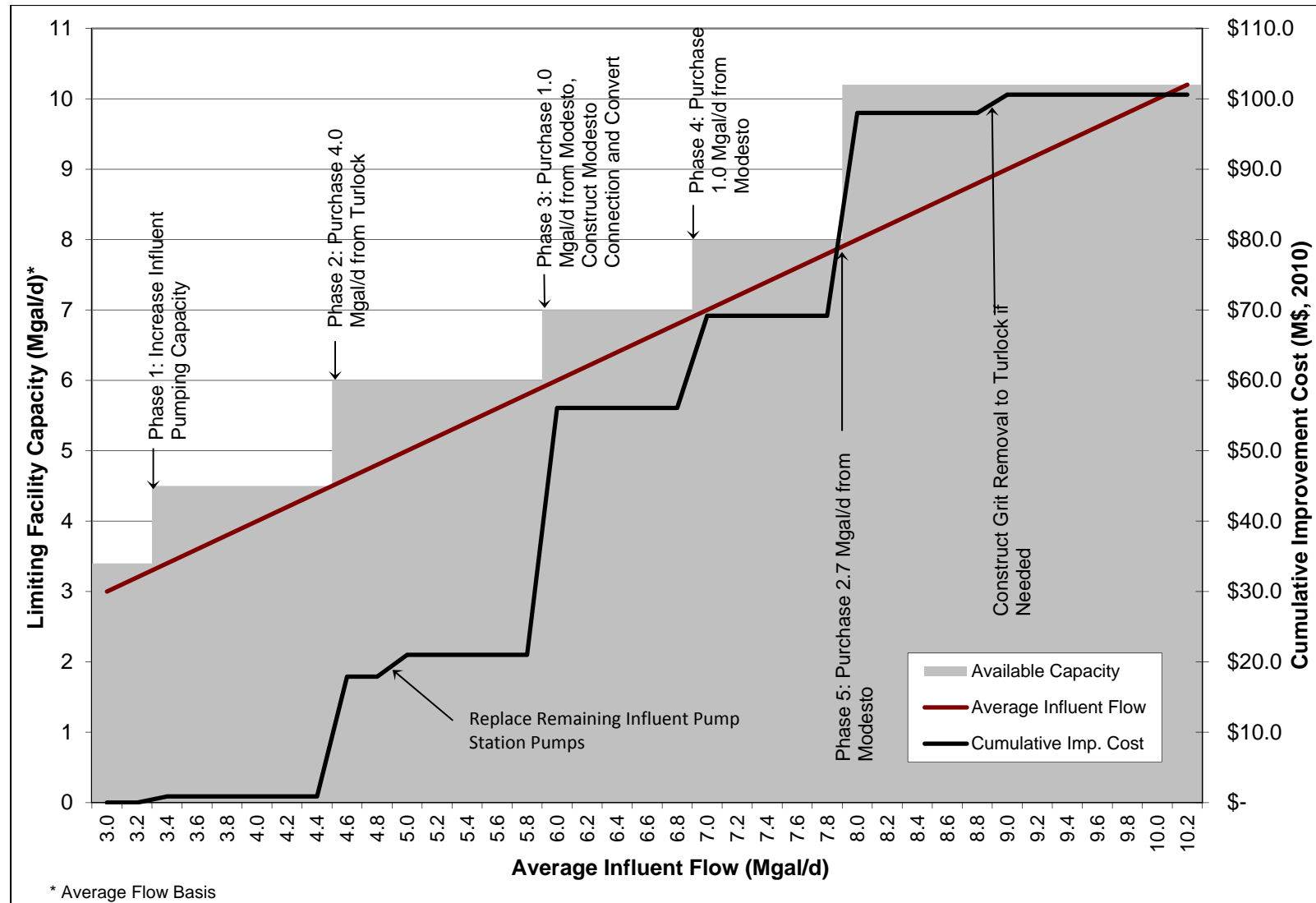
**Existing Trunk Sewer System Capacity Deficiencies** **FIGURE G**



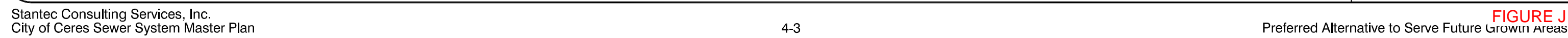


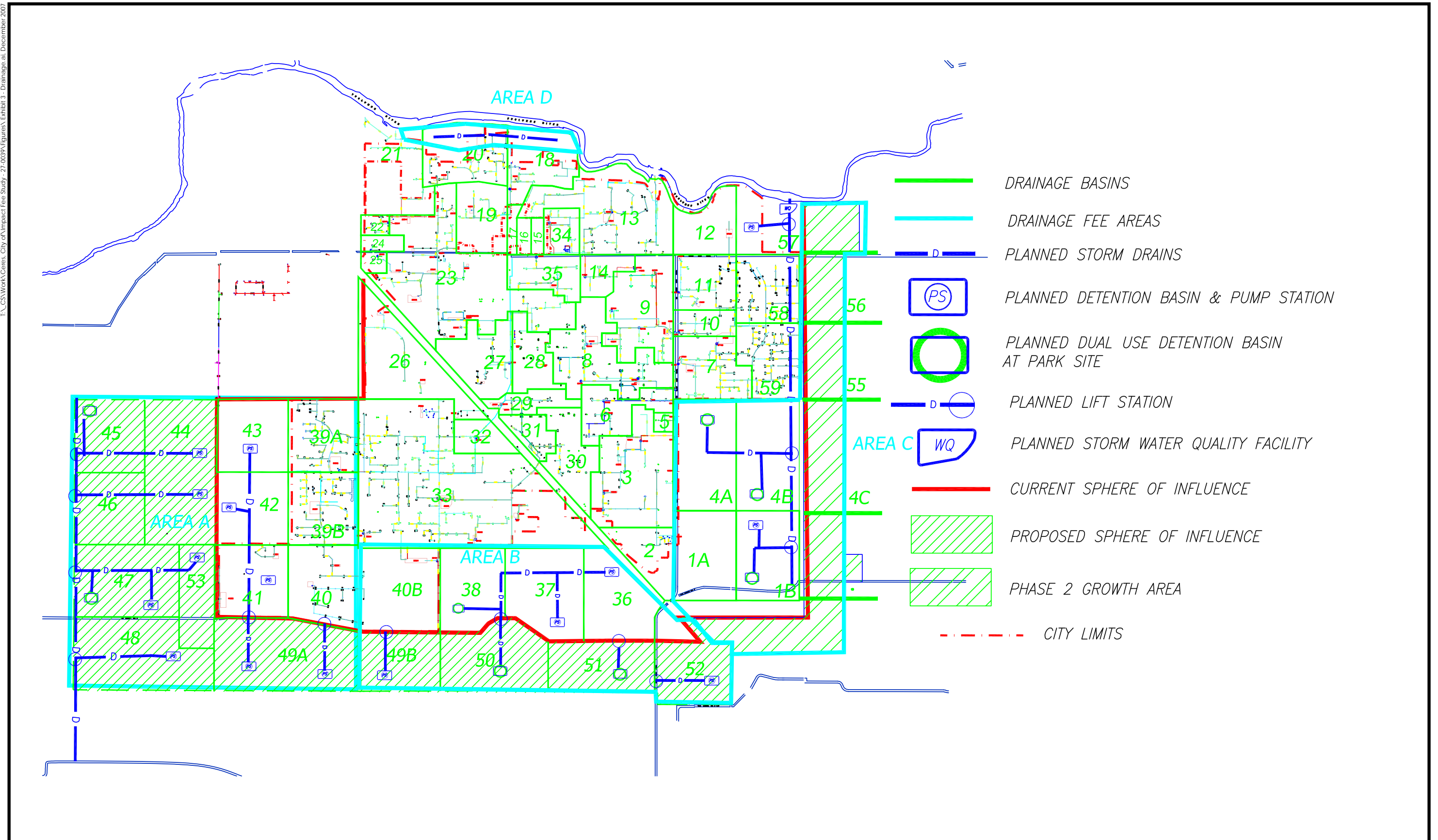
M:\Ceres\GIS\Map - I\XD\CERES09-002 Sewer Master Plan\Tech Memo 2 Figures\Final\Figure 2-1 Land Use Development Phasing.mxd





**FIGURE I**  
**Phasing of Improvements and Capacity**





0 2 4  
MILES

FIGURE K  
Drainage  
PMC®





# CITY OF CERES

## GENERAL PLAN



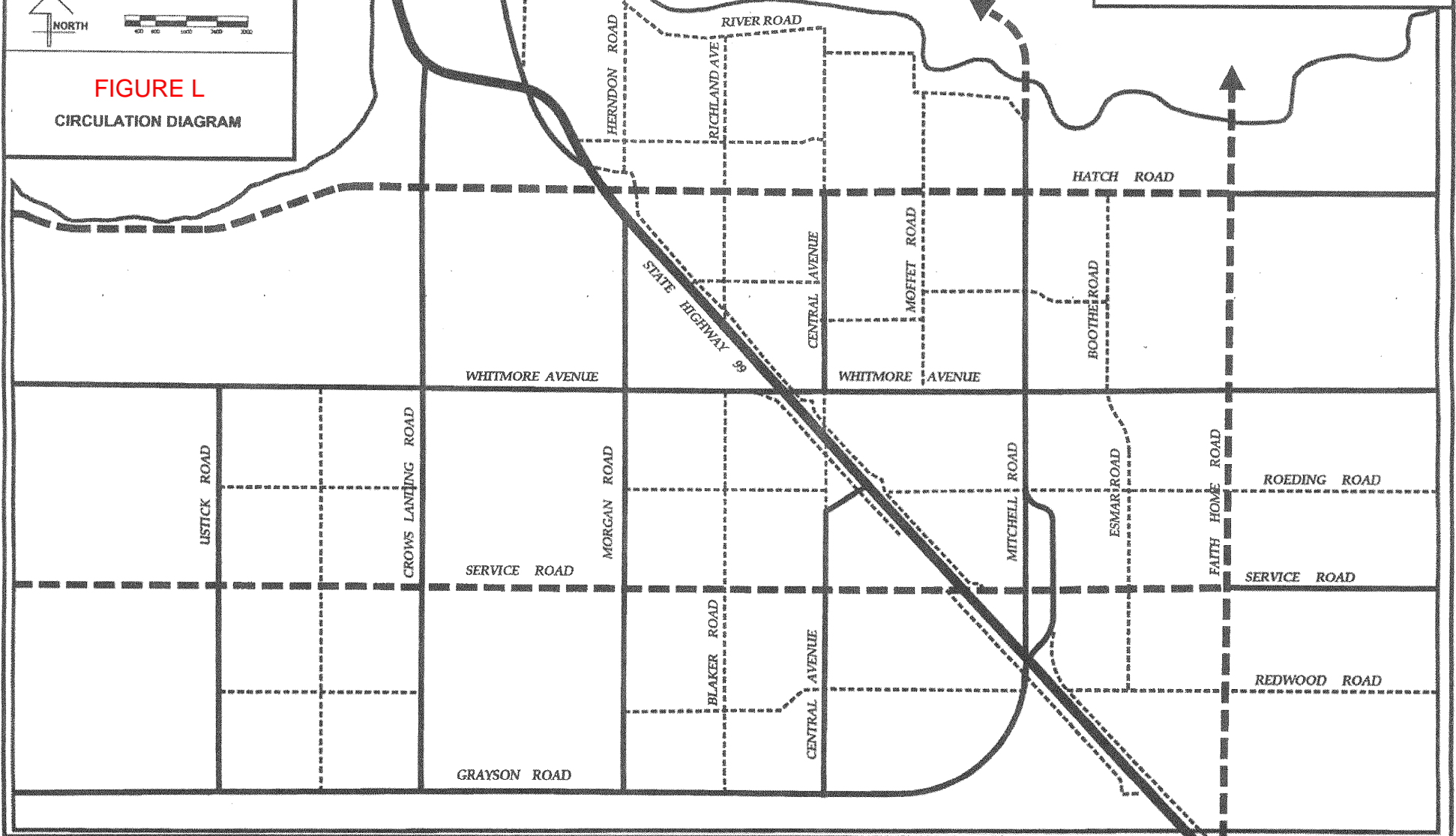
**FIGURE L**

**CIRCULATION DIAGRAM**

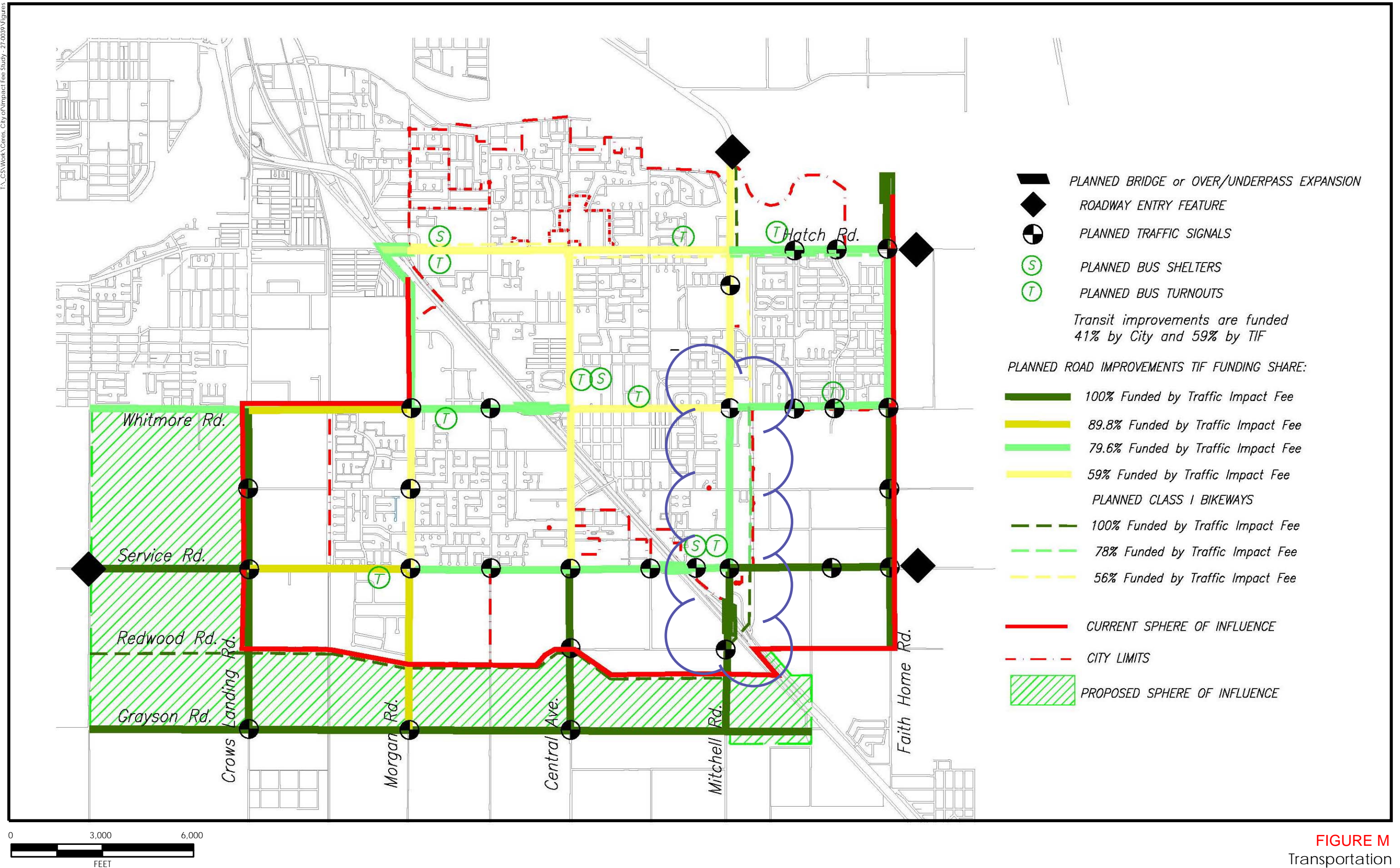
### ROADWAY CLASSIFICATIONS

- FREEWAY
- EXPRESSWAY
- ARTERIAL
- PRIMARY COLLECTOR

*Secondary collectors and local streets not shown*







**FIGURE M**  
Transportation  
**PMC**



## Appendix D – UFI: Fiscal Analysis

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This appendix reviews the City’s fiscal capacity to implement an economic development strategy and offers ideas for funding and increasing the City’s overall fiscal capacity.

The Fiscal Capacity Analysis includes:

1. A review of recurring municipal revenues and expenditures;
2. Determination of capital improvement financing capacity;
3. Future public service delivery capacity; and
4. Maintenance of public facilities assessment.

To conduct this analysis, various records and data were reviewed, including the fiscal year 2013-14 budget message and adopted fiscal year 2012-13 budget, mid-year 12-13 budget report presented to the City Council February 11, 2013, the 2011-12 audited financial statements for the City, the 2011-12 Comprehensive Annual Financial Report (“CAFR”), Tax Allocation Bond Official Statements and annual disclosure reports, and the Ceres Successor Agency ROPS I, II, II and IV (i.e., ROPS 13-14A).

### ***Review of Recurring Municipal Revenues and Expenditures***

For fiscal year 2012-13 the City’s General Fund budget (as adjusted by the mid-year budget report) anticipates revenues of \$15,353,050 against projected expenditures of \$15,800,325. The projected deficit amount of \$447,275 will be covered by the fund balance of the General Fund, which is projected to be \$5,200,118 at June 30, 2013. For fiscal year 2013-14, the City’s General Fund budget has a similar projected deficit of \$457,885, which is covered by City Manager adjustments (\$286,955), and the use of General Fund Reserves (\$170,930). As stated in the 2013-14 Budget message, “Through a series of department reductions, employee salary concessions, employee step freezes, unfilled personnel positions, use of Measure H funds, City Manager adjustments and use of General Fund Reserves, the budget as proposed herein is balanced.”

The City’s adopted Fund Balance Policy requires that the City maintain a minimum of 25% of the General Fund operating budget amount in reserve, to maintain the General Fund’s operating expenses in case of interruptions or delays in receiving remittances from the Federal or State governments. Based on the projected fund balance at June 30, 2013, the balance of the General Fund will represent approximately 33% of the General Fund operating budget. Approximately \$3,950,081 of the projected \$5,200,118 General Fund balance is committed as the required 25% reserve amount, and the remainder of \$1,250,037 is unassigned. In the Budget Message presented to the City Council with the FY 2012-13 Budget, it was stated that “The proposed General Fund budget is balanced with the use of fund balance and it retains the 23% - 25% General Fund reserve level desired by the Council. However, the use of reserves is not a permanent long term funding solution. It should be viewed as a “stop-gap” measure and services funded from reserves will need to be funded by ongoing predictable revenues in order to become sustainable.” The FY 2013-14 budget message provides an additional caveat regarding continued expenditure reductions made by the City Manager and staff, stating that “The City’s array of equipment, vehicles and information technology is deteriorating, some of which is already failing





and affecting staff's ability to deliver services.” With the above in mind, it is clear that City is cognizant of its current difficulties affecting the General Fund.

Given the residual effects of the national recession and the State of California budgetary crisis, it is not unusual for cities to experience difficulty in balancing their budgets against revenues and still maintain service levels. However, the City has been fiscally prudent in protecting its General Fund reserve during the current turbulent times in the economy, and took steps in FY 10-11 and were continued in FY 12-13 to reduce the structural budget deficit by implementing department reductions, employee salary reductions, ad hoc committee operations reductions, and use of Measure H (1/2 cent sales tax) funds. Measure H funds are intended for enhanced public safety services, but may be used to pay for existing positions to the extent that the funds maintain the same level of general fund expenditures for public safety that existed at the time Measure H became effective.

In order to help reduce future structural budget deficits, the City Manager stated in the FY 12-13 Budget Message that the City is planning to investigate the following as possible contributions:

1. Implementation of new fines for code and parking violations.
2. Conduct a study of fire service consolidation and/or enhanced resource sharing.
3. Personnel reclassifications and adjustments, including Police, Fire, and Human Resources.

It is important to note that in order to implement the CEDSP, it is essential that the City establish and fund an Economic Development Fund (“EDF”) in order to implement its Economic Development Program (“EDP”) and increase and maximize its revenues from all sources.

Therefore, it is recommended that the City dedicate 100% of the City's residual property tax payments received from the County Auditor-Controller that are directly attributable to the former redevelopment agency to the City's EDF throughout the seven (7) year term of the CEDSP. Further, and if necessary, contribute any shortfall between the City's annually adopted EDP budget and the funding contributed to the EDF pursuant to the foregoing procedure. This approach basically uses what the City would have otherwise contributed to the former Agency as tax increment for economic development purposes. This approach is being used in one form or another elsewhere in California. Further, the City should fund the EDP operating budget at the rate of approximately \$350,000 per year for seven (7) years and retain any supplemental revenue in the EDP for priority economic development related infrastructure improvements. However, given that the EDP will operate for less than a full fiscal year during FY 2013-14 (i.e., likely to be the eight (8) month period of November 2013 through June 2014), funding is recommended at a level of approximately \$250,000 for FY 2013-14. An example EDP budget is included in Appendix “E.”

With respect to bolstering the City's General Fund in the long run, the City needs to continue to increase its General Fund in order to sustain the services financed by the General Fund, upgrade and/or replace deteriorating equipment, vehicles, and information technology, and contribute to an effective economic development program.

There are five (5) typical ways for local government to enhance revenues in their General Funds:



1. **Taxation:** One way is to seek new revenue through greater taxation from the existing tax payers. Given the current economic climate in Ceres, and California in general, this approach may be of limited use at this time.
2. **Fees:** A second way is to seek new revenue through the imposition of justifiable increases in fees for service or fines to ensure that the General Fund is not subsidizing the fees or fines-based service costs. With respect to such fees, they should be established at rates that fully cover the actual cost of services. Therefore, the relationship between costs and charges should be periodically reviewed and the applicable rates adjusted as needed. This approach will ensure that the tax payers are not subsidizing the fee payers. Accordingly, the City should be looking at implementing new fines for code and parking violations, as the current fines structure is substantially out of date and lower than that of surrounding communities.
3. **Cost Recovery:** A third approach is to ensure that the General Fund fully recovers the actual costs of any services provided to an enterprise fund to ensure that the enterprise fund fully covers its actual expenses. With respect to Ceres, the General Fund is not subsidizing its enterprise funds; however, the Landscape & Lighting District Fund is running an operating deficit and staff is looking into the feasibility of increasing rates for this District. Future capital project needs must be evaluated carefully in light of available resources and the rates for each enterprise fund should be considered for adjustment pursuant to a Proposition 218 process. With this in mind, the City has recently adopted a five-year program of water and sewer rate increases to commence July 1, 2013, pursuant to recently completed Water Rate and Wastewater Rate Studies. The program of scheduled water and sewer rate increases over time will allow for needed infrastructure improvements to each respective system, and ensure that the taxpayers are not subsidizing the rate payers.
4. **Growth:** The fourth approach is to secure new tax, fee and rate payers through growth which is the goal of the CEDSP.
5. **Cost Efficiencies:** The fifth approach is to reduce expenditures where feasible. Although easy to state, this approach is not necessarily easy to accomplish. When examining the services provided and the costs involved, and in light of the recent department reductions and employee salary reductions, it appears that the City is already operating below essential levels and, therefore, further reductions cannot be easily be made without significant and potentially catastrophic service reductions. For instance and as noted within the CAFR, public safety services utilized about 94.4% of the General Fund revenues during FY 2011-12. By inference, the current General Fund revenue utilization rate for public services has nearly eliminated other City functions that would under normal circumstances be funded by the General Fund. Based on UFI's experience, in cases where a city's General Fund revenue support exceeds 75% for public safety, such jurisdictions have a real risk of severely reducing or eliminating other General Fund financed activities. It appears that the City of Ceres is already in this mode. In Ceres, the fire protection portion of the budget is also supported by revenue generated from property taxes attributable to the Ceres Fire Protection District and the Industrial Fire Protection District. The Fire Protection Districts are special purpose governmental entities primarily funded through a portion of the General Tax Levy on real property. Although the City is encouraged to continue to seek efficiencies in its General Fund budget, significant savings are not anticipated without significant reductions in public safety costs or through the establishment of new dedicated revenue sources for public safety purposes.





Based on the forgoing, it is clear that the immediate and mid-term viability of the City's General Fund depends on continuing efforts to pursue revenue enhancements utilizing a combination of the second, third and fourth methods, as noted above.

### ***Capital Improvement Financing Capacity***

Other than on a pay as you go basis, new projects that meet a community's infrastructure and facilities needs are typically financed through general fund certificates of participation or lease revenue bonds, and utility revenue bonds (which are restricted solely for improvements to the related utility system[s]). In examining Ceres' ability and capacity for new debt financing, the following comments are offered:

#### **Redevelopment Tax Allocation Bonds:**

With the dissolution of redevelopment agencies in 2011, redevelopment tax allocation bonds may no longer be issued to provide new project funding (successor agencies may, with certain restrictions, issue tax allocation refunding bonds to provide debt service savings only). Prior to dissolution, the Ceres Redevelopment Agency (the "Former Agency") issued its \$36,645,000 Tax Allocation Refunding Bonds in December of 2006 (the "2006 Bonds"). The 2006 Bonds were issued to refund a portion of older tax allocation bonds for debt service savings, and to provide approximately \$26 million of new funding for projects of benefit to the redevelopment project area. Intended uses for the new project funding are described in the Infrastructure Analysis appendix of the CEDSP.

As of January 31, 2013, there was approximately \$12.5 million of unspent project funds remaining from the 2006 Bonds. In order to receive necessary approval from the State Department of Finance ("DOF") to expend the remaining bond proceeds, the Ceres Successor Agency (the "Successor Agency") must first receive a Finding of Completion from DOF. Based on the fact that the Successor Agency complied with all required filings, special audits, and payment requests through April of 2013, the Successor Agency received the Finding of Completion from DOF on April 26, 2013. The Successor Agency may now expend the remaining project funds from the 2006 Bonds on projects originally intended to be funded with such bond proceeds. In that regard, the ROPS 13-14A includes specific projects that could be financed with residual bond proceeds.

#### **Revenue Bonds/Certificates of Participation:**

Lease revenue bonds, or certificates of participation, are typically serviced by surplus revenues in the General Fund. Because the City of Ceres does not have any General Fund surplus resources available, it does not appear feasible to consider such financing mechanisms as realistic funding options at this time.

#### **Utility Bonds:**

Utility revenue bonds can be used to finance improvements, which directly benefit the respective enterprise fund. In the case of Ceres, the recently adopted five-year schedule of water and sewer rate increases (commencing July 1, 2013) will provide additional revenues that could potentially be used for debt service payments on future revenue bonds. The Water Rate Study and Wastewater Rate Study that were completed in November of 2012 provided proposed rate structures (subsequently adopted by the City Council in January of 2013) that were based on the assumption that needed capital improvements for each respective system would be paid for on a pay as you go basis. However, the City should accelerate the



completion of needed capital improvements to enhance economic development opportunities and to better position itself for future growth in the City, by issuing bonds secured by the increased revenues projected to be generated by the scheduled rate increases.

### **Maintenance Districts:**

With respect to the City's Landscaping and Lighting District, it is possible to increase assessments, which may provide future additional funds for related services. However, any such increase will require voter approval absent an annual automatic inflationary device included within the original establishment of the District. For operations specific to the aforementioned enterprise activity, additional utility services can be provided assuming both growth in the number of consumers and appropriate rate increases.

### **Conclusion:**

The City has maintained adequate General Fund reserves (\$3.95 million), and in addition will have a projected unreserved, uncommitted amount of \$1.25 million at June 30, 2013. However, based on structural budget deficits that are anticipated to continue for at least another 1-2 years, it is likely the unreserved, uncommitted amount will be needed to help balance future annual budgets until there is a sustained trend of City revenue growth. The Successor Agency has unspent bond proceeds of approximately \$12.5 million, which may be used to complete the public improvement projects for which the bond proceeds were originally intended, including those projects listed in item No. 6 of the Summary of Recommendations.

## ***Future Public Service Delivery Capacity***

Commensurate with the above described General Fund reserves and trends with respect to the use of General Fund revenues, it appears the City of Ceres cannot expect to maintain General Fund financed public services at current levels. However, if the City is able to grow its General Fund and reduce the General Fund's subsidy to other funds, then it may be able to reverse the current unsustainable financial strategy. In addition, a program of strategic investments must be instituted to ensure that the City's capital improvement investments are directly tied to the highest probability of return to the General Fund.

## ***Maintenance of Public Facilities Assessment***

The issues affecting the City's ability to properly maintain its existing public facilities mirror those related to future public service delivery capacity and the analysis of recurring revenues and expenditures. Under the City's present strategy for commitment of its General Fund revenues, General Fund commitments to the maintenance of facilities is not favorable. As such, unless alternative funding can be identified, the City's facilities are likely to suffer from deferred maintenance. If the viability of the General Fund is enhanced, as described above, it could have additional revenue for projects, operations, and/or debt service.



## **RECOMMENDATIONS**

In order to implement this Economic Development Strategy Plan, it is essential that the City increase and maximize its revenues. With that in mind, it is recommended that the City take the following steps:

1. Dedicate 100% of the City's residual property tax payments received from the County Auditor-Controller that are directly attributable to the former redevelopment agency to the City's EDF throughout the seven (7) year term of the CEDSP. Further, and if necessary, contribute any shortfall between the City's annually adopted EDP budget and the funding contributed to the EDF pursuant to the foregoing procedure.
2. Create an Economic Development Fund ("EDF") to finance the Ceres Economic Development Program with an operating budget of approximately \$350,000 per year for seven (7) years (approximately \$250,000 for the first operating year, which is anticipated to be eight (8) months);
3. Implement the planned water and sewer rate increases each July 1, commencing July 1, 2013 and continuing until July 1, 2017, as described in Resolution No. 2013-07, adopted January 28, 2013.
4. Institute a program of strategic investments, to ensure that the City's capital improvement projects generate the highest possible amount of increased revenues to the General Fund.
5. Consider revisions to its fine structure for parking and code violations so that they are commensurate with the current actual costs of such services while also being favorably comparable to the fine structures of surrounding communities.
6. Explore the possibility of fire service consolidation and/or enhanced resource sharing.
7. As General Fund revenues increase, decrease reliance on Measure H funds to pay for existing public safety positions, so that the Measure H funds can be used instead to provide for enhanced public safety services.
8. Provide funding to address backbone infrastructure deficiencies in the economic development target areas, as detailed in the Public Infrastructure Analysis appendix. The type of such projects and their expected funding sources are summarized below:
  - i. Immediate Need Projects – Includes Street Improvements, Sewer Improvements, and Waterline Improvements. Estimated cost for these projects is \$12,245,000, and the source of funds is expected to be unexpended bond proceeds remaining from the issuance of the 2006 Tax Allocation Bonds.
  - ii. Medium Term Projects – Includes water and sewer system improvements, roadway improvements, and drainage improvements and maintenance in the South-West economic development corridor. Estimated cost for these projects is \$157,666,132, and the source of funds is anticipated to be a combination of water and sewer revenue bonds, and drainage fees and traffic impact fees generated by new development. Based on the projected revenues in the Water Rate Study and the Wastewater Rate Study that were completed in November of 2012, and based further on the subsequent adoption by the



City Council of the recommended rate increases contained in such studies, it is anticipated that the City could issue Water Revenue Bonds in FY 17-18 which would provide estimated net proceeds for water system projects in the amount of \$23 million, and the City could issue Sewer Revenue Bonds in FY 17-18 which would provide estimated net proceeds for sewer system projects in the amount of \$17 million.

- iii. Long Term Projects – Includes reconstruction of Highway 99 overpasses, construction of water system improvements, and construction of sewer trunk lines. Estimated costs for these projects is \$176,100,000, and the source of funds is anticipated to be a combination of traffic impact fees from future growth, city-issued revenue bonds, and federal, state, and local grants.



## Appendix E – Detailed Economic Development Tools

This appendix offers the City the tools to improve its economic growth. The City’s utilization of each of the economic development tools is possible. Most of these tools will require only City staff time while others will require the assistance of outside consultants.

Interest in pursuing an economic development program to grow the City’s economy is not unique to Ceres. Other cities throughout California have instituted projects and programs with this very purpose in mind. This Economic Development Strategic Plan contains a synopsis of thirty (30) proven economic development initiatives/programs that other cities in California have successfully implemented. The initiatives/programs mentioned are not meant to be exhaustive and there are multiple variations possible. Any of these economic development tools could be customized to fit Ceres’ unique needs in furtherance of its economic development goals and objectives. On an overall basis, the best initiatives/programs are those that are sufficiently refined and customized to meet the needs of the City in which they are offered. Further, it is very important to state that the City of Ceres already implements many of the economic development tools described either in whole or in part.

### *Summary of Successful Initiatives and Programs*

#### **1. *Priority Infrastructure Improvements***

The City has already identified a number of backbone infrastructure projects within the City, which include major street reconstructions, storm drain and sewer improvements, water capacity improvements, underground utility projects, public parking improvements, improvements to park facilities, recreation areas, community facilities and other public buildings that do not include frontage improvements. Depending on Ceres’ fiscal capacity, the City could pay for any, or all, of these improvements in conjunction with other projects that produce increased sales or property taxes. In this way these “public” works, which some may not think of as direct money makers, could leverage tax-generating projects by removing impediments to development that would otherwise be conditions to development that



could be of such significance and cost that the obligation to construct them may cause a proposed project to be economically infeasible. Further, given the Ceres’ limitation on the availability of resources to fund new infrastructure, the City’s long-term interests are best served if its commitments to fund new backbone infrastructure improvements are directed toward eliminating impediments to developing sites that are key to the City’s economic development future and that generate significant tax ratables.

City staff can continue to prioritize its infrastructure needs to enhance Ceres’ economic development program.



## 2. *Downtown Revitalization Programs*

When market conditions improve for Ceres, as measured from indicators shown in Chapter II, it is anticipated that the downtown area will be the beneficiary of greater economic activity, which is expected to spur further interest in establishing and developing new businesses in the downtown. Therefore, the City of Ceres should revisit the implementation of the Downtown Specific Plan at that time.

Implementation activities that would further enhance the downtown could include, but would not be limited to, historical preservation, building facade restoration, landscaping, street furniture installation, undergrounding of utilities, the development of useable parking facilities and the relocation of incompatible land-uses.

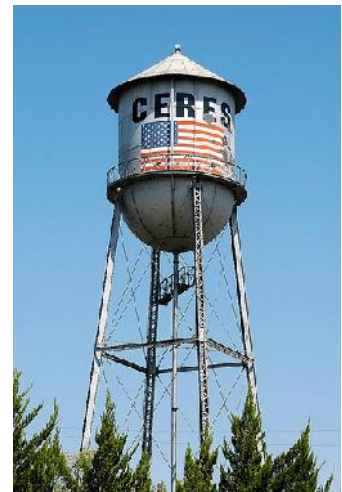
## 3. *Signage and Landscaping Design Programs*

One way to improve the City's image is through an enhanced entryway, way-finding signage, landscaping, street furniture, and architecture and design themes. Entrances into downtowns are physical and identity “gateways.” Streetscapes that incorporate monument, landscaping and way-finding signage, as well as hardscape, assist in setting an area apart. Although these types of programs are by their very nature long-term and capital intensive, the conceptual design and prioritization of such efforts could commence in the near-term with additional fiscal capacity. In addition, once incorporated within a city's development program, the bulk of the improvements could ultimately be paid for by the private sector, which could include a Business Improvement District. As examples of successful ventures in this arena carried out by California cities, the City is directed to the City of Atascadero for its Way-Finding Program:

(<http://www.atascadero.org/media/council/8f8c473012307-WayFinding.pdf>)

and the City of Monterey Park for its Urban Design Plan:

([http://www.ci.monterey-park.ca.us/index.aspx?page=708#LU\\_5](http://www.ci.monterey-park.ca.us/index.aspx?page=708#LU_5)).



The City could retain a consultant to evaluate the signage and landscaping needs of the City. After the evaluation is completed, the next step would be to retain a consultant to prepare a signage and landscape plan. The City can then implement the backbone of the plan and leave any site-specific designs in the plan to the private sector to fund in the form of design requirements.

## 4. *Leveraged Marketing Programs*



The City could participate with the Team California Economic Development Corporation's approach to marketing. Team California is a private, non-profit California membership-based corporation that brings together economic development organizations from across the state to market their communities for business investment and job creation in California. Team California's members are important advocates and resources for business development in California; they know how to expedite projects and are invaluable sources of information for site location assistance anywhere in the state. More information is





available at their website: [www.teamca.org](http://www.teamca.org). This collaborative approach allows the City to “coat tail” with other agencies and the Governor’s Office of Business and Economic Development at trade shows, as well as participating in regional marketing initiatives. This would enable the City to participate in the State of California’s marketing programs through trade show buy-ins, and joint ads in site location publications (they offer both member and non-member rates for such services).

Appendix “C” contains a brief marketing plan that Ceres can adapt to its needs and ultimately implement. However, a marketing plan specifically tailored to the economic markets Ceres decides to reach out to could be prepared by a marketing consultant.

### 5. *Signature Events*

As part of the process in developing a broader community identity, and thus a higher economic profile, the City could initiate or foster additional "signature" events that would heighten Ceres’ profile in the County and the region beyond. The idea is to promote the type of events that give Ceres’ a community identity in the region.



City staff could design and implement signature events the same way the City currently does. However, to garner more sponsors of events, something unique to Ceres should be created.

As an example, the City of Yucaipa, with a population of approximately 57,000 residents, held its first Music and Arts Festival a few years ago. The event drew over 20,000 people its first year. It has now become an annual event that draws thousands of people to the small community’s Historic Uptown.

<http://www.yucaipamusicandarts.org/>.

### 6. *Community Outreach Efforts*

An effective and continuing public relations effort is very important in establishing a reason for going to and being in a community's downtown. Any community outreach program should expect to continue over time and to highlight the types of activities that are important to the local community. Such an outreach program should include the active participation of interested local citizens or citizens' groups. City staff could work with interested persons to: i) identify special events, activities and promotions, ii) establish scheduling, funding and prioritization requirements of those events and promotions, and iii) identify specific ways that the City could assist in the implementation of the same.



This effort is highly labor intensive and requires committed volunteers. It is common for such activities to be coordinated by either a chamber of commerce or a business improvement district. City staff could engage the chamber of commerce to move these efforts forward.



## 7. **Business Improvement Districts**

In California, there are two separate laws that authorize the formation of a Business Improvement District (“BID”), i.e., the Parking and Business Improvement Area Law of 1989 (authorized by California Streets & Highways Code §36500 et seq.) and the Property and Business Improvement District Law of 1994 (authorized by California Streets & Highways Code §36600 et seq.).

Both laws enable a city, county, or joint powers authority (made up of cities and/or counties only) to establish a BID and levy annual assessments on businesses within its boundaries. Improvements that may be financed include parking facilities, parks, fountains, benches, trash receptacles, street lighting, and decorations. Services that may be financed include promotion of public events, furnishing music in public places and promotion of tourism.

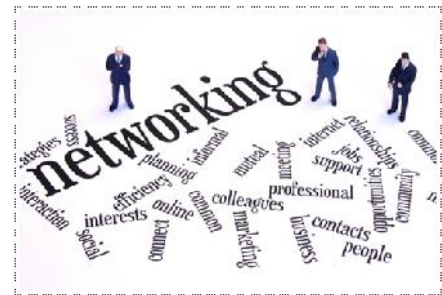
In addition to the above, the 1989 Act allows financing of marketing and economic development, and various supplemental municipal services such as security and sanitation. The 1994 Act also allows financing of streets, rehabilitation or removal of existing structures, and security facilities and equipment. Neither law allows bonds to be issued by the BIDs.

Ceres’ downtown business and property owners have already formed a BID.

## 8. **Business Retention-Networking Programs**

The well-being of Ceres’ business sector is of community-wide importance. Businesses like knowing that there is a sympathetic ear at City Hall. The City could appoint a business ombudsman to assist and direct businesses to business resources.

One of the worst events that could happen to a City is to read in the newspaper that a prominent business is leaving or closing. Sometimes such an occurrence can be avoided with early notification. Many cities, therefore, establish information networks that act like an early warning mechanism. This usually involves a working group of key stakeholders that could include business leaders, community leaders, the City Council, senior City staff, and involved citizens, that regularly network with existing businesses in the City. The idea is to create a forum or conduit for information sharing so that there is a working knowledge of the issues affecting the well-being of individual businesses before those issues cause a dislocation.



This approach fosters top of mind awareness relative to the health of local businesses. Although there are several ways to get at this issue, two of the most commonly used include establishing a forum for local economic development discussions (either through a City or Chamber of Commerce established committee or task force) and through a formal direct contact or business visitation program. With respect to the direct contact or business

visitation component, the idea is to periodically contact or visit the City’s key businesses.

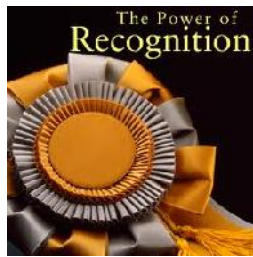




This would include the top employers, top sales tax producers and the businesses located in the City and more specifically within the Economic Development Target Areas. To the extent that this process reveals a business faced with challenges that could affect their ability to remain in operation, a customized response can be developed to address the businesses particular needs. To the extent that the community and/or City government can be of assistance to a business in trouble, the chances increase that a business with operating issues may remain open.

A business retention-networking program could be coordinated and/or funded through the chamber of commerce or a BID.

#### 9. *Top Sales Tax Generators Recognition Program*



Providing recognition to the City's top sales tax generators is an excellent way to meet the City's top business leaders, recognize them for their contributions to the City and to obtain potential leads for new businesses. The program could also be useful as an early warning system regarding businesses with operational issues. Generally, at least an annual honoring of such businesses (i.e., Council Commendation, plaque presentation, internet listing, news release, etc.) is in order. This could be done during a Council meeting or through a breakfast or lunch meeting and/or roundtable discussion. A program like this could be coordinated with a business retention-networking program. City staff could implement this program in conjunction with the chamber of commerce.

#### 10. *Development Information Guides*

A Development Information Guide can be used as a marketing tool, while providing basic information about development opportunities in the City and are commonly used among municipalities. For developers or companies coming into a community, such information is invaluable. Special concerns on design, growth and environmental issues may also be included. Moreover, a Development Information Guide communicates a city's interest in seeing new development occur. If a Development Information Guide is developed, it should be provided in both in both paper and electronic form.

**ASK BEFORE  
YOU BUILD**

The City could retain a consultant to develop a Development Information Guide, or City staff could do it. Stanislaus County may even be able to assist if they have a printing/marketing division. Contracting with the County could be less expensive for the City.

A good example of providing such a guide in virtual form is available on the City of Brea's website: ([http://www.ci.brea.ca.us/page.cfm?name=devsvc\\_dev\\_gde](http://www.ci.brea.ca.us/page.cfm?name=devsvc_dev_gde)).



## 11. *Fast Track – One Stop Permitting Centers*



Many cities market their business friendly and supportive attitudes by offering a fast track or one stop permitting center. Some cities call this approach or service a “red-tape free zone.” The idea is to centralize permit processing and commit to meeting short timelines subject to receiving full and correct submittals from the private sector. The approach also provides an opportunity to emphasize staff’s professional “can do” attitude. Fast track and one stop permitting centers go hand in hand with user friendly development information guides.

A good example of Fast-Track-One Stop Permitting Centers is the County of Riverside. More information can be obtained at: <http://www.riversideca.gov/econdev/programs-and-incentives/>. More local to Ceres is the City of Merced. Their website is: [http://www.cityofmerced.org/depts/econdev/industrial/advantages/fast\\_track.asp](http://www.cityofmerced.org/depts/econdev/industrial/advantages/fast_track.asp).

The City’s Information Technology staff could revise the City website in conjunction with staff to determine the information to be presented. If there is not sufficient City staff, the establishment of a Fast-Track-One Stop Permitting Center could be accomplished through the retention of consultants.

## 12. *Retail Attraction/Expansion Programs*

Retail Attraction/Expansion Programs typically encourage the private sector to develop new “retail” facilities. These programs can help expand, diversify, and stabilize the City's economy and increase revenue to the City. Retail business oriented programs usually include an earned benefit component; meaning that the amount of benefit is earned over time as a function of actual sales tax (and/or transient occupancy tax) revenues generated that benefit the City. Sales tax reimbursement agreements are not unheard of and the City Council must approve these agreements.

It is evident that the City has a few gaps in its retail commercial sector. These gaps between demand and availability forces Ceres shoppers to look outside the City for goods and services that could be provided locally. This gap in providing goods and services coupled with currently available commercial retail sites and space presents a tremendous opportunity to savvy business operators. Therefore, Ceres should think seriously about retail attraction/expansion.

A major component of an attraction program should be a due diligence plan that is pointed towards what the City needs and is not a “shot” in the dark approach. For example, the City of Santa Rosa developed a Retail Business Attraction Action Plan. The plan can be viewed at:

<http://ci.santa-rosa.ca.us/doclib/Documents/SR%20DT%20Retail%20Business%20Development%20Action%20Plan%20w-o%20Appendix.pdf>

Ceres could retain a consultant to develop a retail business attraction plan in conjunction with the CEDSP. However, a retail business attraction plan is not enough, the City would also need to engage the local broker’s in the area for assistance. Broker assistance is considered essential to the success of this process because brokers are typically the first point of contact made by retail or commercial business operators wishing to establish a new business location.



The synergistic relationship that can exist between the City and the community's real estate brokers and especially the significant time and energy that brokers invest in the task of new business establishment needs to be recognized and action taken to tap into this resource.

The plan could then be implemented by either the City or a consultant.

### 13. *Business Expansion/Attraction Programs*



Business Expansion/Attraction Programs typically encourage the private sector to develop new “non-retail” facilities within the City. These programs can help expand, diversify, and stabilize the City's economy and increase revenue to the City. A development information guide would be very important to a business that wants to expand.

Again, broker assistance is considered essential to the success of this process because brokers are typically the first point of contact made by retail or commercial business operators wishing to expand their business location. The synergistic relationship that can exist between the City and the community's real estate brokers and especially the significant time and energy that brokers invest in the task of business establishment needs to be recognized and action taken to tap into this resource.

Ceres could retain a consultant to develop a business expansion/attraction plan in conjunction with the CEDSP. This could then be implemented by either the City or a consultant.

### 14. *Market Niche/Tenant Mix Assistance Efforts*

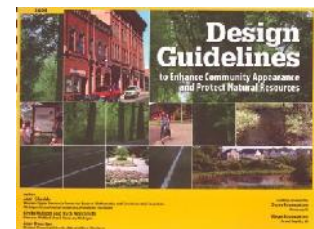
It is axiomatic that effective retail marketing program demands a clear understanding of the market and an ability to serve, but not over serve, all segments of that market. Single-owner shopping centers tend to lead the way in this arena because the individual owner can survey the market for its entire shopping center (rather than just one store) and can rent only to those retail uses that will serve, but not over serve, that market niche served by the shopping center. Due to multiple ownerships, it is a difficult task in commercial districts to achieve the same result.



The City could retain a retail marketing consultant to work with commercial property owners to: i) establish a tenaning plan, and ii) assist owners in seeking those tenants who will be beneficial to both the individual owner and to the City's overall marketing effort. The benefits of programs like this tend to be amplified if conducted in concert with a BID or a chamber of commerce. In addition, a BID could be instrumental in funding the costs associated with such a program.

### 15. *Design Guidelines/Standards*

More expansive design guidelines and/or standards for commercial and industrial developments for the City should be prepared as soon as financially feasible to do so. These guidelines/standards will define a theme or themes and call out building materials and design detailing. Pedestrian use areas and parking areas could be landscaped to include planting, hardscape, and shade control devices including trees, trellises and overhead canopies that will provide an intimate scale in concert with the established design theme. The design theme might also promote street vendors, musicians, artists and other similar uses that





both promote the City's characteristics and provide income and shopping opportunities for residents and visitors. Two mechanisms to establish design guidelines are: i) the Overlay Zone, and ii) a Specific Plan. In this regard, Ceres has a very good base to work from in that it has previously adopted façade guidelines and specific plans. It is recommended that the City consider amending its existing façade and signage guidelines to be more comprehensive. An example of successful design guidelines can be found at the City of San Dimas website: <http://www.cityofsandimas.com/ps.developmentservices.cfm?ID=2399>.

The City could retain a consultant to help them with establishing design themes and guidelines.

#### 16. Available Sites Internet-Based Search Feature



City representatives are often asked, "What sites are available for lease or purchase in the City?" Since there is not an equivalent among commercial brokers to the residential multiple listing service, many cities, including Ceres, have responded to this challenge by offering a list of retail/industrial sites on its website.

The most cost effective Internet-based searches are those back-end databases driven by local real estate brokers and

agents who directly place their listings for land and buildings (for sale or lease) on a city's website. This low-cost service speaks loudly regarding a city's interest in attracting new businesses. As resources become available, it is recommended that the City consider an Internet-based property search feature. Examples of Internet-based property search feature can be found on the City of Upland and the City of Rancho Cucamonga websites:



<http://www.uplandpl.lib.ca.us/asp/Site/Business/CommercialProps/index.asp>;  
<http://www.ranchocucamongaprosector.com/ed.asp?bhcp=1>.

The City could retain a consultant to develop an interactive website where local brokers can list property. This can only work if the website is kept up-to-date.

#### 17. Tools for Business Success

Many cities have recognized that it is very important to assist existing businesses stay in business and to help those who wish to start a business. The Tools for Business Success offers a low cost service to localities to offer a comprehensive technical assistance resource to small businesses through the internet. This service is available for a small fee and appears on the subscribing city's website in a locally customized seamless fashion. The information is in both English and Spanish. Ceres may want to investigate Tools for Business Success. An example of a successful application of the Tool for Business Success can be found on the Sequoia Valley EDC website:



<http://www.sequoiavalley.com/#/business-assistance>

City staff could research internet-based programs for the one that fits the City's needs.



### 18. *Small Business Development Centers*



California's Regional Small Business Development Center (“SBDC”) Programs facilitate the success of small business through business management counseling and training. In many ways, an SBDC offers the types of resources available on-line through the Tools for Business Success, but in a personal setting. SBDCs are part of a national network of organizations dedicated to helping people start and expand their business. SBDCs provide free one-on-one counseling and low cost workshops. The SBDC program is sponsored by several

California State Universities; the University of California Merced; the Chancellor's Office of the California Community Colleges Economic and Workforce Development Program; and, the U.S. Small Business Administration (SBA).

The SBDC can be contacted through

**Modesto Main Office**

1020 10th St, Suite 102

Modesto, CA 95354

(209) 567-4910 Office

(209) 567-4955 Fax

(<http://www.alliancesbdc.com/locations/> or

<http://www.sba.gov/about-offices-content/1/2463>)

The City could market SBDC services to its businesses through many of the economic development tools identified in this Appendix.

In addition, the City should provide hotlinks on its website directly to the SBDC location.

### 19. *Service Corp of Retired Executives (SCORE)*

SCORE is a non-profit organization, which provides small business counseling and training under a grant from the SBA. SCORE members are successful, retired business persons who volunteer their time to assist aspiring entrepreneurs and small business owners. SCORE has two offices within 40 miles of Ceres:

Modesto/Merced SCORE

1880 W. Wardrobe Ave

Merced, CA 95340

Phone: (209) 724-2033

<http://modestomerced.score.org/chapters/modestomerced-score>



Modesto Merced





Tuolumne County SCORE  
222 South Shepherd Street  
Tuolumne Chamber of Commerce  
Sonora, CA 95370



Tuolumne County

<http://tuolumnecounty.score.org/chapters/tuolumne-county-score>

Ceres should provide hotlinks on its website directly to each of the SCORE locations.

The City could market the services of SCORE to its businesses through many of the economic development tools identified in this Appendix.

## 20. *Economic Gardening Programs*



Ceres can take advantage of economic gardening programs that can provide avenues for business growth. Depending on the business needs, it can be a short- or long-term endeavor.

Economic development fundamentally consists of four basic components, i.e., business recruitment; business retention; business expansion; and entrepreneurial development. Most economic developers spend the bulk of their efforts pursuing tactics related to the first three components and emphasize incentives and other benefits to meet their goals and objectives. According to the Kauffman Foundation (<http://www.kauffman.org>), “economic gardening is an economic development model that embraces the fundamental idea that entrepreneurs drive economies. The model seeks to create jobs by supporting existing companies in a community. The concept, pioneered in 1987 in Littleton, Colorado, when the state was in a recession, is an alternative to traditional economic development practices. It initially was based on research by MIT’s David Birch, who suggested that most new jobs in any local economy were produced by the community’s small, local businesses. In Littleton, city leaders observed that only 3 to 5 percent of all companies were “high growth” but determined that those “gazelles” were creating the great majority of new jobs.

Economic gardening connects entrepreneurs to resources, encouraging the development of essential infrastructure and providing entrepreneurs with needed information. The Littleton economic gardening initiative provides local entrepreneurs with access to competitive intelligence on markets, customers, and competitors that is comparable to the resources customarily only available to large firms. Included in the market information category are database and data mining resources, and geographic information systems.

Since 1989, Littleton (population 41,000), has added 15,000 jobs, with no incentives. Although no formal studies of economic gardening’s impact exist, it is widely believed in Littleton that the concept has made an important contribution to this result. By the late 1990s, a number of communities (including Lake Elsinore, San Bernardino, Chico, and San Luis Obispo in California; Santa Fe, New Mexico; Lancaster County, Pennsylvania; Steamboat Springs, Colorado; the state of Wyoming; and the North Down Borough of Northern Ireland) were beginning to investigate and experiment with economic gardening. Major states like California regularly include economic gardening discussions in their state economic development conferences, and cities including Oakland and Berkeley have small pilot economic gardening projects under way. Further, the Edward Lowe Foundation is



especially interested in the concept and is supporting such programs that assist second-stage companies.”

As the foregoing confirms, economic gardening is a "grow your own" businesses and jobs program that promotes and facilitates entrepreneurial activity within a community. Entrepreneurial development tactics typically include free or low-cost tools and information.

The Tools for Business Success interactive website, SBDC, and SCORE are examples of services that promote economic gardening. Services, all of which could be facilitated through other entities, could include, but are not limited to specialized business research, industry trend data, business strategy development, marketing, customer identification and demographics. Many cities pursue economic gardening type programs. Most do this instinctively and others have institutionalized the approach. City of Littleton, Colorado is an example of successful economic gardening program that has been locally institutionalized

(<http://www.littletongov.org/bia/economicgardening/>).



The City could retain a consultant to guide and assist Ceres in economic gardening.

## 21. *Due Diligence Business Expansion/Attraction*



A part of every economic development strategy is business expansion/attraction. However, is the strategy attracting the right “business fit?” Due diligence business expansion/attraction focuses on a targeted audience consisting of CEOs, site selectors, real-estate managers, and other key influencers with the highest potential to make a capital investment decisions in the City.

**WHO** – Know the targeted audience. Understand their key drivers for success; can the City uniquely and adequately address those key drivers? Which companies in the strategic industries selected represent the best potential for considering the City for a capital investment? How will the marketing plan reach those targeted? Does the City have adequate infrastructure to nurture those companies selected to target? What is the current image of the City in the minds of CEOs in the selected target industries?

**WHAT** – What does the City want to say? Is the City’s message confusing or on point? Have something worth saying and relevant to the selected target industries. Say it well and thoughtful.

**WHEN** – Is the targeted industry ready to make the move? Is the City ready to accept and work with the targeted industry now? Timing is everything and increases the probability that the targeted industry will actually listen and hear what is being offered/said/promised.

**WHERE** – It is important to know where the targeted industry gets its information; conference? industry journals? other CEO’s? The mix of strategy actions in the City CEDSP will be affected by how well the City knows the targeted audience’s sources of information.





The “shotgun” approach is simply inefficient. The overarching message appears to say that the City is good for everybody, and that there is nothing unique about it. The more the City understands its target, the easier it is to identify unique insights to build a compelling message.

A major component of an attraction program should be a due diligence plan that is pointed towards what the City needs and is not a “shotgun” approach. The City of Santa Rosa developed a due diligence plan for Retail Attraction Action Plan:

<http://ci.santa-rosa.ca.us/doclib/Documents/SR%20DT%20Retail%20Business%20Development%20Action%20Plan%20w-o%20Appendix.pdf>

Ceres could retain a consultant to prepare a due diligence business attraction plan. The City could then implement the plan with staff or through a consultant.

## 22. “Blue Ribbon” Teams



As noted above, economic development fundamentally consists of four basic components, i.e., business recruitment; business retention; business expansion; and entrepreneurial development. Most economic development tactics are focused on the first three components and emphasize incentives and other benefits to meet their goals and objectives. Many of the programs mentioned in this Appendix are economic hunting oriented initiatives focused primarily on business expansion, attraction and retention. Economic hunting programs can apply to both retail and non-retail businesses. The essence of this process is to sell the City’s attributes to potential investors. To do this, the City needs a unique and well organized sales pitch. In this case, the City is selling its location, viable development sites or available buildings, infrastructure location and capacity, labor force characteristics, marketplace location, business clusters, area purchasing capability, area demographics, its business friendly environment, etc.

Also, it is one thing to cast out one’s line, so to speak, and another to reel in a prospect. The reeling in effort in many instances requires a team effort. In many jurisdictions, the team of local stakeholders and senior decisions makers from both the private and public sectors assigned to reel in the prospect is called the Economic Development Team or Blue Ribbon Team. The concept is that the City needs to be prepared to form a local Ad Hoc “Blue Ribbon Team” whenever one is needed to seal a deal. The local “Blue Ribbon Team” will need to be client specific, meaning that its membership could vary depending on the needs of the business being courted on a case by case basis. A “Blue Ribbon Team” could include representation from key City administrators:

- Local business leaders, with an emphasis on businesses within the same business cluster;
- Chamber of Commerce;
- Pacific Gas and Electric;
- Public Works/Water Department;
- Local real estate professionals;
- Property owners, if applicable;
- Landlords, if applicable;
- Commercial lenders, if applicable;
- Regional permitting entities, if applicable;





- Applicable County representatives, if needed;
- Elected officials, if applicable; and
- Any other entity or person that is applicable to the business being recruited.

The local Blue Ribbon Team needs to fully understand what the City can offer the prospective business. In addition, Blue Ribbon Teams are also effective in solving problems that relate directly to business retention.

### 23. Enterprise Zones



California currently has four types of economic development oriented target areas. Each of these areas has related tax incentive benefits as well as a variety of locally provided incentives and benefits. The purpose of these benefits is to stimulate business investment and job creation for qualified disadvantaged individuals in state-targeted areas. These areas are i) Enterprise Zones; ii) Local Agency Military Base Recovery Areas; iii) Manufacturing Enhancement Areas; and iv) Targeted Tax Areas. Portions of Ceres have been designated as a California Enterprise Zone.

There are 42 such Enterprise Zones. The purpose of the program is to stimulate development by providing tax incentives to businesses and allow private sector market forces to revive the local economy. Each Enterprise Zone is administered by a local jurisdiction working with local agencies and business groups to promote economic growth through business retention, expansion and attraction. In addition to the obvious financial benefits that would accrue to eligible businesses, Enterprise Zone designation affords the designated jurisdiction the opportunity to further load their economic development tool kit. Additionally, the Enterprise Zone financial benefits play a significant role in the City's Economic Due Diligence Business expansion/attraction Program.

Unfortunately, as of the writing of the CEDSP, the State is considering major changes to the State Enterprise Program that could significantly curtail Ceres' ability to utilize the program.

### 24. Social Media



When deciding to purchase print ads the questions are: who is the audience; what is the geographical reach; how many qualified people will see the ad? For instance, a publication may have a print distribution of 150,000 magazines with 3-5 viewers per copy. That is an impressive number, but how is the impressions and connections the ad make measured and did the ad generated leads or engagement? If a social media

program is active, it is hard to justify a print ad when the opportunities exist to directly connect with site selectors and investors in order to deliver specific and relevant information.

A recent study by Development Counselors International noted that word of mouth is still the leading source of information among site selectors and investors. Social media is "word of mouth media" that gives economic development professionals the platform to find and converse with their target audience and enhance their position in the investment value stream.

Social media creates exposure with unprecedented opportunities and Ceres is currently tapping into the energy and exposure that social media offers.



The League of California Cities has a website that lists the cities in California with a social media presence. Ceres is not listed as a city that has tapped into this effort. All it will take is an email or a phone call to the League to update their list with Ceres' Police Department, economic development contact, and Community Center.

<http://www.cacities.org/Resources/Social-Media/Social-Media-by-City>



## 25. CMTC

California Manufacturing Technology Consulting (“CMTC”) is a non-profit consulting company whose mission is to create solutions to improve a business’ performance through fostering innovation and sharing knowledge. CMTC provides solutions to achieve growth and profitability for manufacturers, the defense industry, and high operational performance for healthcare organizations. CMTC partners with Workforce Investment Boards (“WIB”) to assist in lay-off aversion, employee training, and other services. The WIB contracts with CMTC and the business is assisted for little or no cost. See what CMTC and the WIB did in Verdugo, CA. <http://www.youtube.com/watch?v=xDHabMr-7vA>. The CMTC website is: [www.cmtc.com](http://www.cmtc.com)

City staff could contact CMTC to learn of CMTC’s activities in the Ceres area and any partnerships that may exist between CMTC and the WIB.

## 26. Foreign Trade Zones



A U.S. Foreign-Trade Zone (“FTZ” or “zone”) is a designated area, which, for customs purposes, is considered outside the United States.

Foreign or domestic merchandise may enter this enclave without a formal customs entry or the payment of customs duties or government excise taxes. If the final product is exported from the United States, no U.S. customs duty or tax is levied. If, however, the final product is imported into the U.S., customs duty and excise taxes are due only at the time of transfer from the FTZ and into the U.S. Thus, zones provide opportunities to realize customs-duty savings by zone users.

*Why do firms use FTZs?*

To keep their U.S.-based operations competitive with their foreign-based competitors.

*Why do communities organize trade zones?*

To contribute to the area's appeal as a place to do business. Using local business initiatives and existing facilities, a zone can be a relatively inexpensive feature of an area's overall economic development. A well-organized zone will provide immediate service to the area's current business-base, as well as help to attract new business.



American FTZs are made possible by the Foreign-Trade Zones Act of 1934, as amended. The act establishes the U.S. FTZ board as the agency responsible for the establishment and administration of zones through the board's regulations. The board does not handle day-to-day administration of any zones, but provides grants to establish, operate and maintain zones. Grantees are almost always public corporations or governmental agencies. A grantee will usually enter into an agreement with an operator or subzone for actual zone operations. Customs holds the operator responsible for compliance with the customs regulations relating to zones. A firm uses a zone for its benefits, and pays the grantee or operator for services such as rent on facilities, storage, handling, etc.

**There are two types of zone sites:** general purpose sites and subzones. A general purpose site is usually run by an operator with multiple users. A subzone is a special-purpose site for operations such as manufacturing, which cannot be accommodated within an existing zone. In a subzone, the operator and user are usually the same entity.

The Merced County Regional FTZ is within a few miles of Ceres and covers a portion of Stanislaus County. Ceres' businesses may be able to take advantage of this opportunity if they import materials for manufacturing. The FTZ offers a free analysis for a business to see if the benefits are worth the cost of the program. More information on the Merced County Regional FTZ can be found at <http://www.ftz226.co.merced.ca.us/gfx/ftzmap.gif>.



Ceres could place information regarding FTZ in its marketing materials and possibly establish a marketing partnership with the City of Merced. This is a great opportunity for Ceres' businesses.

City staff could contact the Merced County Regional FTZ to learn more about the program and then research the City's local businesses to identify those businesses that may benefit from the FTZ. If staff prefers, a consultant could be retained to meet with the Merced County Regional FTZ and research, identify, and contact Ceres' businesses.



## 27. Trade Show and Economic Development Organizations

The following table identifies the marketing outlets, conferences, trade shows and events for specific targeted markets for the City. It may appear to be “shotgun” in nature, but the very character of these events and outlets lend themselves to meeting the right person for the targeted capital investment that the City seeks.



Organizations & Memberships	Cost	About the Organization
<b>International Trade</b>		
National Association of Foreign Trade Zones (NAFTZ)	\$1,200 to \$1,500/yr/entity	NAFTZ helps members stay current and well-informed on legislation, FTZ regulations, new and potential changes in policies and procedures, and other issues affecting the FTZ community through education, networking, current information, advocacy. The City does not have to become a member in order to have its businesses take advantage of the FTZ.
<b>Corporate Real Estate</b>		
Sacramento Valley Chapter - National Association of Industrial and Office Properties (NAIOP)	\$475/yr/person	Advancing responsible commercial real estate development through instantly connecting with thousands of colleagues across North America, be on the forefront of superb education and information, access to legislative representation on Capitol Hill, state and your local levels protecting commercial real estate's interest.
CoreNet Global/Northern CA	\$7,500/yr \$100/yr/add'l person	Participate in Peer Collaboration and Learning Programs, Access the CoreNet Global Research Center, Network and participate through a variety of events and meetings organized by the Northern California Chapter. Connect with other members.
<b>Retail &amp; Commercial</b>		
International Council of Shopping Centers (ICSC)	\$100/yr \$50/yr/add'l person	ICSC goal is to help members develop their businesses through networking, education, research, information, deal-making and action on legislation and regulation. ICSC will enhance your visibility within the industry, grow your business and engage in a vibrant community of tens of thousands of colleagues around the globe.
<b>Tourism &amp; Filming</b>		
California Travel Association	\$960 to \$1,325/yr	The California Travel Association (CalTravel) was formed in 1989 as a 501(c)6 not-for-profit member association to represent all travel and tourism-related businesses and visitor destinations in the state of California. Its primary functions are issues advocacy and educational and training development all within a collaborative and partnership approach. Current 2009 membership is approximately 450 with an annual operating budget approaching \$600,000.
<b>Governor's Office of Business and Economic Development</b>		
Team California	\$2,500/yr	TeamCalifornia makes it possible for economic development organizations to combine their business retention, development and attraction dollars to participate in tradeshow, advertise in targeted publications and provide an internet presence that they would not otherwise be able to achieve through cooperative branding advertising copy that is available for members to customize for their own campaigns, organization of its members to coordinate with marketing activities undertaken by the State of California and providing all organizational and administrative support for such activities.
<a href="http://business.ca.gov/">http://business.ca.gov/</a>	none	Check site for up-coming events and post events on site.
<b>Local Marketing/ED Organizations</b>		
Stanislaus Alliance & Workforce Development		The area's only regional economic development organization, the Stanislaus Alliance works closely with business and government leaders to make area a great place to live, work, and invest.



## 28. *Foundation Funding*

Foundations are not typically directly engaged in economic development services and programs. They cannot, for example, provide direct loans or grants to private companies. These activities remain the jurisdiction of government and nonprofits. However, foundations can support economic development initiatives in a variety of indirect ways and they are increasingly active in providing this kind of support. Foundations are providing grants for: strategic plans; the operations of organizations and nonprofits delivering services; facilities and projects for research and development; and marketing campaigns to promote their region. Appendix “D” contains a list of possible foundation funding organizations. Many more organizations can be found through the Internet.<sup>6</sup>

*The Role of Foundations in Economic Development: A Cross-Regional Analysis* was prepared and published by the H. John Heinz III School of Public Policy and Management, Carnegie Mellon University. This publication offers insight into foundation funding on a regional basis. The link is:

[http://www.google.com/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=8&ved=0CGEQFjAH&url=http%3A%2F%2Fwww.heinz.cmu.edu%2Fdownload.aspx%3Fid%3D1329&ei=x1nTUZKIKIqqigKL8YGACg&usg=AFQjCNGauzxkRb\\_VgzGBHFZyUQ\\_W7iyXfQ&sig2=ptzdNL4enGzbV21DGgyMIQ](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=8&ved=0CGEQFjAH&url=http%3A%2F%2Fwww.heinz.cmu.edu%2Fdownload.aspx%3Fid%3D1329&ei=x1nTUZKIKIqqigKL8YGACg&usg=AFQjCNGauzxkRb_VgzGBHFZyUQ_W7iyXfQ&sig2=ptzdNL4enGzbV21DGgyMIQ)

Ceres could either retain a consultant to research and prepare grant applications or engage staff to research and prepare grant applications.

## 29. *Economic Development Fund*

It is important to note that in order to implement the CEDSP, it is essential that the City establish and fund an Economic Development Fund (“EDF”) in order to implement its Economic Development Program (“EDP”) and increase and maximize its revenues from all sources.

Therefore, it is recommended that the City dedicate 100% of the City’s residual property tax payments received from the County Auditor-Controller that are directly attributable to the former redevelopment agency to the City’s EDF throughout the seven (7) year term of the CEDSP. Further, and if necessary, the City should contribute any shortfall between the City’s annually adopted EDP budget and the funding contributed to the EDF pursuant to the foregoing procedure. In essence, this approach uses what the City would have otherwise contributed to the Former Agency as tax increment for economic development purposes. This approach is being used in one form or another elsewhere in California. Further, the City should fund the EDP operating budget at the rate of approximately \$350,000 per year for seven (7) years and retain any supplemental revenue in the EDP for priority economic development related infrastructure improvements. However, given that the EDP will operate for less than a full fiscal year during FY 2013-14 (i.e., likely to be the eight (8) month period of November 2013 through June 2014), funding is recommended at a level of approximately \$250,000 for FY 2013-14. An example EDP budget is included in Appendix “E.”

The successful implementation of an EDP depends on the program operation being as free as possible from the day-to-day process of City administration (i.e., to be free of “Red Tape”).

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<sup>6</sup> *The Role of Foundation Funding in Economic Development: A Cross-Regional Analysis*





This will enable the program to be quickly responsive to the changing nature of the local economy and to the needs of key private sector decision makers. This is of paramount importance to successful dealings with the private sector. Therefore, it is essential that an EDP be adjunct to the City Manager's office and that the lead economic development staff person be a direct report to the City Manager with the ability to speak and act for the City Manager with respect to economic development matters, both within and outside of the organization. Further, it is critically essential that the City Manager dedicate time on a regular basis toward the implementation of an EDP (e.g., meeting with private sector leaders, decision makers and with respect to outreach efforts both on a local and on a marketing basis). Ultimately, the successfulness of EDPs hinge on the degree to which the program's precepts are integrated within the City's administrative structure. For example, if the EDP is "buried in the bureaucracy", so to speak, then the likelihood of its ineffectiveness is estimated to increase geometrically by the number of layers that the program is placed below the City Manager.

The City of Montclair has taken a similar approach. Montclair, currently has a \$3.2 million EDF balance. City officials now expected to add \$800,000 in property tax increment; its share of the RDA redistribution on an on-going basis.

[http://www.dailybulletin.com/news/ci\\_23636374/montclair-budget-looks-growth-funds-economic-development#ixzz2Yx7kuZvb](http://www.dailybulletin.com/news/ci_23636374/montclair-budget-looks-growth-funds-economic-development#ixzz2Yx7kuZvb)



### 30. Finance Tools for Economic Development

Development finance will be competing for limited funding with other key areas of government such as public safety, public health, parks and recreation, especially in the current financial environment. With this in mind, it becomes critical to fully understand the options that are available and to be able to communicate the risks, potential rewards, and actual results effectively to staff, elected officials, and the community.

The following is a table of finance tools that could be used by the City.

<i>Finance Tools for Economic Development</i>					
Economic Development Finance Tools	City Tools			Developer Tools	City General Fund Exposure (Y: yes; N: no; P: potential)
	Prev. Used	Not Prev. Used	Requires Council Approval		
Brownfield Economic Development Incentive Grants		X	X		N
HUD (CDBG / Section 108 Loans)		X	X		P
Community Finance District (CFD)		X	X		N
Defer Development Impact Fees	X		X		P
Federal Economic Development Programs		X	X		P
Non-profit Grants		X	X		P
Parcel Specific Tax Increment		X	X		P
Project Specific District Financing		X	X		P
Property Tax Increment		X	X		P
Property Tax Rebate Agreements		X	X		Y
Revenue Bonds	X		X		Y
Sales Tax Rebate Agreements		X	X		Y
Special Assessment Financing Districts		X	X		P
Tax Allocation Refunding Bonds	X		X		N
Tax Increment Financing Districts	X		X		N
Transient Occupancy Tax Rebate Agreements		X	X		P
US EDA Grants	X		X		N
Angel Investment Financing				X	N
EB-5 Loan Program				X	N
Federal SBA 504 Loan Guarantees				X	N
Historic Preservation Tax Incentives				X	N
Industrial Development Bonds				X	N
Low Income Housing Tax Credits				X	N
New Market Tax Credits				X	N
State Manufacturers Tax Credits				X	N
Statewide Community Infrastructure Program				X	N
Taxable Development Bond Program				X	N
Tax-Exempt Equipment Only Purchase Program				X	N
Tax-Exempt Industrial Development Bond				X	N
Utility Bonds				X	N
Venture Capital				X	N

The City Finance Tools for Economic Development can be implemented either by staff or through the retention of a consultant(s). Those tools listed under “Not Previously Used” are opportunities for Ceres to gain funding towards the implementation of the CEDSP.



## Appendix F – Sample Marketing Plan

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An Economic Development Marketing Plan is more than just advertising; it creates brand awareness, delivers a functional response program to business inquiries, encourages networking with real estate and industry professionals, and promotes partnerships with educators and regional government agencies to create opportunity awareness.

The following is a brief Marketing Plan that can be implemented by Ceres, attuned to a specific industry, and adapted to budget availability.

### 1. Create a Ceres “Brand”

- a. Most important thing(s) about Ceres that people should know
  - Location
  - Quality of life
  - Workforce availability
  - Industrial/manufacturing/retail/office opportunities
- b. Business climate
  - Business friendly
  - Business assistance
  - Infrastructure ready
- c. Develop marketing materials
  - Initiate standard business inquiry response that can be tailored to an industry when necessary

### 2. Industry Targets:

- a. Manufacturing/Industrial
- b. Office
- c. Retail

### 3. Marketing and Public Relations

- a. Tradeshow/Conferences
  - CoreNet
  - Industrial Asset Management Council (IAMC)
  - International Council of Shopping Centers (ICSC)
  - International Pow Wow
- b. Industry/Organization Memberships
  - CoreNet
  - NAIOP
  - TeamCA
  - NAFTAZ
  - CALED
  - IEDC





**4. Advertising:**

- Bisnow.com
- CRE 2020
- Area Development
- Site Selection Magazine
- Industry Week
- Economic Resource Guides
- Journal of Commerce
- Leader Magazine (CoreNet)
- Development Magazine (NAIOP)
- Kosmont-Rose Cost of Doing Business



## Appendix G – Foundation Funding Information

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Foundation funding is an alternate source of grant funding. Many foundations do not require financial matches.

Ben and Jerry's, South Burlington, VT - [Ben & Jerry's Foundation](#)

Confidence Foundation, South Pasadena, CA

Elizabeth and Stephen Bechtel, Jr. Foundation, San Francisco, CA -  
[ldachs@fremontgroup.com](mailto:ldachs@fremontgroup.com)

Evelyn and Walter Haas, Jr. Fund, San Francisco, CA - <http://www.haasjr.org>

Flintridge Foundation, Pasadena, CA - <http://www.flintridgefoundation.org>

Foundation for Global Awakening, Point Reyes Station, CA - [vcfdn@best.com](mailto:vcfdn@best.com)

Gates Family Foundation, Denver, CO - <http://www.gatesFamilyFdn.org>

James and Rebecca Morgan Family Foundation, Los Altos, CA

Karpe Foundation, Inc., Bakersfield, CA

Mark Taper Foundation, Los Angeles, CA

Norman Archibald Charitable Foundation, Seattle, WA

Qwest Foundation, Denver, CO - <http://www.qwest.com/foundation>

S.G. Foundation, Buellton, CA

Sacramento Regional Foundation, Sacramento, CA - <http://www.sacregfoundation.org>

Sierra Health Foundation, Sacramento, CA - <http://www.sierrahealth.org>

The Bruce and Toni Corwin Foundation, Beverly Hills, CA

The California Wellness Foundation, Woodland Hills, CA - <http://www.tcdf.org>

The Greenville Foundation, Sonoma, CA - <http://fdncenter.org/grantmaker/grnville>

The Nissan Foundation, Gardena, CA

The R. C. Baker Foundation, Orange, CA

The Samuel S. Johnson Foundation, Redmond, OR - [ssjohnson@empnet.com](mailto:ssjohnson@empnet.com)

The Stewardship Foundation, Tacoma, WA - <http://www.stewardshipfdn.org>

The Sun Microsystems Foundation, Inc., Palo Alto, CA -  
[http://www.sun.com/aboutsun/comm\\_invest/giving/foundation.html](http://www.sun.com/aboutsun/comm_invest/giving/foundation.html)

Tuchman Family Foundation, Englewood, CO

Walter S. Johnson Foundation, Menlo Park, CA - <http://www.wsjf.org>

Weingart Foundation, Los Angeles, CA - <http://www.weingartfnd.org>



## Appendix H – Economic Development Program Budget

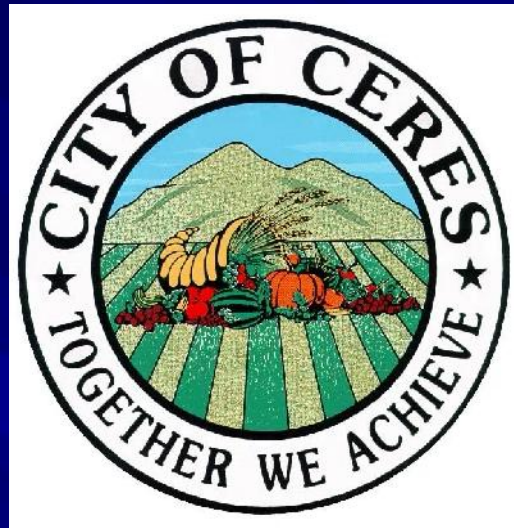
<i>Objectives &amp; Tactics</i>		<i>Proposed Budget</i>
<i>First Year Implementation – (8 months)</i>		
1. Personnel (salary, benefits, etc.)		\$125,000
2. Consulting Services (auditing to review City’s service fees and fine structure; marketing plans, design guidelines brochures, City brand development, marketing collateral, etc.)		\$75,000
3. Marketing/Advertising (advertisement placement, networking programs, business community outreach, programs, etc.)		\$25,000
4. Internet-based economic development (“Tools for Business Success,” property search, social media, etc.)		\$5,000
5. Trade Shows, conferences, organizational dues (Alliance, ICSC, CALED, TeamCA, etc.)		\$20,000
<b><i>TOTAL</i></b>		<b>\$250,000</b>
<i>Years 2 through 7 Implementation</i>		
1. Personnel (salary, benefits, etc.)		\$185,000
2. Consulting Services (auditing to review City’s service fees and fine structure; marketing plans, design guidelines brochures, City brand development, marketing collateral, etc.)		\$80,000
3. Marketing/Advertising (advertisement placement, networking programs, business community outreach, programs, etc.)		\$45,000
4. Internet-based economic development (“Tools for Business Success,” property search, social media, etc.)		\$5,000
5. Trade Shows, conferences, organizational dues (Alliance, ICSC, CALED, TeamCA, etc.)		\$35,000
<b><i>TOTAL</i></b>		<b>\$350,000</b>



## Appendix I – Shaping the Future of Ceres

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# Shaping the Future of Ceres



Art de Werk, City Manager

Bryan Briggs, Economic Development  
Manager

# What is Economic Development?

- Economic Development is the creation of wealth in a community.
- Wealth is created by business investment and the creation of jobs.
- Business investment results in an increase in government resources through sales and property taxes.

# 7 Key Indicators of Desirable Community

1. **Learning** – Are there institutions where I can become smarter? Are there intellectual outlets such as book clubs where I can broaden my knowledge?
2. **Earning** – What is the money-making potential in this city?
3. **Vitality** – Are there people out cycling, walking, eating, having fun when I go out on the town in the day and at night?



# 7 Key Indicators of Desirable Community

4. **After Hours** – What is there for me to do after work and on the weekends?
5. **Around Town** – Where can I go to have fun, shop, hang out or learn more about the area? Is there a nearby metropolis where I can also go?
6. **Cost of Lifestyle** – How far will the money I earn take me compared to other cool places?
7. **Social Capital** – How inclusive is this city? Are there opportunities for women, people of color and young professionals to be successful and sit in seats of power and influence?



# Action Plan

- **Ongoing Initiatives**
- **Image**
- **Business Community**
- **Internal Structure**
- **Tools and Resources**
- **Roles of Stakeholders and Partners**
- **Highlights**
- **Mayor's Advisory Committee**

# Ceres Highlights

- Relevant to people wishing to establish residence here
- Factor for businesses
  - Safety
  - Land for development
  - Staff primed to assist with start-ups & expansions
  - Competitive utility rates
  - Location
  - Demographics

# Immediate Economic Development Implementation

- Marketing Team
- Implementation Team
- Organizational Strategy
- UFI Plan
- Mayor's Economic Advisory Council
- Identifying and Strengthening Key Partnerships
- Chevron
- Community Capacity Building (Luis Molina)

# Ongoing Initiatives

- **Niki Santo, Brandman – tactical framework**
  - **Customer tiers, value proposals, complementors**
- **Priority shift**
- **Stakeholder List – strategic partnerships**
- **Expanding beyond relationship with Alliance**
- **Downtown BID – working with business community to efficiently use BID resources**
- **Enlisted help of UFI**
- **Strategic Initiative Implementation**
- **General Plan Update**
- **Vacant & Unlet Properties List**
- **Redesigning City ED webpage**
- **Positioning ourselves to make expansive use of social media**

# Internal Structure/City Processes

- Organize City as bundle of businesses
  - set goals for departments
  - 1-stop shop City government (administrative efficiency)
- Major tune-up to prime the organization
  - Competencies: What we're good at doing, what we're not good at
  - Add innovation to employee evaluations
  - Customer service training
- Do we have the right staff in key positions to implement our plans?
- Economic Development Manager has direct reporting relationship with City Manager.

# Current City Image Issues

- County property – El Camino stretch needs attention
- Revitalize key shopping corridors
  - SaveMart on Whitmore is a well-placed store
  - Hatch Road, sales tax averages far below national median
- State property
  - [Howard Stevenson Memorial Interchange](#)
  - Lazy Wheels
  - Herndon Way
- “Slumlord” Issues

# Pictures





# Changing Our City Image

## ■ We Must

- Be responsible for how we communicate our image;
- Foster community pride
- Manage our self-perception; have high expectations for ourselves, government and our community

# First Make it Work, then Rebrand it

- Communicate that we are a safe community – back up with stats, safe relative to neighbors
  - Good fire/police response time, in-depth response capabilities
  - Brag about how safe we are, the police are “responsive and targeted”
  - Our community is safe because we make it safe. Robust responses are how we respond.
- Address the way Ceres is currently characterized
- Ensure that our Public Information Office is proactive in advancing our image goals

# First Make it Work, then Rebrand it

- Define why young professionals should choose Ceres
- Develop Human Interest Stories
- School district
- “Ceres is the sweet spot between Modesto and Turlock.”  
Community branding – build up brand and then create the logo/identity
- Position ourselves on positive city lists
- Use arts and culture to enhance our community
- e.g. [Japanese Tourism Article](#)

# ICSC/LCC Conference

- Manteca Case Study
- Success with Mobile Applications

# Stakeholders & Partners

- Santa Clara vs. San Jose Models – it's a matter of relationships and how they do business
- Stakeholders – retired people, volunteers, people with talent and skills
- Role/Importance of Business

# Mayor's Economic Advisory Council

- Hand-selected, Mayor invites 5 specific people rather than organizations
  - Higher level than Chamber, involve Chamber for specific things
- Chevron
- Charlie Fernandes
- Libby Niederreuther

# “Restaurant Impossible”

- Robert Irvine takes \$10k and 48 hours to turn businesses around
- #1 Issue – COMPLACENCY
  - Complacency is the enemy
  - Don't limit yourself by past experiences



# We Must Act Now

- The solutions will not come from federal or state government
- The most important solutions are local
- Will Ceres be prepared to take advantage of opportunities when they present themselves?
- Ceres should define its future and not let its future be defined by circumstances

# Role/Importance of Council

- Council's collective future vision statement – is there a shared vision for the future of our community?
- Every Council decision must take into account the impact on businesses and jobs
- Changing the City's image
- Marketing the people of this City
- Mayor's Economic Advisory Council
- Entrepreneurial development
- Assisting start-ups "Economic Gardening"

Questions, Comments, Feedback

# Extra Slides

## **Will Ceres Win The Competition for Regional Resources? Cont.**

- The UFI report is being created to ensure Ceres has a plan to create resources necessary to be relevant in today's high stakes game of job creation, business investment and more generally, economic development.

## **Will Ceres Win The Competition for Regional Resources? Cont.**

- The UFI report will provide tools to compete for dwindling resources needed to be competitive.
- Focusing on the attracting business investment will ensure Ceres has the resources to compete.
- Ceres leadership will determine our economic future

# Examples of Other Cities

- Gainesville, FL Chamber CEO is trying to make it #1 in the nation for jobs creation, took Austin's ED professional
- Pleasanton, CA
- Eugene, OR - SMARTUPS
- Riverside, CA – study missions, “seizing our destiny”
  - Mayor, CUSD rep, & City Management should spend time there to learn from them



# Books and Publications

- The Coming Jobs War
  - Staff attended presentation by Dave Kilby, [dave.kilby@calchamber.com](mailto:dave.kilby@calchamber.com) on Sept. 10<sup>th</sup> in Modesto
- HBR (distribute copy)
- Pleasanton 2015 Chamber Publication (insert link)
  - Do we have a vision? We should be doing this instead of golf tournaments.
- Building the 21<sup>st</sup> Century Workforce, US Chamber (find image?)
  - K-12 Education
  - STEM
  - College affordability
  - Green cards
  - VISAs
- When the Boomers Bail by Mark Lautman
  - (key note speaker for upcoming February Chamber of

# Education

- 1 BA/BS = \$800 per capita in your community (insert current education demographics for Ceres?)
- Keeping college grads in Ceres – where are the jobs?
  - Young people are not loyal to a zip code.
- Work with education system at all levels, including local colleges (list partners here: CUSD, Stan State, other local academic institutions)
- Drop out rates – we need to solve the drop out problem (insert current data)
- API scores and graduation rates of parents
- Jobs shortage vs. Talent shortage