

NAPA COUNTY BOARD OF SUPERVISORS

AIRPORT INDUSTRIAL AREA BLUE RIBBON
COMMITTEE

REPORT TO THE BOARD

JANUARY 24, 2012

FROM THE OFFICE OF THE COUNTY EXECUTIVE
HOUSING AND INTERGOVERNMENTAL AFFAIRS DIVISION

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MEMBERSHIP

COMMITTEE MEMBERS

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Leslie Moreland, **Business Owner**

Mark Willey, **Manager**, *Napa Jet Center*

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Michelle Benvenuto, **Executive Director**, *Winegrowers of Napa County*

Ryan Gregory, **Chairman**, *Napa Chamber of Commerce*

Susan Lane, **Executive Director**, *American Canyon Chamber of Commerce*

Todd Walker, **Vice President**, *C-Lines Express*

William Kampton, **Vice President**, *Colliers International – Napa*

NAPA COUNTY STAFF, CITY OF AMERICAN CANYON STAFF AND PRESENTERS

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PURPOSE

On September 13th, 2011, the Napa County Board of Supervisors (Board) received a report on the economic development potential of the Airport Industrial Area (AIA). In response to this presentation, the Board directed Housing and Intergovernmental Affairs staff (HIA) to form a blue ribbon committee for the purpose of bringing together professionals in the business community to further discuss the development potential of the AIA.

MISSION STATEMENT

“The Airport Industrial Area Blue Ribbon Committee will explore the development potential of the Airport Industrial Area (AIA); identify ways to enhance development, create jobs, and overcome obstacles to development; and will make recommendations to the Napa County Board of Supervisors.”

BACKGROUND

In 1986, Napa County (County) adopted a Specific Plan to address development in the AIA. The Specific Plan is the primary land use planning and regulatory document to guide development throughout the AIA. It sets forth goals, and detailed land use requirements for the area. The Specific Plan also includes land use regulations, development standards, design guidelines, and infrastructure requirements.

An updated Specific Plan was adopted by the County in 1998 along with an EIR. The 1998 update would have superseded the 1986 AIA Specific Plan. However, in 2001, the courts overturned the County's approval of the 1998 update. Consequently, the 1986 AIA Specific Plan continues to govern development in the airport area.

On May 9th, 2011, the Board held its annual strategic planning retreat, in conjunction with all County department heads. At the retreat, the Board updated their three-year goals for the County and added a number of six-month strategic objectives for each of the goals. One of the strategic objectives that the Board set was for staff to hold a study session for the Board on how to revitalize the AIA. This was in response to a number of issues, including:

- 1) Slowdown in new development in the AIA;
- 2) The departure of Japan Airlines (JAL) from the Napa County Airport; and
- 3) The overall unemployment in the County, which at the time was 9.2% Countywide, and at approximately 14% in the South Napa area.

On September 13th, 2011, County staff held a study session for the Board and presented a report on the Economic Development potential of the AIA. At that study session the Board directed staff to create the Airport Industrial Area Blue Ribbon Committee, to solicit ideas for revitalization of the AIA. The following report is the result of the deliberations of the Committee.

EXECUTIVE SUMMARY

The AIA has seen a slowdown in new development, the departure of JAL from the Napa County Airport, and an overall increase in vacancies for existing buildings. Unemployment, while currently at 8.3% Countywide, is approximately 14% in the South Napa area. Vacancy of industrial space is at 12.8%, office space is at 27%, and the last land sale in the AIA was over 18 months ago.

The Committee recommends the Board direct staff to look further into the following solutions in order to enhance development, create jobs, and overcome obstacles to development in the AIA:

Short Term Activities

- Expedite the construction of Devlin Road;
- Expedite the permitting process and allow staff to approve the following uses without having to go to the Planning Commission: warehouse, office, light manufacturing and distribution;
- Form a 2x2x2 committee between Napa County and the cities of American Canyon and Napa to discuss ways to incentivize development. The 2x2x2 should discuss access to water and sanitation for the AIA and the cost of these utilities; and
- Explore the designation of Enterprise and Empowerment zones, as well as Industrial Finance Districts, and determine ways the County can develop its own tax incentive program.

Longer Term Projects

- Explore amendments to the Specific Plan and a Programmatic EIR in order to expand the list of uses that could be permitted with use permits in the AIA;
- Explore working with a regional economic development corporation marketing entity to work on ways to attract businesses to the AIA, as well as to provide a new marketing strategy for the AIA;
- Further investigate ways to offer incentives to attract these business types, such as: tax benefits and a reduction in the cost of utilities;
- Explore solar and wind options for energy supply in the AIA; and
- Work with the cities of American Canyon and Napa and the Workforce Investment Board on a Comprehensive Economic Development Strategy (CEDS) to identify potential regional economic development approaches and opportunities for the AIA and other south-county industrial parks.

Airport Related Proposals

- Reconstruct the airport runway based on current aircraft demands;
- Investigate the ability to offer limited Commercial Air Service; and

- Work with the Napa Valley Destination Council to market private jets for wine and resort access.

Additional Related Item

- Work with the Sustainable Napa County and the Napa Chamber of Commerce, as well as other stakeholders on a feasibility study for a business incubator in the former JAL facility.

FINDINGS OF THE BLUE RIBBON COMMITTEE

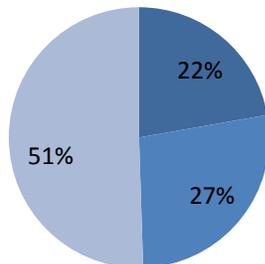
INTRODUCTION

The AIA has seen a slowdown in new development, the departure of JAL from the Napa County Airport; and an overall increase in unemployment. Unemployment, while at 8.3% Countywide, is approximately 14% in the South Napa area. Vacancy of industrial space is at 12.8%; office space is at 27%; and the last land sale was over 18 months ago.

The Napa County General Plan (Plan) identifies the AIA as the principal unincorporated location for industrial development in the County. The Plan recognizes the AIA as of economic importance to the County and region. The AIA totals 2,945 acres. Of these 2,945 total acres, around 800 acres are part of the airport and another 660 acres have been annexed to American Canyon. The developable portion of the AIA within the unincorporated portion of the county is around 1,485 acres. Of these, 861 acres (approximately 60%) of the land is either: vacant and unentitled; underutilized (primarily residential property); or entitled but unbuilt projects.

PERCENTAGE OF AREA IN THE AIA:

■ AMERICAN CANYON ■ AIRPORT ■ NAPA COUNTY



In response to this, the Board asked staff to report on the economic development potential of the unincorporated portion of the AIA. On September 13, 2011, the Napa County Department of Housing and Intergovernmental Affairs (HIA) made a presentation to the Board. As a result of this report, the Board asked HIA staff to form the Napa County Airport Industrial Area Blue Ribbon Committee (Committee) for the purpose of bringing together professionals in the business community to further discuss the development potential of the AIA. The following is the mission statement of the Committee: “The Airport Industrial Area Blue Ribbon Committee will explore the development potential of the Airport Industrial Area (AIA); identify ways to enhance development, create jobs, and overcome obstacles to development; and will make recommendations to the Napa County Board of Supervisors.”

The Board tasked the Committee with reporting back with its findings. This Committee, comprised of business leaders from throughout Napa County and assisted by HIA staff, has met five times to discuss and make recommendations on development of the AIA. The Committee received presentations from County staff in Conservation, Development and Planning; Public Works; Napa Sanitation; and the Napa Valley Destination Council. In addition both American Canyon and Napa staff participated at each of the meetings.

This report outlines two separate paths that the County may take in moving forward with economic development within the AIA. Each path requires discussion and policy decisions to be made on the part of the Board. This report will discuss specific strategies within each path, and will recommended actions for the Board to enhance development and create more jobs for residents in the AIA. In addition the Board may find a combination of strategies from each path that best satisfies the needs of the AIA. These two paths identified are:

1. Option 1: Preserve the AIA exclusively for back office uses to support the Wine Industry;
2. Option 2: Support businesses with a compatible use to the wine and tourism industries.

OPTION 1: PRESERVE THE AIA FOR WINE INDUSTRY USE

ARGUMENT: There is limited land zoned for industrial use in Napa County. The AIA was set aside specifically to support the wine industry. This AIA was intended as an area to provide space for businesses that are necessary to support the wine industry but not necessarily appropriate to be located in the middle of the Agricultural Preserve. Examples of these uses are: warehousing and distribution facilities. Since there is limited land appropriate for this use, growth in this area should be measured and grow as the wine industry grows. However certain things can be done to improve the business climate in the AIA. These changes should focus on improving the permitting process and collectively helping to reduce the costs for water and sanitation services.

STRATEGIES TO PRESERVE THE AIA TO SUPPORT THE WINE INDUSTRY:

Remove Impediments towards wine industry development

1.1 Permitting

1.2 Utilities: Water and Sanitation

1.3 Transportation

1.4 Tax incentives

1.1 PERMITTING PROCESS

The Committee identified the County's permitting process as a potential deterrent to economic growth within the AIA. Committee members cited examples such as the length of time to process a permit and the level of uncertainty of whether or not a permit would be approved as factors in deterring development in the area. The Committee met with staff from the County's Conservation, Development and Planning department (Planning), and discussed the following potential remedies:

- I. Implement guaranteed plan check response process on AIA building permit applications: Set period of time when initial and subsequent plan check reviews will be completed by all reviewing departments and agencies. In addition have Planning staff interface directly with outside agencies rather than requiring permittee to go from agency to agency.
 - Pro – predictability to process.
 - Con – none.
 - **Issues** – Planning staff would like to do this for all plan checks throughout the county. The AIA, however, requires more outside agency sign-offs than applications for the rest of the County, and thus may be more difficult

to ensure guaranteed plan checks by outside agencies. The County would convene a meeting with outside agencies to determine how best to coordinate expedited responses from these outside agencies.

II. Expand Uses Permitted Without a Use Permit within the Industrial Park Zoning District:

Permitted uses currently allowed in the Industrial Park Zoning District (IP), without a use, permit include: agriculture and minor antennas/telecommunication facilities.

The Committee purposes to expand the uses permitted in the IP without a use permit to include the following:

- Professional, financial, administrative or general business offices;
- Research, development, design or testing laboratories and facilities providing such use does not produce undue odor, smoke, noise or other objectionable effects;
- Manufacturing and assembling of devices, equipment, or systems of an electrical, electronic or electro-mechanical nature;
- Manufacturing, assembly, fabrication, and/or warehousing and distribution of goods, wares, merchandise, articles, substances or compounds which are not flammable, explosive or otherwise offensive or dangerous to surrounding property; and
- Cooperage, bottling plants or wine warehousing and distributing facilities; Machine shops or other light-metal working

III. Fast Track Entitlement Review: AIA land use entitlement applications should be prioritized over other Countywide land use applications, with guaranteed response times for approval from the necessary agencies and other jurisdictions.

- Pros – Given the reduced number of use permit applications in the County, this is effectively already occurring.
- Cons – If the economy picks up, there are insufficient resources to ensure this continues; State agencies with jurisdiction (DFG, Caltrans) will not likely commit to any guaranteed process; given limited staff resources, for every AIA project given processing priority, some non-AIA project will need to have a lesser priority.
- **Issues** – Diligent processing is dependent upon applicant submitting “will serve” letters from NSD/Am Can/or City of Napa with their initial applications (this rarely occurs); labor unions have been objecting to projects when there is no assurance of union labor.

IV. Change Use Permit decision maker from Planning Commission to Planning Staff:

- Pros – reduces use permit cost and cuts time to process (not writing staff report or conducting formal public hearing before Commission) as well as potential uncertainty associated with having Commission review.
- Cons – still subject to California Environmental Quality Act (CEQA) legal risk. Issues – possibility that the Planning Commission will object to having a lesser role, possibility of a negative public reaction if a building results in an eyesore, or other negative use occurs as a result of the reduced public process.
- **Issues** –minimal improvement in time and certainty.

V. Change Specific Plan to allow certain uses by right:

- Pros – Expand the definition of permitted as of right uses to eliminate uncertainty and processing time associated with project approval.
- Cons –An Environmental Impact Report (EIR), for the new uses, will be needed, which may be costly and potentially controversial.
- **Issues** – Traffic, air quality and housing impacts in the AIA are not easily mitigated. An EIR will likely have to include an overriding consideration statement, provided that allowing this development by right takes precedent over fully mitigating these impacts. Another impact is the expensive comprehensive mitigation measures that could result in increased development costs, such as mitigation for loss of endangered species habitat. Presently, endangered species are mitigated on a project-by-project basis, and any allowed by right development will need to participate in a comprehensive mitigation program.

RECOMMENDED ACTION:

- The Committee recommends the Board further explore all of the above options for reducing the length of time for approvals and for increasing certainty of approval.
- The Committee recommends the Board initiate a guaranteed plan check response process; to include one dedicated staff person within Planning to act as a liaison with outside agencies; expand the list of Plan Check Types; and create a fast track entitlement review process. ;
- Additionally, the Committee supports changing the Use Permit decision maker for AIA uses from the Planning Commission to the Zoning Administrator. This change will greatly improve the perception of certainty of approval. Many potential businesses fear the Planning Commission review process can add uncertainty of both approval and the length of time for such approval.
- The Committee recommends that the Board consider expanding the definition of uses permitted within the AIA with a use permit. In order to further accelerate development in the AIA, whether it is wine related or a complementary business type. In order to expand these uses, amendments to the Specific Plan should be made. The Committee believes that this approach is the most effective way to streamline the permitting process and increase the perception of certainty for the business community. The expanded uses could be done in conjunction with

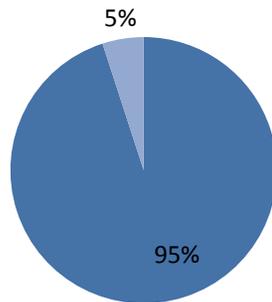
American Canyon to ensure that the entire AIA has permitted uses that are consistent throughout the planning area. The Committee recommends that the Planning department approach the board with a specific work program including a proposal for amendments to the AIA Specific Plan and a comprehensive EIR to support these changes. The Committee also recommends the County approach American Canyon to determine if a joint EIR is beneficial for both jurisdictions.

1.2 UTILITIES

Utilities make development cost prohibitive for certain businesses interested in locating to the AIA, specifically businesses which rely on heavy uses of water and sanitation. Most of the water provided to the AIA is provided by the American Canyon Water District. A small amount is provided by the City of Napa as seen in the chart below.

AIA WATER SERVICE PROVIDED BY LOCALITY BY
PERCENTAGE

■ AMERICAN CANYON ■ CITY OF NAPA



Water: Water access and rates are cost prohibitive to wine manufacturing businesses.

Possible solutions are:

- I. Work with the City of American Canyon to investigate alternate sources of water; and explore the possibility of offering an incentive package for companies in the wine industry locating to the AIA, including: reduced rates for water and connection fees, in exchange for businesses agreeing to a local hiring program.

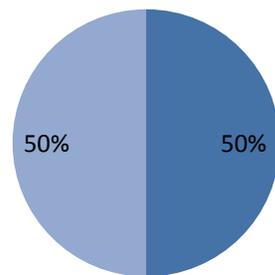
Sanitation: Connection fees and meter fees due Napa Sanitation are cost prohibitive to potential wine manufacturing businesses. Rates for this type of business are also much higher than other surrounding jurisdictions. These costly fees and rates are primarily an issue for seasonal waste processing of grapes.

Possible solutions are:

- I. Create a central processing site/package plant in the AIA for wineries to share for pre-treatment of waste. It may be possible to create an assessment district, or to use the existing assessment district to fund this.
- II. Currently, many businesses ship their waste to Oakland for disposal at the East Bay Municipal Utility District (EBMUD). This is a very inexpensive solution, albeit with an impact on our transportation network. Napa Sanitation has included a waste disposal area in their master plan. With funding, construction could be accelerated.

LOCALITIES SERVING SANITATION IN THE AIA BY PERCENTAGE

■ AMERICAN CANYON ■ CITY OF NAPA



RECOMMENDED ACTION: This Committee recommends the Board explore the possibility of forming a 2x2x2 committee between Napa County and the cities of American Canyon and Napa, to discuss development strategies in the AIA. Specifically, this 2x2x2 committee should discuss exploring alternate water sources and more affordable options for access to water connections and rates for all new projects in the AIA. The Committee also recommends that the Board, in conjunction with Napa Sanitation, develop a plan to accelerate the construction of a waste disposal area in Napa.

1.3 TRANSPORTATION

Traffic is a major concern for new businesses looking to locate to the area. Rail access may attract future businesses. The planned Devlin Road extension will ease congestion and improve traffic flow by keeping vehicles off Highway 29.

Devlin Road: According to the Specific Plan, all land in the Specific Plan area is currently zoned for industrial development, with the exception of those areas in the Airport (AV) District designation. Over the years, industrial and heavy commercial development has occurred in the area in a haphazard fashion, with roads and services being extended into the area on a piecemeal basis as needed by individual property owners. The main north-south interior road intended to link all of the sites to main arteries is Devlin Road. Under agreement with American Canyon, Napa County is required to construct its portion of Devlin Road by 2018.

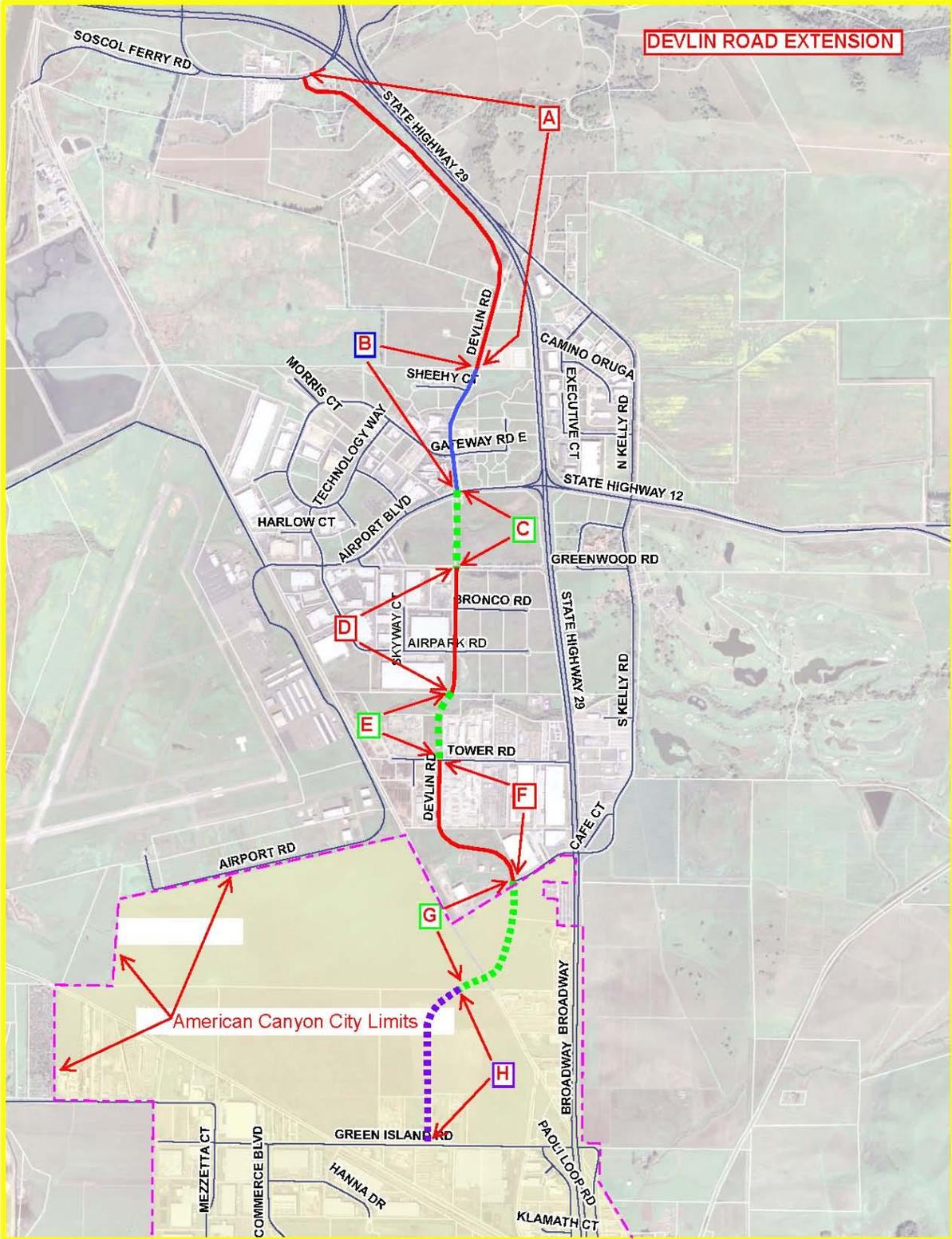
Given the slowdown in permit growth in the area, it may be advantageous for the County to move up the construction of Devlin Road to help speed development in the AIA.

RECOMMENDED ACTION: The Committee recommends the Board accelerate the construction of Devlin Road, for the following reasons:

- The County may benefit from lower construction costs as a result of current market conditions. According to County Public Works staff, it will cost approximately \$5 million to complete the County segments of the project. The County's fund balance of \$2.5 million may be utilized to fund a portion of the \$5 million, while the remaining \$2.5 million will need to be addressed. The County is responsible for constructing Segment E, while Segments A, C and D are to be constructed or widened by property owners adjacent to such sections.
- By expediting the construction of Devlin Road, properties in the southern portion of the AIA will gain access to recycled water, greatly reducing their water costs for landscaping and other water uses. According to staff at American Canyon, landscaping is the majority of water usage for certain users.
- By constructing Devlin Road early, certain properties within the AIA will benefit from the installation of conduit, speeding up access to fiber optics. This will enhance the desirability of the parcels in this vicinity.
- By constructing Devlin Road early, businesses may perceive the AIA as ready for growth. It is understood that the AIA is currently perceived as lacking in the support infrastructure needed for businesses to be successful (gas station, deli, and most importantly traffic flow).

A potential downside of accelerating the construction of Devlin Road is the diversion of County resources from other capital projects that might be considered of higher priority. The majority of the committee felt as though the construction of this road was important for the above stated reasons and, in addition, the County had a source of repayment for funds are allocated/loaned for this construction through the traffic mitigation fee.

AIRPORT INDUSTRIAL AREA BLUE RIBBON COMMITTEE
REPORT TO THE BOARD



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1.4 TAX INCENTIVES

The County should investigate ways to offer tax incentives to new businesses locating to the AIA. The federal government and the State of California both offer programs to provide tax benefits. Currently, these programs are under review and the Committee recommends the Board continue to monitor the availability of these programs.

Empowerment zones: According to the U.S. Department of Housing and Urban Development (HUD), Federal Empowerment Zones (EZs) are designated areas of high poverty and unemployment that benefit from tax incentives provided to businesses in the boundaries of the EZ. Businesses operating in EZs qualify for a variety of tax incentives, including a tax credit of up to \$3,000 per year for each of its employees who resides in the EZ; a Work Opportunity Tax Credit for hiring 18-39 year-old residents of the EZ; a deduction of \$35,000 for the cost of eligible equipment purchases under section 179 of the Internal Revenue Code of 1986; and tax exempt private purpose "EZ Facility bonds" for commercial development. The Empowerment Zone designations were extended through December 31, 2011 by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. It appears there is no information to date regarding whether funding will be continued for this program.

Enterprise Zones: The California Department of Housing and Community Development (HCD) administers Enterprise Zones, which provide tax incentives to businesses and allow private-sector market forces to revive the local economy. Examples of benefits: Hiring Credits - Firms can earn \$37,440 or more in state tax credits for each qualified employee hired; Up to 100% Net Operating Loss (NOL) carry-forward. NOL may be carried forward 15 years (suspended for tax years 2002 and 2003); Corporations can earn sales tax credits on purchases of \$20 million per year of qualified machinery and machinery parts; Up-front expensing of certain depreciable property. Lenders to Zone businesses may receive a net interest deduction; unused tax credits can be applied to future tax years, stretching out the benefit of the initial investment; Enterprise Zone companies can earn preference points on state contracts.

Industrial Finance Districts: California code General Provisions section § 53395.3 gives cities and counties the ability to create Infrastructure Financing Districts (IFDs) and issue bonds to pay for community scale public works: highways, transit, water systems, sewer projects, flood control, and solid waste facilities. In order to form this district the County must gain voter approval. State Senator Lois Wolk introduced an amendment to this bill in 2011 which would support the legislature as the grantor of this approval. This bill is currently on hold.

All of these designations offer numerous incentives to businesses, and could assist the County in attracting new businesses to the AIA.

RECOMMENDED ACTION: The Committee recommends the Board further explore Enterprise and Empowerment zones, as well as Industrial Finance Districts. If the County does not qualify for one of these designations, it may still use these programs as models to guide development of a County or regional tax incentive program that may

AIRPORT INDUSTRIAL AREA BLUE RIBBON COMMITTEE
REPORT TO THE BOARD

help attract new businesses to the South County area as well encourage local hiring. In addition the committee recommends that the county send a letter to the Senator Wolk supporting her proposed legislation increasing the opportunity to create Industrial Finance Districts.

OPTION 2: SUPPORT BUSINESSES WITH A COMPATIBLE USE TO THE WINE AND TOURISM INDUSTRIES

ARGUMENT: In order to diversify its economic base Napa County should leverage off of its primary industry, wine, and seek to attract businesses with uses compatible to the industries of wine, tourism and wellness. This would include possibilities like fine food manufacturing, breweries, technology in bottling and wine development, as well as wellness products. Napa County, American Canyon and the City of Napa, along with the businesses in the AIA should focus on marketing efforts to attract these types of businesses.

The vacancy of a portion of the former JAL training facility provides an opportunity to facilitate innovative industries. The use of this facility for a start up business incubator could be used as a platform to springboard local entrepreneurs with technology solutions for the wine and wellness industries.

Lastly, improvements to the airport itself could help promote businesses within the AIA. Whether the airport expands its capabilities for charter flights or possibly attracts shuttle service between other tourism destinations, the airport can better serve both the wine and tourism industries here in the Napa Valley.

STRATEGIES FOR DEVELOPMENT:

Supporting compatible businesses

- 2.1 Marketing and Economic Development**
- 2.2 Runway reconstruction**
- 2.3 Airport**
- 2.4 Business Incubator**

2.1 MARKETING AND ECONOMIC DEVELOPMENT

- I. Renaming the AIA the “Napa Valley Wine Business Center” would take advantage of the Napa Valley name. “Airport Industrial Park” does not lend to an attractive opportunity for businesses looking to find a new home. The AIA name may also cause confusion with potential developers as this is not an airport park, rather an area use to support the wine industry.
- II. Napa County should attract new companies to the AIA by leveraging off of the Napa Valley name. This might include branding the Napa Valley name for manufacturing of luxury items including fine foods and wellness products (examples of goods for manufacturing include: gourmet local cheese, microbrewery beer, fine soaps for resorts, chocolate, bottled sauces, etc.).

- III. Napa County can market the AIA in a unique way to locate new businesses: “to create sizzle”: 1) All solar and/or wind energy access 2) WiFi overlay area.
- IV. Napa County has met with the City of Napa to discuss beginning the process to complete a Comprehensive Economic Development Strategy, or CEDS. According to the United States Department of Commerce, a CEDS “is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources.

A CEDS integrates a region's human and physical capital planning in the service of economic development. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs for the region's residents.

A CEDS must be the result of a continuing economic development planning process developed with broad-based and diverse public and private sector participation, and must set forth the goals and objectives necessary to solve the economic development problems of the region and clearly define the metrics of success. Finally, a CEDS provides a useful benchmark by which a regional economy can evaluate opportunities with other regions in the national economy, and would provide Napa opportunities to apply for competitive federal grants for economic development.

RECOMMENDED ACTION:

- The Committee recommends the Board identify an appropriate economic development and marketing entity that could be engaged to help market and attract businesses to the AIA, as an implementation component of the CEDS.
- The Committee recommends the Board explore solar and wind options for energy supply in the AIA.
- The Committee recommends the County to work with the cities of American Canyon and Napa and the Workforce Investment Board on a Comprehensive Economic Development Strategy. The cost to prepare this strategy is estimated at \$30,000 between the involved parties, with the potential for a grant contribution from the federal Economic Development Administration.

2.2 RUNWAY RECONSTRUCTION

Runway 18R-36L: A large portion of Runway 18R-36L was constructed in 1943 and will need reconstruction in the near future. The County should consider reconstruction of the runway based on current aircraft demands, which would require an increase in the runway's weight bearing capacity. This may require amendment of an ordinance that was created through a ballot initiative.

RECOMMENDED ACTION: This Committee recommends the Board direct the Department of Public Works to present to the Board with the necessary steps that would improve Runway 18R-36L, including determination on whether or not a ballot measure is necessary to authorize such a project.

2.3 AIRPORT

The Airport plays an important role in the County's economic vitality. The County should take appropriate steps to ensure that the facility is properly maintained to meet current and future demands. The County should also explore potential opportunities to bolster its positive impact on the local economy.

RECOMMENDED ACTION:

- **Scheduled Commercial Air Service:** The County should examine the potential for allowing limited scheduled commercial service.
- **Air Cargo:** Permit cargo shipments of wine to reduce impact on truck traffic to other airports.
- **Marketing:** Work with the Napa Valley Destination Council to market private jets for wine and resort access. The County should also consider attracting destination shuttles to and from places like Las Vegas and Los Angeles.

2.4 BUSINESS INCUBATOR

A business incubator is a business center that provides a location for small businesses to get started and grow. Business incubators are well regarded as places for developing innovative job growth by focusing on creating white and green collar jobs.

There is a local effort to create a business incubator at the AIA. This shareholder group includes Sustainable Napa County, The American Canyon and Napa Chambers of Commerce, Napa Valley Community College, and Napa County. The current location under review for a potential incubator is the former JAL facility, which may lend to potential growth of new companies in remaining available office space in the AIA and surrounding corporate parks in the cities of American Canyon and Napa.

As mentioned previously, the County's Airport Enterprise Fund owns the former JAL facility located at the Napa County Airport, and is looking to fill the vacant space – potentially with growth-oriented, innovative companies. A business incubator provides a space and support services for businesses for approximately two years. After this, the participating businesses will need to find a more permanent location for their operations,

ideally within the spaces of the AIA. The County should assist in the development of a business incubator which focuses on technologies in the wine and fine food industries that complement the current industries and facilitating Napa Valley to remain a leader in wine production and innovator in wine technologies. The wine industry is currently experiencing many changes in area of packaging and marketing. Attracting new businesses to support this trend is very important to the continued success of Napa Valley's local economy. A partnership with UC Davis is highly desirable as this university not only graduates professionals with knowledge in viticulture and enology, it also introduces students with engineering interests in technologies related to marketing, bottling and storage.

Sustainable Napa County, the lead organization of this initiative, will need to collect approximately \$35,000 for this effort, which will result in a business plan for an incubator at the JAL site. Other stakeholders have verbally committed to contributing a portion of the total cost. Interested parties are the American Canyon and Napa chambers, the Napa County Workforce Investment Board, Napa Valley Community College, the City of Napa, and other interested individuals.

RECOMMENDED ACTION: This Committee recommends the Board to continue its efforts working with the stakeholders on this feasibility study and commit to becoming a partner in this venture by contributing between \$5,000 and \$10,000 to this study once the other stakeholders have committed to participating in the creation of the business plan.

CONCLUSION

The following table illustrates the Committees’ recommendations by level of support:

AIA BLUE RIBBON COMMITTEE SUGGESTIONS BY PRIORITY LEVEL

STRATEGY		COMMITTEE SUPPORT	RECOMMENDATION TO BOARD
HIGH PRIORITY			
1.1	Permitting	HIGH	Explore and develop processes to provide more certainty of approval and a quicker review process for development projects in the AIA;
1.2	Utilities: Water and Sanitation	HIGH	Explore alternate water sources and work with Napa Sanitation and American Canyon to explore options regarding the affordability of connection fees and rates; form a 2x2x2 committee with the City of American and the City of Napa to discuss access to utilities.
1.3	Transportation	HIGH	Expedite construction of Devlin Road
2.2	Runway	HIGH	Explore options to reconstruct Runway 18R – 36L
MEDIUM PRIORITY			
1.1	Permitting: EIR	MEDIUM	Explore the costs associated with completing an EIR to expedite development in the AIA.
2.1	Marketing and Economic Development	MEDIUM	Collaborate with a marketing or economic development entity on ways to provide a new marketing technique on leveraging the "Napa Valley" brand; contribute efforts to a CEDS study with the Cities of American Canyon and Napa.
2.3	Airport	MEDIUM	Explore the potential for limited scheduled commercial air service; and a joint effort with the Destination Council regarding marketing of charter flights for wine and tourism.
LOW PRIORITY			
1.4	Tax Incentives	LOW	Explore offering a tax incentive package to newly locating businesses in the AIA
2.4	Business Incubator	LOW	Continue current efforts working with the stakeholders on a feasibility study and commit to becoming a partner in this venture by contributing between \$5,000 and \$10,000 toward this study.