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CITY OF VISALIA, CA
REQUEST FOR PROPOSALS RFP No. 24-25-55

PREPARATION OF RESERVE AREA LAND USE DESIGNATIONS, SPECIFIC PLAN FOR POTENTIAL INDUSTRIAL LAND USES AND PROGRAM ENVIRONMENTAL IMPACT REPORT

ADDENDUM NO. 1

Issued: Wednesday, August 6, 2025

Proposals Due: **Thursday, August 21, 2025 at 2:00pm**

Addendum is being issued to provide responses to questions. This addendum becomes part of the RFP 24-25-55 document and must be signed and submitted with proposal.

ITEM 1: QUESTIONS/RESPONSES

Q1: Could you provide a copy of the Industrial Land Inventory Analysis (ILIA) referenced in the RFP?
R1: Attached is a copy.

Q2: Does the City anticipate allocating additional funds for this project based on the expected scope of work outlined in the RFP?
R2: At this time, City Council has authorized a budget of $300,000 for this project. If a budget increase is necessary to complete the project, staff may seek Council approval for additional funds or modify the scope of work.

Q3: Is the $300,000 budget for the first fiscal year or for the entire project?
R3 The entire project.

Q4: Regarding County projects listed in the RFP, are you looking for feedback on circulation or anything within that area since it may not go along with the ALUP? Are we looking to resolve those?
R4: No, we are not looking for resolution.

Q5: Is reconsideration necessary for the zoning classifications in the area and use limitations?
R5: No. Currently, these properties do not have a City zoning designation nor do they have a pre-zoning since the General Plan designated this area as Reserve. There is no reconsideration necessary.

Q6: Confirming that you are expecting a specific plan that is consistent with State law, that has an infrastructure plan, financing plan, EIR, architecture design standards, land use and zoning?
R6: That is correct.

Q7: Is the Specific Plan only going to cover the industrial plan areas or will it cover the entire reserve area?
R7: The industrial use area.

Q8: Does the City need the consultant to provide coordination with the Airport Land Use Commission, or will City staff be taking the lead on this?
R8: City staff will take the lead on this.

Q9: Should the ILIA be used as a baseline assumption or do we need to revisit any of the recommendations or findings from that study?
R9: The ILIA shall be used as a baseline assumption.

Q10: The study recommended 405 additional acres of industrial land to be designated within the entire reserve area. Is there a need to revisit whether there could be a need to identify additional industrial land?
R10: There should be an assessment of at least 405 acres of industrial use in the Reserve Area. Staff believes that the Reserve Area immediately adjacent to the Visalia Airport is where industrial uses may be best located and that area may consist of more than 405 acres.

Q11: Should we rely heavily on the General Plan EIR?
R11: The General Plan EIR should not be heavily relied on. The Reserve definition in the EIR says that use of lands in the Reserve designation is anticipated to remain in agriculture.

Q12: Regarding the Visalia Industrial Specific Plan and EIR (RFP 24-25-55), it is assumed that the City will be requiring a Water Supply Assessment (WSA) to be prepared for the project. If so, will the City procure this directly through Cal Water or do we need to include a WSA in the scope of the EIR?
R12: It is unknown if a Water Supply Assessment would be required by Cal Water at this time. If one were to be required, and this required a budget increase for this project scope, staff may seek Council approval for additional funds and/or modify the scope of work.

END OF ADDENDUM NO. 1
/s/ Purchasing Division
(559) 713-4334

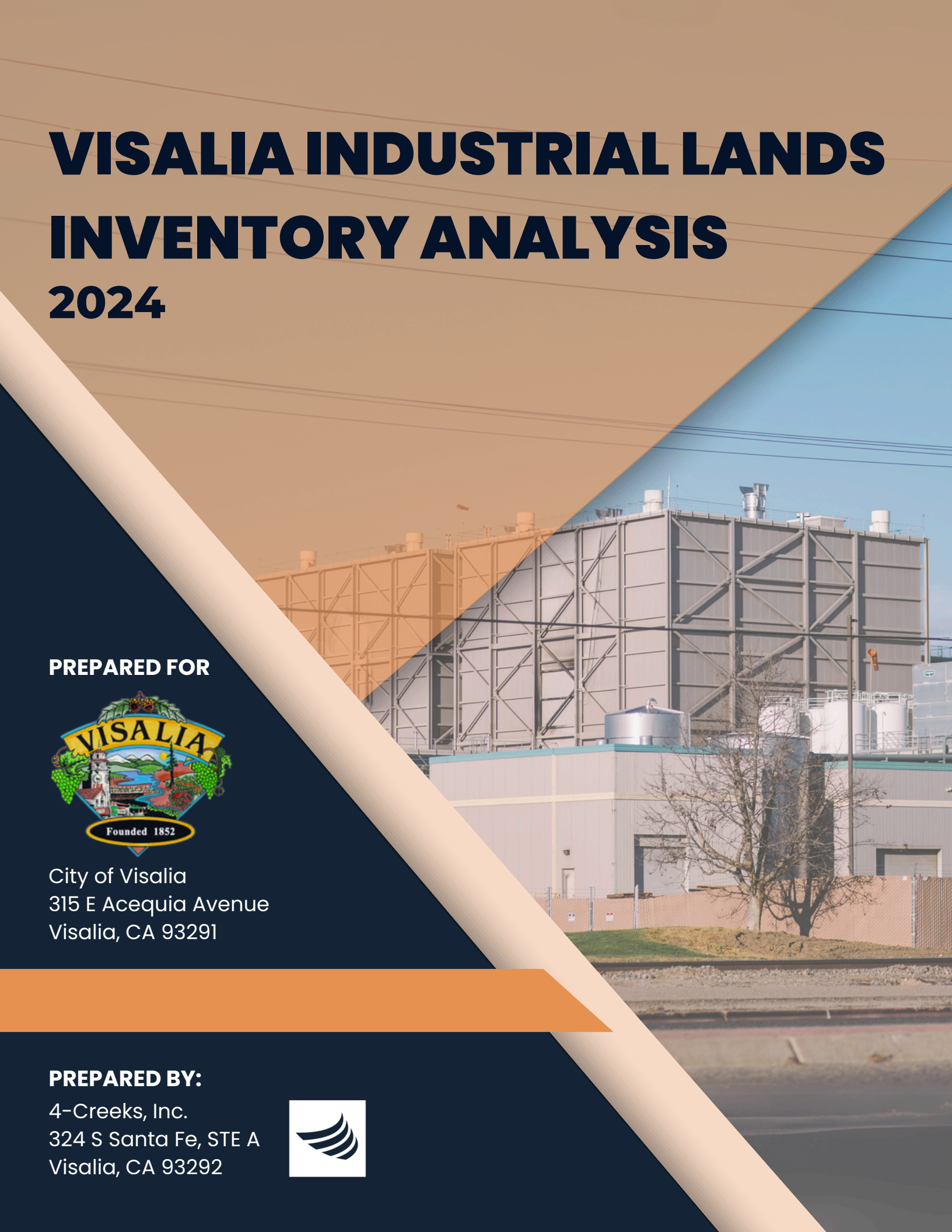
Respondent to sign and submit with Proposal

Firm: _____ Date: _____

By: _____
Respondent's Signature

Attachment 1: 2024 Visalia Industrial Lands Inventory Analysis

VISALIA INDUSTRIAL LANDS INVENTORY ANALYSIS 2024



PREPARED FOR

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EXECUTIVE SUMMARY

Purpose and Scope

The Industrial Lands Inventory Analysis (ILIA) for the City of Visalia provides a comprehensive assessment of the industrial land supply and opportunities within the city. This analysis aims to inform policymakers, planners, and stakeholders about the current and future potential of industrial land, aligning with the city's General Plan. The report evaluates each parcel's availability, suitability, and readiness, focusing on key aspects such as alignment with city goals, regulatory consistency, infrastructure adequacy, environmental constraints, and market demand.

Key Findings

INDUSTRIAL LANDSCAPE

Visalia's industrial landscape is categorized into three primary land use designations:

- **Industrial:** For primary manufacturing, processing, and refining activities.
- **Light Industrial:** For light manufacturing, warehousing, and distribution.
- **Business Research Park:** Emphasizing research and development uses.

The General Plan allocates approximately 4,026 acres for industrial uses, with around 1,164 acres available for future development. Most industrial activities are concentrated in the northwest corner of the city, in the City's Industrial Park.

INFRASTRUCTURE AND TRANSPORTATION

Visalia benefits from a comprehensive network of major roadways, including State Route 99 and State Route 198, which enhance local and regional connectivity. The city's industrial zones, particularly in the northwest, are strategically located near these highways, facilitating efficient transportation logistics. Additionally, Visalia Municipal Airport and the San Joaquin Valley Railroad provide critical infrastructure supporting industrial activities.

MARKET CONDITIONS AND PROJECTED GROWTH

The current market conditions for industrial land in Visalia reflect a tight and competitive environment, with a vacancy rate of only 1.6%. The demand for industrial space, particularly logistics facilities, remains strong. Various growth scenarios project significant additional space requirements by 2033, with potential needs ranging from 600,000 to 6.4 million square feet depending on economic conditions.

Current Market Conditions: Visalia's industrial and economic landscape has been evolving rapidly, signaling a vibrant future for the region's economy. The current market conditions for industrial land in Visalia reflect a tight and highly competitive environment. The industrial market has a vacancy rate of only 1.6%, which is well below the healthy benchmark of 5-6%, indicating a significant shortage of available industrial space.

Industrial Market Dynamics: Visalia's industrial market is characterized by a high demand for logistics facilities and distribution centers. The northwest part of Visalia, with direct access to Highway 99 and the availability of vacant land, has been the focal point of industrial activity. Speculative building projects dominate the new development landscape, with a shift towards constructing larger facilities to accommodate the demand from logistics and other industrial uses. The presence of large-scale distribution facilities underscores Visalia's strategic importance in regional and national logistics networks.

Projected Growth: To understand future demand for industrial space, the ILIA explores three growth scenarios:

1. **Historical Growth Scenario:** This scenario projects future demand based on past trends in industrial square footage growth. If the trend from the last decade continues, Visalia is expected to need approximately 3.9 million square feet of additional industrial space by 2033. This scenario assumes that the city will maintain its current growth trajectory, driven by its strategic advantages and robust industrial base.
2. **Low Job Growth Scenario**: Based on projected job growth for industrial sectors in Visalia, this scenario assumes a modest annual increase in industrial sector jobs at a rate of 0.6%. Under this scenario, Visalia would require between 600,000 and 1.6 million square feet of additional industrial space by 2033. For Tulare County as a whole, the demand is projected to be around 1.5 million to 4.1 million square feet. This scenario reflects a more conservative outlook, accounting for potential economic uncertainties and slower job growth.
3. **High Job Growth Scenario:** Based on projections from the California Employment Development Department (EDD), this scenario predicts an average annual job growth rate of 4.0% for the transportation and warehousing sectors. In this scenario, Visalia could see a demand for up to 6.4 million square feet of industrial space by 2033. This scenario assumes robust industrial development and significant expansion of the logistics and warehousing sectors, driven by strong economic conditions and high demand.

STRATEGIC OPPORTUNITIES

Visalia's strategic location, pro-business environment, and competitive costs present significant opportunities for industrial growth. The city's central position in California, affordable industrial land, and supportive local government policies make it an attractive destination for industrial investment.

1. **Strategic Location and Accessibility:** Visalia's central location in California provides unparalleled logistical benefits. The city is positioned along State Route 99, a major north-south artery, and near Interstate 5, one of the most significant transportation corridors on the West Coast. This strategic positioning enables businesses to efficiently transport goods to major markets such as Los Angeles, the Bay Area, and the Central Valley. The proximity to major ports, such as the Port of Los Angeles and the Port of Long Beach, allows for seamless integration into international shipping routes. Additionally, Visalia Municipal Airport and the San Joaquin Valley Railroad enhance the city's connectivity, making it an ideal hub for distribution and logistics operations.

2. **Pro-Business Environment:** Visalia's local government is known for its pro-business attitude, characterized by streamlined processes and supportive policies. The city offers a rapid Site Plan Review (SPR) process, enabling quick project approvals and minimizing bureaucratic delays. The efficient permitting and entitlement procedures, combined with open lines of communication with industry leaders, foster a favorable business climate. This supportive environment encourages industrial investment and development, making Visalia an attractive destination for businesses looking to expand or relocate.
3. **Competitive Costs:** Visalia offers a cost advantage over larger industrial markets such as Los Angeles and the Bay Area. The lower cost of land and operations in Visalia allows businesses to invest in larger or more advanced facilities without the prohibitive expenses associated with more densely populated areas. Additionally, the city's affordable living costs make it easier to attract and retain talent. Competitive wages combined with a lower cost of living enhance the quality of life for employees, contributing to a stable and satisfied workforce. The availability of affordable housing further supports this dynamic, ensuring that workers can find comfortable living arrangements close to their workplaces.
4. **Future Development Potential:** Visalia's industrial sector is poised for significant growth, with several large-scale projects already underway. The city's strategic planning and readiness to accommodate new industrial activities are evident in the substantial amount of vacant land designated for industrial use. Planned developments, such as the Seefried Industrial Properties complex and other large distribution centers, indicate strong future demand and a proactive approach to meeting it. By leveraging its strategic location, supportive business environment, and commitment to sustainability, Visalia is well-positioned to attract diverse industrial activities and drive long-term economic growth.

KEY CHALLENGES

1. **Labor Supply:** Attracting and retaining a skilled workforce is crucial. Adequate housing development is essential to support the industrial workforce.
2. **Regulatory Factors:** State and federal regulations, particularly those related to vehicle miles traveled (VMT) and air quality, present hurdles for industrial growth.
3. **Infrastructure:** Ensuring adequate power, water, and sewer infrastructure is vital for supporting industrial activities.

Recommendations

To capitalize on these opportunities and address the challenges, the following recommendations are proposed:

- **Recommendation #1: Designation of Additional Industrial Land.** To support projected industrial growth, it is recommended that an additional 405 acres within the Reserve area be designated for industrial development. This will address the anticipated shortfall and ensure that Visalia can accommodate future industrial development needs. The Reserve area is particularly suitable for this designation due to its proximity to SR99 and the Caldwell interchange, enhancing transportation connectivity and making it an ideal location for industrial use.

- **Recommendation #2: Utilities Expansion.** Extend water, sewer, and stormwater lines to the Reserve area to support the newly designated industrial land. This expansion is critical to ensuring that the area has the necessary infrastructure to support industrial activities and attract new businesses. The proposed extensions along Shirk Road and Caldwell Avenue will connect this area to City services, facilitating industrial development.

- **Recommendation #3: Shirk Road Expansion.** Fully build out Shirk Road to its ultimate Right-of-Way from Caldwell Avenue to SR 198. This expansion will support and accelerate industrial development in the reclassified Reserve area by improving transportation connectivity. Enhancing Shirk Road will make the area more accessible and attractive to industrial developers, stimulating economic growth and creating job opportunities.

- **Recommendation #4: Renewable Energy Development.** Establish a solar facility west of SR 99 near the wastewater treatment plant to increase power generation capacity and support additional industrial development. This renewable energy initiative reduces the City's reliance on non-renewable energy sources and will provide clean energy to meet the industrial area's growing energy demands.

- **Recommendation #5: Workforce Housing.** Designate additional land for residential use to accommodate the projected increase in the workforce needed for industrial growth. Ensuring an adequate supply of housing is essential to maintaining a stable labor force and preventing labor shortages from hindering industrial development. Suitable areas for residential development include portions of the Reserve area that do not overlap with airport safety zones and other areas within the City's Sphere of Influence (SOI). This will support the creation of approximately 3,000 new jobs and ensure the housing supply keeps pace with industrial growth.

- **Recommendation #6: Inclusion of Comprehensive Medical Facilities and Services in the Business Research Park Zone.** Expand the allowable uses within the Business Research Park zoning designation to include a broader range of medical offices, healthcare-related research facilities, pharmaceutical and biomedical labs, and support services for medical offices. This expansion will support the growing healthcare sector, enhance economic development, and provide greater access to healthcare services for the community.

Conclusion

The ILIA for the City of Visalia highlights a dynamic and evolving industrial landscape poised for significant growth. By addressing key challenges and leveraging strategic opportunities, Visalia can continue to attract and retain industrial investments, driving economic development and improving the quality of life for its residents. The insights and recommendations from this analysis will guide the city's efforts to achieve sustainable growth and long-term prosperity, ensuring that its industrially designated lands remain critical investments for economic resiliency and community well-being.

SECTION 1: INTRODUCTION

1.1 Purpose and Scope of the ILIA

This Industrial Land Inventory Analysis (ILIA) report provides a comprehensive overview and strategic assessment of industrial land supply opportunities within the City of Visalia. This analysis identifies industrial land's current and future potential based on a detailed evaluation of each parcel's availability, suitability, and readiness within the policy framework established by the City's Visalia General Plan. It is intended to help inform policymakers, planners, and stakeholders as they consider industrial land allocation, development, and management within the City. The specific focus of this report includes a consideration of:

1. How well industrial land aligns with City goals and the production of non-residential land uses;
2. The consistency of land use regulations;
3. The adequacy of infrastructure;
4. The potential environmental constraints; and
5. The strength of the market demand for industrial land necessary to serve the City's economic development objectives, while still allowing for the sustainable growth of the City.

To that end, this report aims to serve as a critical tool for strategic planning and proactive industrial land stewardship by the City of Visalia, ensuring that its industrially designated lands remain both engines of the economy and critical investments for economic resiliency and community well-being.

1.3 Methodology

The Industrial Land Inventory Analysis (ILIA) for Visalia was prepared using a comprehensive and multifaceted research approach. This methodology ensured a thorough understanding of existing conditions, potential growth sectors, and the alignment of Visalia's industrial land use with economic and community development goals. The key components of the methodology are detailed below.

DATA COLLECTION

The data collection process began with a thorough review of secondary data sources. Employment growth projections and job numbers were updated using JobsEQ, a tool providing detailed employment data and projections. This source was instrumental in refining industrial sector targets by comparing the latest employment growth projections for target industries, consistent with the 2021 VEDC plan. Additionally, previous market studies, including the 2021 Visalia Economic Development Corporation (VEDC) study, were reviewed to understand historical trends and future projections for industrial land use. The City of Visalia's General Plan and Zoning Ordinance were examined to comprehend the land use designations, policies, and regulations governing industrial development.

Primary data collection involved conducting in-depth interviews with local property owners, developers, real estate agents, and other relevant stakeholders. These interviews provided valuable insights into the needs, opportunities, and challenges within Visalia's industrial sector. Furthermore, site visits were performed to assess the current state of industrial lands and infrastructure, and surveys were distributed to gather additional input from stakeholders and the general public.

DATA ANALYSIS

The data analysis phase incorporated spatial and market analyses, as well as environmental and regulatory assessments. GIS tools were used to map existing industrial lands, infrastructure, and environmental constraints. This spatial analysis helped identify suitable areas for future industrial development and assess the accessibility of current industrial zones.

A detailed market analysis evaluated the demand for industrial land and buildings, considering vacancy rates, lease rates, and the absorption of industrial space. The economic viability of industrial development in Visalia was assessed by examining market conditions, employment trends, and the financial performance of industrial projects. Environmental constraints, such as flood zones, contamination sites, and natural resource areas, were identified and evaluated to understand their impact on industrial development. Additionally, the regulatory environment was analyzed to ensure compliance with local, state, and federal regulations, and to identify any potential barriers to development.

SCENARIO PLANNING

Three growth scenarios were explored to understand future demand for industrial space: the Historical Growth Scenario, which projected future demand based on past trends in industrial square footage growth; the Low Job Growth Scenario, which considered modest annual increases in industrial sector jobs; and the High Job Growth Scenario, which was based on optimistic projections from the California Employment Development Department (EDD) predicting robust growth in the transportation and warehousing sectors.

Strategic planning for future land use and infrastructure needs was developed based on these scenarios. The findings informed recommendations to guide future land use planning and ensure the availability of suitable industrial lands. Infrastructure needs, including transportation, utilities, and other essential services, were also identified to support the projected industrial growth.

REPORTING AND RECOMMENDATIONS

The final phase of the methodology involved synthesizing the findings from the data collection and analysis phases into a comprehensive overview of Visalia's industrial landscape. Key trends, challenges, and opportunities were identified to inform strategic planning and policy recommendations. Preliminary findings and recommendations were presented to stakeholders for feedback, ensuring alignment with the needs and priorities of the community and key stakeholders. This feedback was incorporated into the final ILIA report, which was prepared with a focus on clarity, coherence, and actionable recommendations for policymakers, planners, and stakeholders.

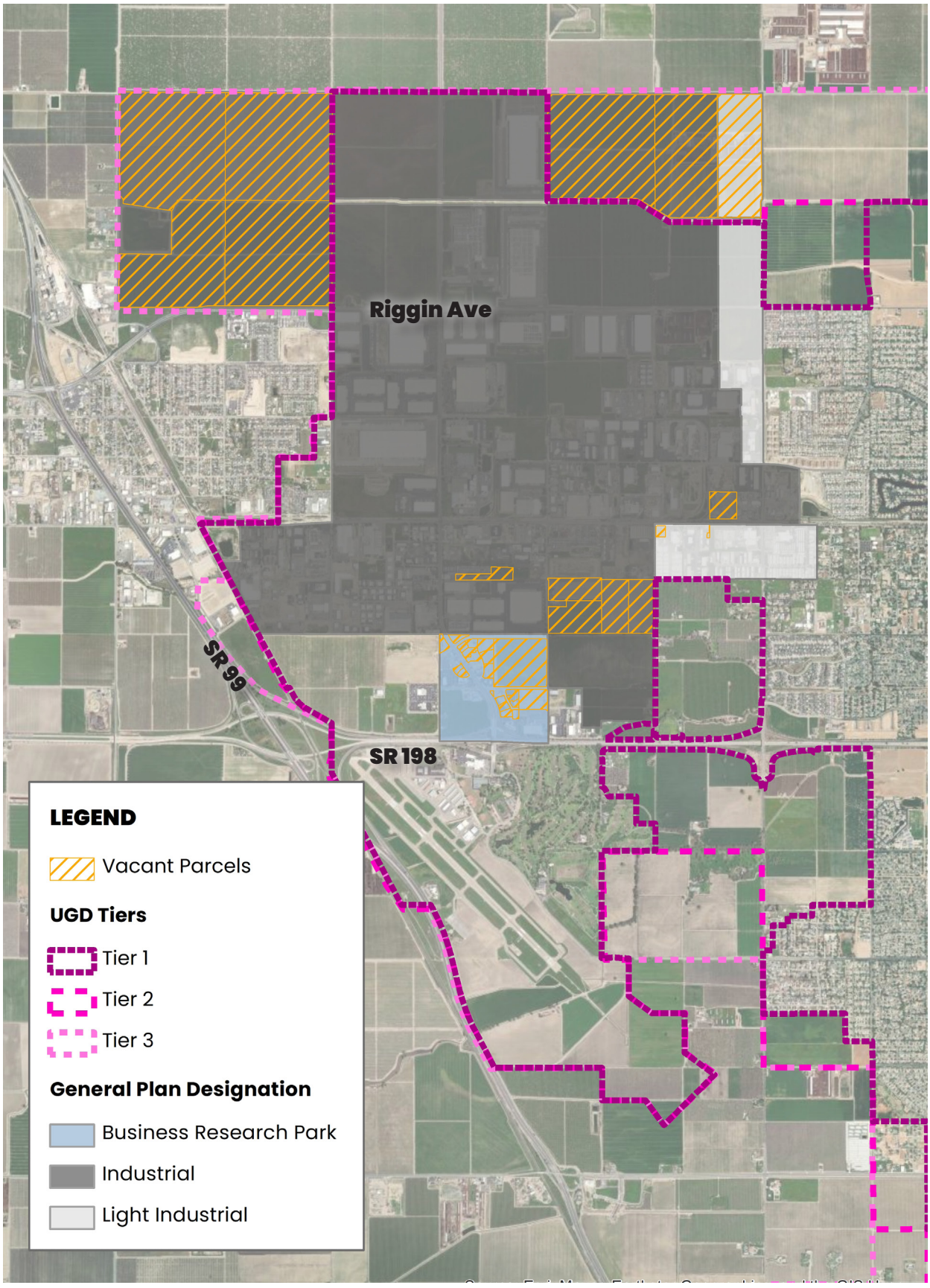
SECTION 2: VISALIA'S INDUSTRIAL LANDSCAPE & REGULATORY CONTEXT

2.1 Overview of Visalia's Industrial Land Use Designations

Visalia's industrial landscape, as delineated in the General Plan, encompasses three primary land use designations: Industrial, Light Industrial, and Business Research Park. Each designation serves a distinct purpose and accommodates various types of industrial activities essential to the city's economic development.

- **Industrial:** This designation allows for primary manufacturing, processing, refining, and similar activities, including outdoor facilities. It also accommodates warehousing and distribution with supporting commercial services and office space. Retail activities are not permitted. The maximum Floor Area Ratio (FAR) for this designation is 0.6, with buildout assumed at 0.15. Currently, this sector includes 389 parcels totaling 3,543 acres, with 945 acres remaining vacant.
- **Light Industrial:** This designation is intended for light manufacturing, warehousing, storage, distribution, research and development enterprises, and secondary office uses with limited customer access. The maximum FAR for this designation is 0.5, with buildout assumed at 0.2. The Light Industrial sector comprises 362 acres across 96 parcels, with 117 acres vacant.
- **Business Research Park:** This designation builds on the existing General Plan's Business Research Park category and emphasizes research and development uses. Land with this designation is intended for research and development enterprises, educational, and office (limited customer access) uses. Maximum FAR for this designation is 0.5; buildout is assumed at 0.1. This sector encompasses 48 parcels over 121 acres, with 102 acres vacant.

Visalia's industrial land usage is diverse, reflecting the city's strategic emphasis on fostering a robust industrial base while accommodating a variety of ancillary services. The distribution of industrial land usage underscores Visalia's role as a regional hub for logistics, manufacturing, and other industrial activities.


Riggin Ave
SR 99
SR 198
LEGEND
Vacant Parcels
UGD Tiers
Tier 1
Tier 2
Tier 3
General Plan Designation
Business Research Park
Industrial
Light Industrial

2.2 Current Uses

DISTRIBUTION AND WAREHOUSE

The most prominent feature of Visalia's industrial land is its extensive use for distribution and warehouse purposes. This sector occupies a total of 1,675 acres across 92 parcels, with an average parcel size of 18.76 acres. The prevalence of large-scale distribution facilities underscores Visalia's strategic importance in regional and national logistics networks. These facilities are designed to support high-volume storage and distribution operations, benefiting from Visalia's advantageous location near major transportation routes such as Highway 198 and Highway 99. This segment's dominance is indicative of the broader economic trend towards centralized distribution hubs that support e-commerce and retail supply chains.

LIGHT AND HEAVY MANUFACTURING

Visalia also supports a significant manufacturing sector, divided into light and heavy manufacturing categories. Light manufacturing occupies 354.76 acres across 46 parcels, averaging 7.86 acres per parcel. These facilities engage in various production activities that require less space and infrastructure compared to heavy manufacturing but are vital for the city's economic diversity.

Heavy manufacturing, while smaller in total acreage, covers 122.91 acres distributed among 9 parcels with an average size of 13.66 acres. These larger parcels are indicative of the space-intensive nature of heavy manufacturing activities, which include the operation of large machinery, extensive production lines, and significant infrastructure requirements. The presence of both light and heavy manufacturing highlights Visalia's ability to attract and sustain diverse industrial operations, from precision manufacturing to large-scale production.

OTHER INDUSTRIAL USES

Other industrial activities occupy 223.16 acres distributed across 66 parcels, with an average parcel size of 3.42 acres. This category encompasses a variety of industrial operations that do not fit neatly into the distribution, light manufacturing, or heavy manufacturing categories. The smaller average parcel size in this category suggests a range of less space-intensive activities, which may include specialized production, industrial services, and small-scale manufacturing.

INDUSTRIAL SHOPS AND UTILITIES

Industrial shops, which are the most numerous in terms of parcel count, occupy 186.16 acres across 157 parcels, averaging just 1.23 acres per parcel. These shops typically include small-scale production, repair services, and specialty industrial activities that support the broader industrial ecosystem in Visalia and across the San Joaquin Valley region.

Utilities, essential for the functioning of industrial activities, occupy 75.25 acres over 30 parcels, averaging 2.51 acres each. These parcels house infrastructure critical for water supply, electricity, and other essential services that underpin industrial operations.

COMMERCIAL, PROFESSIONAL, AND MISCELLANEOUS USES

Commercial uses within industrial zones cover 104.53 acres across 25 parcels, with an average parcel size of 4.18 acres. These commercial establishments provide retail and service-oriented businesses that support the industrial workforce and operations. The inclusion of commercial uses within industrial zones indicates a mixed-use approach that enhances the convenience and amenities available to workers.

Professional spaces, necessary for administrative and support functions within industrial areas, occupy 31.92 acres across 21 parcels, with an average size of 1.52 acres. These smaller parcels ensure that managerial and operational activities are efficiently integrated into the industrial landscape.

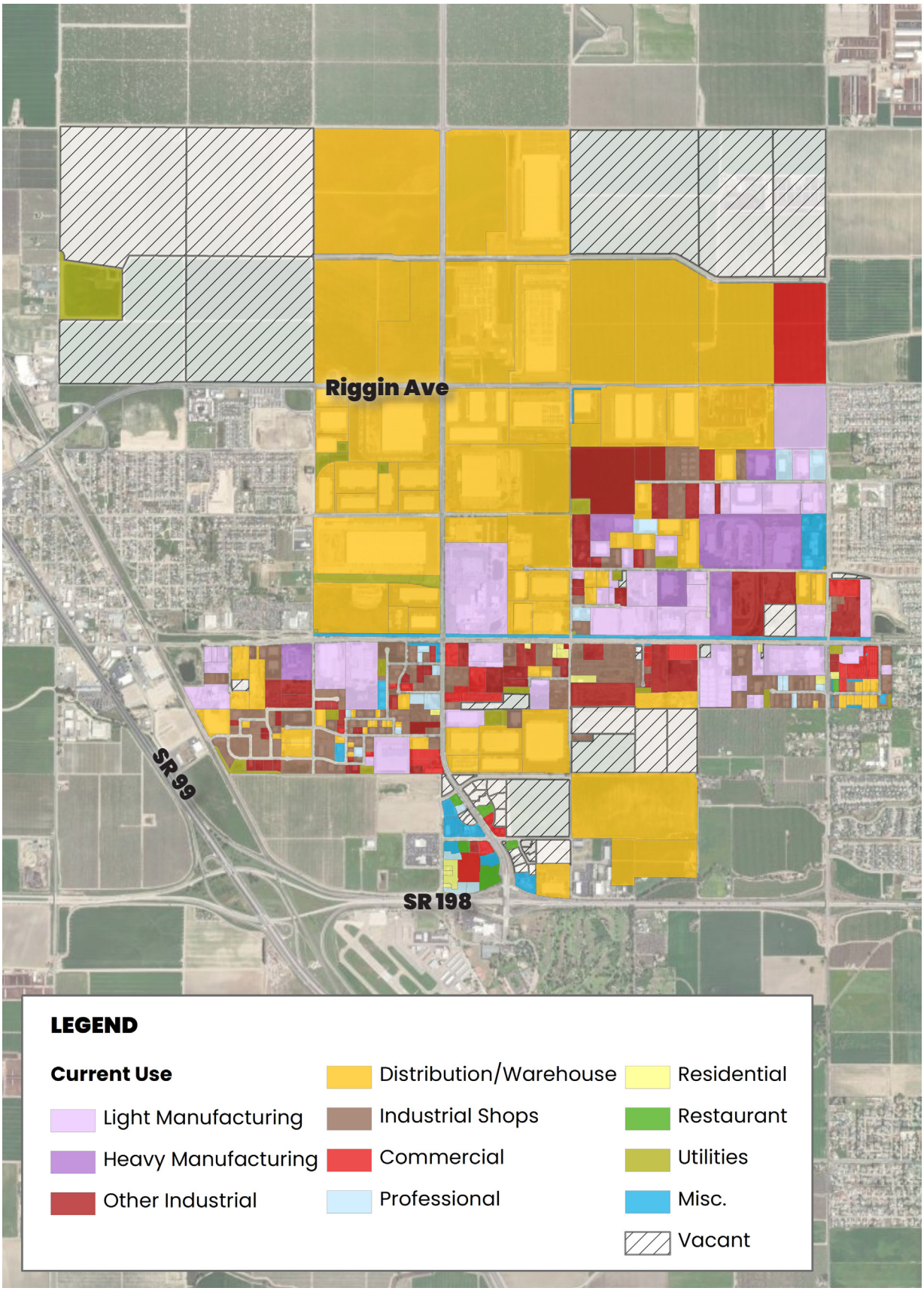
Miscellaneous uses, which include various activities such as rail stops and outlots, occupy 79.28 acres across 30 parcels, averaging 2.64 acres each. These parcels often serve niche or auxiliary functions that are critical for the smooth operation of the industrial area.

RESIDENTIAL AND RESTAURANTS

Residential and restaurant uses within industrial zones remain limited, with residential areas spanning 10.38 acres across 14 parcels and restaurants covering 9.51 acres across 6 parcels. These residential areas were in place before the industrial park's development, rather than being a deliberate part of the industrial zoning plan.

VACANT LAND

A sizable portion of Visalia's industrial land, totaling 1,164 acres across 41 parcels, remains vacant, with an average parcel size of 26.77 acres. This vacant land represents substantial potential for future industrial development, reflecting Visalia's strategic planning and readiness to accommodate new industrial activities and expansions.


Riggin Ave
SR 99
SR 198
LEGEND
Current Use
Light Manufacturing
Heavy Manufacturing
Other Industrial
Distribution/Warehouse
Industrial Shops
Commercial
Professional
Residential
Restaurant
Utilities
Misc.
Vacant

2.3 Policy and Regulatory Framework

VISALIA INDUSTRIAL LAND USE STRATEGY

Several policies and regulations are critical in shaping the landscape of Visalia's developing industrial sectors. The Visalia General Plan is a cornerstone document guiding the City's development patterns and land use decisions. It encompasses various elements influencing industrial development, including land use designations, infrastructure planning, and environmental stewardship.

The Visalia General Plan's approach to industrial development focuses on fostering economic growth through strategic land use planning, improving infrastructure, and ensuring efficient transportation and connectivity. The plan emphasizes the development of industrial parks that support manufacturing, warehousing, and logistics operations, while ensuring compatibility between industrial lands and adjacent uses.

VISALIA GENERAL PLAN OBJECTIVES & POLICIES FOR INDUSTRIAL LAND USE

The Visalia General Plan includes specific objectives to ensure the growth and development of industrial areas while maintaining harmony with neighboring land uses. These objectives are:

- LU-O-33: Provide adequate land in a variety of parcel sizes for industrial development and strengthen the City's role as a regional manufacturing center.
- LU-O-34: Ensure compatibility between industrial lands and adjacent dissimilar land uses.

These objectives are supported by detailed policies aimed at promoting well-planned industrial development, ensuring compatibility with surrounding areas, and maintaining high standards for infrastructure and design. Key policies include:

- LU-P-98: Update the Zoning Ordinance to reflect the Business Research Park designation allowing for light manufacturing, warehousing, storage distribution, R&D enterprises, and secondary office uses.
- LU-P-99: Reflect the Industrial designation in the Zoning Ordinance to allow for primary manufacturing, processing, refining, and similar activities, including those with outdoor facilities, and also accommodate warehousing and distribution with supporting commercial services and office space. Retail is not permitted.
- LU-P-100: Establish zoning standards to assure high-quality design and site planning for large-scale industrial development, including requirements for landscaping, visual screening, and unified façade treatment.
- LU-P-101: Allow secondary uses within industrial developments such as restaurants, cafes, small convenience stores, and day care facilities to serve area employees.
- LU-P-102: Ensure the timely completion of necessary infrastructure to support new industrial development.
- LU-P-104: Preserve land designated for light and heavy industrial uses by limiting the intrusion of free-standing retail, commercial, or service commercial uses.
- LU-P-105: Assist in the relocation of older existing service commercial and industrial uses from East Downtown or other redevelopment areas to designated similar use areas.

- LU-P-106: Develop performance standards to minimize negative impacts associated with new or expanded service commercial and industrial development.
- LU-P-107: Reserve adequate sewage treatment plant capacity and sewerage capacity to meet the projected needs of industrial growth.

VISALIA GENERAL PLAN POLICIES FOR INDUSTRIAL CIRCULATION

The Visalia General Plan outlines several transportation policies designed to bolster industrial development by enhancing rail and transit infrastructure, thereby improving connectivity and logistics for industrial activities. These policies include:

- T-P-66: Before approving subdivision maps or developing identified properties in the Industrial Park, the City will explore with the project applicant options for acquiring or dedicating right-of-way for freight rail spurs.
- T-P-67: Participate in the planning process for a potential Cross Valley Rail Line, which could provide east-west light rail service from Visalia to Huron and potentially connect to a future High-Speed Rail system.
- T-P-68: Evaluate the feasibility of a future local light rail system or bus rapid transit (BRT) system in Visalia, which could connect to Tulare to the south and points east and west. The City should preserve right-of-way to support the preliminary light rail corridor or BRT system along Goshen Avenue, K Street, Santa Fe Street, and other roadways as depicted on the Land Use diagram if either light rail or BRT is judged financially feasible.
- T-P-69: Support regional high-speed inter-city rail development and service. Should California High Speed Rail develop a station in Hanford (or elsewhere in Kings or Tulare County), work with the California High Speed Rail Authority to develop local connections coordinated with the train schedule.
- T-P-70: Support continued freight service in Tulare County, specifically the development of freight rail service within close proximity to agricultural processing industries.
- T-P-71: Continue to participate in and advocate for collaborative efforts to improve railroad transportation facilities and reduce conflicts with the street system.

These policies are focused on enhancing the industrial and transportation infrastructure, including the development and integration of freight rail services, light rail, and bus rapid transit systems, as well as supporting high-speed rail initiatives. They aim to improve access, efficiency, and connectivity for industrial areas, reflecting a comprehensive approach to planning and development within the region.

VISALIA MUNICIPAL CODE

Zoning laws detailed in the Visalia Municipal Code further refine the framework established by the General Plan, dictating the specific types of industrial activities that can occur in designated areas. These laws ensure that industrial development is compatible with surrounding land uses and meets the City's long-term objectives for growth and sustainability.

ENVIRONMENTAL REGULATIONS

Environmental regulations play a crucial role in ensuring that industrial development

in Visalia is sustainable and minimizes negative impacts on the environment. Two primary regulatory frameworks govern these activities: the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Additionally, the City of Visalia has implemented an Agricultural Land Mitigation Program to address the conversion of agricultural land to non-agricultural uses.

California Environmental Quality Act (CEQA): CEQA is a state statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts if feasible. The key components of CEQA relevant to industrial development include:

- **Environmental Impact Reports (EIRs):** For projects expected to have significant environmental impacts, an EIR is required. This document provides a detailed analysis of potential impacts, including air quality, water quality, noise, and biological resources. It also outlines mitigation measures to reduce these impacts.
- **Mitigated Negative Declarations (MNDs):** If a project is found to have potential significant impacts that can be mitigated to less than significant levels, an MND may be prepared instead of an EIR.
- **Initial Studies:** An Initial Study is conducted to determine whether a project may have a significant effect on the environment. This study assesses various environmental factors and helps determine the appropriate level of review (EIR, MND, or Negative Declaration).

CEQA ensures public involvement through mandatory public comment periods and public hearings, allowing community members to participate in the review process and voice their concerns.

National Environmental Policy Act (NEPA): NEPA is a federal law that requires federal agencies to assess the environmental effects of their proposed actions prior to making decisions. Industrial projects in Visalia that involve federal funding, permits, or other federal actions must comply with NEPA. Key components of NEPA include:

- **Environmental Assessments (EAs):** An EA is a concise document that provides sufficient evidence and analysis to determine whether a federal action would significantly affect the environment. If the impacts are found to be significant, an EIS is required.
- **Environmental Impact Statements (EISs):** An EIS is a comprehensive document that describes the impacts of a proposed federal action on the environment, considers alternatives, and discusses mitigation measures.
- **Categorical Exclusions (CEs):** Some actions may be categorically excluded from detailed environmental analysis if they are found to have no significant environmental impact.

Both CEQA and NEPA emphasize the importance of considering environmental consequences early in the planning process, ensuring that potential impacts are identified and addressed before project implementation.
Agricultural Land Preservation Program: The City of Visalia has implemented an agricultural land mitigation program to address the impact of converting agricultural

land to non-agricultural uses. This program is designed to help developers comply with CEQA by providing a clear pathway for mitigating the loss of agricultural land. Chapter 18 of the Visalia Municipal Code provides detailed guidelines for implementation of the Agricultural Land Preservation Program, including the criteria for identifying suitable mitigation lands, the process for securing mitigation easements, and the requirements for maintaining the preserved agricultural land in perpetuity.

2.4 Summary and Implications for Future Development

Visalia's industrial landscape is characterized by diverse land use designations, a substantial inventory of developed and vacant land, and a robust regulatory framework that supports sustainable industrial growth. The city's readiness for future development is evident in its strategic planning and forward-thinking approach to regulatory compliance. This foundational understanding sets the stage for subsequent sections that will delve into the economic conditions, infrastructure, and other factors influencing industrial development in Visalia.

SECTION 3: ECONOMIC & MARKET ANALYSIS

3.1 Current Market Conditions

Visalia's industrial and economic landscape has been evolving rapidly, with significant developments in its industrial park that signal a vibrant future for the region's economy.

The current market conditions for industrial land in Visalia reflect a tight and highly competitive environment. With a vacancy rate of only 1.6%, the industrial market is well below the healthy benchmark of 5-6%, indicating a significant shortage of available industrial space. The demand remains strong for all classes of industrial buildings up to 150,000 square feet, with developers now testing the market for even larger buildings.

Lease rates for industrial properties have been trending upward, particularly for newer developments which tend to be leased quickly. Older buildings with lower ceilings command lower lease rates compared to modern facilities with higher specifications.

The city's industrial growth has been fueled by its strategic location, providing easy access to major highways and proximity to key markets such as Los Angeles and the Bay Area. This geographical advantage positions Visalia as an attractive alternative for industrial activities spilling over from larger markets like the Inland Empire, Fresno, and Bakersfield.

3.2 Analysis of Market Trends and Demand for Industrial Space

The Visalia Industrial Land Inventory analysis reveals significant insights into market trends and demand for industrial space. Initial assessments indicate Visalia has emerged as a vital hub for logistics operations and is a burgeoning market for industrial development, with the city fostering a conducive business climate.

The northwest part of Visalia, with direct access to Highway 99 and the availability of vacant land, has been the focal point of industrial activity. The COVID-19 pandemic, while impacting some sectors negatively, has notably increased demand for logistics facilities. This ongoing high demand and a low vacancy rate signals the need for new development.

Visalia's building stock is generally newer and has shifted towards accommodating larger buildings. The city has successfully attracted various industrial uses, including

distribution, warehousing, fulfillment, and manufacturing, with logistics driving the current market. Data from CoStar reveals that the wider Visalia (Tulare County) market has approximately 41.9 million SF of industrial building space with 1,372 buildings. While the average size of overall industrial building space in the market is around 30,500 SF, the average for new building inventory delivered since 2013 is 84,100 SF, so we see an increase in building size, mainly due to the logistics and distribution sector.

3.3 Interview Results With Developers

In initial conversations with industrial property developers and brokers, they agreed that Visalia is an emerging market for industrial development. In their assessment, the City has created a favorable business climate for industrial development and has been responsive to the needs of developers. In general, Visalia has done a better job with staying ahead of CEQA and entitling industrial land for future development than, for example, Fresno.

- **Within Visalia, most of the industrial activity is located in the northwest part of the city.** This is also the focus of interest for new development. The location has the most direct access to Highway 99, and there is still vacant land in that area that can be used for future industrial development. This is also the area where the larger buildings can locate. Other areas with existing industrial development are viewed as less desirable locations.

- **Visalia is viewed as a spillover market from larger Central Valley markets such as Fresno and Bakersfield, and from Southern California.** Most notably, industrial demand initially expanded into the Central Valley from the Inland Empire (San Bernardino and Riverside counties), which has seen large scale growth with logistics facilities serving the ports of Los Angeles and Long Beach. The building stock in Visalia is generally newer than in Fresno. In general, the industrial development along the I-5 corridor is almost entirely about accommodating logistics operations. Industrial spaces along Highway 99 also heavily engage in logistics activity, but also serve other types of business activity, such as manufacturing and construction support. The Highway 99 corridor is seen as a more favorable location for business operations that serve more of the local and regional markets in the Central Valley. Highway 99 also has a higher density of labor living along the corridor.

- **One key change in the perception of Visalia as an industrial development location is that they are now viewed as a good location for larger buildings.** Most of the building inventory in Visalia has been under 100,000 square feet (SF). The traditional range for most of the Central Valley has been in the 25,000 to 100,000 SF range. Those buildings in Visalia are generally older and have good demand. Over the past 5 to 6 years, the introduction of distribution centers has seen more development in the 250,000-1 million SF range. That market has cooled off recently, and the more recent deals are more in line with what the Valley has historically supported. For logistics, Visalia remains reasonably close to the ports in Los Angeles and Long Beach and has large market area coverage within a one-day drive. One stakeholder comment regarded Visalia's location as being in the "sweet spot." The demand for smaller industrial buildings is largely driven by more local-

serving businesses. But the demand is strong for all building classes up to 150,000 SF. Developers are now testing the market for buildings larger than that, and the overall trend seems to be towards larger buildings moving forward.

- **The market conditions for Visalia's industrial buildings were already strong and trending upward before the COVID-19 pandemic.** While the pandemic had negative impacts on some industry sectors, demand for logistics facilities went up during the pandemic. Demand remains high for industrial properties throughout the Visalia regional market, even though the perception is that it has fallen off slightly over the last 6 months. With new buildings coming online, the vacancy rates may increase slightly. But Visalia's inventory has run short of demand for years.

- **Lease rates in general have been trending upward.** Older buildings with lower ceilings tend to have lower asking lease rates than the newer developments. Newer buildings tend to be leased quickly, and companies are locating to Visalia from more expensive markets.

- **Although industrial building tenants include a mix of distribution, warehousing, fulfillment, manufacturing, and other industrial uses, logistics is currently driving the market.** Logistics tenants now look for more trailer parking spaces in the warehousing and distribution spaces than before. Dock height clearances (36 to 40 feet); and water, sewer, and power supply are more important for manufacturing. Distribution looks for higher ceilings and fire suppression. Some increasing demand for office spaces within the industrial spaces. Yard space for parking and storage are now more important to industrial tenants in general. Construction contractor yards are another large source of unmet demand.

- **Supply for industrial buildings still does not meet demand, and the low vacancy rates are not a sign of a healthy and balanced market.** A vacancy rate closer to 6 percent would be considered healthy. A lot of the available industrial building product is on the older side, so newer building development is needed. Projects in the pipeline should meet the short-term demand, but the market remains short of smaller units with dock access.

- **For new development, most projects begin as speculative buildings rather than build-to-suit.** In general, once a building is entitled and construction begins, potential tenants will step in and the project development will proceed with the building built more to the tenant's needs. A project with 1 million SF is going up as a spec development.

- **Future industrial growth in Visalia will also depend on the city's continued ability to provide for adequate housing to workers and infrastructure needs.** The labor supply, affordability, and quality of life factors are driving demand for Visalia. Because of the tremendous job growth in the industrial sectors, there's increasing concern about the labor supply.

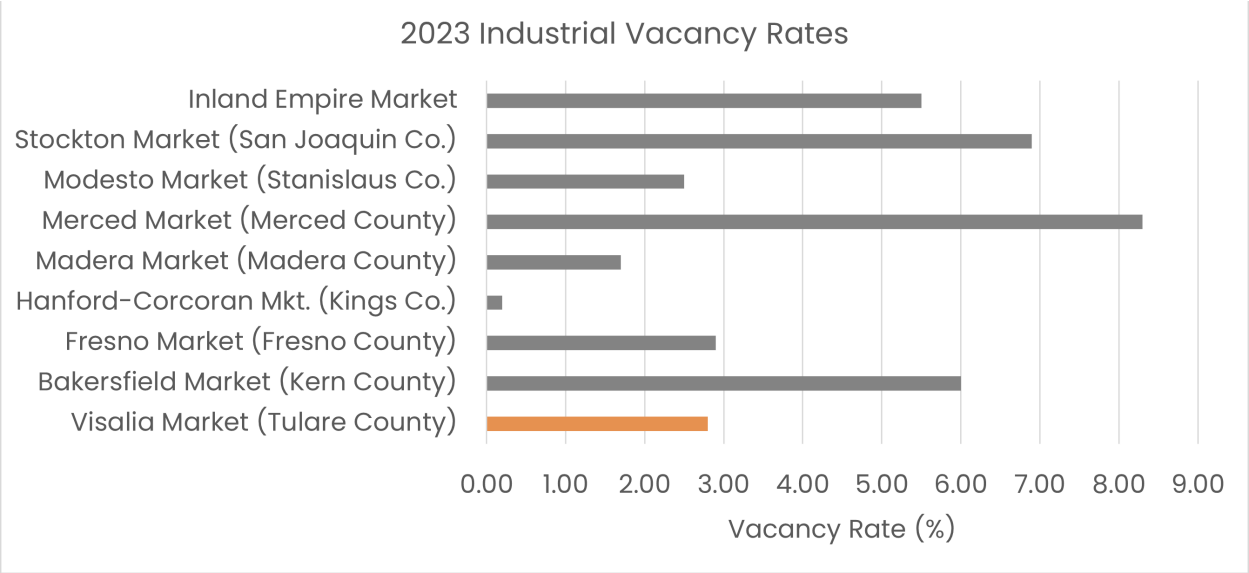
- **There is concern about the entitled industrial land in Visalia being tapped out soon.** One stakeholder estimated that there is about 600 to 800 acres available. The CEQA process is difficult in general and takes years.

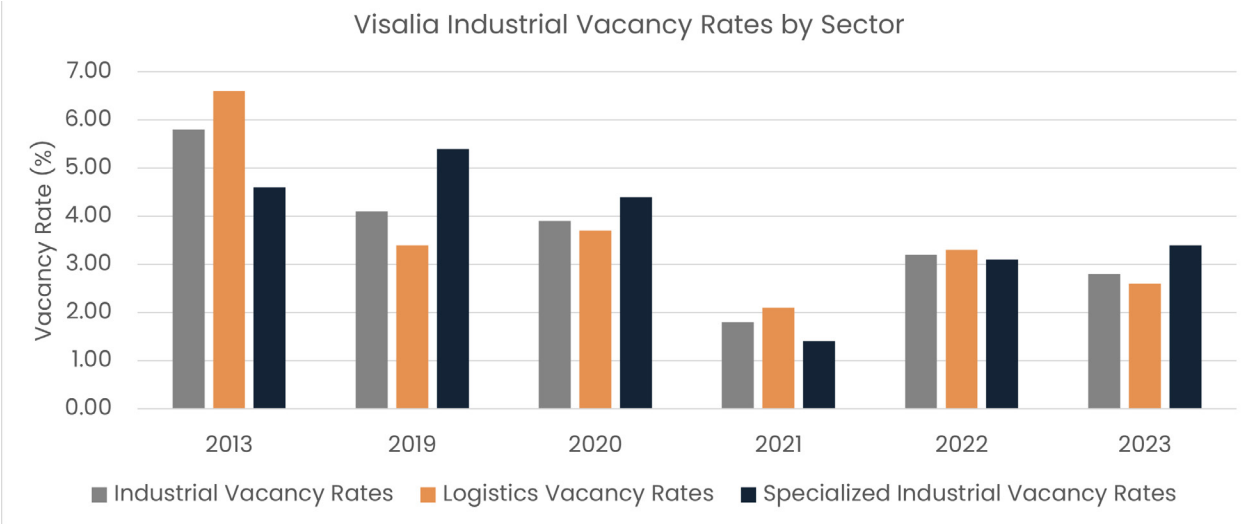
3.4 Industrial Market Dynamics

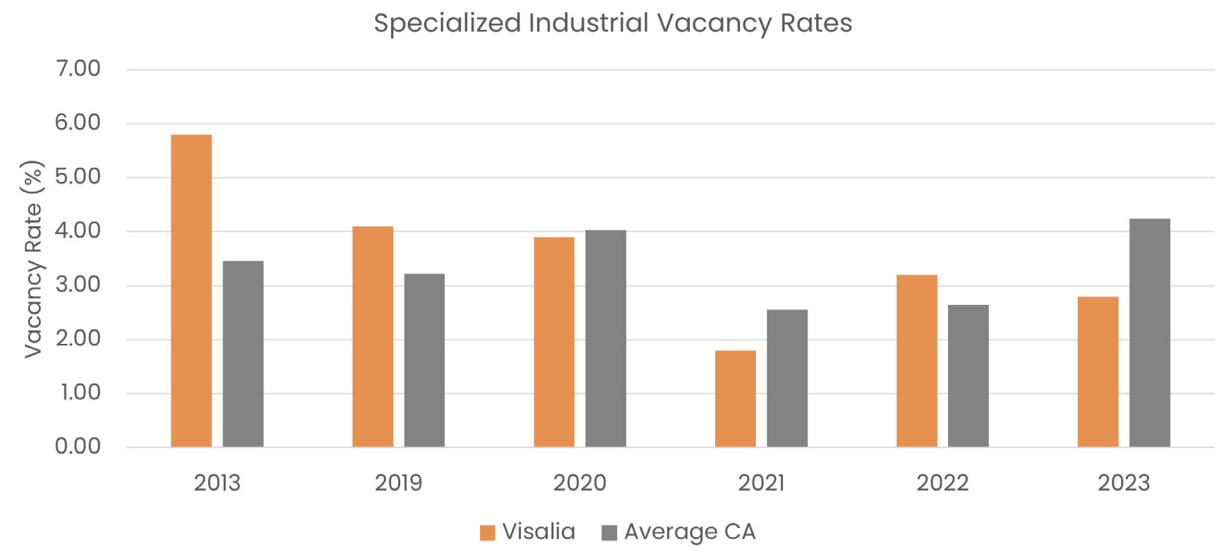
The industrial market in Visalia has been strong and on an upward trend, driven by logistics needs. The market conditions for Visalia's industrial buildings were already strong and trending upward before the COVID-19 pandemic.

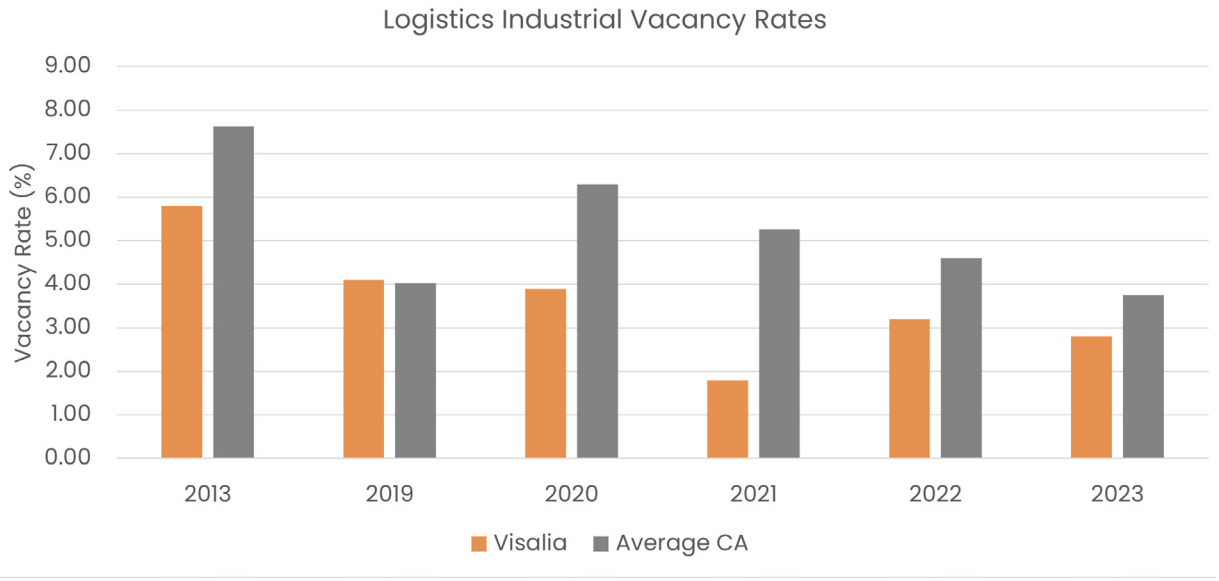
Data from CoStar reveals that the wider Visalia (Tulare County) market has approximately 41.9 million square feet of industrial building space with 1,372 buildings. There is a noted discrepancy between supply and demand, with low vacancy rates indicating a robust demand for industrial spaces. The vacancy rate for specialized industrial building spaces in the Visalia (Tulare County) market was about 3.4 percent in 2023.

By comparison, the Bakersfield (Kern County) market has seen its vacancy rate increase to 6.0 percent with over 3.7 million square feet of vacant industrial space. Delving deeper into the submarkets of Visalia reveals an even more acute scarcity of industrial space, with the overall vacancy rate dipping to a historic low of 1.6 percent in 2024.







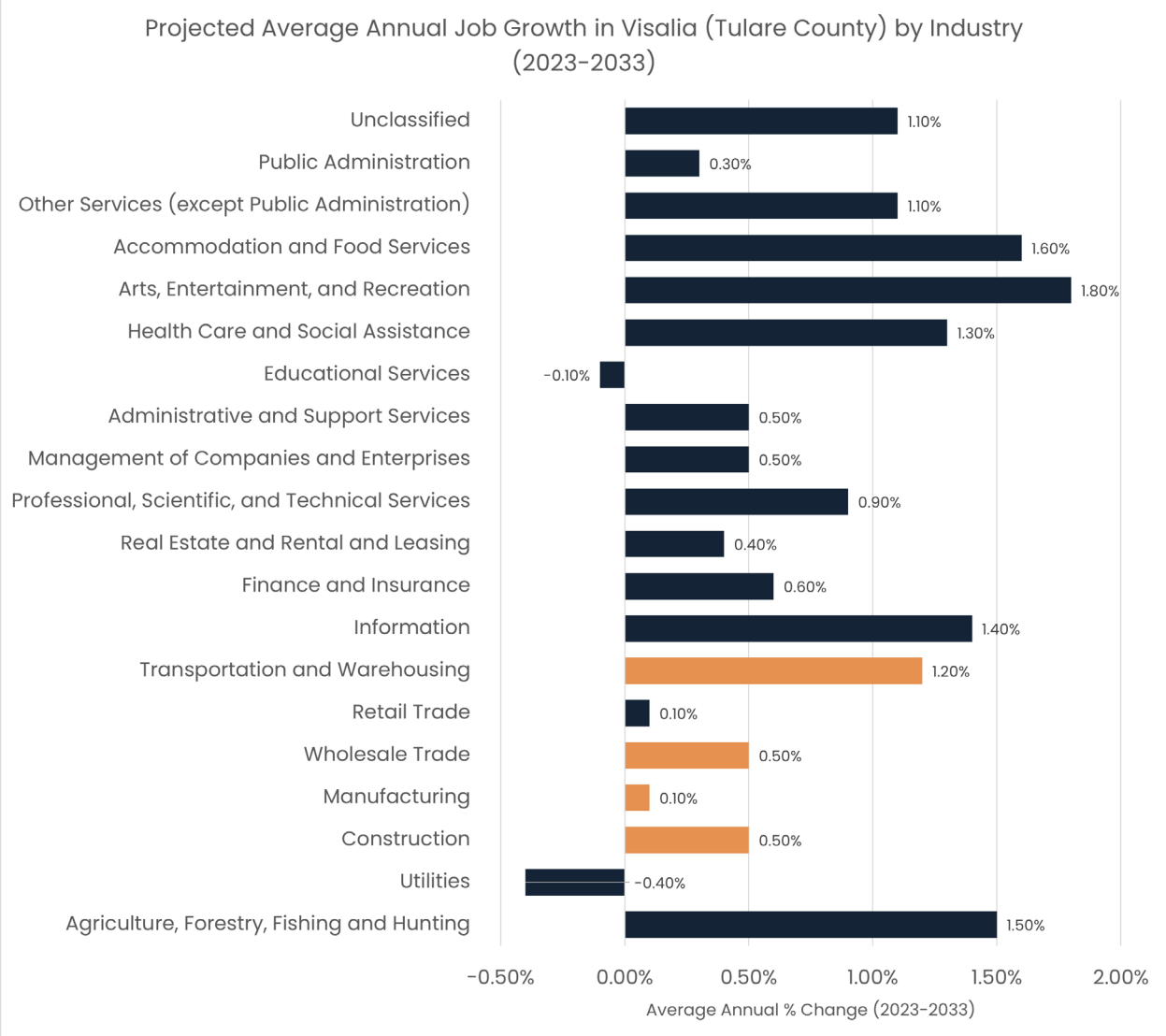


3.5 Employment Trends and Projected Growth

Visalia is a robust employment hub, supporting more than 65,200 jobs. From 2012 to 2022, the city created over 14,000 new jobs, marking an average annual growth rate of 2.5 percent. This growth was significant, as nearly half of Tulare County's job expansion occurred within Visalia, even though the county's overall growth rate was slightly lower at 2.0 percent, culminating in 173,600 jobs.

The healthcare and social assistance sector emerges as Visalia's largest employer, boasting 14,400 jobs. Over the decade spanning from 2012 to 2022, this sector saw an increase of more than 6,000 jobs. Industrial sectors, including construction, manufacturing, wholesale trade, transportation, and warehousing, also experienced substantial job growth. Construction, in particular, witnessed the second-largest job increase and the highest average annual growth rate during this period, highlighting

the acute shortage of industrial yard spaces required to sustain such growth. The transportation and warehousing sector more than doubled its employment figures to 3,100 jobs over the decade, with a remarkable growth rate of 8.2 percent, surpassing all sectors in Visalia except for construction and significantly driving the demand for logistics spaces. Meanwhile, the manufacturing sector added over 1,100 jobs. Despite a static inventory of specialized industrial spaces for manufacturing, vacancy rates have plummeted to 1.0 percent, signaling a pressing need for a broader range of industrial premises beyond just logistics. While Visalia and Tulare County's job growth is expected to slow down, reflecting broader regional trends, a significant demand for industrial space remains. Visalia's emphasis on sustainable development practices extends to job creation, focusing on generating long-term employment opportunities that support the community's well-being and the environment.



3.6 Industries Benefiting from Visalia's Market Access

Agriculture and Agribusiness: Given its location in one of the most productive agricultural regions in the world, agriculture remains a cornerstone of Visalia's economy. The city's access to markets supports distribution of a wide range of products, including dairy, nuts, fruits, and vegetables, to domestic and international markets.

Manufacturing: The Visalia Industrial Park (VIP) hosts diverse manufacturing operations, from food processing to industrial machinery. The availability of industrial-zoned sites and buildings and the necessary infrastructure make Visalia attractive for manufacturers seeking efficient access to major markets.

Distribution and Logistics: Visalia's role in California's industrial warehouse market and the broader U.S. logistics supply chain is increasingly significant. The city's central location and excellent highway, rail, and air transport options make it a strategic choice for distribution centers and logistics companies aiming to optimize their supply chain operations.

Retail and Services: The flow of goods through Visalia supports a vibrant retail sector, with businesses benefiting from the purchasing power of the local community and visitors alike. Services related to agriculture, manufacturing, and logistics also see growth, including financial, legal, and technical services catering to these industries.

Technology and Innovation: While traditionally not known as a tech hub, Visalia is seeing growth in technology-related industries, driven by the city's efforts to foster innovation, improve broadband infrastructure, and attract startups and tech companies looking for a cost-effective alternative to larger urban centers.

Renewable Energy and Sustainability: With an increasing focus on sustainability, industries related to renewable energy production and environmental technologies find Visalia's market access and supportive business environment conducive to growth. This includes companies in solar energy production, recycling, and green manufacturing processes.

3.7 Demand for New Space

CURRENT DEMAND

Visalia's industrial space market is experiencing significant shortages. The current vacancy rate is at a low 1.6%, indicating a need for additional industrial space. To achieve a more balanced market with a healthier vacancy rate of about 5-6%, an estimated 800,000 square feet (SF) of additional industrial space is needed immediately. This demand is separate from any future growth or relocations that might further drive the need for industrial space.

FUTURE DEMAND

Understanding future demand for industrial space is crucial for effective urban planning and economic development in Visalia. To accommodate potential growth and ensure the city can meet the needs of businesses, it is essential to explore various scenarios that could impact demand. By examining the historical growth scenario, the low job growth scenario, and the high job growth scenario, we can better prepare for a range of possible futures. Each scenario reflects different assumptions about economic trends, job creation rates, and industrial sector dynamics, offering a comprehensive view of potential outcomes. This approach allows planners and policymakers to develop strategies that are resilient and adaptable, ensuring that Visalia can thrive regardless of future economic conditions.

- **Historical Growth Scenario:** In the historical growth scenario, the future demand for industrial space in Visalia is projected based on past trends in industrial square footage growth. If the trend from the last decade continues, the city is expected to need approximately 3.9 million square feet (SF) of additional industrial space by 2033.

- **Low Job Growth Scenario:** The low job growth scenario is based on projected job growth for industrial sectors in Visalia from JobsEQ, and assumes a modest annual increase in industrial sector jobs at a rate of 0.6%. Under this scenario, Visalia would require between 600,000 and 1.6 million SF of additional industrial space by 2033. For Tulare County as a whole, the demand is projected to be around 1.5 million to 4.1 million SF. The projected job growth in this scenario is relatively low in comparison to historical growth trends due to several key factors:

    1. **Post-Pandemic Economic Recovery:** The aftermath of the pandemic introduced significant uncertainty in economic projections. Initial expectations of a rapid return to pre-pandemic levels have been moderated by more recent data, suggesting a slower recovery.
    2. **Labor Market Shifts:** Persistent labor shortages and the accelerated use of automation during the pandemic are influencing job growth projections. Higher interest rates are also a factor, potentially slowing down business expansion and hiring.
    3. **Demographic Changes:** Population growth has slowed, with many areas in California experiencing a net loss of residents since 2020. Factors contributing to this trend include lower birth rates, reduced immigration, and an outflow of residents to other states. These demographic shifts impact local economies, particularly sectors like retail that rely on a growing population.
    4. **Sectoral Adjustments:** Slower population growth and consumer spending have implications for sectors like retail, which in turn affect related sectors like logistics. Although logistics remains a leading sector, JobsEQ projects a lower growth rate in comparison to what has been observed over the past decade.

- **High Job Growth Scenario:** The high job growth scenario is based on projections from the California Employment Development Department (EDD), which predict an

average annual job growth rate 4.0% for transportation and warehousing. In this scenario, Visalia could see a demand for up to 6.4 million SF of industrial space by 2033. The high job growth scenario assumes robust industrial development and significant expansion of the logistics and warehousing sectors.

3.8 Planned New Projects

Visalia is gearing up for significant growth in its industrial sector with several new projects that underscore the region's attractiveness for industrial development. The initiatives span from vast industrial complexes to expansions of existing facilities, demonstrating a broad spectrum of economic activities and potential job creation.

One of the most notable developments is a project by Seefried Industrial Properties, which is currently constructing a 3.8 million square foot industrial complex north of Riggin Road between Kelsey Street and Shirk Road. This project, which is set to be the largest in the history of Visalia's industrial park, could employ approximately 4,100 people upon completion. The complex is expected to house warehouses, distribution centers, light manufacturing facilities, ancillary commercial services like drive-thru restaurants, a convenience store, an RV and self-storage facility, and a car wash.

Other new projects like a 400-job, one-million-square-foot Ace Hardware distribution center, and a 1.2 million-square-foot warehouse under development indicate the ongoing expansion and the city's strategic positioning for future development. Alongside the proactive efforts to grow the sector and cultivate a quality workforce, these projects show Visalia's commitment to economic development and industrial diversification.

In addition to this, the Visalia Industrial Park has seen substantial turnover and growth over the years, moving from a more traditional manufacturing base to a diversified mix of industries, including distribution and e-commerce. The park is home to large firms like Amazon, which employs 1,500 people in over 2.3 million square feet of space, and UPS. The economic landscape has also been enriched by more minor "mom-and-pop" operations and a significant presence of ag-related companies. This dynamic mix contributes to the park's strategy of shipping to 40 million customers overnight.

SECTION 4: INFRASTRUCTURE AND ACCESSIBILITY

4.1 Transportation Infrastructure

Visalia, located in the heart of California's San Joaquin Valley, benefits from a comprehensive network of major roadways that enhance local and regional connectivity. This network supports the city's economic vitality, particularly its diverse industrial and agricultural activities.

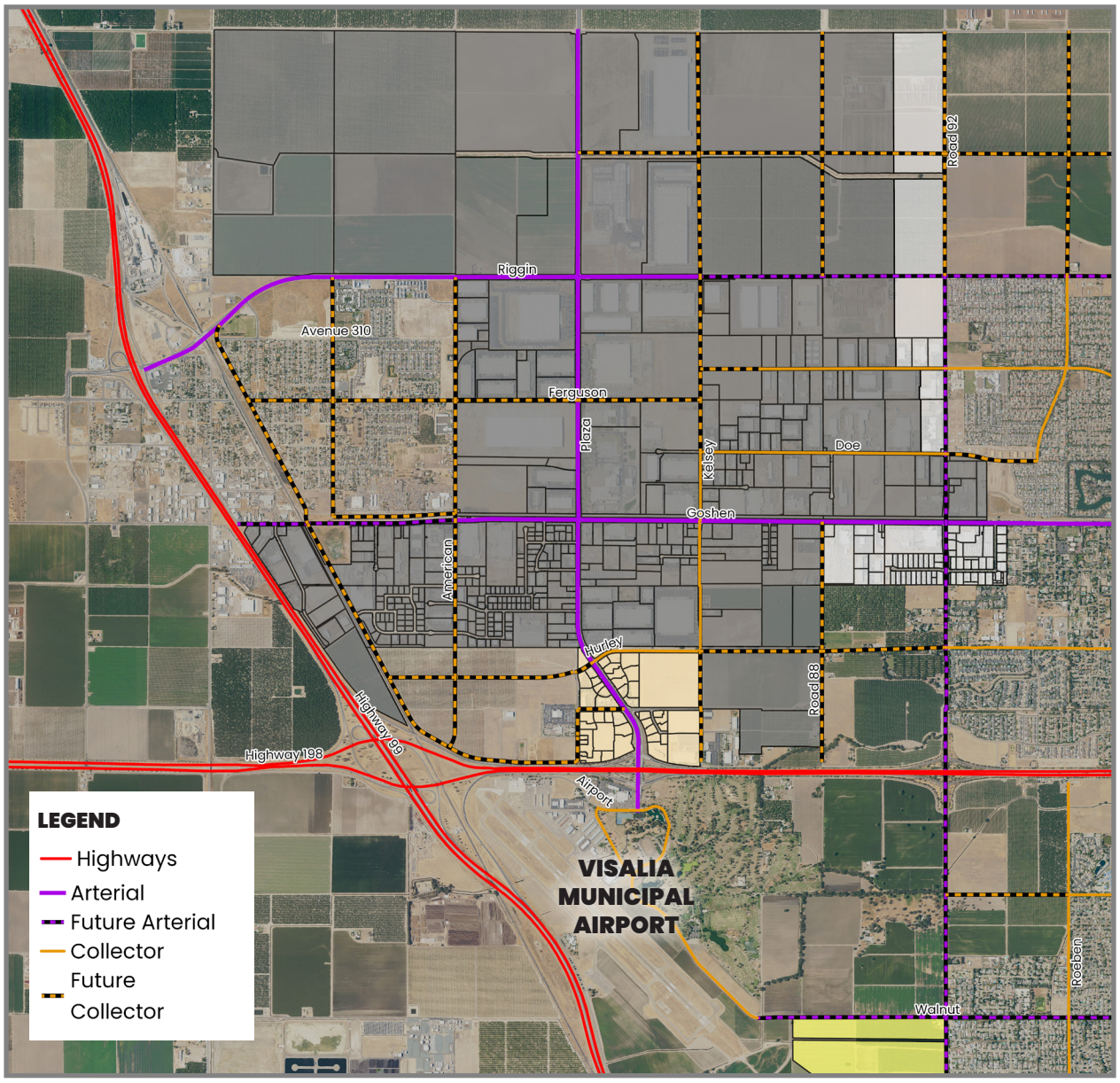
MAJOR HIGHWAYS

The primary artery of Visalia's road network is State Route (SR) 99, running north-south through the city, connecting Visalia to other significant urban centers in California and facilitating both commercial and private travel. State Route 198 complements SR 99 by crossing Visalia east to west, providing a crucial link to the Interstate 5 corridor and the California coast. This highway enhances accessibility to key ports and coastal cities, integrating Visalia into the state's expansive transportation network. The intersection of these highways in Visalia forms a logistical nexus, promoting efficient transportation logistics and economic growth.

INDUSTRIAL ZONE ACCESSIBILITY

The northwestern industrial zone, primarily west of Shirk Road and north of SR 198, greatly benefits from its proximity to these major highways. This location provides swift and reliable transportation, reducing transportation times and costs, and offering a competitive edge to businesses. Key arterials within the industrial zone include Plaza Drive, Goshen Avenue, and Riggin Avenue, which are four- and six-lane roads with ROWs of 110' and 134' respectively.

Riggin Avenue connects the industrial zone to the Betty Drive Interchange, a $36 million project aimed at reducing congestion and improving access to the industrial zone. This project included widening the North Goshen overhead structure and establishing a designated truck route from SR 99 to Plaza Drive and the northern Visalia Business Park, easing heavy truck traffic. Plaza Drive connects the industrial zone to SR 198, with a recently widened overpass providing a four-lane entrance into the industrial zone. These connections ensure that trucks can reach any location in California within one day, underscoring Visalia's role as a critical industrial and logistical hub in the Central Valley.



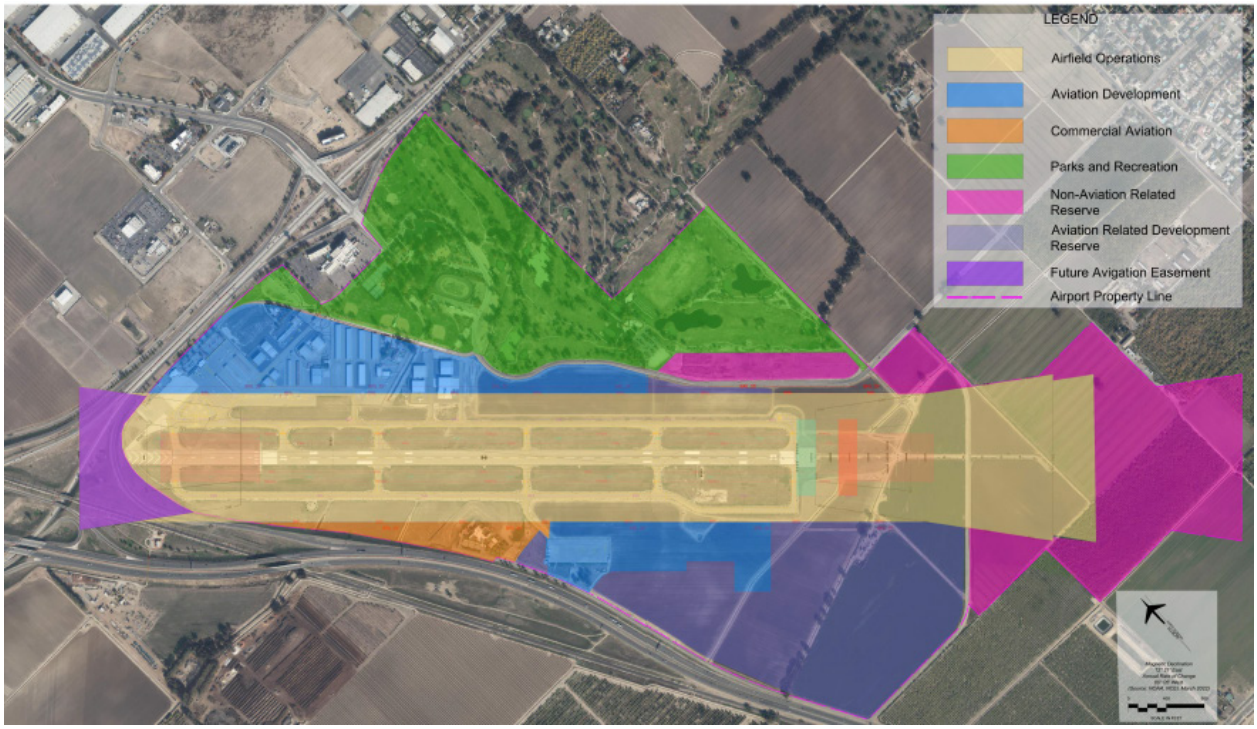
AIRPORT INFRASTRUCTURE

Visalia Municipal Airport (KVIS) is strategically located in close proximity to the Industrial Park, making it an ideal hub for logistics operations within the San Joaquin Valley. The airport features a single asphalt runway, Runway 12/30, which measures 6,562 feet in length, accommodating various cargo aircraft essential for freight operations. Fuel services at the airport are comprehensive, offering 24/7 self-service options for Jet-A and 100LL fuels. This ensures that cargo planes can refuel efficiently, minimizing downtime.

Visalia Municipal Airport operates with specific attendance hours, from Monday to Friday, 0800 to 1800, and Saturday to Sunday, 1000 to 1600. These attendance hours indicate when airport staff are available to provide services like fueling and customer support. However, the airport itself operates 24/7 via pilot controlled lighting allowing

pilots to land and take off outside these hours with access to essential services like self-service fueling.

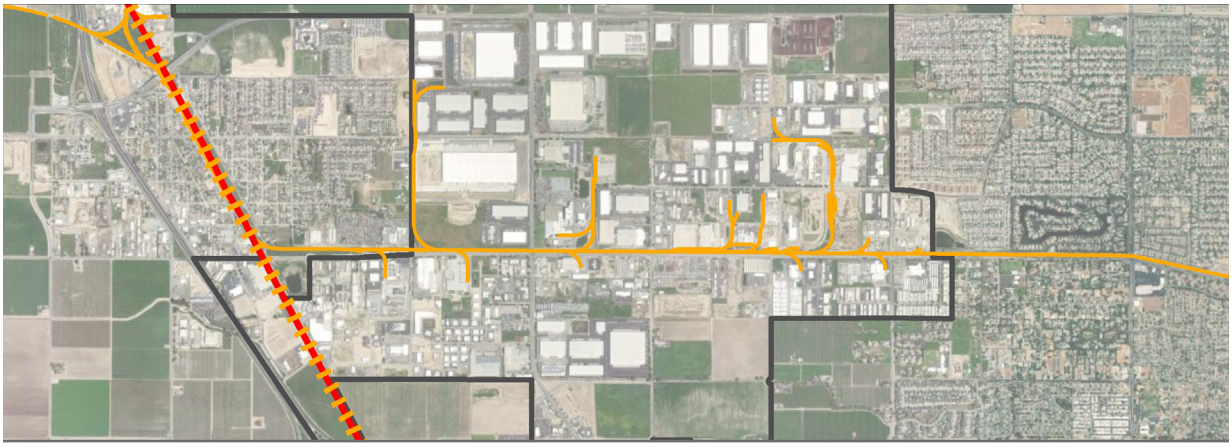
Economically, the airport stands out with no landing fees and competitive fuel prices, making it a cost-effective choice for logistics companies. The airport is currently in the final stages of an update to its Airport Layout Plan. This document serves as the road map for the next 15 years of development, both aeronautical and non-aeronautical 'within the fence' at the airport and ensures that the city is fully compliant with all Federal Aviation Administration guidelines and regulations. Overall, the Visalia Municipal Airport's robust infrastructure and comprehensive services make it a valuable asset that is capable of effectively meeting the demands of modern logistics operations.



RAIL INFRASTRUCTURE

Rail transport is also essential for Visalia's industrial transport infrastructure. Freight services play a critical role in moving agricultural commodities and manufactured goods, supporting local agriculture and attracting manufacturing and distribution centers. The rail lines serving Visalia enable efficient, cost-effective transportation of bulk goods, with the potential for expanding and enhancing rail services further solidifying Visalia's position as a key industrial hub.

The San Joaquin Valley Railroad, which is owned and operated by Genesee & Wyoming, strategically runs through the Industrial Zone along Goshen Avenue, offering businesses direct rail transport access. This railroad connects to the BNSF Railroad in Fresno and Bakersfield, and to the Union Pacific Railroad in Fresno, Goshen, and Bakersfield. The Union Pacific Railroad runs parallel to SR 99, just west of the Industrial Zone. These connections provide businesses with exceptional regional and national connectivity, ensuring streamlined logistics and efficient transportation solutions.



LEGEND

Union Pacific Railroad — San Joaquin Valley Railroad — Visalia Industrial Park

Dashed line indicates Trackage Rights.


SACRAMENTO
FRESNO
VISALIA
BAKERSFIELD
LOS ANGELES
LEGEND
San Joaquin Valley Railroad
BNSF Railroad
Union Pacific Railroad
Dashed line indicates Trackage Rights.

4.2 Wet Utility Infrastructure

WATER QUALITY AND SUPPLY

Visalia's industrial regions face significant water quality challenges due to historical industrial activities, especially around Goshen Avenue and Shirk Road. Groundwater contamination from pollutants such as wood preservatives and chemical solvents necessitates advisories against establishing new wells in affected areas to prevent further contamination.

The California Water Service Company (Cal Water) manages Visalia's water supply and distribution. The system includes 75 active groundwater wells from the Kaweah Sub-basin, pipelines, treatment plants, and storage facilities, all adhering to stringent state and federal guidelines to ensure potable water provision.

Cal Water confronts several challenges: meeting the increasing water demand from expanding commercial and industrial sectors, maintaining water purity in previously contaminated areas, and addressing overdraft conditions in the Kaweah Sub-basin. The Urban Water Management Plan outlines strategies for water conservation and infrastructure improvements to support denser development.

In compliance with the California Water Conservation Act of 2009 (SB X7-7), Cal Water has implemented various conservation initiatives. These include water usage assessments, high-efficiency toilet rebates, distribution of conservation kits, and educational programs aimed at reducing urban per capita water usage.

STORMWATER AND FLOOD MANAGEMENT

Visalia's stormwater and flood management infrastructure is crucial for protecting the city, located in California's Central Valley, from droughts and floods. The 1994 Storm Water Master Plan (SWMP), updating its 1989 predecessor, detailed essential facilities to support urban development until 2020. This plan mapped the city's waterways directing stormwater to large basins on the western periphery. A consultant assessed the current storm sewer system and recommended enhancements based on the General Plan update. The system collects drainage from streets and lots into storm drain pipelines, mostly guided by gravity, and occasionally by lift pumps, to the main drainage network. Detention and retention basins effectively manage stormwater during severe weather, minimizing flood risks.

The City is currently updating the Storm Water Master Plan to address evolving needs and regulatory requirements. Collaborative efforts between the city, the Kaweah Delta Water Conservation District, and the Tulare Irrigation District focus on improving stormwater management and groundwater recharge. The December 2005 Storm Water Master Plan elaborates on using infrastructure such as creeks and ditches for dual purposes. Recent adjustments to the SWMP, driven by the National Pollutant Discharge Elimination System (NPDES) Phase II regulations, promote sustainable stormwater treatment practices, including Low Impact Design (LID) strategies, reducing environmental impacts and supporting denser urban development.

INDUSTRIAL STORMWATER MANAGEMENT

Visalia's industrial development incorporates proactive measures to manage urban runoff and enhance water quality. Industrial zones are designed with privately owned detention basins for each significant facility, ensuring meticulous handling of industrial runoff and alleviating pressure on the municipal stormwater system. This approach underscores Visalia's commitment to reducing the industrial sector's environmental footprint, presenting a sustainable development model focused on stormwater management and ecological conservation.

The city's Geographic Information System (GIS) database is continually updated to ensure compliance with strict stormwater management guidelines for all developments, including industrial projects. This harmonizes industrial expansion with environmental stewardship, ensuring Visalia's infrastructure remains resilient and effective amidst evolving environmental and regulatory conditions.

WASTEWATER COLLECTION AND TREATMENT

Visalia's wastewater collection and treatment are managed by the City's Water Conservation Plant (WCP), located west of Highway 99 and south of Highway 198. As of 2023, the plant operates at an average daily flow of 12.6 million gallons per day, treating effluent to a secondary treatment level. The WCP is crucial in handling wastewater from residential, commercial, and industrial sources, ensuring that effluent meets regulatory standards before being discharged or reused.

The Sewer System Master Plan (SSMP) divides the city into eight service areas based on existing and proposed sewer trunklines and growth patterns established by the General Plan. This division aids in the development of the Capital Improvement Program for sanitary sewer facilities. The SSMP highlights the need for ongoing upgrades and expansions to meet future demands and maintain service quality.

Visalia's approach to wastewater management includes upgrading the WCP to produce recycled water suitable for various non-potable uses, such as landscape irrigation, which helps reduce demand on potable water supplies. This initiative aligns with broader water conservation and sustainability goals.

The City is also currently updating its Wastewater Master Plan to address future growth and regulatory requirements. Collaborative efforts with regional agencies aim to enhance wastewater management and groundwater recharge. The City continually seeks to improve its wastewater infrastructure to support urban development and comply with state and federal regulations, ensuring a sustainable and efficient wastewater system for Visalia.

Visalia Industrial Land Inventory Analysis

Sewer Utilities

Legend

- Air Release Valve
- Clean Out
- Clean Out (ON-SITE)
- Lift Station
- Manhole
- Manhole (ON-SITE)
- Sewer Laterals
  - 4 In
  - 6 In
  - 8 In
  - 10 In
  - 12 In
  - 15 In
  - 18 In
  - 20 In
  - 21 In
  - 24 In
  - 30 In
  - 33 In
  - 36 In
  - 42 In
  - 48 In

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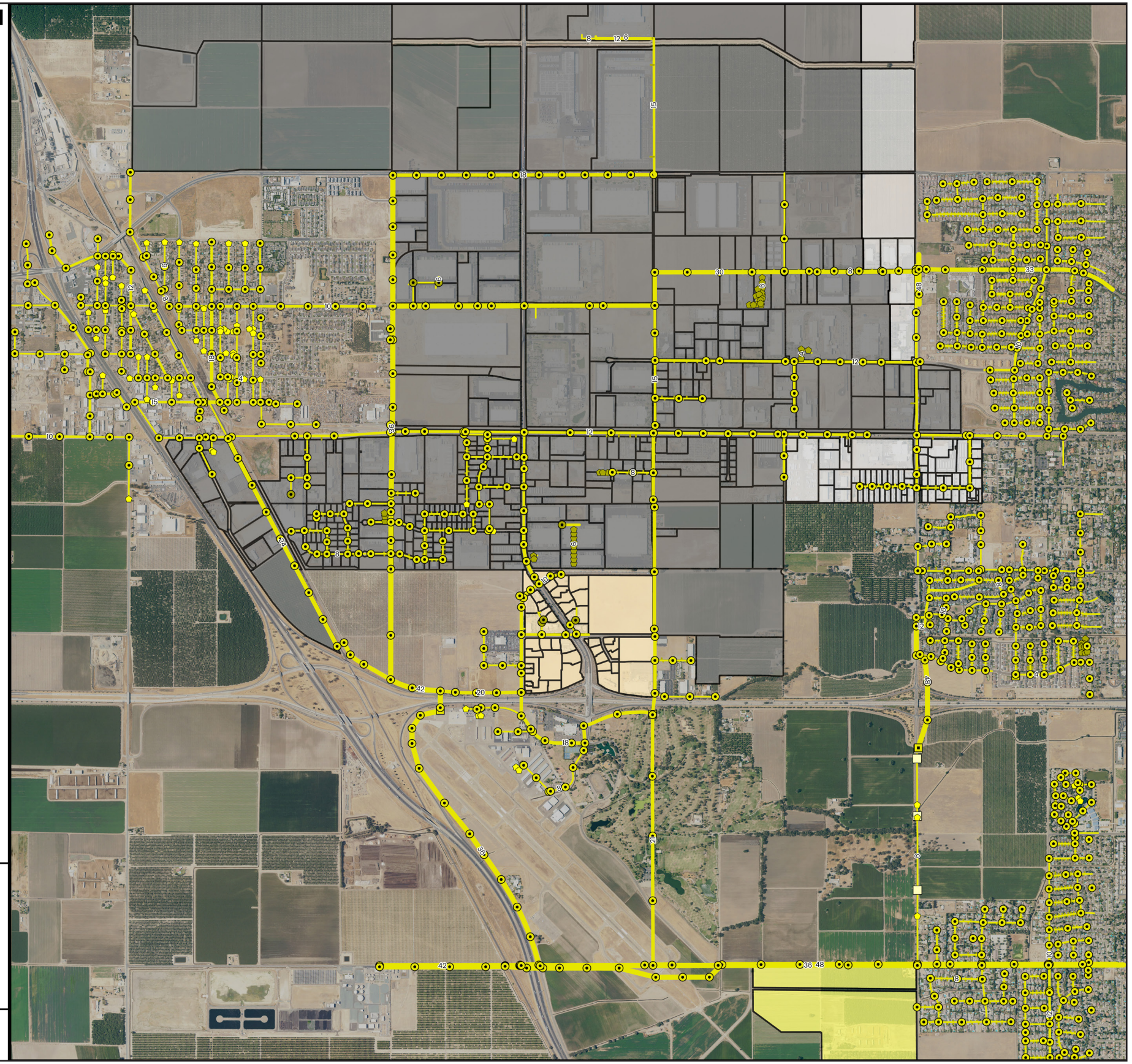
7/15/2024

4CREEKS

N

0 0.3 0.6
Miles

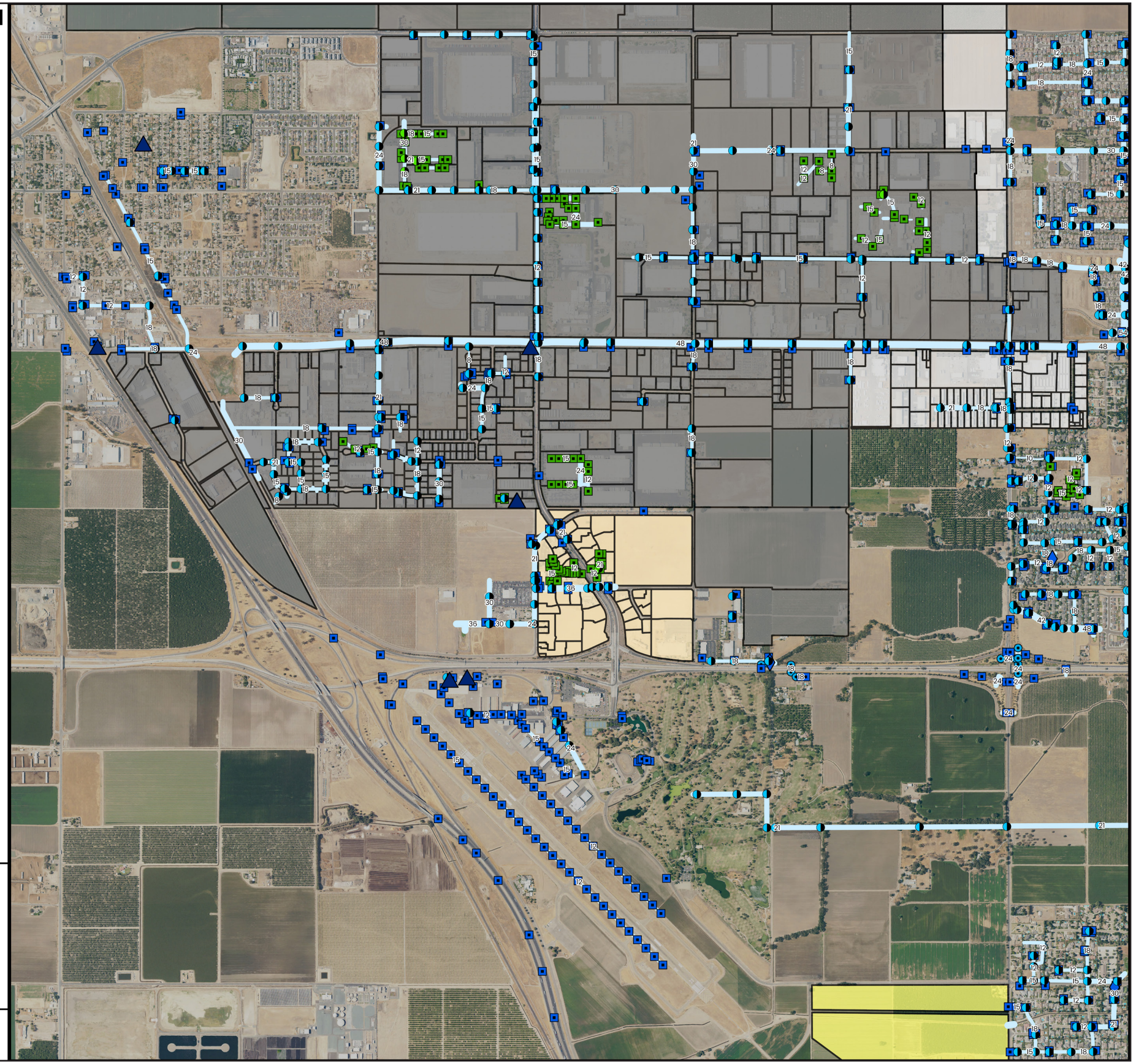


Visalia Industrial Land Inventory Analysis

Stormwater Utilities

Legend

- AFES
- Catch Basin
- Catch Basin (ON-SITE)
- Lift Station
- Manhole
- Manhole (ON-SITE)
- No Record of Structure
- 8
- 10
- 12
- 15
- 18
- 21
- 24
- 30
- 36
- 42
- 48
- 54



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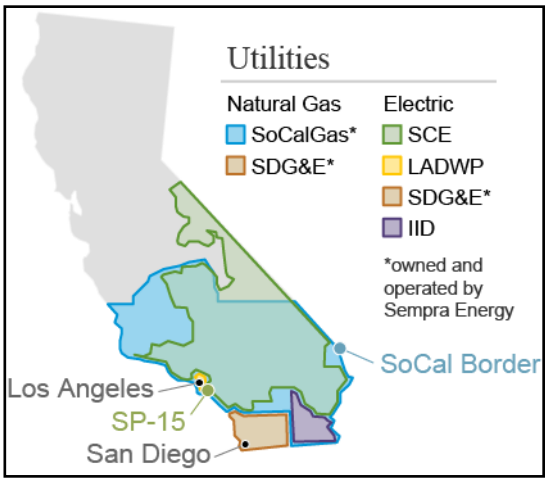
4.3 Energy Supply and Sustainability

Visalia exhibits an energy landscape that mirrors its geographical and industrial context. Energy, including industrial zones, is predominantly managed by Southern California Edison (SCE) for electricity and the Southern California Gas Company (SoCalGas) for natural gas. These entities cater to a broad spectrum of needs, encompassing residential, commercial, and, notably, the industrial sector.

SCE, among the nation's largest electric utilities, serves a vast area encompassing central, coastal, and Southern California, reaching over 15 million individuals. The utility is dedicated to developing a modern power network to meet evolving energy demands and is committed to community investment and sustainable energy practices. SCE procures its electricity from a diversified mix of power generation sources, including power plants, natural gas deposits, and renewable energy, distributed via high-voltage transmission networks. SoCalGas's infrastructure comprises four storage facilities throughout southern California and an extensive system of compressor stations and pipelines, ensuring consistent natural gas delivery across the region.



SCE has proactively engaged in several capital improvement projects (CIPs) in the northwest area of Visalia. These projects aim to enhance the reliability and capacity of the electrical grid, supporting the growing industrial and residential demands. SCE's GIS based, Distribution Resources Plan External Portal (DRPEP) provides detailed visualizations and updates on these ongoing improvements, highlighting areas where significant infrastructure upgrades are taking place.

In terms of energy management, Visalia adopts a forward-looking and sustainable approach. The city has initiated several projects to curb energy use and minimize greenhouse gas emissions. These initiatives encompass adopting green building standards to lessen energy consumption in new and upgraded structures and conducting thorough energy audits to pinpoint efficiency improvements in public buildings. Visalia's dedication to sustainability is further demonstrated by its

investment in alternative fuel vehicles, including compressed natural gas (CNG) buses and trucks, alongside the establishment of a CNG fueling station, acquisition of electric-hybrid vehicles, and the installation of photovoltaic (PV) systems at key facilities like the airport and transit center. Participation in the San Joaquin Valley Clean Energy Organization (SJVCEO) and formulating a Climate Action Plan (CAP) underscore Visalia's commitment to aligning with broader regional and state sustainability and emission reduction objectives. These measures display Visalia's environmental responsibility and position it as a leader in energy management and climate initiative leadership. Visalia's renewable energy and conservation efforts extend to its industrial land use strategy, emphasizing the integration of large-scale renewable projects and enhancing energy efficiency within industrial domains.

A notable development is the approval of a lithium-ion battery energy storage system (BESS) by the Tulare County Planning Commission. This new facility, situated southeast of Visalia, aims to hold 500 megawatts of energy for up to 12 hours, supporting peak energy demand periods. Occupying 40 of a 48-acre site traditionally used for agriculture, this project signifies a transition to renewable energy in Visalia's industrial and agricultural sectors. Scheduled for completion no earlier than 2026, this project exemplifies the region's commitment to diminishing dependence on fossil fuels and reducing greenhouse gas emissions, supporting California's environmental objectives and enhancing grid stability.

Another important BESS will be located within the industrial park on Sunnyview Avenue, just east of Clancy Street. Visalia is in the process of obtaining easements from YS Industries to connect this system to Shirk Street. This BESS will further support the industrial park by providing a reliable energy storage solution, enhancing the energy infrastructure, and supporting the ongoing growth and development in the area.

Additionally, Visalia's industrial strategy promotes solar energy adoption within its commercial and industrial sectors, providing resources and incentives for solar investment. This aligns with the goals of the Southwest Solar Transformation Initiative, aiming to make solar power more affordable and accessible, thus fostering sustainable and efficient energy practices. Supported by financial incentives, including a 30% Federal Tax Credit and the California Solar Initiative offering cash rebates for solar installations, these measures facilitate solar energy uptake in commercial properties, including inside the industrial zones.

Visalia is actively collaborating with SCE to enhance power supply for new industrial developments, ensuring reliable and sufficient energy for future growth. The City is actively working with SCE to improve service to new areas and mitigate power supply issues. One significant initiative involves exploring the development of a solar generation facility west of SR 99 near the City's wastewater treatment facility. This proposed facility is expected to provide adequate power to make the wastewater treatment facility 100% energy-independent and relieve considerable pressure from the energy grid. Additionally, the establishment of a microgrid will be assessed to determine if additional power is needed to support further industrial or development of supportive services for industrial and commercial uses such as hydrogen production for hydrogen fleet vehicles and trucking industry highlighting Visalia's proactive approach.

4.4 Access to Raw Materials

In Visalia, access to raw materials is facilitated by the city's strategic location in one of the most prominent agricultural regions in the world, as well as by local companies that source and supply these materials. For example, Sorma USA, a company based in Visalia and part of the Sorma Group from Italy, has recently expanded its facility to enhance its capacity for accessing more materials and machines. This expansion includes a new 20,000-square-foot facility that increases warehouse space and ensures raw materials are sourced in the USA. This move indicates Visalia's capacity to support industries requiring access to various raw materials, particularly those in the agricultural sector. Another key player in the local industry is Motion Industries, which offers a wide range of industrial supplies, including raw materials, to various sectors. The company's extensive catalog indicates a robust supply chain supporting various industrial needs within Visalia and beyond.

These examples underscore Visalia's strong position regarding access to raw materials, supported by its infrastructure, strategic expansions by local companies, and the city's significance in the agricultural landscape. This access drives local industries and contributes significantly to the broader regional economy.

4.5 Emergency Services and Safety Infrastructure

In the industrial sectors of Visalia, the city's emergency services and safety infrastructure exhibit a high level of preparedness and strategic foresight, specifically designed to protect the well-being of its industrial community and broader residents. This preparedness is shown by the robust operations of the Visalia Police Department and Fire Department, which are crucial for providing police protection, fire suppression, and emergency medical services within these critical areas.

Fire Station 55, located directly adjacent to the industrial park, plays a pivotal role in enhancing emergency

response times and operational efficiency. The presence of a specialized hazardous materials (hazmat) unit at Fire Station 55 significantly reduces liability insurance rates for companies in the industrial park, contributing to lower operational costs. This reduction is attributed to the improved Insurance Services Office (ISO) ratings, which reflect the superior fire protection services available to industrial businesses in the area.

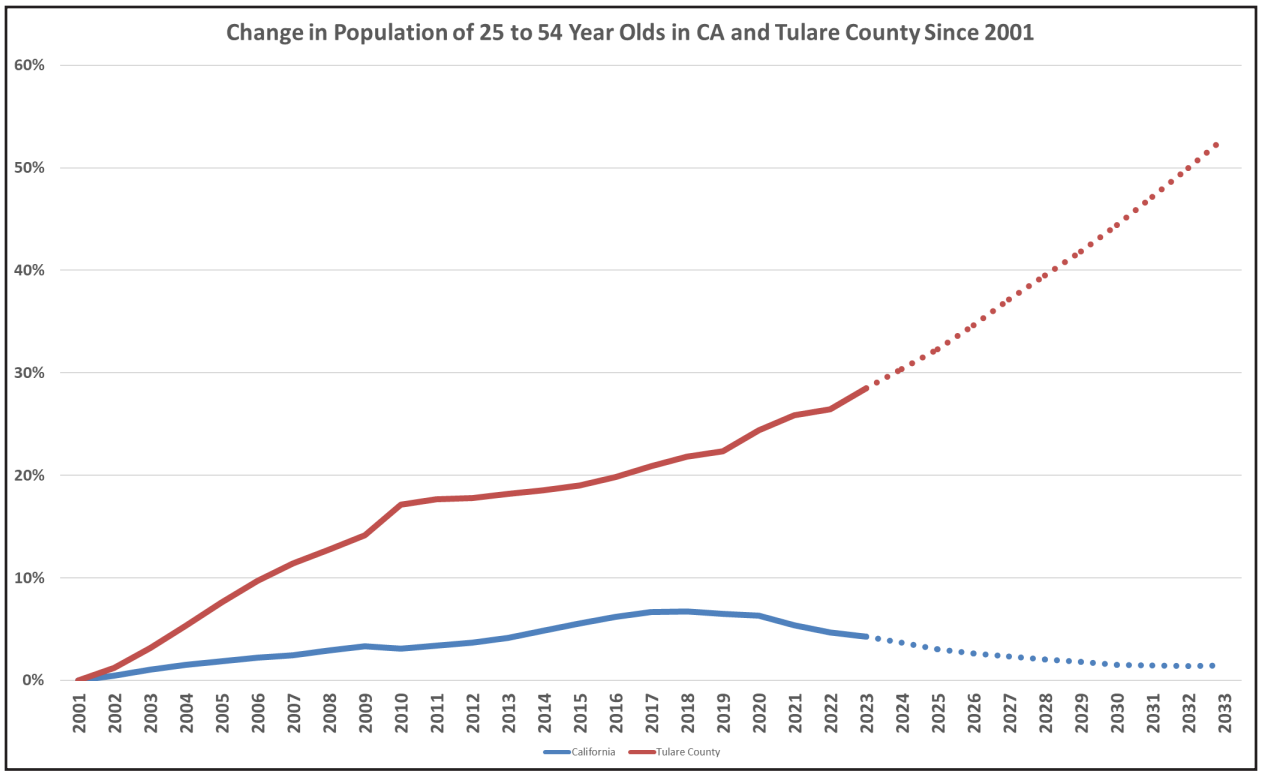
Visalia's emergency preparedness and response strategy is strengthened through collaborative efforts with county and state agencies, ensuring resilience against natural and man-made emergencies.

4.6 Labor Workforce Infrastructure

The labor and workforce infrastructure in Visalia is a vital component of the city's industrial sector. Recognized as a critical need, various local efforts are underway to address workforce development and ensure a steady supply of skilled labor for industrial occupations. This section highlights the initiatives and partnerships that contribute to the robust workforce infrastructure in Visalia.

WORKFORCE CHARACTERISTICS

Visalia boasts a notably young working population, which sets it apart from many other regions where the workforce is aging. According to the U.S. Census Bureau data from the 2020 American Community Survey, the median age in Visalia is approximately 33 years, compared to the national median age of 38.1 years. Additionally, about 28.2% of Visalia's population is under the age of 18, indicating a future pipeline of young workers entering the labor market. This demographic trend provides a dynamic and adaptable labor pool, ready to meet the evolving demands of the industrial sector.



EDUCATIONAL AND TRAINING INSTITUTIONS

- **College of the Sequoias:** College of the Sequoias offers a wide range of educational and vocational training programs to directly address the skill gaps identified by local employers. Programs include certificates and degrees in areas such as industrial automation, industrial mechanics, and manufacturing automation. College of the Sequoias is currently expanding it's facilities in Tulare. This expansion is aimed specifically at industrial-related occupations and is estimated to be completed in 2027. Additionally, the College of the Sequoia Training Resource Center offers specialized training and development services that further enhance the capabilities of the local workforce. The Training Resource Center collaborates closely with businesses to provide customized training solutions, ensuring that employees remain up-to-date with the latest industry standards and technologies. This partnership not only helps businesses maintain a competitive edge but also provides continuous learning and career growth opportunities for workers. Through initial funding support from the City of Visalia, the Training Resource Center has located its training office in the Visalia Industrial Park in space provided by Sorma USA. Other training providers in the industrial park include ACI, SJVC, Proteus, etc.

- **Lemoore College:** West Hills College Lemoore plays a crucial role in Visalia's labor workforce infrastructure by offering comprehensive Industrial Technology programs designed to prepare and upskill individuals for in-demand careers in manufacturing fields. These programs include certificates and degrees in areas such as industrial automation, industrial mechanics, and manufacturing automation. Students receive training in critical skills such as electrical systems, programmable logic controllers (PLC), automation, hydraulics, pneumatics, and

robotics. These flexible, industry-approved training options ensure that graduates are well-equipped to meet the needs of local employers and excel in the industrial sector.

- **SACA Program:** The Smart Automation Certification Alliance (SACA) program is a pivotal element of Visalia's industrial workforce development infrastructure, providing industry-recognized credentials in advanced manufacturing and automation technologies. Developed in collaboration with leading industry partners, SACA certifications ensure that individuals are proficient in key areas such as programmable logic controllers (PLCs), robotics, electrical systems, hydraulics, pneumatics, and other essential components of modern industrial operations. The regional adoption of the SACA program by multiple educational institutions, including Lemoore College, College of the Sequoias, College of the Sequoias Training Resource Center, and Visalia Adult School, highlights a collective effort to elevate the skill set of the local workforce. This widespread implementation ensures that a broad base of workers can access high-quality training tailored to meet the demands of the industrial sector. By aligning educational programs with industry standards, SACA certifications provide assurance to employers that certified individuals possess the practical, hands-on skills necessary for today's advanced manufacturing environments.

  In summary, the SACA program ensures that the local workforce remains competitive and capable of meeting the evolving demands of the industrial sector.

SECTION 5: CHALLENGES AND OPPORTUNITIES

5.1 Challenges

Visalia is an emerging market for industrial development, recognized for its favorable business climate and strategic location. However, despite the positive growth trajectory, several challenges threaten to hinder the continued expansion of industrial activities. Interview with stakeholders have identified three primary challenges to continued industrial growth in the City of Visalia: labor supply, regulatory factors, and power and infrastructure.

LABOR SUPPLY CHALLENGES

A recurring theme among stakeholders is the concern over the availability and quality of the labor force necessary for industrial growth in Visalia. The industrial sector, particularly manufacturing, demands a skilled workforce, including roles such as maintenance technicians and specialized operators. Stakeholders have highlighted that while distribution centers require less specialized skills, the manufacturing sector faces significant challenges in finding adequately skilled labor. Additionally, stakeholders emphasized the importance of adequate housing in attracting and retaining the workforce needed for industrial operations. Current housing development must keep pace with industrial growth to prevent labor shortages from becoming a bottleneck for development. Another concern raised by stakeholders is the impact of state regulations, such as the new fast-food minimum wage, on the competitiveness of industrial jobs. Industrial roles requiring physical labor may find it challenging to attract workers if wages do not remain competitive with other sectors.

REGULATORY CHALLENGES

Regulatory factors significantly influence the industrial development landscape in Visalia, impacting the pace and extent of growth. Regulations related to vehicle miles traveled (VMT) and air quality standards present significant hurdles for industrial growth, especially in rural communities like Visalia. These regulations can slow industrial expansion and affect long-term growth prospects. Although Visalia's local government is praised for its pro-business attitude and efficient processes, broader state and federal regulations remain challenging. High taxes and stringent environmental regulations in California deter industrial growth and can drive businesses to regions with more lenient policies. Ongoing legal challenges across the region create uncertainty and can delay project timelines. Navigating these legal complexities requires significant

resources, potentially deterring investors from pursuing industrial projects in Visalia.

POWER AND INFRASTRUCTURE CHALLENGES

Adequate infrastructure is vital for supporting industrial activities, and current conditions in Visalia present some challenges. Visalia occasionally faces difficulties in meeting the power demands of more energy intensive industrial operations. The existing power infrastructure needs enhancement to fully support the high energy requirements of larger power consumers such as advanced manufacturing, cold storage, or data centers. In addition to power, robust water and sewer infrastructure are crucial for industrial operations, particularly in manufacturing and food processing. Ensuring these utilities are sufficient and reliable is key for attracting and retaining industrial tenants. While road access, especially to major highways like Highway 99, is a strength, maintaining and improving this infrastructure remains important. Efficient transportation routes are essential for supporting the continued growth of industrial activities.

5.2 Opportunities

STRONG DEMAND FOR INDUSTRIAL SPACE

Visalia is currently experiencing a high demand for industrial spaces, particularly for distribution and logistics. This robust demand is driven by several factors. Firstly, Visalia's strategic location in the Central Valley, with access to major transportation routes like Highway 99 and Interstate 5, makes it an attractive alternative to the increasingly crowded and expensive industrial markets in the Bay Area and Los Angeles. The city's industrial market is considered an emerging hub for logistics operations, benefiting from the overflow of demand from larger markets like the Inland Empire, Fresno, and Bakersfield.

The market conditions for Visalia's industrial buildings have been strong and trending upward even before the COVID-19 pandemic. The pandemic accelerated the demand for logistics facilities, and this demand has remained high, despite a slight perception of decrease in recent months. The overall vacancy rate for industrial buildings in Visalia is notably low, reflecting a very tight market with a high demand for space. For instance, in 2023, the vacancy rate for industrial spaces in Visalia was only 1.6%, which signifies a very competitive market.

STRATEGIC LOCATION

One of Visalia's most significant advantages is its centralized location in California, coupled with easy access to major highways and proximity to key markets. Visalia is strategically positioned at the heart of the state, offering unparalleled logistical benefits to businesses. The city is located along California State Route 99 (Highway 99), a major north-south artery that runs through the Central Valley, connecting key agricultural and industrial regions. Highway 99 facilitates efficient transportation of goods to major markets such as Fresno to the north and Bakersfield to the south, as well as providing direct routes to Sacramento and other northern California regions.

Additionally, Visalia's proximity to Interstate 5 (I-5) further enhances its connectivity.

I-5 is one of the most significant transportation corridors on the West Coast, stretching from Mexico to Canada. This interstate provides vital links to major ports, such as the Port of Los Angeles and the Port of Long Beach, enabling easy access to international shipping routes. The ability to reach these ports within a one-day drive makes Visalia an ideal location for distribution centers and logistics operations that require rapid and cost-effective transportation of goods.

The city's accessibility is not limited to highways. Visalia is also served by the Visalia Municipal Airport, which supports corporate and general aviation needs. This adds an extra layer of connectivity for businesses that require air transportation for their operations.

The strategic location and superior accessibility make Visalia an attractive hub for businesses that rely on efficient and cost-effective transportation. Companies can easily move products across the state, country, and even internationally, leveraging Visalia's well-connected infrastructure.

PRO-BUSINESS ENVIRONMENT

Visalia's pro-business attitude is another significant factor contributing to its attractiveness for industrial development. The city is known for its efficient decision-making processes and readiness for development, which streamline the establishment and expansion of industrial operations. Stakeholders have praised the local government's commitment to creating a business-friendly environment, which includes providing support and resources to businesses, facilitating permits and approvals, and maintaining open lines of communication with industry leaders. This supportive atmosphere helps reduce bureaucratic hurdles and accelerates project timelines, making Visalia an appealing choice for industrial investors.

Visalia prides itself on having one of the most streamlined entitlement processes in the state. The City offers a one-week Site Plan Review (SPR) process where complete site plan applications submitted by Thursdays at 4:00 PM are reviewed the following Wednesday morning. This rapid review process involves all applicable departments, which provide their responses to the proposed project site plan.

If the project does not require any additional discretionary approvals, it can quickly proceed to the building permit submission stage. The city has established clear review deadlines for building permits. The initial submittal review is completed within 30 days, and resubmissions are reviewed within 15 days. If discretionary approval is required, the project will go to Planning Commission for approval. The Planning Commission holds meetings twice monthly to ensure timely processing of applications.

COMPETITIVE COSTS

Compared to larger markets like Los Angeles and the Bay Area, Visalia offers lower costs of land and operation. This cost advantage is a significant draw for businesses seeking to minimize expenses while maintaining proximity to major markets. The affordability of industrial land in Visalia allows companies to invest in larger or more advanced facilities without the prohibitive costs associated with more densely populated areas. Additionally, lower operational costs contribute to overall business efficiency and

profitability, making Visalia a financially attractive option for industrial enterprises.

Moreover, Visalia's relatively affordable living costs play a crucial role in attracting and retaining talent. For instance, in June 2024, the median home price in Visalia was $389,500, compared to the California median home price of $858,900 in May 2024. This stark contrast in housing costs makes it easier for workers to find affordable housing, reduce living expenses, and maintain a higher quality of life. Additionally, the cost of living in Visalia is lower than in larger metropolitan areas, allowing employees to enjoy a comfortable lifestyle without the financial pressures found in more expensive regions.

HOUSING STATUS AND COST

Source: American Community Survey - 2022 5-Year Estimates: Selected Housing Characteristics (DP04);
https://data.census.gov/cedsci/

	Visalia	Sacramento	Reno	Riverside	Oakland	Tulare County	California	United States
Owner-occupied	60.0%	50.7%	48.3%	55.5%	42.1%	58.3%	55.6%	64.8%
Renter-occupied	40.0%	49.3%	51.7%	44.5%	57.9%	41.7%	44.4%	35.2%
Homeowner Vacancy Rate	0.4	0.7	1.4	0.8	0.9	0.8	0.9	1.1
Rental Vacancy Rate	3.9	3.7	3.9	4.1	5.0	2.5	4.0	5.5
Median Value of Owner Occupied Units	$316,600	$ 450,500	$462,100	$485,500	$883,800	$280,900	$ 659,300	$ 281,900
Median SMOC* (units w/mortgage)	$ 1,848	$ 2,236	$ 1,956	$ 2,273	$ 3,375	$ 1,700	$ 2,759	$ 1,828
SMOCAPI less than 20% (w/mortgage)**	42.4%	38.1%	45.4%	38.3%	35.9%	40.5%	35.6%	47.3%
Median Gross Rent	$ 1,289	$ 1,592	$ 1,360	$ 1,711	$ 1,849	$ 1,137	$ 1,856	$ 1,268
GRAPI* 35% or more**	38.4%	43.9%	40.4%	48.5%	40.9%	42.1%	45.0%	40.8%
Vacant housing units estimate	2,047	10,284	7,089	4,977	14,248	10,520	1,108,620	15,207,260
Vacant housing units %	4.3%	5.0%	6.0%	5.2%	7.7%	7.0%	7.7%	10.8%

*Selected Monthly Owner Costs (SMOC): includes mortgages, real estate taxes, etc.
**Selected Monthly Owner Costs As a Percentage of Household Income (SMOCAPI)
***Gross Rent As a Percentage of Household Income (GRAPI)

As seen in the table above, the comparison between Visalia and California reveals key insights about housing affordability. Visalia's SMOCAPI is relatively high at 42.4% and the city's GRAPI is 38.4%, much lower than the state average of 45%. This suggests that Visalia has more affordable housing options when factoring in household incomes and housing costs. As a result, Visalia households likely enjoy more discretionary income compared to those in other parts of California. This is a positive sign for the local economy, as it indicates residents have more financial flexibility beyond housing expenses. However, the low homeowner vacancy rate of 0.4, compared to California's 0.9, highlights a tight housing market. This low vacancy rate suggests that housing supply in Visalia is insufficient to meet current demand, which could put pressure on prices over time. This suggests a need to increase housing supply to address the existing gap and maintain affordability in the long term.

In terms of labor costs, workers in the Visalia-Porterville, CA Metropolitan Statistical Area had an average hourly wage of $25.40 in May 2022, which is 15 percent below the nationwide average of $29.76 and significantly lower than the California mean hourly wage of $37.45 in 2022. This lower labor cost is advantageous for businesses as it helps to keep operational expenses down while still attracting skilled workers.

The affordability of Visalia helps companies attract and retain a stable workforce, as employees can benefit from competitive wages while enjoying a lower cost of living. Furthermore, Visalia's public schools are above average, providing quality education for employees' families, which adds to the overall appeal of the city. By providing a balance of affordable living, competitive wages, and lower labor costs, Visalia enhances its appeal to both businesses and workers, fostering a robust industrial workforce essential for sustained growth.

HIGH SCHOOL GRADUATION RATE

Source: CA Dept of Education, DataQuest - Five-Year Cohort Graduation Rates, 2022-23
http://www.cde.ca.gov/ds/
* https://www.washoeschools.net/
**U.S. average adjusted cohort graduation rate (ACGR) 2021-22 for public high school students (source: National Center for Education Statistics)

	Visalia	Sacramento	Reno*	Riverside	Oakland	Tulare County	California	United States**
School District	Visalia Unified	Sacramento City Unified	Washoe County	Riverside Unified	Oakland Unified			
District Grad. Rate	92.9	89.1	81.1	95.4	77.9	89.5	88.7	87.0

COLLEGE GOING RATE

Source: CA Dept of Education, DataQuest - College Going Rate for CA High School Students 2021-22
http://www.cde.ca.gov/ds/

	Visalia	Sacramento	Reno	Riverside	Oakland	Tulare County	California
School District	Visalia Unified	Sacramento City Unified	Washoe County	Riverside Unified	Oakland Unified		
College Going Rate	69.2	63.6	N/A	55.7	56.8	59.0	62.0

5.3 Potential Locations For New Development

EXISTING VISALIA INDUSTRIAL PARK

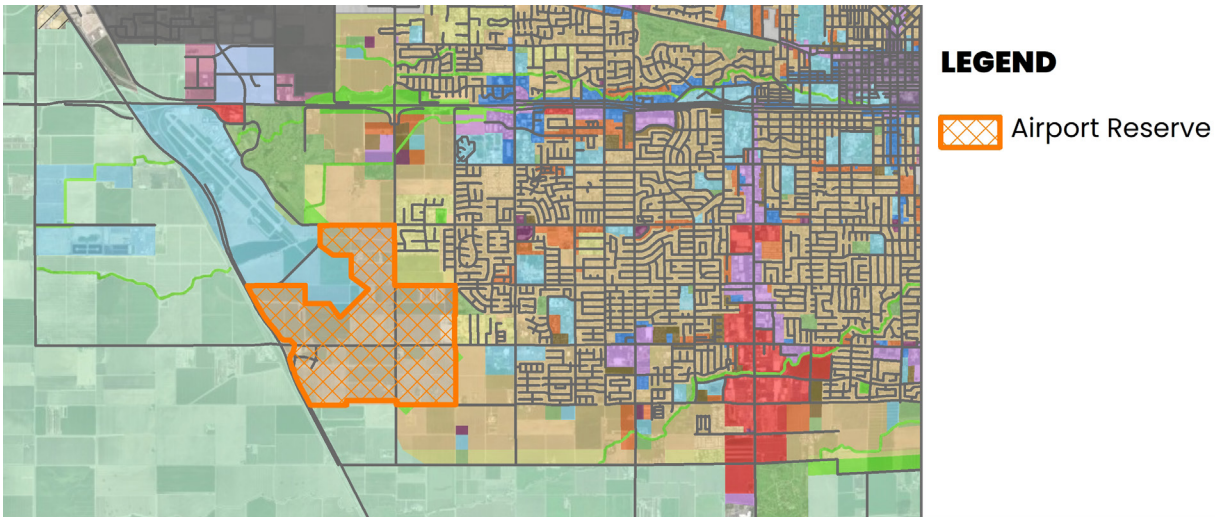
The Visalia Industrial Park, spanning over 4,342 acres, is designated for various uses under the Visalia General Plan, including Industrial, Light Industrial, and Business Research Park, under the zoning categories of I, Industrial, I-L, Light Industrial and BRP. Among these, 42 parcels totaling 1,195 acres are identified as potentially developable, vacant, and not currently under development plans. These comprise 976 acres for

industrial use, 117 acres for light industrial, and 102 acres for Business Research Park land uses. The surrounding areas include farmland and dairies to the north, Highway 198 to the south, the City of Visalia, predominantly residential, to the East, and the community of Goshen to the West.

Infrastructure within the Visalia Industrial Park is well-established, offering convenient access to SR99 and SR198 via Riggin Avenue and Plaza Drive, which are four and six-lane arterials. Riggin Avenue facilitates connection to the Betty Drive Interchange, while Plaza Drive links to SR 198, with a recent widening of the overpass enhancing access. The San Joaquin Valley Railroad, which is owned and operated by Genesee & Wyoming, traverses the center of the industrial zone along Goshen Avenue, extending branches throughout for accessible rail service to businesses. Utility infrastructure, including sewer, stormwater, and electricity, is readily available, making connections within the park relatively straightforward.

Environmental considerations within the Visalia Industrial Park note that while some sites may replace agricultural areas, most parcels poised for development, particularly those vacant within the industrial park, present minimal environmental impacts. To alleviate concerns regarding the conversion of farmland, the City of Visalia has implemented an agricultural mitigation program. This program ensures that any development replacing agricultural land can easily mitigate the impact, preserving agricultural resources and maintaining the balance between urban growth and agricultural preservation. The park's strategic location bordered by Visalia and Goshen, coupled with easy access to SR99 and SR198, ensures convenient accessibility for the labor market from nearby cities such as Tulare and Hanford. However, scalability may be constrained by the lot sizes and the existing industrial landscape. Additionally, the California Department of Toxic Substances has identified six potentially contaminated sites within the industrial park, indicating areas requiring further attention before development proceeds.

AIRPORT RESERVE



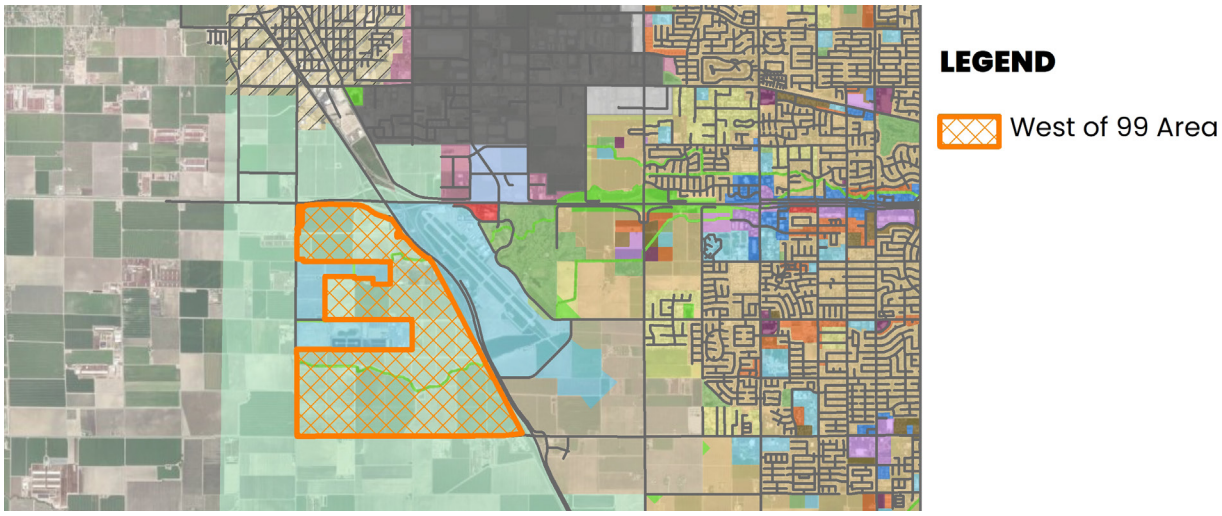
This expansive area includes 47 parcels across 1,502 acres, of which 32 parcels totaling 1,354 acres are currently undeveloped or underdeveloped. This area is designated by

the Visalia General Plan as Reserve and is currently located outside of City Limits.

This area offers close proximity to the SR99 and Caldwell Avenue Interchange. Future buildout of Shirk Road will further enhance this area's accessibility. Additionally, this area offers close proximity to the airport, which may be a benefit to some manufacturing and logistics tenants. Despite the absence of direct rail access, existing tracks run alongside Highway 99 and are not far from this area.

However, it's important to note that the area is mostly undeveloped farmland, and, at present, lacks stormwater, sewage, and water utilities to support industrial development. From an environmental and risk assessment standpoint, converting the farmland for non-agricultural purposes poses potentially significant changes. Most of the land falls within the X02 flood zone, with only minor portions in the AE flood zones, and there are no known contaminants, which slightly mitigates environmental concerns. To address concerns regarding the conversion of farmland, the City's agricultural mitigation program will apply, ensuring that development in this area can mitigate the loss of agricultural land, thus supporting sustainable growth. The site's strategic location near Visalia to the East and SR99 to the West makes it readily accessible to the labor market from Tulare, Hanford, and other nearby cities, suggesting a favorable proximity to a broad workforce. Additionally, the substantial size and scalability of the land offer ample room for growth and future development, marking it as a prime candidate for diverse industrial developmental projects.

WEST OF SR 99

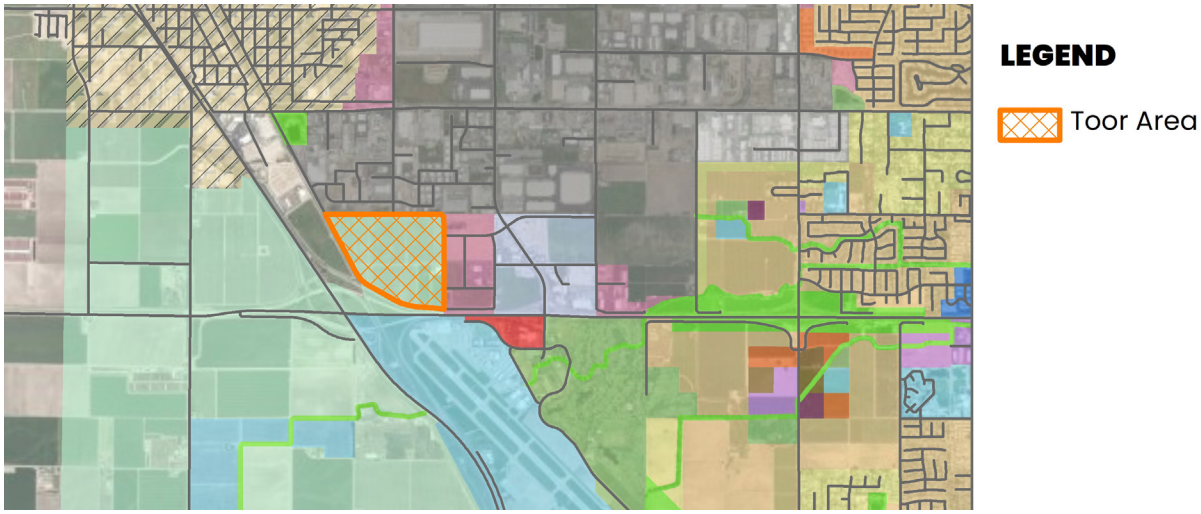


Covering an area West of SR 99, this land consists of 16 parcels, collectively encompassing 1,475 acres that can be potentially developable. The general plan for this area designates its use primarily for Agriculture, with a small amount for Conservation. The zoning is identified as X for County Land in the northern area, and A for agriculture in the southern area. This location is situated around the existing Visalia water treatment plant and adjacent land for the plant's expansion, currently designated as Public-Institutional. The transportation infrastructure in this area includes the SR99 Interchange with Caldwell Avenue near the southern boundary and the northern boundary is near the SR99 and SR198 interchange. However, there is no direct access onto the highway to the north. Caldwell Avenue and Road 68, located

to the south and East of this area, are both currently a two-lane road. While there's no direct rail access, existing tracks border the area to the East alongside SR99. As mostly undeveloped farmland, the area is expected to have limited to no stormwater, sewage, and water utilities.

The transition of this farmland to non-agricultural uses will have environmental implications, especially considering the streams, ditches, and ponds that are scattered throughout the area, necessitating avoidance or mitigation efforts. To address the potential impact on agricultural land, the City's agricultural mitigation program will be applied, ensuring that projects can mitigate potential impacts to agricultural resources while facilitating industrial growth. In terms of risk assessment, most of this tract falls within the "A" Flood Zone, with a portion of the northern area in the "X" Flood Zone, and no known contaminants have been identified. The area's accessibility from Visalia to the East and SR99 to the West makes it an attractive option for workers from Tulare, Hanford, and other nearby cities, indicating a favorable proximity to a robust labor market. Although there is room to grow and scale, development would need to be strategically planned around the water treatment plant and the existing water features, presenting unique challenges and opportunities.

TOOR AREA



The Toor Area, located at the northeast corner of Highway 99 and SR 198, comprises approximately 130 acres across five parcels. This area is strategically positioned, bordered by industrial development to the north and service commercial to the east, making it an attractive location for potential industrial expansion.

Part of the Toor Area falls within the city limits and is currently zoned for agricultural use. A portion of the site has undergone Site Plan Review (SPR) to propose a rezoning from agricultural to industrial use, indicating significant interest in developing this area for industrial purposes. However, it has not yet been rezoned. The site is currently designated for agricultural use under the City's General Plan. As with other areas, the City's agricultural mitigation program will apply here, ensuring that development can implement mitigation measures to offset the conversion of agricultural land to industrial use. The infrastructure within the Toor Area is conducive to industrial development. A sewer main runs through the site, ensuring efficient wastewater management. Additionally,

stormwater access is readily available from nearby American Street, further supporting the site's development potential.

The established infrastructure and strategic location near major highways make the Toor Area a prime candidate for industrial growth. Its accessibility from Highway 99 and SR 198 ensures excellent connectivity for logistics and transportation, enhancing its appeal to potential industrial tenants.

The Toor Area's proximity to existing industrial and commercial developments underscores its potential as a significant contributor to Visalia's industrial landscape, offering ample opportunities for growth and development.

SECTION 6: RECOMMENDATIONS AND CONCLUSION

6.1 Recommendations and Strategies

The following strategies and recommendations have been identified to address stakeholder-identified challenges and capitalize on Visalia's opportunities for industrial growth. These recommendations aim to ensure the city's infrastructure, housing, and utilities can support the projected increase in industrial development, thereby fostering economic growth and sustainability.

RECOMMENDATION #1: DESIGNATION OF ADDITIONAL INDUSTRIAL LAND

To support projected industrial growth, it is recommended that an additional 405 acres within the Reserve area be designated for industrial development.

Supporting Evidence and Rationale:

Under the highest projected growth scenario for industrial development in Visalia, the City will require an additional 6.4 million square feet of industrial building space by 2033. With a floor area ratio (FAR) build-out of 0.15, this translates to approximately 1,102 acres. However, this projection does not account for the necessary support services and infrastructure related to industrial uses.

Currently, only 66% of the developed parcels designated as industrial in Visalia are utilized for light manufacturing, heavy manufacturing, or distribution/warehouse purposes. Approximately 33% of these lands are dedicated to support services such as utilities, offices, commercial establishments, and restaurants. Future industrial development is expected to maintain a similar ratio of support uses.

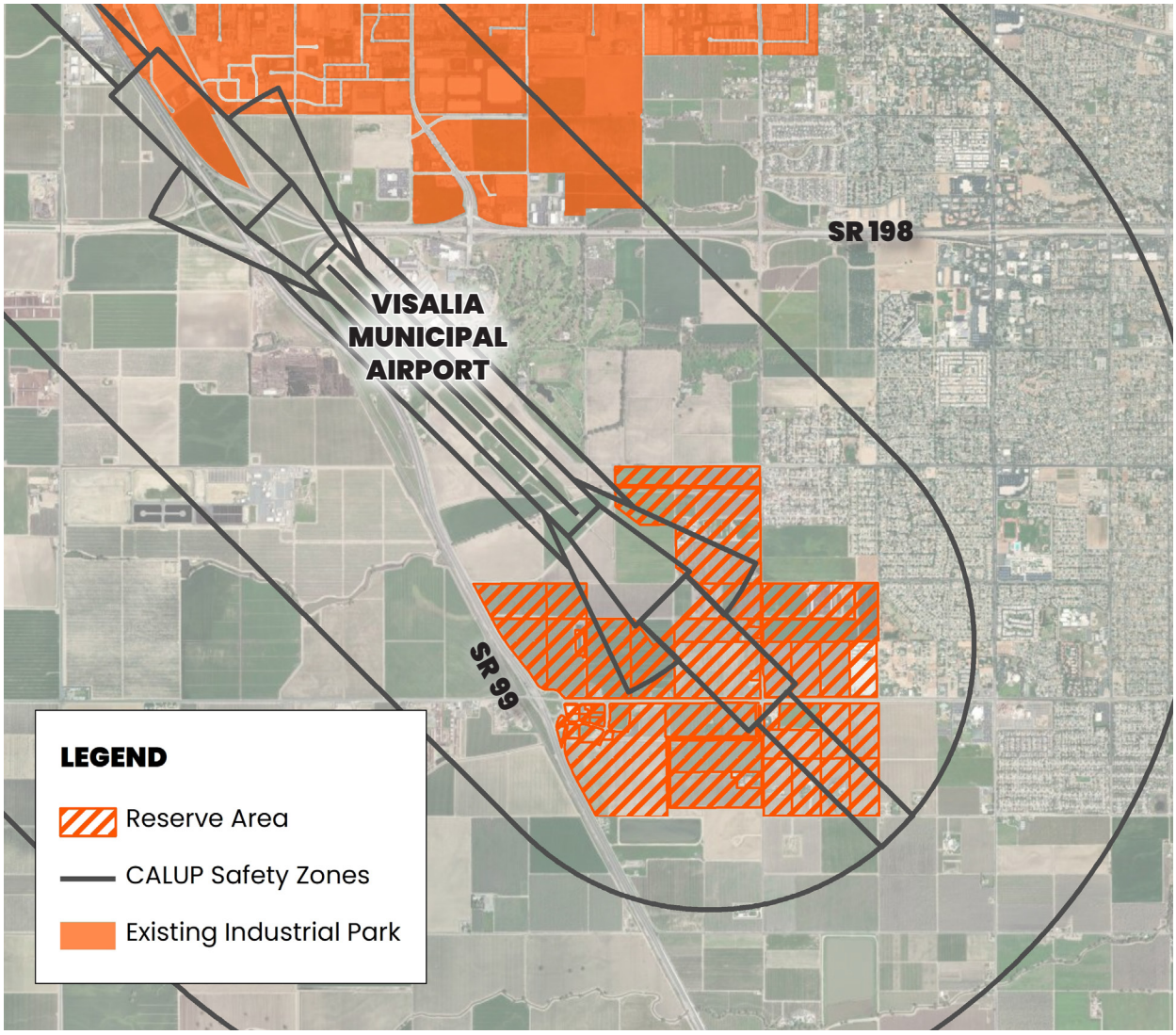
In addition to support services, a portion of the land will be needed for transportation accessibility and rights of way (ROW). Presently, about 9% of the area designated as Industrial, Light Industrial, and Business Research Park in the General Plan is utilized for public ROW. It is anticipated that future industrial growth will require similar ROW allocations. Considering the need for support services and ROW, the total area required to support the projected 6.4 million square feet of industrial building space is approximately 1,600 acres.

The City of Visalia's General Plan currently designates 1164 acres of vacant land for Light Industrial, Industrial, or Business Research Park uses. This results in a shortfall

of at least 435 acres needed to meet future industrial growth demands. Therefore, it is necessary to identify and designate additional land to ensure that Visalia can accommodate future industrial development.

The Reserve area is particularly suitable for this designation for several reasons. Portions of the Reserve area lie within airport zones, which are unsuitable for residential or other sensitive uses, making them ideal for industrial development. Additionally, the area offers close proximity to the SR99 and Caldwell interchange, providing excellent transportation connectivity. The future development of Shirk Road will further enhance access to this area, making it even more attractive for industrial use.

Aligning with the Visalia General Plan's objectives, this recommendation emphasizes the importance of providing adequate land in a variety of parcel sizes for industrial development, thereby strengthening the City's role as a regional manufacturing center. Policies aimed at ensuring compatibility between industrial lands and adjacent dissimilar land uses, as well as maintaining high standards for infrastructure and design, further support this recommendation.



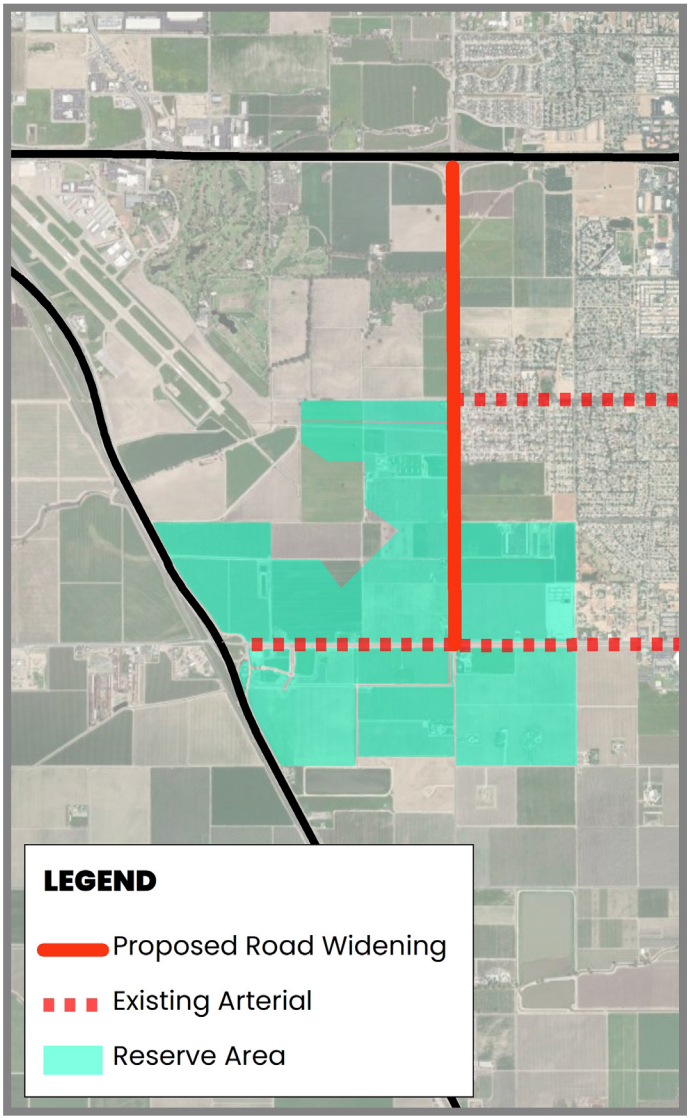
RECOMMENDATION #2: UTILITIES EXPANSION

The Reserve area is currently outside of City limits and lacks the necessary infrastructure to support industrial development. If the City follows Recommendation #1 to reclassify 435 acres of the Reserve area for industrial use, it is essential to extend water, sewer, and stormwater lines to this area. Therefore, it is proposed that water, sewer, and stormwater mainlines be extended to the south along Shirk Road and to the west along Caldwell Avenue to connect this area to City services.

RECOMMENDATION #3: SHIRK ROAD EXPANSION

If the City follows Recommendation #1 to reclassify 435 acres of the Reserve area for industrial use, it is recommended that Shirk Road be fully built out to its ultimate Right-of-Way from Caldwell Avenue to SR 198.

Building out Shirk Road to its full ROW width will greatly support and accelerate industrial development in the reclassified Reserve area. The strategic location near SR 99 and SR 198 is one of Visalia's main draws for industrial developers. The segment of Shirk Road between Caldwell Avenue and SR 198 currently operates as a two-lane road with limited capacity for high volumes of traffic. However, if Shirk Road were fully built out, this segment would serve as an effective connection to SR 99 and SR 198, greatly improving the market value of the reclassified Reserve area. By ensuring that the Reserve area is well-connected, Visalia can attract a diverse range of industries, creating job opportunities and stimulating economic growth.



RECOMMENDATION #4: RENEWABLE ENERGY DEVELOPMENT

To support the additional industrial development in the reclassified Reserve area, an increase in power generation capacity is required. It is proposed to establish a solar facility west of SR 99 near the wastewater treatment plant. This strategic location is suitable for large-scale solar installations and leverages existing infrastructure.

This renewable energy initiative aligns with Visalia's commitment to sustainability and environmental stewardship. Utilizing solar power reduces reliance on non-renewable energy sources, thereby decreasing greenhouse gas emissions and promoting clean energy. This sustainable approach not only meets the energy needs of the industrial development but also enhances Visalia's reputation as a forward-thinking, environmentally conscious city.

Supporting Information:

To accommodate the projected industrial growth, significant energy resources will be needed. The industrial buildings in the reclassified Reserve area are estimated to consume approximately 128 million kWh annually, assuming an average consumption rate of 20 kWh per square foot per year for 6.4 million square feet of industrial space.

In Visalia, one acre of solar panels can produce approximately 525,000 kWh per year. To meet the energy demands of the future industrial space, it is estimated that around 244 acres of solar panels will be required. Establishing a solar facility near the wastewater treatment plant, west of SR 99, is a strategic choice due to the availability of land and the proximity to existing infrastructure.

RECOMMENDATION #5: HOUSING DEVELOPMENT FOR WORKFORCE

Workforce housing availability has been identified by stakeholders as a potential constraint to industrial development. To support the projected industrial growth and the creation of approximately 3,000 new jobs in Visalia, it is essential to ensure that the housing supply keeps pace with industrial development. It is recommended that additional land be designated for residential use to accommodate the projected increase in the workforce.

Supporting Information:

Ensuring an adequate supply of housing is a critical component to maintaining a stable and available labor force for industrial operations. Without sufficient housing, the city may face labor shortages, which could hinder industrial growth and economic development. To maintain the current ratio of 1.25 jobs per employed resident, an additional 2,400 new housing units will be needed to support the addition of 3000 new industrial jobs.

Suitable areas for this residential development include portions of the Reserve area that do not overlap with the airport safety zones, as well as other areas within the City's Sphere of Influence (SOI).

Further analysis is recommended to determine the exact amount of additional housing needed over the planning timeframe and to identify the most suitable locations for this development. This analysis should consider factors such as proximity to industrial areas, availability of infrastructure, compliance with safety and environmental regulations, and consistency with the City of Visalia General Plan Housing Element Update goals and policies, including the following:

Goals:

1. **A Diversity of Housing to Meet Local Needs:** Provide a broad range of housing types and densities to meet the needs of all Visalia residents.
2. **Mixed Use, Infill, and Downtown Development:** Promote mixed-use, infill, and downtown development in Visalia.
3. **Encouraging Construction and Maintenance of Affordable Housing:** Support the development of affordable housing through various incentives and collaborations

Policies:

1. **HE Policy 1.1:** Ensure sufficient land is available and zoned at a range of residential densities to accommodate the city's regional share of new construction housing.
2. **HE Policy 1.4:** Encourage a mix of residential development types in the city, including single-family homes, townhomes, row houses, live-work units, planned unit developments, accessory dwelling units, and multi-family housing.

3. **HE Policy 1.7:** Promote development standards that ensure new residential developments are long-term assets to the city, make effective use of land, and are compatible with adjacent land uses.
4. **HE Policy 2.1:** Provide regulatory incentives to promote infill development on vacant and underutilized land within the city limits.
5. **HE Policy 3.1 - 3.20:** Encourage the development of affordable housing by design, such as small lot single-family units and accessory dwelling units (ADUs). Promote cooperation between the public sector, private sector, and non-profit affordable housing entities.
6. **HE Policy 5.1 - 5.7:** Encourage the development of housing for elderly, persons with disabilities, large families, and families in need of emergency shelter. Facilitate private sector development and support non-profit organizations in the development of affordable housing.

By aligning with these goals and policies, the recommendation for workforce housing development supports the broader objectives of the City's Housing Element, ensuring that Visalia remains a vibrant and economically resilient community capable of accommodating future growth.

RECOMMENDATION #6: INCLUDE COMPREHENSIVE MEDICAL FACILITIES AND SERVICES IN THE BUSINESS RESEARCH PARK ZONE

Based on the projected job growth and market needs, the following additional uses are recommended for inclusion in the Business Research Park zoning designation:

- **Medical Offices and Clinics:** Allow for a broader range of medical uses, including specialty clinics, outpatient care facilities, and diagnostic centers, to support the expanding healthcare sector and meet community needs. Some examples would include physical therapists, physicians/surgeons, dentists/orthodontists, optometrists, chiropractors, etc.
- **Healthcare-Related Research Facilities:** Include uses related to medical and healthcare research to foster innovation and collaboration within the BRP zone.
- **Pharmaceutical and Biomedical Labs:** Permit the establishment of pharmaceutical and biomedical research laboratories, which are complementary to medical office uses and contribute to the development of a healthcare hub within the BRP zone.
- **Support Services for Medical Offices:** Allow ancillary services that support medical offices, such as pharmacies, medical supply stores, and rehabilitation centers, to create a comprehensive medical service area.
- **Health and Wellness Centers:** Include facilities that promote overall health and wellness, such as fitness centers, therapy centers, and health education facilities, which align with the objectives of a Business Research Park focused on health-related uses.

Considering that health and medical services are the fastest growing job sector in Visalia, expanding the allowable uses within the BRP zone to include a wider range of medical office uses and healthcare-related facilities will provide a multitude of benefits to the community. These benefits include enhanced economic development,

greater access to healthcare services, and opportunities for medical and healthcare innovation.

The proposed additions to the allowable uses within the Business Research Park zone aligns with the broader objectives of the Visalia General Plan and will support the demands of the City's growing population. By implementing these changes, the City of Visalia can better support its healthcare sector, attract diverse businesses, and promote sustainable economic growth.

6.2 Conclusion

The Industrial Lands Inventory Analysis for the City of Visalia highlights a vibrant and evolving industrial landscape poised for significant growth. The city's strategic location, robust demand for industrial space, and supportive business climate create a favorable environment for industrial development. However, addressing key challenges related to labor supply, regulatory factors, and infrastructure is essential to sustain and enhance this growth.

By leveraging its strategic opportunities and implementing targeted recommendations, Visalia can continue to attract and retain industrial investments, driving economic development and improving the quality of life for its residents. The ILIA serves as a critical tool in this endeavor, providing policymakers, planners, and stakeholders with the insights and data needed to make informed decisions and foster a resilient and dynamic industrial sector.

Visalia's commitment to strategic planning and proactive industrial land stewardship ensures that its industrially designated lands will remain engines of the economy and critical investments for economic resiliency and community well-being. As the city continues to navigate the complexities of industrial development, the insights and recommendations from this analysis will guide its efforts to achieve sustainable growth and long-term prosperity.