

Economic Development Administration: Application for Investment Assistance
Yolo Rail Relocation Project Economic Impact and Opportunities Analysis

Project Summary:

The Capital Region, covering El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties, is embarking on a multimillion dollar rail relocation project that will provide numerous benefits to the region. The project will relocate the Sierra Northern Railroad (SNRR) line in Yolo County to accommodate improvements to the Yolo Bypass that contribute to increased flood protection for the entire Central Valley. Moving to regional rail operations will require the Union Pacific Railroad (UPRR) line, which currently runs through the center of the Cities of Davis and Woodland, to be relocated and a new interchange facility will be constructed to consolidate the operations of the SNRR, California Northern, and UPRR lines. The consolidated line will improve rail transport and increase rail safety by eliminating more than a dozen at-grade crossings in the two cities and extend rail service to a 900 acre industrial park in the City of Woodland. Finally, the new line will create an opportunity to provide rail service to the west side of the City of West Sacramento and the Port of West Sacramento. This will eliminate another half dozen at-grade crossings in the City of West Sacramento and facilitate the planned eastward development of the city toward the Sacramento River. The California Department of Water Resources has funding available for flood control projects, which include relocation of the rail, and construction could begin as early as 2016.

All planning efforts to date have focused on the flood control benefits of the rail relocation project. Given the high rate of unemployment in Yolo County, in 2013, a working group was formed to make certain that economic benefits associated with the project are identified and plans are made to maximize job creation. The working group includes the County of Yolo, the cities of Davis, West Sacramento and Woodland and the Sacramento Area Flood Control Agency. The Sponsoring Agencies are requesting local technical assistance funding from the EDA to analyze the rail relocation project's economic impacts and opportunities. With funds from EDA, the Sponsoring Agencies will develop the Yolo Rail Relocation Economic Impact and Opportunities Analysis which will outline the actions necessary to ensure the economic benefits of the project are maximized and will prevent costly mistakes and misguided investments. Opportunities for economic growth will include but not be limited to the following:

1. Increase Yolo County's Agricultural exports,
2. Create new sustainable jobs, and,
3. Redevelop urban corridors in West Sacramento, Woodland and Davis presently impacted by rail lines.

A.1. Investment (Project) Region

Yolo County and the three largest cities in the County - West Sacramento, Woodland and Davis, make up the Investment Region identified for this application for assistance. At 9.4 percent, Yolo County has the highest unemployment rate in the Sacramento Region, according to the California Employment Development Department. The statewide unemployment rate is 8.3 percent.

Yolo County is located in the rich agricultural regions of California's Central Valley and Sacramento River Delta. It is directly west across the Sacramento River from Sacramento, the State Capital of California. Agricultural viability and small city, rural quality of life are important to the residents of the County. The County's leading industry is agriculture which depends on warehousing and distribution, food processing, technology and biotechnology R&D, and benefits from the University of California (UC), Davis.

The unincorporated area of Yolo County has exceptionally productive soils, an excellent growing climate and adequate water supplies which support its large and diverse agricultural industry. Leading crops are: tomatoes; seed crops; rice, wheat and other grains; wine grapes; and fruit and nut crops. "Farm to Fork" sustainable, local programs have taken root in Yolo County, in addition to worldwide exports of large-scale production crops such as rice.

UC Davis, the Sacramento Region's largest academic institution has a long history as a leader in agricultural innovations. UC Davis is host to numerous agricultural related research institutes including the Genome Center, Seed Biotechnology Center, the Robert Mondavi Institute for Wine and Food Sciences, the recently created Sustainable AgTech Innovation Center (supported by an EDA i6 Green Challenge grant), and a new World Food Center. Established as a land grant university and UC Berkeley's "Farm," the University is now recognized as one of the top agricultural research institutions in the world.

The agriculture and biotechnology programs of UC, Davis; the growing cluster of biotechnology firms; seed industry research and production facilities; and large and small food processors; are other unique assets that support agriculture. Traditional commercial production, specialty and organic agricultural production, progressive and innovative farming techniques and newly emerging agricultural and food technologies are all represented in the County's robust agricultural and food processing industries.

The County's economic development strategy includes: the attraction of additional wine and wine grape production; new biotechnology and seed technology enterprise; expanding the nursery industry; increasing high value specialty crops, particularly organic, production, processing and marketing; attracting additional food processing and marketing enterprises;

pursuing production of alfalfa and rice straw products and attracting or facilitating additional tourist-oriented businesses appropriate to a rural county.

Core partners in economic development planning are the Sacramento Area Council of Governments (SACOG), which is leading the nationally recognized and award winning Regional Blueprint Program, including the Rural-Urban Connections Strategy (RUCS). RUCS promotes the viability of agriculture, develops policies and strategies to keep agricultural land in production, supports rural economic development, reduces vehicle miles traveled, and reduces greenhouse gas emissions. SACOG is preparing the Sustainable Communities Strategy to meet state-mandated greenhouse gas emissions reductions and RUCS is an important part of the Strategy. Valley Vision, a regional non-profit civic organization which facilitated the preparation of the Greenwise Sacramento Regional Action Plan is the other important partner, participating in the HUD Sustainable Communities Partnership grant and leading the region's Food System Collaborative (FSC).

Agriculture in Yolo County

According to the 2011 Sacramento region County Agricultural Commissioners' crop reports, the value of agriculture in the Sacramento region in 2011 was more than \$1.6 billion for crops, livestock, poultry, nursery products and timber. This figure does not include the total contribution of agriculture to the regional economy through the "food value chain" of pre-production, growing, processing, packaging, transportation, marketing, retail and other support services both direct and indirect. Agriculture also provides other major economic benefits to the region, such as flood protection, open space, habitat and species protection, water quality and supply, and agritourism.

Rail efficiencies resulting from the Yolo Rail Relocation Project have the potential to play a substantial role in supporting increased export of the Sacramento Region's agricultural products. Using data provided by the Yolo County Crop Report for 2012 as one example, over 95 international countries are cited as export partners. This report summarizes the acreage, production and valuation of Yolo County's agricultural commodities, noting:

"the gross value of Yolo County's agricultural production for 2012 was \$645,766,504; an all-time high and an increase of 17.5% from 2011, with increased per unit valuations for all commodities demonstrating another growing export opportunity the gross value of organic production in Yolo County increased by nearly 33% to just over \$40,000,000 for 2012."

As discussed further in the next section of this application, Agriculture is a top priority in the Next Economy, the Comprehensive Economic Development Strategy (CEDS) for the Capital

Region, and leveraging the region's agricultural assets is identified as one of the keys to future economic growth.

Comprehensive Economic Development Strategy for Yolo County

The Next Economy is the Capital Region's Comprehensive Economic Development Strategy (CEDS) and has been approved by the Economic Development Administration. The Next Economy is a five-year blueprint that aims to transform the capital area, adding 35,000 jobs and \$5.3 billion in economic output. The Next Economy plan assigns deadlines and responsibilities to organizations involved in the effort including Valley Vision, Sacramento Area Commerce & Trade Organization (SACTO), Sacramento Area Regional Technology Alliance (SARTA) and the Sacramento Metro Chamber. Success of the effort will mean measuring growth in jobs and economic output beyond growth that was already expected. The Next Economy project sets five main goals:

- Foster an environment that rewards innovation
- Strengthen the region's global market clout
- Diversify the region's economy
- Increase the depth of local talent
- Drive change that will encourage economic growth

The plan breaks these goals down into objectives and then into strategies. These, in turn, are broken down into actions that are assigned to specific organizations and due in specified years. Further information about the region's CEDS is provided in section A.3.b.

A. 2. Investment (Project) Description

The Sponsoring Agencies seek EDA assistance in ensuring that the rail relocation project unlocks the maximum possible sustainable economic prosperity for agricultural, industrial and underserved communities when lands are free from freight rail impacts and job creating centers are opened by flood protection, new rail service and enhanced redevelopment opportunities. Toward this end, the EDA grant will fill in knowledge and information gaps to allow state and regional decision makers to optimize the interrelationships between the rail relocation project and the state's regional flood risk management plan. Additionally, the technical assessment study will prevent costly mistakes and misguided investments. The specific scope of work is as follows:

Prepare a Rail Line Relocation Economic Impact Study and Strategic Implementation Plan

The EDA funded technical assistance study will quantify the economic impacts of rail line improvements in terms of new materials purchased, construction jobs created, incomes improved, along with the economic multipliers of the construction activities. The impact study will also document and measure the economic benefits of increased employment including: 1) the number of jobs retained and no longer at risk once the flood control and rail improvements are in place; and 2) potential job creation generated from redevelopment opportunities increasing the amount of commercial development in core employment areas. The economic impact information, coupled with information on the environmental benefits and impacts of the projects, will be invaluable for the public's review and decision making processes.

The strategic plan will borrow from the best practices around the nation and focus on how the project can obtain federal and state funding to design and construct the rail line improvements and maximize economic benefit. The plan will examine opportunities for local government policies to incentivize or require the purchase of local building materials and local construction workers. The strategic plan will also provide an implementation road map on how local jurisdictions can encourage the obsolete rail lines to be developed for business uses and to attract new businesses that can utilize the rail line relocation and improvements. Additionally, the plan will fill in the information gaps that may prevent leaders in the public and nonprofit sectors in Yolo County from making optimal decisions on local economic development issues.

Specific components of the strategic plan will include:

- Analysis of the economic benefits associated with redeveloping the land currently occupied by what will become obsolete rail infrastructure in the cities of Davis, West Sacramento and Woodland. Preliminary estimates:

- Davis: abandonment of the rail line would free up approximately 15 acres of railroad right-of-way (11.3 ac. north of 8th Street and 3.7 ac. between 1st and 8th Streets). When combined with abandoned City right-of-way (6.8 ac. north of 8th Street, 5.8 ac. between 1st and 8th Streets plus another 2.9 ac. in the “Y” at the Davis Train Station) this could be increased to 30 acres of land worth approximately \$11 million; with the potential to support \$60 to \$100 million in development producing \$1.5 million in local taxes annually. If the vacated ROW is combined with adjoining underutilized parcels in the Downtown area the revenue generation and job creation potential could be substantially greater. Removal of five at grade crossings would save \$400,000 per year in maintenance costs;
- Woodland: abandonment would free up 40 acres of land worth approximately \$10 million; with the potential to support over \$100 million in development producing \$2.0 million in local taxes annually. Removal of ten at grade crossings would save \$1.0 million per year in maintenance costs;
- West Sacramento: abandonment would free up 130 acres of land worth approximately \$15 million; with the potential to support \$150 million in development producing \$3.0 million in local taxes annually. Removal of six at grade crossings would save \$700,000 per year in maintenance costs and \$18.5 million in grade separation costs.
- Analysis of the potential of the rail relocation project to create jobs in the Region, specifically near term generation or retention of private sector jobs.
- An overall economic assessment to identify direct and indirect job creation from the rail relocation is needed. For example, will rail efficiencies benefit agricultural exports from the northern Sacramento valley, including high value nuts, grapes, wine and rice? Will high tech and biotech companies locate in proximity to the University of California Davis to utilize new office/laboratory space built in abandoned rail corridors? What industries will take advantage of more direct rail service to the Port of West Sacramento?
- Analysis of the potential for rail relocation to stimulate economic development and job creation by providing increased flood protection to the City of Woodland south of Cache Creek and west of the Yolo Bypass. Woodland has several areas to be studied including: what will be the impact of the removal of rail lines from downtown Woodland; what is the potential for development of over 800 acres of undeveloped land that currently falls within the City’s Urban Limit Line area (of which approximately 210 acres are close to being

processed for annexation), and approximately 900 acres of additional land south of I-5 which could become available for development. Flood protection will allow for development of significant warehousing and agricultural production jobs within newly protected areas that are also served by the new rail line.

- Analysis of the potential of the rail relocation to stimulate rail serving uses, including expanded use of the Yolo County Central Landfill and establishment of a new railcar repair yard;
 - The Landfill could be served by the planned new rail line. It has the space to expand and take waste from other areas in northern California. It also is home to several innovative waste management programs and could be the site of a waste to energy plant. The Strategic Plan will assess the potential job creation and environmental benefits from new landfill access.
 - The Authority that manages the passenger rail line between the San Francisco Bay Area and the Sacramento region is considering the construction of a new maintenance facility in the region to serve northern California. There are a number of potential sites in Yolo County that could accommodate the construction of the facility. If constructed, the project would provide approximately 140 skilled permanent jobs, similar in size to an existing facility in Oakland.
- Analysis of potential regional funding mechanisms and governance structures for the rail relocation project.
- The complex nature of the project and the potential local, state and federal funding opportunities call for an analysis and identification of long term intergovernmental and public/private collaborations and implementation strategy to guide and help manage the project's implementation.

A. 3. b. Economic Development Needs of the Region

In the Sacramento Capital Region, the "Great Recession" caused especially heavy job losses, business bankruptcies and home foreclosures. The recession was made worse here because the two hardest hit sectors nation-wide were construction and government - Sacramento Metro area's two largest sectors in 2008 when the recession began. Over 140,000 jobs were lost and unemployment was over 12%. Rather than wait, business leaders decided to take matters into their own hands, launching Next Economy to jump start job creation and prepare people and institutions for the future.

The Next Economy Capital Region Prosperity Plan, outlining specific goals and actions to strengthen the region's economy has been formally endorsed by the majority of jurisdictions in the Region's six counties. This plan provides a "road map" to strategically align regional resources and efforts to improve our regional economy. The plan builds off of the region's competitive strengths, defines five overarching goals for regional execution and maps out a set of interlocking strategies and objectives to accelerate job and wealth creation. The five goals include:

1. Foster a strong innovation environment
2. Amplify the Region's global market transactions
3. Diversify the economy through growth and support of core business clusters
4. Grow and maintain a world-class talent base
5. Improve the regional business climate for economic growth

The Next Economy's regional leaders in business, government and academia have described the economic needs of the region to include an additional 35,000 jobs and \$5.7 billion in economic output by 2017. Major initiatives in order to achieve these results include increasing technology transfer from universities to commerce, better access to capital for high-growth industries, grow international trade and foreign investment, strengthen the collective activities of industry clusters, and attract and retain an educated workforce.

The biggest need identified - and which is consistent with the goals and purpose of this grant application - is the need to improve the regional business climate, particularly through removing barriers to growth. Next Economy studies show that priorities such as removing regulatory barriers, upgrading regional infrastructure, and improving regional government performance and accountability are essential to the economic needs of the region.

Among the key specific governmental priorities identified, Next Economy cited the task to "address specialized facilities and infrastructure needs." Another significant goal of Next Economy is to diversify the economy through growth and support of core business clusters. Food & Agriculture is one of the six core business clusters identified for the region.

The reduction of flood risk, and increased access to land area and infrastructure in Yolo County that can support the region's growing agricultural industry process chain and increased exports directly aligns with Capital Region Prosperity Plan goals. Increased infill development opportunities created by abandoned rail and city rights-of-way will offer opportunities for creation of new office and R&D space in Yolo County cities leveraging the presence of UC Davis's research strength's in the region's core business clusters, particularly in Food & Agriculture. The growth and expansion of seed research companies and other food and ag/biotech

companies in Yolo County, increasing number of research institutes and recent creation of the World Food Center at UC Davis, are already demonstrating the attraction of this industry sector and its corollary intellectual capital to the region,

Creation of a new mixed use innovation district in Davis, called the “Downtown University Gateway District” could be assisted through redevelopment opportunities in downtown resulting from the Yolo Rail Relocation Project. This collaborative effort of the City of Davis, Yolo County, UC Davis and private sector partners is to jointly plan for a combination of high density university and non-university housing, flexible research and development space, and urban amenities in a new mixed use “innovation district” connecting the University and Downtown. Job creation; facilitating transfer of new technologies to market; strengthening entrepreneurial and innovation networks; and retention of workforce talent are explicit project objectives.

The Next Economy well thought out strategy that will provide a framework that will ensure the success of this project. Just in the last year, the Next Economy finished 2013 with 19 of the 123 goals outlined in the plan and 32 on track for completion. The Yolo Rail Relocation Project Economic Impact and Opportunities Analysis will be supported by the leaders of the Next Economy as well as regional leaders in Yolo County. The project has strong local support in terms of financial commitments, public and private leadership involvement, and the ability to use funds quickly and effectively.

A.3.c. Economic Conditions of the Region and Economic Dislocations

At 9.4%, Yolo County has the highest unemployment rate in the Sacramento Region, according to California Employment Development Department. The statewide unemployment rate is 8.3%. More significantly is the dramatic rise in unemployment in Yolo County from just under 7% in early 2008 to over 12% just 18 months later. Unemployment peaked in 2012 in Yolo County at 13.6%. Thousands of workers remain dislocated from the workforce. Recovery has been slower in the Sacramento Region than other areas of the country. The Center for Strategic Economic Research reported that in Q2 of 2013 the Sacramento Region had overall job growth of 0.9 percent as compared to 1.6 for California and 1.7 for the U.S., with the region’s largest job sector Government, continuing to post annual job losses. By Q3 of 2013 job growth had increased to 1.1 percent overall, but the submarket including El Dorado, Placer, Sacramento and Yolo Counties were only posting 0.9 percent job growth. In addition, the Sacramento regions’ annual job growth was among the lowest among the regions with which it

typically competes (Austin, TX job growth 2.8 %, Seattle, WA, 2.1%, San Francisco, CA, 1.8 %, Portland, OR 1.7%, Los Angeles, CA 1.6%).

In January 2014, overall unemployment in the region was at 9.2 %, but in an Economic Forecast presented at California State University, Sacramento; this level is actually expected to be far higher because it doesn't reflect those who have given up looking for employment. In addition, communities within Yolo County have even higher unemployment rates. In January 2014 Yolo County's overall unemployment was 9.5% as reported by the State Employment Development Department, but West Sacramento's was 14.7%, Woodland's was 11.2%, Winter's was 10.8%, Esparto's was 10.6% and Davis's was 6%, showing great disparity. Another revealing statistic is the number of children in Yolo County eligible for the National free lunch program, 65% of 38,000 students are eligible for free and reduced meals, five days a week. These figures show that this region has still not recovered from the recent recession.

Other indicators that further substantiate the severe economic distress in Yolo County are the drop in housing growth and high foreclosure rates. Since 2008, housing growth has dropped in Yolo County between 0.5 and one percent each year and many businesses have closed their doors.

At the peak of the recession the Sacramento Region and Yolo County had some of the highest foreclosure rates in the country and a slower recovery as noted by excerpts from economic related publications cited below.

“An important factor weighing on home prices is the still frustrating level of foreclosure activity. Home foreclosure action began heating up in late 2005 when home sales slowed dramatically. Foreclosures in California escalated rapidly in 2006 and then skyrocketed to unprecedented levels in 2007 and 2008, and then peaked in 2009. Lenders sent out nearly a half million default notices to California homeowners in 2009—more than seven times the number sent in 2005. Defaults declined significantly in 2010 and 2011. However, with 258,000 notices issued in 2011—a 15 percent drop from 2010—the pace was still more than three times greater than in 2005.”

“The Central Valley, (including the Sacramento Region) which stretches from Colusa, Sutter, and Yuba counties in the north down to Kern County in the south, bore the brunt of the housing meltdown. Based on notice of default actions taken on a per capita basis, the Central Valley suffered the greatest increase in foreclosure actions—rising from nearly two actions per 1,000 residents in 2005 to over 16 in 2009, the peak year for foreclosures. Even though this area improved the most in absolute terms since 2009, it still suffered the second

highest foreclosure rate in 2011, 9.1 actions per 1,000 persons. This is also nearly three times the 2000-2005 pre-collapse rate of 3.3 actions per 1,000.”

“The steep decline in prices over the years also left many homeowners “underwater” in their mortgage loans, and trapped in homes worth less than the mortgage balance, unable to sell. The Public Policy Institute of California reported CoreLogic estimates 30 percent of mortgaged residential properties in the state were “underwater” in the second quarter of 2011, the fifth highest percentage in the nation after Nevada, Arizona, Florida, and Michigan. (Source <http://goldenstateoutlook.wordpress.com/2012/04/>)”

“Five states with the highest number of completed foreclosures during past 12 months: Florida (111,000), Michigan (60,000), California (58,000), Texas (43,000), Georgia (40,000) (<http://www.corelogic.com/about-us/researchtrends/national-foreclosure-report.aspx#August2013>)”

“Among the largest 25 markets, Riverside, CA, had the largest percentage of distressed sales in January (62 percent), followed closely by Las Vegas (59 percent) and Sacramento (58 percent). The top REO market was Detroit where the REO share was 48 percent, followed closely by Riverside (47 percent) and Las Vegas (45 percent). San Diego’s short sale share was 19 percent in January, making it the highest ranked short sale market, followed by Sacramento (18 percent) and Oakland (16 percent). Although the top 10 markets for foreclosures are all located in Florida, only two Florida markets, Orlando and Cape Coral, made the top 10 distressed sale list. The most likely reason: Florida is a judicial state where foreclosures process through the courts and take quite a bit longer than in California, Arizona or Nevada, where non-judicial foreclosures are the norm. (Source Corelogic “Distressed Sales Report April 2010).

“Between 2006 and 2007 foreclosures in the State of California increased by 566 percent, by 496 percent for the eight county Greater Sacramento Region and by 844 percent in Yolo County. (Sources DataQuick Information Systems and Sacramento Bee.)”

Foreclosure Rates for Yolo County, CA January 2014

Yolo County, CA: 1 in every 1436

Top 5 Cities:

Guinda: 1 in every 161

Dunnigan: 1 in every 217

Knights Landing: 1 in every 347

Woodland: 1 in every 1021

West Sacramento: 1 in every 1041

Source: <http://www.realtytrac.com/statsandtrends/foreclosuretrends/ca/yolo-county>

A. 4. Investment (Project) Impact and Fit with EDA Funding Priorities

The proposed project satisfies EDA's Investment Policy Guidelines as set forth in 13 C.F.R. Section 301.8, in the following ways:

(a) Is market-based and results driven.

The economic impact and opportunities analysis concept is the product of significant policy agreement among the regional agencies and will be implemented by researchers experienced in Yolo County economic market trends. Through continued participation and analysis by applicants and other institutions, the study will both identify economic impacts of rail relocation and identify components of the project that have the greatest potential to maximize economic activity.

(b) Has strong organizational leadership.

Leadership is extremely experienced and strong. The elected officials and staff with the City of Davis and other local jurisdictions, along with the leadership of the flood control agency, have an enormous amount of experience administering taxpayer dollars, completing large local and regional studies and projects, and meeting goals and criteria required by statutes or regulations.

(c) Advances productivity, innovation and entrepreneurship.

Productivity, innovation and entrepreneurship are at the heart of this application. Economic expansion in Yolo County depends on innovative, first of its kind solutions to transportation challenges. This is because of the blend of rural and agricultural traditions, with the growth of research and technology coming out of UC Davis to the wider Yolo County economy. In both agricultural and non-agricultural emerging industries, private investment and entrepreneurship are essential to transferring knowledge from the university to the economy. These opportunities and challenges must be identified in advance to ensure the final relocation project maximizes positive impacts on productivity, innovation and entrepreneurship.

(d) Looks beyond the immediate economic horizon, anticipates economic changes and diversifies the local and Regional economy

This application is 100 percent targeted toward the transformative nature of Yolo County's economic and growth trends. Flood control – the catalyst of the rail relocation project – will have the single greatest impact on all planning for future economic and residential growth in Yolo County. The changing dynamics of transporting agriculture will also be thoroughly addressed in the study. The growing influence UC Davis will have on the region's emergence as a center for green energy and other research will also be a top priority of study.

(e) Demonstrates a high degree of local commitment.

Each of the region's most essential and influential institutions (city, county and regional government, University of California) are participants in this project and have a significant stake in its success. Included in this application are letters of support from many local public agencies and community based organizations.

The proposed project satisfies EDA's funding priorities set forth in the applicable Federal Funding Opportunity (FFO), in the following ways:

1) Collaborative Regional Innovation

The Yolo rail relocation is an innovative, regional plan with statewide significance. The application for EDA assistance is to ensure the communities within Yolo County can maximize economic development and employment opportunities through collaboration. Yolo County's population is largely contained in the three urban areas of West Sacramento, Woodland and Davis. But those communities and the region benefit greatly from the agricultural economy surrounding the urban/suburban cores. Through analysis of appropriate employment development in each municipality, relying on existing competitive strengths, governmental decision makers can take advantage of the rail relocation.

This project will identify existing subsets of the agricultural economy and assess long-term intergovernmental actions needed to foster growth through the opportunities presented by rail relocation. For example, besides the near term potential for more warehousing in new flood protected areas of Woodland, what food processing or research business can be brought in? What type of international trade enterprises, agricultural or otherwise, can best use new rail served property in West Sacramento and the port of West Sacramento? What University related spin-off jobs in high-tech or bio-tech could be brought to any of the cities? What are all of the energy related jobs that can be created at the Yolo County landfill?

2) Public/Private Partnerships

Relocating the rail lines will take a very high level of cooperation and collaboration from government entities and the private sector but if successful, the effort will create new jobs in many sectors of the economy.

The project has the potential to leverage approximately \$100 million in state funds related to flood control and lead to millions in private investments for new business development in agricultural, industrial and underserved communities when lands are free from freight rail impacts and job creating centers are opened by flood protection and new rail service.

Private Partners include:

- The inland Port of West Sacramento opened in 1963, primarily to serve the Northern California rice industry, and is capable of handling an array of cargo commodities through its

facilities. The Port is located 79 nautical miles from San Francisco with direct access to Suisun Bay provided via the 40-mile Deep Water Ship Channel, which is maintained at a depth of 30 feet. In 2006, the City of West Sacramento assumed responsibility for the Port and in 2013 implemented a new landlord-lessee operating model whereby SSA Marine leases and operates the Port's North Terminal cargo facilities. The Port manages several other leases and owns over 300 acres of vacant, developable property surrounding the North Terminal which will be served by a new rail spur built as part of the relocation project.

- Railroads, including Union Pacific Railroad, Sierra Northern Railway and California Northern Railroad, are the backbone private partners of the project. Relocation and new connections between the rail systems will lead to more efficiencies and economic opportunities.
- The largest single landowner within jurisdiction of the project is the Conaway Preservation Group, LLC (CPG), which owns and manages the 17,300-acre Conaway Ranch. Located to the east of the cities of Davis and Woodland and west of the Sacramento River in Yolo County, the ranch will provide most of the right of way for the new rail corridor and could provide an opportunity for agricultural serving uses (food processing eg.) to be developed in this corridor. CPG will be a key partner in bringing together all of the interests of the railroads using the new line. The ranch has already been a collaborative partner with the Woodland and Davis long-term water supply project.
- The current and potential industrial and agricultural rail users are also significant private sector partners in the project. Improving their shipping capabilities will be a driver in expanding the economic benefits of the project.

3) National Strategic Priorities.

The project addresses one of the EDA's National Strategic Priorities, helping communities deal with the risk and reward of urban waters, and leverages state funds for protection from those waters into a regional plan of collaboration on economic development and job creation, many of which will be in National Strategic Priority sectors such as advanced manufacturing and innovative health care products and science.

4) Global Competitiveness.

Yolo County is only one of the northern California counties that would benefit from a more efficient rail service but is a good example of the agricultural production ready to fill the world's food baskets through increased exports. The gross value of Yolo County's agricultural production for 2012 was \$645,766,504; an all-time high and an increase of 17.5% from 2011. This increase reflects overall higher price per unit for commodities and increases in acreage.

Nut crops (walnuts and almonds) are an increasing export, shown by increases in price per unit from 2011 with farm gate values roughly 50% higher for the 2012 cropping season. Processing tomatoes remain Yolo County's leading commodity with a gross value of \$111 million in 2012. Wine grapes, rice, alfalfa hay and walnuts remain in the top five commodities according to gross value.

Organic production increased by nearly 33% to just over \$40,000,000 for 2012. Yolo County Agricultural Commissioner's office is one of the few counties in California to offer an organic certification program to qualified agricultural producers and handlers.

A more efficient rail system can be especially beneficial to organic farmers due to the expansion of local Farm to Fork programs in northern California. It is estimated there are approximately 8,000 acres of small, boutique farms – mostly organic and family owned – within the project area.

Funding from EDA will also help the local communities assess the region's growing foreign investment within the agricultural sector, especially from seed and plant science research companies. Eight of the ten largest seed companies in the world have facilities located within a short driving distance to UC Davis, with over 30 seed research firms planted in Yolo County alone. Expanding what is known as "Seed Central" through new land for facilities and rail access will lead to more jobs.

5) Environmentally-Sustainable Development

The project's opening of urban core land to industrial, commercial and potentially residential development meets the green goals consistent with the Sacramento Area Council of Governments (SACOG) innovative Blueprint Project that promotes compact, mixed-use development, public transit oriented with more transit choices as an alternative to low density development.

The new development, primarily in support of agricultural economic growth, is also completely consistent with SACOG's Rural-Urban Connections Strategy (RUCS) which looks at the region's growth and sustainability objectives from a rural perspective. In the same way that Blueprint is an economic development strategy for urban areas, the RUCS project is an economic and environmental sustainability strategy for rural areas.

Relocating rail lines in Yolo County will unleash opportunities for green re-development of lands now impacted by freight rail and that development will bring jobs. The strategic planning effort will identify the opportunities for ensuring those jobs are related to the green economy.

The potential for green jobs is especially true at the Yolo County landfill. Bringing direct rail access to the landfill will lead to development of waste to energy facilities that can be built to process feedstock from anywhere in the country. Working in collaboration with university researchers, the possibilities for new processes or energy products are many. In 2013, the County received state designation from CalRecycle as a Recycling Market Development Zone (Yolo RMDZ). This designation will support new businesses that utilize discarded materials to produce new products, create jobs, and divert waste from disposal.

In addition, there is potential for possible re-use of the abandoned rail corridor between Davis and Woodland as an alternative transit corridor or bike expressway.

6) Economically Distressed and Underserved Communities

The three largest urban areas in Yolo County have suffered disproportionate economic job losses and are rebuilding to become more competitive in the global economy.

<p style="text-align: center;">West Sacramento</p> <p>Land area in square miles, 2010 21.43 (2013 ACS) Population approximately 50,000, Median household income, 2008-2012 \$54,179 (2013 ACS) Per capita money income in past 12 months (2012 dollars), 2008-2012 \$24,972 (2013 ACS) Persons below poverty level percent, 2008-2012 18.8% (State of California 15.3%) (2013 ACS) The city's largest employers are the United States Postal Service, the United Parcel Service, the State of California and Nor-Cal Beverage distribution. The city's December 2013 Unemployment Rate is 14.7%.</p>	<p style="text-align: center;">Woodland</p> <p>Land area in square miles, 2010 15.30 Population approximately 56,300 (2013 ACS) Estimated median household income, 2008-2012 \$55,139 (2013 ACS) Per capita money income in past 12 months (2012 dollars) 2008-2012 \$25,701 (2013 ACS) Persons below poverty level, 2008-2012 11.6% The city's December 2013 Unemployment Rate is 11.2%.</p>
<p style="text-align: center;">Yolo County</p> <p>Land area in square miles, (2010) 1,014.69 (2013 ACS) Population, 2012 estimate 204,118 (includes incorporated areas (2013 ACS) Per capita money income in past 12 months (2012 dollars), 2008-2012 \$28,137 (2013 ACS) Estimated Median household income, 2008-2012 \$57,260 (2013 ACS) Persons below poverty level, percent, 2008-2012 18.7% (2013 ACS) The county's largest employers are: The county's December 2013 Unemployment Rate is 9.5%.</p>	<p style="text-align: center;">Davis</p> <p>Land area in square miles, 2010 9.89 Population approximately 66,000 (2010 Census) (2013 ACS) Estimated per capita income in last 12 months (2012 dollars) 2008-2012 \$32,907 (2013 ACS) Estimated median household income 2008-2012 \$61,535 (2013 ACS) Persons below poverty level, percent, 2008-2012 26.4% (2013 ACS) The city's largest employers include: Sutter Hospital, Pacific Gas and Electric, Davis Joint Unified School District, City of Davis, Safeway Markets, Nugget Markets, University Retirement Community, FMC Schilling Robotics, Whole Foods, DMG Mori, Marrone Bio Innovations, Novozymes, The city's December 2013 Unemployment Rate is 6.0%.</p>

Reference: for 2013 ACS data <http://quickfacts.census.gov/qfd/states/>
California State EDD December 2013 Unemployment Rates

A. 5. Applicant's Capability

The Rail Relocation Economic Development Working Group has selected the City of Davis, City Manager's Office to take the lead on the administration of the grant application for the Economic Development Opportunities portion of this substantial regional project. The City of Davis has the capability to administer, implement, and attract private sector investments.

The Davis City Manager's Office receives and manages approximately \$1 million in federal funding each year and has received this Community Development Block Grant, HOME Investment Partnerships and Supportive Housing Funding for nearly three decades. These grants are utilized in the completion of capital improvement construction projects led by the city, economic development programs administered by the city, housing and construction projects monitored by the city, and service grants monitored by the city. In total, the City of Davis is receiving nearly \$9 million this year in federal funding for a variety of transportation-oriented construction projects, affordable housing projects, public safety equipment and staffing, child care services, emergency preparedness, accessibility modifications in public facilities, and natural resources conservation. These projects have contributed to a long term effort to bring jobs to the City of Davis and Yolo County. The City has a strong record of being good stewards of federal grants and has successfully accomplished construction projects and programs with these funds. (See attached list of City of Davis Federal Grants)

A. 6. Proposed Time Schedule for the Project

EDA Technical Assistance Grant Award Timing

Grant Awarded	Summer 2014
Meeting with Cities and County Representatives	Fall 2014
Consultant RFP Released	Fall 2014
Consultant Hired	Fall 2014
Meetings with Business Leaders & Community	Winter 2014
Release Draft Economic Report for Community Feedback	Winter 2014
Results of Report Presented to City Councils, County Board of Supervisors, and Community	Spring 2015
Finalize Economic Report	Spring 2015
Report to EDA	Summer 2015

Rail Relocation Project Timing

Award of Funds from Department of Water Resources	Winter 2014-15
Complete Planning Documents	2015
Complete Environmental Impact Review	2015
Complete Engineering Design and Right of Way Acquisition	2016
Begin Construction	Spring 2017
Complete Construction	Winter 2019

A.9. a. Non-EDA Funding for the Project

Project Funding

The Sacramento Flood Control Agency is actively working with the State Department of Water Resources (DWR) to secure funding for the flood control component of the rail relocation project. The funds will be awarded through the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E). This measure was passed in 2006 and authorizes \$4.09 billion in general obligation bonds to rebuild and repair California's most vulnerable flood control structures to protect homes and prevent loss of life from flood-related disasters, including levee failures, flash floods, and mudslides and to protect California's drinking water supply system by rebuilding delta levees that are vulnerable to earthquakes and storms. All Proposition 1E funds must be appropriated by June 30, 2016 and expended within five years thereafter.

Funding for EDA Match

The cities of Woodland, West Sacramento, Davis and the County of Yolo will contribute the following funds towards the development of the Yolo Rail Relocation Project:

Organization	Funding Match	Type of Assistance
Yolo County	\$27,615.52	In-Kind Staffing
City of West Sacramento	\$22,590.40	In-Kind Staffing
City of Davis	\$32,194.64	In-Kind Staffing
City of Woodland	\$18,875.28	In-Kind Staffing
Sacramento Flood Control Agency	17,326.00	In-Kind Staffing

I.1. Strengthening Capacity of Economic Development Organizations

The Yolo Rail Relocation Project Economic Impact and Opportunities Analysis will provide the resources necessary for the Cities of Davis, Woodland, West Sacramento and the County of Yolo to analyze the economic impacts and opportunities that could result from the relocation of rail in the region. Through the analysis, public agency staff and elected officials will be educated about the opportunities and will be better prepared to make important decisions regarding the economic development benefits associated with the rail relocation project. In addition to public agency elected officials and staff, essential institutions in the private sector must also be prepared to support increased economic development resulting from this project. Business assistance programs, financial investors, small business development centers, chambers of commerce, higher education, utilities, and economic development entities will all be key in both the development of the economic impact analysis as well as its implementation. We have identified the following list of partner organizations that will assist the region in developing the economic impact and opportunities analysis:

- Sacramento Area Commerce and Trade Organization (SACTO)
- Sacramento Area Regional Technology Alliance (SARTA)
- Sacramento Area Council of Governments (SACOG)
- Yolo County Visitors Bureau (YCVB)
- Valley Vision
- Yolo Ag Futures Alliance
- Sacramento Metropolitan Chamber of Commerce
- West Sacramento Chamber of Commerce
- Woodland Chamber of Commerce
- Davis Chamber of Commerce
- University of California, Davis
- Sacramento City College
- techDavis

The region is ready to start the Economic Impact and Opportunities Analysis for the Yolo Rail Relocation Project and the region has the ability to use funds quickly and effectively.

I.2. Benefits to Distressed Regions

The Yolo Rail Relocation Project Economic Impact and Opportunities Analysis will benefit a distressed region. At 9.4%, Yolo County has the highest unemployment rate in the Sacramento Region, according to California Employment Development Department. The statewide unemployment rate is 8.3%. More significantly is the dramatic rise in unemployment in Yolo County from just under 7% in early 2008 to over 12% just 18 months later. Unemployment peaked in 2012 in Yolo County at 13.6%. The analysis will provide an action plan for improving the economic conditions in the Yolo County region. If the rail relocation project is successfully developed, it could be a catalyst for to promote economic development, alleviate unemployment and out migration in Yolo County and the Sacramento region at large.

I.3. Innovative Approaches to Stimulate Economic Development in Distressed Regions

The goal of the Yolo Rail Relocation Project Economic Impact and Opportunities Analysis is to generate and implement innovative approaches to stimulate economic development in this distressed region. Through the analysis, the program participants will begin to publicly solicit and introduce innovative approaches to land use, funding and governance structures that have never been utilized before in the region. The complex nature of the project and the potential local, state and federal funding opportunities will require long-term intergovernmental and public/private collaborations and implementation strategies to guide and manage the implementation of the project.

I. 4. Consistent with an EDA-approved CEDS

The Next Economy Capital Region Prosperity Plan, is the EDA-approved CEDS for the region. The CEDS outlines specific goals and actions to strengthen the region's economy and provides a "road map" to strategically align regional resources and efforts to improve the regional economy. The plan builds off of the region's competitive strengths, defines overarching goals for regional execution and maps out a set of interlocking strategies and objectives to accelerate job and wealth creation.

The biggest need identified in the CEDS, which is consistent with the goals and purpose of this grant application, is the need to improve the regional business climate, particularly through removing barriers to growth. The CEDS related studies show that priorities such as removing regulatory barriers, upgrading regional infrastructure, and improving regional government performance and accountability are essential to the economic needs of the region.

Among the key specific governmental priorities identified, the CEDS cited the task to "address specialized facilities and infrastructure needs." Another significant goal of CEDS is to "diversify the economy through growth and support of core business clusters." Lastly, Food & Agriculture and goods movement is one of the six core business clusters identified for the region.

The reduction of flood risk, and increased access to usable land and infrastructure in Yolo County that can support the region's growing agricultural industry process chain and increased exports directly aligns with CEDS goals. Increased infill development opportunities created by abandoned rail and city rights-of-way will offer opportunities for creation of new office and R&D space in Yolo County cities leveraging the presence of UC Davis's research strengths in the region's core business clusters, particularly in Food & Agriculture. The growth and expansion of seed research companies and other food and ag/biotech companies in Yolo County, increasing number of research institutes and recent creation of the World Food Center at UC Davis, are

already demonstrating the attraction of this industry sector and its corollary intellectual capital to the region.