



ECONOMIC DEVELOPMENT STRATEGIC PLAN EXECUTIVE SUMMARY

Kosmont & Associates (“Kosmont”) was retained by the City of Turlock (“City”) for advisory services in connection with an Economic Development Strategic Plan (“EDSP”). Kosmont is pleased to present our findings in this Executive Summary of the full PowerPoint EDSP.

Kosmont believes that Economic Development is an important function for the City (and most cities) and requires a dedicated City government position / staff and resources . Real estate development/entitlement process in California is time consuming and expensive for the private sector, and anything to enhance transparency and communication between the City staff and the development community can benefit the City.

The City’s economic prosperity is underpinned by several compelling factors:

- Cal State University, Stanislaus is a 100-acre campus with approximately 10,000 students and over 700 full time faculty.
- Turlock Westside Industrial Specific Plan (WISP) 2,600 acres planned for industrial development with over 8 million SF built.
- Monte Vista Crossings is a +1 million SF regional shopping center.
- Commitment to workforce training evident in collaboration with Opportunity Stanislaus.
- Downtown is about 100 years old, retains many historic buildings and is a regional tourist draw with restaurants, retail and office.

In the past few years, the City has made substantial progress in addressing challenges:

- Passage of Measure A in 2021 increased sales tax revenues supporting General Fund expenses by \$15 million per year
- New Amazon warehouse is likely to be City’s largest sales tax generator
- WISP has helped attract major new development to City (Amazon, Divert)
- Hotel demand has strengthened with several new hotels in process
- City researched opportunities for major indoor sports facility
- New planned automated permitting process

DEMOGRAPHIC OVERVIEW

Younger consumers, with their increased use of media, seek gathering places with restaurants, entertainment venues and experiential retail, rather than a collection of traditional store fronts. Another important group is the creative class of professionals (artists, designers, musicians, and programmers) who are an important force in economic development. This dynamic workforce is attracted to communities with clustered centers, which provide a sense of vitality, diversity, convenience and balanced mix of work, entertainment, services, arts and culture. Telework dynamics have drastically changed work patterns over the past few years and are poised to reshape office needs.

Demographic Summary

- Turlock has a population of ~73,100 (24,500 households).
- Average Household Size is 2.9 persons, lower than County/State, and the Median Age is 36 years, younger than County and State median of 38 years old.
- City Average Household Income is \$103,900, approx. 2% lower than County and 25% lower than statewide levels. Turlock residents generate \$647 million in annual retail spending potential across major retail categories.
- Per ESRI and Census data, Turlock businesses employ ~29,000 people with a resident workforce of ~8,300 people.

MARKET OVERVIEW

To help understand the City's ability to capture a fair share of regional growth, Kosmont researched economic growth for Turlock's and competitor cities of Modesto and Merced.

Retail

- City retail space at 5.9 million SF, comprises 21% of the overall retail market in Stanislaus County. Since 2017, City retail space grew by 334,000 SF, much faster than the retail markets of Manteca, Merced, and Modesto. Roughly 56% of the growth in the retail development in Stanislaus County has been in Turlock.
- Market asking rents in the region have grown by 23% to 27% across the comparison cities, with Turlock reaching \$22.12 PSF/yr., the highest in the County.
- During the 15-year period from 2008 to 2023, Turlock's retail vacancy peaked at 7.7% in 2011 and has since steadily declined. Retail vacancies in Turlock in Q3 2024 were lowest in the region at 2.2%.

Office

- Office growth came from Modesto (78,000 SF). Turlock grew by just 4,000 SF.
- Market rents in Turlock increased by 25%, similar to the comparison cities.
- The region has a sub-5% vacancy rate with office vacancies in Turlock at 3.2%, slightly higher than in 2017

Multi-Family

- Despite need for more housing, new construction from 2017 to Q3 2024 added 660 units in the County, but was limited to 36 new units in Turlock (~1% growth).
- Over the 15-years from 2008 to 2023, the County saw 1,700 new units constructed compared to 327 in Turlock.
- Multifamily residential vacancies in the region were below 4%, with Turlock seeing the lowest vacancies at 2.5%.
- Average rents across the region showed solid growth of 40% to 50% since 2017.

SWOT ANALYSIS

Strengths

- Monte Vista Crossing is major regional retail draw – 3rd largest power center in CA with dozens of strong retailers (Costco, Target, Wal-Mart, Auto Mall).
- Regularly draws hundreds of thousands of shoppers from up to 20 miles away (640,000 population in trade area).
- Low electricity rates from Turlock Irrigation District

- Stanislaus Regional Water Authority new water system
- City is home to a major agricultural economy.
- Entrepreneurial spirit with many startup companies.
- Significant outdoor amenities, recreational venues.
- Opportunity Stanislaus / Volt Institute.

Weaknesses/Threats

- Due to age of buildings in downtown, there are ADA and other building code issues making reuse difficult.
- Development fees may have slowed new industrial and MF development.
- Need to improve business permit processes.

Opportunities

- Downtown Turlock is a regional draw with shops, dining, and entertainment.
- Strong regional demand for single family housing.
- City has healthy financial reserves for possible investment.
- Large infill sites that can see mixed/blended-use development with District Financing.
- WISP area well located to provide commercial/industrial and recreational facilities.
- City well positioned for agricultural processing jobs.
- New online permitting software can be major benefit to business attraction.

RECOMMENDATIONS

Sustainable economic growth is characterized by a combination of judicious and strategic public policy with private sector investment. Kosmont suggest the following for the City:

1. Business Enhancement, Attraction & Retention (“BEAR”)
2. Housing Element for Economic Development (HEED™), new housing generates demand for commercial service and retail, significant new tax revenues in excess of \$1,000 per household, and it supports local jobs.
3. Establish Business Incentive Program for targeted retail / commercial / industrial
4. WISP Infrastructure Investment
5. Utilize Value Capture zoning strategies
6. Expand sports facilities
7. Downtown placemaking
8. Federal Opportunity Zones
9. Gather Performance Metrics to measure annual progress



CITY OF TURLOCK

ECONOMIC DEVELOPMENT STRATEGIC PLAN

AUGUST 2025



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CITY OF TURLOCK ECONOMIC DEVELOPMENT STRATEGIC PLAN

TABLE OF CONTENTS

1. Introduction	Page	4
2. Background	Page	12
3. Existing Conditions	Page	17
4. Strategies	Page	26
5. Regional Econ Dev Comparison	Page	44
6. Opportunity Sites Evaluation	Page	53
7. Economic Development Tools	Page	59



Data Sources

Interviews with Stakeholders

City of Turlock website

City of Turlock Budget and ACFR

City of Turlock General Plan

2017 Turlock EDSP

2022 Stanislaus County CEDS

2024 Housing Element Draft

Westside Industrial Specific Plan (WISP)

2022 Victus Indoor Sports Center study

3rd party data provider subscriptions:

- CoStar for real estate market info
- Placer.ai for visitor info
- ESRI for demographic info

1. INTRODUCTION

CITY OF TURLOCK – EDSP

INTRODUCTION

Kosmont Companies ("Kosmont"), a real estate and economics advisory firm serving hundreds of local governments for over 39 years, was retained by the City of Turlock ("City" or "Turlock") to develop an updated Economic Development Strategic Plan ("EDSP"). The goal of the EDSP update is to provide a current assessment of Turlock's strengths, weaknesses, and opportunities for high-quality job growth and business development, identify and develop a list of prioritized goals and objectives to meet the economic development vision, and provide stakeholder-informed implementation strategies and performance measures.

Kosmont's approach to preparing the EDSP includes the following tasks:

- Review of relevant documents (2017 EDSP and Stanislaus County CEDS), together with a tour of the City and its business districts
- Interviews / feedback from City staff and community stakeholders
- Assessment of regional economic trends
- Assessment of local demographic and market conditions
- Assessment of major employment districts
- Identification of key opportunities, strategies and economic development tools

Disclaimer: The analyses, projections, assumptions, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Actual results are difficult to predict as a function of market conditions, natural disasters, pandemics, legislation and administrative actions.

INTRODUCTION

- The City is the second largest city in Stanislaus County, home to California State University Stanislaus, several cultural experiences, sports activities, twenty-nine parks, sixteen schools, and a full range of medical facilities.
- It has been seven years since the last EDSP was produced and the City wants an updated EDSP to reflect current market conditions and community economic development goals.
- City would also like to explore economic development projects including additions to the West Side Industrial Specific Plan (“WISP”), Downtown and a Tournament Sports Complex project.
- The goal of the new EDSP is to analyze and update the City’s economic vision and goals, assess the City’s current market position and demographics, and develop a list of prioritized goals and objectives that can guide the City for the next three to five years.

HISTORY

- The City grew relatively fast up until the 2008 financial crisis. Since then, there has been strong retail development throughout the City, but modest single-family and multi-family construction.
- The City is planned with residential development to the east of the 99 freeway and commercial and industrial on the west side. Cal State Stanislaus is located near northern edge of the City.
- Downtown is centrally located about 2 miles east from Highway 99. It is 100 years old, retains many historic buildings and is a regional tourist draw with restaurants, retail and office spaces.
- Monte Vista Crossing is a major regional power center on both sides of Highway 99 along with several smaller retail centers totaling over 1 million SF. It is the 3rd largest center in California. There are 5-6 large large monument signs to advertise each subarea's tenants.
- The southwest quadrant of the City comprises the master planned Westside Industrial Specific Plan (2,611 acres), which has seen significant growth in recent years with new ~1 million SF Amazon warehouse and DIVERT biorecycling facility.

2017 EDSP VISION AND GOALS

Vision – Create economically and socially diverse population and vibrant business community in Turlock

- Attract, retain and expand businesses in Turlock
- Increase job opportunities in agriculture, manufacturing, logistics and medical service cluster and support small business
- Be cultural leader in Central Valley for arts, music and other events - Downtown to be business, cultural and civic center
- Maintain retail centers competitiveness and seek new market opportunities
- Expand tourism and community sporting events/activities
- Improve education system and provide support to give all workers access to living wage jobs

The EDSP also identified a number of challenges facing the City's long term sustainability:

- City budget needs strengthening
- Lack of visitor attractions
- Relative lack of hospitals, doctors and health services
- Labor shortages in many occupations, need for workforce training
- Need for more workforce and executive housing and amenities for young professionals, as well as senior housing
- Accelerate development of Southeast and North Specific Plans as scarcity puts upward pressure on local housing prices
- Improve industrial companies' representation in Chamber of Commerce

STANISLAUS COUNTY CEDS

In 2022, Stanislaus County adopted a Comprehensive Economic Development Strategy (“CEDS”) that outlined regional challenges and discussed assets and opportunities for each community in the County.

- County suffers from relatively high unemployment and low high school graduation rates (~80%)
- Large numbers of residents commute to the greater Bay Area
- Per capita income is well below State levels
- Agriculture is the major economic driver accounting for over \$7 billion per year
- Manufacturing (food and beverage related) is a growing sector (EJ Gallo Winery, Foster Farms, Del Monte Foods, Blue Diamond)
- Warehouse/Distribution is a strong sector (e.g., 1.1 million SF Amazon warehouse opened in 2022)
- Water supply is a major threat to economic prosperity due to State’s frequent drought conditions

RECENT ACHIEVEMENTS

In the past few years, the City has made substantial progress in addressing these challenges:

- Passage of Measure A in 2021 increased sales tax revenues supporting general fund expenses by \$15 million per year
 - City utilized a portion of the revenue to adopt a major Roads Program Capital Improvement Program (CIP)
- New Amazon warehouse is likely to be City's largest sales tax generator
- WISP has helped attract major new development to City (Amazon, Divert)
- Hotel demand has strengthened with several new hotels in process
- City researching opportunities for major indoor sports facility
- Stanislaus Regional Water Authority has completed the Regional Surface Water Supply Project to expand sources of fresh water from Tuolumne River for the City of Turlock and Ceres.

However, one area that has fallen short is the limited production of new single family and multi-family housing
City's population has seen little or no growth in past decade

OPPORTUNITY STANISLAUS – VOLT INSTITUTE

- Stanislaus County formed Opportunity Stanislaus to address regional challenges and opportunities for business in each community in the County by providing business development and talent development services. Opportunity Stanislaus is the County regional economic development arm (501(c) 3) that partners with major private sector businesses. (Dave White – CEO; Eric Nuenfeldt - Executive Director)
- Volt Institute is a member of California Manufacturing Network, was established as offshoot of OS in 2017 to provide expedited training in high-paying careers in manufacturing, such as Industrial Maintenance Mechanic and Supervisor Development Academy. “Volt on the Go” is a new program that brings training classes directly to local businesses or community centers.
- In 2024, Volt provided 30,000 hours of training for 125 trainees at homesite, plus 156 trainees offsite at employers’ place of business. 91% of the trainees were successfully placed in industrial maintenance and electric mechanisms. The goals for 2025 are to provide apprenticeships and gain national accreditation from ACCET to gain eligibility for financial aid and deepen industry partnerships.



2. BACKGROUND

CITY OF TURLOCK – EDSP

BACKGROUND

The City's economic prosperity is underpinned by several compelling factors:

- Cal State University, Stanislaus is a 100-acre campus with 10,000 students and over 700 full time faculty
- Turlock Regional Industrial Park (WISP) 2,600 acres planned for industrial development with over 8 million SF built.
- Monte Vista Crossings is a +1 million SF regional shopping center
- Turlock Town Center Shopping Center
- Turlock's commitment to workforce training is evident in its collaboration with Opportunity Stanislaus



Sources: CSU Stanislaus; Modesto Bee; CBRE (Accessed January 2025)

Left: Exterior of new Amazon fulfillment center (located within the Westside Industrial Specific Plan);

Middle: Aerial image of Monte Vista Crossings shopping center; **Right:** CSU Stanislaus campus

COMMUNITY ASSETS

Kosmont has identified significant community assets that act as regional draws.

Downtown Turlock – Due to age of buildings, there are ADA and other building code issues that make reuse problematic. Downtown PBID maintains the 10-12 block area. Current budget is \$215,000 annually. Property owners pay \$0.36 psf of building area +\$0.10 pf of land area (including the city hall space). City also contributes \$40,000 per year towards maintenance. PBID sponsors 4th of July parade and many downtown events.

Stanislaus County Fairgrounds is 78-acre site that is adjacent to the regional transit center. 10-day county fair attracts 240,000 people in summer. 2-day swap meet in January attracts ~100,000 people. There are many smaller events as well.



Top Left and Right: Outdoor dining and street art in Downtown Turlock

Below Left: Stanislaus County Fairgrounds

Below Right: Exterior shot of Turlock Community Theatre

COMMUNITY ASSETS

- Turlock Regional Sports Complex – 2 softball fields; 10 full-size soccer fields; two other adjacent parks that have playgrounds, covered arbor areas, picnic areas, and 2 professional volleyball sand pits
- Pedretti Sports Complex – 4 softball fields; 1 baseball diamond; large arbor area with playgrounds



COMMUNITY EVENTS / ASSETS

- Class 1 Bike Trails – 50+ miles paved for walking, running, hiking, and cycling
- Dozens of community events are funded by the City and Chamber every year. Some notable events hosted in Downtown Turlock include: Farmers Market, Makers Market, Independence Day Parade and Car Show, Sip and Stroll (second Saturday in September), Festival of Lights, Christmas Parade



Sources: City of Turlock (cityofturlock.org) and Instagram @downtownturlock (Accessed January 2025)

Top Left: Farmers Market

Top Right: Christmas Parade

Bottom Left: Cyclists in Downtown Turlock

Bottom Right: Cyclists riding the bicycle lanes in Turlock



3. EXISTING CONDITIONS

CITY OF TURLOCK – EDSP

ECONOMIC TRENDS

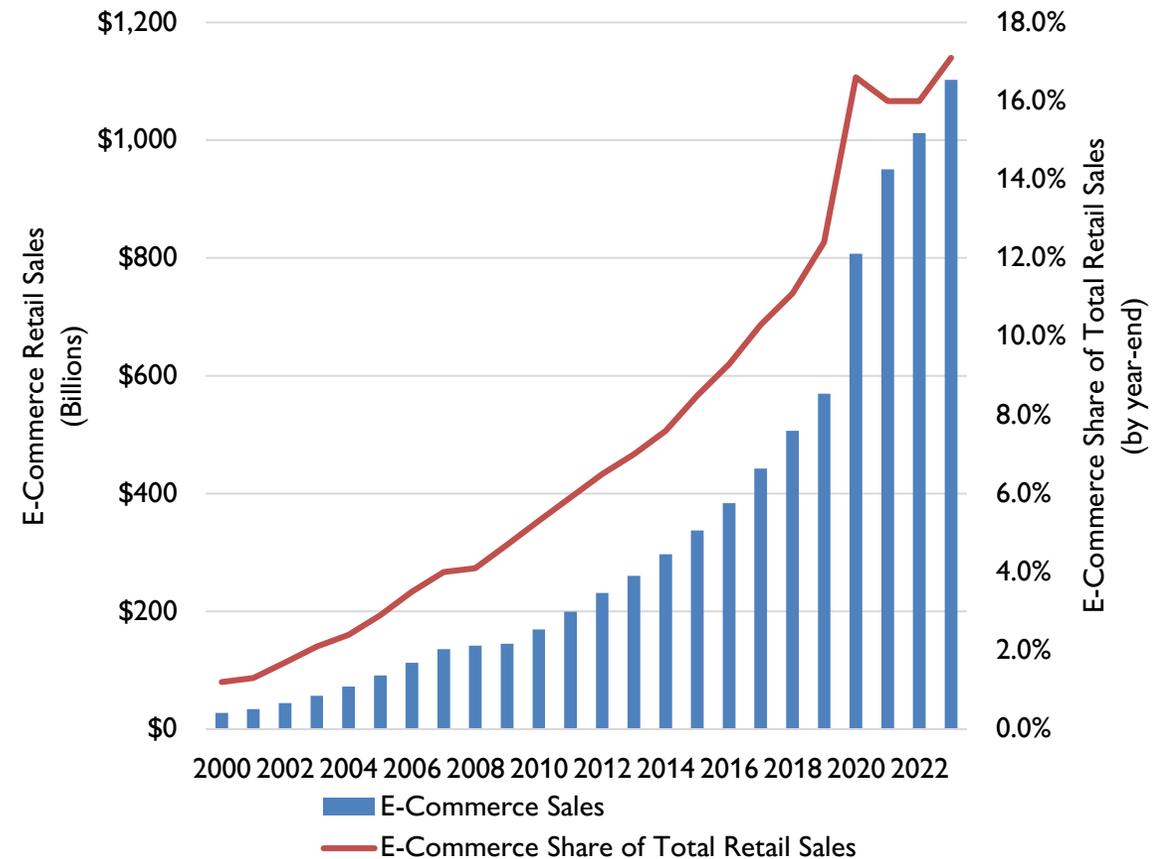
- Economic forces are reshaping local economies across the State:
 - Today's consumers are using online websites for purchasing a broad array of goods. As **e-commerce continues to take an increasing percentage of consumer spending**, cities must take new approaches to land use that explore concepts for public amenities and private attractions that help cities **capture trips** and thus “sales”.
 - Younger **consumers**, with increased use of media and digital communication, **seek gathering places with restaurants, entertainment venues and experiential retail**, rather than simply a collection of traditional store fronts.
 - **Telework dynamics have drastically changed work patterns** over the past few years and are poised to reshape office needs. Creative class professionals are attracted to communities with clustered centers, which provide a sense of vitality, diversity, convenience and a mix of work, entertainment, services, arts and culture.
- In light of these trends, Kosmont is assisting the City in achieving its economic objective by providing market analysis and recommendations with a goal to foster economic vitality in the City, improving business conditions and resident quality of life.

E-COMMERCE GROWTH

SIGNIFICANT IMPACTS ON BRICK-AND-MORTAR RETAIL

- Historically, e-commerce sales in the U.S. have increased steadily over time from 2000 to 2019. The COVID-19 pandemic saw increased online retail utilization and e-commerce sales soared by 42% compared to 2019. E-commerce sales continued to grow by double-digits into 2021 but cooled to just 6% growth in 2022. 2023 saw an increase in e-commerce sales by 9%
- The share of e-commerce sales continues to grow as well with e-commerce reaching 17.1% of total retail sales by year-end 2023.
- FTI Consulting's 2024 Online Retail Report projections indicate U.S. online retail sales would hit \$1.2 trillion in 2024, an increase of 9.8% or \$108 billion compared to 2023. Additionally, the report states that e-commerce sales growth represented 46% of total retail sales growth in 2023.
- Furthermore, a UBS report estimates that 45,000 net retail store closures will occur in the U.S. by 2028 (approximately 5% of the total retail store base)

E-Commerce Retail Sales



DEMOGRAPHIC / EMPLOYMENT OVERVIEW

- Per ESRI July 2024 data, Turlock has a **Population** of ~73,100 (24,500 households).
- **Average Household Size** is 2.9 persons, lower than County/State, and the **Median Age** is 36 years, younger than County and State median of 37 and 38 years old, respectively.
- City **Average Household Income** is \$103,900, approx. 2% lower than County and 25% lower than statewide levels. Turlock residents generate \$647 million in annual retail spending potential across major retail categories.
- Per ESRI and Census data, Turlock businesses have ~29,000 **Employees** with a resident workforce of ~8,300 people.
- **Jobs in the City** are primarily in *Health Care and Social Assistance*, *Retail Trade*, *Educational Services*, *Accommodation and Food Services*, and *Manufacturing*. Of these five, three are part of the fastest growing industries in the County (shown in italics).
- **Residents of the City** are primarily employed in *Healthcare and Social Assistance / Educational Services / Manufacturing / Retail Trade / Accommodation and Food Services*.

ECONOMIC GROWTH COMPARISON

To help understand the City's ability to capture a fair share of regional growth, Kosmont has researched economic incentive policies and impact fees affect growth for Turlock's and its main competitor cities of Modesto and Merced.

Retail

- City retail space at 5.9 million SF, comprises 21% of the overall retail market in Stanislaus County. Since 2017, City retail space grew by 334,000 SF, much faster than the retail markets of Manteca, Merced, and Modesto. Roughly 56% of the growth in the retail development in Stanislaus County has been in Turlock.
- Over that time period, market asking rents in the region have grown by 23% to 27% across the comparison cities, with Turlock reaching \$22.12 PSF, the highest in Stanislaus County.
- During the 15-year period from 2008 to 2023, Turlock's retail vacancy peaked at 7.7% in 2011 and has since steadily declined. Retail vacancies in Turlock in Q3 2024 were lowest in the region at 2.2%, while Manteca, Merced, and Modesto have retail vacancies of 5% or greater.

ECONOMIC GROWTH COMPARISON

Office

- Office market growth came from Modesto (78,000 SF). Turlock's office market grew by just 4,000 SF.
- Market rents in Turlock increased by 25%, similar to the comparison cities
- The region has a sub-5% vacancy rate with office vacancies in Turlock at 3.2%, slightly higher than in 2017

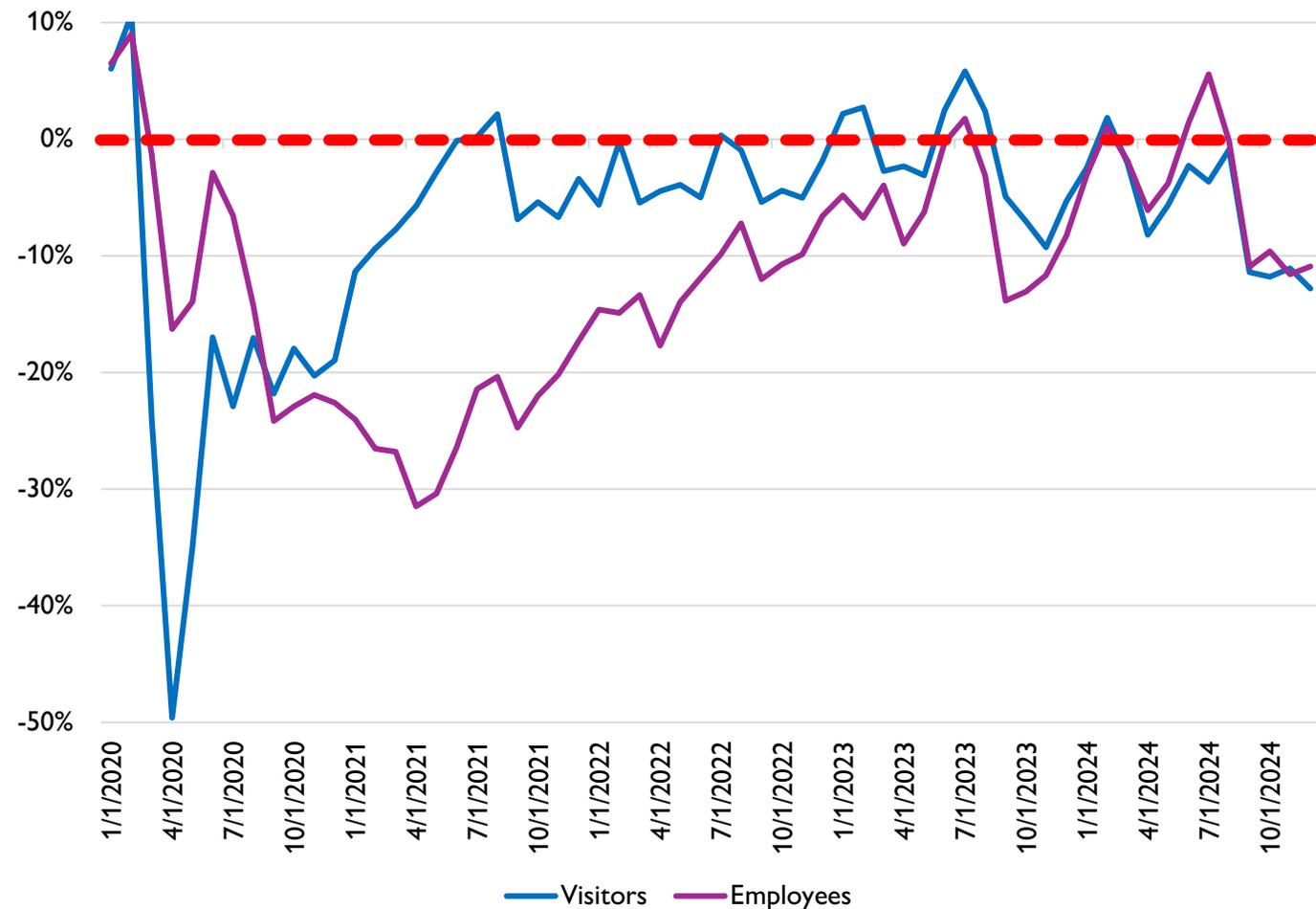
Multi-Family

- Despite need for more housing Statewide, new construction from 2017 to Q3 2024 added 660 units in the County, but was limited to 36 new units in Turlock (~1% growth)
- Over the 15-years from 2008 to 2023, the County saw 1,700 new units constructed compared to 327 in Turlock.
- Multifamily residential vacancies in the region were below 4%, with Turlock seeing the lowest vacancies at 2.5%.
- Average rents across the region showed solid growth of 40% to 50% since 2017. Turlock and Merced have the lowest average rents reflecting a significant percentage of Class C and affordable housing projects (~70%) as compared to Class A/B units (~30%).

PLACER.AI LOCATION ANALYSIS

Placer.ai is a mobility data provider that tracks daily movement of over 30 million people in the U.S. via anonymized mobile app data. This information reveals travel trends to/from major events, shopping centers, and other places of interest – providing insight into retail center trade areas, hourly and daily visitation statistics, and consumer demographic characteristics.

- Visits to the City by visitors and employees dropped sharply at the start of the COVID-19 pandemic.
- Visits by visitors to the City returned to pre-pandemic levels beginning August 2021. Since then, visitor traffic has averaged **4% lower** than pre-pandemic levels fluctuating between -13% and 6% compared to the 2019 baseline.
- Visits by employees to the City returned to pre-pandemic levels beginning July 2023. Since then, employee visits have averaged **5% less** compared to the 2019 baseline due to the increasing number of people working from home.



CITY OF TURLOCK

VISITOR / EMPLOYEE FOOT-TRAFFIC OVERVIEW

Visitor / Employee Summary Data (1/1/2024 to 12/31/2024)

	Visitors	Employees
Annual Visits	27.0 million	16.5 million
Visit Frequency	13.5	252.5
Visitors	2.0 million	65.3 thousand
Median Visit Length	1 hr. 33 min.	9 hrs. 39 min.
Median HH Income	\$72,300	\$75,100

Visitation Data: Distance from Home Area (Based on % of Visits)

	0-3 Miles	3-7 Miles	7-10 Miles
Visitors	2%	17%	15%
Employees	42%	14%	10%
	10-30 Miles	30-100 Miles	100+ Miles
Visitors	42%	15%	9%
Employees	28%	5%	1%

SWOT ANALYSIS SUMMARY

Kosmont has summarized City strengths, weaknesses, opportunities and threats (“SWOT”).

Strengths

- Monte Vista Crossing is major regional retail draw – 3rd largest power center in CA with dozens of strong retailers (Costco, Target, Wal-Mart, Auto Mall)
- Regularly draws hundreds of thousands of shoppers from 20 miles away (640,000 population in trade area)
- City is home to a major agricultural economy with major SRWA water supply improvements
- Turlock Irrigation District provides electric power below Modesto and PG&E rates
- Entrepreneurial spirit with many startup companies
- Significant outdoor amenities and recreational venues
- Opportunity Stanislaus / Volt Institute

Weaknesses/Threats

- Due to age of buildings in downtown there are ADA and other building code issues making reuse difficult

- Development fees on new industrial and residential development (fees \$400,000 to \$1 million per acre) *
- Need to improve business permit processes
- There is a relatively unskilled labor pool for STEM

Opportunities

- Downtown Turlock is a unique regional draw with boutique shops, fine dining, and entertainment
- Strong regional demand for single family housing
- City has healthy financial reserves for possible investment
- Large infill sites that can grow with mixed-use development such as D.O.R.[®] See Section 7 – ED Tools
- WISP area ideally located to provide commercial/industrial and recreational facilities.
- Federal Opportunity Zones
- City well positioned for agricultural processing jobs
- New online permitting software can be major benefit to business attraction



4. STRATEGIES

CITY OF TURLOCK – EDSP

Key Market and Economic Development Trends



Housing is Not a Loss Leader, it's a Growth Driver

Housing Creation as Economic Development

- New housing can generate tax revenues and support local jobs from resident spending
- Variety of housing types is essential to attracting new businesses and developing diverse productive workforce
- Kosmont's statewide experience found that housing usually has a positive fiscal impact, especially at current property values



Retail is Not Just Retail Anymore

Retail Reimagination as Economic Development

- U.S. retail over-built and needs "right sizing;" Covid accelerated trends; today its about essentials, experience & e-commerce
- Blended/mixed use projects integrate multiple uses (housing, retail, open space, creative office, hotel)



Telework is Reconfiguring Office

Office Conversions as Economic Development

- Telework and work from home options are reshaping the needs for office space and business districts
- New multi-family projects with co-working spaces and amenities will help attract young professionals with computer skills



Industrial / Distribution is Critical for the Economy

Industrial & Fulfillment as Economic Development

- Retail can't thrive without distribution; Booming demand for e-commerce, particularly smaller last-mile delivery facilities
- Flex space (a blend of industrial, office, research and development space) is a growing market. Cities can attract high tech / skill firms.
- Industrial supports development of new agricultural products

STRATEGIES / PROPOSED ACTION PLAN

Kosmont has identified Economic Development Strategies and an estimated investment range in order of priority for City's consideration. Here is a summary that is followed by supporting detail and action items:

1. Business Enhancement, Attraction & Retention (“BEAR”)
2. Housing as Economic Development (Housing Element for Economic Development HEED™)
3. Establish Business Incentive Program for targeted retail / commercial /industrial
4. WISP
5. Utilize Value Capture
6. Expand Sports Facilities
7. Downtown Placemaking
8. Federal Opportunity Zones
9. Gather Performance Metrics to measure annual progress

Following the strategy discussion is a Roadmap – Implementation Priorities

BUSINESS EXPANSION, ATTRACTION AND RETENTION

A vibrant business sector is important to the fiscal health of the City. Business Expansion, Attraction and Retention (“BEAR”) is the keystone of most economic development departments. Ideally the City should focus on attracting industries with diverse employment opportunities, that embrace new technology and offer higher paying jobs.

City attracted ~1 million SF Amazon warehouse and has had success in large scale food processing with companies such as Divert (converting 100,000 tons of food waste into energy and nutrients), Sensient (global company creating colors, flavors and fragrances from organic foods), and Blue Diamond (using technology to create value added almond products).

Business-friendliness (“How to get to Yes”) is a vital component to support the needs of businesses, developers and to foster entrepreneurship, and bolster the local economy.

Action Item 1: Develop technical assistance programs to support emerging businesses/entrepreneurs in the City.

Action Item 2: Proactively work with business/property-owners to understand challenges and opportunities that may align with the City’s economic development goals. Regularly contact the top 25 Sales Tax generators / Employer

Action Item 3: Pursue Healthcare providers (new and expansion).

Action Item 4: Create customized development agreements/incentive packages to facilitate major tenants.

BUSINESS EXPANSION, ATTRACTION AND RETENTION

Action Item 5: Conduct outreach and collaborate with property owners to explore development opportunities and address challenges that can bring new uses to privately-owned sites.

Action Item 6: Standard plan check review process with a set number of days for initial submission and subsequent submittals.

Action Item 7: Consider incubator/accelerator programs for maker spaces that can help small businesses thrive.

Action Item 8: Online permitting system will improve business attraction and expansion.

Action Item 9: Consider adding business concierge or ombudsman to ED or Planning Dept to assist new business or development applications.

Action Item 10: Attend ICSC and other conferences to meet with major retailers / restaurants / hotels / developers / brokers.

HOUSING AS ECONOMIC DEVELOPMENT

(HOUSING ELEMENT FOR ECONOMIC DEVELOPMENT HEED™)

New housing generates demand for commercial service and retail uses, significant new tax revenues, and supports wide range of local jobs. Morgan Ranch Master Plan is opportunity for new housing development.

New mid to high-end single family housing with recreational amenities can draw regional skilled tradesmen, as well as STEM workers (Science, Technology, Engineering and Math) that can attract medical and other professional companies to Turlock.

Office reconfiguration and work at home schedules alleviate traffic and help keep “wallets” in local communities – allowing small businesses to capture more local spending.

High assessed value = annual City share of property taxes of \$750 to \$1,000 per unit (total City share of the 1% property tax is approx. 17.5% including VLF In Lieu). CFD Services Tax provides additional ~\$600 per unit on new housing.

Retail spending by new households of \$25,000 to \$30,000 could generate \$500 to \$600 annually in sales and use taxes (including E-commerce spending from new Amazon warehouse).



BUSINESS INCENTIVE PROGRAM

The City has adopted a policy which exempts existing buildings undergoing change of use from paying CFF Fees, where there is no increase in the total square footage for the use which original fees were paid and if the use has been operating for at least three years.

Before considering any new program, but first it is important to set specific goals (e.g., assist small business, expand job creation, attract major tax generator, attract downtown development) and create a system to measure the success of each initiative. Cost of implementing can vary: job credits, façade improvement and infrastructure represent out of pocket costs, while tax sharing agreements and fee waivers are offset by new development tax revenues.

Examples of incentives include:

- Fast track permitting
- Tax sharing agreements / tax abatements
- Job tax credits / Workforce training
- Façade Improvement Program
- Infrastructure investment
- Fee waivers / deferrals in targeted areas

See Section 5 – Regional Econ Dev Comparison for specific examples of incentives used by nearby cities

WESTSIDE INDUSTRIAL SPECIFIC PLAN (WISP)

The City has a 20-year old Master Plan for the 2,600-acre Turlock Industrial Park, which is in need of significant infrastructure. The recent construction of the ~1 million SF Amazon warehouse at the northern end of WISP was a major economic success, but not every new tenant can invest the millions of dollars for impact fees and wait years.

Action Item 1: Establish Community Facilities Districts to help major land owners finance the infrastructure backbone and enable them to attract developers who market to major users in need of near-term space for rent.

Action Item 2: City Econ Dev Staff to participate in NAIOP and other industrial organizations to promote WISP

Action Item 3: Explore creation of Property Business Improvement District (PBID) to give area a unified image.

Action Item 4: Consider update of the Specific Plan with an emphasis on assisting economic growth.

Action Item 5: Explore feasibility of Enhanced Infrastructure Financing District to refund CFD Special Taxes paid by developers for the upfront infrastructure (See Section 7 discussion of EIFD financing strategies).

UTILIZE VALUE CAPTURE REAL ESTATE STRATEGIES

Public and private sector real estate can be important assets to leverage for long-term economic development benefits. While Turlock has limited publicly owned land available for new development, there are many large private sector properties that can be leveraged, as discussed on following slides.

Capture Value from Private Real Estate

- From Value Capture Zoning VCZ™ - Development Opportunity Reserve (D.O.R.®) allows cities to create a “bank” of new density in zoning / specific plans, allowing them to give the density to projects that deliver community benefits & public amenities.*
- From Tax Increment and Special Districts - Enhanced Infrastructure Financing Districts (“EIFD”) use property tax increment and Community Facility Districts (“CFD”) are tools to fund important local and regional infrastructure, especially WISP.*
- From Public Private Partnerships - Enter into partnerships with property-owners to commit local government resources, help solicit development proposals that will advance both the property owner’s goals and the community’s goals.

Capture Value from Public Real Estate

- Cities can use a variety of sale or lease strategies to capture the value of their properties, while also increasing the General Fund tax base.

**See Section 7 - Economic Development Tools for more detailed discussion*

DOWNTOWN PLACEMAKING

A healthy Downtown is important to a city. Turlock has significant assets, but the age of many buildings makes reuse challenging.

Action Item 1: Consider programs to help existing businesses (such as façade improvement programs, streetery / outdoor retail) and help existing properties expand allowable uses in storefront spaces and allowing small scale manufacturing, food makers, artisans, breweries, woodworkers). Support non-profits willing to develop collaborative spaces with other resources in underutilized buildings.

Action Item 2: Explore expansion of the Property Based District to support enhanced cleaning, security, marketing and physical improvements in downtown.

Action Item 3: Evaluate publicly-owned opportunity sites in the downtown area – such as the surface parking lots– to evaluate potential reuse strategies that aim to add gathering places, activities, and other amenities.

Action Item 4: Invest in physical improvements that can create sense of place and further activate the downtown area—through gateway signage and wayfinding, public art, pedestrian-oriented improvements such as plazas and outdoor spaces, water features, street improvements, micro-transit services.

Action Item 5: Grow social media engagement channels, social medial influencer/engagement channels, as well as marketing/trade publications to promote Downtown businesses and events.

PLACEMAKING BY DESIGN, DISTRICTS & EVENTS



Distinctive signs – such as the neon signs in Fillmore and the Star Theatre in Oceanside – can give an area a distinctive sense of place.



Events like the CicLAvia bike / walk fairs in Los Angeles and the Mission Inn Festival of Lights in Riverside, CA are memorable and engaging activations of public spaces.



The Medical Main Street district in Lancaster, CA aims to be a blended use area centered around major medical anchors that includes many complementary uses.

Murals in downtown Providence, RI add character and highlight local artists and themes.



SPORTS AND ECONOMIC DEVELOPMENT

In the past decade, youth sports facilities have become a major economic driver for suburban communities across the U.S. with families traveling hours to participate in weekend tournaments for baseball, softball, soccer, tennis etc. In early 2022, the City retained Victus Advisors to analyze the potential for an indoor sports center in Turlock. Based on extensive interviews from County business and community leaders and other stakeholders they found significant support for an indoor facility to serve up to 80 weekend tournaments per year (e.g. basketball, volleyball, pickleball, cheer leading). During the week, the facility would be used by local groups.

- Victus estimated the center could increase overnight hotel visits by 76,000 per year and generate over \$50 million in economic activity and close to \$1 million per year in hotel and sales tax revenues to Turlock.
- Kosmont research found exciting examples of sports facilities built in rural/suburban areas that expanded into major entertainment centers that can be good examples for Turlock to consider.
- WISP has large land to accommodate a major indoor/outdoor sports facility and supporting retail, entertainment and hospitality uses. If desired by City Council, consider interviewing sports facility experts with operation experience on projects illustrated on following pages.

EXAMPLE - ADVENTHEALTH SPORTS PARK

OVERLAND PARK, KANSAS

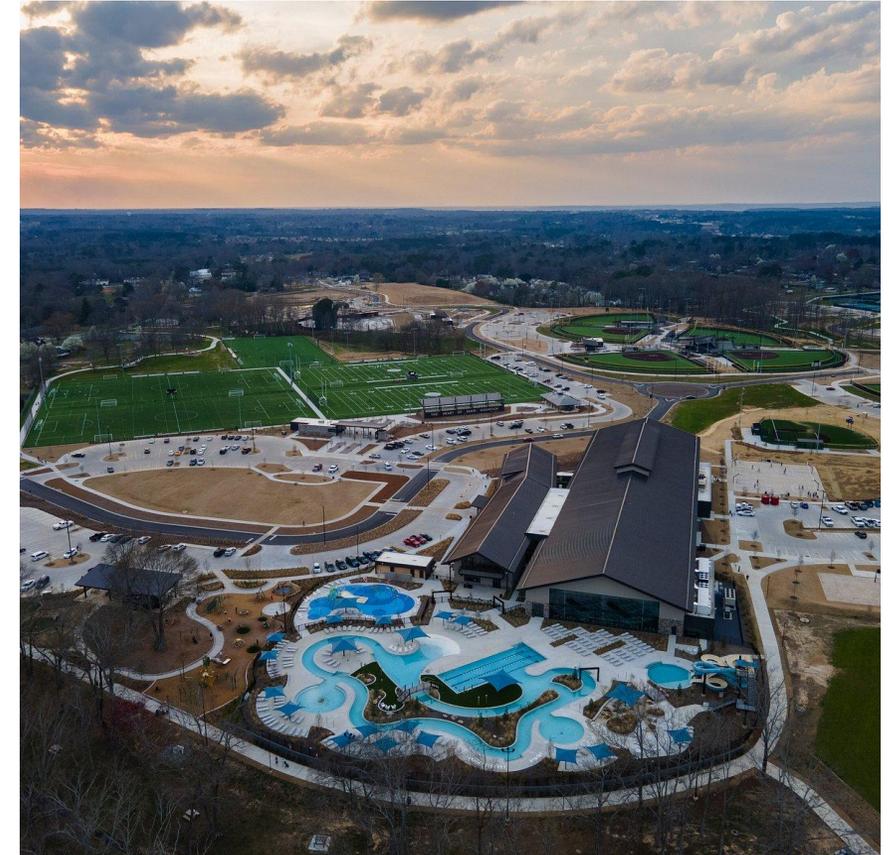
- Opened: 2024
- Owned/Operated by Bluhawk Sports
- Size: 420,000 sf indoor sports & entertainment complex
- Facilities: 3,200-seat multipurpose arena, 8 basketball courts, 1,500-seat NHL regulation ice rink, 40,000 sf indoor turf football field, e-sports arena, performance training center
- Hawk's Outpost (family entertainment center)



EXAMPLE - SAND MOUNTAIN PARK & AMPHITHEATER

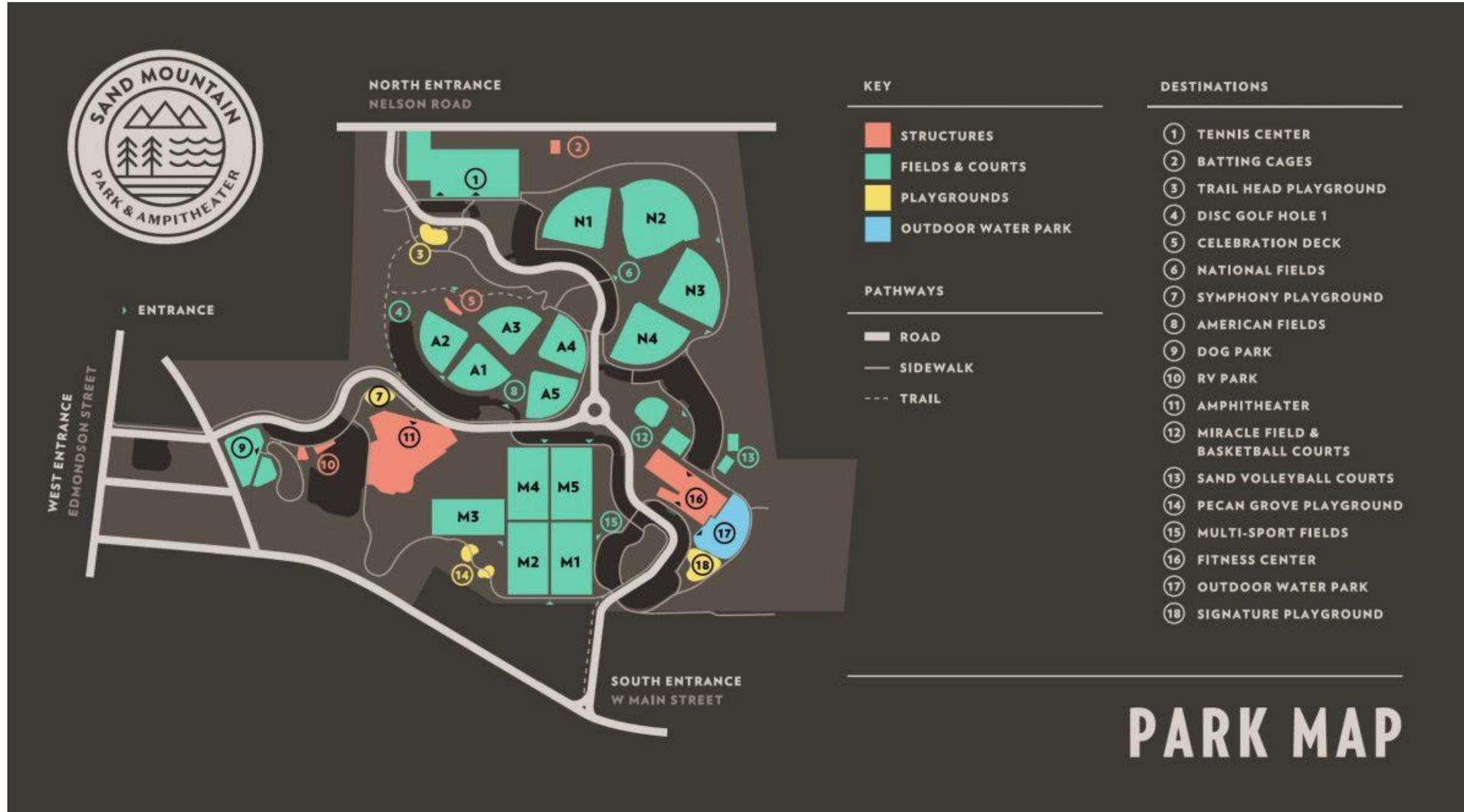
ALBERTVILLE, ALABAMA

- Size: 130-acre sports, leisure, wellness & entertainment venue. Opened: 2021
- Owned by the City of Albertville
- Operated by The Sports Facilities Companies
- Outdoor Features: outdoor water park, 9 diamond turf fields, 5 multi-sport turf fields, 18-hole disc golf course, 17 slot RV park, 16 tennis courts, 5,000+ capacity amphitheater, 2 basketball courts, 2 sand volleyball courts
- Indoor Amenities: fitness center, 2 racquetball courts, 2-lane indoor track, 8-lane aquatics center, 4 hardwood courts, 25,000 sf event space, concession area



Sand Mountain Park

Indoor & Outdoor Facilities Blueprint



FEDERAL OPPORTUNITY ZONES

In 2017, the Federal Tax Cuts and Jobs Act was passed by Congress, establishing an Opportunity Zone (“OZ”) program to encourage investment in low-income census tracts. In 2018, the CA Governor identified 879 qualified census tracts statewide to be eligible. There are two census tracts in Turlock with an estimated 837 acres of qualified area within City boundaries. 117 acres are in the WISP area and 11 acres are in Downtown. This program expires at end of 2026, but the new 2025 BBB Tax Law modified the program and extended the timeframe for OZ benefits indefinitely.

Effective 1/1/27, OZ investors in a qualified OZ Fund can defer capital gains for 5 years on other asset sales (if invested in businesses or property in OZ area) and receive a 10% basis step-up. Profits from a future OZ asset sale will be capital gains tax free.

Development of new commercial, industrial and multi-family apartments are the most prevalent OZ investments. It is important for City to identify priority sites suited for development as soon as possible in order to take advantage of the program. To attract special OZ investment funds, the area needs upfront backbone infrastructure and a simplified entitlement process to accelerate the construction timetable.

PERFORMANCE METRICS

In order to track economic development progress, it is important for the City to maintain **annual** business and development data analytics to keep on top of economic and market trends:

1. Commercial Building Permits in Key Areas – measure commercial developer interest
2. Assessed Value of Commercial and Industrial Property – show increased private sector investment
3. Number and Type of Business Licenses – measure new business formations
4. Employment by Industry – show success in commercial and industrial business attraction and employment growth
5. Sales Tax Revenues by Geographic District – measure success in attracting businesses and economic activity
6. Hotel Tax Revenues – measure success in attracting more visitors
7. Hotel Visitor Survey – identify types of visitors, short term vs longer term stays
8. Annual Survey of Business Owners – identify issues regarding City permitting / zoning process and other programs
9. Special Event Data attendance estimates – show success of community outreach efforts

ECON DEV ROADMAP – IMPLEMENTATION PRIORITIES

While establishing priorities for economic development is the City Council’s prerogative, Kosmont was asked to recommend a roadmap for implementing the various strategies discussed over the next 3 years.

6 Month Priorities could include:

- Assign responsibility to gather Performance Metrics
- Initiate Business Expansion, Attraction and Retention (“BEAR”) and incentive policies

12 Month Priorities could include:

- WISP Infrastructure Financing Plan
- Provide report to Council on BEAR success and other Economic Performance Metrics
- Downtown Placemaking events

3 Year Priorities could include:

- Examine new sports facilities district
- Master plan for Federal Opportunity Zone
- Implement Value Capture Strategies



5. REGIONAL ECON DEV COMPARISON

CITY OF TURLOCK – EDSP

REGIONAL ECONOMIC DEVELOPMENT COMPARISON

To help understand the City's competitive position, Kosmont has done research on how Modesto and Merced, two key nearby competitive cities treat economic development, how their development impact fees and incentive policies compare with Turlock.

Turlock incentives include:

- Turlock Irrigation District has lowest electric rates in the region
- City offers reduction in CFF Development Impact Fees for new projects involving demolition of existing uses with no increase in square footage
- City provides a 10% reduction in trip generation for land uses in the Downtown Pedestrian Priority Area
- City of Turlock offers fee deferral options for Commercial and Industrial Development - deferred to occupancy
 - 4 year deferment plan
 - 5 year deferment plan
- For more information, visit: www.turlock.ca.us/buildinginturlock/developmentimpactfees/
- City of Turlock offers fee deferral options for Residential Development:
 - Residential Fee Deferral Agreement (RFA)
 - Development Impact Fees can be deferred to close of escrow. Refer to City Council Resolution 2015-136
 - For more information, visit: www.turlock.ca.us/buildinginturlock/developmentimpactfees/

REGIONAL ECONOMIC DEVELOPMENT COMPARISON

- No-Cost Predevelopment Meetings <https://www.turlock.ca.us/buildinginturlock/predevelopmentmeetings/>
- Annual City of Turlock Job Fair (50+ employers participating each year)
- City of Turlock Partnership Incentive Program:
\$1,000 business grant available to a new Turlock business not part of a franchise or corporate chain.
<https://ci.turlock.ca.us/doingbusinessinturlock/businessincentiveprogram/>
- No-Cost Business Workshops: Through partnerships with business resource organizations, the City of Turlock Economic Development Department provides workshops designed to help small businesses succeed. Topics include: Marketing for Small Businesses, Accounting, Starting Your Business, Social Media Marketing for Small Businesses, E-Commerce for Small Businesses, and more!

REGIONAL ECONOMIC DEVELOPMENT COMPARISON

Merced offers the following economic incentives:

- Development fee reduction of 50% for construction in infill zone plus fee deferrals
- PG&E 5-yr electricity rate reduction for large power users
- Recycling zone low interest loans and credits for businesses that use recycled material
- Small business revolving loan fund
- UC Merced Venture Lab Proof of Concept fund to assist in commercialization of university startups

Modesto has significant business attraction and development incentives:

- White glove permitting assistance from entitlement thru certificate of occupancy
- Incentives for green business by providing financing through the Community Development Financial Institution
- Workforce training programs thru Modesto JC and Stanislaus Workforce Development at low or no cost
- Expedited entitlement and permitting (same day tenant improvement permits)
- Fee deferrals (5-year installments) and full waiver in special circumstances)
- Downtown occupancy incentive (rebate of 1-year City sales and mil tax)
- Downtown façade incentives of up to \$10,000 matching rebate upon completion of approved projects
- Downtown residential development incentives (fee exemptions and free permits)
- Shop Greater Modesto free e-commerce portal for local businesses
- Modesto Irrigation District incentives for new energy efficient equipment

DEVELOPMENT IMPACT FEES

Most California cities charge development impact fees and special taxes to fund infrastructure and service costs associated with new development and **may** include the following categories:

- Water Supply
- Wastewater Treatment/Recycling
- Stormwater / Drainage
- Roads, Bridges and Traffic Signals
- Parks
- Other Public Facilities (Police / Fire / Library / Other)

Fees vary significantly e.g. Residential fees that vary by density per acre / avg home size / population / geographic area
Commercial and industrial fees vary by type (e.g., office, neighborhood retail, regional retail, restaurant, industrial warehouse, manufacturing, business park). Fees also vary as different geographic areas have different infrastructure needs (areas with new growth have greater needs)

Alternative Financing Options for major infrastructure is often authorized by cities using Mello-Roos CFD bonds secured by special taxes or utility pledged facilities charges (PFC's) to pay debt service for upfront investment needs.

COMMERCIAL IMPACT FEE COMPARISON

Turlock fees for new retail development are modestly higher than Merced and Modesto. Important to note that Turlock Master Plan fees are additive to the Citywide fees, while Modesto CFD fees are all inclusive for each CFD area.

RETAIL	TURLOCK	MERCED	MODESTO
Water & Sewer Fees (Per SF)	\$ 2.10	\$ 6.50	\$ 3.57
Parks	\$ -	\$ 4.04	
Capital Facilities	\$ 19.80	\$ 3.14	\$ 13.50
Transportation	\$ -	\$ 7.54	
Storm Drain	\$ 2.00	\$ -	
Total Per Unit/SF	\$ 23.90	\$ 21.22	\$ 17.07
MASTER PLAN/CFD AREAS			
Master Plan/CFD Fees /1	\$ 4.20	NA	\$ 26.00
Maximum Per Unit/SF /1	\$ 28.10	NA	\$ 26.00
/1 Turlock Master Plan fees not applicable unless located in Master Plan area			
<i>Disclaimer: The estimates shown above are for illustrative prototypes</i>			
<i>Actual fees vary based on location, land use type and density</i>			

INDUSTRIAL IMPACT FEE COMPARISON

Turlock fees for new industrial development within WVSP are significantly higher than Merced and Modesto. Turlock Master Plan fees are additive to the Citywide fees, while Modesto CFD fees are all inclusive for each CFD area.

INDUSTRIAL	TURLOCK	MERCED	MODESTO
Water & Sewer Fees (Per SF)	\$ 3.00	\$ 6.30	\$ 1.64
Parks	\$ -	\$ 1.79	\$ -
Capital Facilities	\$ 2.60	\$ 1.38	\$ 3.40
Transportation		\$ 2.53	\$ -
Storm Drain	\$ 1.10	\$ -	\$ -
Total Per Unit/SF	\$ 6.80	\$ 12.00	\$ 5.04
MASTER PLAN/CFD AREAS			
Master Plan/CFD Fees /1	\$ 13.70	NA	\$ 7.00
Maximum Per Unit/SF /1	\$ 20.50	NA	\$ 7.00

/1 Turlock Master Plan fees not applicable unless located in Master Plan area

*Disclaimer: The estimates shown above are for illustrative prototypes
Actual fees vary based on location, land use type and density*

MULTI-FAMILY IMPACT FEE COMPARISON

Turlock fees for new multi-family development within Master Plan areas are up to \$38,000 per unit, which is almost \$1 million per acre, much higher than Merced and Modesto. Important to note that Turlock Master Plan fees are additive to the Citywide fees, while Modesto CFD fees are all inclusive for each CFD area.

MULTI-FAMILY	TURLOCK	MERCED	MODESTO
Water & Sewer Fees (Per Unit/SF)	\$ 7,800	\$ 7,200	\$ 3,100
Parks	\$ 2,100	\$ 4,110	\$ -
Capital Facilities	\$ 13,500	\$ 3,000	\$ 12,250
Transportation	\$ -	\$ 1,900	\$ -
Storm Drain	\$ 620	\$ -	\$ -
Total Per Unit/SF	\$ 24,120	\$ 16,210	\$ 15,350
MASTER PLAN / CFD AREAS			
Master Plan/CFD Fees /1	\$ 14,700	NA	\$ 24,800
Maximum Per Unit/SF /1	\$ 38,820	NA	\$ 24,800
/1 Turlock Master Plan fees not applicable unless located in Master Plan area			
<i>Disclaimer: The estimates shown above are for illustrative prototypes Actual fees vary based on location, land use type and density</i>			

TURLOCK IMPACT FEES

Development Fees - 4-acre Example				
	Multi-Family	Office	Retail	Industrial
Units/SF	100	50,000	40,000	80,000
Street Lights est (per acre)	\$2,333	\$2,333	\$2,333	\$2,333
Water/Sewer Fees (per DU/1000 SF) /1	\$7,800	\$1,300	\$2,100	\$3,000
Master Storm Fee (per acre)	\$15,500	\$22,000	\$22,000	\$22,000
Capital Facilities Fee /2 (per DU/1000 SF)	\$15,600	\$10,500	\$19,800	\$2,600
North Area Master Plan (per DU)	\$14,700	NA	NA	NA
WISP Master Plan Fee (per acre)	NA	\$4,197	\$4,197	\$13,721
Project Total - Low /3	\$2,411,000	\$687,000	\$973,000	\$545,000
Per Unit/1000 SF	\$24,100	\$13,700	\$24,300	\$6,800
Project Total - MP Areas	\$3,881,000	\$897,000	\$1,141,000	\$1,643,000
Per Unit/1000 SF	\$38,800	\$17,900	\$28,500	\$20,500

/1 Water Fees are included as rough estimates as they are based on fixtures and meter size

/2 Includes Park Fees for Residential Only (\$2,100 per unit)

/3 Project Total -Low excludes projects in North Area and WISP master plan Fees



6. OPPORTUNITY SITES EVALUATION

CITY OF TURLOCK – EDSP

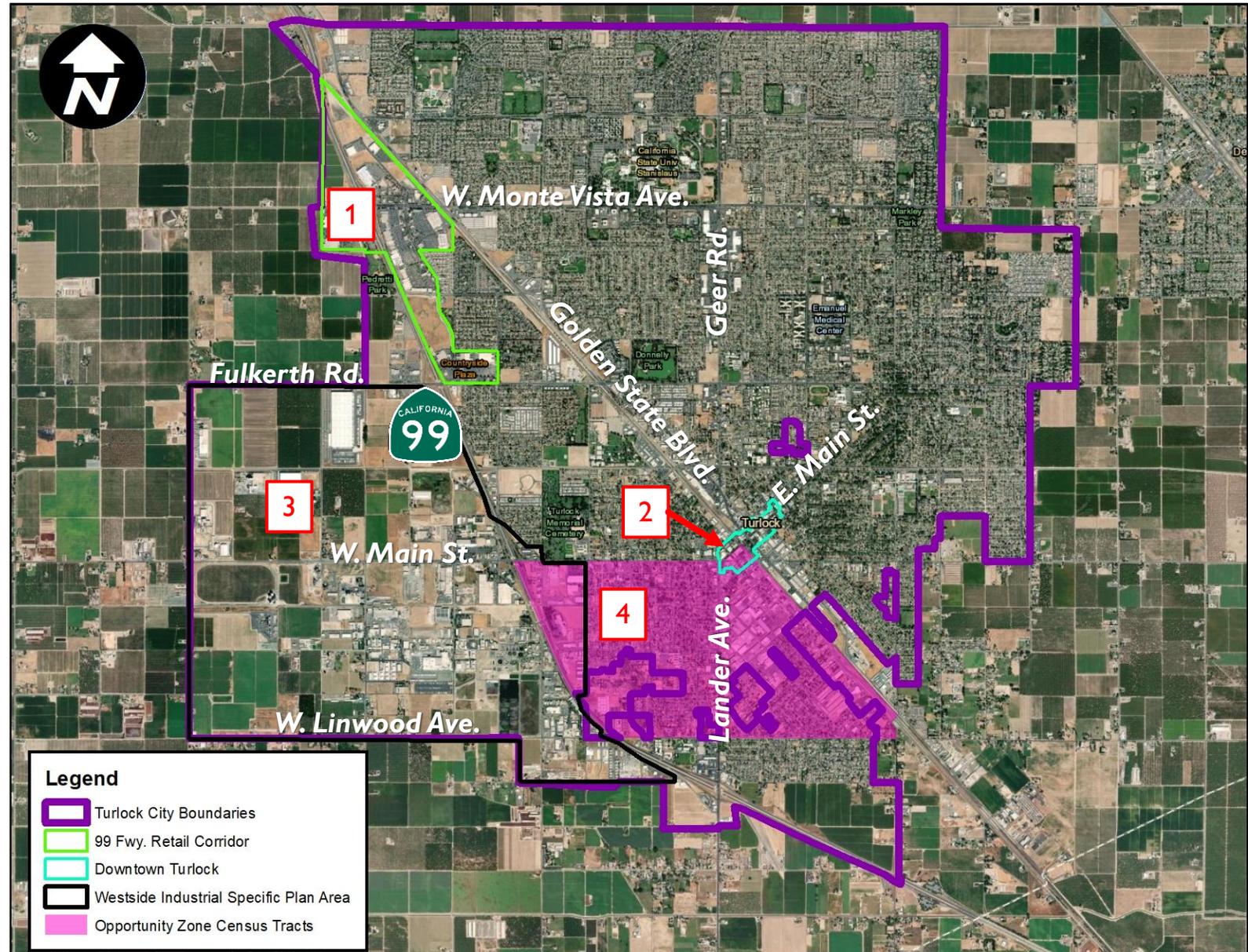
City has four major development areas with several thousand acres of privately owned land for industrial, retail, entertainment and blended-use opportunities,

They include:

1. Hwy 99 Corridor
2. Downtown Turlock
3. Westside Industrial Specific Plan
4. Federal Opportunity Zones (OZ)

The most significant near-term opportunity is the ~30-acre site on the east side of Hwy 99 planned for restaurants, entertainment, retail and hotel uses.

The 2025 Tax Law extended Federal OZ tax benefits indefinitely beginning in January 2027.



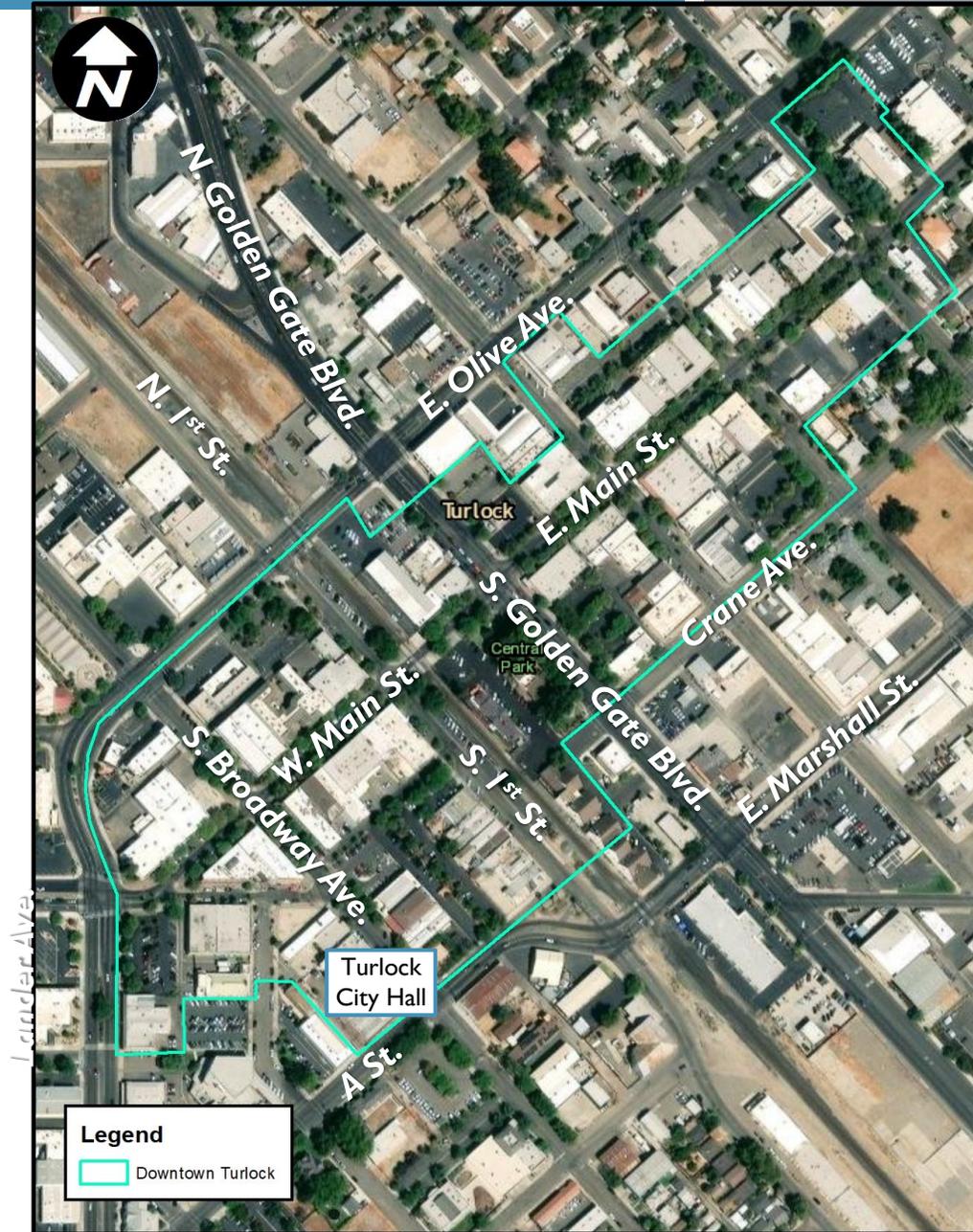
HIGHWAY 99 RETAIL CORRIDOR

- Total area size: 371.2 acres with over 1.7 million SF of existing retail space and over ~100 acres of vacant land
- Zoning: Planned Development (PD), Community Commercial (C-C), Thoroughfare Commercial (C-T), Heavy Commercial (C-H)
- 30-acre site north of Countryside Plaza is master planned for high volume food, retail shops and hotel uses.



DOWNTOWN TURLOCK

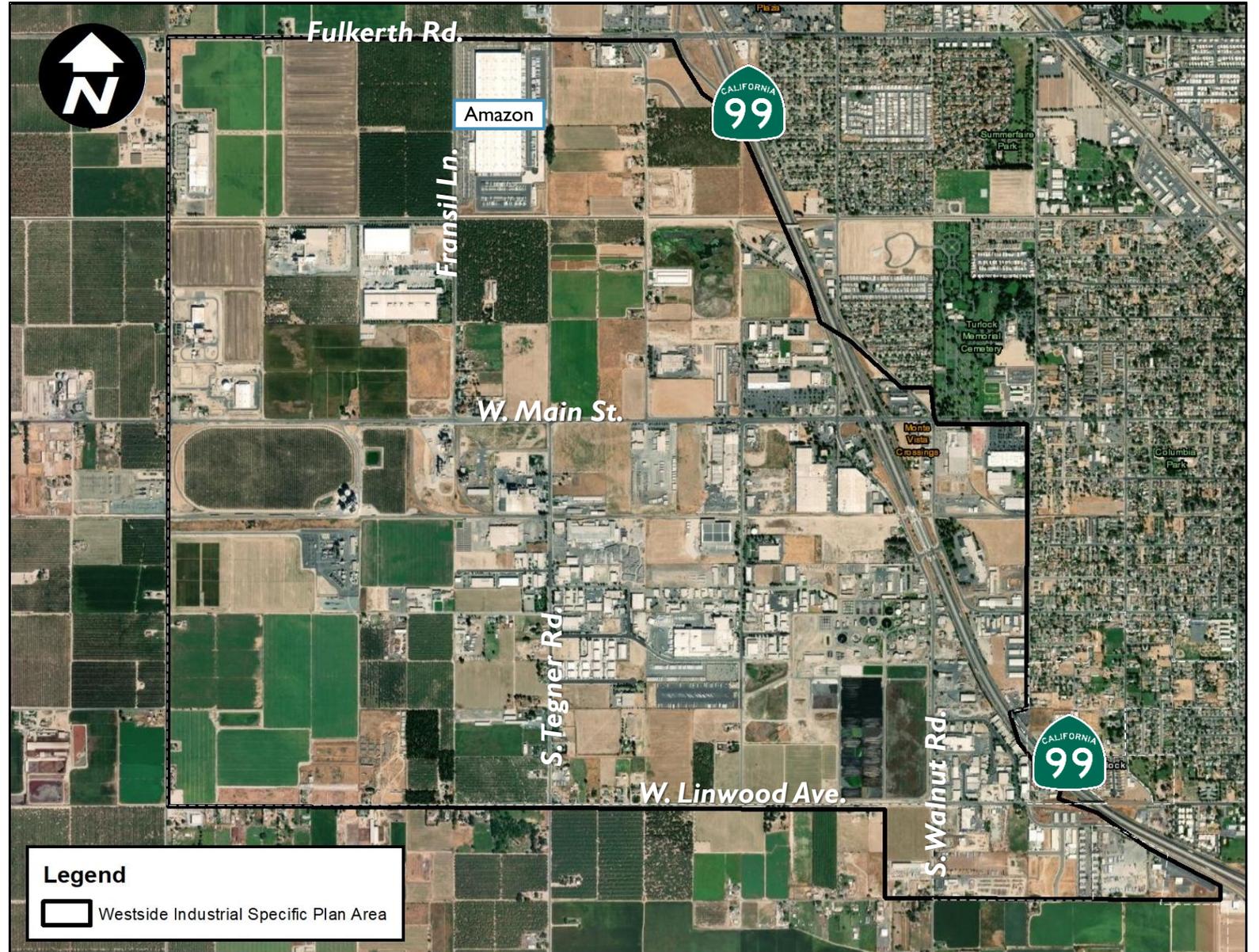
- Total area size: 38.4 acres
- Zoning: Low-Density Residential (R-L), Transitional Commercial (TC), Office or Residential (OR), Downtown Core (DC), Planned Development (PD)



WESTSIDE INDUSTRIAL SPECIFIC PLAN

- Total area size: 2,611 acres
- Zoning: Industrial (I), Industrial Business Park (IBP), Community Commercial (C-C), Office Commercial (C-O), Low Density Residential (R-L), Public/Semi-Public (P-S), Planned Development (PD)

With major infrastructure investment, and city incentives, the northern area can help attract thousands of new industrial jobs, as well as an indoor/outdoor regional sports complex, hotels and regional entertainment uses.



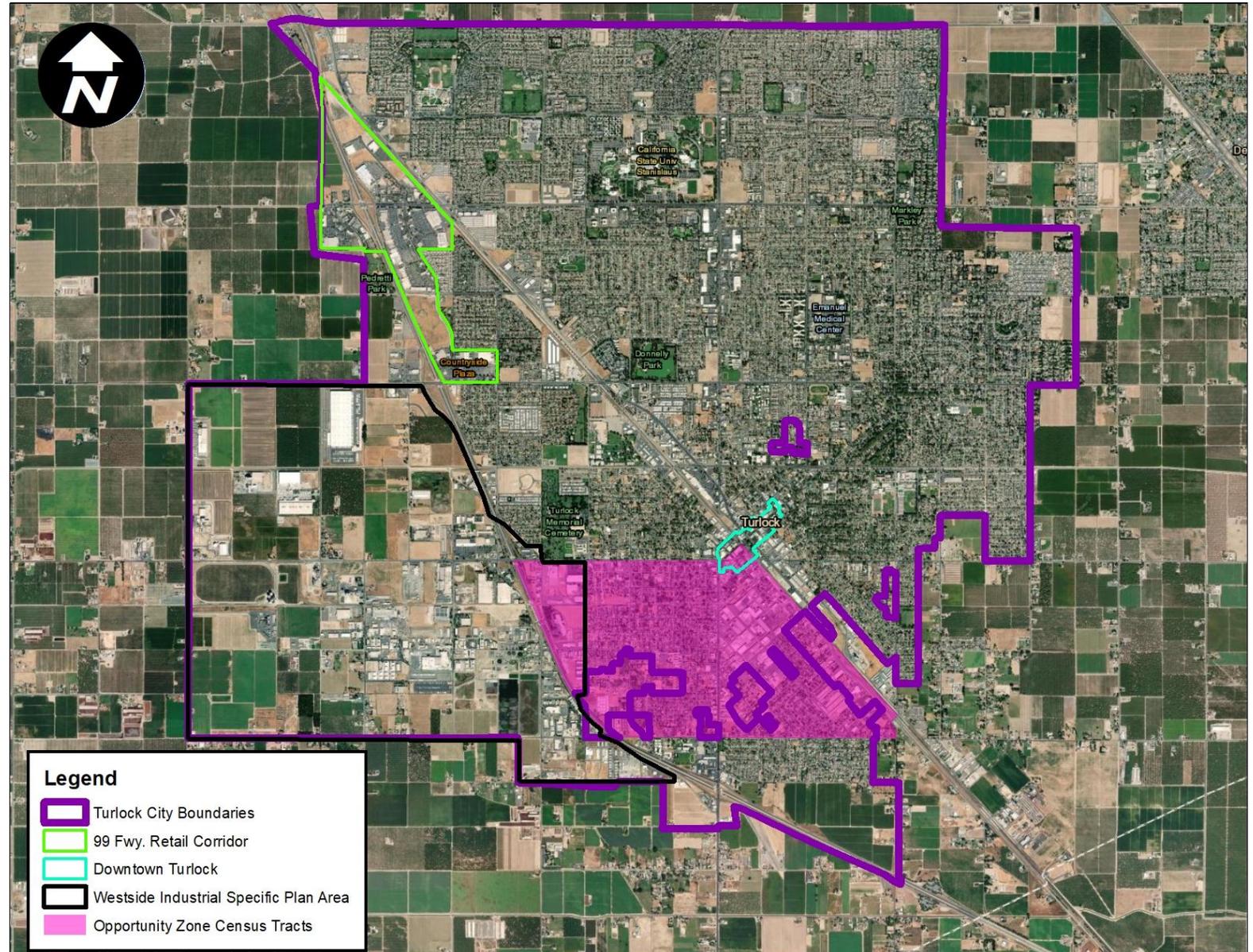
FEDERAL OPPORTUNITY ZONES – 2017 TAX ACT

Estimated total area: 837 acres (within City boundaries) 117 acres in Westside Industrial SP Area: 11 acres in Downtown

The new 2025 Tax Law has extended the timeframe for OZ benefits indefinitely.

Effective 1/1/27 OZ investors can defer capital gains for 5 years on other asset sales (if invested in businesses or property in OZ area) and receive a 10% basis step-up.

Development of new large commercial, industrial and multi-family apts are the most prevalent OZ investments.





7. ECONOMIC DEVELOPMENT TOOLS

CITY OF TURLOCK – EDSP

ECONOMIC DEVELOPMENT TOOLS

Kosmont has prepared a summary of various Economic Development tools and a playbook that the City can consider for Value Capture and to facilitate future development:

Capture Value from Tax Increment and Special Districts

- Enhanced Infrastructure Financing District (“EIFD”) use property tax increment and Community Facility Districts (“CFD”) are tools to fund important **local and regional infrastructure**.

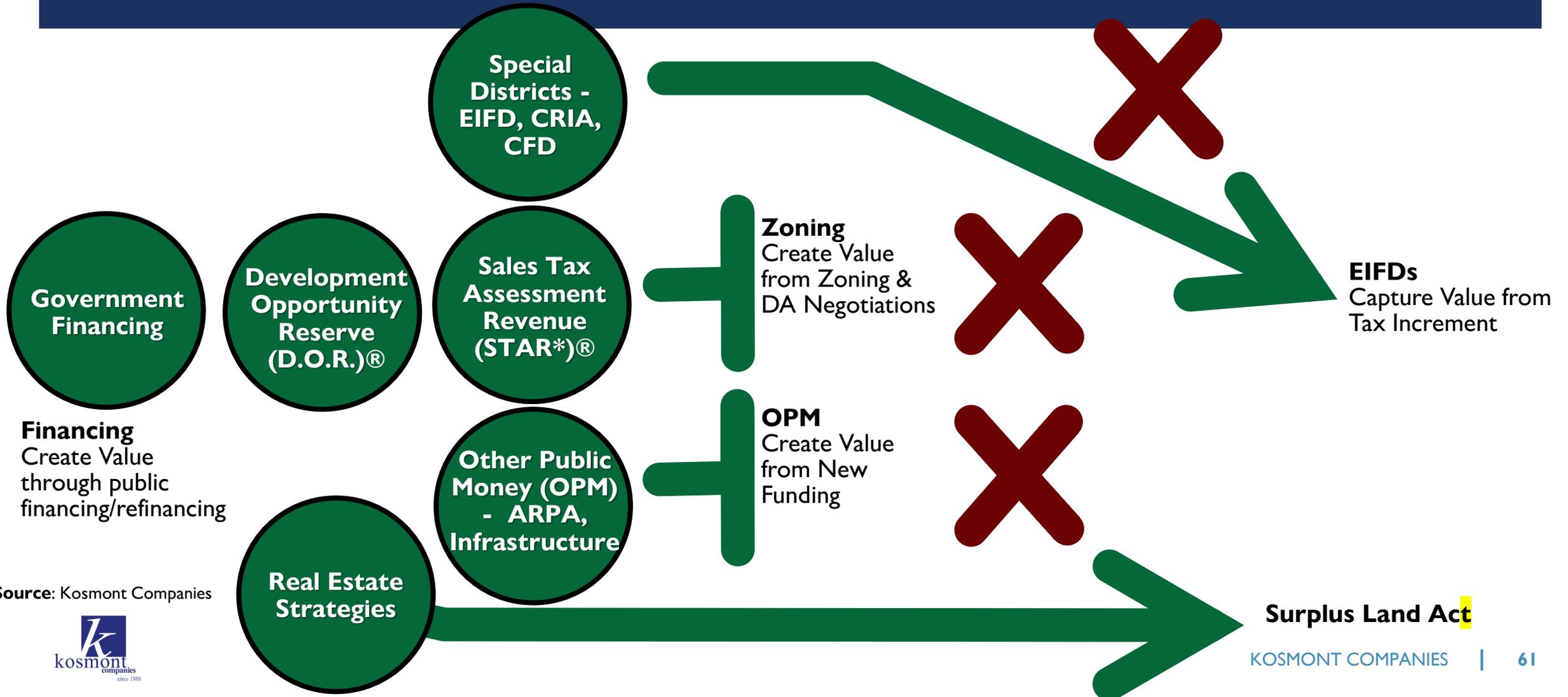
Capture Value from Zoning (Value Capture Zoning VCZ™)

- Development Opportunity Reserve (D.O.R.)[®] allows cities to create a “bank” of new density in zoning / specific plans, allowing them to give the density to projects that deliver **community benefits & public amenities**.

Capture Value from Real Estate

- Cities can use a variety of strategies to capture the value of their properties (sale or long-term lease / Surplus Land Act).

THE ECONOMIC DEVELOPMENT PLAYBOOK



Source: Kosmont Companies



Surplus Land Act

SPECIAL DISTRICTS FOR INFRASTRUCTURE FINANCING

- Public agencies can utilize a variety of tax increment financing (TIF) and special district tools to fund infrastructure projects that can help to motivate private investment. This includes Enhanced Infrastructure Financing Districts (EIFDs), community facilities districts (CFDs), and business improvement districts (BIDs). These special districts are not mutually exclusive, and can work well together to advance goals of motivating private investment.
- Enhanced Infrastructure Financing Districts (EIFDs) may be well suited for some of the Region's opportunity areas that have significant infrastructure needs (roads / connectivity, water / sewer, electricity, telecom / broadband, etc.).
- EIFDs utilize property tax revenues from new development to finance public infrastructure projects without introducing new or increased taxes.
- EIFD project areas do not have to be contiguous, allowing them to target specific areas of high development and high infrastructure need.
- The district commitment of revenues toward infrastructure can induce private sector investment, accelerate growth, create jobs, and capture / grow fiscal revenues.

SPECIAL DISTRICTS FOR INFRASTRUCTURE FINANCING

FUNDAMENTALS OF EIFDS

Tax Increment Financing	Tax increment from new development / assessed value increase used to <u>fund infrastructure projects in approved project areas</u>
Long-term Districts	Up to 45-year districts from first bond issuance; Districts provide <u>long-term, committed revenues</u> in targeted investment areas; Districts can be created in 12-18 months
Non-Contiguous Areas	EIFD project areas <u>do not have to be contiguous</u> , allowing them to target specific sites / areas and making them compatible with other zoning / entitlement strategies
Eligible Projects	Any property with useful life of 15+ years and of communitywide significance; purchase, construction, expansion, improvement, seismic retrofit, rehabilitation, and <u>maintenance</u>
Return on Investment	Private sector investment induced by District commitment accelerates growth of <u>net fiscal revenues, job creation, housing production, essential infrastructure improvements</u>
Attract Additional Funds	Allows community to attract <u>tax increment from other entities</u> (cities, special districts), <u>federal / state grants & loans</u> (TOD, water, housing, parks), brownfield funding

EIFD WITH A POTENTIAL CITY/COUNTY PARTNERSHIP

TIF Districts which involve a City / County joint effort are more likely to win state grant funding sources. According to the Stanislaus County Auditor-Controller Office, the City gets an average of 7.6% of the baseline property tax and County receives approximately 19% of the baseline tax in the Tax Rate areas within WISP.

Federal & State Sources

- *Cap-and-Trade / HCD grant & loan programs (AHSC, IIG, TCC)*
- *Prop 1 bond funds / Prop 68*
- *SB 1 Road funds*
- *SB 2 Transfer Tax funds*
- *Federal DOT / EPA / EDA funding*



Other Potential Funding Sources

- *Property tax revenue including RPTTF*
- *Vehicle license fee (VLF) prop. tax backfill increment*
- *Development Agreement / impact fees*
- *Benefit assessments (e.g. contribution from CFD)*
- *Local transportation funding (e.g. Measure M/R)*
- *Private investment*

TAX INCREMENT DISTRICT CASE STUDY

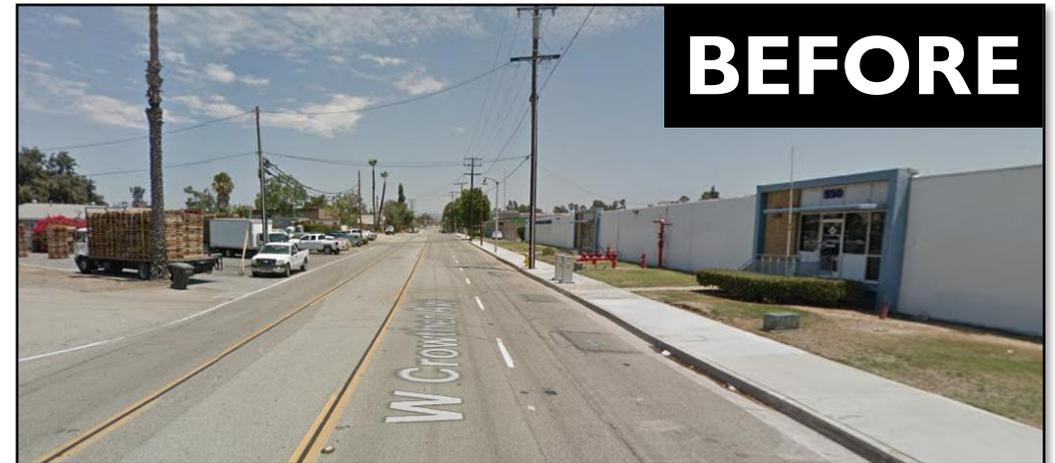
PLACENTIA CASE STUDY – FORMED IN 2019

Placentia / Orange County EIFD Partnership

- 300+ acres: Old Town Placentia Revitalization Plan, Metrolink Station, TOD Packing House Area
- Infrastructure Financing Plan (IFP) will fund \$13 million in public infrastructure improvements for those areas
- Water, sewer, streets, parking, transit connectivity
- \$460M+ expected in new AV from residential, retail, restaurant development
- Net Fiscal Benefit: \$22M to City, \$15M to County

Implementation

- EIFD feasibility analysis & formation process
- Led education/outreach meetings with County BOS
- Developed County EIFD Policy for City/County EIFD
- Completed first EIFD TIF Court Validation in the state
- **Working on TIF Bond**



SPECIAL DISTRICTS FOR INFRASTRUCTURE FINANCING

OTHER DISTRICT TOOLS

Property Business Improvement Districts (PBID)	<p>Property Business Improvement Districts are special assessments levied on real property to fund improvements and promote activities the benefit the properties located within the PBID area. This includes capital improvements, parking facilities, street / streetscape improvements, lighting and landscaping, marketing and promotion, and business attraction / retention. The special assessment amount that each property owner pays must be directly proportional to the benefit received.</p>
Community Facilities District (CFD)	<p>Community Facility Districts are a new property assessment or "special tax" that appears as a separate line item on a tax bill and can be used to fund infrastructure / services that benefit the property. This includes transportation, parking, street / utility improvements, hazardous waste remediation, street lighting / sidewalk, and public services. CFDs are useful because they provide early financing for a variety of critical services and infrastructure. CFDs also pair well with EIFDs as a value capture strategy – with CFDs providing early funding and EIFDs providing funds as projects are constructed, and tax increment grows.</p>
Parking Authority District	<p>Parking Authority Districts can utilize a variety of funding sources – including bonds, ad valorem taxes, user fees, parking meter charges, parking revenues, and City / County contributions – to fund improvements such as parking lots, structures, and alterations to circulatory infrastructure to facilitate ingress and egress.</p>
Climate Resilience District (CRD)	<p>Climate Resilience Districts are a new type of district can fund projects to mitigate climate change. These districts have broad financing powers, and can fund a wide range of eligible projects, including projects that address sea level rise / flooding, extreme weather, wildfire, and drought.</p>

ZONING AND LAND USE STRATEGIES

DEVELOPMENT OPPORTUNITY RESERVE D.O.R.®

Zoning and entitlements create value. Cities can avoid simply giving that value away, and instead capture that value as currency to support community benefits and public amenities.

Old Playbook:
Rezone Areas for New Density
and Expect New Development

Rezoning gives the value of the new density to current property owners: inflated land values, limited possibility of development.

New Playbook:
Bank Density with Development
Opportunity Reserve D.O.R.®

D.O.R.® allows cities to create a “bank” of new density in zoning / specific plans, allowing them to give the density to projects that deliver **community benefits & public amenities.**

ZONING AND LAND USE STRATEGIES

DEVELOPMENT OPPORTUNITY RESERVE D.O.R.[®] - *PROCESS*

Create D.O.R.[®]

Step 1

Conduct market / economic density analysis to understand development potential.
Identify sites and areas within community as areas targeted for new development.

Step 2

Use planning process to create a reserve bank of density to use in target areas and create an amenity list of desired community benefits and advance projects.

Implement D.O.R.[®]

Step 3

Development Projects apply for density from the DOR in exchange for amenities and community benefits delivered.

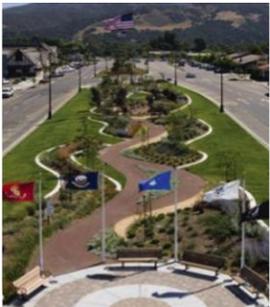
Step 4

City & Developer sign a Development Agreement, assigning D.O.R.[®] density to project with contractual commitment to deliver amenities or infrastructure.

D.O.R.® CASE STUDY ILLUSTRATIONS

City of Buellton: Avenue of Flags

- **Goal:** Induce housing development in downtown area
- **Benefits & Amenities:** public restrooms, off-site improvements, public parking, parking district, public art, parks, green buildings, other
- **Incentives:** Increase density up to 40 units / acre, increase heights, reduce on-site parking, reduced setbacks, reduced traffic and application fees



City of El Monte: Downtown Main St.

- **Goal:** Increase downtown density along with community benefits and public improvements
- **Benefits & Amenities:** streets, bicycle facilities, parking, open space, beautification, transit, arts / cultural spaces, lot consolidation; developer can either install improvements or make payment into public improvement fund; value based on a portion of residual land value (~75%)
- **Incentives:** Increase density, heights, FAR, dwelling units per acre



Implementation Steps

1. Conduct market housing / economic study to match RHNA needs
2. Discuss new density and public amenities with community
3. Create DOR mechanism as new Zoning / Specific Plan provision



CREATE CURRENCY WITH REVENUE REPLACEMENT

REPLACING TAX REVENUES VIA DAS & P3S

Replace Revenue with Sales Tax Assessment Revenue (STAR*)[®]

Project would result in a loss in retail sales tax revenues resulting from non-sales tax generating uses
(e.g. *industrial*)

Analyze sales tax revenue loss potential of opportunity sites & zoning designations to understand scale

Create equivalent General Fund revenue through entitlement document / development agreement
(*Tax Equivalency as currency*)

STAR* Case Study: Jurupa Valley – Agua Mansa Commerce Park Site

- ~280-acre site (*originally planned for retail*)
- Proposed 3.6 million SF industrial development project
- **STAR analysis estimated annual sales tax in-lieu payment of ~\$362,500**

CAPTURE VALUE WITH CITY PROPERTY

REAL ESTATE & LEASING STRATEGIES

Cities can use a variety of strategies to better utilize the value of their properties:

- Performance-based leases / ground leases
- Monetizing assets (such as parking garages)
- Selling property to private sector – includes lease-back strategies, continued operation of existing use, redevelopment into new uses

SELLER BEWARE –

Cities must follow Surplus Land Act (SLA) requirements / procedures



SURPLUS LAND ACT CONSIDERATIONS (FOR PUBLIC AGENCY OWNED PROPERTIES)

- The Surplus Land Act (SLA) was passed in response to the housing shortage in California. Public agency owned property cannot be sold or leased until it complies with the SLA, with certain exceptions.
- After navigating the SLA for a City-owned site, either an affordable housing project will be ready to come to the site, or the City will have the ability to market the land for a different use.
- SLA requires an up to 150-day (NOA for 60 days + good faith negotiations for 90 days) RFP process to either select or reject an affordable housing project/proposal. City does not have to sell the property for less than fair market value. If rejected, property can be sold to broader market.
- After completing the process, any development will be subject to a covenant requiring any residential development with 10 or more units to provide at least 15% of units available to low-income households.
- If local agency does not comply with SLA, HCD will impose fine of 30% of final sale price for first violation, 50% of final sale price for second violation.
- City should engage real estate and legal counsel to navigate SLA process and conduct appropriate property due diligence.
- Potential exemptions include leases existing prior to 1/1/2019, land dedicated for 75% or more affordable housing or public uses and land not suitable (too small).

SLA Required Disposition Process

1. Declaration of the property as either “surplus” or “exempt surplus.”
2. If declared “surplus,” disseminate a Notice of Availability (NOA) offering the property to other government agencies and affordable housing developers for a period of 60 days.
3. If the City receives letters of interest from government agencies and/or affordable housing developers, then it must negotiate in good faith with those interested parties for a period of 90 days.
4. After the 90-day good faith negotiation period, the City must notify the State Department of Housing and Community Development (HCD) and provide information that documents compliance with the process and request a letter of compliance.
5. HCD has 30 days to respond to City with questions/request for more information and, at the conclusion of the 30-day period, must provide a letter stating that the City has complied with the process or not.

CITY OF TURLOCK ECONOMIC DEVELOPMENT STRATEGIC PLAN

AUGUST 2025



2301 Rosecrans Ave., Suite 4140
El Segundo, CA 90245
TEL: 424-297-1070 | URL: www.kosmont.com



CITY OF TURLOCK

ECONOMIC DEVELOPMENT STRATEGIC PLAN

APPENDIX

AUGUST 2025



2301 Rosecrans Ave., Suite 4140
El Segundo, CA 90245
TEL: 424-297-1070 | URL: www.kosmont.com

APPENDIX

- A.1 FINANCIAL DATA
- A.2 DEMOGRAPHIC DATA
- A.3 PLACER.AI VISITATION DATA
- A.4 REAL ESTATE MARKET DATA

CITY OF TURLOCK – EDSP



APPENDIX – DATA

The following sections contain detailed supporting information on the following topics

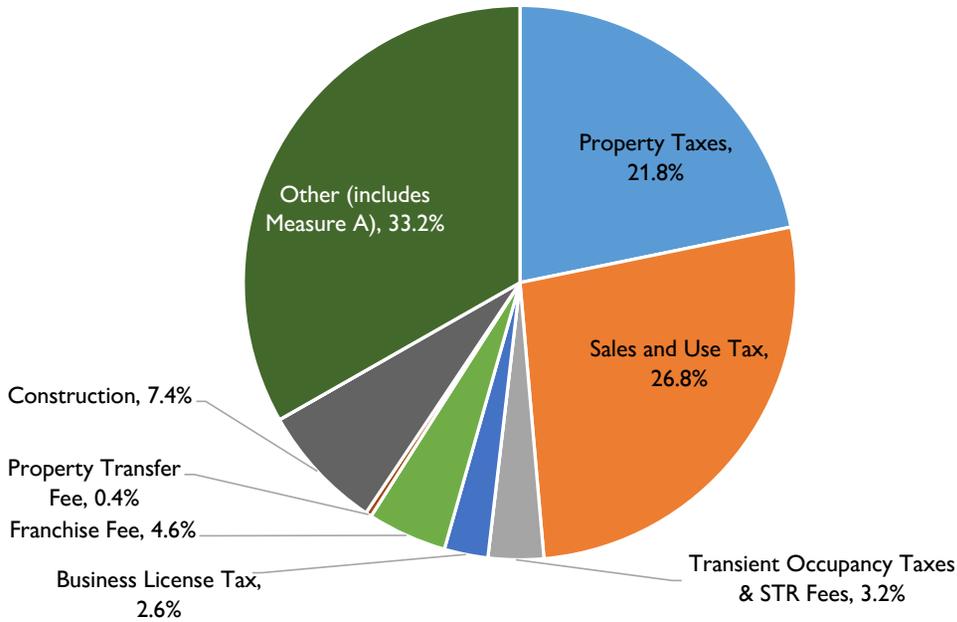
1. City general fund financial trends
2. Demographic comparison with surrounding communities
3. Placer.ai visitation and trade area
4. Real estate market data trends
 - a) Retail Market
 - b) Office
 - c) Industrial
 - d) Multi-Family
 - e) Hotel

A.1 FINANCIAL OVERVIEW

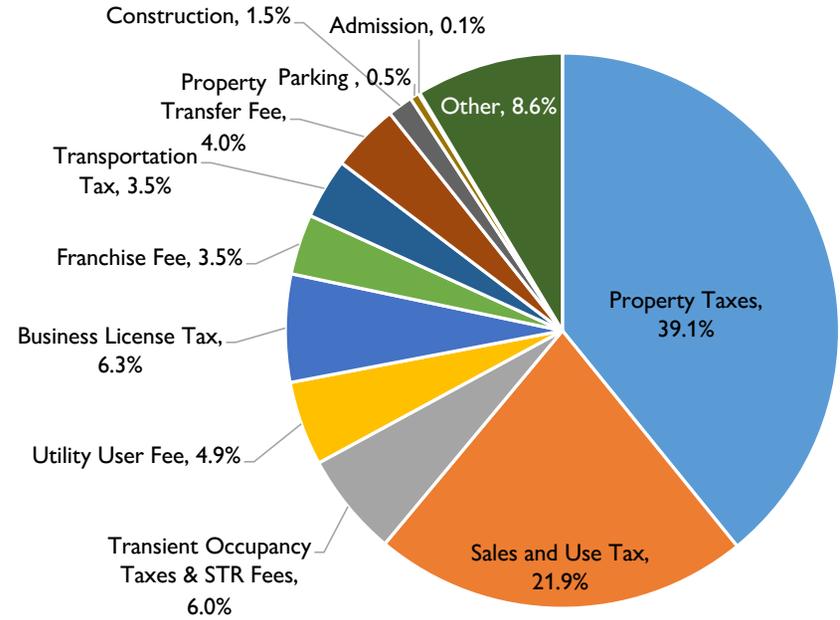
- Like most cities, Turlock saw major declines in retail sales taxes following the Great Recession in 2008-09. It took until 2015 before sales recovered to 2008 level. However, Citywide retail sales growth have been very strong for the past decade, with growth averaging approximately 6% per year, excluding the impact of new Amazon facility, which will add several million dollars per year in tax revenue. We note that during Covid, the City had only one quarter decline in sales of approximately 7%.
- There has been strength in most categories with the exception of gasoline and furniture sales, reflecting the increase in electric vehicles and lack of new home development.
- The graphs on next page illustrate how important retail sales and use taxes are to Turlock, representing almost 60% of total general fund revenues, compared to less than 22% for the average city in California, which rely more on property taxes, utility taxes, and other business taxes.

2022 GENERAL FUND REVENUES

CITY OF TURLOCK VS. ALL CA CITIES



City of Turlock



All CA Cities

Source: Kosmont Companies; CA DOF (Accessed Sept. 2024)

Note: The City of Turlock did not collect Utility User Fees, Transportation Tax, Parking Fees, and Admission Fees. Other revenues may include interest, penalties, employer payroll tax, also includes Measure A, a 2021 sales and use tax.



HISTORIC TAX REVENUE GROWTH TABLES (2018-2022)

CITY OF TURLOCK VS STANISLAUS COUNTY CITIES VS ALL CA CITIES

City of Turlock

YEAR	TOTAL	PROPERTY	SALES /1	HOTEL	PROP %	SALES %	HOTEL %
2018	\$ 37,951,822	\$ 12,104,494	\$ 13,673,561	\$ 1,603,705	31.9%	36.0%	4.2%
2019	\$ 40,966,263	\$ 12,942,930	\$ 14,704,486	\$ 1,659,697	31.6%	35.9%	4.1%
2020	\$ 42,511,143	\$ 13,646,993	\$ 14,457,358	\$ 1,566,292	32.1%	34.0%	3.7%
2021	\$ 52,013,432	\$ 14,324,145	\$ 17,118,031	\$ 1,757,476	27.5%	32.9%	3.4%
2022	\$ 68,762,103	\$ 14,979,546	\$ 18,449,523	\$ 2,228,182	21.8%	26.8%	3.2%
% Chg. '18-'22	81%	24%	35%	39%	(32%)	(26%)	(23%)

Stanislaus County Cities

YEAR	TOTAL	PROPERTY	SALES	HOTEL	PROP %	SALES %	HOTEL %
2018	\$ 220,574,723	\$ 65,466,962	\$ 66,532,299	\$ 5,132,622	29.7%	30.2%	2.3%
2019	\$ 226,106,200	\$ 69,340,392	\$ 70,512,352	\$ 5,328,454	30.7%	31.2%	2.4%
2020	\$ 242,667,301	\$ 73,433,136	\$ 70,288,464	\$ 5,231,115	30.3%	29.0%	2.2%
2021	\$ 279,808,888	\$ 77,006,596	\$ 83,671,973	\$ 5,539,916	27.5%	29.9%	2.0%
2022	\$ 301,869,504	\$ 81,021,309	\$ 92,398,483	\$ 6,766,030	26.8%	30.6%	2.2%
% Chg. '18-'22	37%	24%	39%	32%	(10%)	1%	(4%)

All CA Cities

YEAR	TOTAL	PROPERTY	SALES	HOTEL	PROP %	SALES %	HOTEL %
2018	\$ 31,799,746,521	\$ 12,890,489,342	\$ 7,005,395,050	\$ 2,585,451,532	40.5%	22.0%	8.1%
2019	\$ 34,539,905,371	\$ 14,177,924,698	\$ 7,726,240,615	\$ 2,748,778,129	41.0%	22.4%	8.0%
2020	\$ 34,343,088,470	\$ 14,733,616,783	\$ 7,273,442,316	\$ 2,052,851,870	42.9%	21.2%	6.0%
2021	\$ 37,523,287,391	\$ 15,875,562,038	\$ 7,935,922,642	\$ 1,299,716,160	42.3%	21.1%	3.5%
2022	\$ 42,007,714,014	\$ 16,441,856,815	\$ 9,212,861,760	\$ 2,532,105,390	39.1%	21.9%	6.0%
% Chg. '18-'22	32%	28%	32%	(2%)	(3%)	0%	(26%)



/1 Excludes Measure A sale and use tax revenue

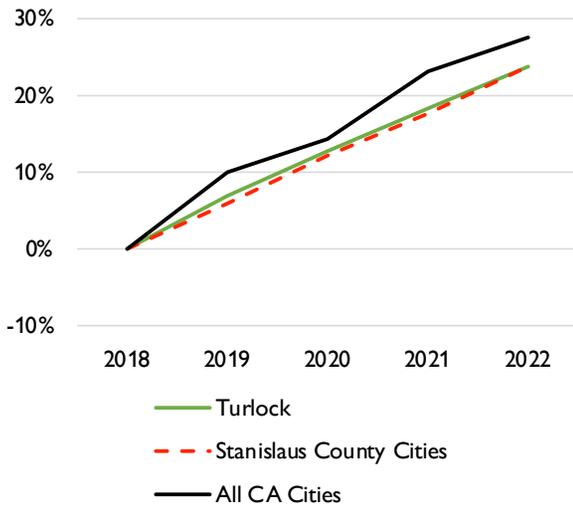
Source: Kosmont Companies; CA DOF (Accessed Sept. 2024)

Note: Numbers in parentheses and in red indicate a negative number.

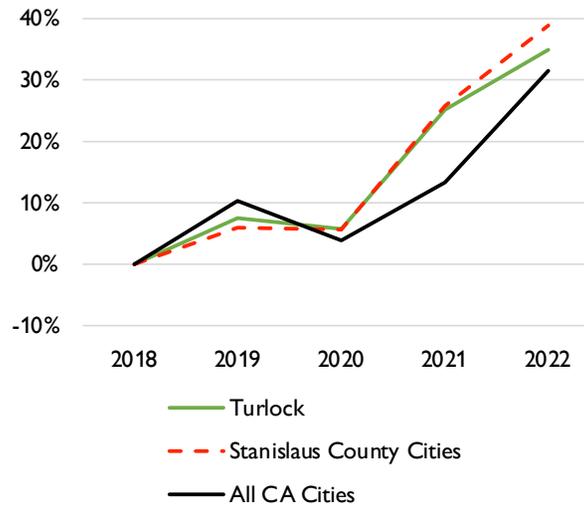
HISTORIC TAX REVENUE GROWTH (2018-2022)

CITY OF TURLOCK VS STANISLAUS COUNTY CITIES VS ALL CA CITIES

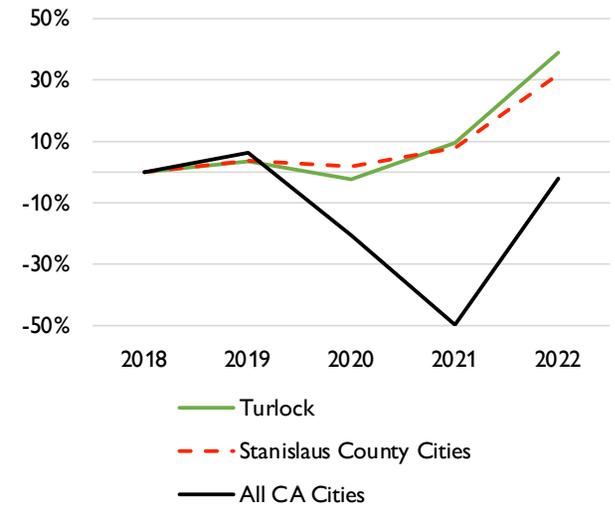
Property Tax Revenue Growth Since 2018



Sales Tax Revenue /1 Growth Since 2018



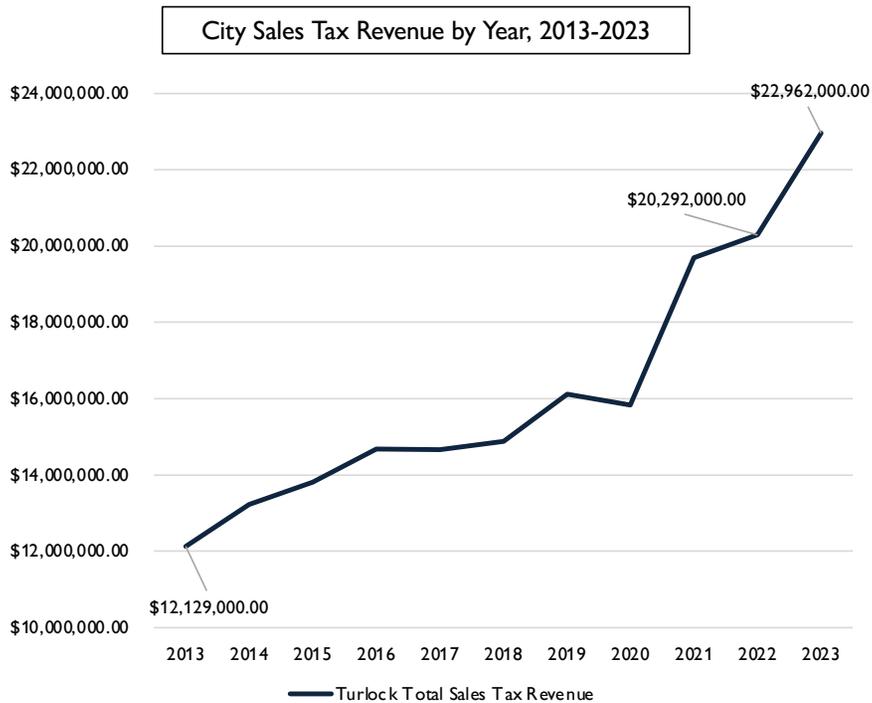
TOT Revenue Growth Since 2018



¹ Excludes Measure A sale and use tax revenue
 Source: Kosmont Companies; CA DOF (Accessed Sept. 2024)

SALES TAX REVENUES BY YEAR /1

CITY OF TURLOCK (2013-2023)



Year	City Brick & Mortar Subtotal	City Share from County Pool	City Total
2023	\$19,684,000	\$3,278,000	\$22,962,000
2022	\$17,057,000	\$3,235,000	\$20,292,000
2021	\$16,816,000	\$2,874,000	\$19,690,000
2020	\$13,007,000	\$2,834,000	\$15,841,000
2019	\$13,906,000	\$2,209,000	\$16,115,000
2018	\$13,052,000	\$1,826,000	\$14,878,000
2017	\$13,060,000	\$1,605,000	\$14,665,000
2016	\$12,694,000	\$1,989,000	\$14,683,000
2015	\$12,261,000	\$1,545,000	\$13,806,000
2014	\$11,856,000	\$1,365,000	\$13,221,000
2013	\$10,780,000	\$1,349,000	\$12,129,000
10-Year CAGR*	6.2%	9.3%	6.6%
COVID-19 Effect (2019-2020)	(6.5%)	28.3%	(1.7%)



/1 Excludes Measure A sale and use tax revenue

Source: CA DOF; CDTFA; Kosmont Companies (Accessed Sept. 2024); *CAGR = Compound Annual Growth Rate

Note: Numbers in parentheses and in red indicate a negative number.

RETAIL SALES BY CATEGORY BY YEAR

CITY OF TURLOCK (2018-2023)

Category	No. of Outlets	2018	2019	2020	2021	2022	2023	5-Year % (2018-2023)
1 Clothing and Clothing Accessories Stores	121	\$80,724,904	\$81,404,267	\$67,792,720	\$104,309,894	\$104,053,075	\$105,063,042	30%
2 Food and Beverage Stores	61	\$57,150,684	\$59,411,705	\$64,304,968	\$72,110,636	\$71,281,105	\$69,799,976	22%
3 Food Services and Drinking Places	272	\$161,108,894	\$175,947,599	\$151,483,989	\$203,012,886	\$213,898,850	\$220,647,281	37%
4 Gasoline Stations	28	\$144,784,522	\$150,039,074	\$98,569,470	\$137,890,851	\$170,385,064	\$151,039,701	4%
5 Building Material and Garden Equipment and Supplies Dealers	29	\$110,142,823	\$112,729,735	\$139,946,382	\$154,631,367	\$142,627,880	\$143,402,521	30%
6 Motor Vehicle and Parts Dealers	92	\$127,753,461	\$125,776,785	\$141,218,678	\$174,679,263	\$157,002,990	\$158,853,732	24%
7 Home Furnishings and Appliance Stores	46	\$18,878,022	\$16,217,119	\$14,850,052	\$17,040,243	\$15,414,354	\$11,900,504	(37%)
8 General Merchandise Stores	37	\$255,158,735	\$268,039,186	\$269,993,069	\$311,000,090	\$325,201,197	\$316,694,406	24%
9 Other Retail Group	428	\$92,770,647	\$91,475,088	\$101,199,448	\$135,163,386	\$152,594,461	\$470,631,019	407%
Total Retail and Food Services	1,114	\$1,048,472,692	\$1,081,040,558	\$1,049,358,776	\$1,309,838,616	\$1,352,458,976	\$1,648,032,182	57%
All Other Outlets	738	\$277,068,741	\$276,283,343	\$263,239,212	\$302,424,662	\$344,954,102	\$302,873,556	9%
Total All Outlets	1,852	\$1,325,541,433	\$1,357,323,901	\$1,312,597,988	\$1,612,263,278	\$1,697,413,078	\$1,950,905,738	47%



Source: CA DOF; CDTFA; Kosmont Companies (Accessed Sept. 2024); 2023 includes full year retail sales data

Notes: Other retail may include pet supply stores, tobacco stores, art dealers, etc. All other outlets refers to business to business

A.2 DEMOGRAPHIC OVERVIEW

- With an estimated population of 73,100, Turlock has had the lowest household growth in the Stanislaus County region over the past decade, growing 2.1% versus 5.7% population growth in Modesto and 16% growth in Merced.
- Over the past decade, median household income grew by 50%, lower than the +60% growth for Merced, Modesto and the County.
- Percent of adults with college degrees in Turlock increased from 23.5% to 28.7%, much higher than the ~20% level for Merced, Modesto and the County

DEMOGRAPHICS

CITY, COMPARABLE CITIES, COUNTY, AND STATE

2024	Turlock City	Manteca City	Merced City	Modesto City	Stanislaus County	California State
Population	73,100	90,700	92,700	218,900	556,700	39,530,500
Households	24,500	29,100	29,500	74,500	178,600	13,641,500
Average HH Size	2.90	3.10	3.11	2.91	3.08	2.83
Median Age	36.0	37.9	31.4	37.3	36.5	38.4
% Bachelor's Degree or Higher	28.7%	21.6%	19.0%	21.7%	20.3%	38.7%
% Hispanic Origin	43.7%	42.0%	58.0%	45.5%	50.8%	40.7%
Per Capita Income	\$34,900	\$40,000	\$27,200	\$35,200	\$34,100	\$48,200
Median HH Income	\$77,500	\$97,700	\$61,700	\$78,300	\$80,200	\$97,600
Average HH Income	\$103,900	\$124,700	\$85,200	\$103,300	\$106,300	\$139,300
Average Home Value	\$482,000	\$602,100	\$393,800	\$444,500	\$464,700	\$773,200



Source: ESRI Business Analyst Online; Zillow.com (Accessed October 2024);

Note: Values rounded to the nearest hundred. The average home value is taken from the Zillow Home Value Index and is shown for the most recent month (September 2024)

POPULATION & INCOME CHANGE

2015 – 2024, CITY VS COMPARISON CITIES AND COUNTY

	City of Turlock			City of Merced			City of Modesto			County of Stanislaus		
	2015	2024	% Chg.	2015	2024	% Chg.	2015	2024	% Chg.	2015	2024	% Chg.
Population	70,600	73,100	3.5%	81,100	92,700	14.3%	207,500	218,900	5.5%	527,400	556,700	5.6%
Households	24,000	24,500	2.1%	25,300	29,500	16.6%	70,500	74,500	5.7%	169,200	178,600	5.6%
Average HH Size	2.92	2.90	(0.7%)	3.16	3.11	(1.6%)	2.90	2.91	0.3%	3.08	3.08	0.0%
Median Age	33.6	36.0	7.1%	28.9	31.4	8.7%	34.9	37.3	6.9%	33.5	36.5	9.0%
Bachelor's Degree or Higher	23.5%	28.7%	22.1%	16.9%	19.0%	12.4%	18.6%	21.7%	16.7%	16.5%	20.3%	23.0%
% Hispanic Origin	37.9%	43.7%	15.3%	50.4%	58.0%	15.1%	37.5%	45.5%	21.3%	43.6%	50.8%	16.5%
Median HH Income	\$51,400	\$77,500	50.8%	\$37,600	\$61,700	64.1%	\$48,600	\$78,300	61.1%	\$50,100	\$80,200	60.1%



Source: ESRI Business Analyst Online; City of Turlock "2017 Economic Development Strategic Plan" (Accessed October 2024)
Note: Numbers in parentheses and in red indicate a negative % change. Numbers rounded to nearest hundred. 2017 EDSP utilized American Community Survey 2015 5-year estimates from 2011-2015.

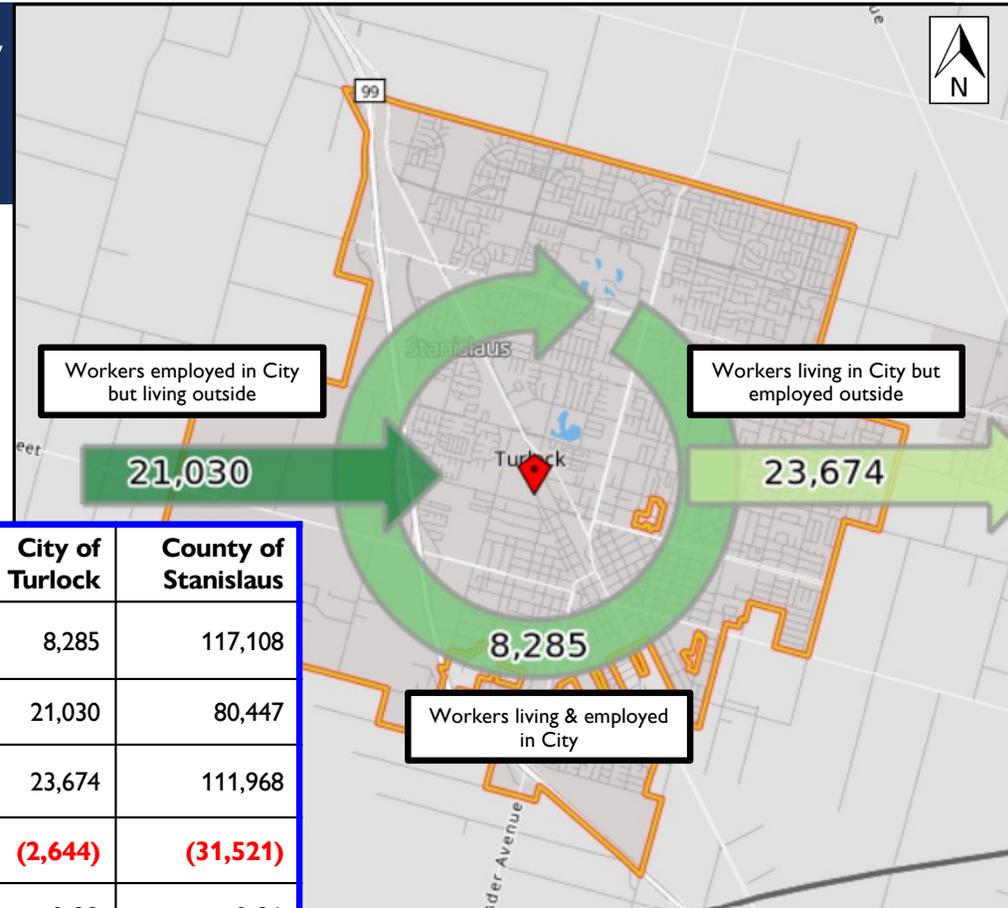
WORKER INFLOW / OUTFLOW

CITY OF TURLOCK

- Top sectors of employment in the City of Turlock include health care and social assistance, retail trade, educational services, accommodation and food services, and manufacturing
- Employees who work in the City are coming from Modesto, Ceres, Merced, Delhi CDP, and Atwater
- Employed residents living in the City are traveling to Modesto, Ceres, Stockton, San Jose, and Livingston for work

- Per CoStar, top employers in Turlock include:
 - Foster Farms (est. 2,000 employees)
 - Amazon (1,000)
 - Sunnyside Farms (250)
 - Supherb Farms (230)
 - The Home Depot (201)
 - Emanuel Medical Center (185)
 - Grover Gonzalez, inc. (180)
 - Costco, Sysco Corp., and Covenant Care (150)

Reference	City of Turlock	County of Stanislaus
Workers Living and Working	8,285	117,108
Workers Coming (Inflow)	21,030	80,447
Workers Going (Outflow)	23,674	111,968
Net Inflow/Outflow	(2,644)	(31,521)
Employment Ratio*	0.92	0.86



Notes: *Employment Ratio = People employed within City (living and working in City + those who come into City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City);

Source: U.S. Census Bureau Center for Economic Studies; California Employment Development Department (2022, Accessed January 2025)

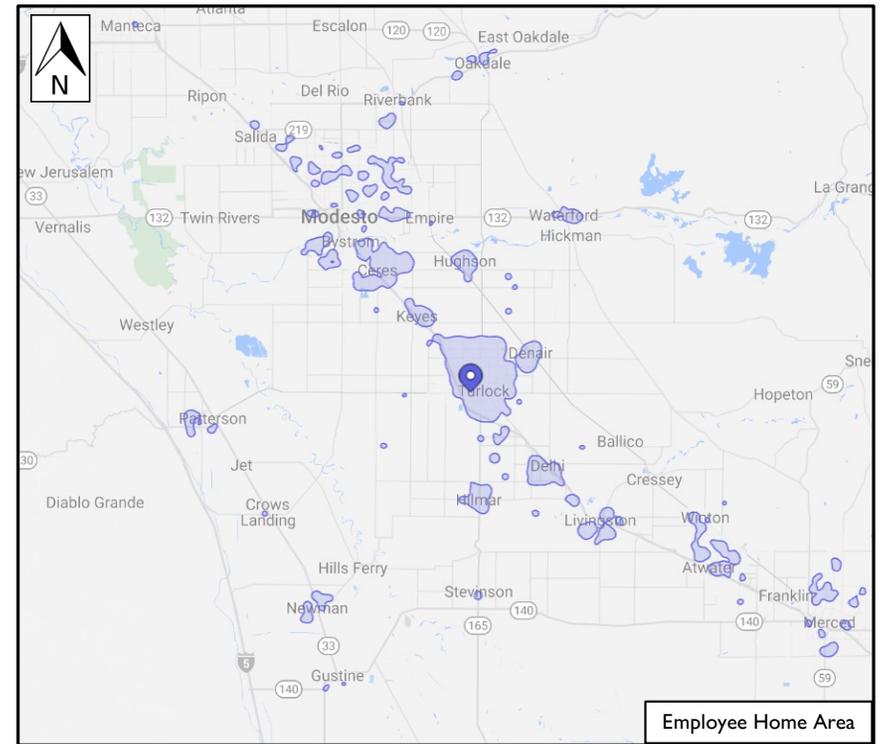
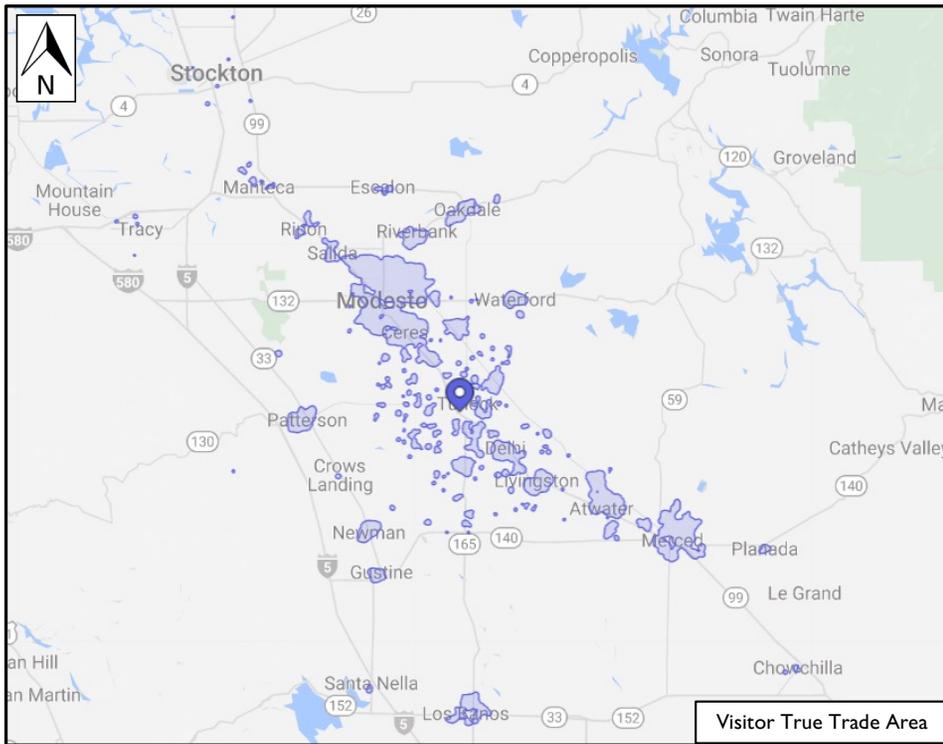
A.3 PLACER.AI VISITATION OVERVIEW

To help cities understand the shopping patterns of residents and visitation patterns of regional families, Kosmont utilized Placer.ai, which is a mobility data provider that tracks daily movement of over 30 million people in the United States via anonymized mobile app data. This information reveals visitor and employee travel trends to/from major events, shopping centers, major retailers, and other points of interest – providing insights into store/center trade areas, hourly and daily visitation statistics, and consumer demographic characteristics. A sample of what Placer.ai can provide is described below:

- Visitor, Resident, and Inbound Commuter Demographics and Visitation Trends
- Overnight Visitors
- Shopping Center Performance
- Trade Areas
- Traffic Counts / Travel Patterns

The following slides provide trade area maps, favorite retail destinations, and 5-year illustration of daily visits to major City attractions that shows impact of Covid lockdown.

TRADE AREA COVERAGE: 1/1/2024 TO 12/31/2024 EMPLOYEES AND VISITORS TO TURLOCK



Source: Placer.ai (Accessed January 2025); **Notes:** Considers a minimum of 1 visit by visitors to the City of Turlock over the last year. True trade area reflects where 70% of visitors and employees to the City of Turlock come from.

RESIDENTS (CITY OF TURLOCK) TOP VISITED PLACES – PLACER.AI

Location	City	Dist. (miles)	%
Restaurants			
Chili's Grill & Bar	Turlock	1.5	12%
Texas Roadhouse	Turlock	1.0	9%
Elvia's Tacos	Turlock	1.3	9%
Olive Garden	Turlock	1.4	9%
Applebee's	Turlock	1.0	8%
Fast Food / QSR			
In-N-Out Burger	Turlock	1.6	40%
McDonald's (Geer Rd.)	Turlock	0.9	12%
Raising Cane's	Ceres	9.6	10%
McDonald's (Countryside Dr.)	Turlock	1.6	9%
In-N-Out Burger	Ceres	6.8	6%

Location	City	Dist. (miles)	%
Breakfast / Coffee / Dessert Shops			
Starbucks (Golden State Blvd.)	Turlock	0.5	8%
Starbucks (Canal Dr.)	Turlock	1.9	8%
Dutch Bros. Coffee (Golden State Blvd.)	Turlock	0.6	8%
Dutch Bros. Coffee (Monte Vista Ae.)	Turlock	1.2	7%
Panera Bread	Turlock	1.8	7%
Grocery Stores			
Walmart Neighborhood Market	Turlock	1.0	38%
Safeway	Turlock	1.7	27%
Cost Less Food Company	Turlock	0.9	21%
FoodMaxx	Turlock	1.1	19%
Raley's	Turlock	1.2	18%



Sources: Placer.ai; Percentage reflects the percentage of residents of the City of Turlock who visited each location 2 or more times from 1/1/24 to 12/31/24. (Accessed January 2025); *Location listed as permanently closed now.

RESIDENTS (CITY OF TURLOCK)

TOP VISITED PLACES – PLACER.AI

Location	City	Dist. (miles)	%
Bars / Pubs			
Dust Bowl Brewing Co.	Turlock	1.3	6%
The Udder Place	Turlock	1.0	3%
Jams@209 Sports Bar	Turlock	0.8	1%
Churchkey	Modesto	12.1	1%
MoMo's	San Francisco	85.9	1%
Fitness			
Planet Fitness	Turlock	1.0	8%
Brenda Athletic Club	Turlock	1.1	5%
In-Shape Family Fitness	Turlock	1.6	4%
Insomnia Gym	Turlock	0.6	3%
Modesto Grappling & Judo	Modesto	12.1	1%

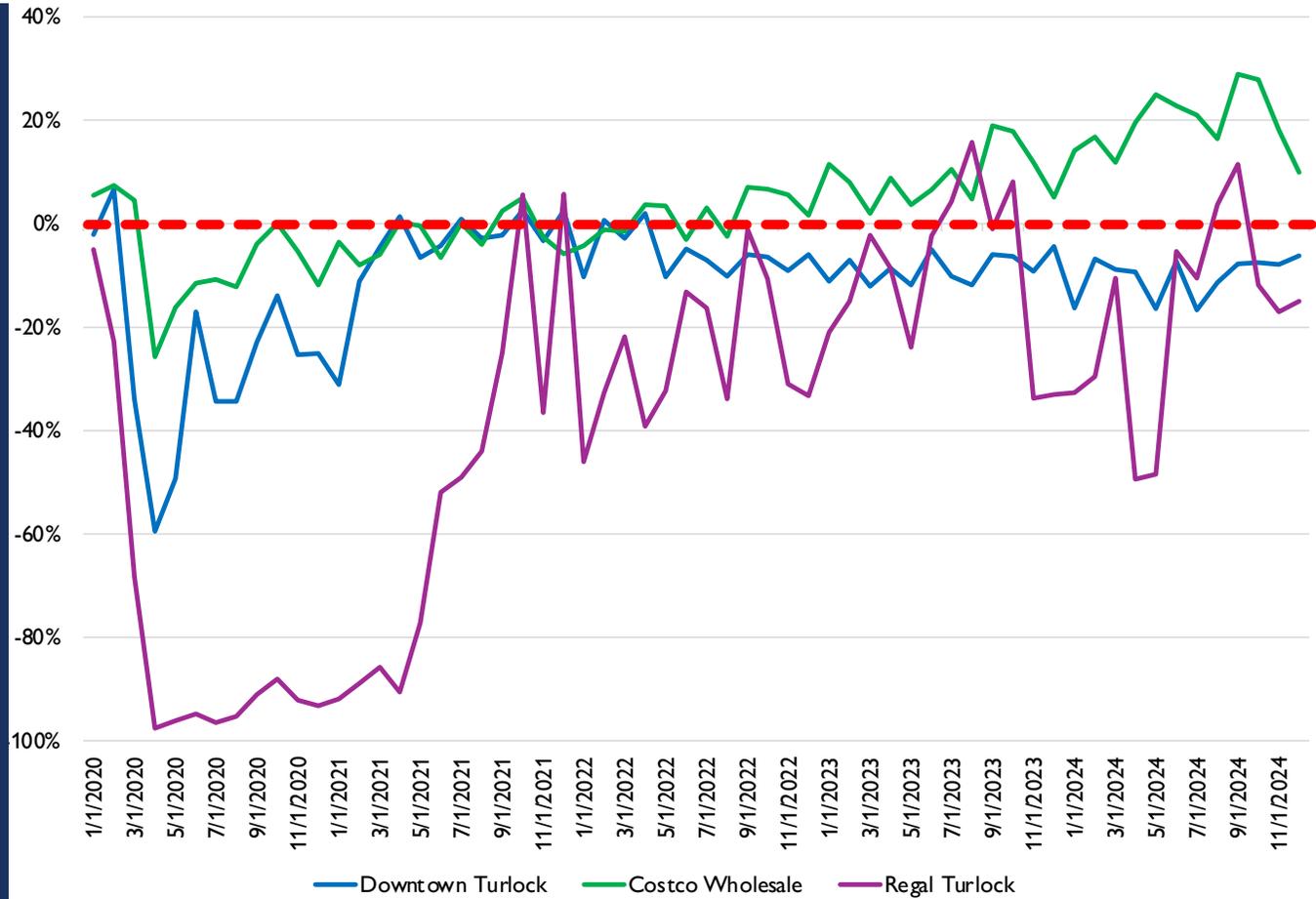
Location	City	Dist. (miles)	%
Entertainment (Theatres / Music)			
Regal Cinemas Turlock	Turlock	1.2	14%
Galaxy Theatres Riverbank IMAX	Riverbank	16.6	5%
Brenden Theatres Modesto	Modesto	12.2	2%
Regal Cinemas Modesto	Modesto	15.2	2%
State Theatre of Modesto	Modesto	12.2	1%
Super Stores			
Walmart	Turlock	0.8	47%
Costco	Turlock	1.9	45%
Target	Turlock	1.5	45%
Walmart	Ceres	7.0	13%
Big Lots	Turlock	0.9	5%
Beauty & Spa			
Ulta Beauty	Turlock	1.6	11%
Bath & Body Works	Turlock	1.7	3%
Amazing Nails & Spa	Turlock	1.4	3%
Colossal Tattoo	Turlock	1.0	2%
Organic Nail & Spa	Turlock	1.0	2%



Sources: Placer.ai; Percentage reflects the percentage of residents of the City of Turlock who visited each location 2 or more times from 1/1/24 to 12/31/24. (Accessed January 2025); *Location listed as permanently closed now.

TURLOCK

VISITS TO COSTCO, REGAL CINEMAS, AND DOWNTOWN TURLOCK (1/1/24 TO 12/31/24)



Source: Placer.ai (Accessed January 2025)

RETAIL VOID ANALYSIS

Kosmont utilized data from Placer.ai, a mobile data analytics provider with access to travel patterns of 30 million devices, together with proprietary data from individual retail chains to identify potential retailers suitable for the vacant sites located along the 99 Fwy. Retail Corridor, south of Monte Vista Crossings and north of Countryside Plaza.

- The Void Analysis identifies which retail chains may be a good fit for the area, based on various measures, including in-state expansion, demographic fit score, cannibalization score, and relative fit score as explained herein.
- Demographic fit analysis determines which chains may be a good fit, based on a variety of demographic metrics and the level of trade area overlap with existing locations.
- The cannibalization score measures the estimated overlap between the studied trade area and the trade areas of existing retail store locations nearby.
- The relative fit score combines demographic fit scores, cannibalization score, and other metrics (number of visits).
- The chains were filtered by relative fit score and by in-state expansion.
- Although the 99 Fwy. Retail Corridor has a substantial amount of retail, there were several fast-food/fast-casual and grocery retailers that featured strong demographic fit and relative fit scores (74 and above)

RETAILER VOID ANALYSIS PLACER.AI

To identify potential retail options for the Site, Placer.ai's Void Analysis Tool analyzed the drive time trade area for the neighboring Countryside Plaza retail center and compared it to trade area data for various retail categories, including dining and entertainment.

The list on the following slide identifies potential tenants. The list is filtered for chains with positive in-state expansion rates and excludes chains with high cannibalization score.

Score	Description	How to Interpret
Demographic Fit Score	<p>The demographic fit score measures how well retailer customers fit the demographic profile of a property.</p> <p>The demographic fit score combines the similarity such as household income distribution, educational attainment, ethnicity, age, household type, and marital status – essentially measuring the shared level between the property and the prospective retailer.</p>	<p>Demographic fit scores and attribute similarity scores that are closer to 100 are a better match.</p> <p>A demographic fit score of 0 would mean there is no demographic similarity between the local trade area and the trade areas of the retailer chain.</p>
Cannibalization Score	<p>The cannibalization score measures the estimated overlap between the studied trade area and the trade areas of existing retail store locations nearby.</p> <p>This overlap assesses how much a new store for that brand would “cannibalize” consumers that are already served by existing nearby locations of that brand.</p>	<p>Cannibalization scores closer to 0 are a better match.</p> <p>A cannibalization score of 100 would imply that the trade area for a new store would draw consumers that are already served by existing nearby stores.</p>
Relative Fit Score	<p>The relative fit score combines demographic fit scores, cannibalization score, and other metrics (such as average monthly visits) to arrive at one simplified score.</p>	<p>A relative fit score of 100% indicates the chain is the highest-ranked match relative to the full list of chains that were examined.</p>



Sources: Placer.ai (Accessed December 2024)

PLACER.AI VOID ANALYSIS

Chains	Est. Min-Max Size (SF)	Typical Trade Area Drive Time (min)	Avg. Monthly Foot Traffic	Nearest Location (mi)	# of Locations (State)	Expansion Rate in State (%)	Demographic Fit Score	Cannibalization (%)	Relative Fit Score (%)
Vallarta Supermarkets	12-73K	5	77,700	17	58	7	86	0	89
El Super	19-74K	4	75,100	67	61	3	82	0	86
Superior Grocers	12-83K	4	69,200	106	72	6	78	0	83
Me-N-Eds Pizzeria	2-6K	8	7,200	17	56	2	95	0	81
Yoshinoya	1-4K	5	9,700	64	101	1	80	0	79
FYE	~10K	8	2,600	13	20	5	89	17	78
Pollo Campero	1-5K	8	9,700	58	27	13	88	0	77
WSS	6-23K	5	9,600	9	89	2	82	31	77
Daiso USA	4-15K	9	14,800	18	79	27	74	0	76
Curacao	32-109K	14	17,900	260	11	10	86	0	76
America's Best Contacts	2-6K	10	3,000	14	95	20	86	19	76
Earthbound Trading Company	2-5K	46	6,300	72	6	20	75	0	76
Volcom	1-5K	27	2,300	50	18	6	77	3	76
Foods Co.	31-90K	11	79,900	65	20	0	89	0	90
Perfumania	1-3K	30	1,700	50	9	0	83	3	86
Food 4 Less	34-88K	4	86,300	8	112	0	83	6	85

Source: Placer.ai (Accessed December 2024)

Notes: This list represents the top retailers / chains by overall relative fit score. Stores that are contracting are not considered. Stores that are expanding in the State listed above the dotted red line. Stores below the dotted red line were neither expanding nor contracting, but had high relative fit scores.

A.4 RETAIL MARKET OVERVIEW

Turlock retail market is very strong, attracting shoppers across the region to Costco, Wal-Mart, Target Home Depot etc. Like most communities in the State, Stanislaus County and surrounding areas were hard hit by the aftermath of the Great Recession in 2008-09. Vacancy rates climbed by 400 basis points and asking rents declined by 15% before starting to recover in 2012.

- The tables on the following pages show comparison retail market statistics for Turlock, Manteca, Modesto, Merced and Stanislaus County for 2017 (date of the last EDSP) and the third quarter of 2024.
- Turlock retail space at 5.9 million SF, comprises 21% of the overall retail market in Stanislaus County. Since 2017, City retail space grew by 334,000 SF, much faster than the retail markets of Manteca, Merced, and Modesto. Roughly 56% of the growth in the retail development in Stanislaus County has been in the City of Turlock.
- Over that time period, market asking rents in the region have grown by 23% to 27% across the comparison cities, with Turlock reaching \$22.12 PSF, the highest in Stanislaus County.
- During the 15-year period from 2008 to 2023 Turlock's retail vacancy peaked at 7.7% in 2011, and has since steadily declined. Retail vacancies in Turlock in Q3 2024 were lowest in the region at 2.2%, while Manteca, Merced, and Modesto have retail vacancies of 5% or greater.

RETAIL MARKET OVERVIEW

As shown on the adjoining aerial map, Turlock is home to dozens of regional retailers, including big boxes Costco, Wal-Mart, Target, Lowe's, and Home Depot



Source: Placer.ai (Accessed January 2025)

RETAIL MARKET OVERVIEW

CITY VS. COMPARABLE CITIES AND STANISLAUS COUNTY

	Q3 2024				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$22.12	\$25.30	\$19.22	\$20.37	\$20.89
Vacancy Rate	2.2%	5.0%	6.5%	5.0%	3.8%
Vacant SF	129,747	196,499	385,453	784,619	1,050,036
Net Absorption	(28,900)	(93,363)	33,492	(58,938)	19,886
Inventory					
Existing SF	5,863,000	3,962,000	5,888,000	15,670,000	27,275,000
Retail SF per Capita	80.2	43.7	63.5	71.6	49.0

Source: CoStar (Accessed October 2024); **Note:** Market asking rents were observed instead of Triple Net (“NNN”) because NNN data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as available. It includes any space that is vacant, occupied, or available at a future date. Numbers in parentheses and in red indicate a negative number.

RETAIL MARKET HISTORY

CITY VS. COMPARABLE CITIES AND STANISLAUS COUNTY (YEAR-END 2017)

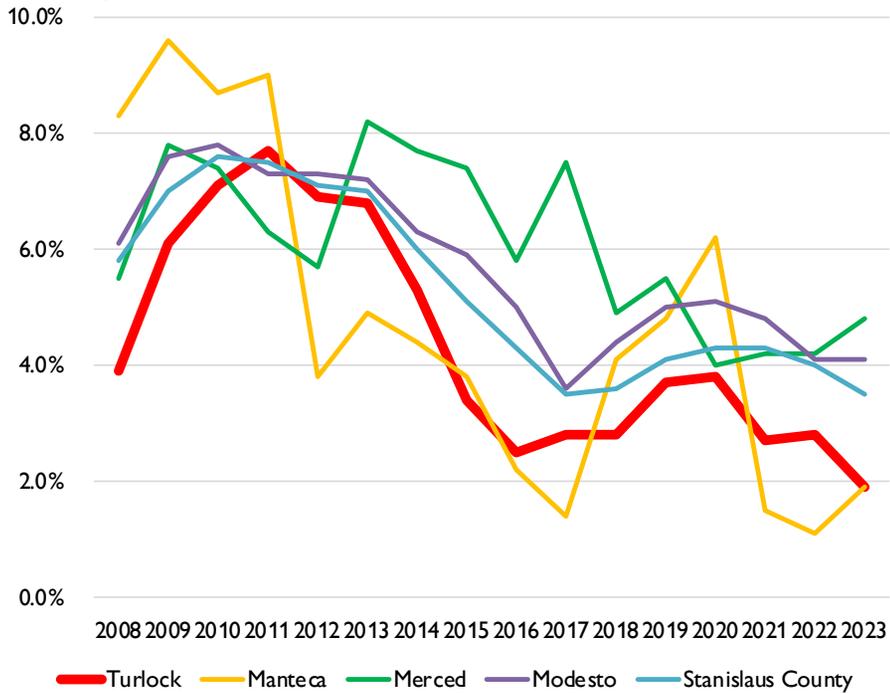
	Year-End 2017				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$18.05	\$19.88	\$15.35	\$16.45	\$16.87
Vacancy Rate	2.8%	1.4%	7.5%	3.6%	3.5%
Vacant SF	154,458	55,949	436,309	554,314	923,452
Net Absorption	45,690	29,377	(86,160)	234,076	300,706
Inventory					
Existing SF	5,529,000	3,921,000	5,820,000	15,563,000	26,680,000

Source: CoStar (Accessed October 2024); **Note:** Market asking rents were observed instead of Triple Net (“NNN”) because NNN data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. It includes any space that is available at a future date. Numbers in parentheses and in red indicate a negative number.

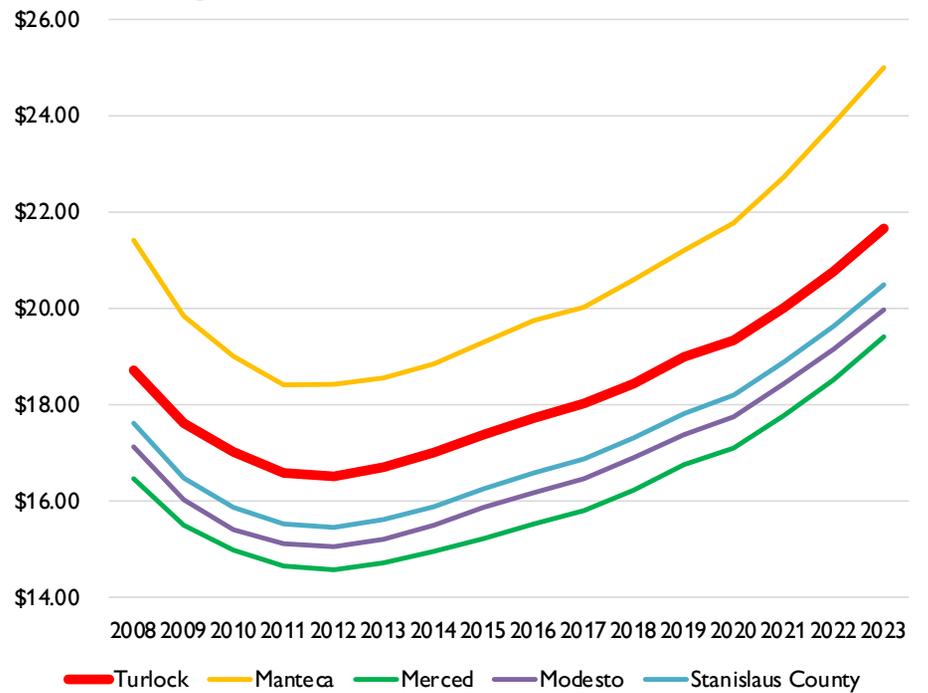
RETAIL MARKET TRENDS

2008 - 2023

Vacancy Rates



Market Asking Rent \$PSF



Source: CoStar (Accessed November 2024)

OFFICE MARKET OVERVIEW

Stanislaus County office market is relatively small with 9.2 million SF of non-government space. Modesto has almost 75% of the County office market, while Turlock office market is primarily local serving, with the inventory comprises 14% of the County market.

- The tables on the following pages show comparison office market statistics for Turlock, Manteca, Modesto, Merced and Stanislaus County for 2017 and the third quarter of 2024.
- Since 2017, there has been relatively limited growth in the office markets across the region. Most of the office market growth came from Modesto (78,000 SF). Turlock's office market grew by just 4,000 SF.
- Compared to 2017, market rents in Turlock increased by 25%, similar to the comparison cities with Manteca rents growing by 23%, and 22% for Merced and Modesto
- Like most real estate, office space demand was hit hard by the "Great Recession" in 2008-09, with vacancies climbing into double digits through 2012. The region now has a sub-5% vacancy rate. Office vacancies in Turlock in Q3 2024 were at 3.2%, slightly higher than in 2017.
- Office market asking rents have generally increased since 2014, reflecting minimal new construction and modest population growth and stronger demand for office space. Turlock hit its peak rent of \$23.28 in 2024 rebounding from a low of \$15.00 in 2012-2013.

OFFICE MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY

	Q3 2024				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$23.28	\$24.84	\$22.37	\$22.47	\$22.57
Vacancy Rate	3.2%	0.4%	1.2%	4.2%	4.5%
Vacant SF	40,989	3,802	32,370	290,359	421,844
Net Absorption	8,716	4,423	6,837	15,829	(931)
Inventory					
Existing SF	1,298,000	890,000	2,617,000	6,884,000	9,295,000

Source: CoStar (Accessed November 2024); **Note:** Market asking rents were observed instead of full-service gross rents (“FS”) because FS data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently vacant, occupied, or available at a future date. Numbers in parentheses and in red indicate a negative number.

OFFICE MARKET HISTORY

COMPARABLE CITIES AND STANISLAUS COUNTY (YEAR-END 2017)

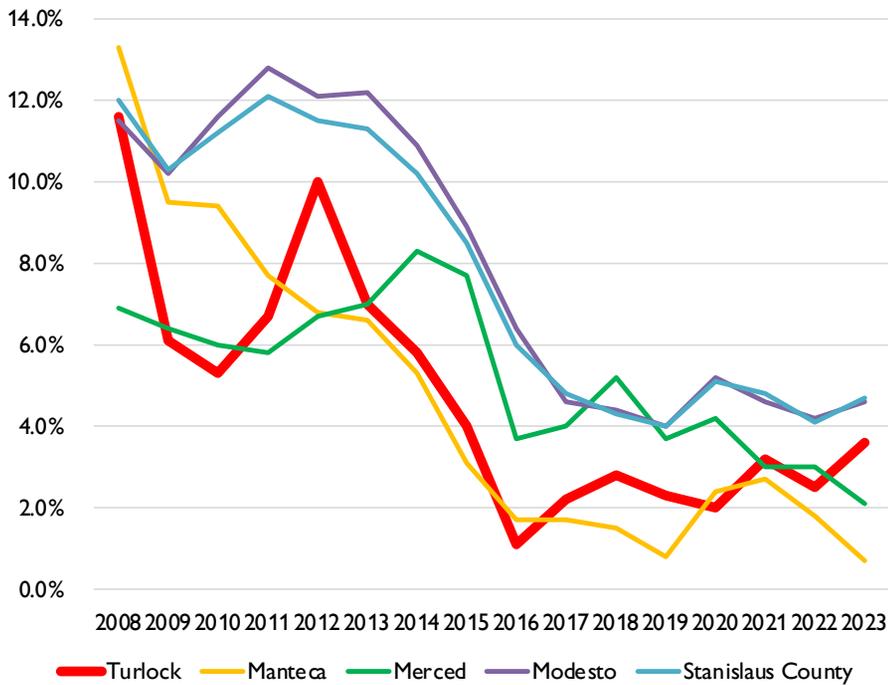
	Year-End 2017				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$18.65	\$20.20	\$18.39	\$18.43	\$18.43
Vacancy Rate	2.2%	1.7%	4.0%	4.6%	4.8%
Vacant SF	28,718	15,214	105,920	314,611	438,429
Net Absorption	(10,031)	26	(17,924)	123,627	114,395
Inventory					
Existing SF	1,294,000	879,000	2,622,000	6,805,000	9,194,000

Source: CoStar (Accessed November 2024); **Note:** Market asking rents were observed instead of full-service gross rents (“FS”) because FS data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as available for lease or sale in a given time period. It includes any space that is vacant, occupied, or available at a future date. Numbers in parentheses and in red indicate a negative number.

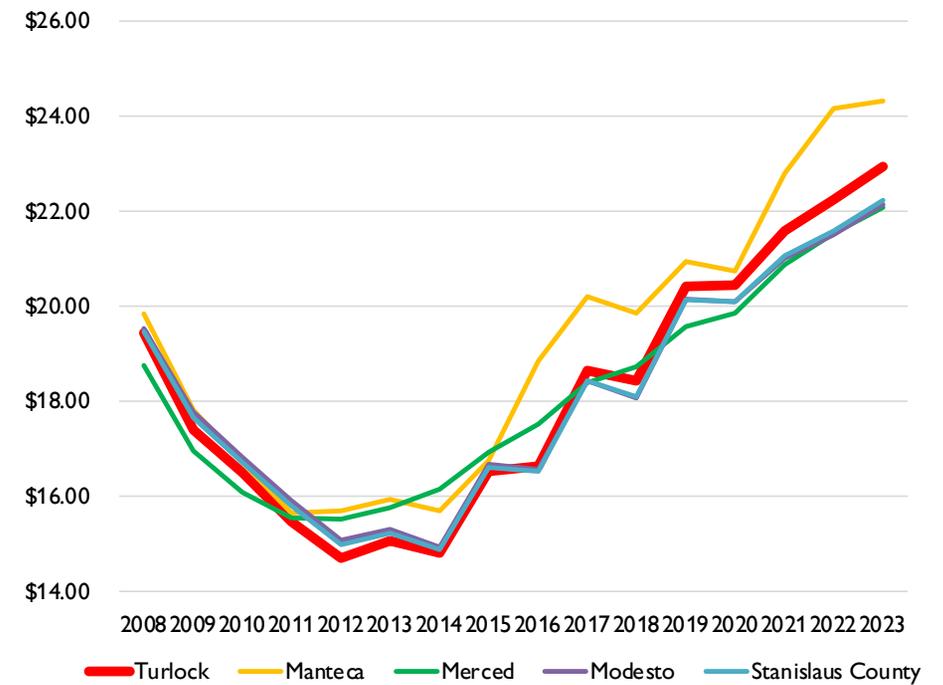
OFFICE MARKET HISTORY

2008 - 2023

Vacancy Rates



Market Asking Rent \$PSF



Source: CoStar (Accessed November 2024)

INDUSTRIAL/FLEX MARKET OVERVIEW

Modesto is the major industrial center for Stanislaus County with almost 40 million SF of industrial/flex space.

- The tables on the following pages show comparison industrial market statistics for Turlock, Manteca, Modesto, Merced and Stanislaus County for 2017 and the third quarter of 2024.
- As of Q3 2024, there has been moderate growth across the region. Manteca and Modesto experienced significant growth with both cities adding over 2.4 million SF to their industrial/flex markets
- Turlock and Modesto and the County have seen low industrial/flex vacancies of less than 4% between 2017 and 2024, indicating a very strong industrial market. Conversely, Merced has had high vacancies around 14% through both periods
- During the 15-year period from 2008 to 2023. Vacancies trend downward from 2012 onward, highlighting improving market conditions and increased demand for industrial/flex space.
- Manteca saw a 50% increase in industrial development, and while absorption was strong vacancy rates have remained above 8%
- Rents have steadily increased since 2013 and reached their highest levels in 2023 across the region.

INDUSTRIAL/FLEX MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY

	Q3 2024				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$10.14	\$10.89	\$6.95	\$8.15	\$8.67
Vacancy Rate	1.8%	8.7%	13.8%	3.2%	2.7%
Vacant SF	148,981	648,011	859,180	1,216,809	1,675,343
Net Absorption	64,656	136,006	59,269	(47,951)	31,998
Inventory					
Existing SF	9,353,300	7,420,000	6,241,000	37,816,000	62,052,000

Source: CoStar (Accessed October 2024); **Note:** Market asking rents were observed instead of Triple Net (“NNN”) because NNN data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as vacant, occupied, or available at a future date. Numbers in parentheses and in red indicate a negative number. Vacancy does not reflect Amazon warehouse.

INDUSTRIAL/FLEX MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY (YEAR-END 2017)

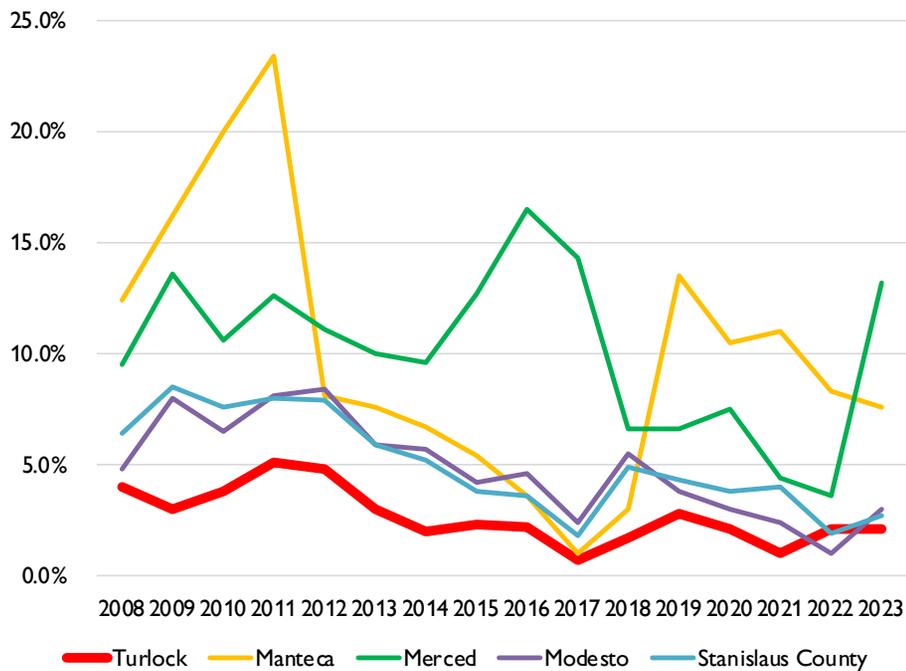
	Year-End 2017				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Market Asking Rent \$PSF	\$7.40	\$6.82	\$5.00	\$5.76	\$6.16
Vacancy Rate	0.7%	1.0%	14.3%	2.4%	1.8%
Vacant SF	59,861	51,797	876,943	856,876	1,021,549
Net Absorption	175,142	121,403	146,109	750,418	1,127,276
Inventory					
Existing SF	8,046,000	5,010,000	6,139,000	35,250,000	57,884,000

Source: CoStar (Accessed October 2024); **Note:** Market asking rents were observed instead of Triple Net (“NNN”) because NNN data is sourced from actual transactions, which may not be reflective of the whole market. Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation.

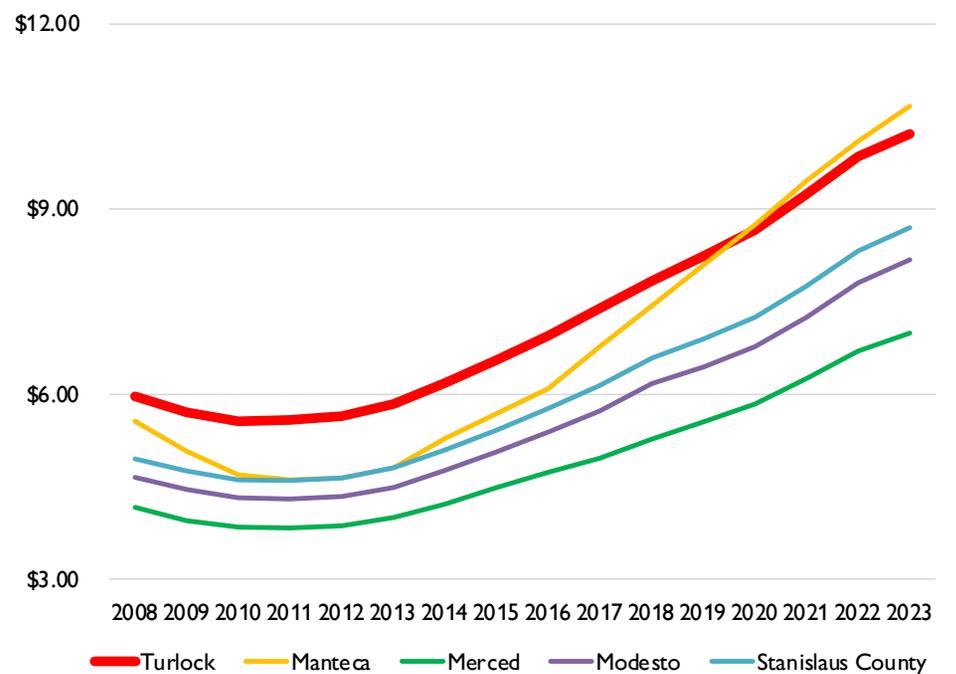
INDUSTRIAL/FLEX MARKET HISTORY

2008 - 2023

Vacancy Rates



Market Asking Rent \$PSF



Source: CoStar (Accessed November 2024)

MULTIFAMILY MARKET OVERVIEW

The Central Valley / Stanislaus County region has a relatively small multi-family residential market with approximately 12% of households living in apartments compared to over 40% statewide. Turlock comprises roughly 22% of the total multifamily market in Stanislaus County with 4,400 units.

- Stanislaus County housing market, like much of the Central Valley suffered extensively from the aftermath of the “Great Recession” of 2008-2009 when home prices collapsed, apartment vacancy rates climbed to 10% and rents remained stagnant through 2015
- The tables on the following pages show comparison multifamily market statistics for Turlock, Manteca, Modesto, Merced and Stanislaus County for 2017 and the third quarter of 2024.
- By Q3 2024, multifamily residential vacancies in the region were below 4%, with Turlock seeing the lowest vacancies at 2.5%.
- New construction from 2017 to Q3 2024 added 660 units in the County, but was limited to 36 new units in Turlock (~1% growth)
- Over the 15-year period from 2008 to 2023 the County saw 1,700 new units constructed compared to 327 in Turlock.
- Average rents across the region showed solid growth of 40% to 50% since 2017. Turlock and Merced have the lowest average rents reflecting a significant percentage of Class C and affordable housing projects (~70%) as compared to Class A/B units (~30%).
- Higher rents and low vacancies indicate a strong multifamily residential market and emphasize the need for additional housing.

MULTIFAMILY RESIDENTIAL MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY

	Q3 2024				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Asking Rent Unit / Mo.	\$1,400	\$1,899	\$1,250	\$1,621	\$1,517
Avg. SF	834	825	864	785	804
Asking Rent PSF	\$1.68	\$2.30	\$1.45	\$2.06	\$1.89
Vacancy Rate	2.5%	3.0%	3.0%	3.6%	3.3%
Vacant Units	112	116	208	437	676
Net Absorption	2	(7)	1	25	29
Inventory					
Total # of Units	4,442	3,837	6,856	12,254	20,491



Source: CoStar (Accessed November 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units. Numbers in parentheses and in red indicate a negative number. Inventory is reflective of just for-rent housing, not condo/townhome buildings.

MULTIFAMILY RESIDENTIAL MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY (YEAR-END 2017)

	Year-End 2017				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Asking Rent Unit / Mo.	\$961	\$1,464	\$932	\$1,177	\$1,104
Avg. SF	834	788	861	781	801
Asking Rent PSF	\$1.15	\$1.86	\$1.08	\$1.51	\$1.38
Vacancy Rate	2.5%	2.7%	4.3%	3.3%	3.3%
Vacant Units	108	82	274	383	661
Net Absorption	(7)	(11)	3	(6)	51
Inventory					
Total # of Units	4,406	3,083	6,371	11,729	19,790



Source: CoStar (Accessed November 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units. Numbers in parentheses and in red indicate a negative number. Inventory is reflective of just for-rent housing, not condo/townhome buildings.

MULTIFAMILY RESIDENTIAL MARKET TRENDS

2008 – 2023

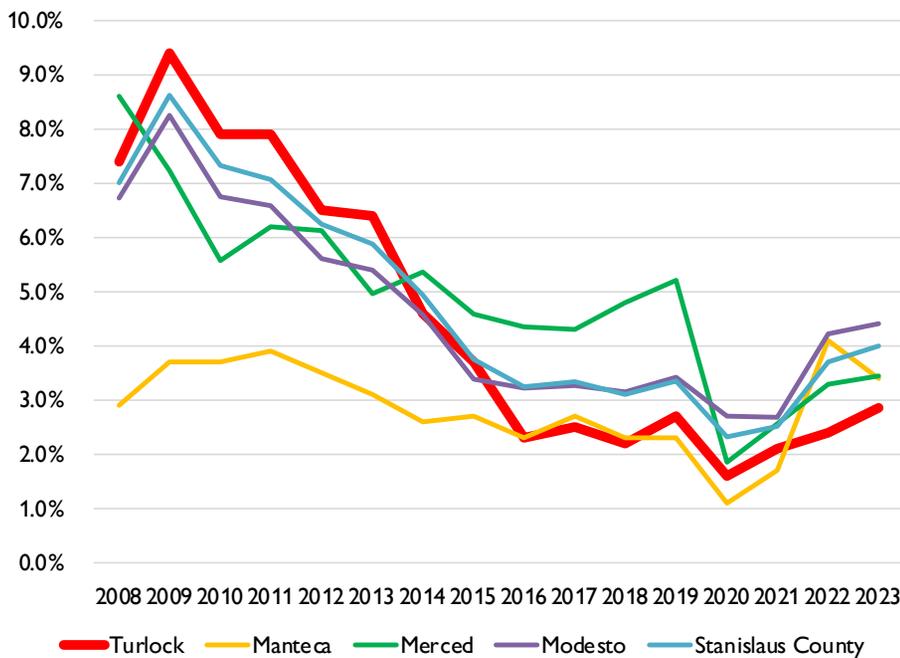
CITY OF TURLOCK						STANISLAUS COUNTY					
Year	Inventory Units	Vacant Units	Vacant %	Absorp. Units	Asking Rent PSF	Year	Inventory Units	Vacant Units	Vacant %	Absorp. Units	Asking Rent PSF
2023	4,442	127	2.9%	(19)	\$1.61	2023	20,441	818	4.0%	236	\$1.85
2022	4,442	107	2.4%	22	\$1.57	2022	20,132	745	3.7%	(134)	\$1.82
2021	4,406	92	2.1%	(22)	\$1.54	2021	20,024	503	2.5%	(38)	\$1.76
2020	4,406	71	1.6%	49	\$1.39	2020	20,024	465	2.3%	432	\$1.60
2019	4,406	121	2.7%	(23)	\$1.30	2019	19,790	664	3.4%	(50)	\$1.51
2018	4,406	97	2.2%	12	\$1.22	2018	19,790	614	3.1%	47	\$1.44
2017	4,406	108	2.5%	(7)	\$1.15	2017	19,790	661	3.3%	51	\$1.38
2016	4,406	100	2.3%	64	\$1.08	2016	19,718	640	3.2%	146	\$1.30
2015	4,406	165	3.7%	40	\$1.00	2015	19,669	738	3.8%	233	\$1.21
2014	4,406	204	4.6%	78	\$0.95	2014	19,669	971	4.9%	327	\$1.11
2013	4,406	283	6.4%	79	\$0.94	2013	19,519	1,147	5.9%	196	\$1.07
2012	4,326	282	6.5%	58	\$0.92	2012	19,387	1,211	6.2%	205	\$1.05
2011	4,326	340	7.9%	-	\$0.90	2011	19,337	1,367	7.1%	113	\$1.03
2010	4,326	340	7.9%	65	\$0.88	2010	19,269	1,412	7.3%	311	\$1.02
2009	4,326	405	9.4%	109	\$0.87	2009	19,204	1,656	8.6%	128	\$1.02
2008	4,115	303	7.4%	(59)	\$0.96	2008	18,731	1,312	7.0%	(160)	\$1.08

Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units.

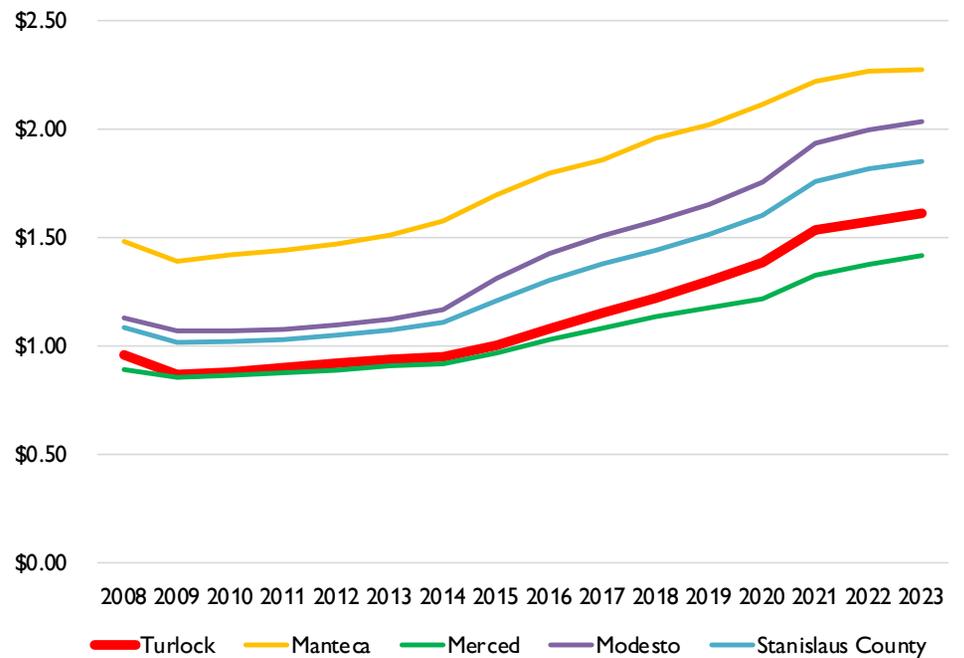
MULTIFAMILY RESIDENTIAL MARKET HISTORY

2008 – 2023

Vacancy Rates



Market Asking Rent \$PSF



Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units.

MULTIFAMILY RESIDENTIAL MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY (CLASS A/B)

	Q3 2024 (Class A/B)				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Asking Rent Unit / Mo.	\$1,523	\$1,910	\$1,399	\$1,819	\$1,693
Avg. SF	950	836	880	841	859
Asking Rent PSF	\$1.60	\$2.28	\$1.59	\$2.16	\$1.97
Vacancy Rate	2.1%	2.9%	3.8%	3.3%	3.3%
Vacant Units	28	66	57	154	242
Net Absorption	0	(6)	0	13	17
Inventory					
Total # of Units	1,326	2,251	1,485	4,601	7,356



Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units. Numbers in parentheses and in red indicate a negative number. Inventory is reflective of just for-rent housing, not condo/townhome buildings.

MULTIFAMILY RESIDENTIAL MARKET OVERVIEW

COMPARABLE CITIES AND STANISLAUS COUNTY (YEAR-END 2017)

	Year-End 2017 (Class A/B)				
	Turlock	Manteca	Merced	Modesto	Stanislaus County
Asking Rent Unit / Mo.	\$1,068	\$1,504	\$1,046	\$1,343	\$1,261
Avg. SF	954	763	869	834	855
Asking Rent PSF	\$1.12	\$1.97	\$1.20	\$1.61	\$1.47
Vacancy Rate	2.8%	1.5%	4.1%	2.9%	3.5%
Vacant Units	36	23	52	119	233
Net Absorption	(5)	(4)	10	10	67
Inventory					
Total # of Units	1,290	1,497	1,270	4,111	6,690



Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include condos, co-ops, dormitories, and observes units in buildings with 10 or more units. Numbers in parentheses and in red indicate a negative number. Inventory is reflective of just for-rent housing, not condo/townhome buildings.

MULTIFAMILY RESIDENTIAL MARKET TRENDS

2008 – 2023 (CLASS A/B)

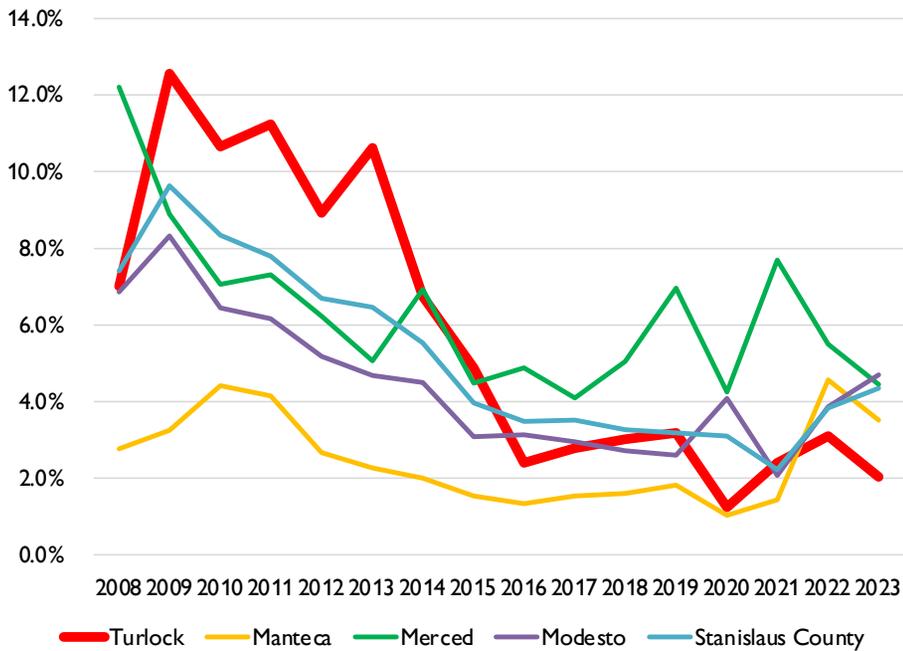
CITY OF TURLOCK						STANISLAUS COUNTY					
Year	Inventory Units	Vacant Units	Vacant %	Absorp. Units	Asking Rent PSF	Year	Inventory Units	Vacant Units	Vacant %	Absorp. Units	Asking Rent PSF
2023	1,326	27	2.0%	14	\$1.51	2023	7,306	318	4.4%	226	\$1.93
2022	1,326	41	3.1%	26	\$1.57	2022	7,032	270	3.8%	(7)	\$1.93
2021	1,290	31	2.4%	(14)	\$1.56	2021	6,924	154	2.2%	61	\$1.89
2020	1,290	16	1.2%	24	\$1.34	2020	6,924	215	3.1%	231	\$1.69
2019	1,290	41	3.2%	-	\$1.22	2019	6,690	213	3.2%	5	\$1.60
2018	1,290	39	3.0%	(3)	\$1.15	2018	6,690	219	3.3%	16	\$1.53
2017	1,290	36	2.8%	(5)	\$1.12	2017	6,690	235	3.5%	66	\$1.47
2016	1,290	31	2.4%	31	\$1.03	2016	6,618	230	3.5%	79	\$1.40
2015	1,290	63	4.9%	24	\$0.94	2015	6,569	261	4.0%	102	\$1.31
2014	1,290	87	6.7%	49	\$0.90	2014	6,569	363	5.5%	203	\$1.18
2013	1,290	137	10.6%	51	\$0.91	2013	6,419	415	6.5%	119	\$1.15
2012	1,210	108	8.9%	27	\$0.89	2012	6,307	422	6.7%	117	\$1.12
2011	1,210	136	11.2%	(7)	\$0.87	2011	6,257	488	7.8%	97	\$1.10
2010	1,210	129	10.7%	22	\$0.85	2010	6,189	516	8.3%	140	\$1.08
2009	1,210	152	12.6%	129	\$0.85	2009	6,124	590	9.6%	281	\$1.08
2008	999	70	7.0%	-	\$0.97	2008	5,673	420	7.4%	(21)	\$1.18

Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.) for Class A and B buildings. Inventory does not include condos, co-ops, dormitories, or mobile homes and observes units in buildings with 10 or more units. Numbers in parentheses and in red indicate a negative number.

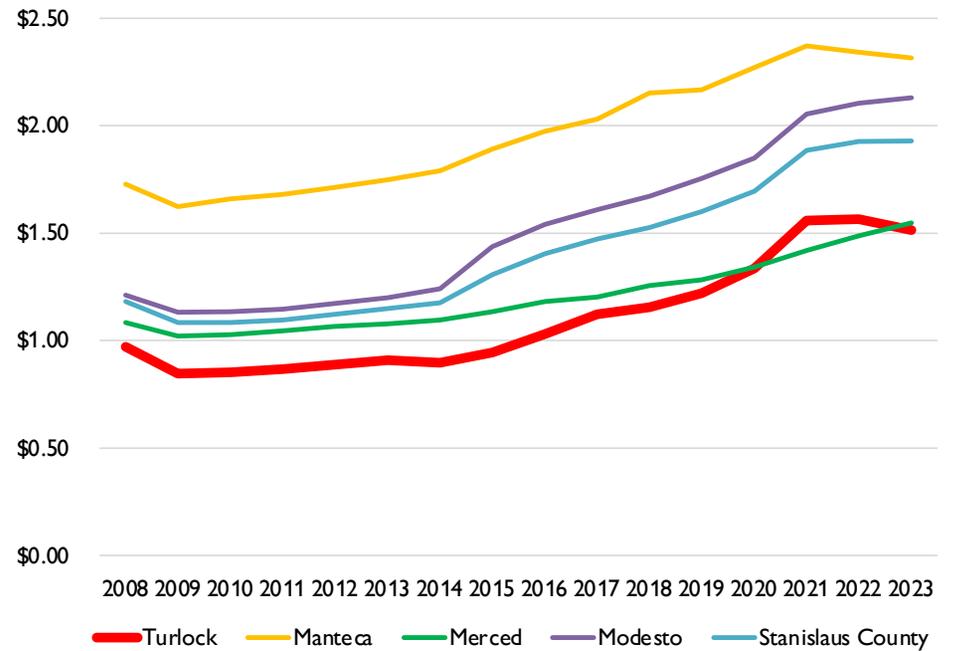
MULTIFAMILY RESIDENTIAL MARKET HISTORY

2008 – 2023 (CLASS A/B)

Vacancy Rates



Market Asking Rent \$PSF



Source: CoStar (Accessed December 2024); **Notes:** Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.) for Class A and B buildings.

HOSPITALITY MARKET OVERVIEW

Kosmont utilized Costar hotel data to measure the strength of the hospitality market for the Stanislaus County region.

- The market area contains mostly economy and midscale-class hotels. Approximately 60% of hotels in Turlock and the County are economy and midscale class. However, from a room-count basis, 55% of the hotel rooms in the region are in upper midscale and upscale class hotels, and new hotels that are planned or under construction in the area, are mostly upper midscale or upscale class hotels.
- Manteca has the only upper upscale hotel (500-room Great Wolf Lodge and Waterpark)
- The Costar analysis examined hotel market performance across a 6-year span beginning from the 12-month period of Nov. 2018 - Oct. 2019 to Nov. 2023 - Oct. 2024. The data showed significant differences in occupancy and average daily rates (“ADR”) between economy/midscale and upscale hotels.
- Turlock economy/midscale hotels saw a **decline** in demand of 22%, while ADR increased by 14% from \$86.20 to \$98.13.
- Turlock upper midscale/upscale hotels saw 90 new units built and achieved an 11.7% increase in room night demand, while ADR increased by 13.4% from \$125.78 to \$142.59.

HOSPITALITY MARKET

- The hospitality market has hotels with different levels of service:
 - A **limited-service hotel** is a budget-friendly hotel offering low-cost accommodations, minimal amenities, and typically do not offer a full-service restaurant. These hotels typically fall under economy, midscale, or upper midscale classes according to STR
 - A **select-service hotel** offers more amenities than a limited-service hotel, such as small meeting spaces and a casual restaurant, but fewer features than a full-service hotel. Select-service hotels are a blend of full- and limited-service hotels and are the fastest growing type of hotels being developed. These hotels typically are upper midscale or upscale class hotels
 - A **full-service hotel** offers more services than a select- or limited-service hotel. Such services could include larger banquet/conference space, restaurants/bars, shuttle services, laundry service, room service, expanded fitness centers, and spas. Full-service can refer to different hotel types including boutique hotels and resorts and generally fall under upscale, upper upscale, and luxury class hotels
- Economy hotels are patronized primarily through drive-by visitors, while large hotel chains have Rewards Programs with millions of loyal customers, who will search for those properties on the internet, thus increasing demand
- Examples of various hotels by class are highlighted in the table to the right. Note: STR hotel classes are typically grouped according to actual average room rates

Class	Hotels
Economy	Motel 6, Studio 6, Red Roof Inn, Days Inn, Super 8
Midscale	Best Western, Quality Inn, Extended Stay America
Upper Midscale	Hampton Inn & Suites, La Quinta Inn & Suites, Fairfield Inn & Suites, Holiday Inn
Upscale	DoubleTree, Courtyard, Hyatt House, Homewood Suites, Residence Inn, SpringHill Suites
Upper Upscale	Sheraton, Hilton, Marriott, Le Meridien, Embassy Suites, Westin, Wyndham Grand
Luxury	JW Marriott, Ritz-Carlton, W Hotel, Shangri-La, Langham, Four Seasons, Fairmont

HOSPITALITY MARKET BY HOTEL CLASS

CITY VS. COMPARABLE CITIES AND STANISLAUS COUNTY

	Turlock	Manteca	Merced	Modesto	Stanislaus County
Hotel Class					
Economy	4 hotels, 198 rooms	4 hotels, 167 rooms	8 hotels, 323 rooms	15 hotels, 666 rooms	26 hotels, 1,164 rooms
Midscale	4 hotels, 212 rooms	1 hotel, 85 rooms	4 hotels, 241 rooms	5 hotels, 395 rooms	11 hotels, 657 rooms
Upper Midscale	5 hotels, 432 rooms	3 hotels, 274 rooms	4 hotels, 375 rooms	3 hotels, 272 rooms	16 hotels, 1,242 rooms
Upscale	1 hotel, 71 rooms	1 hotel, 99 rooms	1 hotel, 90 rooms	5 hotels, 671 rooms	6 hotels, 742 rooms
Upper Upscale	0 hotels	1 hotel, 500 rooms	0 hotels	0 hotels	0 hotels
Luxury	0 hotels				
Total Hotels and Rooms	14 hotels, 913 rooms	10 hotels, 1,125 rooms	17 hotels, 1,029 rooms	28 hotels, 2,004 rooms	59 hotels, 3,805 rooms
Planned / Proposed / Under Construction					
	<ul style="list-style-type: none"> • 2 hotels • 197 rooms 	<ul style="list-style-type: none"> • 3 hotels • 311 rooms 	<ul style="list-style-type: none"> • 4 hotels • 447 rooms 	<ul style="list-style-type: none"> • 3 hotels • 217 rooms 	<ul style="list-style-type: none"> • 7 hotels • 616 rooms



Sources: CoStar; Smith Travel Research (Accessed November 2024)

HOTEL MARKET DEMAND ANALYSIS – TURLOCK

MARKET PERFORMANCE (ALL HOTELS)

Year	Occupancy	Average Daily Rate (ADR)	Annual Supply of Room Nights	Annual Demand for Room Nights	Change in Occupied Room Nights	Revenue per Available Room (RevPAR)	Change in RevPAR
Nov. '18 - Oct. '19	70.5%	\$106.77	301,490	212,538	-	\$75.70	-
Nov. '19 - Oct. '20	60.2%	\$101.14	301,490	181,326	(14.7%)	\$61.37	(18.9%)
Nov. '20 - Oct. '21	66.3%	\$110.62	327,938	218,294	20.4%	\$74.39	21.2%
Nov. '21 - Oct. '22	65.2%	\$125.06	333,245	217,241	(0.5%)	\$81.73	9.9%
Nov. '22 - Oct. '23	62.4%	\$129.35	333,245	207,916	(4.3%)	\$80.89	(1.0%)
Nov. '23 - Oct. '24	60.9%	\$125.10	333,245	203,025	(2.4%)	\$76.55	(5.4%)
Total Growth (%)	(13.6%)	17.2%	10.5%	(4.5%)	-	1.1%	-

Sources: CoStar; Smith Travel Research (Accessed November 2024);

Notes: Numbers in parentheses and in red indicate a negative percentage change. *Annual averages were calculated. Data represented in this section reflects CoStar's weighted average of the market based on STR trends and does not include data reported directly from hotels.

HOTEL MARKET DEMAND ANALYSIS – TURLOCK MARKET PERFORMANCE (ECONOMY AND MIDSCALE HOTELS)

Year	Occupancy	Average Daily Rate (ADR)	Annual Supply of Room Nights	Annual Demand for Room Nights	Change in Occupied Room Nights	Revenue per Available Room (RevPAR)	Change in RevPAR
Nov. '18 - Oct. '19	68.2%	\$86.20	149,650	102,090	-	\$59.14	-
Nov. '19 - Oct. '20	61.1%	\$84.43	149,650	91,453	(10.4%)	\$52.03	(12.0%)
Nov. '20 - Oct. '21	65.7%	\$94.05	149,650	98,302	7.5%	\$62.43	20.0%
Nov. '21 - Oct. '22	62.5%	\$103.93	149,650	93,553	(4.8%)	\$65.12	4.3%
Nov. '22 - Oct. '23	57.5%	\$107.00	149,650	86,130	(7.9%)	\$61.63	(5.4%)
Nov. '23 - Oct. '24	53.2%	\$98.13	149,650	79,643	(7.5%)	\$52.18	(15.3%)
Total Growth (%)	(22.0%)	13.8%	0.0%	(22.0%)	-	(11.8%)	-

Sources: CoStar; Smith Travel Research (Accessed November 2024);

Notes: Numbers in parentheses and in red indicate a negative percentage change. *Annual averages were calculated. Data represented in this section reflects CoStar's weighted average of the market based on STR trends and does not include data reported directly from hotels.

HOTEL MARKET DEMAND ANALYSIS – TURLOCK

MARKET PERFORMANCE (UPPER MIDSCALE + HOTELS)

Year	Occupancy	Average Daily Rate (ADR)	Annual Supply of Room Nights	Annual Demand for Room Nights	Change in Occupied Room Nights	Revenue per Available Room (RevPAR)	Change in RevPAR
Nov. '18 - Oct. '19	72.7%	\$125.78	151,840	110,448	-	\$92.01	-
Nov. '19 - Oct. '20	59.2%	\$117.93	151,840	89,873	(18.6%)	\$70.57	(23.3%)
Nov. '20 - Oct. '21	66.7%	\$124.23	178,288	119,992	33.5%	\$84.29	19.4%
Nov. '21 - Oct. '22	67.4%	\$141.04	183,595	123,688	3.1%	\$95.26	13.0%
Nov. '22 - Oct. '23	66.3%	\$145.18	183,595	121,786	(1.5%)	\$96.60	1.4%
Nov. '23 - Oct. '24	67.3%	\$142.59	183,595	123,382	1.3%	\$96.41	(0.2%)
Total Growth (%)	(7.4%)	13.4%	20.9%	11.7%	-	4.8%	-

Sources: CoStar; Smith Travel Research (Accessed November 2024);

Notes: Numbers in parentheses and in red indicate a negative percentage change. *Annual averages were calculated. Data represented in this section reflects CoStar's weighted average of the market based on STR trends and does not include data reported directly from hotels.

