

Exhibit U



August 26, 2021

Fresno Planning Commission Members

RE: 92 Acre Rezone Elm Avenue
Southwest Specific Plan Area
Plan Amendment and Rezone Application Number P20-01665
Fresno, CA

Dear Fresno Planning Commission Members:

The purpose of this correspondence is to provide you with information for your consideration as you review the above referenced Plan Amendment and Rezone Application.

First, I would like to thank you for your service to the Fresno community and your consideration of the issue before you. As you may know, the City of Fresno Planning Staff has recommended approval and adoption of the pending Application (No. P20-01665) for a Plan Amendment and Rezone.

I am the Chief Investment Officer of the Pac West Industrial Equities (PWIE) entity. PWIE owns approximately 31 acres of the subject 92 acres being considered for rezoning in the subject application. Our 31 acres of land is improved with two buildings totaling 517,000 square feet, leased to six tenants and comprises approximately \$45 million of market value. I was the individual responsible for making the decision to purchase this land 21 years ago and committed the investment capital to develop these properties in 2001. At the time we were encouraged by the City of Fresno Redevelopment Agency to invest in the subject neighborhood. We were considered to be “pioneering” a new submarket, on the west side of Highway 41. Our competitors in the market “sold” against us, saying that we were in a bad part of town. One of our buildings took more than 10 years to initially lease 200,000 sf of its area. Although, not one of our best performing investments, we are proud of the project. It is 100% leased and occupied by good companies, we earn a fair rate of return on our investment, and it has been successful in contributing to the region’s economic development and job growth. Our patience and persistence have been remunerated.

The entire 92 acres comprising this application is improved with fourteen buildings totaling 1,579,839 square feet and an approximate valuation of \$140 million. These buildings were constructed during the time period from 2001 to 2018. **The last group of buildings (2933 and 2949 South Elm) were constructed in 2018, during the time of the Southwest Fresno Specific Plan (SWFSP) meetings.**

The 15 parcels associated with this application pay nearly \$850,000 per year in property taxes. Additionally, since these parcels are in a City of Fresno Redevelopment Agency Zone, most of the property tax goes directly to the City of Fresno, rather than the State or County (like the typical property taxes). These properties have paid more than \$14 million in property taxes over the last 20 years.

PWIE is a privately held real estate investment entity based in Sacramento, California. The organization and its affiliates have been entitling, developing, constructing, and managing Light Industrial Business Park properties in the Central Valley of California for nearly 75 years. Our current portfolio exceeds 200 buildings totaling 25 million square feet, 400+ tenant relationships and 35+ municipal relationships. We are proud of the relationships we have built with municipalities and businesses throughout the Central Valley of California. Our Company mission is, **“to create and manage great places where people, businesses, and communities can thrive.”**

The properties in question were rezoned from Light Industrial zoning to Neighborhood Mix Use (NMU) in the 2017 update to the Southwest Fresno Specific Plan (SWFSP). We, in addition to the other four property owners associated with this application were never notified or aware of this process. No one has ever been able to produce a letter of notification. We have been told it was a public notice in the Fresno Bee. Unfortunately, we do not subscribe to the Fresno Bee. Our local third-party representatives were also unaware of the process. It is my understanding this was a two-year process and throughout most of the process the subject 92 acres was going to remain as Light Industrial zoning. However, late in the process, in early 2017, the subject 92 acres zoning was changed to NMU. This resulted in a taking of our property rights. PWIE nor any of the other landowners were ever notified or engaged on any manner to participate in this process. If so, we would have advocated to keep the property in the Light Industrial zoning. We do not understand why we did not receive a written notice to our business address of record in the Assessor's office information. We do receive the annual property tax bills and occasional Planning Department notification; however, we did not receive any verification of a pending land use designation change.

Mix use zoning overlays, like the one utilized in this situation, are a popular planning tool when certain properties or areas are undergoing a market driven land use change. This typically occurs when land values exceed the building values and the building structures have exceeded their useful life becoming functionally obsolete for their

existing use. A common example of this is when older (75-100 yr. old) industrial buildings located near downtown urban cores are no longer functioning as industrial buildings and are repurposed as offices, retail, restaurants, or apartments. That is not the case with these properties. These buildings are 3-20 years of age and have another 50-75 years of useful life. The land value is approximately 10% - 15% of the property value. These properties will not be converting to NMX uses for a very long time.

The City Staff Report on the application noted that directly east of the subject neighborhood and Highway 41 are Heavy Industrial planned land use areas and Neighborhood Mixed Use planned land uses areas adjacent to the west of the subject area, followed by residential land use areas. **This light industrial land use provides a logical transition of planned land uses and a buffer to Highway 41.**

We have been informed that the current uses have been “grandfathered” and are legal non-conforming uses if the existing tenants and uses stay in place. This does allow current uses not to be interrupted. However, our concern is our ability to bring in new users to the properties as various existing tenants leave in the future. Commercial property leases average 3-5 years. We tend to turn some spaces over with new tenants every year. New tenants do not want to engage in a conditional use process with the City. They do not want to wait to find out if they will be allowed to operate in an area; they want to know at the time of the site selection decision. Tenants will not wait for approval of their use. This conditional use process will hinder our ability to lease the properties in the future. Consequently, this will have a substantial negative impact on the value of the properties and their ability to operate in the competitive marketplace. Additionally, lenders will not want to provide financing for properties whose physical design and intended use do not conform to current zoning or has a marketing disadvantage in the marketplace. **This will result in a substantial negative impact to the asset values.**

During this process, there has been a tremendous amount of public outcry regarding the amount of Industrial zoned land in the SWFSP and the negative effects of the City of Fresno’s historical land use decision. However, when we reviewed the SWFSP we noticed that prior to the adoption of the specific plan, approximately 36 acres was zoned Heavy Industrial, and 108 acres was zoned Light Industrial. The entire SWFSP plan area is approximately 2,800 Acres, so prior to the rezone only 144 acres or 5.0% of the SWFSP acres was zoned as Heavy or Light Industrial land use. **Our 92 acres is approximately 3.3% of the SWFSP area. Furthermore, the new specific plan eliminated 100% of the Heavy and Light Industrial uses, now the plan has 0% of these uses.** I would not consider 3.3% of a specific land use to be an over concentration of that use in the SWFSP area. **There are now zero acres of land designated for light or heavy industrial uses in the new SWFSP.** See Exhibit A

There has also been misinformation regarding the fact that areas in north Fresno do not have very much Industrial zoning and that the city has historically used the city's southern region as the dumping grounds of any type of land use that is not appropriate for its segregated northern Fresno communities. National real estate firm, Colliers International's Q2 2021 Fresno Market Report, states that 30% (Approximately 25.4 million SF) of the Fresno Industrial Market is situated in Northwest and Northeast Fresno areas. Only 7% (5.0 million sf) of the Fresno Market Industrial space is in the Southwest area submarket. See attached Exhibit B. The greatest concentration of industrial space is in the south central area of Fresno, which is east and south of the subject area.

Another fallacy being perpetuated is that the Fresno area has incurred excessive industrial development during the last 10 years. Our research (Costar) indicated Fresno has lagged in Industrial development during the last 10 years compared to its peers in San Joaquin, Stanislaus, and Kern Counties. See Attached Exhibit C.

10-year Industrial Space Growth

Fresno County	2.9	square feet per Capita
San Joaquin County	36.1	square feet per Capita
Kern County	14.9	square feet per Capita
Stanislaus County	10.3	square feet per Capita

Light industrial as a land use has been mischaracterized by the opponents during this process. The term Light Industrial is considered an old and antiquated way to describe the land use. Most in the industry now refer to these types of properties as Business Parks, Business Centers, commerce Centers, Logistic Parks, Advanced Logistics, and Advanced Manufacturer Facilities. **The users in these properties include local, regional, national, and international organizations. They provide good jobs for a range of skill sets and offer training, benefits, career advancement, and community, and non-profit support.** To characterize them as unvaluable or a nuisance to the community is erroneous. Supply chain logistics is a critical part of any modern society's overall infrastructure. These facilities are like any other critical community infrastructure like hospitals, civic centers, utility plants, water treatment facilities, and educational facilities. You cannot eliminate this critical component of society; every community requires these types of land uses. Occupants of our properties include medical/pharmaceutical/supply, food & beverage, automotive supplies, agriculture supplies, building supplies, and advanced manufacturing. These are well run clean business that serve the community and to characterize them as any other way is wrong.

There have been numerous inaccurate and misguided statements by the opposition regarding adverse greenhouse gas emission and local air pollution associated with this land use. According to information from the California Business Property Association, in the 1998 the California Toxic Air Contaminant Act, diesel exhaust was identified as a toxic air contaminant. As required by the law, the California Air Resources Board (CARB) adopted a control plan (Diesel Reduction Plan) in 2000. Since that time, CARB has implemented a comprehensive mobile source control program which has in many cases far exceeded the Diesel Risk Reduction Plans goal of reducing diesel exhaust by 85% by 2020. In addition, CARB continues to adopt new control measures requiring the use of zero and near zero emission equipment.

The current regulatory mobile source programs by CARB already provided for in California law includes the latest generation of control technologies which have been very successful in reducing community exposure to both mobile and stationary source diesel emissions. For example, by January 1, 2023 diesel exhaust in nearly all “on road” heavy-duty trucks will be reduced by more than 98%. Additionally, during the next 5 – 10 years the trucking industry will be embracing a new electric vehicle fleet technology which will offer substantial operating cost efficiency and further reductions in greenhouse gas emissions.

According to the traffic engineers we have consulted, the NMX land uses generates more daily vehicle trips per acre than the Light Industrial land use. Additionally, locating employment land uses in proximity to residential areas reduces Vehicle Miles Traveled (VMT) by employees and allows for a greater utilization of alternative transportation modes like walking, bicycling, mass transit, and ride share. It is a well-known fact that Human Resource professionals prefer to hire employees who live in proximity to the job site location. These employees tend to be happier and have higher success and retention rates when compared to employees with longer commutes.

The City of Fresno staff report (Dated 1/21/21) on this application concluded that the appropriateness of the proposed project has been examined with respect to its consistency with goals, objectives and policies of the Fresno General Plan and the Southwest Fresno Specific Plan; Compliance with the provisions of the FMC; its compatibility with surrounding existing or proposed uses; and its avoidance or mitigation of potentially significant adverse environmental impacts. These factors have been evaluated as described in the staff report and by the accompanying environmental assessment and exhibits. Staff Concludes that the required findings contain within section 15-5812 et seq. of the FMC can be made.

Upon consideration of this evaluation, it can be concluded that the proposed project is appropriate for the project site.

In summary, we ask you for consideration **of restoring our previous land use zoning** as Light Industrial. We were not properly notified of the contemplated and eventual change in the land use designation. If we had been, this would not be an issue now, it would have been properly resolved at that time. The property owners are reputable organizations that have and will continue to invest in the Fresno community. We have followed the recommendations of city staff and have initiated and paid (more than \$500,000) for the application and studies before you. **The city's deficient notifications and lack of effort to encourage our engagement of the SWFSP process has cost the applicants substantial time and money.** We look forward to the Planning Commission approving this application and moving this item forward to the City Council for their affirmation and the successful conclusion of this matter.

Finally, we are concerned about the blatant distorted and erroneous public discourse that is being promoted to the Southwest Fresno Community regarding this land use issue. We are investors in the community with the intension of improving economic development and opportunity for the entire Fresno community. To imply otherwise or to insinuate our land uses and investment are a form of inequality or oppression is fallaciousness. The solution to inequality is equal access and opportunity to participate in a vibrant and growing economy driven by sustainable economic growth in all communities.

I appreciate you taking the time to read this letter and I encourage you to contact me if you have any questions or would like to discuss in greater detail.

Sincerely,

Kevin F. Ramos
Chief Investment Office
Pac West Industrial Equities
Buzz Oates
kevinramos@buzzoates.com
D: 916.379.3822
Cal BRE# 00969248

Exhibit A

TABLE 7-1 Total Acreage by Land Use Classification for General Plan (GP) and Specific Plan (SP)

LAND USE CLASSIFICATION AND ABBREVIATION		GP (ACRES)	SP (ACRES)	AREA Δ (%)	LAND USE CLASSIFICATION AND ABBREVIATION		GP (ACRES)	SP (ACRES)	AREA Δ (%)
Employment - Business Park	cbp	169.77	0.00	-100%	Public Facilities - Hospital	pqmh	5.08	5.08	0%
Commercial - Community	cc	59.85	109.82	83%	Public Facilities - Elementary School	pse	37.59	17.96	-52%
Commercial - General	cgh	0.37	0.37	0%	Public Facilities - Middle School	psm	63.66	38.94	-39%
Corridor/Center Mixed-Use	cmx	69.12	96.29	39%	Public Facilities - Water Recharge	pwrp	6.66	6.66	0%
Employment - Office	co	16.11	194.26	1110%	Residential High Density	rh	22.05	0.00	-100%
Commercial - Regional	cr	38.20	63.53	66%	Residential Low Density	rl	41.39	41.39	0%
Clear Zone	cz	0.00	13.86	100%	Residential Medium Density	rm	828.25	873.82	6%
Commercial - Highway & Auto	hwy	43.26	0.00	-100%	Residential Medium High Density	rmh	32.13	33.79	5%
Industrial - Heavy	ih	36.41	0.00	-100%	Residential Medium Low Density	rml	534.56	511.80	-4%
Industrial - Light	il	108.49	0.00	-100%	Residential Urban Neighborhood Density	run	90.91	107.32	18%
Neighborhood Mixed-Use	nmx	0.00	136.25	100%					
Open Space - Ponding Basin	obp	204.89	209.39	2%					
Open Space - Park	orp	3.49	1.61	-54%					
Open Space - Community Park	orpc	48.11	1.94	-96%					
Open Space - Neighborhood Park	orpn	44.36	4.5	-96%					
Open Space - Regional Park	orpr	246.17	134.64	-45%					
Public Facilities - Airport	pa	1.95	1.95	0%					
Public Facilities - College	pc	0.00	23.61	100%					
Public Facilities	pf	30.03	137.39	358%					
Public Facilities - Neighborhood Center	pnc	5.44	5.44	0%					
Public Facilities - Church	pqch	2.05	0.00	-100%					
Public Facilities - PG&E Substation	page	3.84	3.84	0%					

Note: The symbol Δ indicates the delta or change compared between the General Plan and Southwest Fresno Specific Plan.

Sewer and Water Utility Analysis

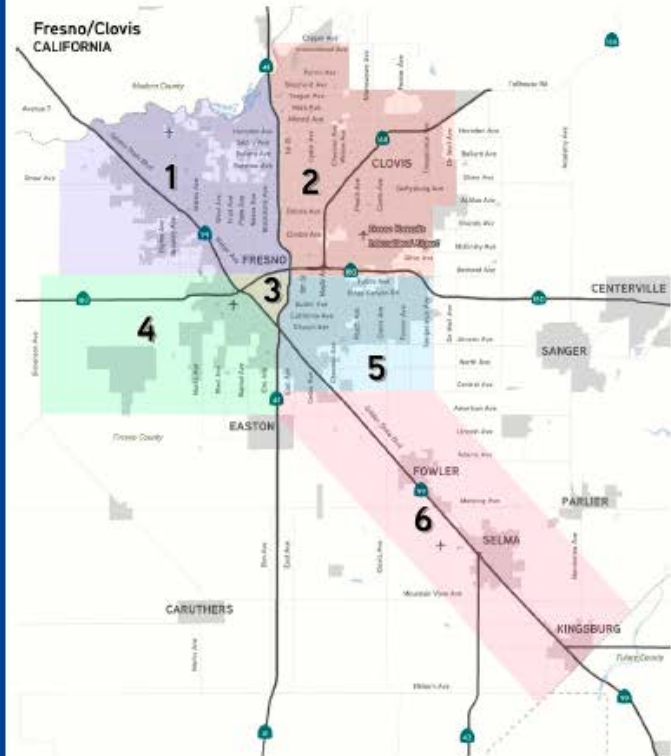
Land use comparisons between the General Plan and the Southwest Fresno Specific Plan (the Plan) were used to estimate changes to planned sewer and water systems for the Plan Area. The General Plan considers existing capacity, enhancements to existing system, as well as future sewer and water systems anticipated to meet future demand; the General Plan provided the baseline for the analysis. Changes in sewer and water demand were derived from acreage changes by land use with adoption of the Plan.

Exhibit B

From Amanda Ortiz, Colliers' National Director of US Industrial Research:

National Context

- Industrial vacancies fell at year-end to 5.4%.
- Q4 marked the single-highest quarter of occupancy gains, with 96.7 million SF of Positive absorption. Bulk space remains highly sought after.
- The Southern and Southwestern U.S. have been market leaders thanks to their logistics advantages and swelling population.
- Amazon signed 173 additional transactions in 2020, to occupy 87.9 million SF.
- Construction remains active with nearly 340 million SF underway, 10% of it in Dallas-Fort Worth alone.
- While investment sales volume was down, pricing continued to increase, averaging \$101.40/SF.



Fresno/Clovis Metro Area - Fresno/Clovis metro area is divided into six submarkets

1. Northwest Fresno
2. Northeast Fresno
3. Downtown Fresno
4. Southwest Fresno
5. Southeast Fresno
6. South Fresno Hwy 99 Corridor

Submarket Comparisons, January 2021

Blue = 2,500 - 19,999 SF
Orange = 20,000 SF+

Submarket	Area	Total Inventory Sq. Ft. / # Buildings	Vacant & Available SF / Vacant & Available %	# Tracked Lease Transactions / Average Base Rent Per SF	# Properties for Lease / # Properties for Sale (>2,500 SF)
Northwest	1	5,139,433 / 588 5,912,012 / 129	100,567 / 1.957% 209,070 / 3.536%	34 / \$0.70 9 / \$0.52	32 / 6 31 / 1
Northeast	2	5,591,074 / 684 8,810,833 / 145	84,311 / 1.508% 110,799 / 1.258%	5 / \$0.68 7 / \$0.58	17 / 6 14 / 4
Downtown	3	1,113,457 / 111 2,116,070 / 44	71,839 / 6.452% 73,107 / 3.455%	0 / NA 1 / \$0.42	3 / 6 6 / 2
Southwest	4	772,261 / 90 4,334,312 / 52	44,920 / 5.817% 370,613 / 8.55%	0 / NA 0 / NA	2 / 2 5 / 3
Southeast	5	3,819,615 / 406 25,809,825 / 292	43,850 / 2.558% 714,045 / 2.767%	3 / \$0.70 10 / \$0.40	6 / 2 20 / 4
South Hwy 99 Corridor	6	1,383,725 / 152 6,341,168 / 79	5,000 / 0.361% 358,711 / 5.657%	0 / NA 5 / \$0.38	1 / 0 5 / 1
Totals / Weighted Averages		17,819,565 / 2,031 53,324,220 / 741	350,487 / 1.97% 1,836,345 / 3.44%	42 / \$0.70 42 / \$0.48	61 / 22 81 / 15
		71,143,785 / 2,772	3.07%	\$0.59	

Exhibit C

Industrial Space Inventory Growth Analysis

	Fresno County	San Joaquin County	Stanislaus County	Kern County
2010 Inventory	81,120,287	104,919,164	53,009,322	43,421,767
2020 Inventory	84,057,271	132,758,259	58,713,424	56,908,132
Net SF Delivered	2,936,984	27,839,095	5,704,102	13,486,365
% of Inventory Delivered	3.62%	26.53%	10.76%	31.06%
2010 Population	934,606	689,468	516,149	843,394
2020 Population	1,008,256	770,356	554,843	907,589
Population Increase (%)	7.88%	11.73%	7.50%	7.61%
SF of Inventory Per Capita	83.4	172.3	105.8	62.7
SF of Deliveries Per Capita (10 year)	2.9	36.1	10.3	14.9

**referenced data provided by Costar*

	Southwest Fresno Submarket	All other Fresno County Submarkets Combined
2010 Inventory	5,061,740	76,038,260
2020 Inventory	5,131,872	78,968,128
SF Delivered	70,132	2,929,868
% of Inventory Delivered	1.39%	3.85%

