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October 27, 2026

Hon. Nelson Esparza, Council President
Members of the Fresno City Council
2600 Fresno Street
Fresno, CA 93721
By email

RE: City Council hearing – SEDA Specific Plan

Dear Council President Esparza and City Council Members

We hope (as you probably do) that this can be our last letter to you about SEDA, and that you'll reject the project definitively when you hear the matter this next time. We incorporate by this reference the attached appendix with the details, sources, and citations supporting this letter, and our 11 previous comment letters (with attachments), dated between August 28, 2023 and August 27, 2026. Unfortunately, most of their collective critique continues to apply. We also incorporate by this reference the substance of the letter we directed to LAFCo on October 12, 2026, attached hereto. Please incorporate all these documents into the record of proceedings.

Top line takeaways:

The 2026 EPS report **does not disclose serious risks** to the City of Fresno—from prepaid development costs nor from ongoing debt service and operations—for an ill-defined project of dubious feasibility (per EPS's own 2025 report). Given the missing and/or erroneous data underpinning them, it is likely that at least several of the assumptions on which SEDA's claimed surplus revenues depend will prove false.

A careful review of the City's own SEDA documents shows that:

Overstated SEDA Revenues
+ Understated SEDA Costs
+ Untested Development Timelines

= Significant Undisclosed Fiscal Risks to City of Fresno

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One important example: EPS 2026's $17.2 million buildout surplus, which EPS itself reduces to $11.9 million after street maintenance and Measure P, falls to roughly zero (between about +$0.7 million and –$0.2 million a year) under just two documented corrections: a corrected, market-based, value for South of Jensen's industrial space (R1, below); and the tax-sharing MOU's 51/49 City/County split of the Fresno County Fire Protection District's property tax share (R4, below). Either correction alone still leaves a surplus; together they erase it, before counting any of the costs EPS 2026 leaves unpriced (appendix, Section 4, Table 3).

Overstated SEDA Revenues show up in assumptions and projections either lacking supporting data, or inconsistent with data now available. These include overvaluing likely product per unit; overestimating demand at any price; and overstating likely tax revenues. Specifically:

> **R1.** EPS 2026 industrial value analysis assigns two different values/sq ft, well above Fresno rates, and assumes a 4.0% cap rate, well below Fresno's rates, thus artificially inflating assessed value and projected City revenues. See pp. 2-4, appendix.
>
> **R2.** East of Temperance projections overstate home values. EPS "comparables" were built on lots about twice as large as the Plan can physically accommodate at the proposed density. Reduced assessed values will reduce claimed revenues to the City by about $2.2M per year in property tax and VLF for every 10% in projected home values not realized. See p. 4, appendix.
>
> **R3.** EPS 2026 assigns the maximum density to every acre; the Plan's own standards and Clarity's market findings support far fewer homes, and therefore less property tax revenue than EPS 2026 projects, while the sewer debt, fixed by the bond, does not shrink. See pp. 4-5, appendix.
>
> **R4.** EPS 2026 erroneously credits the City with 100% of the fire district's share of SEDA property tax revenue, but the tax-sharing MOU splits it 51/49. The difference reduces the claimed SEDA surplus by $4.9 up to $5.7M annually. See p. 6, appendix.
>
> **R5.** The City should stop saying the tax sharing agreement delivers 51%: after the shares kept by schools, the community college district, the library, other agencies, and the ERAF, the SEDA "51%" tax split to the City in fact ends up being 24% for South of Jensen FRD and not quite 31% for East of Temperance residential development; after accounting for the fire district's share, these fall to 20% and 22% respectively. See pp. 6-7, appendix.

Understated SEDA Costs become obvious when the reader compares EPS 2025 and EPS 2026 financial/fiscal impact reports. The newer report fails to cost out major chunks of essential infrastructure; to include it in predevelopment planning, funding, and debt service; or to account for additional City subsidy costs when unrealistic absorption rates do not materialize.

C1. Only sewer is priced; the rest of the predevelopment backbone the Plan identifies (Exh. F, p. 13)—water, recycled water, storm drainage, arterial streets, and other transportation—is "not addressed" (EPS 2026 pp. 4, 16). See pp. 7-8, appendix.

C2. EPS 2025's own feasibility test failed for the SEDA project as a whole, and specifically for Phase 1S/South of Jensen area. EPS 2026 now omits the feasibility test, but it appears the current version of the project would also fail at actual market values. See p. 8, appendix.

C3. Cost analyses fail to include required City expenditures for SEDA's share of new wastewater treatment plant capacity (about $167 million in EPS 2025), and for land acquisition and construction of parks the Plan calls for in East of Temperance (about $185 million at 3 acres per 1,000 residents and EPS 2025 unit costs). See pp. 8-9, appendix.

C4. The East of Temperance land budget fails to allocate acreage for parks, streets, schools, ponding basins, and other essential public facilities. Instead, every single East of Temperance acre is either housing or town centers. See p. 9, appendix.

C5. Operating costs are priced at today's below-standard service levels, including fire and police staffing and park acreage. Budgeting for lower levels of municipal services creates an artificial surplus, which in turn is used to justify no services CFD, the mechanism that would otherwise protect the General Fund if the SEDA development surplus does not materialize. See p. 10, appendix.

C6. The Plan promises that "The City of Fresno will not subsidize new development" (Exh. F, p. 101). But the City—not developers—will incur and carry the upfront debt for SEDA predevelopment infrastructure; the record acknowledges this is true for the sewer trunk line. While the record is silent about how other predevelopment facilities will be financed, realistically the City will have to front those funds as well. See C1 and C3, and pp. 10-11, appendix.

Untested Development Timelines make unsupported assumptions about how quickly homes and industrial facilities will be developed and sold and fail to anticipate the likelihood that City revenues will lag while City subsidies go up when those unrealistic absorption rates fail to materialize.

T1. The City prepared the absorption scenarios, but its own consultant would not vouch for the land uses or the pace of sales; City staff calls the schedule "conservative." No study in the record supports the schedule, and the only one that addresses it, Clarity's, contradicts it. See pp. 11-12, appendix.

T2. Clarity's housing market study says residential development should start south of Jensen, and then east of Temperance only from 2035. The 2026 plan disregards this recommendation, instead jumpstarting housing development east of Temperance in 2030. See p. 12, appendix.

T3. The East of Temperance absorption schedule misapplies Clarity's projections directed to housing in a different submarket (South of Jensen, where there will be *no* housing under this Plan), then projects additional, accelerated, and unsupported demand in 2035 – 2047. See p. 13, appendix.

T4. South of Jensen's 18 million sq ft of industrial space is untested against demand. The Clarity study was limited to demand for *housing*, remarking only that the Plan "over-allocates non-residential uses" (p. 6), and that "there may be more land allocated for these uses than demand will support" (p. 11). Clarity's point is supported by the fact that the SEDA Recirculated Draft Program EIR analyzed only 2.9M sq ft of research and development space, and no industrial, warehouse or truck-terminal use for all 9,000 SEDA acres, while EPS 2026 Table 1-1 assumes roughly six times that square footage in South of Jensen alone. See pp. 13-15, appendix.

Requests to the Council

Adopting the SEDA Specific Plan exposes the City to multiple levels of risk:

Upfront: $86.1 million of debt, $6.33 million a year for 30 years, carried by sewer ratepayers or the General Fund until special taxes cover it. On the current record and until otherwise apprised, we must assume the City will somehow also absorb the cost of other essential predevelopment infrastructure (neither priced nor financed in EPS 2026) such as water, recycled water, storm drainage, arterial streets and other transportation, and treatment capacity. (C6, C1, C3).

Unpriced: water supply, drainage, roads, parks, and treatment capacity. EPS 2026 assumes developers fund these but never tests whether they can. EPS 2025's test on the SEDA project as a whole, and specifically for Phase 1S/South of Jensen area, said they couldn't. (C2). The SEDA EIR's own mitigation measures bar approvals that would exceed water, wastewater treatment or storm-drain capacity until that capacity is provided, so these costs are preconditions, not options, as EPS 2025 recognized. (C1, C3).

Timing: each year development lags, the schedule leaves the City carrying debt service with no offsetting special taxes. That is up to $4.72 million a year for South of Jensen alone, where EPS's low absorption scenario approaches, and high absorption scenario far outpaces, the entire Fresno market's best recent year of industrial absorption. (T4).

Policy lock-in: the projected surplus appears already to be pledged in at least three directions: funding of SEDA municipal services in lieu of a services CFD (per EPS 2026, p. 31, none is needed, "given the Project's estimated annual net fiscal surplus"); a possible EIFD that would take 100% of the City's increment (slide 12); and the proposed Development Code Community Benefit Fund reimbursement of Rural Residential water and sewer connections (9.3.26 Council workshop, slide 13). The same dollars cannot do all three. (appendix, Section 4; C5.)

We therefore respectfully request that your Council take the following actions prior to approving the SEDA Specific Plan:

1. **First and most essentially—Commission an independent absorption study** for both the housing and the 18 million sq ft of industrial space, covering the full range of uses the proposed code permits in Flex R&D. Reconcile it with Clarity (and with Fresno COG's population and housing projections) before you adopt the SEDA Specific Plan. (T1–T4.) **If South SEDA develops more slowly, and/or at lower density, and/or at reduced assessed values, the City incurs steeply climbing and significant additional expense. Before you adopt the Plan, your Council must understand, in dollars, the magnitude of the risk that subsidies will extend and that reimbursement will not materialize.**
2. **Price the full backbone for the 2026 plan,** including water supply, drainage, roads, parks, and treatment capacity along with the capacity the SEDA EIR's own mitigation measures require before development is approved. Rerun EPS 2025's own 20% cost-burden test and name a funding mechanism and repayment source for each item. (C1–C4)
3. **Don't rely on the $17.2 million surplus** in any Specific Plan, annexation, financing or Charter §1226 decision until EPS reruns it using:
    (a) the independent absorption study recommended in 1, above;
    (b) the full cost of SEDA backbone infrastructure and its ramifications for project feasibility as recommended in 2, above;
    (c) a market-supported industrial value for the uses the proposed Development Code actually permits in Flex R&D, or a justification for the 4.0% cap rate and for the gap between EPS 2026 Table E-4's $162 and Table D-4's $190 (R1, appendix Tables 1 and 3);
    (d) the correct MOU §3.2 fire-district tax share split, as confirmed by the County Auditor-Controller (R4);
    (e) home values consistent with the planned lot sizes (R2) and a home count at corrected net density (R3); and
    (f) operating costs at the City's adopted service standards (C5).
4. **Protect the City before committing the $86.1 million.** Require binding landowner commitments first, such as formation of the Infrastructure CFD and letters of credit or deposits covering debt service until special taxes catch up. Cap the City's total subsidy at EPS 2026's own estimate ($7.1–19.5 million for the two subareas together) and charge

interest on it (EPS 2026, pp. 8–9, 20). Use EPS 2026's suggested development threshold (pp. 6–7) as a dated checkpoint: if developed value has not reached the $258.2 million needed to refinance the City's bond by a set year, the City makes no further advances. (C6)

5. **Redraft the Specific Plan land budget** to set aside land for parks, school sites, streets, and basins; restate East of Temperance's homes at net density; and rerun the revenue projections on that count. (R3, C4.) Add a provision to the proposed Development Code providing that SEDA residential density is net, as Exhibit F's "Maximum Average Net Density" and its more-stringent-standard rule require.
6. **Require a services CFD or other maintenance funding** instead of relying on the theoretic surplus. (C5.)
7. **Reconcile purposes to which any surplus will be dedicated.** EPS 2026 suggests SEDA surplus revenues might fund a Community Benefit Fund, and/or an EIFD, and/or SEDA municipal services ordinarily funded by a Community Facilities District. Since it is not at all clear that there *will* be a surplus, the financing reports should straightforwardly analyze whether the corrected surplus can carry any of these commitments, and in what priority. (C5; see "Policy lock-in," above.) Strike the Community Benefit Fund reimbursement language from the proposed Development Code (Table 15-1714-1) until a fund exists and is funded. (appendix, section 4)
8. **Release EPS's 2023 General Fund Fiscal Impact Analysis,** which EPS 2026 relies on for its methods and home values. (R2)
9. **Support our LAFCo request** for an updated MSR and SOI before any SEDA annexation (our October 12, 2026 letter to Fresno LAFCo, attached).
10. **Codify the phasing thresholds** before SEDA zoning is applied. Add a Future Reserve holding district to the proposed Development Code, so that no development occurs outside South SEDA until Exhibit F's Chapter 9 thresholds are met. (appendix, Section 4)
11. **Reconcile EPS 2026's 18 million sq ft of industrial space with the 2.9M sq ft the EIR analyzed,** before relying on either for the Specific Plan, the Development Code, or financing. Explain how South of Jensen will meet the MOU §2.4 schedule for industrial annexations. (T4)
12. **Condition the $86.1 million sewer financing** on adoption of the Sanitary Sewer Master Plan, in which SEDA's treatment capacity is identified and funded on the 80 mgd pond-limit basis. (C3, C6)[1]
13. **Initiate no SEDA annexation** until the MOU §6.1 annexation strategy and LAFCo's 2006 conditions are met, so the tax-sharing ratios EPS 2026 assumes actually apply. (R5)[2]

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[1] The Sanitary Sewer Master Plan is due December 31, 2026. The treatment plant runs at about 54 mgd of its 80 mgd pond limit (File ID 26-597, June 18, 2026; Central Valley RWQCB Order R5-2018-0080). See our October 12, 2026 letter to Fresno LAFCo, §6.

[2] MOU (Agreement No. 24-714) §6.1 requires an annexation strategy "prior to any annexation within SEDA"; annexations that don't comply forfeit the MOU's tax-sharing ratios (§2.1; Exhibit 1). Fresno LAFCo Resolution

14. **Compare infill and SEDA.** Have EPS compute the City's net revenue per unit for the same development on infill land and on SEDA land under the MOU using the Auditor-Controller's tax rate area factors. (R4, R5)[3]

Methodology

In this letter we focus only on the issues raised by EPS's reports, dated May 2025 and August 2026, purporting to address SEDA's financing and fiscal sustainability. We appreciate that we've had time now to examine those reports, compare them, and evaluate them.

The attached appendix provides analyses based on documents identified in the appendix in the Sources section (primarily reports, studies, plans, etc. **the City itself has produced**)[4].

We had AI assistance in preparing this document, to locate, read, and cross-check the public documents listed in the appendix and to check our arithmetic. Every figure is cited to a listed source. We limited inputs to those identified in the appendix's Sources section and have otherwise done our best to ensure full accuracy. We invite staff to provide any authoritative public data and to disclose any other relevant data in its possession that would correct any of the conclusions above, with advance notice and in a forum at which we can interrogate any questionable assumptions.

We look forward to answering any and all questions and providing additional information as may be needed. Thanking you for your attention to these critical concerns, I remain,

Very truly yours,

Patience Milrod

Patience Milrod
Attorney for CLC and RCI

USOI-144 (2006) requires a Master Service Delivery Plan and a rural-residential annexation program. See our October 12, 2026 letter to Fresno LAFCo, §7.4.

[3] See our October 12, 2026 letter to Fresno LAFCo, §7.3 and §9, items 3–4.

[4] What is **not** included in this assessment is the 2023 General Fund Fiscal Impact Analysis prepared for the City of Fresno by EPS, and cited repeatedly as the basis for key assumptions and methodologies in EPS's 2026 Fresno South SEDA Economic Analyses . We requested a copy of this document by Public Record request on September 23, 2026, including all tables, exhibits, appendices, and attachments. Given the near-dozen citations to it in the 2026 report, this document clearly exists, is not in draft form, is not confidential, and is not subject to any privilege that would justify withholding it or delaying its release. We still await disclosure: please encourage the City Attorney's Office to make it public immediately.

Attachments:

Appendix to Final SEDA comment letter
CLC & RCI LAFCo letter (October 12, 2026)

cc: Mayor Jerry Dyer
City Attorney Andrew Janz
Development Director Jennifer Clark
City Clerk

South SEDA Council Letter

Appendix

October 27, 2026

This appendix offers detailed analyses, with cited sources, of the financial and fiscal impact information on which your Council is being asked to rely in making your decision about whether to adopt or reject the SEDA Specific Plan. This is the companion document to the letter to which it is attached, providing the data and evaluations underpinning SEDA's concerning likely outcome:

Overstated SEDA Revenues
+ Understated SEDA Costs
+ Untested Development Timelines

= Significant Undisclosed Fiscal Risks to City of Fresno

We start with the quality of the information: we respectfully call to your attention two ways EPS's 2026 report appears to be unreliable: untested assumptions, and internal inconsistencies in the record itself. Specifically:

EPS repeatedly notes that it has not independently evaluated assumptions and projections provided by City staff and fundamental to the claim of surplus, though reasonable examination brings them seriously into question. For example,

- EPS 2026 says it "has not independently evaluated" the land uses or the absorption rates it uses (p. 3), though the absorption schedule clashes with other SEDA consultants' conclusions. We have no explanation for the divergence. See T1, below, for more detail.
- EPS 2026 adopts without testing it an assumed 4.0% industrial cap rate (Table E-4)—a factor that largely determines the assessed value and property tax EPS projects for South of Jensen. The report sources this figure from "Lee & Associates; EPS Assumption," but the Lee report quoted actually puts Fresno's industrial cap rate at 7.6%, a far less favorable figure. We have no explanation for the divergence. See R1, below, for more detail.
- EPS 2026 adopts without testing them figures for home values carried over from the non-public 2023 Fiscal Impact Analysis (Table E-1). Given the home and lot size in South SEDA, those "comparables" appear not actually comparable (though we are still awaiting disclosure of the 2023 analysis). We have no explanation for the divergence. See R2, below, for more detail.
- EPS 2026 adopts without testing them estimated costs for municipal services at 'existing service levels' (p. 28)—which is to say, at today's below-standard service levels—including fire and police staffing and park acreage. We have no explanation for the odd choice to *plan* for underfunded essential services. See C5, below, for more detail.

- EPS 2026 acknowledges that pricing, funding, construction, and reimbursement for all non-sewer backbone are "not addressed in this report" (pp. 4, 16). Without this information it is impossible to reasonably claim that "developers will pay" for this infrastructure. We have no explanation for why EPS 2026 omits to discuss it while EPS 2025 evaluated these needs with some care (and on that basis concluded the project was probably infeasible[1]). See C1, C2, C3, below, for more detail

EPS's 2026 report contains unexplained but material internal inconsistencies. For example:

- EPS 2026's own Table E-4 inputs give $162 per sq ft for industrial value, but its Table D-4 uses $190. The error is unacknowledged and unexplained, though it is important to the claim of surplus. See R1, below, for more detail.
- EPS 2026's home value figures assume lots about twice as large as the Plan's own density can physically accommodate. The report does not acknowledge the divergence between the comparables and the 20 du/ac planned density, nor explain how it might be reconciled so the conclusions make sense. See R2, below, for more detail.
- EPS 2026 industrial value analysis fails to acknowledge that the SEDA Recirculated EIR evaluated only 2.9M sq ft of research and development space, and no industrial, warehouse or truck-terminal use for all 9,000 SEDA acres, while EPS 2026 Table 1-1 assumes roughly six times that square footage in South of Jensen alone. See T4, below, for more detail.
- EPS 2026's residential absorption schedule misapplies Clarity's projections to a different submarket, one that Clarity had advised should be developed much later. See T3, below, for more detail.

With this general caveat, we turn to the EPS 2026 report's substantive deficits:

1. Overstated Revenues

Three inputs account for most of the claimed surplus: the value of South of Jensen's industrial buildings (R1), the value of East of Temperance's homes (R2), and the number of those homes (R3). All three are set above what EPS 2026's own sources and the Plan's own standards support. R4–R5 concern how the City's share of property tax is calculated and described.

R1. EPS 2026 industrial value analysis assigns two different values/sq ft, well above Fresno rates, and assumes a 4.0% cap rate, well below Fresno's rates, thus artificially inflating assessed value and projected City revenues.

- EPS 2026 Table E-4 (p. 3-E-4) uses a 4.0% flex R&D cap rate, sourced "Lee & Associates; EPS Assumption." But Lee & Associates' Q1 2026 Fresno report, the edition EPS 2026 cites, puts the industrial average at 7.60%.[2] EPS 2026's office (10.0%) and

[1] EPS 2025, at p. 18: "The preliminary feasibility analysis indicates that infrastructure cost burdens exceed the generally accepted 20 percent threshold across all phases, suggesting that reducing facilities costs or identifying alternative funding sources may be necessary to improve project viability."

[2] Lee & Associates, *Q1 2026 – Fresno, CA Industrial*, Market Indicators table: cap rate 7.60%; sale price $97.00 per sq ft; average NNN asking rate $8.88 per sq ft; vacancy 4.20%; 12-month net absorption (62,192)

retail (7.0%) rates track Lee closely (10.20%, 7.40%); only industrial departs.

- EPS 2026's two industrial values don't reconcile. Its own Table E-4 inputs give $162 per sq ft at its 4.0% cap rate, but Table D-4 assesses the same 18 million sq ft at $190 ($3.42 billion), about 17% above EPS 2026's own derivation before any cap-rate question.[3]
- The Fresno market supports neither 4.0%, nor $162, nor $190. The Q1 2026 Lee report that EPS 2026 cites in Table E-4 puts the average Fresno industrial sale price at $97 per sq ft. An August 2026 broker guide compiling Lee, CBRE and Cushman & Wakefield data puts Fresno industrial at 6.50–9.00% cap rates. The low end, about 6.5%, is the guide's estimate for 'stabilized' properties: buildings that are fully leased at market rents with steady income, which investors treat as the lowest-risk assets. EPS 2026's own inputs (95% occupancy) assume the South of Jensen buildings will be stabilized, so 6.5% is the most favorable rate EPS could defend. Its 4.0% is well below even that.
- EPS 2026's rent assumption is reasonable: Lee's Q1 2026 average NNN asking rent is $8.88 per sq ft a year (CBRE: $0.74 a month), close to EPS 2026's $8. Only the cap rate is out of line.
- Changing only the cap rate in EPS 2026's own inputs reveals a very different revenue picture: **At every market-based value, from fully leased pricing to Lee's averages, South of Jensen's net revenue to the City of Fresno falls from EPS 2026's +$6.2 million a year to somewhere between break-even and a $1.0 million deficit.** See Table 1.

Table 1. South of Jensen flex R&D (FR&D): City revenue and General Fund surplus, by industrial value.

Cap rate (source)	Value per sq ft	South of Jensen property tax + VLF	Change vs. 2026	South of Jenser General Fund surplus	Net after Measure P and street maintenance*
4.0% (EPS 2026, as published)	$190	$13.6M	— (EPS baseline)	$9.3M	+$6.2M
6.50% (broker-guide estimate for fully leased, stabilized properties)	$100	$7.4M	–$6.2M	$3.1M	≈ $0
About 6.7% (implied by Lee Q1 2026 average Fresno industrial sale price)	$97	$7.2M	–$6.4M	$2.9M	–$0.2M
7.60% (Fresno industrial average cap rate, Lee Q1 2026)	$86	$6.5M	–$7.2M	$2.1M	–$1.0M

sq ft; inventory 98,476,023 sq ft. https://www.lee-associates.com/wp-content/uploads/2026/04/2026-Q1-Fresno-CA-Industrial.pdf (checked October 13, 2026).

[3] Table E-4 inputs (EPS 2026, p. 3-E-4): $8.00 rent × 90% efficiency × 95% occupancy × 95% after expenses = $6.50 net operating income per sq ft; $6.50 ÷ 4.0% = $162 per sq ft; × 18,000,000 sq ft = $2.92 billion. Table D-4 (p. 3-D-4): $190 per sq ft × 18,000,000 sq ft = $3.42 billion. Working backward, $6.50 ÷ $190 implies a 3.4% cap rate, below even EPS 2026's 4.0%.

Table Notes: All rows use EPS 2026's own income inputs (Table E-4, p. 3-E-4: $8.00 rent, 90% efficiency, 95% occupancy, 5% expenses = $6.50 net operating income per sq ft); only the market value changes. Value = $6.50 ÷ cap rate, except the $97 row, which uses Lee's average sale price directly. The EPS row uses the $190 from Table D-4 (p. 3-D-4); EPS's own inputs give $162 at 4.0%. Property tax + VLF scale with assessed value, about $68,700 a year per $1 per sq ft (See Table 3, below, note [8]).

Sources: Lee & Associates, Q1 2026 Fresno, CA Industrial (7.60%; $97 per sq ft), confirmed by Q2 2026 (7.55%; $98 per sq ft); Fresno Warehouses Team broker guide (Aug. 20, 2026) for the 6.50% stabilized estimate, which it calls a "directional estimate." EPS 2026's $8.00 rent matches Fresno industrial rent (Lee: $8.88 NNN), not office rent, and Fresno office cap rates are higher still (Lee: 10.20%), so the industrial rate is the assumption most favorable to EPS 2026.

*Before $4.72 million a year of South of Jensen sewer debt service, which EPS 2026 assumes special taxes will cover (Table 2-3, p. 23), and before the MOU fire-share correction (Table 3, lines H–I).

R2. East of Temperance projections overstate home values. "Comparables" were built on lots about twice as large as the Plan can physically accommodate at the proposed density. Reduced assessed values will reduce claimed revenues to the City by $2.2M in property tax and VLF for every 10% in projected home values not realized.

- EPS 2026 values each single-family home at $525,000 for 2,240 sq ft (Table E-1, p. 3-E-1). That price matches comparably sized homes (which average 2,224 sq ft); however, EPS's non-SEDA comparable homes are built on 4,468 sq ft lots on average (Table E-2, p. 3-E-2).
- But EPS 2026 omits to note, or to factor into home values, that 8,140 homes on 407 acres (Table A-1, p. 1-A-1)[4] leaves only about 2,180 sq ft of land per home, before any street, park or school. That is smaller than every comparable lot,[5] and appears physically impossible given Development Code requirements for public facilities.
- EPS 2026's three smallest-lot comparables (2,400–3,150 sq ft lots) sold for $432,000–$471,000; $525,000 is about 11–22% above those. EPS 2026 offers no evidence that homes on lots this small would sell for $525,000; its average comparables sit on lots about twice as large.
- Overvaluing the homes has a material impact on the claimed surplus: each 10% reduction in realized value cuts East of Temperance property tax and VLF by about $2.2 million a year (Table 3-2: $22.4 million).

R3. EPS 2026 assigns the maximum density to every acre; the Plan's own standards and Clarity's market findings support far fewer homes, and therefore less property tax revenue than EPS 2026 projects, while the sewer debt, fixed by the bond, does not shrink.

- EPS 2026's 10,070 homes are the Specific Plan's maximum density[6] applied to every acre of East of Temperance: 407 acres of Neighborhood Residential × 20 = 8,140; 41

[4] EPS 2026 assumes 10,070 homes in East of Temperance: 8,140 single-family homes on 407 acres of Neighborhood Residential, and about 1,930 at higher densities on the 41 acres of Mixed Residential and 21 acres of town centers (Table A-1; Exhibit F Table 2.2, p. 36).

[5] Text Amendment No. P26-03017, Table 15-1703-1 (p. 8): Neighborhood Residential minimum lot size 2,000 sq ft, or 1,500 sq ft with Enhanced Streetscape (§15-1704-C.2, p. 13); minimum lot width 30 ft; minimum lot depth 50 ft.

[6] Exhibit F gives each figure as a "Maximum Average Net Density": Neighborhood Residential 20 (p. 42), Mixed Residential 25 (p. 41), Neighborhood Town Center 30 (p. 40), Community Town Center 55 (p. 39).

acres of Mixed Residential × 25 = 1,025; 10 acres of Neighborhood Town Center × 30 = 300; and 11 acres of Community Town Center × 55 = 605.7.

- Those maximums are ceilings, not forecasts. The proposed Development Code sets density ranges: 6–20 units per acre for Neighborhood Residential, 8–25 for Mixed Residential, 12–30 for Neighborhood Town Centers and 16–55 for Community Town Centers. At the minimums, East of Temperance yields about 3,070 homes; the town-center minimums are waived more than 1,000 ft from Bus Rapid Transit.[8]
- EPS 2026 also applies a net density to gross acres. Exhibit F's figures are "Maximum Average Net Density," but EPS 2026 nets out nothing for streets, parks, schools or basins.[9] EPS 2025, for the same Plan, did net them out: Neighborhood Residential in Phase 1S was 90.5 net of 135.7 gross acres (66.7%) (Table A-1). At that ratio, East of Temperance's 407 acres hold about 5,430 single-family homes, not 8,140, and about 7,360 homes in all, roughly 2,700 fewer than EPS 2026 assumes.[10]
- Clarity says development over 30 units per acre "is not financially viable today, and likely will not be over at least a 20+ year timeframe" without much higher prices or subsidies (p. 27). It projects only 150 high-density units in all of SEDA, all in the 2040s (p. 7). EPS 2026 builds its town-center housing above Clarity's 30 du/ac viability line (40 units per residential acre (Table A-1), and see footnote 7), and schedules all 1,930 Mixed Residential and town-center homes for 2032–2040, before the Community Town Center's retail arrives in 2041.[11]

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[7] Acreages: Exhibit F Table 2.2 (p. 36) and EPS 2026 Table A-1 (p. 1-A-1). Table A-1 shows 40 and 80 units per acre in the town centers, but only on their residential acres (7.5 and 7.6 acres). Measured over each town center's full 10 and 11 acres, as the proposed code measures mixed-use density (Fresno Municipal Code §15-310), the same 300 and 605 units are exactly 30 and 55 per acre.

[8] Text Amendment No. P26-03017, Table 15-1703-1 (p. 8) and Table 15-1707 (p. 29): density ranges of 6–20 (Neighborhood Residential), 8–25 (Mixed Residential), 12–30 (Neighborhood Town Center) and 16–55 units per acre (Community Town Center); Town Center minimums are not required more than 1,000 ft from a planned or existing BRT route. Minimum-density yield for East of Temperance: 407×6 + 41×8 + 10×12 + 11×16 = 3,066 units. Fresno Municipal Code §15-310 counts the entire mixed-use project site in density.

[9] Exhibit F, p. 42 ("Maximum Average Net Density"); Text Amendment No. P26-03017, Table 15-1703-1 (p. 8), citing Fresno Municipal Code §15-310, Determining Residential Density; Exhibit F, p. 13 (where the Specific Plan and Development Code conflict, "the more stringent and regulating standard shall apply").

[10] EPS 2025 Table A-1 (gross and net acres) and Table A-4, note 1: Neighborhood Residential in Phase 1S was 90.5 net of 135.7 gross acres (66.7%). Calculation: 407 × (90.5 ÷ 135.7) = 271.4 net acres × 20 = 5,429 homes. Mixed Residential and town-center homes are left at EPS 2026's 1,930, which is generous to EPS: 5,429 + 1,930 = 7,359, or 2,711 (27%) fewer than 10,070. Parks and schools beyond what EPS 2025's ratio already nets out would reduce this further (see C4).

[11] EPS 2026 Table A-2 (p. 1-A-2): Neighborhood Town Center, Community Town Center and Mixed-Use Residential units begin in 2032 and reach 1,930 by 2040. Table A-3 (p. 1-A-3): the Community Town Center's 75,000 sq ft of retail arrives in 2041.

R4. EPS 2026 erroneously credits the City with 100% of the fire district's share of SEDA property tax revenue, but the tax-sharing MOU splits it 51/49. The difference reduces the claimed SEDA surplus by $4.9 up to $5.7M annually.

- EPS 2026 Tables D-1 and D-2 (pp. 3-D-1, 3-D-2) apply the 51% only to the County's share, then add the detached fire district's entire share to the City: 17.2% of the tax in East of Temperance, 8.4% in South of Jensen.
- The City–Fire District Property Tax Allocation Agreement (File ID 25-1093, effective Aug. 19, 2025) does not assign the district's share to the City. It provides only a 10-year pass-through of the district's pre-annexation Base Year Allocation (§3.a) and allocates all other property taxes "subject to any applicable agreement between City and the County" (§6), here the MOU. EPS 2026 counts that reimbursement (about $742,800 over ten years) separately (p. 28).
- MOU §3.2 (p. 8) says the increment of districts whose services the City assumes "shall be combined with the property tax increment allocated to COUNTY," and the *sum* is split 51/49.
- Correcting the fire share reduces the City's property tax by about $4.9 million to $5.7 million a year ($4.18 million East of Temperance plus $0.70–1.47 million South of Jensen, depending on the industrial value; (appendix Table 3). The County Auditor-Controller makes the actual allocation, including ERAF handling.

R5. The City should stop saying the tax sharing agreement delivers 51%: after the shares kept by schools, the community college district, the library, other agencies, and the ERAF, the SEDA "51%" tax split to the City in fact ends up being 24% for South of Jensen FRD and not quite 31% for East of Temperance residential development; after accounting for the fire district's share, these fall to 20% and 22% respectively.

- Public descriptions of the 2024 City-County tax sharing deal consistently assert that SEDA land would send 51% of property tax revenue to the City, and EPS 2026 repeats this claim: SEDA property tax "is allocated 51 percent to the City" (p. 34). Not so: the operative text is significantly narrower (MOU §3.2, p. 8):
  - The 51% applies only to the *increase* in property tax after annexation; the County keeps the property tax on each parcel's base value (MOU §3.2, p. 8).
  - For SEDA land that is "substantially developed"—thus more valuable—at the time of annexation, property tax revenue is split 70% County / 30% City on base value *plus increment* (MOU §3.3, pp. 9–10): the City derives no benefit from the new tax split for any increase in value on such parcels.
  - Even for land not "substantially developed" at annexation (all of SEDA's farmland), the County retains 100% of its base-value property tax revenue.
  - For SEDA land annexed before a Specific Plan is adopted, the City share of the split drops to 40%. (MOU, §3.2, p. 9). EPS 2026 does not mention this provision.
- Importantly, as the City's own most recent analysis shows,[12] its actual share is roughly

[12] See **Subtotal to City of Fresno** line, **Post-ERAF Distribution** column, in Table D-1, p. 3-D-1, and Table D-2, p. 3-D-2, *Fresno South SEDA Economic Analyses*, Economic & Planning Systems, Inc., August 2026 (hereafter "EPS 2026").

24–31% of SEDA's property tax increment, far lower than the advertised 51%. Schools, the community college district, the library and other agencies keep their own shares, and the Educational Revenue Augmentation Fund takes a further cut: the City receives about 31% of the increment on residential development (Table D-1) and about 24% on flex R&D development (Table D-2). The County continues to keep all existing base revenue.

- Even the 31% and 24% shares assume 100% of the fire district's share goes to the City. However, pooled and then split 51/49 as MOU §3.2 requires, they fall to about 22% and 20% (R4).

2. Understated Costs

EPS 2026 answers two questions for sewer only: whether development can afford the infrastructure it needs, and who pays first and carries the risk if repayment lags. For everything but sewer, these questions are neither asked nor answered. This section covers the unpriced backbone (C1), EPS 2025's failed feasibility test (C2), wastewater treatment capacity (C3), land for parks and schools (C4), below-standard service costs (C5), and the upfront debt the City carries (C6). The numbers give no assurance of timely reimbursement (C6; Section 3).

C1. Only sewer is priced; the rest of the predevelopment backbone the Plan identifies (Exh. F, p. 13)—water, recycled water, storm drainage, arterial streets and other transportation, and treatment capacity—is "not addressed." (EPS 2026 pp. 4, 16.)

- EPS 2026: other backbone "will be funded by private developers, but this infrastructure is not addressed in this report" (p. 4; repeated p. 16). The report's fiscal analysis excludes "capital facilities or funding of capital facilities" (p. 31).
- In its earlier report, issued in May of 2025 (hereafter "EPS 2025"), EPS itemized about $598 million of facilities in 11 categories for Phase 1S, which occupies essentially the same footprint as South of Jensen: $536.6 million after predevelopment (EPS 2025 Table 9, p. 43), plus $53.1 million of predevelopment sewer and $8.5 million for right-of-way acquisition for and construction of Fowler Avenue from Lone Star to Jensen Avenue (EPS 2025, p. 38; Table 6). The Specific Plan itself contradicts "sewer only": "Construction of necessary water, recycled water, sewer, storm drainage and transportation need to occur prior to new development in the SEDA" (Exhibit F, p. 13). Its list of steps "needed before development can commence" includes adopting a Parks and Trails Master Plan and building the up-front infrastructure (p. 101).
- Nevertheless, EPS 2026 prices only sewer. The water, storm drainage and transportation costs EPS 2025 estimated for the same ground are not addressed, and are in neither the bond proposal nor the reimbursement schedule.
- The EIR's own mitigation measures impose these obligations on the City *before approval of any SEDA project*: no development that would exceed water conveyance or supply until capacity is provided (UTIL-1a, 1b); storm-drain evaluations "prior to approving any new project applications" (UTIL-1e); and a City transportation safety fee program before individual projects are approved (TRANS-3d).[13] There are no cost data in

[13] Environmental Assessment No. P26-03017, Mitigation Measures UTIL-1a and UTIL-1b (p. 59), UTIL-1e (p. 60) and TRANS-3d (pp. 56–57), each carried forward from the SEDA PEIR as continuing to apply to future

the EPS 2026 report for these additional pre-development outlays, nor any financing plan to cover them. There is no evidence that the City or its ratepayers will be able to afford them, or that the City would ever be reimbursed for financing and constructing them.

C2. EPS 2025's own feasibility test failed for the SEDA project as a whole, and specifically for Phase 1S/South of Jensen area. EPS 2026 now omits the feasibility test, but it appears the current version of the project would also fail at actual market values.

- EPS 2025 tested feasibility by "cost burden": the infrastructure cost a project must carry, as a share of its finished market value, with 20% as the limit (p. 18). For Phase 1S, essentially today's South of Jensen, EPS 2025 found $672.3 million against $3.0 billion of value, or 22.4% (Table 13, p. 58).[14]
- EPS's red flag for feasibility wasn't limited to Phase 1S. EPS 2025: "infrastructure cost burdens exceed the generally accepted 20 percent threshold across all phases"; buildout is 22.6% and Phase 1N 35.6% (p. 18). The City chose Phase 1S first because of its "greater likelihood of financial feasibility" (p. 18). However, the 2026 plan replaced the South of Jensen proposed housing with industrial (FR&D); the EPS 2026 report does not include the feasibility test. While EPS 2025's Phase 1S plan was mixed-use with housing, not industrial, the rerun below tests the industrial plan.
- The 2026 industrial plan fails the same feasibility test at market value. Rerunning EPS 2025's test for the industrial plan gives about 14% at EPS 2026's $190 per sq ft, but about 26–29% across the $86–$100 market range in R1, above the 20% limit.

C3. Cost analyses fail to include required City expenditures for SEDA's share of new wastewater treatment plant capacity (about $167 million in EPS 2025), and for land acquisition and construction of parks the Plan calls for (about $185 million at 3 acres per 1,000 residents and EPS 2025 unit costs).

- EPS 2025 Table B-3 (p. B-6) carried about $167 million for an 18 MGD treatment plant expansion and a new digester. EPS 2026 does not address treatment capacity, and omits this SEDA-related cost.
- Our LAFCo letter (§6) shows why it matters: the plant runs at about 54 of its 80 mgd pond limit, leaving about 6 mgd before the 75% planning threshold. SEDA's 135,000 planned residents would need about 16 mgd.
- The EIR's own mitigation makes treatment capacity a precondition: the City "shall not approve development that would contribute wastewater to the wastewater treatment system that would exceed capacity until additional capacity is provided" (UTIL-1c).[15]
- Using EPS's 2025 unit costs, the estimated 89 and 149 acres of parks needed for almost 30,000 anticipated East of Temperance residents would cost $185 to $308 million. EPS 2026 does not provide an estimate for land or acquisition costs for needed parks, nor a funding mechanism for the hundreds of millions of dollars required to

development.

[14] EPS 2025, p. 57: "infrastructure cost burden, which is estimated as the sum of the estimated SEDA costs not funded by existing fee programs, and the cost burden from participation in existing fee programs."

[15] Environmental Assessment No. P26-03017, Mitigation Measure UTIL-1c (p. 59), carried forward from the SEDA PEIR.

construct and operate them. At less than $2M per year, Measure P cannot fund needed parks, but EPS 2026 suggests no other funding source.

- While EPS 2026 estimates $1.8M annual revenue from Measure P sales tax receipts (EPS 2026 p. 29), it makes no offsetting estimate of expenditures for Measure P-funded parks, arts, and recreation in the SEDA area, erroneously claiming all Measure P revenues as part of the surplus. EPS 2026, Table 3-1, p.29.

C4. The East of Temperance land budget reserves no acreage for required parks, streets, schools, ponding basins, and other essential public facilities. Instead, every single East of Temperance acre is either housing or town centers.

- EPS 2026 Table A-1 allocates every East of Temperance acre to housing or town centers. On the 2025 Phase 1S footprint, public uses took 359.9 acres: 159.9 civic, 103.0 parks and 97.0 right-of-way (EPS 2025 Table A-1, p. A-1).
- East of Temperance's 29,800 residents would need about 89 acres of local parks at 3 acres per 1,000 (about $185 million at EPS 2025 unit costs; EPS 2025 Table B-6, p. B-11, uses $538,000 an acre for land acquisition plus $1,527,300 for construction, about $48 million land and $137 million construction at 89 acres, or $80 million and $228 million at 149 acres. EPS footnotes pocket parks (0.6 of the 3 local acres per 1,000) as developer-funded, and says park fees are insufficient, with the rest "likely" from a SEDA special financing district (p. 46)). Under the full 5-acre General Plan standard, which the Specific Plan says will guide park siting (p. 57), they would need 149 acres, including regional parks and trails (about $308 million): park capital costs that EPS 2026 doesn't address. The Plan also calls for every new home to be within ½ mile of a neighborhood park (p. 60).
- The SEDA EIR makes parkland a mitigation commitment: the City must monitor every five years against 3 acres per 1,000 residents and, if the ratio isn't met, explore ways to add parkland (REC-1). It is a monitoring commitment, not a guarantee.[16]
- Schools: the Specific Plan ties each Neighborhood Town Center, which anchors an elementary school, to about 1,500–2,000 households (p. 40). It calls for every new home to be within ¼ to ½ mile of an elementary school (p. 65), and sizes schools with Clovis and Sanger Unified pupil generation rates (p. 63). That implies 5–7 elementary schools at 10,070 homes, with no sites reserved.
  - The Specific Plan's own land table gives East of Temperance 10 acres of Neighborhood Town Center and 11 of Community Town Center (Table 2.2, p. 36). A single Neighborhood Town Center is typically 20–30 acres (p. 40) and a Community Town Center 40–75 acres (p. 39), so the area set aside cannot physically accommodate the 5–7 centers, schools and parks its own standards call for.

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[16] Environmental Assessment No. P26-03017, Mitigation Measure REC-1 (p. 54): the City shall monitor every five years against 3 acres of parkland per 1,000 residents and, if the ratio is not met, explore ways to increase parkland, "including but not limited to designating additional lands for parkland development."

C5. Operating costs are priced at today's below-standard service levels, including fire and police staffing and park acreage. Budgeting for lower levels of municipal services creates an artificial surplus, which in turn is used to justify no services CFD, the mechanism that would otherwise protect the General Fund if the SEDA development surplus does not materialize.

- **Understated cost.** EPS 2026's surplus is calculated "under existing service levels" (p. 28), which are below the City's adopted standards. The Specific Plan itself notes Fresno has 2.9 acres of park per 1,000 residents, "far short" of comparable cities (p. 57). Serving SEDA at adopted standards would cost more and shrink the surplus.
- The 2016 MSR documented fire staffing at 0.43 firefighters per 1,000 residents against the General Plan's 0.81 (p. 111), 1.47 sworn police personnel per 1,000 residents vs. municipal averages of 2.3 (p. 154), and parks at 3.18 acres per 1,000 against a 5-acre goal (p. 142). By budgeting at *current* levels, EPS has designated funds as "surplus" that should be allocated to improving service levels, artificially padding the claimed surplus.
- **Lost protection.** EPS 2026 then uses that surplus as a substitute for a services CFD, the special tax that would pay for ongoing police, fire, parks and maintenance: EPS assumes no need for the CFD "given the Project's estimated annual net fiscal surplus" (p. 31). Capital costs such as the sewer bond are still assumed to be repaid through special taxes (C6). The claimed surplus thus supplants the very tool that would protect existing residents if the surplus does not materialize.[17]

C6. The Plan promises that "The City of Fresno will not subsidize new development" (Exh. F, p. 101). But the City—not developers—will incur and carry the upfront debt for SEDA predevelopment infrastructure; the record acknowledges this is true for the sewer trunk line. While the record is silent about who will pay and/or carry debt to finance other predevelopment facilities, realistically the City will have to front those funds as well.

- The only backbone item EPS 2026 prices is $72.0 million of sewer work, financed by an $86.1 million bond, with $6.33 million a year of debt service for 30 years ($4.72 million South of Jensen, $1.61 million East of Temperance) (EPS 2026 Table 2-3, p. 23). However, EPS's 2025 report itemized about $598 million of facilities for essentially the same footprint, which are "not addressed" in EPS 2026 (C1).
- The sewer-only version of upfront SEDA infrastructure is funded by a sewer revenue bond or a General Fund lease (COP) (pp. 5–6). The subsidy before special taxes catch up[18] is $7.1–19.5 million for the two subareas together (up to $21.5 million if South of Jensen repays alone; pp. 8–9, 20), and "no interest accrues" on it (p. 8). There is no scenario planning for unanticipated delays in development, which could extend City subsidy payments by one or more years.
- The City-financed sewer revenue bond scheme conflicts with the Specific Plan's own principles: "Development needs to pay its own way. The City of Fresno will not

[17] Table 2-4, note 6 (p. 25) still lists a South SEDA Services CFD as "one option for the remaining tax capacity." Having suggested such a CFD is not necessary, EPS 2026 does not explain the reason for this additional option.

[18] Assuming the absorption scenarios are accurate, which they probably are not—see Section 3, below.

subsidize new development." (Exhibit F, p. 101). The Plan's fiscal objective is self-financing "that does not reduce City of Fresno resources dedicated to other areas of the City or burden Fresno residents outside of the SEDA" (p. 8). However, every dollar of sewer capacity, ratepayer money, or General Fund backing the City commits to SEDA, and every year it waits to be repaid, burdens existing residents by making those resources unavailable to serve them.

- EPS 2026 keeps the City-advance approach for sewer and assumes, without testing, that developers will fund the rest, all of which must be built before private development can begin. There is no evidence, and no likelihood, that developers would assume this burden.
- The takeout bond cannot be issued until developed value reaches 3:1 value-to-lien, about $258 million combined (EPS 2026 Table A-12, p. 2-A-12). *When* the City is repaid therefore depends on the accuracy of the absorption predictions (Section 3).
- **Development threshold.** EPS's suggested "development threshold" is this takeout level ($65.6 million East of Temperance, about 110 homes; $192.6 million South of Jensen, about 900,000 sq ft; $258.2 million combined; p. 7), offered as "a policy benchmark for reassessing financing options over time" (p. 6). However, it cannot come before the sewer bond, so it cannot serve as a precondition to the bond (see letter Request 4): the bond debt will already have been incurred and the pipeline built.
- SEDA street maintenance will add $7.1 million a year (EPS 2026 Table 3-1). That cost competes with an existing citywide backlog of about $1.2 billion for streets plus $300 million for sidewalks (LAFCo letter §4). EPS 2026 is inconsistent about who pays: Table 3-1, note 3 says these costs "fall outside the General Fund," but p. 12 says the City's General Fund "is one of several funding sources" for defraying them. The Specific Plan's fiscal objective mandates "the development and ongoing maintenance of the SEDA" without burdening Fresno residents outside it (Exhibit F, p. 8).[19]

3. Untested Development Timelines

Every surplus and repayment figure assumes the City's absorption schedules. EPS 2026 did not test them, and the City's own market study contradicts them.

T1. The City prepared the absorption scenarios, but its own consultant would not vouch for the land uses or the pace of sales; City staff calls the schedule "conservative." No study in the record supports the schedule, and the only one that addresses it, Clarity's, contradicts it.

- The City's consultant declined to vouch for the assumptions that produce the surplus: "EPS has not independently evaluated the feasibility of the proposed land uses" and "has not independently evaluated market support for these absorption scenarios" (EPS 2026, p. 3). The City prepared the scenarios.
- The report fails to provide evidence supporting the absorption scenarios. The cited Clarity Real Estate Advisors report[20] contradicts them.

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[19] Text Amendment No. P26-03017, §15-1708-F.6 (p. 38): "If a Community Facilities District is not established to maintain sidewalks, street trees, and lighting, the applicant shall enter into a maintenance agreement."

[20] *Housing Market Demand & Segmentation Analysis, Prepared for the City of Fresno, SEDA – Southeast*

- The September 3 workshop slides claim "South SEDA can pay for itself" (slides 5 and 16). Staff have called the East of Temperance's 18-year buildout a "conservative absorption" schedule (slide 6); T2–T4 and R3 show they are not realistic, let alone "conservative."

T2. Clarity's housing market study says residential development should start south of Jensen, and then east of Temperance only from 2035. The 2026 plan disregards this recommendation, instead jumpstarting housing development east of Temperance in 2030.

- The City's own housing market study ranks the two areas the other way around: "DA-3 Southeast [now "South of Jensen"] is the more advantageous location to begin housing development than DA-4 East [now "East of Temperance"]" (p. 6; also p. 11). [21]
- The Clarity report sources this ranking from the City itself: "**Based on existing infrastructure considerations** the city has determined that the most advantageous location to begin new home development in SEDA would be in DA-3 Southeast [South of Jensen]" (p. 11, emphasis added). In May 2025, Mayor Dyer made the same case. He proposed "the opening of south SEDA and south SEDA only," because "South SEDA already has a nearby trunk line that can supply the area."[22]
- The 2026 plan reverses that order:
  - It puts all 10,070 homes in East of Temperance and none in South of Jensen.
  - SEDA Specific Plan Exhibit F designates South of Jensen Flexible Research and Development (Table 2.2, p.36).
  - In that district, the proposed Development Code says: "Residential uses are not permitted." [23]
- Clarity projects no single-family demand in East of Temperance until 2035 (p. 45), and no multifamily demand until 2037 (p. 58). The City's schedule starts building homes there in 2030 (EPS 2026 Table A-2, p. 1-A-2). That is five years before Clarity's first year of demand (see T3 and Table 2).

Development Area (DA-3 Southeast & DA-4 East), Clarity Real Estate Advisors, April 25, 2025. To be clear, we do not endorse Clarity's conclusions. COG's 2024 population projections, spread evenly over their 2022–2035 and 2035–2060 totals, put the whole Fresno sphere's need at roughly 16,000 new units for 2030–2049, yet Clarity places 14,350 in SEDA alone, nearly 90% of that, so Clarity's demand estimates are optimistic. However, it is significant that City staff's projected housing unit absorption rates far outstrip even Clarity's, with respect to both timing *and* quantity, and without any evidence whatsoever for the discrepancies.

[21] Clarity's market-area map places East of Temperance in DA-4 East and South of Jensen in DA-3 Southeast (p. 11). The bracketed names are the 2026 plan's subarea names.

[22] Edward Smith, "Clovis Unified Opposes Dyer's Desire for a Small Start on SE Fresno Expansion," GV Wire, May 7, 2025, https://gvwire.com/2025/05/07/dyer-wants-small-start-for-fresnos-plan-to-expand-southeast-development/. The article reports the City's SEDA workshop of the preceding Thursday (May 1, 2025) and describes "south SEDA" as south of Jensen between Minnewawa and Temperance.

[23] Text Amendment No. P26-03017, §15-1701 (p. 3), purpose statement for the Flexible Research and Development district. Exhibit F says the same: "Residential uses will not be allowed in this District" (p. 47). The only housing-type uses the amendment permits there are an on-site caretaker residence and emergency shelters (Table 15-1710, pp. 43, 47).

T3. The East of Temperance absorption schedule misapplies Clarity's projections directed to housing in a different submarket (South of Jensen, where there will be *no* housing under this Plan), then projects additional, accelerated, and unsupported demand in 2035 – 2047.

- The first five years of the City's absorption schedule, which EPS used without evaluating its accuracy, calls for rapid housing growth East of Temperance in 2030–2034 (100, 250, 250, 300, 350 single-family homes; EPS 2026 Table A-2, p. 1-A-2). The pacing is identical to Clarity's DA-3 Southeast (now South of Jensen and reserved for industrial uses) (p. 45), but in the zone where Clarity projects **no housing demand until 2035**.
- The schedule then climbs to 550 a year from 2037—roughly half of all new single-family homes Clarity projects for the entire city and sphere (about 1,100–1,200 a year, p. 45).
- COG's 2024 projections give the whole Fresno sphere 37,598 new units for 2022–2060, 28,025 of them by 2035. That leaves about 9,570 for 2035–2060, ~380 a year. EPS's schedule adds 7,761 East of Temperance homes from 2035 to 2047 (~650 a year), about 1.27 times COG's sphere-wide projected demand for those years. East of Temperance alone is ~27% of COG's sphere-wide demand through 2060, and all of SEDA (~45,000) exceeds it. Each SEDA unit is one not built in Southwest Fresno, the West Area or Fulton (General Plan Objective UF-12).

Table 2. Comparing EPS and Clarity housing absorption capacity projections

Cumulative homes	EPS 2026: East of Temperance alone	Clarity: all of DA-4 East
2035	2,309	150
2040	6,380	1,500
2047	10,070	6,300

Sources: EPS 2026 Table A-2; Clarity pp. 45 and 58 (single-family plus multifamily). Clarity projects 14,350 homes for all 9,000 acres of SEDA between 2030 and 2049 (p. 6), predicting first demand for housing in the area now designated South of Jensen and for which zero housing is now planned.

T4. South of Jensen's 18 million sq ft of industrial space is untested against demand. The Clarity study was limited to demand for *housing*, remarking only that the Plan "over-allocates non-residential uses" (p. 6), and that "there may be more land allocated for these uses than demand will support" (p. 11). Clarity's point is supported by the fact that the SEDA Recirculated Draft Program EIR assesses only 2.9M sq ft of research and development space, and no industrial, warehouse or truck-terminal use for all 9,000 SEDA acres, while EPS 2026 Table 1-1 assumes roughly six times that square footage in South of Jensen alone and the Development Code text amendment significantly expands the types and intensity of FRD industrial uses. [24]

- EPS 2026 assumes South of Jensen absorbs 18 million sq ft of industrial (flex R&D)

[24] Text Amendment No. P26-03017, Table 15-1710 (pp. 43–46): in the Flexible Research and Development district, Freight/Truck Terminals and Warehouses, Indoor Warehousing and Storage, Construction and Material Yards, and Recycling Processing Facility are permitted (P); Limited Industrial and General Industrial require a Conditional Use Permit (C).

space starting in 2030, the year the City expects infrastructure to be complete. The low-absorption scenario calls for 500,000 sq ft of new construction every year through 2065. The high scenario needs 2 million sq ft every year, starting in 2030, and finishing in 2038 (EPS 2026, p. 4; Tables A-4 and A-5). EPS "has not independently evaluated market support for these absorption scenarios" (p. 3), and its own schedule leaves 663,750 sq ft of office to absorb after 2074 (p. 4).

- In recent years, Fresno's entire industrial market has not absorbed space at anything like that pace. In its best recent year, 2025, the entire Fresno market filled about 569,000 sq ft of net new space. EPS's low scenario needs 500,000 sq ft a year from South of Jensen alone, about 88% of that best year; the high scenario needs about 3.5 times that peak. Over the past year, net absorption was negative, and vacancy rose from 4.2% to 4.7%.[25] At buildout, 18 million sq ft would add about 18% to the metro's 98.5 million sq ft of industrial space. Fresno's vacancy rate is still low, so the problem is the scale and pace EPS assumes, not a glut.
- Clarity did not study industrial demand. But even before the plan for the industrial area grew to 18 million sq ft, Clarity had found that it "over-allocates non-residential uses" (p. 6) and warned that "there may be more land allocated for these uses than demand will support" (p. 11).
- "Flex R&D" is broader than its name, and 18 million sq ft isn't a cap. The proposed Development Code permits truck terminals and warehousing by right in the district, lists "Advanced Manufacturing" and "Green Technology" without defining them, and allows a floor-area ratio of 1.0, about 59.6 million sq ft on 1,369 acres.[26] What fills South of Jensen, and what it is worth (R1), depends on which of those uses arrive.
- The 18 million sq ft is also far beyond the building program the SEDA EIR analyzed. The EIR's air-quality model for all 9,000 acres includes 2.9 million sq ft of research and development space and no industrial or warehouse space. The City's Environmental Assessment for the Development Code says the code doesn't "increase employment capacity," without comparing it to EPS. The City should reconcile the two before relying on either.[27]

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[25] Lee & Associates, Q1 2026 Fresno, CA Industrial, Market Indicators: 12-month net absorption (62,192) sq ft; vacancy 4.20%; inventory 98,476,023 sq ft. Across the five quarters reported, 12-month net absorption ranged from (884,987) to +569,024 sq ft; the high is the year to Q4 2025. Lee & Associates, Q2 2026 Fresno, CA Industrial: 12-month net absorption (303,584) sq ft; vacancy 4.70%. Net absorption is the change in occupied space over the period: move-ins, including leases in newly built buildings, minus move-outs. A negative figure means more space was vacated than filled, so vacancy rises; it does not reflect demolitions. "12-month" figures are the total of the last four quarters.

[26] Text Amendment No. P26-03017, §15-1701 (p. 3) (FRD district purpose); Table 15-1710 (p. 45) ("Research and Development: Advanced Manufacturing; Green Technology," permitted in SOC and FRD; neither term is defined in the amendment); Table 15-1711-1 (p. 48) (FRD maximum FAR 1.0).

[27] Recirculated Draft Program EIR (Feb. 7, 2025; SCH No. 2022020486), Appendix B, CalEEMod "Fresno SEDA EIR Project," Land Usage (Appendix B p. 39): Government Office Building 7,946,520 sq ft; Office Park 4,423,320; Research & Development 2,897,960; Regional Shopping Center 4,482,520; no industrial, warehouse or truck-terminal land use. Compare EPS 2026 Table 1-1 (p. 3): 18,000,000 sq ft industrial in South of Jensen. Environmental Assessment No. P26-03017, e.g., pp. 10, 12, 14 (amendment does not "increase employment capacity").

- The County MOU expects a short, reviewable schedule for industrial annexations. Its "Alternate Standard" calls for a conceptual development plan with a service and financing strategy and a 5- to 10-year development schedule, reviewed annually. EPS 2026's low scenario runs to 2065, and its office absorption runs past 2074. The City should explain how South of Jensen will comply with MOU §2.4.[28]

4. What it adds up to

Two documented corrections take EPS 2026's surplus to roughly zero, before any of the unpriced costs. Table 3 starts from EPS 2026's own figures (lines A–F) and makes two corrections. Correction 1 replaces EPS's $190 per sq ft industrial value with market-based values (line G; see R1). Correction 2 pools the fire district's property tax share before allocating it 51/49, as MOU §3.2 requires (lines H and I; see R4). Either correction alone still leaves a surplus: about $4.7–5.7 million a year with Correction 1 only, and $6.2 million with Correction 2 only.

However, applying both corrections—as is necessary to use the report at all—brings the SEDA annual surplus to roughly zero. Table 3 corrects only two of EPS 2026's inputs; the last three columns differ only in the market value used for South of Jensen's industrial space. It is an illustration built from EPS 2026's own tables, not our forecast; the costs and risks listed in the text following it would push the result lower still. Each line is explained and sourced in the notes below the table. The proposed Development Code and its Environmental Assessment, released after EPS 2026, add six findings, listed after the table notes.

Table 3. EPS 2026's buildout surplus after two corrections, by industrial value ($ millions a year at buildout, 2025 dollars), and pooled fire district property tax share.

$ millions a year at buildout (2025$)	EPS 2026 as published	Correction 2 only (MOU fire share)	Both corrections: broker-guide stabilized cap rate 6.50%	Both corrections: Lee average sale price $97 (about 6.7%)	Both corrections: Lee average cap rate 7.60%
Industrial value per sq ft [1]	$190	$190	$100	$97	$86
A. General Fund revenue [2]	45.1	45.1	45.1	45.1	45.1
B. General Fund cost [3]	–27.9	–27.9	–27.9	–27.9	–27.9
C. EPS 2026 headline surplus (A + B) [4]	17.2	17.2	17.2	17.2	17.2
D. Measure P revenue [5]	+1.8	+1.8	+1.8	+1.8	+1.8
E. Street maintenance [6]	–7.1	–7.1	–7.1	–7.1	–7.1
F. EPS 2026's own bottom line (C + D + E) [7]	11.9	11.9	11.9	11.9	11.9
G. Correction 1: South of Jensen property tax and VLF at market	0	0	–6.2	–6.4	–7.2

[28] Memorandum of Understanding between the County of Fresno and the City of Fresno (Agreement No. 24-714), §2.4; see our October 12, 2026 letter to Fresno LAFCo, §7.5. EPS 2026 Table A-4 (low scenario, industrial complete in 2065) and p. 4 (663,750 sq ft of office absorbing after 2074).

$ millions a year at buildout (2025$)	EPS 2026 as published	Correction 2 only (MOU fire share)	Both corrections: broker-guide stabilized cap rate 6.50%	Both corrections: Lee average sale price $97 (about 6.7%)	Both corrections: Lee average cap rate 7.60%
industrial value (row 1) instead of $190 [8]					
H. Correction 2: fire share pooled 51/49, East of Temperance [9]	0	–4.2	–4.2	–4.2	–4.2
I. Correction 2: fire share pooled 51/49, South of Jensen, scaled to value [10]	0	–1.5	–0.8	–0.8	–0.7
J. Net result (F + G + H + I), before South of Jensen sewer debt service [11]	**$11.9**	**$6.2**	**$0.7**	**$0.5**	**$–0.2**

Notes to the table. "EPS 2026" is the Fresno South SEDA Economic Analyses Report (August 31, 2026). Page numbers are EPS 2026's printed page numbers; appendix tables carry their own page numbers (e.g., 3-D-4).

[1] Industrial value per sq ft.

- EPS 2026 column: $190 per sq ft, the value EPS 2026 uses to assess South of Jensen's 18,000,000 sq ft of flex R&D, or $3,420,000,000 (EPS 2026, Table D-4, p. 3-D-4).
- Other columns: EPS 2026's own income inputs for flex R&D are $8.00 annual rent per net sq ft, 90% net-to-gross efficiency, 5% vacancy and operating expenses of 5% of revenue (EPS 2026, Table E-4, p. 3-E-4). They yield net operating income of $8.00 × 0.90 × 0.95 × 0.95 = $6.50 per gross sq ft. Value = $6.50 ÷ cap rate: 6.50% gives $100 and 7.60% gives $86. The middle column uses Lee's $97 average sale price directly, which implies a 6.7% cap rate on EPS's own income ($6.50 ÷ $97).
- Value sources: 7.60% and the $97 average sale price are from Lee & Associates' Q1 2026 Fresno, CA Industrial report (Market Indicators table), the edition EPS 2026 cites; Lee's Q2 2026 report confirms them (7.55%; $98 per sq ft). The 6.50% column is a broker guide's estimate for fully leased (stabilized) properties: Fresno Warehouses Team, "Fresno Warehouses for Sale: Prices & Cap Rates 2026" (Aug. 20, 2026), which calls its price bands "directional estimates." Lee's own report does not print 6.5%.
- Cross-check: at EPS 2026's own 4.0% cap rate (Table E-4), the same inputs give $162 per sq ft. The $190 that Table D-4 uses is about 17% above that; it is not sourced or explained.

[2] A. General Fund revenue: $45,102,000 at buildout, made up of East of Temperance $26,113,000 and South of Jensen $18,989,000 (EPS 2026, Table 3-1, p. 29; line items in Table 3-2, p. 30).

[3] B. General Fund cost: $27,856,000, made up of East of Temperance $18,131,000 and South of Jensen $9,725,000 (EPS 2026, Table 3-1, p. 29; department detail in Table 3-2, p. 30).

[4] C. EPS 2026 headline surplus: $17,246,000 = A – B (EPS 2026, Table 3-1, p. 29; stated as "approximately $17.2 million" on p. 28 and on slide 11 of the September 3, 2026 workshop presentation).

[5] D. Measure P revenue: $1,757,000, made up of East of Temperance $840,000 and South of Jensen $917,000 (EPS 2026, Table 3-1, p. 29). EPS 2026 notes Measure P is a special tax restricted to parks that does not flow to the General Fund (Table 3-1, note 2), and reports it as an "additional" City impact (p. 29).

[6] E. Street maintenance: $7,105,000 of Comprehensive Street Maintenance (landscape, street trees and street maintenance), made up of East of Temperance $3,131,000 and South of Jensen $3,974,000 (EPS 2026, Table 3-1, p. 29; method in Tables C-4 to C-6). EPS 2026 notes these costs fall outside the General Fund (Table 3-1, note 3).

[7] F. EPS 2026's own bottom line: $11,898,000 = C + D – E, which EPS 2026 labels "Total Annual General Fund and Additional Impacts Surplus" (EPS 2026, Table 3-1, p. 29).

[8] G. Correction 1: South of Jensen property tax and VLF at market industrial value (row 1) instead of EPS 2026's $190.

- EPS assumes South of Jensen generates $8,466,000 of property tax and $5,167,000 of VLF in-lieu revenue at buildout, $13,633,000 in total (EPS 2026, Table 3-2, p. 30). That is on an assessed value of $3,571,594,000: $3,420,000,000 of flex R&D at $190 plus $151,594,000 of office at $175 (Table D-4, p. 3-D-4).
- EPS 2026 computes property tax from assessed value and the City's share of the 1% levy, and VLF in-lieu from the project's percentage increase in City assessed value (EPS 2026, p. 34; Table D-2, p. 3-D-2). Both therefore scale in proportion to assessed value.
- Per $1 per sq ft of industrial value: $13,633,000 ÷ $3,571,594,000 × 18,000,000 sq ft ≈ $68,700 a year.

G = ($190 – value) × $68,700: ($190 – $100) × $68,700 = $6.19 million; ($190 – $97) = $6.39 million; ($190 – $86) = $7.18 million (computed from the unrounded $85.53). Office value is left unchanged.

[9] H. Correction 2: fire share pooled 51/49, **East of Temperance**.

EPS 2026's post-ERAF allocation gives the City 13.6359% (51% of the County share), plus 100% of the detached Fresno County Fire Protection District's shares (Fire District 7.2651% + Fire Zone 10 9.9635% = 17.2286%), for a "Subtotal to City of Fresno" of 30.8645% (EPS 2026, Table D-1, p. 3-D-1).

- MOU §3.2 provides that the increment allocated to special districts whose services the City assumes "shall be combined with the property tax increment allocated to COUNTY, the sum of which shall be allocated between CITY and COUNTY" at 51% City / 49% County in SEDA (MOU, Agreement No. 24-714, §3.2, p. 8).
- Corrected City share ≈ 13.6359% + 51% × 17.2286% = 22.4225%.
- EPS 2026's East of Temperance property tax of $15,278,000 (Table 3-2, p. 30) × (1 – 22.4225 ÷ 30.8645) = $4.18 million a year. VLF in-lieu is unaffected.
- *Limits:* this applies 51% to the fire district's post-ERAF share. The County Auditor-Controller makes the actual allocation, which may move the figure slightly.

[10] I. Correction 2: fire share pooled 51/49, **South of Jensen**.

- EPS 2026 gives the City 15.2983% plus 100% of the fire shares (8.1508% + 0.2542% = 8.4050%), a total of 23.7033% (EPS 2026, Table D-2, p. 3-D-2). Pooled per MOU §3.2: 15.2983% + 51% × 8.4050% = 19.5849%.
- At EPS 2026's value: $8,466,000 (Table 3-2, p. 30) × (1 – 19.5849 ÷ 23.7033) = $1.47 million.
- In the market-value columns the reduction shrinks with South of Jensen's assessed value, which becomes $1.95 billion at 6.50% ($0.80 million), $1.90 billion at $97 ($0.78 million) and $1.69 billion at 7.60% ($0.70 million), each ÷ $3,571,594,000.

[11] J. Net result: F + G + H + I. For example, at 6.50% cap rate: $11.898M – $6.186M – $4.179M – $0.804M = $0.73 million; at $97: $0.55 million; at 7.60%: –$0.16 million. MOU fix only: $11.898M – $4.179M – $1.471M = $6.25 million. Row J excludes South of Jensen's $4.72 million a year of sewer debt service, which EPS 2026 assumes special taxes will cover (Table 2-3, p. 23). Figures in the table are rounded to $0.1 million and may not sum exactly.

What the proposed Development Code adds:

The City released the proposed SEDA Development Code (Text Amendment No. P26-03017) and its Environmental Assessment after EPS 2026. Neither changes Table 3, but both bear on how much weight the surplus can carry. The findings below cross-reference the relevant items above:

- **The 10,070 homes are the code's ceiling, not a forecast.** The proposed code sets density ranges; at the minimums East of Temperance yields about 3,070 homes (Table 15-1703-1, p. 8; Table 15-1707, p. 29). EPS 2026 puts the maximum on every acre, so its East of Temperance revenue is the most the code allows, not a reasonably expected result (R2, R3).
- **"Flex R&D" zoning allows ordinary industrial uses.** The code permits warehouses, truck terminals and construction yards by right and general industry with a permit, and leaves "Advanced Manufacturing" and "Green Technology" undefined (Table 15-1710, pp. 43–46). Nothing requires the high-value R&D that would have to underpin EPS 2026's $190 per sq ft and 23,700 jobs, so market industrial values (Correction 1) are the right test (R1, T4).
- **The fiscal case and the environmental case describe different projects.** EPS 2026 assumes 18 million sq ft of industrial space in South of Jensen; the EIR modeled 2.9 million sq ft of research and development space and no industrial space for all of SEDA. The Environmental Assessment says the code does not increase employment capacity, a conclusion not reconciled with EPS 2026 (T4; Request 11).
- **Note**: The SEDA Development Code text amendment fails to classify or codify **data centers** as a potential land use in the FR&D, making such proposals subject to a Director's discretionary approval as a land use or activity "not defined." Proposed Dev. Code 15-1710.C, Text Amendment No. P26-03017. The Environmental Assessment supporting the text amendment does not reference data center development as a possible source of environmental impact, nor disclose its likely environmental impacts, nor impose mitigation measures for it. The only reference to data centers in the text amendment itself is to exclude them as a protected pre-existing use in a SEDA ANX Overlay zone. (Proposed Dev. Code 15-1701, 15-1714.)
- **The phasing limit isn't in the code.** Exhibit F calls for thresholds barring development in Future Reserve Areas until 75% of the current phase is built and occupied and a supplemental EIR and fiscal study are done. The proposed code has no Future Reserve district or holding provision, so the cap on the City's exposure rests on plan policy alone (letter, Request 10).[29]

[29] Exhibit F, Chapter 9, pp. 101–102 (phasing thresholds; "adoption of established thresholds prohibiting development in Future Reserve Areas"). Text Amendment No. P26-03017 contains no Future Reserve district or holding provision; Environmental Assessment No. P26-03017, p. 2, describes the update as applying to approximately 9,000 acres.

- **The code commits to a fund that doesn't exist.** It promises Community Benefit Fund[30] reimbursement for Rural Residential water and sewer connections (Table 15-1714-1). EPS 2026 never established or modeled the fund. That is a third claim on the surplus (see "Policy lock-in," at p. 5 of accompanying SEDA comment letter) and should be checked against Charter §1226(b) (letter Request 7).
- **Infrastructure capacity is a precondition, not an option.** The EIR's mitigation measures, which the Environmental Assessment carries forward, bar approvals that would exceed water, wastewater treatment or storm-drain capacity until that capacity is provided, and commit the City to monitor parkland (UTIL-1a–1e, TRANS-3d, REC-1). These costs fall on the City before approval of any SEDA development project, whatever EPS 2026 assumes developers will fund (C1, C3, C4).

Sources

- Economic & Planning Systems, Fresno South SEDA Economic Analyses Report, August 31, 2026 (EPS #262083; "EPS 2026"), presented at the City Council workshop of September 3, 2026 (File ID 26-1091). https://www.fresno.gov/wp-content/uploads/2026/08/South-SEDA-Economic-Analysis.pdf. Page cites are printed page numbers (PDF pages run three higher). Key pages: 6–7 (development threshold), 8–9 and 20 (subsidy), 13–14 (Community Benefit Fund and EIFD), 17–22 (repayment from special taxes), 25 (Table 2-4, note 6), 31 (no services CFD).
- Economic & Planning Systems, Southeast Development Area Specific Plan – Public Facilities Financing Options, Public Review Draft Report, May 2025 (EPS #242056; "EPS 2025"). https://www.fresno.gov/wp-content/uploads/2025/05/SEDA-Public-Facilities-Financing-Options-10w690.pdf.
- Clarity Real Estate Advisors, Housing Market Demand & Segmentation Analysis, Prepared for the City of Fresno, SEDA – Southeast Development Area (DA-3 Southeast & DA-4 East), April 25, 2025 ("Clarity"). https://www.fresno.gov/wp-content/uploads/2025/05/Housing-Market-Demand-Analysis-10w673.pdf.
- City of Fresno, Southeast Development Area Specific Plan (draft), Exhibit F to Planning Commission File ID 26-891 (Aug. 19, 2026), 108 pp. ("Exhibit F").
- Memorandum of Understanding between the County of Fresno and the City of Fresno, Agreement No. 24-714, approved by the City Council Dec. 13, 2024 (File ID 24-1699) and the Board of Supervisors Dec. 20, 2024 ("MOU").
- Property Tax Allocation Agreement, City of Fresno and Fresno County Fire Protection District, approved Aug. 14, 2025 (File ID 25-1093), effective Aug. 19, 2025, term through Aug. 18, 2035.
- Lee & Associates, Q1 2026 Fresno, CA Industrial market report (Market Indicators), https://www.lee-associates.com/wp-content/uploads/2026/04/2026-Q1-Fresno-CA-Industrial.pdf; last viewed October 13, 2026.
- Lee & Associates, Q2 2026 Fresno, CA Industrial market report (7.55%; $98/sf; (303,584) sf), https://www.lee-associates.com/wp-content/uploads/2026/07/2026-Q2-Fresno-CA-Industrial.pdf; last viewed October 26, 2026.

[30] Text Amendment No. P26-03017, Table 15-1714-1, Utility Connections – SEDA Annexed Overlay District (following p. 58): "Rural Residential properties can request to be reimbursed by the Community Benefit Fund for connection services." Compare EPS 2026, pp. 46–47 (fund not established; impact not modeled).

- Fresno Warehouses Team, "Fresno Warehouses for Sale: Prices & Cap Rates 2026," Aug. 20, 2026 (secondary broker guide compiling Lee & Associates Q1 2026, CBRE Q1 2026 South Central Valley and Cushman & Wakefield Q2 2026 Fresno MarketBeat; it calls its submarket price bands "directional estimates"). https://fresnowarehouses.com/guides/fresno-warehouses-for-sale/.
- Policy Consulting Associates, LLC, City of Fresno Municipal Service Review and Sphere of Influence Update, prepared for Fresno LAFCo, adopted July 13, 2016. https://fresnolafco.specialdistrict.org/files/8a27dc649/Fresno+MSR+and+SOI+Update.pdf
- Patience Milrod for the Central Labor Council of Fresno, Madera, Tulare and Kings Counties and Regenerate California Innovation, letter to Fresno LAFCo re: comprehensive update of the City of Fresno MSR and SOI, Oct. 12, 2026 (attached).
- City of Fresno, Development Code Text Amendment Application No. P26-03017, Article 17 – Southeast Development Area (SEDA) Districts, 58 pp. (October 2026) ("Text Amendment No. P26-03017").
- FirstCarbon Solutions (Laura Campion) for the City of Fresno, Fresno South East Development Area Specific Plan Development Code Update: CEQA Guidelines §15168 consistency memorandum, Environmental Assessment No. P26-03017, 62 pp. plus Attachment A (the Text Amendment) (October 2026) ("Environmental Assessment No. P26-03017").
- City of Fresno, Fresno Southeast Development Area Specific Plan Recirculated Draft Program EIR (February 7, 2025; SCH No. 2022020486), Appendix B (CalEEMod "Fresno SEDA EIR Project" land use inputs).
- City of Fresno Municipal Code §15-310, Determining Residential Density (verify against the official code).
- City of Fresno staff presentation, South SEDA Economic Analysis workshop, City Council File ID 26-1091 (Sept. 3, 2026), slides 5, 6, 11–13 and 16.
- Lee & Associates, Q2 2026 Fresno, CA Industrial market report. https://www.lee-associates.com/wp-content/uploads/2026/07/2026-Q2-Fresno-CA-Industrial.pdf.
- Fresno Council of Governments, Fresno County 2023–2060 Growth Projections (Applied Development Economics), Oct. 17, 2024, Tables 32 and 34.
- Central Valley Regional Water Quality Control Board, Order R5-2018-0080 (Fresno-Clovis Regional Wastewater Reclamation Facility), Dec. 2018.
- City of Fresno staff reports: File ID 24-807 (June 20, 2024); File ID 25-106 (Jan. 30, 2025); File ID 25-907 (June 17, 2025, pavement conditions); File ID 26-597 (June 18, 2026, wastewater treatment).
- Fresno LAFCo, Resolution USOI-144 (2006), conditions on the City of Fresno sphere of influence, as described in our October 12, 2026 letter to Fresno LAFCo, §7.4.
- Edward Smith, "Clovis Unified Opposes Dyer's Desire for a Small Start on SE Fresno Expansion," GV Wire, May 7, 2025. https://gvwire.com/2025/05/07/dyer-wants-small-start-for-fresnos-plan-to-expand-southeast-development/.
- Economic & Planning Systems, City of Fresno General Fund Fiscal Impact Analysis (2023), referenced in EPS 2026 for methods and home values; not publicly released.

PATIENCE MILROD
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October 12, 2026

Commissioners and Executive Officer
Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, CA 93721
delivered by email to: *bspaunhurst@fresnocountyca.gov*

Re: Request for a comprehensive update of the City of Fresno Municipal Service Review and Sphere of Influence before any action on Southeast Development Area (SEDA) annexations

Dear Commissioners and Executive Officer:

On behalf of the Central Labor Council of Fresno, Madera, Tulare, and Kings Counties and Regenerate California Innovation, I respectfully request that your Commission prepare and adopt a new City of Fresno Municipal Service Review (MSR) and Sphere of Influence (SOI) update as a precondition to consideration of any Fresno city annexation within SEDA. The current determinations rest on the *City of Fresno Municipal Service Review and Sphere of Influence Update* (Policy Consulting Associates, July 13, 2016; "2016 MSR"), whose data largely date from 2011–2015. Since then, population projections, costs, service conditions, and the City–County tax-sharing framework have all changed materially the assumptions affecting Fresno's municipal services delivery.

This letter identifies the 2016 MSR assumptions that are now out of date, analyzes the December 2024 City–County Memorandum of Understanding (County Agreement No. 24-714; "2024 MOU"), and lists what a credible new MSR must contain. Page references to the 2016 MSR use its printed page numbers; MOU references give section and page.

Summary of concerns

The 2016 MSR cannot support SEDA annexation findings because its growth, cost, and fiscal assumptions are no longer accurate.

- **Growth.** The 2016 MSR assumed the SOI would reach 771,000 residents by 2035 (+226,000). Fresno COG's 2024 projection is 617,840 in 2035, about 153,000 fewer.
- **Housing demand.** The 2016 MSR (p. 216) notes that the City's 2035 General Plan is targeted to "ensure strategic sequencing of development, in order to promote infill development within city limits prior to areas requiring annexation." In fact, while COG

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projects demand for about 37,600 new units in the entire Fresno SOI from 2022 to 2060, the SEDA Specific Plan alone provides capacity for about 45,000 homes by 2050, potentially crowding out new housing development planned for other City approved specific plan areas, such as Southwest Fresno, West Area Neighborhoods and Fulton Corridor.

- **Costs.** Consumer prices have risen about 41% since 2015. The City's street maintenance backlog is now estimated at $1.2 billion, plus about $300 million for sidewalks. All of the 2016 MSR's analyses of municipal services staffing, facilities and capacity, infrastructure needs, challenges, and service adequacy must be revisited in light of new realities.
- **Service levels.** The 2016 MSR found "no significant deficiencies," even while documenting fire staffing at about half the General Plan standard, and rising police response times.
- **Tax sharing.** The 2003 MOU on which the 2016 MSR relies expired in 2020. The 2024 MOU gives the City only a share of the County's property tax *increment* on SEDA land, removes the old infill-buildout precondition, and its tax provisions survive termination.
- **Statutory interval.** The SOI was last determined on this record about a decade ago, double the five-year review interval the law requires (p. 22[1]).

1. The 2016 MSR did not endorse SEDA, and its record is stale

The 2016 MSR's own determinations on SEDA were skeptical, so it cannot be cited as support for SEDA annexation.

- It listed removal of SEDA from the SOI as a formal option (Option #4, p. 228).
- It quoted the City's implementation policy that Growth Area 2 "needs critical infrastructure improvements, and the City does not anticipate that funding for this area can be committed in the near-term" (p. 228).
- It concluded the General Plan "does not appear to anticipate development within SEDA in the long term, with only partial development of the area occurring in the next 20 years" (p. 229).
- It retained SEDA in the SOI only "at this time," suggesting LAFCo require the City to report back on specific planning (pp. 18, 230).
- It recommended the City re-evaluate whether the SEDA conditions in the City–County MOU and LAFCo's 2006 SEGA approval "remain appropriate" (p. 216).

The underlying record supporting the MSR is even older than its 2016 date suggests. The project began in August 2013, and the preface acknowledges lost communication during staff turnover and a "good faith effort to account for discrepancies in the data" (Preface, p. 2). Its core sources are:

- the FY 14 Comprehensive Annual Financial Report (CAFR) and FY 16 proposed budget (ch. 6);

[1] Citing Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

- a 2011 land use working paper (pp. 59–60);
- the 2010 Urban Water Management Plan (pp. 192–193);
- the 2006 Wastewater Master Plan (p. 182); and
- 2006–2010 income data for disadvantaged unincorporated communities (p. 217).

The 2016 MSR itself states that the Act requires LAFCo to "review and update SOIs not less than every five years" (p. 22).

2. Population and demographic projections are no longer valid

The 2016 MSR's growth premise overstates near-term SOI population gain roughly ninefold.

Measure	2016 MSR	Current evidence
City population	515,609 (Jan. 2014; pp. 60, 215)	560,948 (DOF, Jan. 1, 2026)
Growth rate	1.24%/yr assumed (pp. 74, 215)	About 0.70%/yr actual, 2014–2026
SOI population, 2035	771,000 (p. 74)	617,840 (Fresno COG 2024)
SOI growth to 2035	+226,000 (p. 74)	About +25,600 (2022–2035, COG)
Ultimate SOI population	970,000 at buildout (p. 74)	Peaks at 648,980 in 2055 (COG)
Persons per household	3.06–3.1 (pp. 61, 75)	2.93–2.97 (COG – Fresno SOI)

Fresno COG's 2024 update aligned its forecast with the Department of Finance's September 2024 projections. It projects 7% less county population in 2035 and 53% less growth from 2020 to 2035 than the forecast used in the 2022 Regional Transportation Plan, mainly because birth rates have declined steadily since the early 2000s.

The age structure is shifting as well. For the Fresno SOI, COG projects fewer children and young adults through 2060, while residents 75 and older grow about 1.8% per year. That moves service demand toward emergency medical and senior services. Smaller households also mean each new unit yields fewer residents and less revenue than older models assume.

We request that the new MSR use current DOF E-1 estimates and the DOF/COG 2024 (or other most-recent) projections, with low and baseline scenarios, rather than General Plan targets.

3. SEDA's capacity exceeds projected demand for the entire sphere

The SEDA Specific Plan accommodates more housing than COG projects the whole Fresno SOI will need through 2060.

- **Demand.** COG estimates new-unit demand of 37,598 units in the Fresno SOI (including county islands) for 2022–2060, of which 28,025 occur in 2022–2035.
- **SEDA capacity.** The SEDA Specific Plan EIR describes capacity for approximately 45,000 homes and 37,000 jobs on nearly 9,000 acres by 2050.
- **Infill policy.** General Plan Objective UF-12 directs roughly half of future residential development to infill areas (2016 MSR, p. 81). Any unit absorbed in SEDA is one not absorbed in infill.

The 2016 MSR accepted General Plan targets and had no basis to test absorption. The new MSR

should reconcile SEDA's planned units, and South SEDA's first-phase assumptions, against DOF/COG demand and remaining infill capacity. It should also test the absorption rates used in the City's SEDA fiscal analyses against that demand.

4. Inflation and fiscal assumptions are outdated

The 2016 MSR's financial picture is stated in 2014–2016 dollars and has been overtaken by about 41% cumulative CPI inflation since 2015, with construction costs rising faster.

Item	2016 MSR	Current evidence
General Fund budget	$269.8 million, FY 16 (p. 42)	$546.41 million, FY 27 adopted
General Fund outlook	Annual surpluses; $27.3 million reserve by FY 20 (pp. 42–43)	$34.5 million FY 27 shortfall closed; federal relief funds exhausted
Five-year capital program	$1.3 billion, FY 16–20 (p. 49)	About $1 billion for 470 projects in FY 27 alone
Street maintenance backlog	Not quantified; PMS date[2] "not provided" (p. 167)	About $1.2 billion roads + $300 million sidewalks
Pavement condition	Not reported	PCI 60 (City FY 2022 assessment), projected to deteriorate to 55 by 2025 (File ID 25-907[3])

The street backlog shows inflation directly eroding existing residents' services. City staff reports state that deferred maintenance was $505 million in FY 2022 and rose to an estimated $1.2 billion mainly because of post-pandemic construction cost increases.

Pensions are the one 2016 finding that has held up. However, the retirement boards reported that the City chose not to contribute the full actuarially determined rate to either system for FY 2025[4]. The new MSR should track whether that continues.

The 2016 MSR flagged three fiscal issues it never quantified:

- annexed areas "contribute significantly less revenue to the City's general fund" because of tax sharing with the County (p. 80), an assumption that would be somewhat modified by the 2024 City-County tax-sharing MOU (see Section 7, *infra*);
- park impact fees and fee credits shifted debt service for new parks onto the General Fund (p. 15), an assumption affected by the passage and implementation of Measure P; and

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[2] "The condition of street pavement is typically evaluated by local agencies using a Pavement Management System (PMS), which regularly evaluates pavement condition and establishes a cost-effective maintenance strategy." 2016 MSR, p. 167.

[3] Source: https://agendas.fresno.gov/en/legislation/id-25-907-19886.

[4] Source: City of Fresno Retirement Boards (Robert T. Theller, Retirement Administrator), Report to the City Council, *Submission for informational purposes of the Annual Comprehensive Financial Reports ("ACFR")… for the Fiscal Year Ending June 30, 2024*, File ID 25-106, presented January 30, 2025. agendas.fresno.gov/en/legislation/id-25-106-19085.

- improving credit would open low-rate refinancing (p. 58), an assumption that no longer reflects today's interest rate environment.

Section 7 below addresses the first point using the 2024 MOU.

5. Service levels for existing residents need quantified baselines

The 2016 MSR concluded that "no significant deficiencies were identified" (pp. 14, 219, 232), but its own data showed shortfalls against the City's adopted standards:

- **Fire and EMS.** Minimum daily staffing equated to 0.43 firefighters per 1,000 residents, against the 2035 General Plan standard of 0.81. An effective firefighting force arrived within 8 minutes only 64% of the time (p. 111).
- **Police.** Average Priority 0 response time rose every year, from 6.35 minutes in 2008 to 8.14 in 2014. Sworn staffing was 1.47 per 1,000 against a 1.5 target (p. 154). The Department's current authorized allocation is 926 sworn officers; an adequate MSR must reflect filled positions and current response times.
- **Parks.** The City's park acreage was only 3.18 acres per 1,000, residents but needed 3,855 more acres to reach its 5-acre goal, and distribution was uneven north and south of Shaw Avenue (p. 142).
- **Facilities.** Law enforcement facility needs had "not yet been recorded because facilities have not been thoroughly assessed" (p. 220).

The new MSR should report current filled staffing, response times by district, park acreage per 1,000 by district, and facility condition assessments. Service adequacy for the roughly 561,000 current residents should be established before the Commission evaluates the City's capacity to serve SEDA.

6. Infrastructure capacity data predate the current plans

The wastewater and water findings rely on master plans from 2006 and 2010 and must be rebuilt from current data.

Wastewater. The 2016 MSR measured Regional Wastewater Reclamation Facility capacity against its permitted 80 mgd annual-average discharge to the percolation ponds. Flows in 2014 averaged 59 mgd (73.75%), just under the 75% threshold at which state law requires the City to begin planning for increased capacity. The MSR estimated the remaining 21 mgd of permitted capacity could serve about 175,000 more people. It reported City projections of General Plan buildout flows of 150–183.6 mgd, roughly double capacity, and recommended that the City plan for expansion.[5] The City now reports average influent flows of about 54 mgd (68% of the 80 mgd pond limit),[6] leaving roughly 6 mgd, or about 50,000 residents, before the

[5] Fresno LAFCo, *City of Fresno Municipal Service Review and Sphere of Influence Update* (July 13, 2016), p. 182; see also pp. 16, 221.

[6] City of Fresno, Staff report to the City Council supporting consulting agreement re: wastewater treatment plan, File ID 26-597 (June 18, 2026), https://agendas.fresno.gov/en/legislation/id-26-597-21299.

75% threshold. SEDA's planned 135,000 residents alone would far exceed that margin.[7]

The City's own figures are inconsistent. In 2024, staff reported flows of about 68 mgd,[8] which would be 85% of the pond limit and past the threshold, yet the same report's discharge volumes (56,200 acre-feet per year to the ponds plus 7,600 recycled) equal only about 57 mgd.

The 2026 report cites 91.5 mgd rather than 80 mgd as capacity.[9] However, the additional 11.5 mgd is not new treatment capacity. A 2018 Regional Water Board order kept the 80 mgd pond limit because of groundwater mounding beneath the ponds, and added a 91.5 mgd limit on total discharge that counts recycled water used for irrigation.[10] Even on that basis, the 75% threshold leaves about 14.6 mgd, or roughly 120,000 residents, still fewer than SEDA's 135,000 (and not counting residential development in other Plan Areas). With conflicting reported flows, a capacity basis that has changed since the MSR and now depends on recycled-water use, no known adopted plan or financing for buildout capacity, and decade-old MSR data, LAFCo needs an updated MSR before acting on SEDA annexations.

- **Capacity mismatch.** The 2016 MSR also noted that the City's 2006 wastewater Master Plan was based on the superseded 2025 General Plan, which had projected 150 mgd at buildout, while the City's model for the current General Plan projects 183.6 mgd, 33.6 mgd more. The MSR said the plan would be updated (p. 182); we are not aware of an adopted updated plan.[11]
- **SEDA's share of the headroom.** At about 3.0 persons per unit, SEDA's 45,000 homes imply roughly 135,000 residents, consistent with the EIR That is about 16 mgd, or about three-quarters of the 21 mgd of 2016 headroom (to the full 80 mgd limit) identified in the 2016 MSR, not counting a decade of intervening growth in Fresno and Clovis.

Water. The 2010 Urban Water Management Plan (UWMP) showed a normal-year surplus of only 13,200 acre-feet in 2035, and single dry years "minimally adequate" with no surplus (p.193). The MSR also cited wells going dry, 1,2,3-TCP in 73 wells, and new SGMA obligations (p.196).

The new MSR should use current treatment plant flows, an updated wastewater master plan,

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[7] City of Fresno, *SEDA Specific Plan Recirculated Draft Program EIR* (Feb. 7, 2025), p. ES-1.

[8] City of Fresno, Staff report to the City Council, File ID 24-807 (June 20, 2024) supporting application for State assistance for a new deammonification system at the wastewater treatment plant, https://agendas.fresno.gov/en/legislation/id-24-807-18094.

[9] See report referenced at fn. 6.

[10] Central Valley Regional Water Quality Control Board, Waste Discharge Requirements Order R5-2018-0080 (Dec. 13, 2018), Findings 21–22, 66; Flow Limitations B.1–B.2, https://www.waterboards.ca.gov/rwqcb5/board_decisions/adopted_orders/fresno/r5-2018-0080.pdf.

[11] There is apparently a slow-moving effort underway to update the master plan. See, City of Fresno, Staff report to the City Council, and attachments. (https://fresno.legistar.com/LegislationDetail.aspx?ID=7986248&GUID=54B06EFE-9A85-44FC-BEBF-494EF970BEEC&Options=&Search=&FullText=1) In 2023, the City contracted with Akel Engineering Group to "provide professional engineering services for the Sanitary Sewer Master Plan"; the City has since agreed to three extensions, with the completed Master Plan due by December 31, 2026.

the current UWMP cycle, SGMA groundwater plans, and actual drought-year performance. It should also document which facilities have actually been built as described in the 2016 MSR[12] (the Southeast Surface Water Treatment Facility, recycled water phases), which are still needed, and at what cost.

7. The December 2024 City–County MOU changes the fiscal and sequencing framework

The 2024 MOU, executed December 20, 2024, establishes a permanent revenue structure for SEDA that yields the City less per resident than infill. It also removes the infill-first precondition on which the 2016 MSR relies.

7.1 The 2016 MSR relies on an agreement that lapsed

The 2003 City-County MOU was extended five times and expired August 29, 2020 (MOU recitals, p. 1). The 2016 MSR described the MOU as set to expire in 2017 (p. 12) and reported that the City had met all of the governing MOU's SEDA conditions except two: a business park specific plan and 60% residential buildout in the Roosevelt, McLane, Central, Edison, Fresno High, and West community plan areas (pp. 85–86).

7.2 The infill-buildout precondition has been removed

The new Article VI replaces the 60% infill benchmark with a requirement that the City prepare an "annexation strategy" for SEDA and the unincorporated areas on its eastern boundary before any SEDA annexation (§6.1, p. 13). Section 9.7 provides that the MOU supersedes all prior understandings (pp. 17–18). The City–County framework therefore no longer contains a quantitative infill-first test.

7.3 The SEDA "51%" is not 51% to the City

Public descriptions of the 2024 City-County tax sharing deal stated that SEDA land would send 51% of property tax revenue to the City. Not so: the operative text is significantly narrower (§3.2, p. 8):

- Property tax revenue on land that is "substantially developed" at the time of annexation is split 70% County / 30% City on base plus increment (§3.3, pp. 9–10).
- For land not "substantially developed" at annexation (all of SEDA's farmland), the County retains 100% of its base property tax revenue.
- Importantly, as the City's own most recent analysis shows[13], its actual share is roughly 24–31% of SEDA's total property tax, far lower than the advertised 51%, which applies only to the increment in the property tax (plus any detaching district's portion), on annexed land. Schools, the community college district, the library, and other agencies

[12] See, MSR, pp. 195-197.

[13] See, **Subtotal to City of Fresno** line, **Post-ERAF Distribution** column, in Table D-1, p. 3-D-1, and Table D-2, p. 3-D-2, *Fresno South SEDA Economic Analyses*, Economic & Planning Systems, Inc., August 2026 (hereafter "EPS 2026").

keep their own shares, and Educational Revenue Augmentation Fund takes a further cut. As a result, the City receives not quite 31% of the tax increment on SEDA residential development (Table D-1), and not quite 24% on SEDA FR&D development (Table D-2). The County continues to keep all existing base revenue.

The new MSR should calculate the City's annual property tax revenue from the same development in two settings: on an infill parcel already within the City, where the City receives its standard share of the full assessed value, and on SEDA land annexed under the 2024 MOU, where the County keeps its base and the City receives 51% of the pooled increment. Using the Auditor-Controller's tax rate area factors would let LAFCo see directly whether SEDA growth yields the City more or less revenue than comparable infill growth.

7.4 Fringe areas and county islands - Annexation prerequisites remain unmet

Two binding instruments require annexation planning before any SEDA territory is annexed. **LAFCo's 2006 conditions** for adding SEDA to the City's Sphere require the City to adopt a specific plan and a Master Service Delivery Plan, and to adopt and begin implementing a program for annexing nearby rural-residential neighborhoods.[14] Second, the **2024 City–County MOU** separately requires that, "[p]rior to any annexation within SEDA," the City develop an annexation strategy covering SEDA and the unincorporated areas on its eastern boundary, "so as to avoid the creation of county islands."[15] Annexations that do not comply forfeit the MOU's tax-sharing ratios.[16]

The 2016 MSR found the City had no island-annexation plan and recommended a comprehensive plan for its rural-residential urban fringe.[17] We are aware of no such plan adopted since.

Before any SEDA annexation, an updated MSR should determine:

1. Has the City adopted a Master Service Delivery Plan and rural-residential annexation program, as LAFCo's conditions require?
2. Has the City adopted the annexation strategy required by the 2024 MOU §6.1, and does it avoid creating islands between city limits and SEDA?

If these conditions have not been met, how could a SEDA annexation be approved?

7.5 Other provisions with service implications

- **County development in the City's SOI.** The County may process urban development in the SOI if the City shows no annexation progress within 105 days after the project is referred to the City (§4.1, p. 10). The County may also rezone unplanned areas to meet

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[14] Fresno LAFCo Resolution USOI-144 (2006), as summarized in Fresno LAFCo, *City of Fresno Municipal Service Review and Sphere of Influence Update* (July 13, 2016) ("2016 MSR"), pp. 29, 85, 87.

[15] City–County MOU, Agreement No. 24-714 (Dec. 2024), §6.1, p. 13, and Exhibit 2a.

[16] *Id.*, §2.1, p. 5; Exhibit 1.

[17] 2016 MSR, pp. 13, 216, 230–231.

its own RHNA, and the parties will identify such sites within the City's SOI (§4.5, p. 12; §8.3, p. 14).

- **County capital improvement fees.** The City must collect County fees, set in the County's "sole discretion," on development within the City (§4.2, pp. 10–11). These add to the fee stack SEDA development must bear.
- **Alternate Standard.** Industrial and regional-commercial annexations need a conceptual development plan with a "service and financing strategy" and a 5- to 10-year schedule, reviewed annually (§2.4, p. 7). Rezoning such land requires County consent, and "should" avoid islands and "minimize" peninsulas, corridors, and similarly distorted boundaries (§2.5, p. 8).
- **Low annexation bar.** Under Exhibit 1, an annexation qualifies if any one listed condition is met, including that it "includes the full width of County road right-of-way." LAFCo's 2006 SEGA conditions remain the meaningful screen. (See Section 8, below.)
- **County revenue commitment.** The County's pledge to fund services "supportive of CITY services" lapses if federal or state funding is materially reduced (§7.1, p. 13).
- **Non-binding on future bodies.** The parties acknowledge the MOU cannot bind future governing bodies' legislative discretion (§9.6, p. 17).

8. Other changed context

Several premises of the 2016 SOI analysis no longer describe current conditions.

- **SEDA itself.** In 2016 SEDA was an unplanned Growth Area 2 without specific plan-level environmental review (p. 86). It now has a Specific Plan and EIR (SCH No. 2022020486). On December 18, 2025, the Council referred the Plan back to staff with phasing requirements; the Planning Commission approved it 6-1 on August 19, 2026. South SEDA is a roughly 2,000-acre first phase. A City report estimates Phase One costs at about $7.4 billion.
- **LAFCo's 2006 SEGA conditions.** These require a Community or Specific Plan, a Master Service Delivery Plan, and an annexation program for open space and rural residential areas (p. 85). The MOU neither satisfies nor replaces them, and no MSR has evaluated a Master Service Delivery Plan.
- **High-Speed Rail.** The 2016 assumptions about a Fresno heavy maintenance facility, about 2,300 jobs, and a site decision in 2016 (pp. 75–76, 226) are obsolete.
- **Disadvantaged unincorporated communities.** The 20 DUCs within the SOI and 6 within one mile were identified with 2006–2010 income data (p. 217). DUCs should be re-identified with 2020 Census and current ACS data, especially rural communities bordering SEDA.
- **Homelessness.** The 2016 MSR treated shelter operation as primarily a County responsibility (p. 15). The City now funds substantial homeless response from its General Fund.
- **Charter §1226.** Voters will consider the proposed "No Debt on Development" Charter amendment on November 3, 2026. The Commission's "financial ability to provide

services" determination should account for the outcome and for what the measure actually restricts.

9. Requested Commission actions

We ask the Commission to defer action on any SEDA annexation until it adopts a new City of Fresno MSR and SOI update containing the following. The Cortese-Knox-Hertzberg Act contemplates this sequence: the Commission must conduct a service review in order to prepare or update a sphere of influence (Gov. Code §56430), and must review and update each sphere every five years, as necessary (§56425(g)). We believe the MSR must address each of the following items to reach compliance with the statute.

1. **Population baseline.** Use DOF E-1 2026 estimates and DOF/COG 2024 projections, with low and baseline scenarios, age structure, and persons per household, in place of General Plan targets.
2. **Housing demand reconciliation.** Test SEDA's 45,000-unit capacity and South SEDA's phasing against COG's 37,600-unit SOI-wide demand, remaining infill capacity, and General Plan infill targets.
3. **Current-dollar fiscal forecast.** Incorporate a 10- to 20-year General Fund forecast comparing net revenue and marginal service cost per resident for SEDA versus infill at equal density.
4. **MOU revenue mechanics.** Apply parcel-level modeling using Auditor-Controller factors, including County base retention, the applicable increment ratio under §3.2, the shared fire district increment, and fire transition payments under §8.6.
5. **Fringe and island annexations.** Determine whether the City has created the §6.1 annexation strategy for the unannexed land within and west of SEDA (Exhibit 2a), including the City's service costs and property tax revenue for that land. Require if not prepared. If existing, the new MSR's analysis should apply the 70% County / 30% City split for parcels that are substantially developed at annexation (§3.3) and account for the five-year period that properties annexed under the City's ANX overlay have to connect to utility services (§8.4, p. 14).
6. **Infill-first sequencing.** Determine whether LAFCo's own SOI policy should restore an objective infill-buildout test, consistent with the 2016 recommendation to the City for "objective and transparent" development benchmarks (p. 216), and with the City's General Plan's objectives (p. 80-81).
7. **County-entitled development.** Include a map of urban development approved or rezoned by the County within the City's SOI under §§4.1, 4.5, and 8.3, with service responsibility and funding identified.
8. **"Developers pay" stress test.** Use the DOF and COG population estimates to test the full fee stack (City impact fees, County capital fees under §4.2, CFD assessments, fire transition fees) against absorption under the low and baseline demand scenarios requested in item 1.

9. **Measured service baselines.** Use current filled police and fire staffing, response times by district, park acreage per 1,000 by district, the street and sidewalk backlog, pavement condition (PCI), and facility condition assessments.
10. **Infrastructure capacity.** Use current wastewater flows reconciled across City reports; the capacity basis (80 mgd pond limit vs. 91.5 mgd total-discharge limit); an updated, adopted, and financed wastewater master plan for buildout capacity; current UWMP and SGMA status; drought-year performance; the status and cost of the water and recycled-water facilities described in the 2016 MSR; and fire station coverage for SEDA.
11. **DUC re-identification.** Update with 2020 Census and current ACS data, including rural communities bordering SEDA.
12. **SEGA conditions.** Make an explicit determination whether LAFCo's 2006 conditions, including the Master Service Delivery Plan, have been satisfied, whether the City has adopted an adequate annexation strategy required by MOU §6.1, and whether SEDA's sequencing fits the 20-year SOI horizon under the revised growth outlook.
13. **Fiscal resilience.** Assess and balance equitable service delivery within the City against the City's pension contribution practice, General Fund homelessness costs, and the effect of the Charter §1226 outcome on the City's "financial ability to provide services."
14. **Industrial and commercial annexations.** For South SEDA's nonresidential land, evaluate whether the 2024 MOU's §2.4 "Alternate Standards" adequately address service and financing strategy, whether § 2.4's implicit acceptance of island, peninsulas, corridors, etc. is acceptable under State law, and the consequences for City services of the County's §7.1 conditional service commitment.

Closing

The Commission's determinations must rest on current evidence about growth, cost, and the City's ability to serve the residents it already has. The 2016 record and the superseded 2003 MOU no longer provide that evidence. We appreciate the Commission's attention and would welcome the opportunity to discuss these points with staff.

Respectfully submitted,

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cc:

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Sources

Primary documents

- Policy Consulting Associates, *City of Fresno Municipal Service Review and Sphere of Influence Update*, prepared for Fresno LAFCo, July 13, 2016 (234 pp.).
- *Memorandum of Understanding Between the County of Fresno and the City of Fresno*, County Agreement No. 24-714, executed December 20, 2024, with Exhibits 1, 2, 2A, 3, and 4.
- City of Fresno public records of legislative proceedings, cited and accessible at "File ID xx-xxxx" links.

Population and demand

- Fresno COG, Fresno County 2023–2060 Growth Projections, October 17, 2024.
- Fresno COG, FY 2026-27 STA Final Estimate (DOF January 1, 2026 city populations).

SEDA

- City of Fresno, SEDA Specific Plan EIR Appendix A, Project Description.
- CEQAnet, SEDA Specific Plan, SCH No. 2022020486.
- *Fresno South SEDA Economic Analyses*, Economic & Planning Systems, Inc., August 2026.
- KMPH, Fresno Planning Commissioners approve SEDA plan.

Fiscal and services

- City of Fresno, Legislation ID 25-700, pavement program.
- City of Fresno Retirement Boards, Legislation ID 25-106.
- Public Sector Search, Fresno Chief of Police recruitment (authorized sworn allocation).
- OfficialData.org, U.S. inflation, 2015–2026 (BLS CPI-U).
- KMPH, Fresno City Council approves $2.56B FY27 budget.
- San Joaquin Valley Sun, Dyer pitches balanced budget as deficit swells.
- The Business Journal, Fresno City Council approves $2.56B budget.
- San Joaquin Valley Sun, Fresno eyes a gamble on its roads.
- GV Wire, City begins $100M in road repairs.

2024 MOU implementation and coverage

- City Council agenda, August 14, 2025 (Fire District allocation agreement; Belmont-Minnewawa reorganization).
- City of Fresno, Legislation ID 25-1060, Clinton-Millbrook reorganization.
- Fresnoland, Fresno County supervisors approve tax-sharing deal, December 20, 2024.
- KVPR, Fresno council approves new tax-sharing agreement, December 15, 2024.