



City Council Report

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August 28, 2018

Consent Item 03

Title: Allocation of Sewer Credits to Natomas Development Partners, LLC for the Natomas Crossing Quadrant B Office Project Phase I

Location: District 1

Recommendation: Pass a Resolution allocating sewer credits to Natomas Development Partners, LLC for the Natomas Crossing Quadrant B Office Project Phase I.

Contact: Tim Padden, Economic Development Project Manager, (916) 808-8506, Office of City Manager, Innovation and Economic Development Office

Presenter: None

Attachments:

1-Description/Analysis

2-Resolution

Description/Analysis

Issue Detail: Natomas Development Partners, LLC (Developer) has applied for 154.13 Economic Development Treatment Capacity Bank Credits (Credits) for the Natomas Quad B Office Project Phase I (Project) located at 4201 and 4301 East Commerce Way. The multi-phase Project consists of five, 4-story buildings totaling 1.25 million square feet, in addition to a 17,160 square-foot child care center. The Project site is approximately 75.36 acres (66.8 net acres) of undeveloped land. The initial phase of the Project consists of two office buildings totaling approximately 519,800 square feet and includes a cafeteria, fitness center, medical clinic, and pharmacy. The buildings will be connected by a one-story lobby that serves as the main entry to the site and buildings. The child care center will also be constructed as part of Phase 1. It is anticipated that Phase I could accommodate up to 2,600 jobs.

Staff recommends approval of the attached resolution allocating 154.13 Credits to the Developer for the Project. If City Council allocates the requested Credits, the City will have 665.067 Credits remaining.

Policy Considerations: The City's Economic Development Strategy goals include supporting physical development and investment in the city with efforts to create jobs, improve quality of life, and provide necessary infrastructure to attract development and businesses. Encouraging projects that promote job creation and growth is an important cornerstone of the City's economic development goals. Within the 2035 General Plan as part of the economic development goals, one of our commitments is to promote and support such projects to make Sacramento the most livable city in America as well as to support and encourage efforts to implement key development projects that meets the City's revitalization and redevelopment goals.

Economic Impacts: The new construction project is expected to create 463 total construction jobs and result in approximately \$75.7 million in total economic output (\$49 million direct output and another \$26.7 million of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: On June 28, 2018 the Planning and Design Commission approved an Addendum to a previously adopted Environmental Impact Report (P04-264) and Mitigation and Monitoring Plan for the Project (pursuant to Public Resources Code 21166 and CEQA Guidelines 15162 and 15164). Therefore, no additional environmental review is required to approve this action.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The Sacramento Regional County Sanitation District (“SRCSD”) established an Economic Development Treatment Capacity Bank (the “Bank”) in June 2000. Creation of the Bank was made possible by SRCSD’s purchase of unused sewer capacity from industrial users (e.g., closed canneries). The Bank allocated Credits to SRCSD’s member agencies, which in turn allocated the Credits to new development projects in accordance with SRCSD’s guidelines and their own guidelines. The City received a total of 8,993.10 credits. This application for 154.13 Credits meets the Council-approved guidelines for allocating Credits.

Staff supports approval of the Credits because the Project develops a vacant lot near the freeway with an office use that will bring up to 2,600 jobs to Sacramento. This catalytic project promotes economic goals set forth by the SRCSD guidelines by providing significant employment opportunities, attracting new industrial and commercial development, and solidifying the City as the employment center of the region.

Financial Considerations: Not applicable.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO.

Adopted by the Sacramento City Council

ALLOCATING SEWER CREDITS TO NATOMAS DEVELOPMENT PARTNERS, LLC FOR THE NATOMAS CROSSING QUADRANT B OFFICE PROJECT PHASE I

BACKGROUND

- A. On March 20, 2001, the City Council approved City Agreement No. 2001-054, thereby initiating the City's participation in the Economic Development Treatment Capacity Bank (the "Bank") established by the Sacramento Regional County Sanitation District ("SRCSD"). The City Council subsequently approved amendments to City Agreement No. 2001-054 on June 20, 2006, and October 8, 2013.
- B. Under the City Agreement as amended, SRCSD transferred Economic Development Treatment Capacity Bank Credits ("Credits") to the Bank and then allocated the Credits to the jurisdictions that were participating in the Bank, including the City.
- C. Resolution No. 2006-457 approved guidelines for the City Council's awarding of Credits for commercial development, Downtown, low-income, and infill / transit oriented development projects, as well as a contingency usage.
- D. Natomas Development Partners, LLC is the developer of the Natomas Crossing Quadrant B Office Project Phase I. This project is located at 4201 and 4301 East Commerce Way (APN No. 225-0310-038; 039; 040). The project falls within the City guidelines for granting Credits because it is a catalyst project with the potential for high job creation. A total of 154.13 Credit have been requested to be granted for this project.
- E. The Bank has awarded the City a total of 8,993.1 Credits. The City has allocated 8,173.901 Credits to eligible projects. If the proposed allocation of 154.13 Credits is approved, 665.067 Credits will remain.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds that the Project meets the approved guidelines for allocation of Credits. The City Council hereby allocates to Natomas Development Partners, LLC (the "Recipient") a maximum of 154.13 Economic Development Treatment Capacity Bank Credits for use on the Natomas Crossing Quadrant B Office Project Phase I (the "Project").
- Section 2. Credits allocated under this resolution will expire automatically and without notice if within one year after the date of this resolution either:
 - (a) The Recipient has not paid its requisite sewer-impact fee to SRCSD; or
 - (b) The Recipient has not been issued a building permit for the Project.