

4.3A

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

July 5, 2002

CONTINUED
FROM 7/18/02
TO 7/23/02

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Status report on the Economic Development Treatment Capacity Bank approved by the Sacramento City Council on March 20, 2001 and amendment to the program guidelines.

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION: This report recommends approval of the attached resolution amending the guidelines for the Economic Development Treatment Capacity Bank.

CONTACT PERSONS: Aaron Anderson, Economic Development Specialist, 264-2796

FOR COUNCIL MEETING OF: July 18, 2002

SUMMARY:

Over the past year staff has had the opportunity to evaluate the use and distribution of sewer credits on various projects. In order to insure the continued success of the program and to eliminate any confusion with respect to credit distribution to projects operated by neighboring public jurisdictions, staff recommends the guidelines be amended to better clarify how a commercial or industrial user might qualify for credits via the City's Economic Development Treatment Capacity Bank.

The current guidelines do not specifically address the criteria that might disqualify a project from receiving credits via the Economic Development Treatment Capacity Bank. The amended guidelines consist of two sections that clarify what qualifies and disqualifies a project from receiving credits via the Bank. Section A is consistent with

Building on Our History - Creating The Place to Be.

the current guidelines and lists the criteria a project must meet to receive credits. Section B of the amended guidelines address how a project might be disqualified from receiving credits and reads as follows:

- B. Projects falling under any of the following criteria may be disqualified from receiving credits from the Economic Development Treatment Capacity bank:
1. Projects where the applicant is changing locations within the City of Sacramento without creating any new job opportunities.
 2. Projects that will be owned and/or operated by a jurisdiction that is a member of the Economic Development Treatment Capacity Bank.
 3. Projects that are relocating from a neighboring jurisdiction that is a member of the Economic Development Treatment Capacity Bank.

BACKGROUND INFORMATION:

On March 20, 2001, City Council authorized the City Manager to sign a Memorandum of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District Economic connection fee credits for award by the City. The MOU allocated a total of 7,971 Regional Sanitation sewer credits to the City of Sacramento for award by the City to qualifying development projects.

Over the past year, staff has worked with the local business associations, developers, business owners and the SRCSD in communicating the availability of the Economic Development Treatment Capacity Bank. To further insure the program will continue to be used effectively, Staff is in the process of developing marketing material explaining the program and has placed information regarding the Economic Development Treatment Capacity Bank on the Incentive Programs page located on the City of Sacramento's Economic Development web site.

In order to further insure the continued success of the program staff recommends the guidelines be amended to better clarify how and what types of projects might qualify for sewer credits. Staff recommends amending the guidelines based in part on the Councils request on March 19, 2002 that staff reevaluate the granting of sewer credits to the Sacramento Primary Care Center. The issue at the time was whether or not granting credits to an entity such as the Sacramento County Primary Care Center truly fit the City of Sacramento's criteria for receiving credits via the Economic Development Treatment Capacity Bank. As a result of that reevaluation staff recommends the criteria and guidelines be amended as follows:

- A. A prospective project must meet at least one of the following criteria:
1. Projects in redevelopment, CDBG and/or infill development areas.

2. Projects located in neighborhood commercial corridors identified in the adopted City Economic Development Strategy.
 3. Projects located at a targeted key development opportunity site identified in the adopted City Economic Development Strategy
 4. Projects that create additional employment
 5. Catalyst projects such as restaurants or high job creation projects that will further economic development.
- B. Projects falling under any of the following criteria may be disqualified from receiving credits from the Economic Development Treatment Capacity Bank:
1. Projects where the applicant is changing locations within the City of Sacramento without creating any new job opportunities.
 2. Projects that will be owned and/or operated by a jurisdiction that is a member of the Economic Development Treatment Capacity Bank.
 3. Projects that are relocating from a neighboring jurisdiction that is a member of the Economic Development Treatment Capacity Bank.

Attachment 1 lists the businesses that have received credits via the Economic Development Treatment Capacity Bank since the inception of the program. As of July 1, 2002, 290.42 sewer credits have been issued via the Economic Development Department.

Attachment 2 represents the revised application that commercial and industrial customers will use to request credits from the City's Economic Development Treatment Capacity Bank. The intent of the application is to insure that City staff has enough information to evaluate the applicant's request for sewer fee connection reduction via the Economic Development Treatment Capacity Bank.

SRCSD has purchased additional credits to supplement the Economic Development Treatment Bank program. City staff is currently participating in working group meetings with other member jurisdictions to determine the allocation and criteria for distributing these additional credits.

FINANCIAL CONSIDERATIONS:

Issuance of the credits reduces the required sewer connection fees from either \$4,500 or \$2,300 per Equivalent Single Family Dwelling (ESD) to \$923 per ESD, creating an economic incentive for desired types of development. Attachment 3 illustrates the two-tiered fee structure map. Attachment 4 illustrates the use categories and factors that determine how ESD's are calculated by specific use.

There has been no additional expense beyond minimal administrative costs associated with processing the approved credits.

ENVIRONMENTAL CONSIDERATIONS:

The recommended action is exempt from CEQA review pursuant to Section 15378(b)(3) of the California Environmental Quality Act, "general policy and procedure making."

POLICY CONSIDERATIONS:

The City of Sacramento supports the development and success of new and existing businesses of all sizes within the City of Sacramento. The Economic Development Bank Treatment Capacity Program assists in providing an additional incentive for investing in targeted Neighborhood Commercial Corridors and Redevelopment Areas. Additionally, the Economic Development Bank Program provides incentive for entities to invest in infrastructure development that will achieve established community standards and will optimize economic growth. This program fits in with the City's strategic plan of promoting and supporting economic vitality.

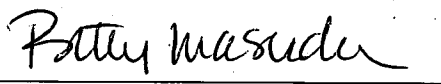
ESBD CONSIDERATIONS:

No goods or services are being purchased.


Respectfully submitted:


KRISTAN OTTO
Economic Development Manager

APPROVED:


BETTY MASUOKA
Acting Economic Development
Director

RECOMMENDATION APPROVED:


ROBERT P. THOMAS
City Manager

**CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT**

Attachment 1

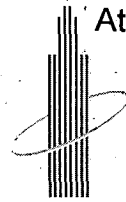
REGIONAL SANITATION DISTRICT SEWER FEE CREDIT LOG

Updated: 7/9/2002

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775
Celestin's Restaurant	1815 K Street	5/1/2001	3	Approved Res. #2001-256	12	17.87	6757.13
Selland's Market Café	5340 H Street	5/1/2001	3	Approved Res. #2001-257	20	6.87	6750.26
Embassy Suites Hotel	100 Capitol Mall	5/15/2001	1	Approved Res. #2001-294	150	11.60	6738.66
Landry's Restaurant	Waterfont Site A	5/15/2001	1	Approved Res. #2001-295	60	55.83	6682.83
Jag's India Restaurant	2416 18th Street	7/3/2001	4	Approved Res. #2001-486	5	5.25	6677.58
Carneceria 2000 Restaurant	5637 Mack Road	7/31/2001	8	Approved Res. #2001-530	7	4.04	6673.54
Lee's Legacy Café	1910 Frutiridge Rd	8/14/2001	4	Approved Res. #2001-562	5	5.70	6667.84
Nishiki Sushi	1501 16th Street #111	8/21/2001	3	Approved Res. #2001-574	30	13.64	6654.2
Zen Toro Sushi Expansion	900 15th Street	9/4/2001	1	Approved Res. #2001-603	5	5.48	6648.72
Candy Express @ Macy's	414 K Street	10/16/2001	1	Approved Res. #2001-682	12	8.79	6639.93
The Naked Lounge Coffee Shop	1500 Q Street	10/23/2001	4	Approved Res. #2001-709	7	5.06	6634.87
Deboo's Indian Cuisine	1518 West El Camino Ave.	11/27/2001	1	Approved Res. #2001-799	4	4.39	6630.48
Embassy Suites Hotel	100 Capitol Mall	1/15/2002	1	Approved Res. #2002-016	0	15.60	6614.88
Woodruff Hotel/Guild Theatre	3456/3428/3418 3rd Avenue	1/22/2002	5	Approved Res. #2002-028	67	14.00	6600.88
Gim Lea Sang Restaurant	918 S Street	2/5/2002	4	Approved Res. #2002-061	3	5.72	6595.16
Milgard Window	6050 88th Street	2/5/2002	6	Approved Res. #2002-060	100	68.26	6526.9
Frank's Quality Meats	6580 Belleau Wood Lane	4/25/2002	4	Approved	8	2.40	6524.5
Hot Rods Burgers	2007 K Street	4/25/2002	3	Approved	15	1.65	

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775 6522.85
Togo's/Baskin & Robbins	1441 Meadowview Rd. #114	5/14/2002	8	Approved	20	3.58	6519.27
Lucca Restaurant	1615 J Street	6/11/2002	3	Pending	85	9.00	6510.27
New Blends, Inc.	1031 Arden Way	6/11/2002	2	Pending	50	21.19	6489.08
Inderkum's		6/25/2002	1	Pending	15	4.50	6484.58
					680	290.42	

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**CITY OF SACRAMENTO: Application for Economic Development
Treatment Capacity Bank Sewer Credits**

Before submitting this application for processing, please contact the Sacramento Regional County Sanitation District (SRCSD) at (916) 876-6100 to receive a quote stating the number of ESD's required for your business. **This application will not be processed without a quote from the SRCSD.** Please call Aaron Anderson at 916-264-7223 with any questions as to eligibility for sewer credits or for assistance in completing the application.

Please print or type your responses to the questions below and provide additional information as requested. When complete, return to: Economic Development Department, City of Sacramento, by mail at 1030 15th Street, 2nd Floor, Sacramento, CA 95814; or by fax to 916-264-8161.

1. Name of Business: _____
2. Address for which Credits sought: _____
3. Assessor's Parcel Number: _____
4. Legal Name of Business Owner: _____
5. Owner's Mailing Address: _____
6. Owner's Phone Number: _____ Owner's Fax Number: _____
Owner's email address: _____
7. Please describe the type of business or development project for which this application is being submitted: _____

8. Please attach a copy of the quote from the SRCSD stating the number of ESD's needed for the above-described project.
9. Are sewer credits being sought for a business relocating from another site within the Sacramento Metropolitan area? Yes _____ No _____. If yes, please provide current business address: _____

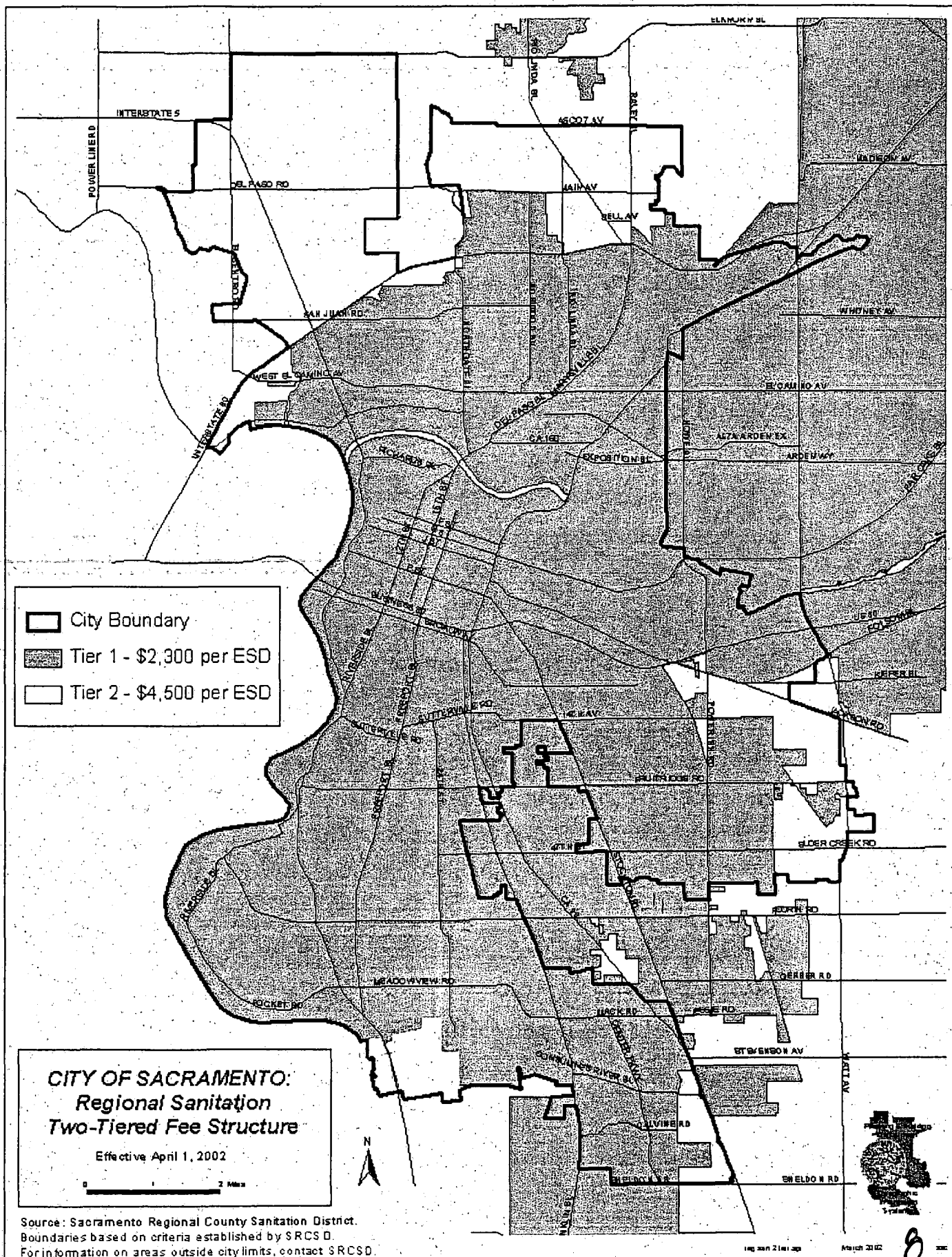
10. **Does the business provide a local community service?** Yes _____ No _____
If yes, please describe: _____

11. **How much will be invested into the new business location \$** _____
12. How many additional jobs will be created by the project? _____
If additional jobs are being created, what will be the salary wage range? _____
12. Is this application being submitted to permit a mixed-use development combining housing and business occupancies? Yes _____ No _____. If Yes, additional documentation may be required.
13. Briefly describe how this project will be a catalyst for the area? _____

Applicant signature: _____ Date: _____

Print Applicant's Name: _____

Attachment B Two-Tiered Fee Structure Map



Effective 4/1/2002

USE CATEGORIES AND FACTORS		
	CSD-1	SRCSD
Auto Dealer		0.2 ESD /1000 sf
Bakery		0.5 ESD /1000 sf
Bank		0.3 ESD /1000 sf
Barber and Beauty Shops		0.1 ESD /chair
Bar		0.7 ESD /1000 sf
Bowling Alley		0.4 ESD /lane
Car Wash-Automatic		1.0 ESD /9,300 gal/mo
Car Wash-Manual		0.7 ESD /stall
Dry Cleaner		1.7 ESD /1000 sf
Garage		0.1 ESD /1000 sf
Hall-Auditorium		0.3 ESD /1000 sf
Gym		0.3 ESD /1000 sf
Hospital		1.1 ESD /9,300 gal/mo
Hotel and Motel		0.4 ESD /sleep room
Laundry-Self Service		0.5 ESD /machine
Laundry-Industrial		1.0 ESD /9,300 gal/mo
Market-High Impact		0.6 ESD /1000 sf
Market-Low Impact		0.2 ESD /1000 sf
Medical Office		0.4 ESD /1000 sf
Mortuary		0.8 ESD /slumber room
Office		0.2 ESD /1000 sf
Place of Worship		0.2 ESD /1000 sf
Rest Home-Boarding House		0.4 ESD /bed
Restaurant-Dine In		2.0 ESD /1000 sf
Restaurant-Dine In(Patio Area)		1.0 ESD /1000 sf
Restaurant-Dine In & Take Out		1.9 ESD /1000 sf
Restaurant-Take Out		1.7 ESD /1000 sf
Retail		0.1 ESD /1000 sf
Service Station		0.1 ESD /pump
Theaters		0.3 ESD /100 seats
Warehouse		0.1 ESD /1000 sf
FEES	\$3,960 per net acre (5.5 ESD/net acre) \$720 /ESD	Calculation Based on Use Only \$ 4,500 /ESD New Development \$ 2,300 /ESD Infill Development 1.0 ESD Minimum / Parcel

Note: Fees adjusted annually on March 1st.

RESOLUTION NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF _____

RESOLUTION AMENDING THE CITY OF SACRAMENTO'S CRITERIA AND GUIDELINES FOR ALLOCATING SACRAMENTO COUNTY REGIONAL SANITATION DISTRICT ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS FOR ECONOMIC DEVELOPMENT PURPOSES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

WHEREAS, on March 20, 2001, City Council authorized the City Manager to sign a Memorandum Of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District Economic Development Treatment Capacity Bank (CC2001-177).

WHEREAS, the City of Sacramento's Economic Development Department has had a year by which to monitor and review the Economic Development Bank program and recommends the program guidelines be amended.

- 1. The City's Sacramento Regional County Sanitation District (SRCSD) Economic Development Treatment Capacity Bank Credits Program has been established for the purpose of promoting and implementing the City's strategic plan and adopted economic development strategy. The program offers identified projects the opportunity to purchase required ESD's at a substantial discount.
- 2. Approval is given for the City Manager to be authorized to review projects and forward them to City Council for final approval if they meet the following amended criteria and guidelines:
 - A. A prospective project must meet at least one of the following criteria:
 - 1. Projects in redevelopment, CDBG and/or infill development areas.
 - 2. Projects located in neighborhood commercial corridors identified in the adopted City Economic Development Strategy.
 - 3. Projects located at a targeted key development opportunity site identified in the adopted City Economic Development Strategy.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

4. Projects that create additional employment
 5. Catalyst projects such as restaurants or high job creation projects that will further economic development.
- B. Projects falling under any of the following criteria may be disqualified from receiving credits from the Economic Development Treatment Capacity Bank:
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MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____