



REPORT TO COUNCIL

City of Sacramento

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STAFF REPORT
 October 18, 2005

Honorable Mayor and
 Members of the City Council

Subject: Strategic Public Investment/Capital Improvement Approach

Location/Council District: Citywide

Recommendation:

Staff recommends that the City Council approve the Resolution establishing criteria to identify areas for a pilot approach to investing public funds to ready an area for economic development.

Contacts: Lucinda Willcox, Infill Coordinator, 808-5052; Micah Runner, Senior Economic Development Project Manager, 808-5448

Presenters: Lucinda Willcox, Infill Coordinator

Department: Development Services Department

Division: Process Management

Organization No: 4814

Summary:

In response to previous City Council direction, this report recommends criteria to guide selection of one or more areas to serve as a pilot for an approach to advance public investment to better attract economic development opportunities. Based on the criteria, staff will report back with potential sites that best meet the criteria.

Committee/Commission Action:

None.

Background Information:

On August 9, 2005, the City Council considered a staff report to pursue an approach to advancing public investment to better promote the City's economic development and infill opportunities, and directed staff to report back with potential criteria for selecting a pilot area or areas.

In many areas of the City, the time and costs associated with the land use approval process and the infrastructure and service requirements required by individual development projects can deter or slow levels of private investment. As a result, redevelopment or other direct public assistance is often needed to facilitate private economic and infill development, further adding to the costs and time associated with individual projects. If key areas were more ready for development, the City would be more successful in achieving its economic development, redevelopment, and infill goals. The following paragraphs summarize the overall concept, the model for pre-entitling land, and recommended criteria for selecting a pilot area or areas to test this approach.

Concept

In order to better leverage private investment, the City would test an approach whereby the City strategically invests public funds to ready an area for desired development. There may be opportunities to recoup the costs over time through assessment districts, fees, or other financing mechanisms. The public investment could include a range of facilities or investments, including the following:

- Land use and environmental review, including community input regarding design principles and prototypical development layouts.
- Infrastructure and public services (e.g., water, sewer, parks, streetlighting, drainage)
- Other facilities or services (e.g., parking structures)

Pilot Project

To test out the strategy, staff recommends focusing on attracting key economic development opportunities within existing communities. After experience using this approach, the City could expand the strategy to include residential infill development opportunities and key employment areas in new growth areas. For the initial pilot, staff recommends a focused objective to gauge the project's success.

Objective: To have readily available sites to attract targeted employers

Means: To have areas pre-entitled with necessary infrastructure, so sites are "shovel-ready," meaning that potential new development could occur just by receiving a building permit.

Approach: Select pilot area or areas

- Focus on targeted employment, with retail as a possible by-product
- Focus on areas within existing communities, rather than in undeveloped new growth areas
- Select an area using agreed-upon criteria

Implementation:

1. Conduct planning, site planning, community outreach, any necessary environmental review, and infrastructure studies and assessments

2. Design and install infrastructure
3. Complete and implement financing mechanism

Attachment 1 to the report illustrates the proposed process.

Proposed Criteria:

To determine an appropriate pilot area or areas, staff recommends screening potential candidate areas using the criteria identified in Attachment 1 to the Resolution (page 7).

Next Steps

With direction from the City Council, staff will evaluate potential pilot areas within the City against the recommended criteria, and bring forward recommended areas, funding requirements and options, and other implementation actions for City Council consideration within the next 45 days.

Financial Considerations:

This report proposes that staff bring back potential locations to focus public investment funds, which could include a variety of redevelopment, transportation, planning, development fees, grant funds, and other funding. As most of these funds are programmed in other ways, it would entail re-allocating funds and/or committing future funding to this approach. When an area or areas is/are selected, staff will report back with general costs and possible funding sources to advance the program.

Environmental Considerations:

City Council's action in approving this resolution directs staff to further define a program concept, and is itself therefore, not a project for the purposes of the California Environmental Quality Act.

Policy Considerations:

The overall intent of this concept is consistent with the City's Strategic Plan in promoting and supporting economic vitality. The implications are that this program would affect the way the City programs its FY06-07 Capital Improvement Plan.

Emerging Small Business Development (ESBD):

City Council adoption of the attached resolution is not affected by City policy related to ESBD.

Respectfully Submitted by: Art Gee
Art Gee
Manager, Process Management Division

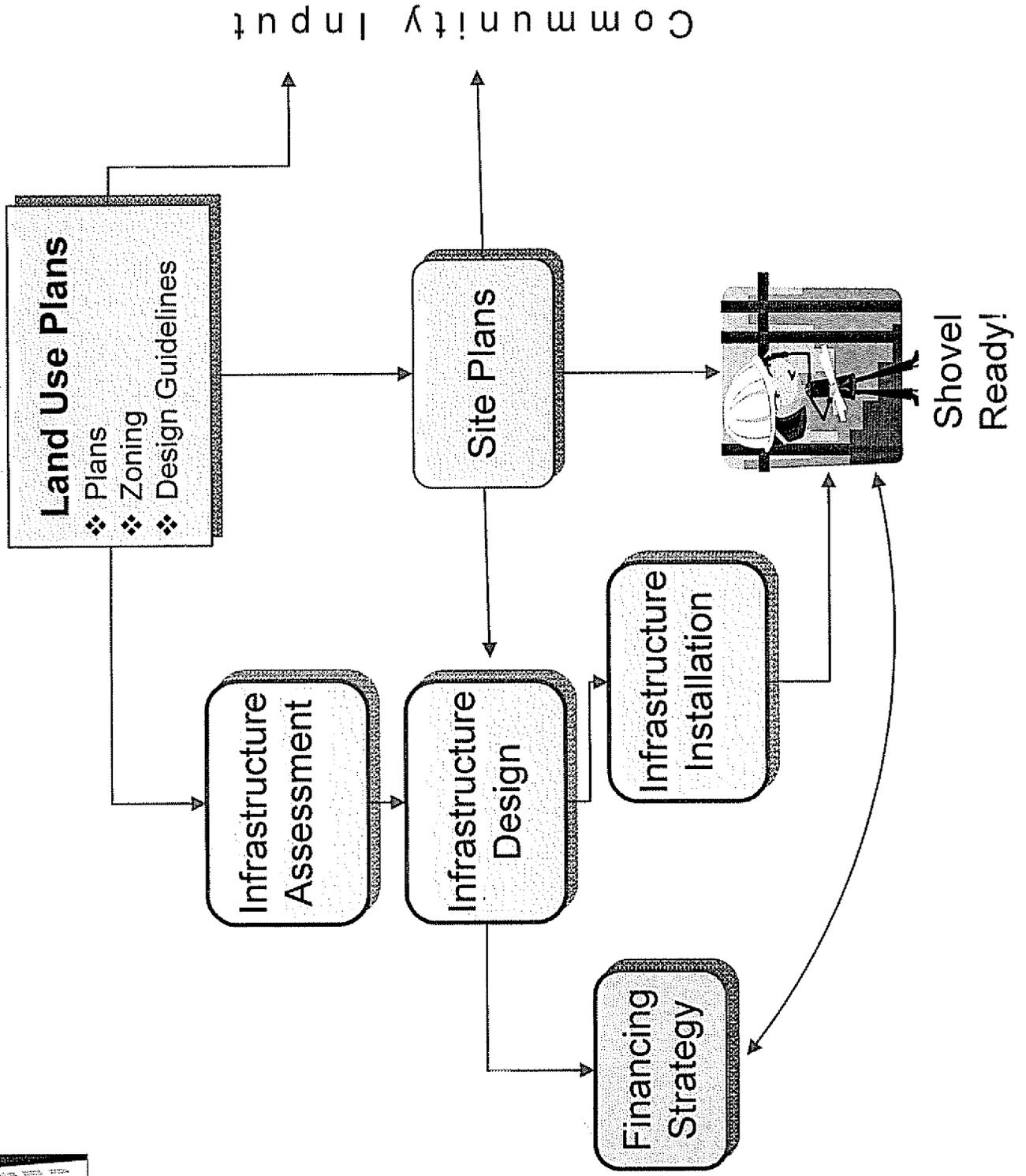
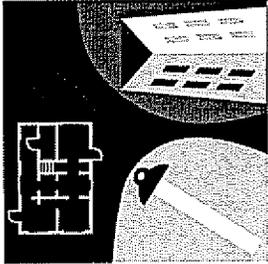
Recommendation Approved:

Cassandra H.B. Jennings
ROBERT P. THOMAS
City Manager

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Pre-Entitlement Model



RESOLUTION NO.

Adopted by the Sacramento City Council

October 18, 2005

**DIRECTING STAFF TO USE IDENTIFIED CRITERIA TO
SELECT POTENTIAL AREAS FOR STRATEGIC PUBLIC
INVESTMENT APPROACH**

BACKGROUND

- A. The City has adopted policy to promote economic vitality and livability, which includes effective economic development, infill and redevelopment.
- B. Traditional public finance approaches are challenging in existing areas and make it difficult to anticipate and support opportunities for economic development, redevelopment and infill development;
- C. Through the City's land use and capital improvement planning and implementation efforts, the City has the opportunity to pro-actively invest public funds to better spur private investment.
- D. These investments could make development more efficient and lower cost, allow for alternative funding approaches, and enable the City to better leverage alternative funds.

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

- Section 1. The City Council directs staff to identify possible areas within existing communities that would attract targeted employment, using the criteria in Exhibit A to review potential areas as pilots for public investment strategy.
- Section 2. The City Council directs staff to report back within 45 days on potential areas and general costs and funding opportunities.

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Exhibit A: Criteria (1 page)

Exhibit A

Criteria to Select Potential Area(s) for Pilot Approach

1. Type and number of jobs (relative to public investment). *What is a general estimate on the number and type of jobs that could be attracted in the selected area?*
2. Readiness: *Is the area ready to accommodate development in terms of planning and the readiness of the market for development?*
 - a. Land use planning/zoning
 - b. Infrastructure planning
 - c. Market and timing for development
3. Return on investment. *What is the level of return on the City's initial public investment, either in direct terms or in overall effect of improving the overall economics and longer term City return of an area?*
 - a. Economic return
 - b. Marginal return based on economics of certain areas (consider overall condition of area, costs associated with blight)
4. Land ownership/coordination. *Is/are the underlying land owner(s) open to coordinating with the City and marketing property for desired objectives?*
5. Overall cost. *Is the overall cost of public investment reasonable within the City's means?*
6. Potential as catalyst for additional development or address additional deficiencies. *Will the public investment promote development opportunities that might not otherwise be realized in the short-term, and/or will it assist in supporting additional development or in addressing existing community deficiencies?*



Public Investment Strategy

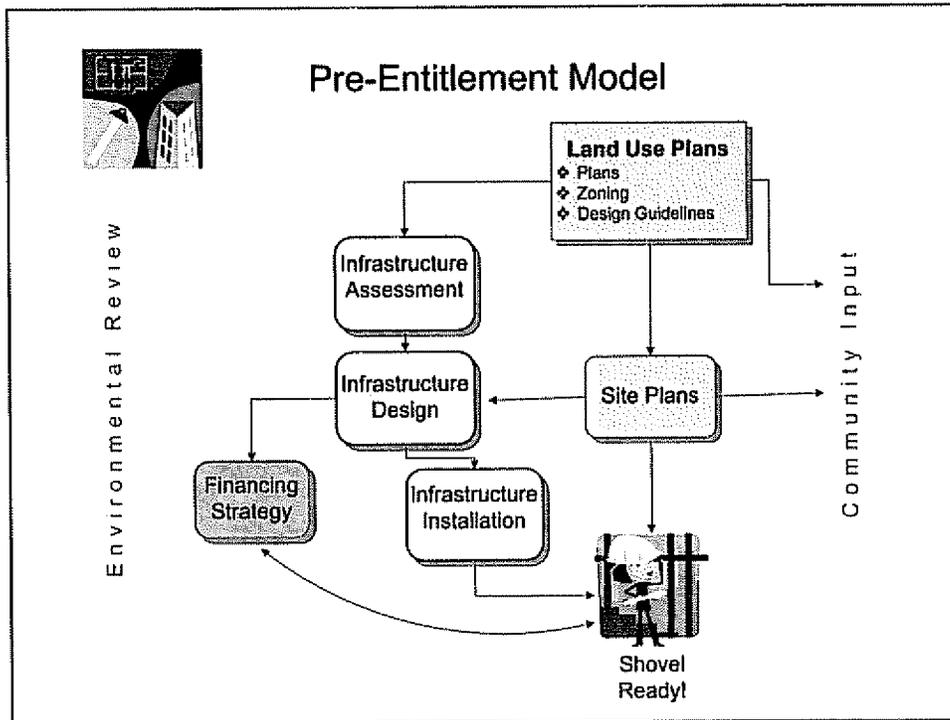
City Council
October 18, 2005



Concept

- Objective: To have readily available sites
- Means: Pre-entitled land "shovel ready"
- Approach:
 - Focus on targeted employment
 - Within existing areas
 - Select using criteria
- Implementation





Criteria

- Type and number of jobs
- Readiness:
 - Land use planning/zoning
 - Infrastructure planning
 - Market and timing for development
- Return on investment.
 - Economic return
 - Marginal return based on economics of area
- Land ownership/coordination.
- Overall cost
- Potential as catalyst



Next Steps

- Evaluate possible areas against criteria
- Bring back recommended areas for Council consideration
- Funding implications

